

**MINUTES OF THE SEVENTEENTH MEETING OF
THE MRC COUNCIL
(SESSION 1)**

**MEKONG RIVER COMMISSION
25 January 2011 in Ho Chi Minh City, Viet Nam**

GENERAL

1. The MRC Council held its Seventeenth Meeting (hereinafter referred to as “The Meeting”) on 25 January 2011 in Ho Chi Minh City, Viet Nam. The proposed Programme and Agenda covered the following items:

- Consideration of the Operating Expenses Budget for 2011 ,
- Discussion on MRC Strategic Plan 2011-2015
- Consideration of Approval Authority of the MRC Annual Work Programme,
- Approval of the Climate Change and Adaptation Initiative Framework Document 2011-2025
- Approval of the Procedures for Water Quality

2. Session 1 of the Meeting was followed by a Session of the MRC Council with the Development Partners’ Consultative Group on 26 January, at which strategic matters were discussed and a policy dialogue on donor harmonization was held. A separate Summary Record will be prepared for Session 2, the Joint Meeting with the MRC Development Partners Consultative Group.

3. The Meeting was opened and chaired by H.E. Dr. Pham Khoi Nguyen, Minister of Natural Resources and Environment, Chairman of Viet Nam National Mekong Committee, Chairman of the MRC Council for 2010-2011. The Meeting was attended by 78 participants, including Delegates from Cambodia, Lao PDR, Thailand and Viet Nam, MRC Observers, and professional and support staff from the MRC Secretariat (Appendix No. 1.2: List of Participants).

4. On 24 January 2011, Members of the MRC Joint Committee held a Preparatory Meeting to review the draft agenda and discuss issues of mutual concern prior to the Seventeenth Meeting of the MRC Council on 25-26 January 2011. On the morning of 25 January, the Council held a Private Session to discuss matters of mutual interest prior to the plenary session.

5. The MRC Secretariat with the assistance of the Viet Nam National Mekong Committee Secretariat (VNMCS) provided logistical and other related support to the Seventeenth Meeting of the MRC Council.

A. STATEMENT BY THE CHAIRPERSON OF THE MRC COUNCIL FOR 2009-2010

6. H.E. Mr. Pimuk Simaroj, Vice Minister of Natural Resources and Environment, on behalf of the Chairman of the Thai National Mekong Committee, Chairman of the MRC Council for 2009-2010, thanked the Meeting for the warm welcome. He extended his sincere congratulations to H.E. Dr. Pham Khoi Nguyen, Minister of Natural Resources and Environment, Viet Nam, on assuming the role of Chairperson of the MRC Council for 2010-2011 and assured him of Thailand’s full support in continuing the great progress MRC has made over the past year, (Appendix No.1.3).

7. H.E. Mr. Pimuk Simaroj highlighted the celebration of 15th Anniversary of the 1995 Agreement and the establishment of the MRC. The Summit is a testimony to an increased regional cooperation where leaders and a wider range of stakeholders came together and declared joint efforts in prioritising and taking appropriate actions to tackle such issues as climate change, sustaining fishery, improving navigation, preparing better for floods and drought and introducing sustainable concepts into hydropower development. H.E. Mr. Pimuk recollected and acknowledged the achievements of the MRC that includes its work on climate change, navigation improvement, and enhancement of flood forecasting capacity. He acknowledged the work of the Joint Committee over the last year, under the leadership of Mme Monemany Nhoibouakong from Lao PDR and subsequently led by H.E. Mr. Pich Dun from Cambodia. He was sure that under the stewardship of H.E. Mr. Navuth Te of Cambodia, Chairperson of the Joint Committee for 2010-2011, the Committee will continue to provide the necessary support to the Council. He then thanked the Government of Viet Nam and the Viet Nam National Mekong Committee for their warm hospitality and welcome to Ho Chi Minh City.

8. In closing, he extended further thanks to the MRC Secretariat for its support and the hard work of its staff over the past year. H.E. Mr. Pimuk Simaroj handed over the chairmanship for 2010-2011 to H.E. Dr. Pham Khoi Nguyen, Minister of Natural Resources and Environment of Viet Nam.

B. WELCOME ADDRESS BY THE CHAIRMAN OF THE MRC COUNCIL FOR 2010-2011

9. H.E. Dr. Pham Khoi Nguyen extended his warm welcome to all distinguished Delegates to the Seventeenth Council Meeting. In reviewing the achievements of the MRC over the past decade, H.E. Dr. Pham Khoi Nguyen was pleased to see the progress made to the Integrated Water Resources Management-based Basin Development Strategy as well as the Procedures for Water Quality. The Chairman also emphasised the importance of the Climate Change mitigation and adaptation and the work of the MRC in this area in which Viet Nam is concerned on finding solution to adapt to the flood and drought caused by climate change, (Appendix No.1.4).

10. The Mekong river is in the spotlight worldwide as plans for mainstream hydropower development that have been considered for many years have now reached an advanced level of study and initiated the review and consultation process under the 1995 Mekong Agreement. This is a major test for the organisation and we are all committed to full implementation of our Procedures. We have spent a lot of time preparing for this process and are confident that there will be a comprehensive discussion among Member Countries and within the Joint Committee as the responsible entity designated for this purpose.

11. In order to adapt, we need to improve our understanding on how we will face the environmental, socio and economic impacts of climate change. A major priority is to include climate change in the planning processes of all relevant sectors and stakeholders, particularly for them to develop and implement adaptation policies, measures and actions. The Climate Change and Adaptation Framework Document for approval today lays out a solid foundation for the MRC to roll out key adaptation activities.

12. In concluding, he wished delegates a very pleasant stay in Ho Chi Minh City and declared the Meeting open.

C. ADOPTION OF THE AGENDA

13. The Agenda was adopted as proposed with the item on Transboundary EIA Framework deferred to a subsequent meeting based on the recommendation of the Preparatory Meeting of the Joint Committee, (Appendix No.1.1: Agenda).

D. MANAGEMENT AND FINANCIAL MATTERS

D.1 CONSIDERATION OF THE OPERATING EXPENSES BUDGET FOR 2011

14. The Chairperson of the MRC Joint Committee for 2010-2011 briefed the Meeting on the outcomes of the discussion of the Preparatory Meeting of the Joint Committee and invited the CEO of the MRCS with the assistance of the Chief of Finance and Administration Section to introduce the agenda item, (Appendix No. 1.5).

15. Total revenue for 2011 is estimated at US\$ 3,446,261 while total expenditure is budgeted at US\$ 3,445,742. This budget reflected an expected increase of 6% in revenue thanks to increased Member Countries contributions and in Treasury Management.

16. Subject to changes in the MRC salary structure pending outcomes of the HR Consultancy and related decision of the MRC Joint Committee the OEB 2011 is prepared based on the following assumptions: (i) Inflation Compensation (8%); (ii) Devaluation Allowance (maximum 10%); (iii) Post Allowance (7%); and (iv) Hardship Allowance (7%). The OEB 2011 would be revised in the event that a change in policy is agreed by the Joint Committee. The Meeting was also informed on the annual budget surplus compared to the last few years. The projected remaining balance of the accumulated Administrative Reserved Fund of the MRC now stands at US\$ 1,953,613.

17. The Meeting thanked the Joint Committee for the close supervision of preparing the OEB 2011 and then approved the proposed Operating Expenses Budget for 2011 including the OEB 2011 staff list.

D.2 REPORT BY THE CHAIRPERSON OF THE JOINT COMMITTEE FOR 2010-2011 ON THE IMPLEMENTATION OF THE COUNCIL DECISION ON PERMANENT LOCATION OF THE MRC SECRETARIAT

18. The Chairperson of the MRC Council for 2010-2011 requested the Chairperson of the MRC Joint Committee for 2010-2011 to report to the Meeting on the implementation of the co-hosted location of the MRC Secretariat, (Appendix No. 1.6).

19. Concerned programmes and divisions of the MRC Secretariat were successfully relocated to the Office of the Secretariat in Phnom Penh (OSP) in three batches. The last relocation batch was completed in mid-December 2010.

20. The Chairman of the MRC Joint Committee was pleased to report that the establishment and staffing of the Office of the Secretariat in Phnom Penh has been achieved as planned in 2010 and that the two offices are now working well together. Further improvements in working arrangements and communications technology have also been initiated. The Secretariat is now successfully established in its two permanent homes.

21. Lao PDR is pleased to see progress towards the implementation of the permanent co-hosted locations of the MRC Secretariat. Lao PDR emphasised the importance of good coordination between the two offices with regard to the activities at operational level as well as ensuring that staff affected by the relocation are being properly treated.

22. The Meeting took note, with appreciation, of the report by the Chairman of the MRC Joint Committee.

E.1 DISCUSSION ON MRC STRATEGIC PLAN 2011-2015

23. The CEO of the MRC Secretariat, with the support from Chief of the International Cooperation and Communications Section, presented the agenda item upon the request of the Chairperson of the MRC Joint Committee, (Appendix No. 1.7).

24. The Meeting was briefed on the background information covering the formulation process and outline of the Strategic Plan 2011-2015 including all drivers of the Plan such as lessons learnt from the previous Plans, core functions and IWRM-based Basin Development Strategy, MRC programmes priorities, and the development of an MRC Performance Management System (PMS). Other inputs from a range of stakeholders were also incorporated in the draft whilst the development context and other emerging issues such as economic development, climate change and others were considered. Comments and feedback from Member Countries, stakeholders and Development Partners were presented to the Meeting in detail. The main highlights of the Plan in relation to the evolving development context and emerging challenges were discussed at the Meeting. The implementation of the Plan will be undertaken through the core functions approach while a transition towards a new implementation modality is being phased. The Meeting was further informed of the MRC's long-term and five-year specific goals.

25. Thailand commented that the monitoring and evaluation systems and a clear programme priority are important to the success and achievement of the Strategic Plan. Thailand urged the MRC Secretariat to pay much more attention and provide more resources to ensure that the development of the PMS will be timely and completed with full participation of all concerned parties and that the programme priorities are effectively implemented.

26. Lao PDR took note of the Strategic Plan and thanked the MRC Secretariat for the work. Since the Strategic Plan 2011-2015 is closely linked to the IWRM-based Basin Development Strategy, there is a need in capacity development in the Member Countries, river basins, sub-basin level and for river basin committees which are newly being established in Lao PDR. Lao PDR also supported the comments made by Thailand on the timely development of the PMS.

27. Viet Nam expressed its appreciation to the MRC Secretariat and the Joint Committee for their hard work during the formulation process. Viet Nam also joined other delegations in emphasising that monitoring and evaluation is important to the success of the Strategic Plan implementation and is looking for further details of implementation in the next couple of months. Viet Nam also asked the Secretariat to take note of comments made today on capacity building support for Member Countries and stakeholders to help implement the Strategic Plan. The Secretariat is also advised to turn its goals into reality and be very clear on priorities, set targets for each year and implement a monitoring and evaluation system with the participation of all stakeholders and define mechanisms on how to prioritize its work.

28. The Meeting discussed the overall direction and the proposed Goals of the Strategic Plan 2011-2015. With a view to approving the Strategic Plan 2011-2015 during the second session with the Donor Consultative Group Meeting, the Council recommended the MRC Secretariat consult with Member Countries and stakeholders on how to work together for the implementation of the Plan. The Meeting further recommended the Secretariat to improve the performance management system to ensure the effective implementation of priority programmes.

E.2 APPROVAL AUTHORITY OF THE MRC ANNUAL WORK PROGRAMME

29. The CEO of the MRC Secretariat, with the support from the Technical Coordination Advisor, presented the agenda item, (Appendix No. 1.8) noting that this is the first time that the Strategic Plan period and programme periods are aligned and requires this sequential process. As each MRC programme is revising their programme documents to ensure

consistency with the new MRC Strategic Plan 2011-2015 and the IWRM-based Basin Development Strategy, hence the Work Programme 2011 does not yet contain planned output and achievements for 2011 but only a review of achievements in 2010. The revised draft including the workplan for 2011 will be circulated for consideration by the Joint Committee at its Thirty-third Meeting in March 2011.

30. The Meeting was briefed on the current approval process of the Work Programme and proposed to revisit the process in order to make it more consistent with the approval authority for MRC programmes.

31. The Meeting took note of the information provided on programme implementation for 2010 and the process of formulating the work programme in line with the Strategic Plan 2011-15 and the timeframe of its submission to the Thirty-third Joint Committee Meeting. The Council also agreed to the delegation of authority for approval of the annual Work Programme to the MRC Joint Committee whilst the outcomes will be reported to the Council for information. It was also agreed as proposed by Thailand that the issues related to food security be considered and addressed under the formulation and implementation of the Agriculture and Irrigation Programme and the Drought Management Programme.

E.3 APPROVAL OF THE CLIMATE CHANGE AND ADAPTATION INITIATIVE FRAMEWORK 2011-2025

32. The CEO of the MRC Secretariat, with the support from the Environment Programme Coordinator, presented the agenda item, (Appendix No. 1.9). The Meeting was informed of the background and preparation process of the CCAI Framework including its key contents and important progress made during its intermediate phase.

33. The Key features of the CCAI Framework are to support adaptation planning and implementation, to assess the basin-wide, sector and transboundary impacts, to act as a network of local adaptation planning and demonstration projects, to be part of a Mekong Panel on Climate Change, to regularly report the status of climate change and adaptation in the Lower Mekong Basin, to provide a Mekong Adaptation Strategy and Action Plan and a compendium of adaptation options.

34. The CCAI was designed to be a long-term initiative running over 17 years starting with an intermediate phase for 2009-2010 followed by at least three five-year phases with a gradual change of focus, which are directly linked with the cycle of MRC's Strategic Planning process. CCAI Phase 1 2011–2015 will focus on the adaptation planning process and implementation of new initiatives whilst providing feed back to improvement of tools. Phase 2 will follow-up on implementation, replication and up-scaling of pilot sites and provide feed back to improvement of tools. Phase 3 focuses on consolidation and regional institutionalisation and devolution to national agencies.

35. A draft CCAI document for 2011-2015 has been prepared since the second half of 2010. The document was prepared based on lessons learned during the intermediate phase and aligned with the MRC Strategic Plan 2011-2015 and the MRC long-term core functions. The first draft document (September 2010) is now under review through national and regional consultations. The CCAI Document 2011-2015 will subsequently be submitted to the Joint Committee for consideration at the Thirty-third Meeting of the MRC Joint Committee in March 2011.

36. Thailand approved the CCAI framework and commented that clarifications are needed with reference to country commitment in the briefing note.

37. Viet Nam approved the proposed framework and urged the MRC Secretariat to expedite the preparation of the plan for 2011-2015 to ensure that the framework and guidelines are timely implemented in order to meet the needs of the Member Countries.

38. Lao PDR complimented the MRC Secretariat on the preparation of the Framework Document and stressed a need for coordination with on-going efforts in the countries on these issues. It was also recommended to integrate the first two phases and then implement through 2011-2015 so that those adaptation approaches already proven to be effective can be rolled out earlier. Implementation could be about learning from best practices and sharing of experiences.

39. Cambodia approved the Framework in principle subject to including the comments made by the Joint Committee during the JC Preparatory Meeting and subject to the improvement of the Framework as commented by the NMCs. Cambodia urged the MRC Secretariat to finalise the CCAI programme document for 2011-2015 for submitting to the Joint Committee for approval at the Thirty-third Joint Committee Meeting in March 2011.

40. The CEO informed the Meeting that during the revision of the Framework and preparation of the Programme Document the suggestions made during the Meeting regarding expediting programme implementation will be addressed and provided clarifications on the briefing note.

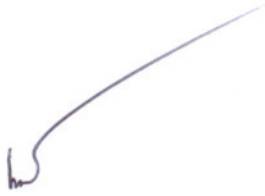
41. The Meeting expressed its appreciation of the preparation of the Framework Document 2011-2025 under the guidance of the Joint Committee. The Meeting considered and approved the CCAI Framework for 2011-2025 and recommended the MRC Secretariat to take all inputs from delegations into consideration for its programme implementation. The MRC Secretariat was instructed to timely prepare the CCAI Programme Document 2011-2015 for submission to the Joint Committee for approval.

F. MRC PROCEDURES AND GUIDANCE FRAMEWORK
F.1 APPROVAL OF PROCEDURES FOR WATER QUALITY

42. The Chairman informed the Meeting that this agenda item was already discussed and approved at the Private Meeting of the MRC Council and the Signing Ceremony of the Procedures for Water Quality will be held on 26 January 2011 after Session 2 – Joint Meeting with the Donor Consultative Group.

K. ADOPTION AND SIGNING OF THE MINUTES OF THE SEVENTEENTH MEETING OF THE MRC COUNCIL

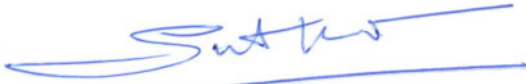
43. The MRC Council expressed its appreciation to the Government of Viet Nam and adopted the Minutes of the first Session of the Seventeenth Meeting of the MRC Council on 26 January 2011 in Ho Chi Minh City, Viet Nam, which reflect mutual will of the Member Countries.



H.E. Mr. Lim Kean Hor
Member of the MRC Council for the Kingdom of Cambodia



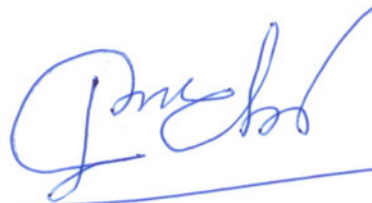
H.E. Mme. Khempheng Pholsena
Member of the MRC Council for the Lao People's Democratic Republic



H.E. Mr. Suwit Khunkitti
Member of the MRC Council for the Kingdom of Thailand



H.E. Dr. Nguyen Thai Lai
Alternate Member of the MRC Council for the Socialist Republic of Viet Nam



H.E. Dr. Pham Khoi Nguyen
Chairman of the MRC Council for 2010/2011

L. CLOSING STATEMENT OF THE CHAIRMAN OF THE MRC COUNCIL 2010-2011

After adoption of the Minutes, the Chairman delivered the closing statement and the Meeting thanked the host country and the MRC Secretariat for successful preparation of the Meeting, (Appendix No. 1.10)