

**MINUTES OF THE THIRTY-SECOND MEETING  
OF THE MRC JOINT COMMITTEE  
MEKONG RIVER COMMISSION  
25-26 AUGUST 2010, PHNOM PENH, CAMBODIA**

**GENERAL**

1. The Joint Committee of the MRC (the Joint Committee) held its Thirty-second Meeting, Working Session (hereinafter referred to as “The Meeting”), on 25 and 26 August 2010 in Phnom Penh, Cambodia. The proposed Agenda covered the following items (Appendix No.1: Agenda):

- Report by the Chief Executive Officer on progress since the Thirty-first Meeting of the MRC Joint Committee;
- Information on the Financial Situation of the MRC;
- Information on the Progress of Development Partners’ Support;
- Information on the Date and Venue of the Thirty-third Meeting of the MRC Joint Committee;
- Consideration on the Draft MRC Strategic Plan 2011-2015;
- Progress on the MRC Performance Management System;
- Report on Progress of the IWRM-based Basin Development Strategy;
- Social Impact Monitoring and Vulnerability Assessment of the Mekong Corridor;
- Progress on the Drought Management Project;
- Consideration of the Basin Development Plan Programme 2011-2015;
- Endorsement of the Environment Programme 2011-2015;
- Consideration of the Climate Change and Adaptation Initiative 2011-2015;
- Endorsement of the Information and Knowledge Management Programme 2011-2015;
- Progress of Formulation of the Flood Management and Mitigation Programme 2011-2015;
- Endorsement of the Fisheries Programme 2011-2015;
- Future Direction of the Agriculture and Irrigation Programme;
- Implications of Priority Funding Needs;
- Endorsement of the draft outline of the MRC Work Programme for 2011

2. The Meeting was chaired by H.E. Mr. Pich Dun, Secretary-General of Cambodia National Mekong Committee, Acting Member of the MRC Joint Committee for Cambodia and Chairman of the MRC Joint Committee for 2010/2011. The Meeting was attended by 74 participants, including Delegates and Observers from Cambodia, Lao PDR, Thailand and Viet Nam, observers from the Union of Myanmar, and professional and support staff from the MRC Secretariat, (Appendix No.2: List of Participants).

3. On 24 August 2010, the MRC Joint Committee held a Private Meeting and a Preparatory Meeting to review the draft agenda and discuss issues of mutual concern prior to the Meeting.

4. The MRC Secretariat, with the assistance of the Cambodia National Mekong Committee Secretariat, provided logistical, secretarial and other support to the Meeting.

5. Before the opening of the Meeting, H.E. Mr. Pich Dun delivered a condolence message for Dr. Saksit Tridech, Permanent Secretary of the Ministry of Natural Resources and Environment, Member of the MRC Joint Committee for Thailand. The Meeting then observed a period of silence for the tragic loss of Dr. Saksit (Appendix No.3).

**A. STATEMENT ON BEHALF OF THE CHAIRPERSON OF THE MRC JOINT COMMITTEE FOR 2009/2010**

6. Mr. Phonechaleun Nonthaxay, Director General, Department of Water Resources, Water Resources and Environment Administration, Secretary General of the Lao National Mekong Committee, Alternate Member of the Joint Committee for Lao PDR on behalf of Mme. Monemany Nhoibouakong, Chairperson of the MRC Joint Committee for 2009/2010 delivered the statement, (Appendix No. 4).

7. In summarising the achievements since last year, the highlight was the First MRC Summit that marked the 15th anniversary of MRC. The Summit saw renewed commitment from Dialogue Partners to increase cooperation with the MRC and this was followed up in the last few months with visits made to China and preparation for a visit to Myanmar.

8. The years 2009 and 2010 were at times challenging, not only for the MRC but also for the basin as a whole. The countries of the Mekong grappled with the effects of the global financial crisis and extreme weather. This placed an additional burden on nations already working hard to fight poverty and ensure food security. The wet season withdrew early at the end of 2009, and early this year the Mekong Basin experienced the lowest recorded water levels in 50 years. The regional drought affected food security of millions of people living in the Mekong Basin and the river transport of the region.

9. In concluding, Mr. Phonechaleun thanked the Development Partners who have continued providing support for the MRC and its work. He also thanked distinguished members of the Joint Committee for their support and cooperation and the senior management of the Secretariat for their positive and effective leadership to secure the achievements of the MRC during the past year. He then relinquished the Chair of the MRC Joint Committee to H.E. Mr. Pich Dun and expressed confidence that under his capable leadership, the MRC Joint Committee will continue to run smoothly and to record continued achievements for the benefit of the people of the basin.

**B. OPENING ADDRESS BY THE CHAIRMAN OF THE MRC JOINT COMMITTEE FOR 2010/2011**

10. H.E. Mr. Pich Dun welcomed all participants to the Meeting, (Appendix No.5). He thanked Mme. Monemany for the chairpersonship of the Joint Committee during the past year and also thanked the representatives of Dialogue Partners for their presence at this meeting.

11. The Chairman anticipated a constructive and frank exchange of views on several matters concerning policy and strategy issues. In conclusion, he offered his sincere thanks to the staff of the Cambodia National Mekong Committee Secretariat and the staff of the MRC Secretariat for their efforts in arranging this Meeting.

**C. ADOPTION OF THE AGENDA**

12. The Meeting adopted the agenda as proposed, (Appendix No.1: Agenda).

**D. MANAGEMENT AND ORGANIZATIONAL MATTERS**

**D.1 Report by the Chief Executive Officer on progress since the Thirty-first Meeting of the MRC Joint Committee**

13. The Chief Executive Officer (CEO) of the Secretariat reported to the Meeting the main institutional developments and activities carried out by the Secretariat (Appendix No.6). One of the major accomplishments was the First MRC Summit held on 5 April 2010 in Hua

Hin, Thailand, and, in particular, the forward looking agenda for regional cooperation set out in the MRC Hua Hin Declaration which is now well underway in the process of implementation by the Secretariat.

14. As one of the follow up actions to the First MRC Summit, MRC missions to China and Myanmar took place on 6-11 June 2010 and 16-18 August 2010, respectively. China stated that it intends to maintain and increase cooperation under the current framework as MRC's Dialogue Partner at thematic and sector levels. The positive outcome of initial discussions with Myanmar has led to the next step which will be a formal invitation from MRC to Myanmar to become a member of the MRC.

15. The MRC has continued to enhance stakeholder participation at programme level. The recent 3rd BDP Stakeholder Forum on 29-30 July 2010 highlighted a greater involvement of stakeholders in the MRC's work. Similarly broad stakeholder groups including government, the private sector and civil society have participated in the regional workshops on the Strategic Environmental Assessment of proposed mainstream dams. With regard to the permanent co-hosted location of the MRC Secretariat, the Offices of the Secretariat in Phnom Penh (OSP) and in Vientiane (OSV) were established. The first phase of the move was successfully completed and the OSP is now fully functional. The CEO reported on the sound financial management of the MRC Secretariat.

16. The Meeting took note, with appreciation, of the progress reported by the Chief Executive Officer of the MRC Secretariat.

## **D.2. Information on the Financial Situation of the MRC**

17. In introducing this agenda item, the Chief of the Finance and Administration Section informed the Meeting of the proposed draft OEB for 2011, (Appendix No.7). The total revenue is estimated at US\$ 3,446,261 whilst the total expenditure is estimated at US\$3,445,742 leaving an estimated surplus of US\$ 519.

18. The Meeting approved the 2011 OEB staff list and endorsed the proposed Operating Expense Budget for 2011 in principle, subject to any Devaluation Allowances and Inflation Compensation Mechanism change resulting from the discussions of the Task Force and Joint Committee. The Meeting also approved the use of US\$ 200,000 from the ARF for repayment of the outstanding balance of the relocation loan to Lao PDR. The Secretariat was instructed to continue sound management of MRC's finances and ensure that the expenditure of the OEB 2011 would not exceed the income under OEB 2011.

## **D.3. Information on the Progress of Development Partners' Support**

19. The Chief of the International Cooperation and Communication Section reported on the progress made in attaining financial support from Development Partners (Appendix No.8).

20. In response to an inquiry from Lao PDR on cooperation with the United States of America (USA) and other technical cooperation with United States agencies, the Secretariat further informed the Meeting that a funding proposal was prepared and subsequently shared with the USA since March 2010. The proposal was budgeted for US\$ 700,000 which would also cover a visit of an MRC Delegation to the Mississippi River Commission and other relevant agencies. The proposal was favourably reviewed and was agreed in principle. An official response from the US State Department is expected shortly.

21. The Meeting took note, with appreciation, of the progress made with respect to support from Development Partners and encouraged the Secretariat to continue its efforts in fundraising for the programmes.. The Meeting also sincerely thanked the Development Partners for their support to the work of the MRC.

#### **D.4. Information on the Date and Venue of the Thirty-third Meeting of the MRC Joint Committee**

22. The Meeting was informed of the Secretariat's proposed dates for the Thirty-third Meeting of the Joint Committee with the Preparatory Meeting to be held on Tuesday 22 March 2011 and the Thirty-third Meeting on 23-24 March 2011 (Appendix No.9).

23. Noting that the World Water Day is 22 March, the Meeting agreed in principle to the proposed dates and the CNMC will later communicate the venue of the Meeting to Member Countries through the MRC Secretariat.

#### **E. MRC PROGRAMMES**

##### **E.1 Discussion on Policy and Strategy Issues**

##### **E.1.1. Consideration on the Draft MRC Strategic Plan 2011-2015**

24. The CEO, assisted by the Chief of the International Cooperation and Communication Section, briefed the Meeting on the background information on the agenda item and presented progress on formulation of the draft Strategic Plan (Appendix No. 10).

25. Lao PDR inquired whether comments made during the second regional consultation were already included noting that it would wait to receive a revised draft before providing further comment as outlined in the next steps to be taken. Regarding the Regional Working Group, Lao PDR confirmed they will nominate representatives. Lao PDR further indicated their no-objection to the rest of the next steps.

26. Thailand commented that under the general framework of the draft Plan, each Specific Goal should have key policy guideline on how to achieve it and set priorities for implementation. Thailand also believes that Strategic Plan should involve the participation of MRC's wider stakeholders. However, clarification on who these stakeholders are and the procedure for their involvement in the Strategic Plan must be established. Broader inclusion of stakeholders will create an atmosphere of cooperation in the future. In addition, Thailand noted that the current draft of the Strategic Plan does not address the issue of risk management, in particular, in the case when the assumptions underlying the Plan change.

27. Viet Nam urged the MRC Secretariat to look at the inputs from Member Countries and further improve the draft for countries' further consideration through a round of national consultations. Viet Nam hoped that the Special Session of the Joint Committee in October will have sufficient time to look at the draft and endorse it. Viet Nam stressed that the Plan should have an emphasis on outcomes.

28. Cambodia suggested that the Strategic Plan 2011-2015 should well reflect the strategic direction as indicated in the MRC Hua Hin Declaration and requested the effective implementation of the Declaration. Cambodia would like the Plan to focus on tangible results that will contribute to improved livelihoods, particularly at the grassroots level. National consultation is also further needed to ensure that national stakeholders contribute to the Plan. Regarding Goals and Specific Goals of the Plan, Cambodia wish to add the word "implementation" in Specific Goal no. 1 in the phrase 'adoption and implementation of IWRM-based basin development'. For Specific Goal no. 4 Cambodia wish to delete the word "adoption".

29. The Secretariat clarified that comments from the regional consultation are now being incorporated and a revised draft is expected to be circulated to countries' further consideration. Outcomes statements and specific goals are being reviewed by an internal working group at the Secretariat. A drafting group from the Member Countries to look at the Plan before going to a wider stakeholder group is being established. Regarding further involvement of stakeholders in the Strategic Plan, the Secretariat is compiling a list of the stakeholders to be invited to the Regional Stakeholder Forum on the Strategic Plan on 20

September. The Secretariat took note that the JC wish to see that the implementation of the Hua Hin Declaration is addressed in the Strategic Plan and that the MRC should attempt to show tangible results on poverty reduction but also reminded the JC that MRC's work is mostly at the technical and planning level and should not overstate its direct influence on poverty reduction. On the term "adoption" used in Specific Goal no.1, the Secretariat observed that it is used because the implementation concept is included in the overarching goal of the MRC, namely that Member Countries will apply and implement the IWRM policy and principles.

30. The Meeting took note of the progress made concerning the formulation of the Strategic Plan 2011-2015. The Secretariat was requested to take note of comments from the meeting to improve the draft of the Strategic Plan and to finalise the process of its approval by the MCR Council in late 2010.

### **E.1.2. Progress on the MRC Performance Management System**

31. The CEO, with the support of the Technical Coordination Advisor, reported on the progress made on the formulation and implementation of the MRC Performance Management System (PMS), (Appendix No.11).

32. Thailand viewed that the monitoring and evaluation of programme implementation appeared mixed with the performance of MRC's management. Thailand agreed that the MRC should have a system to monitor and evaluate programme implementation and one to appraise staff performance in relation to their contribution to MRC's overall performance. Thailand also suggested that the PMS should oversee how the five year plan is achieved based on key performance indicators. Thailand recommended that Total Quality Management could also be a way to appraise performance.

33. Viet Nam agreed that the system is important and is essential for MRC. Viet Nam observed that PMS is a complicated system and suggested that it be simplified and more focus given to raising awareness for NMCSs and line agencies to better understand PMS. It was also suggested that PMS should be fully integrated to the Strategic Plan for the next five years and the formulation of new programme documents.

34. Cambodia took note of the progress of the PMS and shared the view with Viet Nam about the awareness raising to a wider group at the country level. Cambodia suggested that the implementation and lesson learned of the pilot programmes should be recorded and shared with NMCSs and be used for further improvement of the PMS.

35. Lao PDR encouraged the Secretariat to take into consideration for improvement of the PMS performance evaluation at two levels – the organization level and the programme implementation level. Lao PDR also requested that the PMS be focused on more outcome monitoring rather than outputs monitoring. Lao PDR encouraged more awareness raising for NMCSs and line agencies.

36. In response, the Secretariat acknowledged the comments and clarified that the PMS was developed to address two levels of performance – for programmes and for MRC as a whole. Feedback received from countries indicated that the approach is new and may not fit well with national systems. The Secretariat is currently working on specific goals and programme-level outcomes and indicators so that in five years it can say how the MRC performance was and whether the goals were achieved or not. PMS also involves organizational learning i.e. the MRCS wants to learn and keep improving and create a learning culture. The indicators of outcomes of each level in the log frame as well as specific goals are being prepared and discussed within the Secretariat. This PMS would allow the MRC to look into the performance at the outcomes level rather than as outputs. The improvement of staff performance appraisal is also one of the related issues being addressed by the consultants on human resources issues and their final report including recommendations on staff performance appraisal is due in September. The Secretariat is

now trying to simplify the PMS as much as possible and has requested country comments on the Guiding Principles document on the PMS.

37. The Meeting took note, with appreciation, of the progress in the implementation of the PMS and recommended the Secretariat to take note of comments from the Meeting in subsequent versions of the PMS.

### **E.1.3. Report on Progress of the IWRM-based Basin Development Strategy**

38. The CEO assisted by the Programme Coordinator of the Basin Development Plan (BDP) Programme, informed the Meeting on the agenda item (Appendix No.12).

39. Viet Nam acknowledged the importance of the IWRM-based strategy and appreciated that the strategy was already consulted with stakeholders at various levels. As the strategy is incorporated as goal 1 of the Strategic Plan, the MRC Secretariat was suggested to timely proceed with its approval by the end of 2010. Viet Nam agreed on the proposed next steps as presented and recommended that the Secretariat make every effort to improve the Strategy and facilitate acceptance among stakeholders.

40. Cambodia took note of the progress made and supported the next steps as proposed by the Secretariat. Cambodia proposed to have a national meeting at a high level to discuss this strategy. Regarding the proposed mainstream dams in the presented scenario and in the SEA, Cambodia requested that the Secretariat provide consistent figures. The importance of identifying mitigation measures for each development scenario was stressed.

41. Lao PDR requested the Secretariat to recommend ways to improve data accuracy on the various parameters to facilitate cross-sector comparisons and adequately plan mitigation measures. A clear roadmap for further defining and implementing the “development opportunity space” in the next five years.

42. Thailand acknowledged the information as presented and congratulated the BDP team for excellent work done. Thailand was pleased to learn from the report that activities are going well and that Thai river basin experience shared was useful. From the discussion on the scenario assessment the analysis, however, the discussion on development opportunities and trade offs still appears weak and needs to be improved. It was urged that the member of the Working Group should take a careful look at how to further improve the process. Thailand is willing to support the assessment process.

43. In response, the Secretariat emphasised that consensus is needed on what the development opportunities can be agreed and which associated actions are required. Regarding the accuracy of data, the Secretariat believes that the data used in the scenario assessment is reliable. At the same time actions are needed in time for the next update of the scenario assessment. Therefore, the implementation of the Strategy for the next five years will continue dialogue among Member Countries, undertaking strategic studies and the development of mitigation measures. The CEO reiterated that the “development opportunity space” is not a blueprint. A lot of work needs to be done before potential projects in the development opportunity space are realised and the Strategy should provide enabling conditions for the use of the space. Works are going on to identify the mitigation measures. The final SEA report to be submitted to the MRC in mid-September 2010 also includes mitigation measures. The CEO clarified that the BDP and SEA reporting will consistently explain the number of mainstream dams in the lower Mekong Basin.

44. The Meeting took note of the progress in the preparation of the IWRM-based Basin Development Strategy and the issues arising from the on-going discussions by Member Countries and stakeholders. The Secretariat was advised to take into account the comments made by the Joint Committee members. The Meeting also urged the Working Group to make every effort to finalise the Strategy with a view to obtaining the MRC Council approval within 2010.

## **E.2. Key Achievements of MRC Programmes**

### **E.2.1. Social Impact Monitoring and Vulnerability Assessment of Mekong Corridor**

45. The CEO, with the support of the Programme Coordinator of the Environment Programme, reported on the progress made on agenda item. The Meeting was briefed on the background, key objectives, development of methodology, the outputs and achievements and the next steps ahead, (Appendix No.13).

46. Cambodia took note of the progress and found that the results and findings will be useful for water resources management and development planning in the Mekong river basin. It was further requested for clarification whether the results from the study were consulted or communicated at national level. Lao PDR also shared the view with Cambodia that findings should further be consulted with national line agencies and raised some questions of data accuracy that need to continually be verified. Thailand took note of the progress and commented that the studies in the future could also cover people's use of biodiversity, flora and fauna, not only water related resources. Viet Nam took note of the achievement of SIMVA and advised that future activities covering wider areas could be accelerated in the next steps. It was also advised that the study could be aligned with the monitoring system for the Basin. Viet Nam supported the effort of having national agencies be consulted and involved on this.

47. The Meeting took note of the achievements of the study and activities on social impact monitoring and vulnerability assessment of the Mekong corridor and urged the Secretariat to address comments made by the Meeting for further improvement.

### **E.2.2. Progress on Drought Management Project**

48. The CEO assisted by the Programme Coordinator of the Information and Knowledge Management Programme, informed the Meeting on the agenda item. The Meeting was informed on the activities carried out by the project as well as planned key activities from October 2010 to February 2011. The Secretariat informed the Meeting on the possibility of additional support to drought management activities from the Government of Japan that has been discussed and details are expected shortly (Appendix No.14).

49. Lao PDR took note and informed that at the recent Mekong Japan Ministerial Meeting in Viet Nam, Japan expressed its interest in supporting drought related activities. The MRCS is requested to consult with Japan in this regard.

50. Thailand was curious to see that Development Partners are not interested in supporting this important activity and inquired whether drought should be considered as a separate issue or included in the flood management or under the umbrella of climate change.

51. Viet Nam took note of the effort taken by the Secretariat. As a number of on-going activities presented have not yet started, Viet Nam requested the IKMP to accelerate the implementation of the activities. Further information on the reporting Division for the DMP was requested. Regarding the Mekong Japan Ministerial Meeting, the Ministry of Natural Resources and Environment of Viet Nam had submitted a proposal for a regional drought management project in the Mekong basin. However, Japan indicated that they would prefer to support this activity through the MRC framework. The MRCS was therefore requested to further work with Japan on this matter.

52. Cambodia took note of the progress and acknowledged that drought has become an urgent issue and more serious in the region and more focused attention on this within the MRC framework is required. Cambodia hoped that the support from Japan will be an opportunity to ensure the continuity of the activities.

53. The Secretariat noted that as countries have already used the ARF to initiate these activities and due to a recent and severe drought situation in the region, it was expected that Development Partners, including Japan, would pay more attention to the subject and willing

to support related activities. The on-going aspects study will provide a recommendation on whether drought aspects should be a separate project or programme or integrated into other existing programmes. The planned institutional arrangement is for the DMP to report to the Operations Division Director once IKMP moves to OSP in October 2010. As with other cross cutting programmes, DMP will see some of its activities implemented by others such as FMMP, AIP, CCAI and IKMP.

54. The Meeting took note of the progress made on the Drought Management Project and encouraged the Secretariat to accelerate the activities and work closely with the Government of Japan for securing financial support.

### **E.3. Consideration on the Formulation of New Phases of Programmes:**

#### **E.3.1 Consideration on the Basin Development Plan Programme 2011-2015**

55. The CEO assisted by the Programme Coordinator of the Basin Development Plan (BDP) Programme, informed the Meeting on the agenda item. The key elements of the draft Programme Document were also introduced as well as the comments from national consultations. The Meeting was briefed on the process for the next steps of the preparation of the Programme Document, (Appendix No.15).

56. Thailand fully agreed on the rationale provided by BDP but was concerned on whether the next phase designed would address some of the long term goals of MRC. In particular, Thailand urged the BDP to address the importance of having explicit and tangible outputs in the preparation of the BDP in the next phase. On integration with other programmes, since the very first phase of the programme, BDP has been seen as the core of MRC activity and other programmes were supposed to support the implementation of the BDP. Thailand also provided clarification on what the BDP meant which is both a plan and a process. The expectation is that it should have plans that could be spun off and carried out by national agencies.

57. Viet Nam supported the two-pronged approach including implementation of the IWRM-based strategy and agreed that the programme integrate and align itself with the MRC Strategic Plan 2011-2015. Lessons learnt from the previous two Phases should be taken into account in order to further make progress and improve in the next Phase.

58. Cambodia suggested that the BDP 2011-15 Document should be improved for consideration by the Joint Committee as in the proposed next steps. The improved coordination and support among all MRC programmes should be taken into consideration to promote effective implementation of MRC's work.

59. Lao PDR was concerned about the capacity at the national and provincial level. Contribution from and involvement of national agencies and provinces along the Mekong river are important and pilot implementation are thus recommended in order for the basin development planning to be successfully implemented at the national river basin level.

60. The Secretariat acknowledged the comments and clarified that the design focus of the BDP is to make planning output more explicit and tangible as far as possible. The use of terminology on Basin Development Plan Planning is still under consideration. The principle is that BDP will proactively coordinate with and be supported by other programmes in its work with stronger coordination around MRC's core function of "Planning Support". With regard to the concerns on capacity building, BDP 2011-2015 is focusing on institutional and capacity development. This would require guidance from Member Countries on specific country needs as well as leadership in designing national activities under the BDP programme.

61. The Meeting took note of the progress in the preparation of the BDP Programme for the period 2011-2015 and the key elements of its current design. The Secretariat was requested to take into account the comments made at the Meeting for further finalisation and submission for approval by the Joint Committee.

### **E.3.2. Endorsement of the Environment Programme 2011-2015**

62. The CEO, with the support of the Officer in Charge of Environment Division, reported on the progress made on the agenda item. The Meeting was briefed on the background, formulation process, the funding status and needs and the finalisation process of the programme document (Appendix No.16).

63. Viet Nam expressed its support to take forward aspects such as the Social Impact Monitoring and Vulnerability Assessment of Mekong Corridor (SIMVA), environmental health monitoring and the Procedure for Water Quality and expressed that EP should be a lead programme in providing environmental data not only on water quality but ecological data in particular in Sub basins, environmental impact assessments tools and related capacity to be able to provide services as needed to other programmes and countries on environmental related issues. A more comprehensive toolbox to support BDP and the SEA is expected. The improvement of participation of member countries in the management of the programme is important. Viet Nam urged the MRC Secretariat to conduct national and regional consultations to further improve the programme document.

64. Cambodia observed that the presentations by BDP and EP did not share a common standard regarding risk and risk assessments and suggested that consistency in the next presentation to the Joint Committee is required. To avoid overloading the Agenda of the Preparatory Meeting for the Council, Cambodia suggested that the EP Document should be submitted for consideration at the Special Session of the Joint Committee to be convened at the end of October 2010.

65. Lao PDR looked forward to the discussion at the upcoming national and regional consultations before approval at Special Session of the Joint Committee.

66. The Meeting took note of the progress of the formulation of the Environment Programme Document 2011-2015. The Secretariat was advised to include comments made by the Joint Committee to improve the document for approval at the Special Session of the Joint Committee.

### **E.3.3. Consideration on Climate Change and Adaptation Initiative 2011-2015**

67. The CEO, with the support of the Task Leader of the Climate Change and Adaptation Initiative, reported on the progress made on the initiative. The Meeting was briefed on the background and the process for preparation of its Operational Framework (Appendix No.17).

68. Cambodia recommended that all MRC programmes should have common standard programme management arrangements and therefore the CCAI should have its own Steering Committee, separate to that of the Environment Programme.

69. Lao PDR suggested that the mention of NGOs as CCAI's partner in the presentation be changed from NGOs to a broader term of "other stakeholders". Lao PDR urged more attention be given to the demonstration site in Savannakhet and also encouraged the MRC Secretariat to prepare the full CCAI programme document for 2011-15 with consultation from Member Countries. It was also advised to decentralise the activities to the river basin and provincial level as far as possible.

70. Thailand observed that within the proposed framework, the focus is on adaptation only while the issue of climate change mitigation involved planning for the future to reduce impacts on climate change is also a key issue. Thailand suggested that CCAI consider the synergy with mitigation issues within this framework. Thailand had no objection to separate Steering Committee for EP and CCAI.

71. Viet Nam urged the Secretariat to accelerate the process of the preparation of the Document in order to meet the schedule. Greater consultation with stakeholder including government agencies and research bodies is recommended. The Steering Committee should be separately established from the Environment Programme.

72. The Meeting took note of the process for preparation of an operational framework for CCAI 2011-2015. The Joint Committee considered and agreed that the Steering Committee of the CCAI should be separate from that of the Environment Programme. The Secretariat was requested to accelerate the process of the preparation of the Document and to proceed with the consultation with stakeholders at national and regional levels.

#### **E.3.4 Endorsement of the Information and Knowledge Management Programme 2011-2015**

73. The CEO assisted by the Programme Coordinator of the Information and Knowledge Management Programme (IKMP), informed the Meeting of the agenda item. The formulation process including results of national and regional consultations were also introduced as well as the preparation of the final draft of the Programme Document (Appendix No. 18).

74. Lao PDR took note of the presentation with appreciation. Thailand recognised that the submission of the document is for approval by the Joint Committee. Some clarification on the following points is required before approval. (i) The proposed structure for implementation arrangement is not clear. The linkage between the IKMP and the national IKMP unit and line agencies is not clear. There appears to be an overlap of responsibilities between the TACT and the PCC which may lead to difficulties in coordination and management of programme. (ii) Budget allocation on the Digital Elevation Model is extremely high and needs further explanation to justify including this item. (iii) Explaining how the involvement and participation of other Development Partners in IKMP activities could be carried out and maintained. For these reasons Thailand can only at this stage approve *ad referendum* the Programme Document subject to Secretariat/IKMP discussion with the national team in Thailand on these and other matters.

75. Viet Nam approved the Document in principle and urged the Secretariat to further consult with the national line agencies and stakeholders on the Programme Document and the implementation plan. The lessons from previous phases should be fully addressed in the next phase.

76. Cambodia thanked the MRCS team and Development Partners for the support in phase 1 and expected continued commitment for phase 2. Cambodia approved the Document in principle.

77. In response to the implementation arrangement, the Secretariat clarified that IKMP will be coordinated through the TACT on technical issues whilst the PCC's main role is to provide advice to IKMP on general management and coordination issues. The links between agencies will be described in a simpler form in the revision of the document. Regarding the funding situation, so far there is no final commitment yet for this phase but Finland has made budget allocations. The funding mechanism to IKMP through other Programmes such as M-IWRMP is a new mechanism funding support from Development Partners which needs to be better reflected in the Document. With regard to the high cost of the Digital Elevation Model, the tool has long been required by FMMP to enable MRC to better provide flood risk and vulnerability assessments and will enable the MRC to provide information and services it has not so far been able to deliver. The World Bank support under the M-IWRMP is being explored.

78. The Meeting took note of the progress made on the formulation of the IKMP 2011-2015 and approved *ad referendum* the programme document. The MRC Secretariat was advised to further discuss the pending issues with Thailand's national IKMP team.

### **E.3.5 Progress of the Formulation of Flood Management and Mitigation Programme 2011-2015**

79. The CEO assisted by the Programme Coordinator of the Flood Management and Mitigation Programme (FMMP), informed the Meeting on the agenda item. The Meeting was briefed on the outcomes of consultancy services, national consultations during July to September 2010. The Regional Consultations are planned in October 2010 whilst the final draft of Programme Document will be submitted for consideration by the Joint Committee in November 2010, (Appendix No.19).

80. Thailand took note with appreciation and also stressed the linkage between flood and drought management and emphasised the importance of flash flood forecasting for the upper reach of the lower Mekong basin. The Secretariat was requested to disseminate products of the FMMP to the public during the flood season and to timely discuss measures to secure the operations of the regional flood center. Viet Nam took note and encouraged the Secretariat to make proactive efforts on emergency flood and mitigation services for local communities and to continue to improve flood forecasting services and other relevant information to mitigate the impact of floods. Cambodia also took note and urged that the preparation of the Programme Document should meet the timeline and secure funding support for the programme implementation. Lao PDR shared the view with Thailand regarding the role of FMMP on drought activities. During the discussion with the line agencies, it was requested that the warning of the flooding situation and relevant data should be made available in the riparian languages for timely dissemination to local communities.

81. The Meeting took note of the progress and plan of the formulation process for the Flood Management and Mitigation Programme 2011-2015 and advised the Secretariat to take into consideration the comments made by the Meeting.

### **E.3.6 Endorsement of Fisheries Programme 2011-2015**

82. The CEO, with the support of the Fisheries Programme Coordinator, reported on the progress made on the programme. The Meeting was briefed on the stakeholder consultations throughout 2009 and early 2010, a six-month inception phase and the programme budget (Appendix No.20).

83. Viet Nam approved the Document in principle. Regarding the revised programme management structure, it was hoped that the implementation would be more effective. Viet Nam urged the MRC Secretariat to continue its good work, particularly providing tools and assessment on the impacts from dam developments. In the immediate time, Viet Nam urged the MRCS to complete the plan for implementation of the inception phase in consultation with the Member Countries. Cambodia approved the document in principle and recognised the achievement of the Fisheries Programme in the past. To ensure the timely implementation of the programme after the end of the current phase, the Secretariat was recommended to urgently seek funding support. Lao PDR expressed appreciation for including the same approach for the implementation arrangements be applied to all MRC programmes. Thailand similarly expressed its appreciation and recommended the Secretariat invite stakeholders to participate in the future formulation of the Fisheries Programme 2011-2015, particularly during the inception stage. Thailand noted the need for information from Fisheries Programme to BDP/EP and approved the document in principle.

84. The Meeting took note of the progress of the stages of formulating the third phase of Fisheries Programme and endorsed in principle the MRC Fisheries Programme Document. The Secretariat was requested to involve the stakeholders in the formulation process of the inception phase of the Fisheries Programme 2011-15.

### **E.3.7 Future Direction of Agriculture and Irrigation Programme**

85. The CEO assisted by the Advisor of the Agriculture and Irrigation Programme (AIP), informed the Meeting on the agenda item. The projects on Sustainable and Efficient Water Use Project (SEWU), Demonstrate action on the Multi-functionality of Paddy Fields (DMPF) and Improvement of Irrigation Efficiency on Paddy Fields in the LMB (IIEPF) were introduced, (Appendix No.21). The Meeting was also informed on the preparation of the future programme and its draft concept note for further discussion with Member Countries in the coming months.

86. The Meeting took note of the progress of the Agriculture and Irrigation Programme.

### **E.4 Implication of Priority Funding Needs**

87. The CEO, assisted by the Chief of the International Cooperation and Communication Section, briefed the Meeting on the background information on the MRC funding situation, funding priorities and future MRC funding perspectives (Appendix No.22).

88. Cambodia encouraged the Secretariat to more actively approach Development Partners to ensure the funding support to the MRC and thanked the Development Partners for their long time support to the MRC. Lao PDR urged that due to the significant funding needs, MRCS should develop a clear fundraising strategy and prioritise the funding to address Mekong issues. The Secretariat was also urged to set priorities that respond to actual needs of the Mekong as identified by the BDP and Strategic Plan and for implementation of the Hua Hin Declaration. Viet Nam congratulated the efforts in fundraising so far and further urged a continued effort to cooperate with potential Development Partners especially for drought and flood management as indicated in the report.

89. The Meeting took note of the MRC funding priorities and the significant contribution of Development Partners' support and cooperation with other partners. The Meeting thanked the Development Partners for their generous support to the work of the MRC and recommended the Secretariat to intensify fundraising efforts.

### **E.5 Endorsement of the draft outline of MRC Work Programme for 2011**

90. The CEO, assisted by the Technical Coordination Advisor, briefed the Meeting on the background information on the agenda item and presented the draft outline of the Work Programme 2011 (Appendix No.23). As many programmes are at formulation stage, the Work Programme for 2011 would be drafted in October 2010.

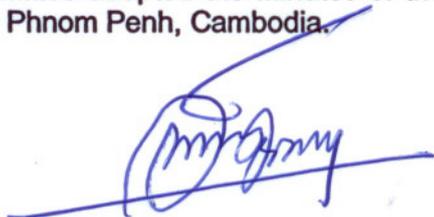
91. The Meeting endorsed the outline of the Work Programme 2011 and suggested to remove section 3.13 – Tourism Programme as it is not an actual Programme and elements are included in others. The Secretariat was also requested to include the description of implementation arrangement for all programmes.

### **CLOSING STATEMENT OF THE CHAIRMAN OF THE MRC JOINT COMMITTEE FOR 2010/2011**

92. 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. 24).

**F. ADOPTION OF THE MINUTES OF THE THIRTY-SECOND MEETING OF THE MRC JOINT COMMITTEE**

The Joint Committee adopted the Minutes of the Thirty-second Meeting as presented on 26 August 2010 in Phnom Penh, Cambodia.



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H.E. Mr. So Sophot  
Alternate Member of the MRC Joint Committee for the Kingdom of Cambodia



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Mr. Phonechaleun Nonthaxay  
Alternate Member of the MRC Joint Committee for the Lao People's Democratic Republic



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Ms. Pakawan Chufamanee  
On behalf of Member of the MRC Joint Committee for the Kingdom of Thailand



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Dr. Le Duc Trung  
Member of the MRC Joint Committee for the Socialist Republic of Viet Nam



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H.E. Mr. Pich Dun  
Chairman of the MRC Joint Committee for 2010/2011

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## **AGENDA**

### **Wednesday 25 August 2010**

- |               |            |   |
|---------------|------------|---|
| 8:00 – 8:30   |            | Registration  |
| 8:30 – 8:40   | A.         | Statement by the Chairperson of the MRC Joint Committee for 2009/2010                                       |
| 8:40 – 8:50   | B.         | Opening Address by the Chairperson of the MRC Joint Committee for 2010/2011                                 |
| 8:50 – 9:00   | C.         | Adoption of the Agenda  |
| 9:00          | <b>D.</b>  | <b>Management and Organisational Matters</b>  |
| 9:00 – 9:30   | D.1        | Report by the Chief Executive Officer on progress since the Thirty-first Meeting of the MRC Joint Committee |
| 9:30 – 9:50   | D.2        | Information on the Financial Situation of the MRC   |
| 9:50 – 10:10  |            | Coffee Break  |
| 10:10 – 10:30 | D.3        | Information on the Progress of Development Partners' Support  |
| 10:30 – 10:40 | D.4        | Information on Date and Venue of the Thirty-third Meeting of the MRC Joint Committee                        |
| 10:40         | <b>E.</b>  | <b>MRC Programme</b>  |
| 10:40         | <b>E.1</b> | <b>Discussion on Policy and Strategy Issues</b>   |
| 10:40 – 11:20 | E.1.1      | Consideration on the Draft MRC Strategic Plan 2011-2015   |
| 11:20 – 11:40 | E.1.2      | Progress on MRC Performance Management System   |
| 11:40 – 12:00 | E.1.3      | Report on Progress of IWRM-based Basin Development Strategy   |
| 12:00 – 13:30 |            | Lunch hosted by the Chairperson of the MRC Joint Committee for 2010/2011                                    |
| 13:30         | <b>E.2</b> | <b>Key Achievements of MRC Programmes</b>   |
| 13:30 – 13:50 | E.2.1.     | Social Impact Monitoring and Vulnerability Assessment of Mekong Corridor.                                   |
| 13:50 – 14:10 | E.2.2.     | Progress on Drought Management Project  |
| 14:10         | <b>E.3</b> | <b>Consideration on Formulation of New Phases of Programmes:</b>  |
| 14:10 – 14:30 | E.3.1.     | Consideration on Basin Development Plan Programme Phase 3   |

14:30 – 14:50	E.3.2.	Endorsement of Environment Programme 2011-2015
14:50 – 15:10	E.3.3.	Consideration on Climate Change and Adaptation Initiative Phase 1
15:10 – 15:30	E.3.4.	Endorsement of Information and Knowledge Management Programme Phase 2
15:30 – 15:50		Coffee Break
15:50 – 16:10	E.3.5.	Progress of Formulation of Flood Management and Mitigation Programme Phase 3
16:10 – 16:30	E.3.6.	Endorsement of Fisheries Programme Phase 3
16:30 – 16:50	E.3.7	Future Direction of Agriculture and Irrigation Programme <sup>1</sup>
16:50 – 17:20	E.4	Implication of Priority Funding Needs
17:20 – 17:30	E.5	Endorsement of the draft outline of MRC Work Programme for 2011
18:30		Dinner hosted by the Chairperson of the MRC Joint Committee for 2010/2011

#### **Thursday 26 August 2010**

	<b>F.</b>	<b>Adoption of the Minutes of the Thirty-second Meeting of the MRC Joint Committee</b>
8:30	F.1	Draft Minutes of the Thirty-second Meeting ready for individual review by Designated Delegates
9:30 – 10:00	F.2	Joint Review of Draft Minutes of the Preparatory Meeting by Designated Delegates and Secretariat
10:00 – 11:00	F.3	Joint Review of Draft Minutes of the Thirty-second Meeting by Designated Delegates and Secretariat
11:00 – 11:40		Coffee Break / Reproduction of draft Minutes for review
11:40 – 12:10	F.4	Plenary Meeting to review and adopt the Draft Minutes of the Thirty-second Meeting
12:10 – 12:15	F.5	Signing of the Adopted Minutes of the Preparatory Meeting and the Thirty-second Meeting
12:15 – 12:20	G.	Closing Statement by the Chairperson of the MRC Joint Committee for 2010/2011
12:20 – 12:30		Group Photo

<sup>1</sup> Proposed by Lao PDR through its email communication on 29 June 2010

12:30 – 14:00	Luncheon hosted by the Chairperson of the MRC Joint Committee for 2010/2011
16:00 – 18:00	Opening Ceremony of the Office of the Secretariat in Phnom Penh <sup>2</sup>
18:30	Welcome Dinner for the Dialogue Partners and for the Delegates of the Fifteenth Dialogue Meeting hosted by the Chairperson of the MRC Joint Committee for 2010/2011

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<sup>2</sup> Taking the opportunity that all Joint Committee Members and Dialogue Partner are in Phnom Penh, the Opening of OSP is therefore proposed by the Secretariat – subject to concurrence from Member Countries. Government officials, other major stakeholders represented and Development Partners in Cambodia will also be invited.

## **LIST OF PARTICIPANTS**

### **A. MRC MEMBER DELEGATIONS**

#### **CAMBODIA**

1. H.E. Mr. Pich Dun  
Secretary-General  
Cambodia National Mekong Committee Secretariat  
Acting Member of the MRC Joint Committee for Cambodia  
Chairman of the MRC Joint Committee for 2010/2011
2. H.E. Mr. So Sophort  
Deputy Secretary-General  
Cambodia National Mekong Committee Secretariat  
Alternate Member of the MRC Joint Committee for Cambodia
3. Mr. Hak Socheat  
Director of Planning  
Cambodia National Mekong Committee Secretariat
4. Mr. Tuy Ry  
Director  
International Organization Department  
Ministry of Foreign Affairs and International Cooperation
5. Mr. Nguon Kong  
Deputy Director-General  
Ministry of Environment
6. Mr. Yin Savuth  
Deputy Director  
Hydrology and River Works Department  
Ministry of Water Resources and Meteorology

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7. Ms. Sok Theary  
Deputy Director  
Ministry of Planning (MoP)
8. Mr. Chheng Vibolrith  
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Ministry of Agriculture, Forestry and Fisheries (MAFF)
9. Mr. Chea Narin  
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Ministry of Industry, Mines and Energy (MIME)
10. Mr. Bon Chansevey  
Deputy Director  
Ministry of Tourism (MoT)

11. Mr. Ly Savuth  
Deputy Director General  
General Department for Administration and Finance  
Ministry of Rural Development (MRD)
12. Mr. Ros Sophornna  
Director of Waterways Department  
Ministry of Public Works and Transport (MPWT)
13. Ms. Soth Sithon  
Deputy Director  
Ministry of Women Affairs (MoW)
14. Mr. Sam Nuov  
Deputy Director General, Fisheries Administration  
Ministry of Agriculture Forestry and Fisheries

### **LAO PDR**

15. Mr. Phonechaleun Nonthaxay  
Director General of Department of Water Resources, WREA  
Alternate Member of the MRC Joint Committee for Lao PDR  
Head of Delegation
16. Mr. Daovong Phonekeo  
Deputy Director-General of Department of Electricity  
Ministry of Energy and Mine
17. Mme. Chongchith Chantharanonh  
Assistant to Director General, Department of Water Resources  
Director of Mekong Affairs
18. Dr. Bounthan Bounvilay  
Assistant to Director General, WERI  
Water Resources and Environment Administration
19. Mr. Phoxay Khaykhamphithoune  
Deputy Director General  
International Organisations Department  
Ministry of Foreign Affairs

### **THAILAND**

20. Mr. Kasemsun Chinnavaso  
Director General, Department of Water Resources  
Ministry of Natural Resources and Environment (MNRE)  
Secretary General, TNMCS  
Alternate Member of the MRC Joint Committee for Thailand  
Head of Delegation
21. Associate Professor Chaiyuth Sukhsri  
Head of Water Resources Engineering Department  
Faculty of Engineering, Chulalongkorn University  
Member of Thai National Mekong Committee
22. Mr. Surasak Suparat  
Director of Development Affairs Division  
Department of International Organizations  
Ministry of Foreign Affairs

23. Mrs. Pakawan Chufamanee  
Director of Mekong Affairs Branch  
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Ministry of Natural Resources and Environment (MNRE)
24. Ms. Nuanlaor Wongpinitwarodom  
Senior Policy and Plan Analyst, Bureau of International Cooperation  
Department of Water Resources  
Ministry of Natural Resources and Environment (MNRE)
25. Mrs. Ruamporn Ngamboriruk  
Senior Policy and Plan Analyst, Bureau of International Cooperation  
Department of Water Resources  
Ministry of Natural Resources and Environment (MNRE)
26. Ms. Sirawadee Ngamwisedchaikul  
Second Secretary, Treaty Division  
Department of Treaties and Legal Affairs  
Ministry of Foreign Affairs
27. Mr. Ithikorn Tritasavit  
Third Secretary  
Department of International Organizations  
Ministry of Foreign Affairs

#### **VIET NAM**

28. Dr. Le Duc Trung  
Director-General  
Viet Nam National Mekong Committee Secretariat  
Member of the MRC Joint Committee for Viet Nam  
Head of Delegation
29. Mr. Hoang Chi Trung  
Deputy Director General  
Department of International Organization, MoFA
30. Ms. Nguyen Thi Thu Linh  
Senior Programme Officer  
Viet Nam National Mekong Committee
31. Mr. Tran Nguyen Toan  
Director General  
Department of International Relation  
The Government's Office
32. Mr. Pham Van Tan  
Deputy Director General  
Department of International Cooperation, MONRE

#### **B. JC OBSERVERS**

##### **Myanmar**

33. H.E.U Nyunt Hlaing  
Ambassador Extraordinary and Plenipotentiary  
Embassy of the Union of Myanmar  
Vientiane, Lao PDR

34. Mr. Sein Tun  
Deputy Director  
Department of Water Resources and Rivers Development  
Ministry of Transport of the Union of Myanmar

**World Bank**

35. Mr. Toru Konishi  
Senior Economist  
The World Bank, Vientiane, Lao PDR

**IUCN**

36. Mr. Kong Kim Sreng  
Senior Programme Officer  
IUCN Cambodia

**C. MRC SECRETARIAT**

37. Mr. Jeremy Bird  
Chief Executive Officer
38. Mr. Navuth Te  
Assistant to CEO, Head of OSP, and  
Director of Technical Support Division
39. Mr. Sourasay Phoumavong  
Director of Planning Division
40. Mr. Tran Duc Cuong  
Director of Operations Division
41. Dr. Vithet Srinetr  
Officer – in- Charge of Environment Division
42. Ms. Nguyen Thu Mai  
Chief of Finance and Administration Section
43. Ms. Weena Aksornkaew  
Chief of Human Resources Development Section
44. Ms. Klomjit Chandrapanya  
Chief, International Cooperation and Communication Section
45. Dr. Vitoon Viriyasakultorn  
Technical Coordination Advisor  
Technical Coordination Unit, Office of the Chief Executive Officer
46. Ms. Pham Thi Thanh Hang  
Programme Coordinator  
Basin Development Plan Programme
47. Mr. Ton Lennaerts  
Chief Technical Advisor  
Natural Resources Development Planning Division
48. Ms. Hanne Bach  
Chief Technical Advisor  
Environment Programme

49. Dr. Bonheur Neou  
Climate Change and Adaptation Initiatives Task Leader  
Environment Division
50. Dr. Lum Hung Son  
FMMP Coordinator, Flood Management and Mitigation Programme  
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51. Mr. Nicolaas Bakker  
Chief Technical Advisor  
Flood Management and Mitigation Programme  
Technical Support Division
52. Mr. Voradeth Phonekeo  
Project Manager  
Initiative on Sustainable Hydropower
53. Mr. Xaypladeth Choulamany  
Programme Coordinator, Fisheries Programme  
Operations Division
54. Mr. Tran Van Tuan  
Programme Coordinator, Information and Knowledge Management Programme  
Technical Support Division
55. Mr. Erland Jensen  
Chief Technical Advisor, IKMP  
Technical Support Division
56. Mr. Katsuhiko Yamauchi  
Irrigation Technical Advisor, AIFP  
Operations Division
57. Ms. Vu Thu Hong  
Programme Coordinator, ICBP  
Human Resources Development Section
58. Ms. Siliphone Sisavath  
Programme Officer, MRC Governance  
International Cooperation and Communication Section
59. Mr. Khy Lim  
Communication Officer  
International Cooperation and Communication Section
60. Ms. Nguyen Nhu Hue  
Interim Programme Officer  
International Cooperation and Communication Section
61. Mr. Sunheng Chiv  
Junior Riparian Professional  
International Cooperation and Communication Section
62. Mr. Nguyen Duy Thanh  
Junior Riparian Professional  
International Cooperation and Communication Section

## D. ORGANISERS

### **Cambodia National Mekong Committee**

63. H.E. Mr. Kol Vathana  
Deputy Secretary General  
Cambodia National Mekong Committee
64. Mr. Ou Sophanna  
Director of Administration and Finance Department  
Cambodia National Mekong Committee
65. Mr. Chheang Hong  
Deputy Director of Projects Department  
Cambodia National Mekong Committee
66. Mr. Kim Seiha  
Chief of Document and Information Management Office  
Cambodia National Mekong Committee
67. Mr. Sok Khom  
National Programme Coordinator of AIFP  
Cambodia National Mekong Committee
68. Mr. Ku Khemlin  
National Programme Coordinator of IKMP  
Cambodia National Mekong Committee

### **MRC Secretariat**

69. Ms. Manivanh Phanouvong  
Senior Programme Assistant  
International Cooperation and Communication Section
70. Ms. Phommavanh Chaleunsouk  
Interim Secretary to Chief  
International Cooperation and Communication Section
71. Ms. Viengvilay Sinprasith  
Secretary  
International Cooperation and Communication Section
72. Ms. Songkane Sayavong  
Senior Administrative Secretary to Chief  
Finance and Administration Section
73. Mr. Chantra Ney  
Maintenance Supervisor,  
Finance and Administration Section, OSP
74. Mr. Souphanh Thongouane  
IT Assistant  
Finance and Administration Section

**CONDOLENCE MESSAGE FOR DR. SAKSIT TRIDECH**

by

***H.E. Mr. Pich Dun***

Secretary General of Cambodia National Mekong Committee  
Cambodia National Mekong Committee  
Acting Member of the MRC Joint Committee for Cambodia  
Chairperson of the MRC Joint Committee for 2010/2011

By now, all of you will know of the tragic loss of our friend Dr. Saksit Tridech, Joint Committee Member for Thailand, Chair of the Joint Committee for 2008-2009 and Permanent Secretary for the Ministry of Natural Resources and Environment in Thailand, who died on the 17<sup>th</sup> of August in a helicopter accident along with four other passengers.

Dr. Saksit was a dedicated professional in the service of his country and indeed through his work with the MRC - the entire Mekong Basin. He was also trusted, respected and liked by all who worked with him. His expertise in Water Quality Management and Environmental Quality Management was highly sought after and his tireless work for the Ministry of Natural Resources and Environment was underscored by a firm commitment to environmental protection and sustainability. I personally gained much from my work with him during his period as JC member and JC Chair and my sympathy goes out to his family, friends and colleagues.

May I now invite the Meeting to observe a one-minute silence for Dr. Saksit Tridech.....  
thank you.

**STATEMENT**

by

**Mr. Phonechaleun Nonthaxay**

Director General of Department of Water Resources, WREA  
Alternate Member of the MRC Joint Committee for Lao PDR  
On behalf of  
Chairperson of the MRC Joint Committee for 2009/2010

*H.E. Mr. Pich Dun  
Secretary General of Cambodia National Mekong Committee  
Cambodia National Mekong Committee  
Acting Member of the MRC Joint Committee for Cambodia  
Chairperson of the MRC Joint Committee for 2010/2011*

*H.E. Mr. So Sophort  
Deputy Secretary-General  
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Alternate Member of the MRC Joint Committee for Cambodia*

*Mr. Kasemsun Chinnavaso  
Director General, Department of Water Resources  
Ministry of Natural Resources and Environment (MNRE)  
Secretary-General, Thai National Mekong Committee Secretariat  
Alternate Member of the MRC Joint Committee for Thailand*

*Dr. Le Duc Trung  
Director General  
Viet Nam National Mekong Committee  
Member of the MRC Joint Committee for Viet Nam*

***Distinguished Representatives of the Union of Myanmar, IUCN and World Bank  
Distinguished Representatives and Observers  
Excellencies, ladies and gentlemen  
Colleagues and friends***

On behalf of Mme. Monemany Khoybouakong, Permanent Secretary, Water Resources and Environment Administration (WREA), Chairperson of the MRC Joint Committee for 2009/2010, I would like to express our sincerest condolences to Dr. Saksit's family and TNMC for their sudden loss. Dr. Saksit has been a great friend and colleague to us all and we will be remembered friendly.

It is now one year since Mme. Monemany assumed her tenure as Chairperson and her time was very eventful.

The First MRC Summit gave us an opportunity to both reflect on our many achievements and to consider the many challenges still facing the organisation. At the Summit, leaders of Mekong countries declared their commitment to addressing the Basin's rising challenges, especially climate change and helped reaffirm the commitment to the mission of the MRC. The Summit saw renewed commitment from China and Myanmar to increase cooperation with the MRC and this was followed up in the last few months with visits made to Yunnan Province by MRC modeling experts and a delegation to visit the hydropower dams

upstream. The cooperation has provided important input to the Strategic Environmental Assessment of proposed mainstream dams in the Lower Mekong Basin. The recent first official MRC visit to the Jinghong and Xiaowan dams and meetings in Beijing with concerned ministries also demonstrated closer cooperation, which we hope will lead to greater sharing of information and joint working arrangements. Similarly preparations were made for a visit to Myanmar in August to explore areas of further cooperation.

The second report on the 5-yearly *State of the Basin* was also released at the Summit and this will provide a foundation for future assessments of the health of the basin.

The years 2009 and 2010 were at times challenging, not only for the MRC but also for the basin as a whole. The countries of the Mekong grappled with the effects of the global financial crisis and extreme weather events. This placed an additional burden on nations already working hard to fight poverty and ensure food security. The wet season withdrew early at the end of 2009, and early this year the Mekong Basin experienced the lowest recorded water levels in 50 years. The regional drought affected food security of millions of people living in the Mekong Basin and the waterway transport of the region.

The MRC was featured prominently in the media during this time. Individuals and the media turned to us for information on water levels as well as on the actions the MRC has taken. China increased the level of upstream hydro-meteorological data shared with downstream countries during this critically low dry season. This measure helped not only to increase regional cooperation and but also helped clarify the ambiguity about perceived impact of large reservoirs in China on the Mekong's extremely low flows.

The effect of climate change in the basin is an emerging issue. After cyclone Nargis and the Mekong flood of 2008, typhoon Ketsana in September/October 2009 was another example of the type of extreme weather event that scientists expect to happen more frequently in our region due to climate change.

The Climate Change and Adaptation Initiative was started in 2009. Recently, demonstration sites were identified including in Savannakhet, Lao PDR to help farmers and fishermen understand how climate change could have impact on them and to test out local measures to cope with it. These will be replicated in other MRC countries.

During the year, the Flood Management and Mitigation Programme continued to play an important role in strengthening new flood protection systems.

A flash flood guidance system was developed, and communities engaged in reporting localised floods through the provision of cell phones, flood information markers, information boards and received training on how to use them to improve the accuracy of flood warnings. The past year also saw an increase in cooperation and learning with our Dialogue Partners, China and Myanmar in flood management. There were study visits to the Chianjiang Water Resources Commission last year and in June this year, a special training organised by Chinese experts on flood and disaster risk management for government agency staff from the other five Mekong Countries.

In 2008 the agreement on sharing on hydrological data from the two stations on the Lancang during flood season was extended from one already in place since 2002 and this amply indicates China's willingness to engage with Lower Basin countries and cooperate in forecasting work.

***Excellencies, ladies and gentlemen  
Colleagues and friends***

The MRC has also taken steps in recent years to allow greater community involvement in stakeholder dialogue processes.

The regional stakeholder forum on options for sustainable management of Mekong water resources in October 2008 and in July this year have built on BDP's efforts to increase public participation in Basin planning and in informing a strategy for joint basin development. This was a critical step in preparing the IWRM-based Basin Development Strategy which will be presented to the MRC Council for approval this year.

The MRC has also taken several steps to become a facilitator of dialogue on hydropower issues—particularly the mainstream dams proposed in the Lower Mekong Basin. The MRC Strategic Environmental Assessment of the proposed dams initiated in 2009 conducted a careful study of the impacts and risks of hydropower from many angles and viewpoints, to take account of how different scenarios will affect areas such as livelihoods, fisheries, sediment and nutrient flows, water quality, and navigation. The results of this work are expected to be released in September and will inform the formal process of prior consultation on proposed mainstream hydropower projects required under the 1995 Mekong Agreement.

The MRC is reaching the end of the current Strategic Plan period and preparation is underway for the Strategic Plan 2011-2015 that redefines MRC core functions and performance objectives. The organisation has taken solid steps towards increasing riparian programme and policy ownership, and the Member Countries continue to increase their financial and in kind contribution to the organisation and work towards the goal of financial self-sustainability of 2030 set in the MRC Hua Hin Declaration.

And finally, the MRC will complete the establishment of a permanent co-hosted location with the Office of the Secretariat in Phnom Penh fully operational by the end of this year. The decision by the 16<sup>th</sup> Council Meeting last year on a permanent co-hosted location of the MRC reflects our commitment to financial and logistical effectiveness and will improve the smooth functioning of Mekong programmes allowing the MRC to better address the issues facing the Basin.

In concluding, I would like to take this opportunity to thank all who have supported the MRC throughout Mme. Monemany's tenure as Joint Committee Chairperson.

This includes the Development Partners who have continued providing support for the MRC and its work and all the Member Countries who have continued to increase their contribution to the MRC as it transitions towards an increased financial autonomy.

I would also like to thank distinguished members of the Joint Committee for their support and cooperation and the senior management of the Secretariat for their positive and effective leadership to secure the achievements of the MRC during the past year.

With this, I would now like to relinquish the Chair of the MRC Joint Committee to H.E Pich Dun of Cambodia. I wish him well in this role – and extend my sincere congratulations to him.

I am confident that in his capable hands the MRC Joint Committee will continue to run smoothly and to record continued achievements for the benefit of the people of the Basin.

Thank you.

**STATEMENT**

By

**H.E. Mr. Pich Dun**

Secretary General of Cambodia National Mekong Committee  
Cambodia National Mekong Committee  
Acting Member of the MRC Joint Committee for Cambodia  
Chairperson of the MRC Joint Committee for 2010/2011

*H.E. Mr. So Sophort  
Deputy Secretary-General  
Cambodia National Mekong Committee Secretariat  
Alternate Member of the MRC Joint Committee for Cambodia*

*Mr. Phonechaleun Nonthaxay  
Director General of Department of Water Resources, WREA  
Alternate Member of the MRC Joint Committee for Lao PDR*

*Mr. Kasemsun Chinnavaso  
Director General, Department of Water Resources  
Ministry of Natural Resources and Environment (MNRE)  
Secretary-General, Thai National Mekong Committee Secretariat  
Alternate Member of the MRC Joint Committee for Thailand*

*Dr. Le Duc Trung  
Director General  
Viet Nam National Mekong Committee  
Member of the MRC Joint Committee for Viet Nam*

***Distinguished Representatives of the Union of Myanmar, IUCN and World Bank  
Distinguished Representatives and Observers  
Excellencies, ladies and gentlemen  
Colleagues and friends***

It is my pleasure to greet you all here today for the Thirty-second Meeting of the MRC Joint Committee.

I would like to thank Mme. Monemany Nhoibouakong for her effective role as chairperson of the Joint Committee during the past year. She has overseen some momentous decisions and activities such as the decision on a co-hosted permanent location and the successful First MRC Summit. I would also like to thank the representatives of Dialogue Partner(s) for their presence at this meeting. Your involvement here re-affirms our belief that we share the same goals.

***Excellencies, ladies and gentlemen  
Colleagues and friends***

We have a busy agenda today. I anticipate a constructive and frank exchange of views on several matters concerning policy and strategy issues including the endorsement of the draft outline of the Work Programme for 2011 as well as assessing progress on the IWRM-based Basin Development Strategy and providing guidance for its next steps.

In the report from the CEO of the Secretariat, we will hear about the follow up to the First MRC Summit, the progress in implementing the MRC Programmes since the Thirty-First Joint Committee Meeting and the progress in increasing cooperation with other regional and international organisations as well as the status of MRC Procedures.

The next five years will be critically important for the MRC. As an organisation, we will need to be prepared for and to respond to a number of rising challenges facing the Mekong River Basin. Preparation of the Strategic Plan 2011 to 2015 is under way and we will discuss this as well as the Performance Management System which will monitor and evaluate MRC programme implementation.

During the afternoon, we will consider new phases of several important MRC's programmes and the priority funding needs for them.

I am confident that this Joint Committee Meeting will see us renew our commitment to achieving consensus on a range of mutually beneficial goals.

Allow me, in conclusion, to offer my sincere thanks to the staff of the Cambodia National Mekong Committee and the staff of the MRC Secretariat for their efforts in arranging this Meeting.

With this, I wish you every success of our sessions today.

Thank you.

## **REPORT ON PROGRESS**

### **SINCE THE THIRTY-FIRST MEETING OF THE MRC JOINT COMMITTEE**

By

**Mr. Jeremy Bird**

Chief Executive Officer

Mekong River Commission Secretariat

***Excellency Mr. Chair  
Excellencies  
Distinguished Delegates  
Ladies and Gentlemen***

I am pleased to report to the Joint Committee the main developments and activities carried out by the Secretariat since the Thirty-first Meeting of the Joint Committee held in Luang Prabang, Lao PDR on 2-3 March 2010.

One of the major accomplishments was the First MRC Summit held on 5 April 2010 in Hua Hin, Thailand and, in particular, the forward looking agenda for cooperation set out in the MRC Hua Hin Declaration. Agreeing to hold such Summit meetings every four years also has raised the prominence of the organisation. I am pleased to inform the Meeting that the MRC Secretariat is now well underway in the process of implementing the MRC Hua Hin Declaration. The Pre-Summit International Conference also raised the profile of MRC as an organisation capable of bringing together a broad range of river basin practitioners from around the world to address matters of mutual interest.

As one of the following up actions to the First MRC Summit, MRC missions to China and Myanmar took place on 6-11 June 2010 and 16-18 August 2010 respectively. During the meetings in Beijing, China suggested that it intends to maintain and increase cooperation under the current framework as MRC's Dialogue Partner at thematic and sector levels. It indicated that a number of new initiatives could be discussed at the Fifteenth Dialogue Meeting on 27 August 2010. China also welcomed MRC's invitations extended to Chinese experts to participate in MRC conferences and meetings and also the inclusion of Chinese nationals in the Junior Riparian Programme. China also indicated that it was still favourably considering the possibility of seconding a staff member to MRCS.

During the visit to Myanmar last week, discussions were held on strengthening technical cooperation and on the invitation for Myanmar to join the MRC in the future that was extended as part of the MRC Hua Hin Declaration. The initial discussions focussed on the implications and process related to possible accession and to the mutual benefits that would accrue. The next step is for MRC to formally write to Myanmar to invite Myanmar membership as follow up to the Hua Hin Declaration.

Over the past five months, the Secretariat increased its cooperation with other regional development partners. Regarding cooperation with ASEAN, an MOU between MRC and the ASEAN Secretariat was signed, whilst the implementation plan is being prepared. On 17 July 2010 during the ASEAN Ministerial Meeting in Ha Noi, Viet Nam, there was a celebratory signing ceremony witnessed by high-level US officials and the four Ministers of Foreign Affairs of MRC countries to mark the enhanced cooperation between the Mekong River Commission and the Mississippi River Commission.

MRC has also been actively involved in major international and regional events, such as the the NGOs' Public Forum on Sharing the Mekong River Basin on 1 April 2010 in Thailand; and the Mekong Environment and Climate Symposium on 26-27 April 2010 in Viet Nam; and the Annual Mekong Flood Forum in Vientiane in May 2010.

Following the implementation of Independent Organisational Review recommendations and approval of its Communication and Disclosure Policy, MRC has continued to enhance stakeholder participation, for example on hydropower related issues, climate change and basin development planning. This was also highlighted at the recent 3rd BDP Stakeholder Forum on 29-30 July 2010 which discussed the first draft IWRM - based Basin Development Strategy. Similarly broad stakeholder interests including government, private sector and civil society have been raised at the regional workshop on the Strategic Environmental Assessment of proposed mainstream dams. These and other achievements all point to a stronger organisation better prepared to serve the needs of people in the Mekong region.

With regard to the permanent co-hosted location of the MRC Secretariat, this reporting period saw major achievements in implementing the MRC Council decision and establishment of the Offices of the Secretariat in Phnom Penh (OSP) and in Vientiane (OSV). The first phase of the move was successfully completed and the OSP is now fully functional. Internal procedures for operation of OSP and OSV have been introduced and steps taken to improve their effectiveness. More detailed information was reported to the Joint Committee at the Preparatory Meeting.

In accordance with earlier guidance from the Joint Committee and the recommendation of the Independent Organisational Review, the Secretariat reports regularly to the Joint Committee on the riparianisation of the Secretariat. The reports cover the objectives, proposed process, and results to be accomplished for a smooth riparianisation process. I am also glad to report to the Meeting that the implementation of the riparianisation of the MRC Secretariat is on track. This also includes the recruitment process of the riparian Chief Executive Officer. Progress in this regard was also reported at yesterday's Preparatory Meeting.

Finalising the procedures for water resources management under the 1995 Mekong Agreement remain a priority although some constraints need to be overcome. The Secretariat has encouraged a dialogue to find an acceptable formulation for outstanding clauses of the Procedure for Water Quality and to encourage more timely implementation of the Procedure for Data and Information Exchange and Sharing. National consultations have been held to define details underlying the Procedure for Maintenance of Flows on the Mainstream and the work of the Basin Development Plan and Information Knowledge Management Programmes in establishing a database on irrigation and hydropower projects is an important first step in implementing the Procedure of Water Use Monitoring. Similarly, preparatory steps have been taken to facilitate implementation of the Procedure for Notification, Prior Consultation and Agreement on proposed mainstream dams by initiating establishment of a Joint Committee Working Group and an internal MRCS task group together with updating internal processing procedures. The Mekong Integrated Water Resources Management Project is now taking an active coordination role in further development of the procedures.

Since the last Joint Committee Meeting, sound and prudent financial management of the Secretariat and its programmes have been maintained. Detailed discussions on the financial situation will be held after this report.

In terms of funding I am pleased to report on the continuing support from Development Partners of the MRC. We have secured several funding agreements since the last Meeting of the Joint Committee amounting to US\$ 3.87 million covering a number of key programmes, projects and initiatives including US\$ 0.9 million from Denmark for the Climate Change and Adaptation Initiative. The MRC Secretariat has also concluded discussions with new Development Partners who will now support MRC for the first time, such as Luxembourg.

A number of fundraising missions have taken place since the Thirty-first Meeting of the Joint Committee in March 2010 namely a mission to Japan from 2 to 5 June 2010, with a strong likelihood of support for drought management activities; a mission to the USAID office in Bangkok in relation to climate change activities and MRCS cooperation with the Mississippi River Commission; an annual consultation with SIDA on 16-17 June 2010 which was well received; and the annual consultation with Development Partners at the Informal Donor Meeting where pledges were made to future support the MRC activities. MRCS has also agreed with the EU to undertake a 4-pillars assessment which is a prelude to eligibility for future EU funding. A number of agreements are expected to be signed before the end of 2010 taking the annual total of new agreements to \$ 17.3 million of which US\$14 million is expected from Finland.

***Excellencies  
Distinguished Delegates  
Ladies and Gentlemen***

Looking further forward, the Meeting will later today consider the draft of the MRC Strategic Plan 2011-2015 under Agenda Item E.1.1. A participatory process with Member Countries has been followed resulting in broad agreement on the overall direction of the Strategic Plan. Good progress has also been made on the Performance Management System where a regional workshop was held in May 2010 to introduce the concept and key principles of PMS and its linkage to the formulation of the 2011-2015 Strategic Plan to Member Countries. There will also be a progress report of the IWRM-based Basin Development Strategy under Agenda Item E.1.3, and the Social Impact Monitoring and Vulnerability Assessment of the Mekong Corridor under Agenda Item E.2.1.

Regarding the MRC work programme, I would like to bring your attention to the formulation of new phases of MRC programmes. Many of the MRC programmes are now in the process of developing their directions for the next 5-year period to be aligned with the MRC Strategic Plan 2011-2015. The formulation processes are taking into account the discussions on MRC core functions and initial steps to prepare for a future institutional structure in which it is expected there will be a greater role in implementation of core functions by relevant agencies in Member Countries. Approval of some of the programme documents by the Joint Committee will be sought later this afternoon.

***Excellencies  
Distinguished Delegates  
Ladies and Gentlemen***

These achievements and the sound management of the Secretariat form the basis and framework for the MRC to play a leading role in the sustainable development of water and related resources in the Mekong Basin.

I would like to take this opportunity to thank all the Joint Committee Members as well as the National Mekong Committees and their Secretariats for their continuing support and constructive advice in guiding the work of the MRC Secretariat.

Our work benefits greatly from fruitful interactions with Development Partners, Dialogue Partners and other stakeholders and it is to this wider group of organisations and individuals to whom I also wish to express my sincere gratitude and appreciation.

Thank you very much for your attention and the support and guidance provided to the Secretariat. In particular I would like to thank Mme. Monemany Nhoybouakong, the Joint Committee Chair for 2009/2010 for her support and look forward to working closely with H.E. Pich Dun, Chair of the Joint Committee for 2010/2011 over the next year.

I would like to now conclude my report and look forward to constructive discussions today.

## **NOTE FOR INFORMATION**

### **INFORMATION ON THE FINANCIAL SITUATION OF THE MRC**

1. The draft OEB budget for 2011 reflects the full operation of the permanent co-hosted location of the Mekong River Commission Secretariat in Phnom Penh, Cambodia, and Vientiane, Lao PDR,,following the MRC Council decision on this matter in November 2009. The draft budget is provided in Attachment 1.
2. Total revenue is estimated at US\$ 3,446,261. Compared to OEB 2010, the budget for the year 2011 reflects an expected increase of around 6% in revenue mainly due to the agreed increase in contributions from the Member Countries and in Treasury Management.
3. Total expenditure is estimated at US\$3,445,742 which is around 10% higher than in 2010.
4. The estimated surplus by the end of 2011 is US\$519, considerably lower than the expected surplus in 2010.
5. Pending a review of the application of the Devaluation Allowance and Inflation Compensation Mechanism which is part of the wider ongoing review of the MRC salary structure, the Secretariat is required to apply the mechanisms as approved by the Joint Committee in August 2008. At this stage, the OEB 2011 proposal has been based on current mechanisms and would be revised in the event that a change in policy is agreed by the Joint Committee.

#### **I. Income**

6. The contributions from the Member Countries in 2011 will be increased to US\$ 1,687,261 in accordance with the decision made by the Council in October 2000.
7. Similarly to 2010, no core contributions from other governments (donors) are expected in 2011.
8. A comprehensive banking survey is being prepared and will be launched amongst selected banks of the Member Countries that have a branch in Vientiane and/or Phnom Penh. At this stage, the estimate of income from treasury management is based on interest rates of the existing banks used by MRCS. The interest earning from these banks is estimated at \$50,000, an expected increase of nearly 43% compared to 2010 due to their attractive interest rates. The estimated income on this budget line will be revised if the funds are to be transferred to other banks.
9. The Miscellaneous income is set to the same level as 2010.
10. The Income on Management and Administration Fee (MAF) is estimated conservatively at US\$1,704,000 (2.34% higher than in 2010) given that funding for programmes with

historically high expenditures such as BDP and FMMP have not been secured at the time this budget was prepared.

## **II. Expenditure**

### **000 – 100 Salaries and fees and Common staff costs**

11. Salaries and fees are budgeted at US\$1,606,953 and common staff costs at US\$846,199 reflecting an increase of about 20% of the overall personnel expenses compared with the 2010 budget.

12. The OEB 2011 finances of US\$271,688 out of the total of US\$2,453,152 of personnel costs of the year (or 11%) for 7 positions that have historically been considered as core elements of MRC work and which were endorsed at previous Joint Committee Meetings namely: the Operational Hydrologist, Remote Sensing Specialist, GIS Specialist, Database Manager, River Flood Forecasting Expert, GIS Assistant and Assistant Hydrologist. The remaining 89% of personnel costs are to cover administrative and management functions.

13. In comparison with the budget of 2010, the major changes in OEB 2011 are:

- The budget for the International CEO is allocated for 3 months in 2011 reflecting his contract's ending date in March 2011
- A riparian CEO is expected to assume duties from 1 January 2011. The position is fully budgeted under OEB 2011. For budgeting purposes, the salary of the riparian CEO is estimated at the minimum salary for an international CEO (D-02/step 1) pending the negotiation between the MRC Joint Committee and the successful candidate.
- The Communications Officer, Finance Officer in OSV and Admin and Procurement Officer in OSP previously funded by GTZ are now fully budgeted under OEB 2011.
- The Personnel Officer, Procurement Officer and MIS Officer in OSV were fully funded by GTZ in 2010. However this support is ending now and OEB will have to partially finance these positions for approximately 6, 8 and 9 months respectively in 2011.
- A new Programme Assistant for ICCS in OSV has been added to OEB 2011 to reflect the need of the section to strengthen the Donor Coordination Unit after the seconded International Adviser, a member of this Unit, ended her assignment with MRCS in July 2010 while the pool of MRC donors and related work continues to grow. The current funding from AFD for this position will come to an end in March 2011.
- The personnel costs of staff performing management and corporate services functions in OSP are fully charged against OEB 2011.
- A reduction of one Finance Assistant, one Driver and one Cleaner in OSV has been made in OEB 2011. These positions will not be filled up after the resignation of a Finance Assistant and a Cleaner in OSV in 2010 and after one Driver reaches his age of retirement in December 2010.
- The total number of staff on OEB 2011 has risen from 84 to 85 which is an increase of 1.2% compared to 2010. Details are provided in Attachment 2

The table below provide details of changes in personnel costs in OEB 2011 in comparison to OEB 2010.

Staff category	Office	OEB 2010	OEB 2011	Variance
<b><i>I. Changes due to addition or reduction of staff under OEB</i></b>				
International CEO	OSV	245,976	96,512	-149,464
Riparian CEO (budget figure)	OSV	0	192,765	192,765
Finance Assistant (FAS)	OSV	15,013	0	-15,013
Driver (FAS)	OSV	7,405	0	-7,405
Cleaner (FAS)	OSV	4,705	0	-4,705
<b><i>Sub-total I</i></b>				<b>16,178</b>
<b><i>II. Changes due to reduction in donors' institutional support</i></b>				
Communications Officer (ICCS)	OSV	37,171	53,704	16,533
Finance Officer (FAS)	OSV	0	49,469	49,469
Admin & Procurement Officer (FAS)	OSP	19,529	51,257	31,728
Personnel Officer (FAS)	OSV	19,932	29,190	9,258
Procurement Officer (FAS)	OSV	0	36,266	36,266
MIS Officer (FAS)	OSV	23,542	34,298	10,756
Programme Assistant (ICCS)	OSV	0	7,746	7,746
<b><i>Sub-total II</i></b>				<b>161,756</b>
<b><i>III. Changes when the full operation of the permanent co-hosted location of MRCS is in place</i></b>				
Programme cum Communications Officer (ICCS)	OSP	22,418	56,981	34,563
Finance Officer (FAS)	OSP	22,153	36,759	14,606
Senior HR Assistant (HRS)	OSV	7,147	12,951	5,804
12 GS staff performing corporate service functions under FAS, ICCS (incl. library staff)	OSP	64,472	168,470	103,998
<b><i>Sub-total III</i></b>				<b>158,971</b>
<b>GRAND TOTAL</b>		<b>489,463</b>	<b>826,368</b>	<b>336,905</b>

14. Following the Regional Consultation Meeting on the draft OEB 2011 on 7 July 2010, the Secretariat has carefully reviewed the proposed staff list under OEB 2011 to ensure cost efficiency and effectiveness.

15. The Secretary position previously foreseen under ICCS in OSP (as per OEB 2010) has been moved to FAS in OSP. This person is expected to work as a Travel/Visa Clerk in OSP to handle the increasing travel/visa related work in this office when more programmes relocate here. In addition, this position will also provide back-stopping administrative services to ICCS and HRS.

16. The Secretary position under TCU has been removed from the OEB 2011 staff list to reduce the burden for the OEB. The Secretariat plans to seek funding for this position from potential development partners such as GTZ or Sweden.

17. As mentioned under paragraph 14 of the briefing note for Agenda A.1 of the Thirty-first MRC Joint Committee Meeting, the Secretariat has sought agreements from Finland and Australia to transfer the Human Resource Officer position in charge of the JRP project from the OEB to the related programme. An official response was received from the Development Partners that they did not agree with this proposal as they expect the Member Countries to contribute to this important capacity building project. In the OEB 2011 Regional Consultation Meeting on 7 July 2010, the Secretariat was requested to make another attempt to persuade MRC's development partners to fund this position. Given that this process will take time, the Secretariat still includes this position under OEB 2011. The budget will be revised accordingly upon receipt of positive feedback from the development partners.

18. The Devaluation Allowance for 2011 has also been set at 10% as in 2010. This estimate is also in line with the actual rates applied during the last twelve months<sup>4</sup>.

19. The preparatory meeting of the Twenty-eighth meeting of the Joint Committee agreed on an inflation compensation mechanism for the riparian salary scale. Under this mechanism, the annual increase of the riparian salary scale depends on the average inflation rates of the four Member States in the preceding year. The salary scale would be retroactively updated to the beginning of the year as soon as the inflation rates of the four countries become available. At this stage, the forecast average inflation rate in 2010 of the four countries by different financial institutions is varied<sup>5</sup>. The rate for inflation compensation for 2010 has been set at 8% as a prudent estimate.

20. The other allowances for riparian staff have been kept at the current level.

21. Post Adjustment for international staff is set at 40% for 2011 which is close to the actually rate applied in June 2010 (37.5%)

22. The provision for service contracts and SSAs has been budgeted at US\$23,470 or about 17% higher than the 2010 approved budget to cover the temporary assistance required for HRS, ICCS and FAS in both offices when the co-hosting is in full operation. This budget line is also to cover the expected maternity leave of one support staff in FAS.

### **Training costs**

23. The budget has been set at US\$50,000 or about an 11% increase compared to 2010 to be in line with ICBP programme documents under AusAid funding in which MRC member countries are expected to increase their contribution for capacity building activities throughout the funding period from July 2009 to June 2013. This amount will be used to fund capacity building activities of the staff of the MRCS as well as NMCSs and Line Agencies

### **200 – Official travel**

24. The budget has been estimated at US\$42,000, equivalent to an increase of around 13.5% compared to 2010 taking into account the expected increased travel between OSP and OSV.

### **300 – Contractual Services**

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<sup>4</sup> The average rate from July 2009 to June 2010 is 8.51%. The actual rate for June 2010 is 10%

<sup>5</sup> Forecast by the Economic Intelligence Unit: 6.1% (Source: EIU – May 2010); by IMF: 7.6% (Source: World Economic database – April 2010)

25. Important points to note on budget series of Contractual Services include:

- It's estimated that in OEB 2011 there will be no change in the costs to maintain the SOLOMON system and to conduct an audit of 2010 accounts compared to OEB 2010.
- An increase of 20% in the costs for security guard services has been foreseen to include the transfer of costs of the services in OSP from FMMP bringing the total estimate on this budget line to US\$30,000.
- The Secretariat received a non-interest loan of US\$600,000 from the Government of Lao PDR in 2004 for its relocation from Phnom Penh, Cambodia, to Vientiane, Lao PDR. Repayments have been made to the Lao Government as follows:

	<b>Amount paid (US\$)</b>
First repayment – October 2005	60,000
Second repayment – May 2006	60,000
Third repayment – July 2007	60,000
Fourth repayment – July 2008	100,000
Fifth repayment – July 2009	60,000
	<b>340,000</b>

The reimbursement of the relocation loan to be made in 2010 is US\$ 60,000 in 2010 and the remaining amount to be repaid to Lao PDR from 2011 to 2013 would be US\$200,000.

Due to the limited estimated surplus under OEB 2011, the Secretariat does not propose any loan repayment to Lao PDR in 2011. An alternative approach is to consider repayment of the loan before the agreed extended deadline of 2013 using the Administrative Reserve Fund.<sup>6</sup> The size of the ARF is currently US\$1,245,581 after taking into account the expected allocation for the co-hosted location and the actual expenditure for the First MRC Summit in April 2010.

#### **400 – General Operating Expenses**

26. The General Operating Expense budget series has been budgeted with an increase of 24.3% compared with 2010 level bringing the total estimate on this budget series to US\$306,440 to take into account the full operation of the permanent co-hosted location of the MRCS and reduction in institutional support from development partners. A budget for operational running costs which was available from the MAF's equivalent support to FMMP/AIFP from GTZ in 2010 is no longer available in 2011.

27. Budget line "540441 Internet and e-mail facilities": in addition to the internet costs in both OSV and OSP, an amount of around US\$40,000 has been added to cover recurrent expenses of a leased line between OSV and OSP for the vital services as per the MRC Joint Committee's decision at its Twenty-ninth Meeting in March 2009.

#### **500 – Supplies**

28. The estimate on this budget series has been slightly increased by US\$1,000 or 2.44% compared to 2010, bringing the total amount to US\$42,000.

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<sup>6</sup> The original deadline for repayment was five years which was subsequently extended to ten years

## **600 – Furniture and equipment**

29. A reduction of nearly 35% on this budget series has been foreseen bringing the total estimate on this budget series from \$96,000 in 2010 to US\$62,150 in 2011. This is mainly because the Secretariat does not plan to have any further changes in its car fleet in 2011.

30. Electronic data equipment (EDP) and software includes the expected replacement of 9 obsolete computers and 4 obsolete printers and the purchase of new Windows server and Exchange server licenses for MS Office 2007 and other security software.

## **700 – MRC meeting expenses**

31. These budget lines cover expenses for the Joint Committee and the Council meetings, Donor Consultative Group and the Dialogue Meeting, the OEB consultation meeting and other meetings facilitating the interaction between the Secretariat and its governing bodies. The budget level is kept at the level of 2010.

## **800- Support to NMCSs and Programmes**

32. The support to the NMCs remains the same. It includes US\$ 15,000 per NMC and US\$ 3,000 per national TACT activity.

## **Unforeseen & Reserved Amounts**

33. As requested by the Member Countries during the Regional Consultation Meeting on the draft OEB 2011 on 7 July 2010, US\$25,000 has been budgeted for this budget series.

***The Joint Committee may wish to (i) consider and endorse the proposed Operating Expense Budget for 2011 as well as the 2011 OEB staff list for further submission to the Council for approval and (ii) provide guidance on repayment options for the relocation loan to Lao PDR as outlined in para 25.***

**DRAFT OPERATING EXPENSES BUDGET 2011**

Account	Description	2007 Actual	2008 Actual	2009 actual	2010 "base"	2010 "non-base"	2010 total budget	2011 budget	%
	<b>OEB INCOME</b>								
	<i>Contributions:</i>								
410000	Contribution-Riparian Government	1,627,588	956,042	1,444,608	1,560,157	0	1,560,157	1,687,261	49.0%
420000	Contribution-Other Government	0	0	-	0	0	-	-	-
	<b>Sub-total</b>	<b>1,627,588</b>	<b>956,042</b>	<b>1,444,608</b>	<b>1,560,157</b>	<b>0</b>	<b>1,560,157</b>	<b>1,687,261</b>	<b>49.0%</b>
	<i>Revenues:</i>								
430000	Professional Income	0	0	-	0	0	-	-	-
440000	Treasury Management	34,589	36,014	25,051	35,000	0	35,000	50,000	1.5%
450000	Miscellaneous	15,770	5,352	2,717	5,000	0	5,000	5,000	0.1%
470000	Management & Administration Fee	1,004,525	1,301,678	1,781,431	1,665,000	0	1,665,000	1,704,000	49.4%
	<b>Sub-total</b>	<b>1,054,885</b>	<b>1,343,044</b>	<b>1,809,199</b>	<b>1,705,000</b>	<b>0</b>	<b>1,705,000</b>	<b>1,759,000</b>	<b>51.0%</b>
	<b>TOTAL OEB INCOME</b>	<b>2,682,473</b>	<b>2,299,086</b>	<b>3,253,807</b>	<b>3,265,157</b>	<b>0</b>	<b>3,265,157</b>	<b>3,446,261</b>	<b>100%</b>
	<b>OEB EXPENDITURES</b>								
	<i>Salary and Fee</i>								
500011	Professional posts	484,825	540,804	628,476	826,703	35,197	861,900	1,091,736	31.7%
500013	General service posts	220,897	261,959	287,272	332,002	47,063	379,065	481,747	14.0%
500031	Personal service contract (PSC)	0	0	-	0	-	-	-	0.0%
500033	Service contracts - SSA and SC	30,077	22,011	41,988	20,000	-	20,000	23,470	0.7%
500051	All overtime cost	7,321	9,984	6,868	10,000	-	10,000	10,000	0.3%
	<b>Sub-total</b>	<b>743,120</b>	<b>834,758</b>	<b>964,604</b>	<b>1,188,705</b>	<b>82,261</b>	<b>1,270,965</b>	<b>1,606,953</b>	<b>46.6%</b>
	<i>Common Cost Staff</i>								
510111	Dependency allowance (PS)	11,426	12,658	13,049	18,240	1,800	20,040	24,730	0.7%
510112	Assignment/Relocation allowance	5,739	26,950	1,476	13,950	-	13,950	9,400	0.3%
510113	Housing allowance	28,186	34,943	25,770	48,262	4,788	53,050	53,592	1.6%
510114	Post adjustment allowance	40,981	57,565	70,772	92,582	2,464	95,046	57,335	1.7%

Account	Description	2007 Actual	2008 Actual	2009 actual	2010 "base"	2010 "non-base"	2010 total budget	2011 budget	%
510115	Hardship allowance	29,011	37,431	43,489	56,619	2,464	59,083	49,979	1.5%
510119	Devaluation allowance (GS)		23,316	43,665	47,935	10,920	58,855	48,175	1.4%
510120	Devaluation allowance (RP)		40,455	42,413	71,470	3,520	74,990	106,160	3.1%
510116	Dependency allowance (GS)	40,014	43,626	23,725	33,200	4,706	37,907	67,680	2.0%
510118	Uniform/Laundry allowance	647	1,071	1,367	1,500	-	1,500	1,500	0.0%
510121	Provident fund - Professional	54,135	75,013	87,187	115,738	4,928	120,666	152,843	4.4%
510122	Provident fund - General Service	26,215	34,815	36,655	46,480	6,589	53,069	67,445	2.0%
510123	Medical insurance	17,007	18,924	12,890	29,576	3,819	33,395	37,827	1.1%
510126	Life and accidental insurance	3,947	4,222	4,995	6,460	498	6,958	9,485	0.3%
510127	Medical examination	264	918	122	1,000	-	1,000	1,000	0.0%
510131	Educational grant/travel	21,381	32,525	39,137	70,063	4,063	74,125	88,375	2.6%
510141	Home leave travel	9,027	21,317	5,378	18,432	4,100	22,532	22,100	0.6%
510161	Personnel recruitment - all costs	43,207	9,524	25,043	16,500	-	16,500	20,240	0.6%
510162	Separation - all costs	14,472	13,413	15,522	18,444	-	18,444	15,334	0.4%
510163	Termination benefits	0	-	-	-	-	-	0	0.0%
510181	Management training	0	0	-	-	-	-	0	0.0%
510191	All other common staff costs	8,530	8,752	24,674	12,000	-	12,000	13,000	0.4%
	<b>Sub-total</b>	<b>354,188</b>	<b>497,439</b>	<b>517,329</b>	<b>718,452</b>	<b>54,658</b>	<b>773,110</b>	<b>846,199</b>	<b>24.6%</b>
	<b>Training costs</b>								
510182	All trainings	49,265	49,506	34,418	45,000	-	45,000	50,000	1.5%
	<b>Sub-total</b>	<b>49,265</b>	<b>49,506</b>	<b>34,418</b>	<b>45,000</b>	<b>0</b>	<b>45,000</b>	<b>50,000</b>	<b>1.5%</b>
	<b>Official Travel</b>								
520210	Programming mission	0	0	-	-	-	-	-	-
520221	External travel	5,728	17,927	13,047	20,000	-	20,000	20,000	0.6%
520222	Riparian travel (within basin)	11,287	5,300	12,510	10,000	7,000	17,000	22,000	0.6%
520231	Information travel	0	0	-	-	-	-	-	0.0%
	<b>Sub-total</b>	<b>17,015</b>	<b>23,226</b>	<b>25,557</b>	<b>30,000</b>	<b>7,000</b>	<b>37,000</b>	<b>42,000</b>	<b>1.2%</b>
	<b>Contractual Services</b>								
530311	All external printing	24,900	16,152	24,168	20,000	-	20,000	22,000	0.6%
530341	EDP system development	12,795	5,075	17,795	20,000	-	20,000	20,000	0.6%
530342	EDP hardware	0	0	-	-	-	-	-	0.0%
530351	External audit cost	26,950	36,170	35,228	39,000	4,000	43,000	43,000	1.2%
530352	Security guards' service	16,160	10,157	18,141	18,000	7,000	25,000	30,000	0.9%
530353	Miscellaneous Contractual Services	12,874	29,218	4,073	15,000	-	15,000	15,000	0.4%
530354	Reimbursement Relocation Loan	60,000	100,000	60,000	60,000	-	60,000	0	0.0%
	<b>Sub-total</b>	<b>153,679</b>	<b>196,772</b>	<b>159,404</b>	<b>172,000</b>	<b>11,000</b>	<b>183,000</b>	<b>130,000</b>	<b>3.8%</b>
	<b>General Operating Expenses</b>								
540412	Office improvement	13,290	14,237	15,350	15,000	-	15,000	16,500	0.5%

Account	Description	2007 Actual	2008 Actual	2009 actual	2010 "base"	2010 "non-base"	2010 total budget	2011 budget	%
540414	Office maintenance	6,818	8,039	18,932	10,000	-	10,000	16,000	0.5%
540421	All utilities costs	47,866	55,353	56,598	58,000	17,500	75,500	85,200	2.5%
540431	Equipment rental & maintenance	6,335	8,099	13,120	8,000	2,000	10,000	10,000	0.3%
540432	Vehicle operation & maintenance	8,134	14,761	6,991	8,000	-	8,000	17,000	0.5%
540433	Auto insurance	2,212	0	5,053	3,000	-	3,000	6,340	0.2%
540441	Internet and e-mail facilities	32,269	29,497	27,786	35,440	30,000	65,440	92,400	2.7%
540442	Telephone install, rent & maintenance	0	271	1,927	1,500	-	1,500	1,500	0.0%
540443	Local telephone calls	4,794	4,340	2,945	6,000	-	6,000	5,000	0.1%
540444	Long distant telephone calls	4,608	4,262	7,106	4,000	-	4,000	9,000	0.3%
540445	Pouch and courier	4,579	2,986	1,704	5,000	-	5,000	4,000	0.1%
540446	Postage stamps	5,919	171	1,771	6,500	-	6,500	5,500	0.2%
540447	Facsimile	3,021	1,184	749	2,600	-	2,600	1,000	0.0%
540452	Hospitality expense	6,492	8,913	5,537	3,000	1,000	4,000	4,000	0.1%
540491	Non-life insurance	6,850	10,207	8,520	10,000	-	10,000	10,000	0.3%
540492	Bank service charges	13,033	13,388	16,973	13,000	2,000	15,000	15,000	0.4%
540498	Miscellaneous services	3,848	5,544	8,420	5,000	-	5,000	8,000	0.2%
	<b>Sub-total</b>	<b>170,068</b>	<b>181,251</b>	<b>199,482</b>	<b>194,040</b>	<b>52,500</b>	<b>246,540</b>	<b>306,440</b>	<b>8.9%</b>
	<b>Supplies</b>								-
550511	Stationery etc	15,984	8,215	12,370	17,500	1,000	18,500	18,500	0.5%
550512	Document reproduction	0	126	124	1,000	-	1,000	500	0.0%
550513	Computer supplies	1,430	3,363	3,464	3,500	1,000	4,500	4,500	0.1%
550521	Books, periodicals, etc	2,208	3,165	3,185	3,500	1,000	4,500	5,000	0.1%
550531	Audio visual aid supplies	300	0	173	500	-	500	500	0.0%
550591	All other supplies	3,251	11,863	12,478	12,000	-	12,000	13,000	0.4%
	<b>Sub-total</b>	<b>23,172</b>	<b>26,733</b>	<b>31,794</b>	<b>38,000</b>	<b>3,000</b>	<b>41,000</b>	<b>42,000</b>	<b>1.2%</b>
	<b>Furniture and Equipment</b>								
560611	Furniture and fixtures	7,083	1,580	4,626	3,500	-	3,500	6,000	0.2%
560612	Non-EDP equipment	26,186	42,354	35,049	34,500	-	34,500	0	0.0%
560621	EDP equipment	30,654	26,029	28,731	14,000	-	14,000	21,000	0.6%
560623	EDP software - Ready made	10,197	20,152	10,891	44,000	-	44,000	35,150	1.0%
	<b>Sub-total</b>	<b>74,120</b>	<b>90,115</b>	<b>79,297</b>	<b>96,000</b>	<b>0</b>	<b>96,000</b>	<b>62,150</b>	<b>1.8%</b>
	<b>MRC Meeting Expenses</b>								
590711	Council meeting	75,830	41,578	86,366	75,000	-	75,000	75,000	2.2%
590712	Joint Committee meeting	109,144	112,467	128,752	110,000	-	110,000	110,000	3.2%
590713	DCG meeting	22,913	9,548	21,273	23,000	-	23,000	23,000	0.7%
590714	Dialogue meeting	18,395	5,083	12,355	18,000	-	18,000	18,000	0.5%
590715	Other Meeting	36,253	33,099	44,756	36,000	-	36,000	36,000	1.0%
	<b>Sub-total</b>	<b>262,535</b>	<b>201,775</b>	<b>293,503</b>	<b>262,000</b>	<b>0</b>	<b>262,000</b>	<b>262,000</b>	<b>7.6%</b>

Account	Description	2007 Actual	2008 Actual	2009 actual	2010 "base"	2010 "non-base"	2010 total budget	2011 budget	%
	<b><i>Support to NMCs and Programme</i></b>								
591800	Support to Programmes	39,915	(2,521)	-	1,000	-	1,000	1,000	0.0%
591811	Support to NMCs	42,901	50,470	61,733	72,000	-	72,000	72,000	2.1%
	<b><i>Sub-total</i></b>	<b>82,815</b>	<b>47,949</b>	<b>61,733</b>	<b>73,000</b>	<b>0</b>	<b>73,000</b>	<b>73,000</b>	<b>2.1%</b>
	<b>TOTAL OEB EXP. BEF. G/LOSS</b>	<b>1,929,978</b>	<b>2,149,525</b>	<b>2,367,122</b>	<b>2,817,197</b>	<b>210,419</b>	<b>3,027,616</b>	<b>3,420,742</b>	<b>99%</b>
	<b><i>Gain/Loss on Currency Exchange Unforeseen</i></b>	<b>0</b>	<b>0</b>					<b>25,000</b>	-
	<b><i>Reserved amount for MRC summit</i></b>				<b>100,000</b>		<b>100,000</b>		0.0%
									-
	<b>TOTAL OEB EXP.</b>	<b>1,929,978</b>	<b>2,149,525</b>	<b>2,367,122</b>	<b>2,917,197</b>	<b>210,419</b>	<b>3,127,616</b>	<b>3,445,742</b>	<b>100%</b>
	<b>Surplus/deficit:</b>	<b>752,495</b>	<b>149,562</b>	<b>886,685</b>			<b>137,541</b>	<b>519</b>	

Adjusted for 2008 contribution from Thailand received in 2007      383,521      383,521

Adjusted surplus      368,974      533,083

LIST OF STAFF ON OEB 2011

Code	Title	Location	Type	IP	RP	GS	Number of months on OEB
<b>Professional staff</b>							
<b><u>OCEO</u></b>							
	CEO (International)	OSV	A	1			3
(+)	CEO (riparian)		A		1		12
	Personal Assistant to CEO	OSV	A		1		12
<b><u>HRS</u></b>							
	Chief HRS	OSV	A		1		12
	Human Resources Officer	OSP	A		1		12
(*)	Personnel Officer	OSV	A		1		6
<b><u>ICCS</u></b>							
	Chief ICCS	OSV	A		1		12
	Programme Officer	OSV	A		1		12
	Programme Officer	OSV	A		1		12
	Communications Officer	OSV	A		1		12
	Programme cum Communications Officer	OSP	A		1		12
	Librarian	OSV	A		1		12
<b><u>PD</u></b>							
	Director, Planning Division	OSV	A		1		12
<b><u>TSD</u></b>							
	Director, Technical Support	OSP	A		1		12
	Operational hydrologist	OSP	R		1		12
(**)	Remote Sensing specialist	OSP	R		1		12
	GIS Specialist	OSP	R		1		12
	Database Manager	OSP	R		1		12
	River Flood Forecasting Expert	OSP	R		1		12
<b><u>EP</u></b>							
	Director, Environment	OSV	A		1		12
<b><u>OPD</u></b>							
	Director, Operations	OSP	A		1		12

Code	Title	Location	Type	IP	RP	GS	Number of months on OEB
	<b><u>FAS</u></b>						
	Chief FAS	OSV	A		1		12
(*)	MIS Officer	OSV	A		1		9
	Finance Officer	OSV	A		1		12
(*)	Procurement Officer	OSV	A		1		8
	Finance Officer	OSP	A		1		12
	Procurement and Admin Officer	OSP	A		1		12
	<b>Support staff</b>						
	<b><u>OCEO</u></b>						
	Administrative Assistant, OCEO	OSV	A			1	12
	Driver	OSV	A			1	12
	<b><u>HRS</u></b>						
	Secretary	OSV	A			1	12
	Personnel Assistant	OSV	A			1	12
	Senior HR Assistant	OSV	A			1	12
	<b><u>ICCS</u></b>						
	Programme Assistant	OSV	A			1	12
	Secretary	OSV	A			1	12
	Web Administrator, Communication	OSV	A			1	12
	Graphic Designer, Communication	OSV	A			1	12
	Secretary, Communication	OSV	A			1	12
	Librarian Assistant	OSP	A			1	12
	Assistant Librarian	OSV	A			1	12
(+)	Programme Assistant	OSV	A			1	9
	<b><u>PD</u></b>						
	Secretary to Director	OSV	A			1	12
	<b>ENV</b>						
	Secretary to Director	OSV	A			1	12
	<b>TSD</b>						
	Secretary to Director	OSP	A			1	12
	GIS Assistant	OSP	R			1	12
	Assistant Hydrologist	OSP	R			1	12
	<b><u>OPD</u></b>						
	Secretary to OPD Director	OSP	A			1	12

Code	Title	Location	Type	IP	RP	GS	Number of months on OEB
	<b>FAS</b>						
	Administrative Secretary	OSV	A			1	12
	Finance Assistant	OSV	A			1	12
	Finance Assistant	OSV	A			1	12
(-)	Finance Assistant	OSV	A			0	0
	Finance Assistant/Cashier	OSV	A			1	12
	Finance Assistant	OSV	A			1	12
	Secretary, Finance	OSV	A			1	12
	Senior IT assistant/Network Administrator	OSV	A			1	12
	Junior IT Assistant	OSV	A			1	12
	Procurement Assistant	OSV	A			1	12
	Senior Administrative Assistant	OSV	A			1	12
	Administrative Assistant (fixed assets, archives)	OSV	A			1	12
	Travel/Visa Clerk	OSV	A			1	12
	Registry Assistant	OSV	A			1	12
	Registry Clerk/Receptionist	OSV	A			1	12
	Registry Clerk/Receptionist	OSV	A			1	12
	Messenger	OSV	A			1	12
	Maintenance Supervisor	OSV	A			1	12
	Maintenance Supervisor Assistant	OSV	A			1	12
	Driver	OSV	A			1	12
	Driver	OSV	A			1	12
(-)	Driver	OSV	A			0	0
	Gardener	OSV	A			2	24
(-)	Cleaner	OSV	A			6	72
	Senior Finance Assistant	OSP	A			1	12
	Finance Assistant	OSP	A			1	12
	Administrative Assistant	OSP	A			1	12
(***)	Secretary cum Travel/Visa Clerk	OSP	A			1	12
	Receptionist/Registry Clerk	OSP	A			1	12
	Messenger/Registry Assistant	OSP	A			1	12
	Maintenance Supervisor	OSP	A			1	12
	Driver	OSP	A			1	12
	Driver	OSP	A			1	12
	Driver	OSP	A			1	12

Code	Title	Location	Type	IP	RP	GS	Number of months on OEB
	Senior IT Assistant	OSP	A			1	12
	<b>Total 2011</b>			<b>1</b>	<b>26</b>	<b>58</b>	<b>85</b>
	<b>Total 2010</b>			<b>1</b>	<b>23</b>	<b>60</b>	<b>84</b>

*Change*

0.0% 13.0% -3.3%

1.2%

**Notes:** IP: International Professional Staff  
 RP: Riparian Professional Staff  
 GS: General Support Staff

- (1) (+): new post in OEB 2011 when compared to OEB 2010  
 (-): post eliminated in OEB 2011
- (2) (\*) Posts partially funded by AIFP/GTZ
- (3) (\*\*) Title changed from "Image Interpreter/Mapping Specialist" to "Remote Sensing Specialist"  
 (\*\*\*) Post under ICCS in OEB 2010 now being moved to FAS. This person is expected to provide back-stopping services to ICCS and HRS also
- (4) Type A: Secretariat Administrative and Management Functions  
 Type R: Core River Basin Management Functions
- (5) The division/section of staff in OSP represents the functional reporting entity only.  
 It does not refer to the organisational set-up

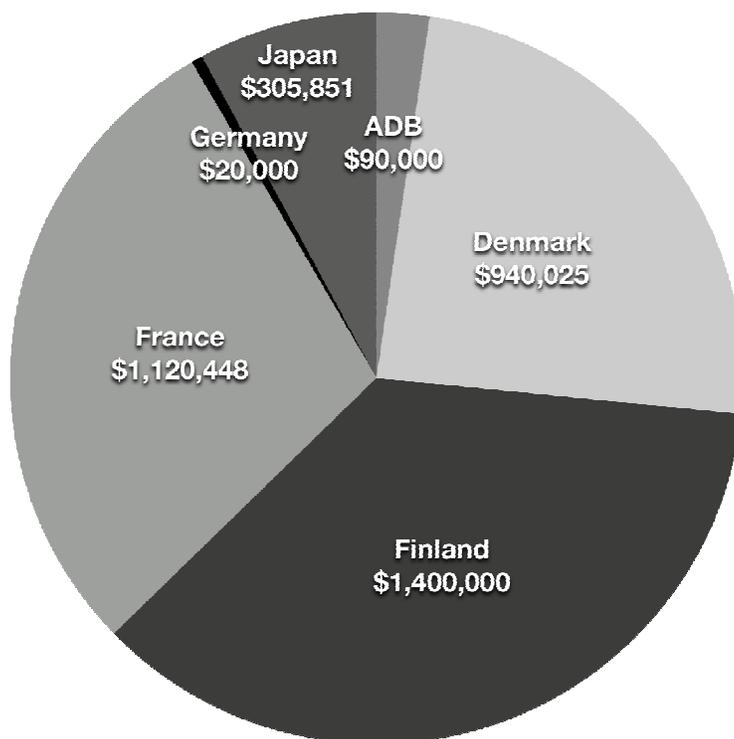
**MATTER FOR INFORMATION**

**PROGRESS OF DEVELOPMENT PARTNERS' SUPPORT**

**I. Funding Agreements**

1. Since the Thirty-second Meeting of the Joint Committee on 2-3 March 2010, funding agreements were concluded with six development partners amounting to a total of approximately US\$ 3.87 million. The funding agreements covered a number of key programmes and projects. Details of these grants are set out below:

<b>Development Partners</b>	<b>Programme/Project</b>	<b>Amount Approx. (US\$) TCB</b>
<b>ADB</b>	Letter of agreement from ADB on support to MRC for the formulation of the FMMP Phase 2 (2011-2015) signed on 26 May 2010.	75,000
<b>ADB</b>	Contribution from ADB to support the Eighth Annual Mekong Flood Forum in 2010 signed on 11 May 2010.	15,000
<b>Denmark</b>	Agreement between MRC and Denmark on support to the first MRC Summit signed on 15 March 2010 and effective as of 4 March 2010 until 31 May 2010.	30,080
<b>Denmark</b>	Agreement between MRC and Denmark on support to the CCAI for the period 2010-2015 signed on 4 April 2010 and effective as of 1 January 2010 until 31 December 2015.	909,945
<b>Finland</b>	Agreement between MRC and Finland on support to the WMTF for the period 2010-2013 and the first MRC Summit signed on 8 March 2010 and effective as of 1 March 2010 until 31 December 2013.	1,400,560
<b>France</b>	Agreement between MRC and France on support to the IKMP for the period 2010-2013 signed on 22 April 2010 and effective as of 22 April 2010 until 31 December 2013	1,120,448
<b>Germany</b>	Contribution from GTZ to support the Eighth Annual Mekong Flood Forum in 2010 signed on 9 April 2010 and effective as of 9 April 2010 until 31 August 2010.	20,000
<b>Japan</b>	Amendment No. 2 to the Japanese agreement on support to the AIFP for conducting a study on the Analysis of Sustainable Water Resources Use signed on 23 April and effective as of 23 April 2010 until 30 April 2011.	305,851
	<b>Total</b>	<b>3,876,884</b>



**Chart 1.** Funding agreements concluded between March 2010 and July 2010

## II. Formal Pledging and Commitment of Support

2. In addition to the agreements signed, as of July 2010, the Development Partners have formally indicated their multi-year pledges or commitments of support in the amount of US\$ 47.82 million for MRC. Of these US\$ 44.355 million are for the TCB, US\$ 3.465 million are for the ATCB.

3. Out of a total of US\$ 44.355 million for the TCB, US\$ 12.55 million are new pledges, US\$ 17.945 million are new commitments and US\$ 13,86 million are standing commitments (see table 1).

**Table 1.** New pledges and commitments for the TCB as of July 2010 (in US\$ 1,000)

	New pledge	Standing Pledge	New commit.	Standing commit.	
Denmark	\$6,920		\$6,920		
Finland				\$13,860	
Germany			\$8,505		
Luxembourg			\$2,520		
Netherlands	\$630				
UK	\$5,000				
<b>Total</b>	\$12,550	\$0	\$17,945	\$13,860	<b>\$44,355</b>

4. Details on pledges and commitments of support as well as on technical assistance received are:

## II.1 New pledges

5. **Denmark:** Denmark is planning to provide 40 million Danish Kroner<sup>1</sup> (approx USD 6,92 million) to the BDP for the period 2011-2015. The proposition is still under consideration by the Danish government and is expected to be taken to their Board for approval towards the end of 2010.

6. **Japan:** Japan would like to strengthen partnership with the MRC and expressed an interest in supporting the Drought Management Programme (DMP) and the Flood Management and Mitigation Programme (FMMP). This would be as part of the Japan-ASEAN Integration Fund and would require the MRC to include Myanmar as a target country and cooperate with other institutions in the ASEAN countries.

7. **Netherlands:** Netherlands pledged support to the FMMP for a bridging phase with additional funds expected in a range of 0.5 million euro<sup>2</sup> (approx USD 0.63 million). Due to a change of government in the Netherlands, it is however unlikely that they will support further phases of FMMP beyond this bridging amount.

8. **United Kingdom:** The UK Embassy/DFID showed initial interest in supporting the Climate Change and Adaptation Initiative (CCAI) and indicated some possible support in excess of USD 5 million. Further information on this possibility is pending a review of government spending following the recent elections in UK.

## II.2 New commitments:

9. **Denmark:** Denmark pledged support of 35 million Danish Kroner (approx USD 6,9 million) to support the Environment and Fisheries Programmes (approx USD 2 million for EP and USD 4.9 million for FP).

10. **Germany:** Germany committed support amount of 9,5 million euro (approx USD 12,2 million): 4 million euro for the implementation of the core functions process through a core functions trust fund and the Initiative on Sustainable Hydropower (ISH); 2,5 million euro for the improvement of the climate change adaptation capacities through sustainable hydropower development (half of which under ATCB); and 3 million euro from the German Ministry of Environment for FMMP on climate adaptation in flood management (half of which under ATCB).

11. **Luxembourg:** Luxembourg committed support in the amount of 2 million euro to the CCAI (approx. USD 2,5 million). A draft of the standard funding agreement is being sent to Luxembourg for their comment

## II.3 Standing commitments

12. **Finland:** Finland committed to provide a funding support of 11 million euro, equivalent to US\$ 14 million. This would be allocated to the Initiative on Sustainable Hydropower (3 million euro), Information and Knowledge Management Programme (7 million euro), and Integrated Capacity Building Programme for 2010-2014 (1 million euro).

## III. Fund Raising Activities and Regional Cooperation

13. A number of fundraising missions have taken place since the Thirty-first Meeting of the Joint Committee in March 2010 namely:

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<sup>1</sup> Exchange rate: 1 Danish Kroner = 0.172 USD

<sup>2</sup> Exchange rate: 1 Euro = 1,26 USD

- an MRCS mission to Japan from 2 to 5 June 2010
- an MRCS mission to Thailand to meet the USAID office in Bangkok
- the annual consultation with the Swedish International Development Cooperation Agency on 16-17 June 2010 at the MRCS
- the annual consultation with Development Partners at the Informal Donor Meeting (IDM) during 17-18 June 2010 at the MRCS

14. The first MRC Summit in April 2010 placed the MRC in the spotlight and was the occasion for the International Cooperation and Communication Section to exchange bilateral information with donors on the sidelines of the event. The CEO also attended several events where he was given verbal information regarding cooperation opportunities or decisions on pending agreements. For example, in addition to those items mentioned above, the European Union expressed its interest in supporting MRC's climate change activities and proposed to initiate a 'four pillars assessment' of MRCS, which is a type of administrative and financial audit as a precursor to allocating funds for implementation by MRC.

#### **IV. Technical Assistance Received**

15. One expert has been seconded to the Secretariat by France since mid 2005. The French Technical Adviser's term ended in July 2010, ending the institutional support of France to the International Cooperation and Communication Section. German Technical Assistance through GTZ has been provided to the Secretariat since March 2002. The third phase for watershed management activities under the AIFP, subject to final approval, will end in May 2011. The current phase of German support to FMMP activities will end in December 2010. New German Technical Assistance to MRC is being considered in a range of areas (see section II.3).

16. MRC has received the commitment of France to proceed with the recruitment of a senior hydrological expert to support IKMP. The expert will advise and assist the hydrology team of IKMP by increasing the capacity of the team and supporting the implementation of hydro-meteorological projects (among others the Mekong-Hycos project and the Sediment monitoring project).

17. As part of the US Lower Mekong Initiative, the USGS has expressed an interest in sharing satellite information with the MRC. USGS informed the US State Department that it would be ready to second an expert to the MRC for a year in order to support this technical cooperation.

***The Joint Committee may wish to take note of the progress made in respect of Development Partners' support and cooperation with other regional partners.***

**MATTER FOR CONSIDERATION**

**INFORMATION ON DATE AND VENUE OF THE THIRTY-THIRD MEETING OF  
THE MRC JOINT COMMITTEE**

1. The last three Plenary Sessions of the Joint Committee in 2010, 2009 and 2008 took place in March and April as follows:
  - (i) The Thirty-first Meeting of the MRC Joint Committee took place on 2-3 March 2010 and the Joint Committee Preparatory Meeting on 1 March 2010 in Luang Prabang, Lao PDR
  - (ii) The Twenty-ninth Meeting of the MRC Joint Committee took place on 26-27 March 2009 and the Joint Committee Preparatory Meeting on 25 March 2009 in Nonthaburi, Thailand;
  - (iii) The Twenty-seventh Meeting of the MRC Joint Committee took place on 2-3 April 2008 and the Joint Committee Preparatory Meeting on 1 April 2008 in Da Nang, Viet Nam
  
2. The Thirty-third Meeting of the MRC Joint Committee (Plenary Session) should take place in the country of the Chairman of the Joint Committee for 2010/2011, which is Cambodia. To facilitate the travel plan arrangements of the Delegations from the Member Countries to attend the Thirty-third Meeting of the MRC Joint Committee in Cambodia and to assist the Secretariat to proceed with its preparations, the Secretariat would like to propose for the Joint Committee's consideration the following dates for the next Joint Committee Meeting, to be scheduled for March 2011 as per the Rules of Procedures of the Joint Committee (Rule 6).
  - (i) Tuesday, 22 March 2011 for the MRC Joint Committee Preparatory Meeting; and
  - (ii) Wednesday, 23 March and Thursday 24 March 2011 for the Thirty-third Meeting of the MRC Joint Committee.
  
3. The precise location of the Joint Committee Meeting in Cambodia will be proposed by the Joint Committee Member for Cambodia in due course.

***The Joint Committee may wish to advise the Secretariat on the date and venue for the Thirty-third Meeting of the MRC Joint Committee.***

## **MATTER FOR CONSIDERATION**

### **MRC STRATEGIC PLAN 2011-2015**

1. The Joint Committee at its Twenty-ninth Meeting agreed that the emerging directions for Integrated Water Resources Management (IWRM) through the Basin Development Plan (BDP) Programme and on-going discussions on MRC core functions will inform the Strategic Plan 2011-2015 and will strengthen its strategic orientation.
2. The Thirtieth Meeting of the Joint Committee held on 29 – 30 July 2009 in Vientiane, Lao PDR agreed that the four categories of MRC Core Functions, the IWRM-based Basin Development Strategy and the new Performance Management System (formerly results-based monitoring system) would be central to the formulation process of the Strategic Plan 2011-2015. In addition, one major category of MRC Core Functions comprising the seven River Basin Management Functions would need to be further defined during this process.
3. In a general recognition of the gradual shift of funding for MRC over the next 20 years, there was also a discussion on different approaches to the long term funding of the MRC Secretariat. The Thirtieth Meeting of the Joint Committee took note of the number of options of future financing of the MRC. In recognition of the close link between the current discussion on the Commission's future funding needs and modalities with the discussion on the MRC core functions and the development of the Strategic Plan 2011-2015, the Thirtieth Meeting of the Joint Committee invited the Secretariat to incorporate the suggestions of funding models into the formulation process of the Strategic Plan 2011-2015.
4. The Heads of the Governments of MRC Member Countries at the first MRC Summit in April 2010 in Hua Hin, Thailand, took note of the current vision statement of the Mekong Basin and the current vision and mission statements of the MRC, and resolved to enhance efforts to realize these goals through a broad consultative approach. Also at this historical event of the MRC, a milestone for reaching a vision for the MRC to be financially sustained by Member Countries was set to be reached by 2030. Decentralised implementation modalities for MRC's core river basin management functions were encouraged to be explored as a way for the MRC to achieve this goal by the deadline.
5. This briefing note provides the Thirty-second Meeting of the Joint Committee with updated information on the progress of the formulation of the MRC Strategic Plan 2011-2015 for the Joint Committee's discussion and advice.

## **Progress on the formulation of the MRC Strategic Plan 2011-2015**

6. As recommended through the Mid-term Review of the MRC Strategic Plan 2006-2010, the formulation process of the Strategic Plan 2011-2015 has been driven by national inputs over various rounds of national consultations and two rounds of regional consultations (the second one is to be organized on 06 August 2010). Inputs from the Programmes were sought at several occasions where internal discussions on linkages between MRC-level and Programme-level outcomes were raised, and preliminary linkages were broadly identified. An overview of the progress of the formulation of the Strategic Plan 2011-2015 is attached to this briefing note (Attachment 1). The reports on national consultations on the Strategic Plan 2011-2015 prepared by Member Countries are also attached in this briefing note (Attachment 3).

7. To help refine the goal and objective statements under the Strategic Plan, a technical background paper on the organisational structures and financing of other International River Basin Organisations was commissioned, and made available in June 2010 for the countries and MRC partners to use as a reference during the formulation process (Attachment 4).

### **Draft Strategic Plan 2011-2015 (Attachment 2)**

8. **Overall direction:** This Strategic Plan has a strong emphasis on improved alignment of the MRC operations with its mandated core functions, particularly its core River Basin Management functions and on improved organizational strategies to ensure an efficient organizational transition of the MRC for implementation of its core functions, and full riparianisation of its Secretariat which is set to be completed at the end of 2012.

9. **Outline:** The draft Strategic Plan has six chapters. Chapter I provides significant background information about organisational development within the MRC in recent years. Chapter II outlines the development context of the Basin as the pretext for the formulation of this Strategic Plan. Chapter III denotes the role of the MRC in the sustainable development of the Mekong River Basin. Chapter IV details the strategic plan of the MRC for the period 2011-2015 in close connection with the defined core functions of the MRC. Implementation of the Plan is detailed in Chapter V, and Chapter VI finds how the implementation of the Plan will be monitored and its achievements assessed and verified.

10. **Visions and Mission:** The Vision of the Basin, Vision and Mission of the MRC have remained relevant and have been maintained as the same since MRC's first Strategic Plan was developed in 1999.

11. **Strategic Goals:** Under the MRC-level Performance Management Framework developed at MRC in parallel with the Strategic Plan formulation process, the outline of the draft Strategic Plan 2011-2015 is set out within the draft framework including the development of indicators to monitor the progress and to measure the achievement of the strategic goals. The results-chain, depicted in the following figure, comprises the following strategic goal statements:

**Long-term Goal:** Member countries manage water and related resources of the Mekong Basin in an effective, equitable and sustainable manner.

**Goal of 2011-2015:** Member countries apply basin-wide IWRM approaches in national water and related sector frameworks and development programmes.

**Specific Goal 1:** Adoption of IWRM-based basin development and related sector strategies and guidelines, for promoting sustainable and equitable development

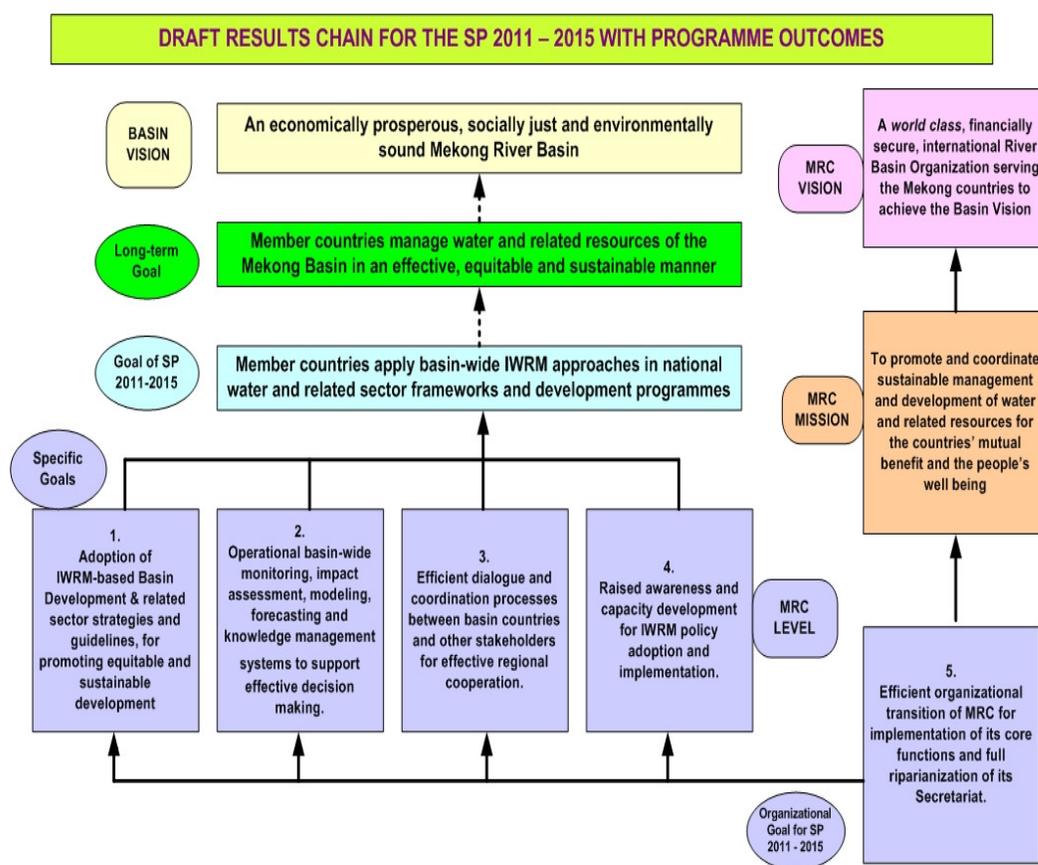
**Specific Goal 2:** Operational basin-wide monitoring, impact assessment, modelling, forecasting and knowledge management systems to support effective decision making

**Specific Goal 3:** Efficient dialogue and coordination processes between basin countries and other stakeholders for effective regional cooperation

**Specific Goal 4:** Raised awareness and capacity development for IWRM policy adoption and implementation

**Organisational**

**Goal for 2011-2015:** Efficient organisational transition of MRC for implementation of selected core functions and full riparianisation of its Secretariat.



12. **Implementation strategy:** A key emphasis and focus of this Strategic Plan is the MRC's continued gradual transition towards implementation of some selected core functions over a period of 10-15 years and as this strategic planning cycle of 2011-2015 is generally acknowledged as the critical transition preparing the MRC and Member Countries for a decentralised implementation modality of some of the core River Basin Management Functions. Thus, the Plan sets out a phased approach towards new implementation modalities, and outlines the links between the Strategic Plan and MRC programmes through increased programme integration and coordination. A financial framework and human resources plan are developed in the Strategic Plan document with initial indications of progressively increased country contributions to the overall MRC budget as the Commission progresses towards the year 2030.

12.1. **Phased transition towards a new implementation modality:** Considerations for a change in institutional arrangements to implement some of MRC's core River Basin Management functions and over what transition period this change should be implemented are linked to principles of increased country ownership and sustainability of the organization. A roadmap for the transition will need to be prepared to implement the Strategic Plan 2011-

2015 and to manage the transition. Apart from the consideration of whether the implementation of a particular function requires the independence of the MRCS for its implementation, for example the MRC Procedures, initial consultations with Member Countries identified 2 factors that should be taken into consideration when determining whether the activities should be decentralised or not, namely (1) national competencies and (2) national financial capability. The principle of equal transferring given varying levels of capacity among Member Countries was also preliminarily discussed and led to the need to consider targeted assistance for those with lower capacity. This is consistent with the approach taken by ASEAN's Integration Agenda for example.

**12.2. Funding MRC's activities:** For the medium and long-term financing of the MRC, it is proposed to project future developments in the four categories of core functions with corresponding financing for the next two strategic planning cycles (2011-2015; 2016-2020). Over time budget for MRC Work Programme will increasingly be funded by the countries and other mechanisms still being considered, and less by Development Partners. To better reflect this transition, the draft Strategic Plan proposes to rename the funding terminologies, as introduced in section E - Financial Framework and Figure 5 of the draft Strategic Plan (page 48-52). Regarding funding approach, the Strategic Plan 2011-2015 re-orientates MRC funding towards an "overall work programme support" as a flexible basket funding mechanism to implement the MRC's core functions.

**13. Monitoring and evaluation:** The Plan distinguishes two levels of monitoring and evaluation in the MRC: (1) the progress made towards the Basin Vision and the state of the ecological health of the Basin is the first level which will be monitored through the State of the Basin Report to be produced every five years, and (2) the implementation of this Strategic Plan to achieve the MRC Goals and Outcomes as set out in this Plan as another level which will be assessed and updated on a regular basis through MRC Annual Performance Reports and those of the MRC Programmes.

#### **Next steps**

14. Comments received at this meeting together with a more consolidated set of outcome statements and performance indicators and comments received from Development Partners will be incorporated into a revised draft by the Secretariat by mid-September 2010 which will then be consulted with wider stakeholders in late September. It is thus suggested that:

- Early October: the Joint Committee considers holding a special session of the Joint Committee to review the revised draft. Comments received at the proposed special session will be further incorporated into an improved draft that will be circulated through email by the end of October for Joint Committee's consideration of the Plan's endorsement
- End October: JC endorsement in writing. This review and endorsement would also include a revised funding plan.
- November: The endorsed Strategic Plan will be forwarded to Council members by early November prior to the Council meeting for approval by the end of November.

15. Given that the Work Programme for 2011 will also need to be fully consistent with the Strategic Plan, it is also proposed that the MRC Work Programme for 2011 be discussed at this proposed special session of the Joint Committee.

#### **The Joint Committee may wish to:**

- (i) take note of the progress made concerning the formulation of the Strategic Plan 2011-2015;**
- (ii) review and comment on the draft document of the MRC Strategic Plan 2011-2015;**
- (iii) provide guidance on proposal for next steps leading to Joint Committee endorsement and Council approval;**
- (iv) advise on the key issues to be discussed at this proposed special session of the Joint Committee.**

## **NOTE FOR INFORMATION**

### **PROGRESS ON THE MRC PERFORMANCE MANAGEMENT SYSTEM**

#### **Progress to Date**

1. Phase 1 of the Performance Management System development was concluded at the end of 2009. GTZ and AusAID have agreed to continue their support for Phase 2, which started in early 2010. The Guiding Principles document has been reviewed within the MRCS and circulated to the Member Countries and the Joint Contact Group for comments.

2. The five pilot programmes from the first phase achieved various levels of development of their results chains and data monitoring and management plans and are therefore now at various stages of application of outcome monitoring.

- The Basin Development Plan is applying the performance management system as designed during the pilot phase and using the findings in the progress reports.
- The Fisheries Programme has started to collect the data related to the monitoring of Output 1, which deals with 'Generation and Dissemination of Fisheries Information'. In determining the usefulness of information products, an electronic survey system was initiated, which was innovative for the Programme. The lessons learned from the development of the performance management system for the next Phase of the Fisheries Programme has now been applied to the development of the Fisheries Programme Phase 2011-2015, which is expected to be implemented from January 2011 onwards.
- The assessment of outcomes from capacity building processes under ICBP will take place approximately 6-12 months after the capacity building initiatives have taken place. The ICBP staff member responsible for the monitoring of outcomes of the Programme joined the team in early June and the Programme expects to start data collection from August this year.
- The IKMP is focused on the development of the next phase of the Programme and are using the lessons from the pilot phase of the PMS to ensure that the results chain, indicators and data sources are appropriately designed and planned.
- The ISH is planning to further develop the indicators and data sources to complete the design of the performance management system and is planning a review workshop to assess progress with the process to date.

3. MRCS has drafted ToRs and contracted consultants for the next stage of activities of the performance management system including some significant system development tasks:

- Awareness raising of the system among NMC Secretariats and relevant line agencies
- Development of the PMS at the organizational level and the drafting of the results chain, indicators and their respective monitoring plans to align the draft SP 2011-2015 to the PMS
- Consolidation of the application of PMS in the five pilot programmes through to about the middle of 2010,

- A proposed combined programming manual for MRC that integrates guidance on PMS into an updated MRC planning cycle and programme document by the end of 2010.
4. Initial steps have also been taken to roll out the system to other non-pilot programmes during 2010. In some cases this will be done as part of the formulation process for the next phase of the programmes, e.g. FMMP, EP and AIP. In the case of CCAI and MIWRMP, planning frameworks were already produced in 2009 as part of their appraisal processes and they will be reviewed to ensure consistency with the new system.
  5. MRCS held a regional workshop on “Performance Management System and 2011-2015 Strategic Plan” at MRCS in May 2010 to introduce the concept and key principles of PMS and its linkage to the formulation of the 2011-2015 Strategic Plan to the countries. As PMS was relatively new to the Member Countries, the workshop recommended that capacity building would be needed for the countries to understand the concept and key principles of PMS, which will contribute to the understanding of its linkage to the 2011-2015 Strategic Plan. At the Informal Donor Meeting in June 2010, the Development Partners recommended to keep the performance evaluation system simple. Later in July and August national training workshops were held in Cambodia, Lao PDR, Thailand, and Vietnam to introduce the logical framework approach, result-based monitoring and evaluation and performance management system to staff of NMCSs and key line agencies. The training workshop helped build capacity as well as introduced PMS in the context of MRC and the future roles and responsibilities of the countries in PMS, especially in relation to the transfer of core functions to the countries in the future.
  6. MRCS is committed to ensuring that future development of an MRC Performance Management System will be fully integrated into the formulation process of the 2011-2015 Strategic Plan. TCU has been working in close collaboration with ICCS and programmes to formulate and improve MRC long term goals as well as specific goals of the 2011-2015 Strategic Plan using a results chain approach. Indicators to measure results at different levels (organization and programme) of the results chain have been collectively developed with the programmes.

***The Joint Committee may wish to take note of the progress in the implementation of the MRC Performance Management System.***

## **NOTE FOR INFORMATION**

### **PROGRESS OF THE IWRM-BASED BASIN DEVELOPMENT STRATEGY**

1. At the 16<sup>th</sup> Meeting of the MRC Council (Session 2 – Meeting with the Donor Consultative Group) on 27<sup>th</sup> November 2009, the MRC Council approved the key principles and approach to prepare the IWRM-based Basin Development Strategy (herein after referred to as the Basin Development Strategy or “the Strategy”). The approach is centered on the joint definition by Member Countries and stakeholders of a “Development Space” and associated Strategic Guidance and IWRM Guidelines for water and resources development and management in the Lower Mekong Basin (LMB), using the results of the triple bottom line assessment of a range of basin-wide development scenarios.

2. The “Development Space” defines those opportunities for water resources development, determined from the scenario assessment, which Member Countries agree as being within the limits of acceptable cumulative transboundary impacts. Member Countries are then able to use the opportunities within the space to identify and develop specific projects with the knowledge of predicted transboundary impacts and what would be required to address them. Member Countries can also contribute to enhancing the range of opportunities within the “Development Space” through the adoption of best practices as set out in the supporting Strategic Guidance and Guidelines.

3. The actual identification of the Development Space is still being debated among the various stakeholder groups and emerging as the “Development Opportunity Space”. In agreeing to such a definition of a “Development Opportunity Space”, countries are not committing to a particular project or set of projects – these must be developed through normal feasibility studies, detailed designs and environmental and social impacts assessments to satisfy the requirements of national regulatory systems as well as “transboundary approval” through the PNPCA as required..

4. Member Countries have agreed that the identified “Development Opportunity Space” will normally be applicable for a five-year rolling period. This will allow periodic reviews and adjustments based on new information on the development process and the health of the Mekong Basin, implications for other development factors, as well as improved understanding that allow increasing acceptability of the level of transboundary impacts of parts of the scenarios that are for the time being considered outside the agreed space.

5. The 2<sup>nd</sup> Joint Donor Review of the Basin Development Programme Phase 2 (BDP2)<sup>1</sup> that supports the preparation of the Strategy “welcomed the progress made in preparing the Strategy. The Strategy has taken off on good footing... and has the potential to become the cornerstone in transboundary management in the Mekong Basin”. The Review emphasized the need to complete the definition of the “Development Space” with due consideration of biodiversity and the preparation of the Strategic Guidance and IWRM guidelines component of the Strategy to ensure development takes place within the boundary of the “Development Space”.

6. At the 1<sup>st</sup> MRC Summit on 5<sup>th</sup> April 2010, the Hua Hin Declaration of the Prime Ministers of the MRC Member Countries prioritized the adoption and implementation of the IWRM-based Basin Development Strategy as a framework for Member Countries to

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<sup>1</sup> Jointly carried out by DANIDA, SIDA and AusAID in January 2010

implement their reaffirmed commitment for sustainable and equitable development and management of the Mekong water and related resources.

7. This note provides 1) the progress in the preparation of the Strategy since the 31<sup>st</sup> Meeting of the MRC Joint Committee (JC); 2) the summary of the scenario assessment results; 3) the summary of on-going national and regional discussions on the scenario assessment results and the emerging draft IWRM-based Basin Development Strategy; 4) the emerging definition of the Development Space and associated Strategic Guidance and Guidelines; 5) the findings and recommendations from the Independent Panel of Experts of BDP2 and 6) a roadmap ahead to finalize the Strategy for Joint Committee and Council approval by the end of 2010.

#### **I. Progress since the 31<sup>st</sup> Meeting of the MRC Joint Committee, 2-3 March 2010**

8. Since the 31<sup>st</sup> JC Meeting, intensive national consultations and a Regional Technical Working Group (RTWG) meeting have been organized to discuss the initial and updated findings of the scenario assessment.

- The first national consultation (Mid February – late April 2010) discussed the initial findings of the scenario assessment and provided recommendations for the assessment process;
- The second national consultation (May - June 2010) reviewed the updated findings of the scenario assessment, ranked the impacts of the scenarios and initially discussed the preferred scenarios
- The 9<sup>th</sup> RTWG meeting (8-9<sup>th</sup> June 2010) reviewed the final draft results of scenario assessment and the incorporation of comments from the national consultations. The RTWG discussed the emerging preferences of the scenarios at the regional level.

9. The above discussions by Member Countries (as summarized in Section III below) and the recommendations from the Independent Panel of Experts (POE) of BDP2 (see Section IV) have guided the preparation of the *Incomplete 2<sup>nd</sup> Draft of the Strategy (July 2010)*. This draft added Chapter 5 – Results of Transboundary Assessment and Chapter 6 – Basin Development Framework and some other improvements to the Incomplete 1<sup>st</sup> Draft of the Strategy (version dated October 2009).

10. This *Incomplete 2<sup>nd</sup> Draft of the Strategy* and the draft Main Report of the Assessment of Basin-wide Development Scenarios (June 2010) were discussed by Member Countries at the third national consultation in July 2010. In Thailand, the River Basin Committees (RBCs) also examined the implications of basin-wide development scenarios on their sub-basins and the use of this information to start formulating sub-basin development scenarios and IWRM strategies.

11. The scenario assessment results and the *Incomplete Consultation 2<sup>nd</sup> Draft of the Strategy* were presented for critical review and debate by almost 250 participants from a wide range of stakeholder groups at the 3<sup>rd</sup> Regional Stakeholder Forum on BDP, held on 29-30 July 2010 in Vientiane, Lao PDR. Constructive comments and recommendations were provided to the process (see Section III below).

12. In consultation with the RTWG and Advisory/Facilitation Group, the Terms of Reference (TOR) for a **Joint Committee Working Group** on the IWRM-based Basin Development Strategy (JC WG) were prepared and discussed with the aim to facilitate negotiations and consensus building among the Member Countries on the identification of the Development Space, the Strategic Guidance as well as an implementation plan for the Strategy to be integrated in national policies and plans after its approval by the MRC Council. The Joint Committee Working Group has been established, comprising of decision makers from key line agencies (such as planning and investment, energy, agriculture and fisheries), senior officials of the NMCSs and their Advisors.

## II. Summary of scenario assessment results

13. The assessment of basin-wide development scenarios, with active contribution from Member Countries and MRC Programmes, is being finalized. The results help provide an overarching view of each scenario and comparison among them, taking into account the benefits as well as costs they would bring to each LMB country and their people and the sustainability of the Basin's ecology. Figure 1 summarizes the scenarios considered.

14. The assessments demonstrate that flow related impacts are largely caused by the ongoing developments in the **Definite Future Scenario** and in particular by the Chinese dams on the Lancang River. The large increases in dry season flow will be sufficient to support all the planned consumptive uses in the 20-Year Plan Scenarios (see below). For the first time, discussions on further use of dry season water from the Mekong River would be possible without reducing the flow into the Delta. On the other hand, there will be a significant reduction in flooded areas and wetlands and associated reductions in capture fisheries and increased risks to people's livelihoods. A process of long term geomorphologic adjustment will be induced which, whilst locally significant in some locations in the short term, will become more noticeable after 20 years.

15. While the component projects of the **Definite Future Scenario** are already being implemented and its impacts will occur over the next decades, the IWRM-based Basin Development Strategy must include a range of complementary studies and measures that seek to maximize the opportunities and minimize the adverse impacts.

16. The **20-Year Plan Scenarios** comprise the development plans of each country over the next 20 years (to 2030) and are distinguished principally by different combinations of the 11 mainstream dams under consideration for LMB. All 20-Year Plan Scenarios will cause small incremental flow changes compared to the Definite Future Scenario. Thus the flow related incremental impacts of these scenarios (on flooded areas, wetlands and salinity intrusion) are small.

17. From a water availability point of view, there would be enough water re-regulated from the wet to the dry season to satisfy all planned irrigation expansion and other consumptive needs in the 20-Year Plan Scenarios and still provide more dry season water into the Delta in Vietnam than exists under the baseline condition. Thus, the present dry season flows in the mainstream (which still generally resembles the natural flow regime) can be protected from new development for essential environmental and social uses (through the MRC Procedures for Maintenance of Flow on the Mainstream - PMFM).

18. However, the **20-Year Plan Scenarios** that include the two mainstream dams in Cambodia will cause considerable decline of capture fisheries compared to the Definite Future Scenario (due to blockage of fish migration by dams). These scenarios also cause substantial negative impacts on environmental hotspots and flagship species and the integrity of the Tonle Sap, and will have localised impacts within specific river reaches. The adverse transboundary impacts of the **20-Year Plan Scenario without Cambodia Mainstream Dams** (but with the mainstream dams in the Northern and Southern part of Lao PDR) would be less severe but still significant. **The 20-Year Plan Scenario without Lower Mainstream Dams** (i.e. with only mainstream dams in the Northern part of Lao PDR) will cause small adverse transboundary impacts compared to the Definite Future Scenario.

19. The assessments also show that the economic benefits from the water resources developments in the various 20-Year Plan Scenarios can be substantial and are mainly derived from the development of hydropower, both on the tributaries and the mainstream. At the same time, these developments also expose potentially up to four million rural people to risks of loss of livelihood. This requires early definition of mitigation measures, both at transboundary and project specific scales.

20. The ***Long-term Development Scenarios*** provide valuable insight into the impacts that expanded development may have in the future. With such a long time frame, it is evident that circumstances outside the water sector will change precipitated by socio-economic development. The assessment results indicate that there is sufficient storage potential in the LMB tributaries to meet the needs of continued consumptive uses. Climate change introduces further significant risks, principally to Viet Nam and Cambodia where major challenges in managing increased flooding and saline intrusion are expected to arise.

21. There are inevitable risks and uncertainties associated with the assumptions made in the scenario assessments and with the accuracy of the predicted impacts. The possible areas of risks and uncertainties have been identified, evaluated and described, so that opportunities and trade-offs can be discussed with knowledge of the degree of reliability of the assessed positive and negative impacts of considered scenarios.

22. Table 1 in the Attachment provides a summary of the magnitude of impacts against selected indicators. The different economic, environmental and social impacts of the considered scenarios are summarized and presented in Table 2.

### **III. On-going national and regional discussions**

#### ***Member Countries' discussion of the scenario assessment results and the preferred scenarios***

23. The 9<sup>th</sup> RTWG meeting considered that comments from previous national consultations have been adequately addressed and that with the assumptions used, the results could be accepted. This, to a large extent, was reconfirmed at the 3<sup>rd</sup> national consultations in July 2010.

24. However, there remain concerns that will need to be addressed in the final draft report of scenario assessments including 1) presenting the analysis of extreme cases; 2) realistic assessment of economic benefits from hydropower development for Lao PDR, taking into account the concession period and 3) more emphasis on qualitative aspects of social impacts (food security, health etc).

25. Through national consultations and RTWG meetings, preferences of basin-wide development scenarios were indicated, taking into account both national interests and the commitment for mutual benefits and the Basin's sustainability.

26. The River Basin Committees in Thailand that are part of the LMB indicated the preference for a free flowing river without mainstream dams but they would not object to developments by other countries, provided that the implications for fish ecology and people livelihoods are thoroughly assessed and are at an acceptable level. Thus, the RBC representatives could also accept the 20-Year Plan Scenario without the two Thai mainstream dams and 20-Year Plan Scenario without Lower Mainstream Dams.

27. Viet Nam national consultations consistently highlighted that the 20-Year Plan Scenario without Mainstream Dams will cause the least adverse impacts to Viet Nam. However, acknowledging the development aspirations of other countries and assessing the level of impacts, the 20-Year Plan Scenario without Lower Mainstream Dams has been ranked as Viet Nam's first preference for the Basin, followed by the 20-Year Plan Scenario without Cambodian Mainstream Dams.

28. Based on previous national consultations and discussion among the Cambodia RTWG, the 3<sup>rd</sup> national consultation in Cambodia confirmed the country's preference of the 20-Year Plan Scenario without Mainstream Dams, followed by the 20-Year Plan Scenario without Lower Mainstream Dams. Cambodia would like to further study the potential of tributary hydropower development, as well as other alternative options for the Cambodia mainstream dams to secure the country's future energy needs.

29. The national consultations in Lao PDR as well as RTWG members explicitly expressed their first preference for the 20-Year Plan Scenario with all 11 Mainstream Dams and their second preference being the 20-Year Plan Scenario without Cambodian Mainstream Dams, taking into account an acceptable level of impacts, especially on fisheries and possible mitigation measures as well as benefit sharing mechanisms to compensate the loss. The third national consultation, however, changed the third preference from the 20-Year Plan Scenario without Lower Mainstream Dams to the 20-Year Plan Scenario without Thai Mainstream Dams.

### ***Member Countries' discussion of the Incomplete 2<sup>nd</sup> Draft of the Strategy***

30. The third national consultation reconfirms the importance of the Strategy and its finalization and approval to reinforce regional cooperation. There was a common request for further explanation of the emerging definition of the "Development Opportunity Space". This includes, for example, what would be the "standards" for "acceptable transboundary impacts"; what would happen to projects that do not fall within the space and what is the relationship between the Development Opportunity Space and the process of project development and approval and how to consistently consider the Avoidance, Mitigation and Enhancement measures coming out from the SEA of mainstream dams.

31. Another common feedback was that the proposed list of strategic guidance and IWRM guidelines seems appropriate. However, it was emphasized that 1) the guidance and guidelines should be derived from and show clear linkage with the results of scenario assessment; and 2) the guidance and guidelines should be at basin scale.

32. Prioritization of strategic guidance was suggested including guidance for management of hydropower development; for sediment management, for combating salinity intrusion, for protection of environmental hotspots and ecotourism, for irrigated agriculture development, sustainable fisheries management and forestry protection, etc. Associated IWRM guidelines should also be prioritized for their development and implication i.e. guidelines for operations of the hydropower dams and basin-wide response to emergencies, etc.

33. The consultations also emphasized the need to carry out the strategic studies identified through the evaluation of the scenarios and confirmed during countries' discussions of preferred scenarios.

34. The integration of the Strategy into sector development strategies and plans was emphasized. To do this, the Strategy should reflect its close linkage with the 1995 Mekong Agreement and complementarities with key national policies such as the Decree on River Basin Management.

### ***Discussion by a wider range of stakeholders***

35. At the 3<sup>rd</sup> Regional Stakeholder Forum on BDP, some critical reviews of the scenario assessment results and the draft Strategy were presented to stimulate discussions. The main concerns on the scenario assessment results include 1) the need to fully understand the impacts on the river ecosystems and their connectivity, which would be seen in a much longer term than 50 years; 2) present the environmental assessment in a more integrated manner; 3) provide clarify on assumptions and consistent use of the baseline to assess the scenarios to provide confidence of the results; 4) more emphasis on social assessment and more balance between positive net economic benefits and the difficult-to-quantify negative environmental and social impacts and 5) mechanisms for trade-offs and benefit sharing.

36. There were concerns whether the MRC Member Countries should agree to finalize the Basin Development Strategy while there were still uncertainties in the scenario assessment. Also, the definition of the Development Opportunity Space seemed too focused on hydrology and driven by macro water resources development plans of the countries. It was suggested that the MRC carefully assess the outcomes of the scenarios in terms of food security and

implications to livelihoods and poverty reduction.

37. The issue of an integrated approach was also raised with a specific request for the Strategy to reflect more explicitly the outcome of the SEA of mainstream dams.

#### **IV. The Panel of Experts**

38. The independent Panel of Experts (POE) of BDP2 has completed the first two missions by mid June 2010. The POE found that while on its way towards planning for sustainable development, the BDP2 outputs are fit for their purpose. For the first time countries have sufficient information to negotiate national water resource developments with due consideration of their possible impacts on other countries and on the Basin's ecology.

39. The POE commended the strength of the BDP process that has already led to discussions and negotiations between countries on the preferred level of water resources development, and the strategies and processes to manage the Basin's water and related resources sustainably. Although the quality of the outputs is generally adequate to achieve the BDP objectives, a few weaknesses have been identified, including the social assessment of the considered development scenarios and the absence of mitigation measures, especially for the Definite Future scenario.

40. The POE raised concerns about the term "Development Space" as it is too easily perceived as an acceptable "project portfolio". They suggested the term "Cooperation Space" or "Negotiation Space" to better reflect the "space" concept in providing practical options for the Member Countries to debate opportunities and trade-offs in water related development and to negotiate "deals" that are in the interests of one or more countries, perceived as "fair and equitable", and maximize basin-wide benefits and minimize basin-wide risks. This recommendation of the POE has been incorporated in the emerging definition of the "Development Opportunity Space".

41. The POE considers the continuation of the BDP essential for sustainable development in the Mekong Basin and the centerpiece for the MRC to achieve its mission. The POE advises the MRC to expand the BDP beyond its current water related focus to include activities and processes that are not directly related to the water sector but will impact the water sector and thus "sustainable development".

#### **V. Roadmap ahead**

42. Works are ongoing to incorporate the various comments received into the final draft Report of Assessment of Basin-wide Development Scenarios, which will be ready by mid August 2010.

43. The first meeting of the Joint Committee Working Group is planned for 16<sup>th</sup> August 2010 to 1) take stock of the discussions to date by Member Countries and the comments and recommendations from stakeholders and 2) to discuss the way forward to prepare the Complete Draft Strategy. It is expected that the JC WG will work intensively to achieve the target for the Final draft of the Strategy to be ready in late September 2010. This would allow the final inputs by the POE in early October and finalization for consideration/endorsement by the JC in October 2010. As such, the desired target to obtain the MRC Council's approval of the Strategy in November 2010 could be achieved.

44. This Note elaborates the complex and challenging process towards an agreed IWRM-based Basin Development Strategy. Nevertheless, the Secretariat/BDP Programme is confident that sufficient information and analysis are in place to prepare the Strategy. In addition, the intensive engagement by national line agencies and stakeholders in the process over the last three years has built a certain level of common understanding, which will be a strong foundation to complete the Strategy in a way that can be agreed to by Member Countries and accepted by the majority of stakeholders.

***The Joint Committee may wish to***

- ***Take note of the progress in the preparation of the IWRM-based Basin Development Strategy***
- ***Take note of the issues arising from the on-going discussions by Member Countries and stakeholders; and***
- ***Provide guidance on how to reach consensus by Member Countries to finalize the Strategy for its expected approval by November 2010.***

**Attachments:**

Figure 1: Scenarios considered

Table 1: Summary of scenario assessment for selected indicators

Table 2: Summary of assessment results for the LMB compared to baseline and Definite Future Scenario

**Figure 1: Scenarios considered**

No.	Short Title	Full Title	Development Period	Interventions/Projects
<b>Baseline situation</b>				
1	BS	Baseline Scenario		Year 2000 infrastructure including existing HEP dams
<b>Definite future situation</b>				
2	2015-UMD	Upper Mekong Dam Scenario	2000 - 2015	Baseline extended to include the full HEP cascade on the Lancang
3	2015-DF	Definite Future Scenario	2000 - 2015	2015-UMD plus 25 additional HEP dams in LMB and 2008 irrigation and flood measures
<b>Foreseeable future situation</b>				
4.0	2030-20Y	LMB 20-Year Plan Scenario	2010 - 2030	2015 DF plus 11 LMB mainstream dams and planned tributary dams, irrigation, and water supply
4.1	2030-20Y+CC	LMB 20-Year Plan Scenario Climate change	2010 - 2030	As above plus climate change for average year between 2010-30 and 17cm sea level rise
5	2030-20Y-w/o MD	LMB 20-Year Plan Scenario without mainstream dams	2010 - 2030	As above, excluding 11 LMB mainstream dams
6.1	2030-20Y-w/o LMD	LMB 20-Year Plan Scenario with 6 mainstream dams in Northern Lao PDR	2010 - 2030	As above plus 6 LMB mainstream dams in upper LMB
6.2	2030-20Y-w/o TMD	LMB 20-Year Plan Scenario with 9 mainstream dams, excl. Thailand	2010 - 2030	2030-20Y, excluding the two Thai mainstream dams
6.3	2030-20Y-w/o CMD	LMB 20-Year Plan Scenario with 9 mainstream dams, excl. Cambodia	2010-2030	2030-20Y, excluding the two Cambodian mainstream dams
7	2030 – 20Y Flood	Mekong Delta Flood Management Scenario	2010 - 2030	Baseline plus 3 options for flood control in Cambodia and Viet Nam Delta
<b>Long term future situation</b>				
8.0	2060-LTD	LMB Long-term Development Scenario	2030-2060	2030-20Y plus all feasible infrastructure developments in LMB
8.1	2060-LTD+CC2	LMB Long-term Development Scenario Climate change	2030-2060	As above plus climate change for average year between 2030-50 and 30cm sea level rise
9	2060–VHD	LMB Very High Development Scenario	2030-2060	As above, extended to full potential infrastructure developments

**Table 1 - Summary of scenario assessment for selected indicators**

Country and indicator	Definite Future Scenario	20-year plan scenarios						Long term scenarios			
		Without mainstream dams	With 6 mainstream dams in Northern Lao PDR	With 9 mainstream dams, excl Cambodia	With 9 mainstream dams, excl Thailand	With 11 mainstream dams	With 11 mainstream dams and climate change	Long term scenario with 11 mainstream dams	Long term scenario with climate change	Very High Development Scenario	
	3000	5000	6100	6300	6200	4000	4001	8000	8001	9000	
<b>Lao PDR</b>											
Wetland extent	Severity	-3	-3	-3	-3	-3	-3	-1	-3	2	-3
Bank erosion	Severity	1	2	2	-1	-1	-1	-2	-2	-2	-2
Capture fisheries	Severity	-2	-2	-2	-2	-2	-2	-5	-2	-5	-2
Water quality	Severity	-1	-2	-2	-3	-3	-2	-2	-3	-3	-3
Environmental hotspots	Severity		-2	-2	-2	-3	-3	-4	-4	-4	-5
<b>Overall environment impact</b>	Severity	-1	-2	-3	-3	-3	-3	-3	-3	-3	-3
<b>Livelihoods</b>	Severity	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3
<b>Economic production</b>	NPV US\$B	6.8	11.9	17.9	23.0	19.3	23.0	23.0	26.9	26.9	30.1
<b>Other economic impacts</b>	NPV US\$B	-0.2	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.5	-0.4	-0.5
<b>Thailand</b>											
Wetland extent	Severity	-2	-2	-2	-2	-2	-2	-2	-2	1	-2
Bank erosion	Severity	1	2	2	-1	-1	-1	-2	-2	-2	-2
Capture fisheries	Severity	-1	-1	-1	-1	-1	-1	-5	-1	-5	-1
Water quality	Severity	-1	-2	-2	-2	-2	-2	-2	-2	-2	-3
Environmental hotspots	Severity	-1	-2	-3	-3	-3	-3	-3	-4	-4	-5
<b>Overall environment impact</b>	Severity	-1	-2	-2	-3	-3	-3	-3	-3	-3	-3
<b>Livelihoods</b>	Severity	-1	-1	-2	-1	-2	-3	-3	-3	-3	-3
<b>Economic production</b>	NPV US\$B	1.2	2.8	4.1	4.4	4.1	4.6	4.6	5.2	5.2	6.5
<b>Other economic impacts</b>	NPV US\$B	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1	-0.2
<b>Cambodia</b>											
Wetland extent	Severity	-1	-1	-1	-1	-1	-1	-1	-3	-3	-1
Bank erosion	Severity		1	-1		-1	-1	-2	-3	-3	-3
Capture fisheries	Severity	-1	-2	-2	-3	-4	-4	-5	-4	-5	-4
Water quality	Severity		-2	-2	-2	-2	-2	-2	-3	-3	-4
Environmental hotspots	Severity	-1	-2	-2	-3	-3	-3	-3	-3	-3	-5
Tonle Sap wetlands	Severity	-1	-1	-1	-1	-1	-1		-1	-1	-1
<b>Overall environment impact</b>	Severity	-1	-1	-2	-1	-3	-3	-2	-3	-2	-4
<b>Livelihoods</b>	Severity	-1	-2	-3	-2	-4	-3	-3	-4	-4	-4
<b>Economic production</b>	NPV US\$B	1.3	2.2	2.2	2.2	3.9	3.9	3.9	7.3	7.3	15.3
<b>Other economic impacts</b>	NPV US\$B	-0.6	-0.7	-0.8	-1.0	-1.7	-1.7	-1.3	-2.0	-1.8	-2.2
<b>Viet Nam</b>											
Wetland extent	Severity	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Bank erosion	Severity								-1	-3	-3
Capture fisheries	Severity	-1	-1	-2	-3	-4	-4	-5	-4	-5	-4
Water quality	Severity	1	-1	-1	-1	-2	-2	-2	-3	-2	-4
Environmental hotspots	Severity							-2	-2	-5	-5
Salinity intrusion	Severity	1	1	2	1	1	1	-1	1	n/a	1
<b>Overall environment impact</b>	Severity	-1	-1	-1	-1	-1	-1	-1	-3	-2	-3
<b>Livelihoods</b>	Severity	-1	-1	-2	-2	-2	-2	-2	-2	-4	-2
<b>Economic production</b>	NPV US\$B	3.5	3.8	4.0	4.0	4.5	4.5	4.5	5.2	5.2	6.0
<b>Other economic impacts</b>	NPV US\$B	-0.2	-0.1	-0.1	-0.2	-0.4	-0.4	-0.8	-0.5	-0.9	-0.6
<b>LMB overall</b>											
Wetland extent	Severity	-1	-1	-1	-1	-1	-1		-1		-1
Bank erosion	Severity	1	1	1	-1	-1	-1	-2	-3	-3	-3
Capture fisheries	Severity	-1	-1	-2	-2	-3	-3	-5	-3	-5	-3
Water quality	Severity	-0	-2	-2	-2	-2	-2	-2	-3	-2	-3
Environmental hotspots	Severity	-0	-1	-2	-2	-2	-2	-3	-3	-4	-5
Tonle Sap wetlands	Severity	-1	-1	-1	-1	-1	-1		-1	-1	-1
Salinity intrusion	Severity	1	1	2	1	1	1	-1	1	n/a	1
<b>Overall environment impact</b>	Severity	-1	-2	-2	-2	-3	-3	-2	-3	-3	-3
<b>Livelihoods</b>	Severity	-1	-2	-3	-2	-3	-3	-3	-3	-4	-3
<b>Economic production</b>	NPV US\$B	12.8	20.7	28.1	33.5	31.9	36.0	36.0	44.5	44.5	58.0
<b>Other economic impacts</b>	NPV US\$B	-1.1	-1.1	-1.4	-1.7	-2.6	-2.6	-2.6	-3.0	-3.1	-3.5

**Severity indices**

- |                      |                       |
|----------------------|-----------------------|
| 1 Mildly positive    | -1 Mildly negative    |
| 2 Positive           | -2 Negative           |
| 3 Very positive      | -3 Severely negative  |
| 4 Highly positive    | -4 Extremely negative |
| 5 Extremely positive | -5 Catastrophic       |

- |        |
|--------|
| Low    |
| Medium |
| Medium |
| High   |
| High   |

Note: wetland scores based on percentage loss in country vs country total. LMB score based on total wetland areas.



**NOTE FOR INFORMATION  
SOCIAL IMPACT MONITORING AND VULNERABILITY ASSESSMENT  
OF THE MEKONG CORRIDOR**

**I. Background**

1. The Social Impact Monitoring and Vulnerability Assessment (SIMVA) study combines two stand-alone activities under the Environment Programme (EP). These are 1) the Development of the Social Impact Monitoring (SIM), under Component 2 (Environmental Monitoring and Assessment) and 2) Vulnerability and Dependence on Aquatic Ecosystems (VA), under Component 4 (People and Ecosystems). The objective of the SIM is to provide regular information on the status and trends of the social conditions of the people in the Basin, linked to changes in the Basin's aquatic ecosystems. In this way, SIM was established as part of the overall LMB environmental monitoring system, which includes water quality and ecological health monitoring. The objectives of the VA is to provide data and information on social vulnerability (particularly food and livelihood vulnerability) linked to changes in water resources (agriculture, aquaculture, fish, other aquatic animals and plants).

2. A key objective of the SIMVA is to establish social impact indicators that reflect current socio-economic conditions and the extent of people's dependence on water resources, since the relationship between these two factors determines people's vulnerability to changes in water resources. Long-term monitoring will then be designed to:

- 2.1. identify any significant changes in people's dependence on water resources;
- 2.2. link these changes to their levels of vulnerability; and
- 2.3. serve as an indicator of any potentially significant social impacts or the need for precautionary measures.

3. To achieve these objectives, a number of phases of implementation were agreed upon through extensive national and regional consultation meetings, initiated in 2004, involving National Mekong Committees (NMCs), appropriate line agencies, international organizations, NGOs, and MRC Secretariat staff members. Stages 1 and 2 were implemented by National Experts facilitated and supervised by National Mekong Committees and MRCS.

4. The SIMVA study is a continuation of an earlier work (known as Phase 1), using secondary data, carried out between 2004 to 2006. This work revealed the existence of significant gaps that would need to be filled through primary data collection in order to be able to statistically link people's livelihood status to the extent of their water resources use, and, hence, to estimate their vulnerability to changes in these resources.

5. It was recognised at the beginning of Phase 2 of the SIMVA that the study would not be able to generate sufficient new survey data to represent conditions across the entire LMB due to the limited resources. However, the study would be able to develop and test tools (e.g. questionnaires) and carry out a survey with a sample size that would be sufficiently robust to draw preliminary conclusions about conditions in specific locations. The exercise was seen as a first important step in the generation of urgently required information, and the establishment of a long-term monitoring system that would later need to be up-scaled to better represent conditions across wider areas.

## II. Methodology Development

6. The pilot study, of about 18 months, began in June 2008 with the drafting of the Technical Guidelines through pre-testing of study tools, field study, data entry, analysis, and reporting, to deliver expected outputs in early 2010. The technical guidelines were reviewed and refined at a meeting, held in July 2008, of technical experts, MRCS staff, invited stakeholders and National Experts from all four Member Countries. The revised Guidelines and workplans were presented at a Regional Workshop, held on 6 August 2008, for the approval by NMCs and MRCS.

7. Following this approval, the Research Team entered into an intensive period of design, pre-testing and refinement of the questionnaire and other research tools. The town of Pakse in southern Lao PDR was used as a base where three teams (of Cambodian, Lao and Thai nationals) participated. The pre-tests took place in communities near the Khone Falls (in Lao PDR), just south of the mainstream border in Cambodia and near Pak Mun Dam in Thailand. After five days of pre-testing, the teams returned to base where the research tools were revised based on the experience gained in the field. Further refinement of these tools took place when the Vietnamese team undertook its own pre-testing in the Delta.

8. Once the research tools had been finalised, each National Team translated the questionnaire and recruited a team of research assistants to undertake the survey. At the same time, the National Experts consulted their NMCs, agreed on the study sites to be covered and randomly selected the research villages based on 'probability proportional to population (PPP) size'<sup>1</sup>. Before a team could begin data collection, their workplans, budget, translated questionnaire and their proposed sample of 17 research villages had to be submitted for approval by MRCS with the assistance of an International Expert.

9. Teams entered the data collected from the Questionnaire into computers using a template from the Statistical Package for the Social Sciences (SPSS) that had been prepared by the Lao PDR team. Once completed, each team submitted its national data sets to MRCS and the International Expert to prepare a Regional Report. At the same time, the teams worked on their own National Reports. Once ready, the final national reports were submitted by national experts to NMCs for approval. The approved reports were then sent to MRCS for documentation.

## III. Methods

10. A detailed explanation of the methods used to collect the necessary information is given in the SIMVA Technical Guidelines (2010). The key methods used are summarized as follows:

- 1) **Quantitative household survey.** In each country, National Research teams interviewed 340 randomly selected households, spread across 17 randomly selected villages (20 interviews per village, 68 villages in total). The interviews were done using a highly structured Questionnaire. All 1,360 interviews were conducted within 15 km of the Mekong and its dependent wetlands. The study sites were, from north to south, as follows: Chiang Saen and Udon Thani in Thailand; Champasak in Lao PDR; Pursat and Siem Reap in the Tonle Sap of Cambodia and the fresh water zone of the Delta in Viet Nam.
- 2) **Qualitative data collection.** In each country, detailed qualitative data were collected from key informants and focus groups in four of the 17 villages. This was through a

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<sup>1</sup> 'Probability proportional to population (PPP)' is a practice used in sampling to select an unbiased or [random](#) subset of individual observations within a population of individuals where each individual has an equal probability of being selected.

series of participatory research activities designed to shed light on trends in access to water resource (broadly defined as all aquatic and other water-dependent natural resources) and how dependence on such resources related to the socio-economic development of the area. The tools were wide-ranging, and included resource mapping, historic time lines, seasonal calendars, transect walks, focus group discussions (FGDs) and key informant interviews.

- 3) **Secondary data collection.** National Experts conducted a review of secondary data sources, focusing on the those indicators which shed light on the extent of people's potential resilience to change (e.g. education, employment, availability of services) or the degree of their basic vulnerability (e.g. child malnutrition and mortality, lack of services).
- 4) **Mapping.** GIS technology was used to determine the population living close to the Mekong, along 'corridors' of 5, 10 and 15km on either side of the mainstream (as previously defined). The GIS expert also produced a series of maps using secondary data and also maps of the location of the research sites.

11. The logic of the SIMVA research, designed to address the objectives follows a simple sequence of key questions:

- How many people live within reach of the Mekong River resources?
- What percentage of this population makes use of these resources?
- To what extent do the users depend on these resources, as opposed to other livelihood strategies?
- How resilient to change are resources users likely to be, given the socio-economic and environmental contexts in which they live?

The answers to these four key questions are critical in determining who, how and why people are vulnerable to change in river-sustained resources.

#### **IV. Study challenges and limitations**

12. The SIMVA study was a pilot exercise. New methods had to be designed, sample sizes were relatively small, study sites were limited in number and seasonal variations could not be observed by repeat visits. The value of the exercise is that it proved the validity of the methods devised to address the pilot study questions, identified the most useful indicators for monitoring, shed light on future monitoring systems and provided results which, despite their limitations, will be useful to planners and decision makers.

13. The SIMVA survey was designed to fill an important information gap on the extent of people's use of water resources and their vulnerability or resilience to potential changes in the availability of these resources. The information gathered in the field needed to be highly specific, so that the resources (e.g. fish) used by households could be linked to the ecosystem (e.g. the Mekong River, tributary, paddy, etc) from which they were extracted. At the same time, it was necessary to gather adequate information on the resource users, so that the patterns of resource use and dependence could be linked to data on household socio-economic status. All of this had to be performed in a way that took account of the trends over time (looking back five years) and the seasonality of resource use. In short, the design of the questionnaire and the related qualitative tools was, in itself, a major challenge that the research team were able to overcome. The tools developed by the SIMVA team have proved to be robust, producing a mass of relevant primary data that has the potential for analysis well beyond what has been analyzed by the regional report.

14. A second challenge was to try to ensure that the quantitative results from the household survey could be used to adequately represent large areas, particularly those along the important Mekong mainstream 'corridor'. In social science, large sample sizes are always desirable as they increase the statistical reliability of the data and the extent to which

these data can be broken into 'strata' for detailed analysis. However, budget constraints usually limit sample sizes so a balance has to be struck between ideal numbers and those that the budget can support. The SIMVA study was no exception; the ideal sample size was trimmed down from a desirable 4,800 to 1,360 households (i.e. 340 households per study site). What are the implications of this limit? The key difference is that a smaller sample size means a larger margin of error: a well-distributed sample of 4,800 households (1,200 households per site) would have had a margin of error of around 5%; the smaller sample produces a larger margin of error, of about 5% to 10%, depending on the number of strata used in the analysis.

15. Given the relatively small sample size and the fact that the survey focused on specific mainstream areas, leaving long stretches of the River uncovered, it is evident that the findings of this first SIMVA survey should not be considered as definitive or as truly representative of the whole corridor. The results represent the pilot study areas, not the whole LMB corridors. Nevertheless, the Research Team is confident that the results are generally robust – as they almost invariably create a logical and consistent pattern – and provide useful information for planning purposes. Clearly there are gaps to be filled: this is a challenge for the long term SIM of MRC and its partner organisations. This challenge is discussed further in the final section of this report.

16. Constraints also had to be faced with regard to secondary data processing. Each Country in the LMB collects data according to its own national requirements. Every year, national statistical reports are generated containing detailed information on a wide range of socio-economic indicators. However, the indicators selected differ, and the definitions used for common indicators (e.g. 'poverty' or 'access to clean water') are different, making comparison across the Basin problematic. Finding common indicators for data collected in more or less the same time period has been challenging. As a result, some of the secondary data used in this Report is somewhat dated. However, for the purposes of SIMVA this is not considered a serious problem as the basic pattern of vulnerability and resilience in the LMB remains fairly constant.

## **V. Results and findings**

17. This results/findings of the SIMVA, phase 2, cover the following aspects: (1) population living within reach of the Mekong River resources, (2) baseline vulnerability and resilience, (3) occupation and livelihood dependence on river resources, (4) dependence on fishing, (5) food security and consumption, (6) income, expenditure, and resilience, and (7) perceived trends.

### *(1) Population living within reach of the Mekong River resources*

18. To determine the number of people who may be vulnerable to changes in the productivity of the Mekong ecosystem, geographic information systems (GIS) software and Landsat data were used to determine the total populations living within corridors of 5, 10 and 15 km from either side of the Mekong. Overall, it is estimated that 29.6 million people live within 15 km of the mainstream. Thailand has the lowest corridor population, at 2.5 million, representing only 4% of its national population. Viet Nam has the highest, at 14 million people, or 16% of the national population. Cambodia has the highest proportion (70%) of its national population in the corridor, at 9.8 million people. Just over half of the Lao national population (53%) is to be found in the corridor at 3.4 million. 79% of the total 15 km corridor population live within 5 km of the mainstream.

### *(2) Baseline vulnerability and resilience*

19. The SIMVA report includes a series of maps illustrating how resilience and vulnerability indicators based on secondary data vary across the provinces that lie within the LMB. These are designed to include a number of indicators per map, making it possible to see how factors coincide. For example, it can be seen that where poverty and child malnutrition levels are high, so too is infant mortality. In this respect, Cambodia and Lao PDR stand out as being far more vulnerable than either Thailand or Viet Nam.

### *(3) Occupation and livelihood dependence on river resources*

20. Taken together as water-dependent occupations, farming and fishing are the main occupation of nearly two thirds (63%) of the rural adults interviewed in the survey. Significant shifts in occupation are taking place in the region: overall, 14% of households said they had a member who had changed occupation over the five years prior to the interview specifically because of declining natural resource productivity; in the fast-changing Delta this figure rises to 28%.

21. Overall, close to one in three households across the study sites believed it would be difficult to find an alternative to their current water-dependent livelihood activity. Changing livelihoods would be most difficult in the Cambodia sites where many fishers are landless and have no obvious alternative livelihoods. Here a decline in fish yields could seriously exacerbate the already high levels of food insecurity among poorer households.

#### *(4) Dependence on fishing*

22. To estimate fishers' vulnerability to a possible decline in fish productivity that may be triggered by changes in river flow and barriers to migration on the Mekong, it was important to determine what proportion of fishing takes place in the mainstream-dependent ecosystems compared to others. In the Lao PDR study sites, 60% of fishing households use the mainstream as their preferred dry season fishing area, while in the Delta sites 44% of those who fish reported using one of the branches of the mainstream as their preferred fishing areas. In the Thailand sites, the percentage was only 10%, but this was due in part to the inclusion of a tributary area in the pilot study. In the Cambodia study sites, 58% of fishers used the Tonle Sap as their preferred site, with the remainder using other ecosystems, such as marshes, streams and ponds. Nearly one third of the fishing households in the Delta reported the use of 'paddies, ponds and canals' as their most common fishing area.

#### *(5) Food security and consumption*

23. The LMB is well known for the availability of its diverse foods, a fact confirmed by the survey. The vast majority of those interviewed were able to obtain sufficient quantities of food for their households, with the average calories consumed being above the minimal requirements. However, there are significant variations in consumption patterns by occupation and geographic area.

24. The findings from Lao PDR are particularly interesting as they suggest that, on the whole, while households in this part of the Mekong corridor may be relatively poor by other measures, they successfully produce an adequate amount of food largely from their own natural resources.

25. The data highlight the precarious situation of households that depend on fishing as their main occupation (mostly located in Cambodia). If their fish stocks decline, so will their capacity to buy rice. As they have no (or little) resource to growing their own rice, this will have devastating consequences.

26. The vast majority of the food items (90%) eaten in the homes of the study participants in Viet Nam had been purchased. The opposite was true in the Lao PDR sites: here, the number of food items was less than half that of Viet Nam, and only 2.8% of the items had been purchased, indicating a very high level of dependence on farming and natural resources. In Cambodia, where people are highly dependent on fish sales to purchase food, the percentage of purchased items was also high (77%), exceeding the percentage of purchased items in the Thailand sample (69%), where mixed farming facilitates self-sufficiency. Fishing households across all study sites are much less likely to eat purchased food items than non-fishing households (23% compared to 48%), indicating a much higher level of dependence on natural resources, and therefore a higher level of vulnerability to changes in these.

27. The pilot study confirms the very high levels of dependence of rural households on fish and OAAs. Changes in flow that impact these critical sources of food will be far reaching. Replacing fish with other animals will be impractical, costly and ineffective given the dietary value obtained not only from the proteins by also the other critical micro-nutrients.

*(6) Income, expenditure and resilience*

28. One in four households across the study sites earns income from the sale of the fish catch. However, significant variations were found between the study sites: in the Cambodia and Lao PDR study sites, fish sales are a source of income for close to 40% of households, a far higher proportion than in either Thailand or Viet Nam, where less than 10% of households source income in this way. From the point of view of sources of income, households in the Cambodia and Lao PDR sites are four times more vulnerable to any changes in fish stocks than their Thai and Vietnamese counterparts. Exactly the opposite is true of income from rice: here the Viet Nam Delta is far ahead, followed by Thailand (both countries being among the biggest exporters in the world), then the Lao and Cambodian study sites.

29. The resilience of better off households is apparent from their expenditure patterns. Middle income households spend more than three times as much as poorer households on productive assets and activities, while the well-off households spend six times more than middle-income households. One area where expenditure patterns are inverted is for fishing gear: clearly this is a critical area for the poor, and one that requires them to keep investing. Poor households also spend a far higher proportion of their incomes on food (70%) than do well-off households (45%), underlining their vulnerability to any decline in food from natural resources.

*(7) Perceived trends*

30. In the Cambodia sites, close to two thirds reported that they are getting much less fish and OAAs than five years earlier. In Lao PDR and Thailand, the trend is very similar, with around 40% reporting a decline. In Viet Nam, the percentage is smaller, at 31%, but this has to be seen in the context of 61% indicating that they were already receiving no benefits from fish and OAA capture five years earlier. Households that were classified as highly dependent on fish and OAAs were the most likely to report a decline (69%), compared to those with little dependence (34%). The greatest percentage of households reporting a decline are those using the Tonle Sap as their main dry season fishing ground, at nearly 70%, compared to 35% for those who use the mainstream.

## **VI. Inputs for other MRC programmes and activities**

31. Data and information produced by the SIMVA has been used by other programmes of the MRC such as the Basin Development Plan (BDP) and Strategic Environmental Assessment (SEA) of the Initiative on Sustainable Hydropower.

32. The design of the SIMVA can serve the information needs of a number of MRC programmes. As the data are generated they can be linked in a variety of ways. For example, the social monitoring system will provide data on fish consumption, covering indicators such as the amount caught, eaten, sold and/or bartered. These data can then be compared with the catch and species data being produced by the **Fisheries Programme**. A comparison of data on consumption and catch will provide a useful means of 'triangulation' (double checking one source against another to confirm trends or highlight discrepancies). Links can also be made between fish catch and the socio-economics of the fishers to determine their vulnerability to change (currently there are no links made).

33. Similarly, data on the consumption of wetland goods (including fish, frogs, snails, crabs, birds and plants used for food, medicine and construction) will provide the MRC **Wetlands** programme (and its partners) with excellent triangulation opportunities.

34. Another important use of the social data could be to determine the nature and value of losses experienced as a result of flooding. The MRC **Flood Management and Mitigation Programme (FMMP)** will be able to provide an indication of the areas that suffer most from exceptional floods and these can then be made a focus of social monitoring. The social monitoring data could then be used to quantify the impacts of the floods on residents in specific locations.

35. A key beneficiary of the data is the **Basin Development Program (BDP)**. One of BDP's activities (1.2.2 in the 2006/2010 Plan) involves identifying large-scale development project options and estimating their impacts and benefits. The focus is on Integrated Water Resource Management related schemes that "have significant trans-boundary implications". The SIMVA process will help to identify areas with a high proportion of vulnerable resource users where proposed projects are likely to have a high impact, and the social monitoring system could contribute to the impact assessments of these projects over time. The social monitoring system can also help to "monitor social trends" and assess the extent to which projects "maintain local livelihood opportunities" (both BDP impact assessment objectives).

36. With regard to **Initiative on Sustainable Hydropower**, the social monitoring system could be used to determine the extent to which modeled downstream changes in flow actually impact resource users (very little systematic data exists on this at present). It could also be used to measure improvements in people's livelihoods through opportunities created by the dam through activities such as reservoir fisheries, employment during construction and operation, improved road and power networks, greater access to social services and tourism.

37. It could also be used to assess whether or not projected changes in water resource availability have taken place so that these can be refined by planners. Ultimately the social monitoring system could be used to quantify losses in resources and to attribute economic values to them.

38. Another significant user is likely to be the new **Climate Change and Adaptation Initiative (CCAI)**. A key rationale for the initiative is the paucity of knowledge regarding linkages between predicted changes in water resources, land use and livelihoods. The Concept Note for the Initiative notes that: "Particularly scarce is the information related to people's vulnerability to ecosystem changes and strategies to adapt to these changes." To address this gap, the Concept Notes proposed a clear link to the SIM project, noting the following:

- *"In order to measure the impact on climate change on people it is necessary to have a socioeconomic impact monitoring (SIM) system in place, which can assess the current status and monitor trends (direction of change), how changes in the LMB's biophysical environment affect the socio-economic conditions (livelihoods) of people in the basin."*

39. In summary, for all MRC programmes, *the ways in which the data are used will depend on the future requirements of programme officers/managers and other stakeholders and, of course, the resources available*. The figure below summarises the potential contributions and uses to and from the system, showing how SIMVA are paving the way to a long-term social monitoring system.

40. The SIMVA was implemented by four national teams led by one National Expert in each country, and supported by an International Expert and the EP. Key tasks performed by national teams include: pre-test of the fieldwork tools including questionnaire, training to enumerators, undertaking fieldwork, data entry, data cleaning, analysis, and reporting. The national experts contributed to the completion of the regional report by submission of the national databases, reports, and comments.

41. The SIMVA process was facilitated by National Mekong Committees (NMCs). NMC Secretariat approved the approach and tools for the SIMVA fieldwork before its implementation. The regional workshop to approve these was organized on 6 August 2008, at MRCS, Vientiane, Lao PDR. NMCS supervised and facilitated the SIMVA fieldwork and secondary data collection such as provision of letters to relevant agencies and administration, requesting facilitation and cooperation.

42. Results of the fieldwork were presented at national consultation meetings (in some countries). The member countries provided important inputs into the regional report and technical guidelines through participation in the regional workshop, held on 4-5 February

2010, in Siem Reap, Cambodia. The regional report and technical guidelines including the list of indicators and questionnaire for the next phase have been improved based on comments of the Member Countries.

## **VII. Key outputs and achievements**

43. The SIMVA Phase II delivers a number of outputs and achievements as follows.

1. Questionnaire tested in the four countries and translated into four national languages.
2. Four national databases in SPSS
3. One regional database in SPSS
4. Four national reports
5. One regional report, published by the Secretariat
6. Technical guidelines for Phase II as well as for the next phase
7. Five Mekong River Report Cards produced based on the SIMVA data and information.
8. Increased understanding of livelihoods and water resources
9. Increased availability of data on people and water resources
10. Provided important inputs into other programmes such as the Basin Development Plan and Sustainable Hydropower Programme's SEA.
11. Laid firm foundation for the long-term monitoring and vulnerability assessment.

## **VIII. Next step**

44. The overall recommendation is that the SIMVA should be established as a long-term, integral part of the MRC's monitoring system. For the system to be statistically robust and reliable it will need to be scaled-up to cover a much wider area than that covered in this pilot exercise, which covers only 29 percent of the total corridor population. The expertise of a sampling specialist will be required in the next phase to ensure that monitoring sites properly represent the entire Mekong corridor and any other areas relevant to MRC's mandate. Stand-alone *Technical Guidelines for MRC Social Impact Monitoring* have been produced to assist in this process. The key recommendations, accepted at a Regional MRC Workshop on SIMVA held in Siem Reap, Cambodia, in February 2010, are summarized as follows.

45. For Phase 3, it was recommended that the SIM should remain focused on the Mekong corridor and that data collection should be carried out within the 15 km corridor where most people live and which represents a high use zone. However, it was agreed that this corridor could be adjusted to accommodate variations in terrain and access.

46. In order to maintain a solid link between the social and biophysical aspects of monitoring it was agreed that the geographic sub-divisions used in SIMVA should be the IBFM Zones and Sub-Zones as these are derived from the changing biophysical character of the river, and also respect the administrative boundaries used by BDP.

47. It was further agreed that better representativeness should be achieved by increasing the sample size to over 4,000 households spread in the following way:

- 12 IBFM sub-zones
- 340 households in each sub-zone, 4,080 in total
- 204 clusters, with 20 households in each (17 per sub-zone)
- Clusters based on random selection of Enumeration Areas falling within the sub-zone boundaries with probability proportional to population (PPP) to be carried out by an independent sampling expert.
- Household selection to be random from village lists.

48. It is expected that Phase 3 will be initiated by MRC in 2010 in order to provide critical *baseline data* needed for planning and decision-making, particularly with regard to the

proposed mainstream dams that may have significant impacts for the livelihoods of millions of people living in the Mekong Corridor. Phase 3 will be expected to be a continuing activity with funding support under Environment programme 2011-2015. After Phase 3, the monitoring will be undertaken for each category of indicators with the suggested intervals.

## **IX. Summary**

49. The SIMVA pilot study set out to explore the links between the use of key water resources and people's livelihoods. The findings clearly indicate that, within the Mekong corridor, there are high levels of dependence on water resources for food and income. The number of vulnerable people in different parts of the corridor varies significantly. The percentage of the population engaged in water related resources activities and the degree to which consumption and income are derived from water resources also varies. This suggests that impacts of changes in the resources will be distributed unequally in terms of total populations impacted. This demographic dimension of changes in specific areas/zones will need to be taken into account for planning and decision-making.

50. Changes in the abundance of resources, notably of fish, will have far reaching impacts, especially in places with relatively high levels of poverty and malnutrition. These impacts, which will run into billions of dollars, can be quantified using the indicators and data collected by SIMVA together with estimates of change made by biophysical experts. The impacts will extend well beyond the immediate resource users, affecting millions of consumers dependent on reasonably priced fish. These costs need to be computed in subsequent phases of the SIM to provide planners with a more complete basis for assessing the costs and benefits of proposed developments on the Mekong. The pilot study has laid a firm foundation for a long-term social monitoring system that now needs to be put in place as a matter of urgency.

***The Joint Committee may wish to take note of the achievements of the study and activities on social impact monitoring and vulnerability assessment of Mekong corridor and may provide guidance for the next step in phase 3.***

## **NOTE FOR INFORMATION**

### **PROGRESS ON DROUGHT MANAGEMENT PROJECT**

1. In March 2009 the MRC Joint Committee at its Twenty-ninth Meeting agreed to implement some initial drought management activities related to Drought Risk Analysis and Mapping using available MRC reserve funds. The main objective of this Initial Drought Management Project is to seek information related to drought impact assessments on social, economic and environmental factors of vulnerable people; drought risk and vulnerability indicators; and drought indicator thresholds which will later be used for further development of a Drought Management Project Proposal.
2. The project activities have been carried out in accordance with the work plan activities and time frame. The activities have been consulted with and agreed by the IKMP team. They are subject to be modified after consultation with an International Expert who is expected to be mobilized in August 2010 to assist the project manager/regional expert in implementing the project, especially in developing the final DMP proposal.
3. Output 1: Project implementation Plan: Prepared using literature review of drought related projects and scientific papers together with the actual drought condition and management in the Lower Mekong Basin, the project implementation work plan has been drafted to respond to the needs of the MRC member countries in terms of drought management and risk reduction issues and corresponds to the available budget allocated to the project.
4. Output 2: MRC internal cooperation and coordination: Details of the project have been consulted with EP, CCAI, AIP, IKMP, FMMP so that they are aware of the project's objectives and development and find a way to integrate the project with other MRC programmes. As a result, there has been good cooperation and assistance. The CCAI programme has been considering allocating some funds in 2010 through its first component called "Adaptation of Planning Pilot" which focuses on local demonstration sites on some key climate change issues including drought. Most of the necessary data from the programmes have been provided for further study.
5. Output 3: Preliminary drought anomaly analysis: The project has looked at drought indicator indices to calculate some main indices from available data collected from relevant programmes of MRCS. As a result, two main types of drought indices have been evaluated and tested for preliminarily drought anomaly mapping. These are a remote sensing index and a meteorological index. For the remote sensing index, Normalized Difference Vegetation Index (NDVI) and Vegetation Condition Index (VCI) are used while the meteorological index uses Standard Precipitation Index (SPI).
6. Output 3.1: Drought anomaly analysis of remote sensing indices, NDVI and VCI: The results of NDVI drought anomalies are expected to be compared with every two-week flow figures and meteorological data of the same time series from some main hydrological and rain gauge stations around the main Mekong delta for further analysis.
7. Output 3.2: Drought anomaly analysis testing of the SPI index: The first test of the meteorological drought index by using SPI has been conducted to preliminarily check the index feasibility and calculation results. Monthly rainfall data of nine meteorological stations in Cambodia from 2008 to 2010 were used. SPI outputs will then be used to correlate with the NDVI results to verify the accuracy of those indices.

8. Output 4: National and international consultancy works: The recruitment process of an international expert has already been conducted. The commencing date for the international expert is expected to be on the third week of August 2010. The international expert is to give advice to the regional expert/project manager on how to implement the drought management project in an effective way. The overall objective of the consultancy work for national experts is to obtain necessary data and information regarding drought situations, including drought risk maps, drought impacts on socio economics and the environment in the Member Countries.

9. Output 5: National consultation meetings for future cooperation, coordination and assistance: The first national consultation meeting has been conducted in all Member Countries: Cambodia on 11 May, Laos on 31 May, Thailand on 26 May, and Vietnam on 28 May 2010.

10. Activities covering the period from June to the end of September 2010 are expected to accomplish the following outputs:

- Review the existing DMP proposal and national reports on drought conditions and situations of the LMB
- Drought anomaly analysis of the SPI by using IKMP rain gauge data together with FMMP precipitation satellite imageries
- Review national policies and related documents on drought risk management including drought risk maps of the four riparian countries
- Field survey for data collection on drought impact assessment, impact characterization and root causes of vulnerability
- Analysis on drought indicator indices for different geographic locations.

11. No major problems have occurred during the reporting period, but some concerns have emerged as follow:

- The recruitment of an international expert took longer time than expected. Only three candidates applied for the position which limited the options. Nevertheless, a qualified candidate was identified.
- Development levels of drought risk reduction and mitigation programmes of the four countries are quite different. This led to different perspectives on expected outputs of the project. To sort out the issue, integration of all concepts should be made and presented in the implementation activities.

12. Key activities covering the period of October 2010 to February 2011 include: (i) development of drought risk vulnerability indicators and thresholds; (ii) conduction of national and regional consultation meetings on delivered outputs/products; (iii) finalization of drought mapping; and preparation of final proposal on drought management in the LMB. It is expected that the initial drought management study project will be accomplished by end of February 2011 and the final proposal which is one of main project outputs will be used for fund raising.

13. During 2010, MRC Secretariat has been discussing the possibility of additional support to drought management activities with the Government of Japan and a decision on this issue is expected shortly.

***The Joint Committee may wish to take note of the progress on the Drought Management Project***

## **NOTE FOR INFORMATION**

### **PREPARATION OF THE BASIN DEVELOPMENT PLAN PROGRAMME 2011-2015 TO IMPLEMENT THE CORE PLANNING SUPPORT FUNCTION OF THE MRC**

1. This note provides the progress in the preparation of the Basin Development Plan (BDP) Programme for the period 2011-2015 (herein referred to as BDP 2011-2015). It also summarizes the key elements of the draft Programme Document (as of June 2010) and national consultation on the draft. Guidance from the Joint Committee is sought for the finalization of the document for its approval by November 2010 as planned.

#### **I. Progress in the preparation of the BDP Programme 2011-2015**

2. At the 31<sup>st</sup> Meeting of the Joint Committee on 2-3 March 2010, an initial concept for the BDP Programme 2011-2015 were presented together with a plan of preparation. The initial ideas were the results of a brainstorming session at the 10<sup>th</sup> Coordination Meeting of the BDP Programme Phase 2 (BDP2) in January 2010.

3. A concept document was prepared in early April, drawing on (i) the above initial ideas, (ii) the expected progress of the BDP programme by the end of 2010 and emerging challenges in the Basin in the coming years; 3) the lessons learned and recommendations from a number of reviews including the Joint Donor Reviews of BDP2, the mid-term review of MRC Strategic Plan 2006-2010 and (iv) the on-going discussion to prepare the MRC Strategic Plan 2011-2015.

4. The concept proposed a two-fold approach: the implementation of the IWRM-based Basin Development Strategy that is expected to be approved by the end of BDP2 and the institutionalization of the BDP process in national planning systems. The latter aims to move towards the implementation of the core planning support function of the MRC.

5. The concept was presented for initial national discussions in May 2010. Inputs provided were used to prepare the first draft design document in June. The draft design document was discussed at the 11<sup>th</sup> Coordination Meeting of BDP2, which decided to use this draft for national consultations in July 2010. The national consultations took place in July in connection with the discussions on the draft IWRM-based Basin Development Strategy. Many comments and suggestions were provided (see Section III below).

#### **II. Key elements of the design of the BDP Programme 2011-2015**

6. The draft design document is structured around four parts which is in line with MRC's standard format for programme documents. Chapter 2 provides the Context and Rationale for the continued BDP process while Chapter 3 outlines the objective and expected outcomes and outputs that the programme aims to achieve in the next five year. Chapter 4 describes arrangements for the implementation and arrangement of the programme while outlining a proposed phased approach to gradually move to full implementation of the core planning support function.

7. **The Rationales** for the rolling BDP process are 1) the reconfirmed commitment by Member Countries to integrate national and regional water related planning to achieve the goal of sustainable and equitable water resources development in the LMB, especially in the rapidly changing development context of the Basin; 2) the increasing demand for a transparent and inclusive BDP process among Member Countries and stakeholders; 3) the

contribution of the BDP Programme to the MRC Strategic Plan and the implementation of the core functions of the MRC.

8. The **Goal** of BDP 2011-2015 is synonymous with the overall Goal of the MRC Strategic Plan 2011-2015 which is “*Member countries apply basin-wide IWRM approaches in national water and related sector frameworks and development programmes*”.

9. With the **Objective** of ensuring “*planning and decision making on the Mekong water and related resources apply the basin-wide IWRM approaches through an institutionalized basin development planning process*”, the two priorities identified during the concept stage remain: Implement the IWRM-based Basin Development Strategy and build the foundation for the implementation of the core planning support function through a process of institutionalizing the BDP process in national systems.

10. This objective will be achieved through the achievement of **four Intermediate Outcomes** and each requires a number of outputs to be delivered. Figure 1 in the Attachment to this Note provides an overview of the draft result chain of BDP 2011-2015.

11. **Outcome 1** aims at the implementation, regular monitoring and reporting and update of the IWRM-based Basin Development Strategy and thus is central. The implementation and updating of the Strategy must be based on strategic sector information and analysis, which will be delivered by other MRC Programmes together with relevant national agencies (**Outcome 2**). The BDP process has achieved much in terms of building trust, dialogue and cooperation among Member Countries and stakeholders to share and negotiate national development plans in a basin framework. **Outcome 3** will build on this progress to further strengthen the collaborative basin planning process, which is a pre-requisite for achieving Outcomes 1 and 2. **Outcome 4** will further the IWRM planning capacity development, initiated under BDP2 to enable the achievement of all other outcomes and the Programme objective. It will focus on transferring basin planning skills to concerned national agencies and institutional capacity to gradually build a sustained BDP process at national and sub-basin level – a foundation for the core planning support function to be implemented.

12. The **Implementation arrangements** propose national and regional working groups as main mechanisms, both for relevant sectors and for basin integrated planning. MRC sector programmes will help lead sector working groups (i.e. fisheries, agriculture, hydropower, environment, etc), building on existing mechanisms under the latter. Planning and other cross cutting working groups will be coordinated by the BDP Programme. The existing mechanisms for BDP in the Member Countries (BDP Steering Committee, Coordination Unit, National and sub-area working group and RBCs) and at regional level (Regional Technical Working Group) will be reviewed and updated to best meet the requirements for implementation. As such, the Programme will address its sustainability beyond Development Partners’ funding.

13. The key **risks** identified for BDP 2011-2015 include 1) How to maintain political commitment to basin-wide sustainable development approaches versus national interest for economic growth; 2) Targeted national water resources management and sector and planning agencies do not apply basin-wide IWRM guidance and guidelines; 3) Continued insufficient data, information and sector assessments for a quality basin planning process and 4) The inability to mobilize sufficient funding for programme implementation.

14. Required Technical Cooperation Budget is estimated at US\$ 10 million. Another US\$ 2 million is expected as contribution from Member Countries. Detailed workplan and budget breakdown are being prepared with the aim to promote national ownership and to ensure that the Programme will meet countries’ specific needs.

### III. Comments from national consultations

15. The **name of the document** should be BDP Programme 2011-2015 to avoid confusion with the Basin Development Plan as referred to in the 1995 Mekong Agreement or

the basin development planning process that the Programme supports.

16. The **relationship** between the IWRM-based Basin Development Strategy, MRC Strategic Plan 2011-2015 and BDP Programme 2011-2015 should be made clearer.

17. The **rationale** for BDP 2011-2015 should also include 1) the evolvement from BDP1 to BDP2, the achievements of BDP2 and the remaining important areas that need to be addressed in the next five years; 2) lessons learned to date as well as 3) an analysis of development trends in the GMS and implications for the MRC-facilitated basin development planning.

18. The national consultations confirmed the relevance of the earlier defined **two main focuses of BDP 2011-2015**, namely to implement the IWRM-based Basin Development Strategy and to build a foundation leading to the implementation of the core planning support function of the MRC in due course. As such, there should be sufficient focus on improving institutional arrangements for basin development planning activities in national systems

19. The **objective, outcomes and outputs** seem acceptable with a concern that they may be too ambitious. A careful review of draft outputs to make them realistic is required. On the other hand, the outputs should clearly elaborate the focus on the knowledge gaps that have been identified during the assessments in BDP2.

20. To achieve the ultimate objective of the BDP Programme, that is the IWRM-based Basin Development Strategy will actually influence national policies and plans, there is a need for the BDP Programme to also include 1) the development of action plans in each country based on the overall implementation plan of the Strategy; 2) policy advocacy and activities to work with concerned sectors for the Strategy implementation and 3) strong national monitoring and reporting mechanisms, for which the NMCSs should take the lead in developing and act as the focal point.

21. The **indicators** are sufficient but need further improvements. Sources of information are limited to reports or minutes of meetings, which are not sufficient. This should also include other sources such as legislative and policy documents that reflect Government's direction for incorporation of BDP in national planning.

22. The **modality of working groups** would be possible with the coordination role of the NMCSs. However, clear Terms of Reference together with capacity development and support would be required for the working groups to operate effectively. Moreover, the existing working groups should be used and improved.

23. Mechanisms should be developed to **enable the allocation of State budget** for the implementation of BDP activities in the future.

#### IV. Next steps

24. The timetable below is updated from the initial schedule presented to the 31<sup>st</sup> JC Meeting. The schedule for the JC's endorsement and Development Partner's appraisal and approval remain unchanged.

2 <sup>nd</sup> draft of Programme Document, incorporating comments from national consultations	Late August
Further national review/consultation and advance desk review by DANIDA at the request of the Development Partner <sup>1</sup>	September
3 <sup>rd</sup> draft document for regional discussion	Late September –

<sup>1</sup> This is based on the informal discussion with DANIDA, which has planned for the submission of the proposal for the next BDP for DANIDA Board approval in January 2011.

	early October
Final draft Programme Document (incorporating comments from DANIDA and regional discussions) submitted to the MRC JC for endorsement	November 2010
Development Partner(s)' approval and funding agreements	January 2011

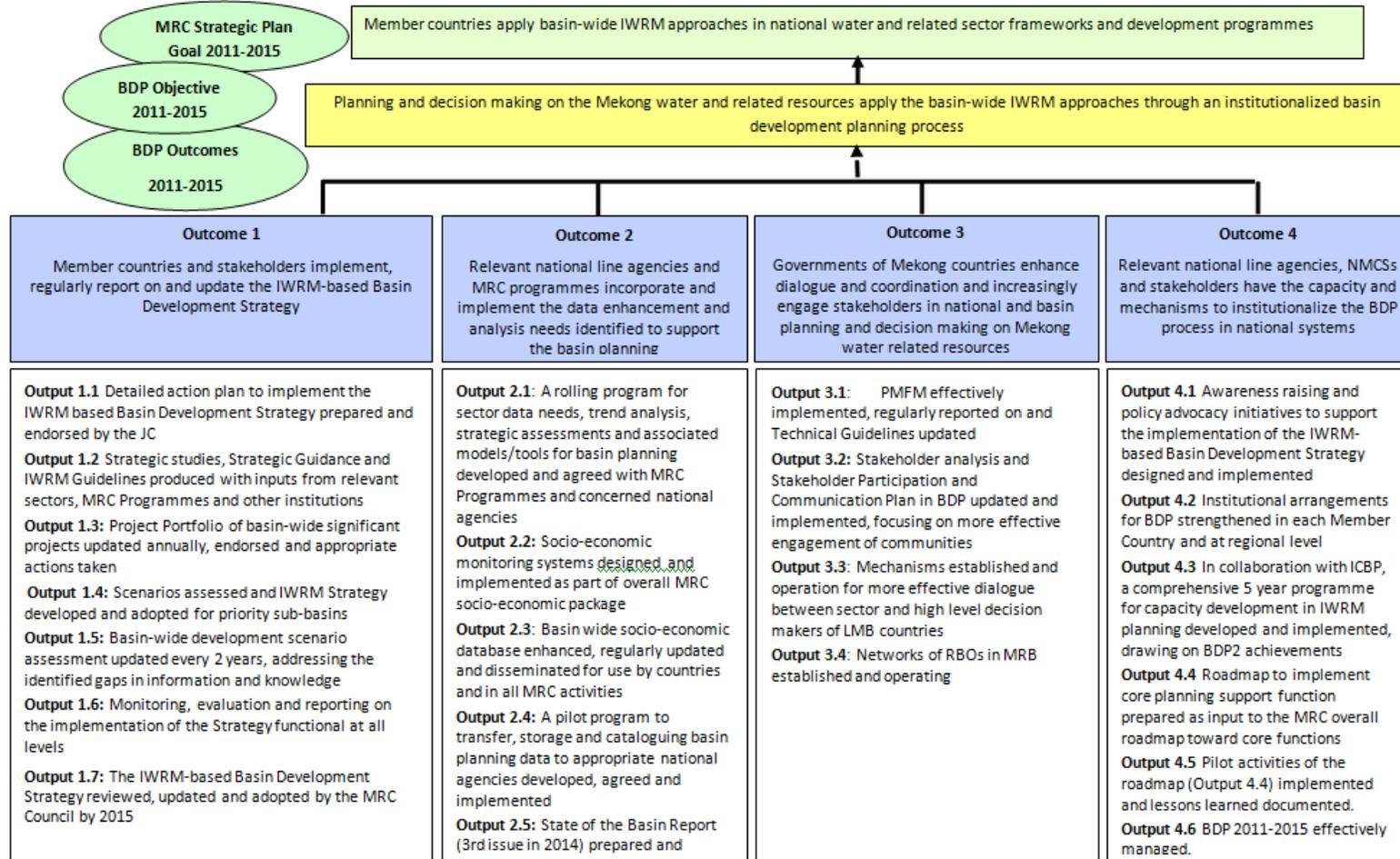
25. There is a potential gap between BDP2 that is scheduled to be completed by December 2010 and the start up of the next phase, for which funding is forecasted to be available no earlier than April 2011. To avoid the disruption, discussion is going on with DANIDA for the possibility of shifting some of the current BDP2 budget to the first quarter of 2011 to cover staffing costs and to settle final payments for some delayed national activities.

***The Joint Committee may wish to:***

- ***Take note of the progress in the preparation of the BDP Programme for the period 2011-2015***
- ***Take note of the key elements of the current design of the Programme and comments provided through national consultations***
- ***Provide guidance for further preparation of the Programme Document and the steps ahead to finalize it for endorsement by the JC and support by the Development Partners***

Figure 1 - Result chain of BDP Programme 2011-2015

Figure 3.1 – BDP 2011-2015 Result Chain



## **MATTER FOR CONSIDERATION**

### **THE ENVIRONMENT PROGRAMME DOCUMENT 2011-2015**

#### **I. BACKGROUND**

1. An Environment Programme has been ongoing and supported by donors, primarily Sweden and Denmark, since 1996. The current phase of the MRC Environment Programme is a five year programme from 2006-2010. It has a planned budget at US\$ 16.9 million and has received US\$ 10.6 million of funding support from AFD, Danida, Netherlands, Sida and the Water Management Trust Fund.

2. The Environment Programme is a MRC core programme. A draft Environment Programme 2011-2015 aligned with the Core River Basin Management Function of the MRC and the direction of the next MRC Strategic Plan 2011-2015 has been prepared.

3. Discussions with Member Countries in late 2008, the MRC Mid-term Review and the recent joint donor review of the Environment Programme 2006-2010 by Danida and Sida in January 2010 have also informed the formulation of the programme.

4. The Mid-term Review Mission recommended four key areas that should be carried over and strengthened to fulfill the River Basin Management Function:

- Basin wide social and environmental (including biodiversity and wetlands) assessment and reporting based on national monitoring and reporting
- Support (including capacity building and technical assistance) to the implementation of MRC procedures and application of decision support tools including the Procedures on Notification Prior Consultation and Agreement, Procedures on Water Quality and the Transboundary Environmental Impact Assessment Guidelines.
- Response to emerging issues (e.g. climate change; chemical pollution; other pressures)
- Awareness raising and capacity building as cross-cutting aspects for all activities

5. The Mid-term Review also recommended stronger integration between core programmes defining common objectives, outputs and activities.

#### **II. FORMULATION OF THE ENVIRONMENT PROGRAMME 2011-2015**

6. The experiences of implementation and the increased Member Country implementation direction of the MRC towards focusing on Long-term Core Functions following a period of intensive data, information and tools development suggest an increased focus on long-term sustainability and increased exploration of synergies with national and regional environmental initiatives. Moving towards implementation of routine functions implies changing the focus from development of new methodologies and tools to application of methodologies and implementation of tools. The following aspects are considered in the formulation of the new programme:

- Sustainable environmental monitoring with full country ownership and operation with a regional and transboundary synthesis at MRC level
- Strong linkages with national environment activities for mutual benefits.
- Taking the lead and reaching out to fill gaps of environmental knowledge and associated capacity building together with national and regional partners.

- Emerging issues such as climate change impacts on the environment and ecosystems, toxic chemicals and other emerging pressures.
- Improved national capacity for regional environmental collaboration including capacity building of institutions and national line agencies to be fully responsive towards regional collaboration including cooperation with upper riparian Countries.
- Increased awareness, understanding and participation, which also involves increased dissemination of results and publication of key findings in riparian languages.

#### 7. **Cross-cutting issues.**

a. **Poverty reduction.** Recent social surveys undertaken by the Environment Programme have demonstrated the dependence of rural people on the resources of the Mekong River Basin. The poverty level of the rural population is markedly higher than the country averages which links poverty reduction and protection of ecosystems to sustain their productivity upon which a large number of the basin inhabitants depend. Environmental and social information and impact assessment capacity contribute to poverty reduction by supporting the decision making processes for basin development to include considerations on ecosystem sustainability and peoples' livelihoods.

b. **Gender responsiveness.** Women are one of the poorest groups in society, yet provide invaluable contributions to sustaining communities around the world and managing the earth's biodiversity and natural resources. The MRC Gender Strategy and Gender Policy and "Tool Kits for Gender Responsive Mekong River Basin Development" guide the gender responsiveness of the Environment Programme. At regional level gender aspects are considered when assessing relations between the environment and peoples' livelihood informing impact assessments and decisions about mitigation of impacts. Furthermore, participation of women in environmental management at regional level will be monitored and promoted.

c. **Climate change** is mainstreamed in environmental management efforts by integrating climate change impact and vulnerability assessments for wetlands and other key ecosystems in adaptation planning and through integration of climate change in environmental impact assessments (EIA, SEA and transboundary EIA). Adaptation strategies and actions identified through adaptation planning needs to consider possible environmental impacts and sustainability issues just as all other basin developments.

### III. **THE ENVIRONMENT PROGRAMME 2011-2015**

8. The overall goal of the Environment Programme 2011-2015 is the MRC Strategic Plan (SP) Goal: "*Member countries apply basin-wide IWRM approaches in national water and related sector frameworks and development programmes*". The **objective** of the Environment Programme: "*Basin management and development in the Lower Mekong Basin is guided by up to date environmental and social knowledge and efficient environmental management cooperation mechanisms*" responds to this Goal by providing environmental and social data and knowledge and efficient environmental cooperation mechanisms as necessary supporting instruments for the application of basin-wide IWRM approaches at national and regional level.

9. Four outcomes have been identified to achieve this objective by combining the use of monitoring information (outcome 1) and cooperation mechanisms (outcome 2) with capacity building and awareness raising (outcome 4) while proactively considering appropriate responses to the rapid changes of the Mekong River Basin (outcome 3):

- **Outcome 1: Environmental monitoring, assessment and reporting.** Environmental and socioeconomic data and information are used to assess and report on the state and developments in the basin and to support assessment and mitigation of impacts of basin developments.

- **Outcome 2: Environmental management mechanisms.** Decision making on basin developments is based on the use of agreed environmental management tools
- **Outcome 3: Emerging environmental issues.** Capacity to respond to emerging issues is established through research and outreach activities engaging national and regional stakeholders.
- **Outcome 4: Capacity building.** Improved capacity for regional environmental cooperation and increased awareness on environmental issues in the LMB

10. There are close linkages between the four outcomes – all support and feed back into the others. The information and knowledge support the implementation of the environmental cooperation mechanisms and the capacity to respond to emerging issues provides a much needed proactive approach making sure the knowledge and cooperation is relevant and up to date. Capacity building, awareness raising and engagement of partners are prerequisite for efficient environmental cooperation and in turn provide feedback on needs and gaps that should be addressed.

11. A Design and Monitoring Framework has been prepared showing the outputs and activities needed to achieve the outcomes, indicators to monitor the performance of the programme towards reaching the outcomes and objective and data sources for the indicators. This Design and Monitoring Framework is prepared in line with the principles and methodologies of the MRC Performance Management System.

12. Assumptions and risks are identified at objective, outcome and output level. Risks are to the extent feasible managed through integration into the design by creation of additional activities in the Design and Monitoring Framework, The remaining risks that could affect the success of overall implementation are outlined together with risk management strategies. The assumptions and risks and the success of the risk management strategies will be evaluated as part of the annual performance reporting and adjustments to approaches and corrective actions will be taken in connection with the annual work planning. This will be discussed at appropriate levels to identify necessary adjustments.

13. The Programme is managed and executed by the MRC through its Secretariat and implemented through the relevant environment line agencies in the four Member Countries coordinated by the four NMC Secretariats and engaging national research institutes, universities and experts where appropriate. Co-ordination with other divisions and sections of the Secretariat is ensured through the internal MRC coordination mechanism e.g. the Programme Coordination Meetings initiated by the Technical Coordination Advisor. As a cross-cutting programme the Environment Programme is closely coordinated and integrated with the BDP, the IKMP, the MIWRM Project and the Fisheries Programme (FP) implementing the core River Basin Management Function of the MRC, while at the same time providing environmental support to the sector programmes as needed (e.g. to ISH, FMMP, NAP) and interacting intensely with the CCAI in implementing all environmental aspects of the CCAI.

14. An annual performance assessment report is prepared focusing on the impacts of the Environment Programme on achieving the environmental and social sustainability of basin developments and programme achievements and performance at objective and outcome level, assessment of risks and assumptions and, by reflecting on the progress, propose any necessary adjustments to the implementation. A bi-annual progress report will outline what has been done in the past six months, how much has been spent on which activities, assessment of changes in progress and performance indicators at output level, issues and problems that have arisen. An update of the annual work plan to reflect adjustments necessary for the next six months will be included in the mid-year progress report.

#### **IV. FUNDING NEEDS FOR THE ENVIRONMENT PROGRAMME 2011-2015**

15. The budget estimate for the Environment Programme is prepared based on experiences of programme funding and implementation, the activities included in the Design and Monitoring Framework envisaged to achieve the outputs and outcomes and the longer-

term prospects of moving towards a leaner Secretariat focusing on core functions of monitoring and reporting and supporting the Member Countries in applying developed methods and tools. A target sum at US\$ 11 million has been apportioned among the outcomes, outputs and activities for the five year implementation period.

16. Initial funds are available from support provided by AFD (2009-2012), support from AusAID through the MIWRM project, funding from the Sida 2010 extension budget and Sida climate change funding and funding that has been pledged from Danida to support the Environment Programme 2011-2015. The tentative funding picture pending agreement with Sida on transfer of funds and agreement with Danida is shown in the table below indicating a funding gap at US\$ 6,575 million.

17. The funding needs have been presented to the MRC Development Partners at the Informal Donors Meeting 17-18 June 2010 and discussed during the annual consultation with Sida on 16 June, 2010.

Environment Programme funding for 2011-2015 committed and pledged by 2010.

<b>Funding committed</b>	<b>US\$</b>
AusAID to MIWRM (2011-2014)	925,000
Danida	2,000,000
AFD (2009-2013)	525,000
Sida transfer from 2007-2010 agreement (estimated)	440,000
Sida transfer Climate Change (estimated)	540,000
<b>Total</b>	<b>4,430,000</b>
<b>Funding gap</b>	<b>6,575,000</b>

At the annual consultation in June 2010 Sida expressed interest in considering support to the Environment Programme 2011-2015, but no specific commitment has been made so far.

Further fundraising is needed to ensure implementation of the activities of the programme. The current funding level will, however, enable the programme to start the implementation.

Priority areas of activities to be implemented are the environmental monitoring and reporting activities, implementation of MRC procedures and guidelines and outputs supporting implementation of other MRC programmes like the BDP and the CCAI. Prioritization of activities will be discussed with and decided by the Environment Programme Steering Committee.

## **V. Finalization of EP document (2011-2015)**

18. The first draft Environment Programme Document 2011-2015 dated June 2010 was submitted for the 1<sup>st</sup> EP Steering Committee meeting (13 July 2010) for consideration. The EP Steering Committee appreciated the draft Programme document, but recommended a thorough national and regional consultation process to take place as soon as possible for more in-depth discussions and technical inputs by Member Countries. A regional consultation meeting is scheduled on 9 August 2010, and the national consultation meetings are planned for September 2010.

19. The draft Environment Programme Document 2011-2015 incorporating Member Countries' guidance and recommendations at the above mentioned Steering Committee Meeting and Regional Consultation Meeting is provided in a separate attachment and will be circulated shortly after the Regional meeting on 9 August for consideration by the Joint Committee at this Meeting.

20. The final draft environment Programme Document 2011-2015 will be submitted to the Joint Committee for approval at its preparatory meeting before the 17<sup>th</sup> Council meeting in November 2010.

***The Joint Committee may wish to:***

- ***take note of the progress of the formulation of the Environment Programme Document 2011-2015***
- ***endorse in principle the key elements of the Environment Programme Document 2011-2015 for fundraising purposes and***
- ***provide guidance for the finalization of the Environment Programme Document 2011-2015.***

Attachment: Environment Programme Document 2011-2015 (August 2010)

## **MATTER FOR CONSIDERATION**

### **CONCEPT NOTE AND OUTLINE OF MRC CLIMATE CHANGE AND ADAPTATION INITIATIVE 2011-2015**

#### **I. Background**

1. At its Fourteenth Meeting in November 2007, the MRC Council requested the Secretariat to develop an initiative to support the Member Countries in dealing with the impacts of climate change.
2. In response to the MRC Council's request, the Secretariat prepared a concept note for the Climate Change and Adaptation Initiative, and then during 2008 - 2009 formulated the Climate Change and Adaptation Framework through broad national consultations with NMCs, line agencies, key national experts and regional partners.
3. The MRC CCAI Framework was endorsed at the Twenty-ninth Meeting of the MRC Joint Committee held in March 2009. The CCAI Framework document was finalised taking into account comments from Member Countries and development partners. In August 2009, CCAI implementation was officially launched with initial funding for the Intermediate Phase from AusAID. The CCAI workplan for 2010 was approved by the Seventeenth Meeting of the MRC Council in November 2009.
4. The main targets of the CCAI during the Intermediate Phase (2009-2010) include inception, setting up institutional and management arrangements, initializing priority activities, testing tools for vulnerability assessment and adaptation planning, putting in place operational systems for monitoring linked with the MRC PMS system, establishing partnership, identifying pilots and defining demonstration activities.
5. The CCAI Phase 1 is to be formulated in alignment with the MRC Strategic Plan 2011-2015, consistent with other MRC programmes and to build on lessons learned during the first 18 months of implementation. Consistent with other MRC programmes and initiatives the Phase 1 will from now be called CCAI 2011-2015.

#### **II. Process for Preparation of the CCAI Document 2011-2015**

6. The process for preparing the CCAI Document 2011-2015 consists of the following steps:
  - (i) A review of CCAI achievements against the CCAI Framework document (2009) by end of July 2010.
  - (ii) Preparation of a concept note and outline for 2011-2015 by mid August 2010
  - (iii) Preparation of the CCAI Document 2011-2015 in consultation with the National Mekong Committees, national line agencies, national experts, regional partners and MRC programmes by October 2010.
7. During July to October 2010, the consultations will include roundtable meetings, individual discussions and regional consultations with key stakeholders and relevant partners. The final document for CCAI 2011-2015 is expected to be ready by November 2010 for the MRC Joint Committee's consideration and approval by the MRC Council at the 17<sup>th</sup> Council Meeting.

### III. CCAI Document 2011-2015

8. The CCAI Document 2011-2015 is a refinement of the CCAI Framework Document 2009 for the five year period 2011-2015. The key elements such as the CCAI scope, focus, goal, objective and outcomes remain valid for the next five years, but some adjustments are needed to specific outputs and activities under each outcome based on lessons learned during the Intermediate Phase, and to reflect the MRC Strategic Plan 2011-2015 and the MRC core functions.

9. The guiding principles for CCAI 2011-2015 implementation are:

- (i) Contribution to the achievement of Millennium Development Goals (MDGs).
- (ii) Alignment with the MRC Strategic Plan 2011-2015 and MRC long-term core functions.
- (iii) Partnership with core implementing partners and national agencies.
- (iv) Contribution to the production of reliable science-based knowledge pertaining to climate change impact and adaptation to support decision making by Member Countries.
- (v) Complementarities with and supporting national efforts.
- (vi) Long-term sustainability in terms of capacity and funding resources.

10. The main features of CCAI implementation in the next five years (2011-2015) are:

#### **1. Basin wide, sector and transboundary assessments**

- (i) Basin-wide assessments
- (ii) Sector assessments
- (iii) Transboundary assessments

#### **2. A network of local adaptation planning and implementation projects**

The testing of adaptation planning and implementation in a network of local demonstration sites is a key feature of CCAI 2011-2015 including:

- (i) New projects established with LMB Member Country government agencies.
- (ii) Existing projects facilitated by core regional organisation and NGO partners.
- (iii) Existing projects run by the wider CCAI partners.

Work in the demonstration sites would focus on integrated water resources management, livelihood and food security and ecosystem enhancement and restoration.

#### **3. The Mekong Panel on Climate Change**

The regular meetings of the Mekong Panel on Climate Change made up of experts from and working in the Member Countries are essential to improve regional capacity, credibility and sharing of regional achievements on climate change and adaptation for the Mekong River Basin.

#### **4. Mekong adaptation strategy and action plan**

The experience gained in basin-wide assessments and demonstration projects will contribute to preparation of the Mekong adaptation strategy and action plan.

#### **5. Mekong state of climate change adaptation report**

The Mekong state of climate change adaptation report will draw from monitoring, demonstration and piloting activities and feeding into the strategy and plan formulation.

#### **6. Implementing MRC core functions**

The CCAI 2011-2015 will be integrating with and responsive to the seven core MRC River Basin Management Functions.

#### **IV. CCAI 2011-2015 management and implementation**

11. *Implementation strategy:* The CCAI 2011-2015 will work through a partnership approach with (i) MRC Programmes, (ii) the NMCs and national partners, including the Climate Change focal point in each country, (iii) core regional organisations and NGO partners and (iii) broader network of partners including the MPCC and national and international experts and the development partners.

12. *MoUs with core implementing partners:* MoUs or similar agreements will be developed with core implementing partners to identify the reciprocal relationships through collaborative projects and activities. Some partners may be contracted to support implementation of certain technical activities for example, the basin wide assessments.

13. *Organisation and management:* The CCAI Organization and Management is designed to achieve implementation in a timely and sustainable manner, including a high level Steering Committee, coordination mechanisms with MRC programmes, regional task forces and the Mekong Panel on Climate Change.

14. *Budget and resources:* The budget for CCAI 2011-2015 stands at US\$ 13 million. The available funding is about US\$ 4.7 million in commitments from AusAID, Danida, and Luxemburg direct to CCAI and another US\$ 2.2 million committed through other MRCS Programmes – specifically, US\$ 0.5 million to EP from Sida, US\$ 1.7 million to IKMP, ISH and ICBP from FINNIDA.

15. *Monitoring and reporting:* The original CCAI indicator framework and cross-cutting indicators relating to MDGs on poverty, gender and environmental sustainability will feed into an overall CCAI performance monitoring framework to be aligned with the MRC performance management system.

#### **V. Review of the Establishment of a CCAI Steering Committee**

16. Following the recommendations of the first CCAI Steering Committee meeting held on 14 July 2010 back-to-back with the EP Steering Committee meeting, an assessment was conducted of the pros and cons of having a separate CCAI Steering Committee versus the option of merging with EP Steering Committee. The assessment reached the following conclusions:

17. MRC practice calls for Steering Committees to be established for all programmes, and initiatives to support the Joint Committee in overseeing implementation. Recently Steering Committees have been established, for example, for the MIWRMP, ISH, and ICBP. Consistent with this practice, the values of a CCAI Steering Committee were discussed and endorsed during the CCAI formulation and included in the CCAI Framework Document 2009 as part of the institutional arrangements for the Initiative. Climate change adaptation is complex in terms of objectives and outcomes and multi-disciplinary in nature dealing with broad development issues relating to livelihoods, food security and sustainability. It is not only concerned with environmental issues. The establishment of a CCAI Steering Committee would help build partnerships and mobilize resources at different levels with national experts from various sector agencies, scientists, regional organizations and development partners to guide effective and sustainable CCAI implementation.

18. In LMB countries, climate change and environmental concerns are often managed as part of the same Ministry. There are some reservations over a possibility of having the same members for both EP and CCAI Steering Committees. Also, there is a concern about the additional costs involved in convening a separate CCAI Steering Committee.

19. A possible solution is to establish a CCAI Steering Committee separate from the EP body but to convene the Committees back to back to save resources and allow for exchange and synergy between the EP and CCAI.

## **VI. Next steps**

20. Following consideration at the 32nd Joint Committee Meeting on 25th August 2010 the Office of Climate Change Adaptation will:

- (i) Follow up on the establishment of a CCAI Steering Committee according to JC recommendations;
- (ii) Draft the detailed CCAI Document 2011-2015;
- (iii) Conduct consultations on the CCAI Document 2011-2015;
- (iv) Finalize the CCAI Document 2011-2015 for submission for approval to the MRC Council at the 17<sup>th</sup> Council Meeting in November 2010.

### ***The Joint Committee may wish to:***

- ***Provide guidance on maintaining separate CCAI and EP Steering Committees;***
- ***Take note of the process for preparation of the CCAI Document 2011-2015;***
- ***Consider key aspects of the CCAI concept note 2011-2015 and provide guidance to the MRC Secretariat.***

Attachment: CCAI concept note 2011-2015

## **NOTE FOR CONSIDERATION**

### **APPROVAL OF THE INFORMATION AND KNOWLEDGE MANAGEMENT PROGRAMME, 2011-2015**

1. Phase I of the Information and Knowledge Management Programme (IKMP) was designed as a cross cutting programme of the MRC which provides information and knowledge services to other programmes and Member Countries. As it was formulated in December 2006 with the approval of the MRC Council, IKMP aims to build a solid foundation of data, information and knowledge products, systems and services that supports the goal of the Mekong River Commission.

2. The activities of IKMP have been carried out with funding from the governments of Australia, Finland and France with a total of US\$ 14.1 million. The IKMP has strategic importance to sustainable development of the Mekong Region and links to the Millennium Development Goals (MDGs). Increased population and development pressures necessitate improved understanding of the river basin conditions, management options and environmentally, socially and economically sound practices. Information together with capacity building creates the basis for a balanced development that benefits especially the poorest groups of the population without jeopardizing the natural functioning of the river system. The IKMP provides direct guidance to development and investments taking into account environmental and livelihoods impacts, and thus will contribute to balanced development and poverty reduction in alignment with the MDGs.

3. IKMP, as with other MRC programmes, serves MRC Member Countries. IKMP provides necessary basic data on water resources management and development as well as information on the consequences of the developments. The decision makers need to be aware of the costs and benefits of management and development alternatives. For instance the value of hydropower development needs to be balanced against fisheries losses and flood control needs to consider impacts on agricultural and fisheries productivity. The shared nature of water resources requires both a local and regional view on the issues.

4. As the current phase of IKMP is going to end in December 2010, when almost all IKMP key products and services are still considered needed by the MRC, the next phase, IKMP 2011-2015 is formulated in order to:

- Consolidate the outputs/achievements from phase I and sustain the results of IKMP.
- Continuously provide services and capacity building; transfer knowledge to line agencies from member countries in, for instance, modeling, river monitoring and database management which are still considered as “knowledge gaps” in the region.
- Support other MRC programmes in providing knowledge based products and services such as spatial and time series data, hydrological related modeling and knowledge sharing on Transboundary Water Resources Management.
- Take lead in the implementation and delivery of two Core River Basin Management Functions that are identified in the next Strategic Plan (SP) of the MRC 2011-2015, including the functions of “Data Acquisition, Exchange and Monitoring” and “Analysis, Modeling and Assessment”.

5. To prepare for the formulation of the IKMP 2011-2015 programme document, a number of national and regional consultations have been conducted. Participatory approaches have been applied to get sufficient information and identify the needs from IKMP stakeholders to use as essential inputs for formulating the next phase IKMP. Based on the results of national and regional consultations (together with a questionnaire survey), a

concept note for the IKMP 2011-2015 was developed and shared with all stakeholders including, Member Countries, other MRC programmes and development partners including Finland which has a strong interest in the programme. The concept note for IKMP 2011-2015 was finalized by MRCS at the end of May 2010 and submitted to Finland for initial consideration.

6. Following the roadmap defined and agreed by IKMP stakeholders, the concept note was then further developed into the programme document of IKMP 2011-2015 which takes into account all comments and recommendations from countries, MRC programmes and development partners.

7. The second regional consultation meeting on the programme document for the second phase was held on 13 July 2010 in Ha Noi to receive comments and recommendations from stakeholders to improve and finalize the draft document.

8. A final draft of programme document of IKMP 2011-2015 has been finalized (see Attachment 1) and was submitted to Finland for a quality assessment review (by an assessment board) at the end of July 2010. It is expected that a Funding Agreement between MRC and Finland on financial support to IKMP 2011-2015 will be signed before November 2010 in order to ensure that there is no gap in the operation of IKMP between the two phases.

9. The development objective of the IKMP 2011-2015 is to “effectively support MRC programmes, NMCs and relevant line agencies on the development and management of water and related resources in Mekong Basin by providing accurate and timely data, information and knowledge for planning and programme implementation work”

10. A number of on-going activities and projects from IKMP phase 1 will continue and will be integrated into the second phase of IKMP. With the implementation of five basic components in phase 2, the IKMP is intended to run over the 5 year period (2011-2015) with a budget of US\$ 14.8 million (US\$ 1.29 million are already available from the current phase, US\$ 0.8 million will be transferred from M-IWRMP, US\$ 9.4 million is expected from Finland, US\$ 0.5 million from France). Funding needs for the IKMP 2011-2015 amounts to US\$ 2.81 million.

***The Joint Committee may wish to:***

- ***Take note of the progress made on the formulation of the IKMP 2011-2015; and***
- ***Approve the programme document of IKMP 2011-2015 to ensure the continuous operation of the programme beyond 2010.***

## **NOTE FOR INFORMATION**

### **PROGRESS OF THE FORMULATION OF FLOOD MANAGEMENT AND MITIGATION 2011-2-15**

1. The FMMP has developed the Terms of Reference and a series of reference documents for the formulation of the next phase of FMMP (FMMP 2011-2015) as requested by the FMMP Steering Committee in a participatory manner and in consultation with MRCS, Member Countries and Development Partners. The FMMP Steering Committee recommended to reduce the number of consultations to the necessary minimum due to budget constraints.
2. The Terms of Reference for two international consultants and one riparian consultant to help formulate a plan and work programme was published on the MRC website during a three week period in April 2010. Contracts between MRCS and the consultants have been signed.
3. The starting date for the consulting services was 2 July 2010, which was determined by the schedule of Member Countries for the national consultation meetings. As the period needed for formulation is four months, including the participatory consultation process with Member Countries, with MRCS and Development Partners, the draft of the Formulation Document is expected to be available in early November 2010. The schedule of the formulation process of FMMP 2011-2015 is presented in Attachment 1.
4. A first round of national consultations for the Formulation of FMMP 2011-2015 took place during the period 3-18 July 2010. A second round of national consultations is scheduled to take place in the beginning of September, while Regional Consultations are planned in October 2010. Preliminary findings of the Formulation Missions for FMMP 2011-2015 is presented in Attachment 2.
5. It is expected that once the design documents of FMMP 2011-2015 have been addressed comments received and processed by the MRC Secretariat these can be endorsed by the MRC Joint Committee in November 2010.
6. In parallel, as soon as clear direction has emerged, the documents will be shared with the Development Partners for their assessment and consideration for funding.
7. Regarding the funding for the formulation of FMMP 2011-2015, the Asian Development Bank has made USD 75,000 available. It has been agreed between MRC and the Royal Netherlands Embassy (RNE) in Hanoi that the remainder of the funds needed for the formulation making in total of \$ 220,000 would be covered by existing FMMP funding.
8. Regarding the funding for the implementation of FMMP 2011-2015 there have been some preliminary indications. The MRCS/FMMP received an indication from the RNE Hanoi that the funding of a "bridging phase" until the end of 2011 may be taken into consideration. Follow-up meetings are planned for August 2010. The MRCS/FMMP has received an indication from the Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ) that funding of "climate change inclusive of flood management in the Lower Mekong Basin" may be taken into consideration through the German Ministry of Environment. More information will be made available in the second half of 2010. The Government of Japan has also indicated that funding may be available in connection with its interest in drought and flood management.

9. The FMMP has been interacting with the M-IWRM Project and a World Bank mission recently to discuss the scope and possible options for cooperation in the field of flood risk reduction as part of the M-IWRM project. Discussions also took place between CCAI and BDP for the possible involvement of FMMP 2011-2015 in the delivery of flood related outputs.

***The MRC Joint Committee may wish to take note of the progress and plan of the formulation process for the Flood Management and Mitigation Programme 2011-2015.***

**NOTE FOR INFORMATION/MATTER FOR CONSIDERATION  
FISHERIES PROGRAMME**

1. A Concept Note for FP 2011-2015 was submitted to the Joint Committee Members in April 2010. Based on this Concept Note, a Draft Programme Document was subsequently developed. This Draft Programme Document is submitted for endorsement by the 32<sup>nd</sup> Meeting of the MRC Joint Committee (Attachment 1).
2. The following items and considerations are key aspects contained in the Draft FP 2011-2015 Document:
3. In 2008, a Danida/Sida Mid-term Review clearly recognized the need for ongoing support for FP during the period 2011-2015. The review team points out two priority areas for FP 2011-2015, namely the 1) systematic anchoring and strengthening of the tools and processes ensuring a progressive convergence towards sustainable processes for regional fisheries development, and 2) systematic anchoring of information developed by the first two phases of FP based on an audience-oriented consolidation and 'distillation' of scientific data, lessons learned and outcomes.
4. Throughout much of 2009 and early 2010, FP stakeholders both internal and external to MRC were consulted on the future directions of FP 2011-2015 in more than ten events, bringing together more than 350 stakeholders from MRC, NMCs, fisheries line agencies and fishing communities. The present document is therefore the result of a collective effort, which reflects the expectations and aspirations that representatives from the four MRC countries have with regard to a FP 2011-2015.
5. The goal of FP 2011-2015 is adapted from the Overall Goal of MRC: "*Riparian governments and other stakeholders make effective use of the Mekong's fisheries resources to alleviate poverty while protecting the environment*". The objective of FP 2011-2015 presents a key ingredient towards the achievement of this goal, which is the "*Implementation of measures for sustainable fisheries management and development and improved livelihoods by regional and national organizations*", both governmental and civil society.
6. Important outcomes leading to the achievement of project objective and goal are awareness raising and communication of knowledge accumulated in earlier programme periods as well as generated during FP 2011-2015 (outcome 1), generation of monitoring information and filling of information gaps (outcome 2), regional dialogue on coordinated knowledge uptake and implementation on national level (outcome 3) and capacity-development (outcome 4). While each of the four FP Programme outcomes feeds into MRC Goals 1-4, all four FP Programme outcomes contribute to increased efficiency of the MRC Secretariat to undertake core functions under full riparianization.
7. FP 2011-2015 clearly focuses on MRC's core functions, and on collaboration with MRC programmes, particularly BDP, ISH, EP, ICCA, IKMP, ICBP and MIWRMP. In line with FP's focus on MRC core river basin functions, national counterpart organizations will gradually increase their responsibility for those that can be implemented at that level, allowing MRC/FP to concentrate on the regional dimension of coordination, monitoring and reporting responsibilities. The development and execution of a strategy for decentralization of some core functions to national agencies is part of FP 2011-2015 implementation.
8. FP 2011-2015 is managed and executed by MRC through its Secretariat, in particular MRC/FP, which provides technical and scientific advice and capacity development, as well

as regional synthesis of results and reporting. Its activities at the national level are implemented through relevant fisheries agencies, mainly fisheries research institutes, in the four member countries, coordinated by the four NMCs. The arrangement at the national level includes a National (NMC-based) Programme Co-ordinator (NPC) as the focal point for coordination. A FP 2011-2015 Steering Committee (PSC) comprising representatives from NMCSs and line agencies oversee the strategic direction of FP 2011-2015 implementation, reviews FP progress and impact, and may recommend adjustments necessary towards achieving programme objectives. The PSC may also recommend actions aiming at maximising the national uptake of FP 2011-2015 results.

9. A total of about ten professional FP core staff at MRC/FP will be responsible for operational activity coordination and implementation support and facilitation, and about 20 support staff are in its various offices in the four riparian countries. In line with MRC's riparianization policy, there will be no internationally recruited staff beyond 2012. Compared with earlier programme periods, FP 2011-2015 staff composition clearly demonstrates a strengthening of riparian expertise and participation in programme management and implementation.

10. A six-month Inception Phase will initiate FP 2011-2015 implementation in January 2011, during which the FP 2011-2015 logical framework and implementation arrangements will be reviewed; a number of specific studies and surveys will be conducted; and the Programme Performance Monitoring System (PMS) will be revised. This will culminate in a regional Inception Workshop for the discussion of and an agreement on a Draft Inception Report to be submitted to the PSC in June 2011.

11. The total budget for FP 2011-2015 will be approximately US\$ 12.5 million, of which US\$ 10.3 million is from external contribution. National contribution by riparian governments to the programme budget is expected to be 10% in 2011, increasing by 2% per year to 18% in 2015. Expenditure patterns follow the overall Programme work flow and are clearly front-loaded, meaning most activities will take place in the first years resulting in about 70% of the total budget being required during the first three years of the programme period, while activities will be reduced to MRC/FP core activities towards the end of FP 2011-2015, and require proportionally less funding.

***The Joint Committee may wish to take note of the progress of the stages of formulating the third phase of MRC's Fisheries Programme and approve in principle the MRC Fisheries Programme Phase 2011-2015***

## **NOTE FOR INFORMATION**

### **PROGRESS OF THE AGRICULTURE AND IRRIGATION PROGRAMME (AIP)**

#### **I. Sustainable & Efficient Water Use in Irrigated Agriculture in the Lower Mekong Basin Project (SEWU)**

1. The Agriculture and Irrigation Programme (AIP), with funding from the Government of Japan, is conducting the Sustainable and Efficient Water Use in Irrigated Agriculture in the Lower Mekong Basin Project (SEWU). The overall objective of the SEWU Project (2008 – 2011) is to contribute to securing food supply and alleviating poverty through sustainable water use in the irrigated agriculture sector in the LMB. In order to pursue this objective, SEWU focuses on water use efficiency (WUE) in irrigated agriculture with particular emphasis on water management practices, and includes the following activities.

- To review past and current policy measures/projects in the region;
- To conduct field surveys on water use practices at pilot sites and propose improvement plans;
- To analyze the impacts of irrigation development on food production and farmers' income at the basin level;
- To recommend future directions in irrigation sector development.

2. Regarding the field survey, one pilot site in each Member Country has been selected in accordance to the features of the prevailing irrigation sector. Field surveys for the 2009/2010 dry season has been successfully implemented and data collected and information is now being processed by concerned line agencies. Another set of field surveys is also being implemented for the current wet season. Based on the results of the field surveys, a WUE improvement plan will be developed in the last quarter of 2010.

3. Basin-wide impact analysis will be conducted using the combination of the Decision Support Framework (DSF) and an economic model which was developed by a Japanese research institute. This economic model focuses on rice, a staple food in the region, and simulates the rice production and consumption in the future based on water availability and economic factors such as GDP growth rates, international market prices and population increases. Water availability by province will be provided from the BDP scenario analysis and sets of economic factors will be determined through the discussion with Member Countries. AIP is now preparing the necessary data and information with the support from IKMP. This analysis will be conducted by the end of 2010.

4. Based on the results of the field surveys and basin-wide analysis, AIP will draft the recommendations for future irrigation development and discuss this with Member Countries in 2011.

5. Other projects in AIP are the 'Programme to Demonstrate the Multi-functionality of Paddy Fields over the LMB (DMPF)' and 'Improvement of Irrigation Efficiency on Paddy Fields in the LMB (IIEPF)'. As the final outputs of the projects, DMPF published a MRC Technical Paper on the multi-functionality of paddy fields while IIEPF published a technical guidance to improve irrigation efficiency in February 2010.

#### **II. Preparation of the Agriculture and Irrigation Programme for 2011-15**

6. In parallel with the formulation of the MRC Strategic Plan 2011-15, AIP Programme formulation is now under preparation. There are several emerging issues to be considered

which would provide both challenges and opportunities to the agriculture sector in the Basin. The food crisis in 2007 reignited concerns on future food security. International institutions projected that world food production needs will increase by 70% by 2050 and grain prices will be 30-50% higher than current levels. This would provide economic growth opportunities for the agriculture sector, but also poses a challenge on how to secure food supply to people, particularly those with low income. Concerns to the future food supply, together with the increased demand for bio fuel, also triggered a rise in commercial agriculture which may have implications for agricultural water management in the Basin.

7. Increased river flow in the dry season by hydropower developments will provide further available water to irrigation, but climate change may cause severe droughts and floods, and sea level rise in the Delta. While higher temperatures and increased rainfall in the wet season may have positive impacts on agriculture, total impact on agricultural production is uncertain.

8. Ground water use in agriculture would play an important role in the future. It would be used as the supplemental water source for the severe drought period but would also cause the deterioration of aquifers if the usage exceeds its capacity. In order to optimize its use without any harmful effects it is crucial to understand the ground water flow regime in the Basin, however, there are very few studies nor monitoring system in the Basin.

9. A strategy review of the MRC's role in agriculture in 2009 proposed four key elements of the MRC's future role in the sector. Taking into account the recent progress of IWRM-based basin-wide planning and strategy, these elements can be elaborated as follows.

- Effective integration of knowledge and information on the current status and trends of the agricultural sector and related basin-wide issues into MRC and Member Country planning systems
- Integration of the outputs from MRC strategic planning processes and principles of IWRM into national agricultural planning and development processes
- Demonstration of the effectiveness of trans-boundary cooperation in addressing management issues in the agriculture sector
- Capacity developed among Member Country agencies and staff for integrating IWRM considerations into agricultural planning and management

10. Taking into account the proposed goal of the Strategic Plan 2011-2015 in which Member countries apply basin-wide IWRM approaches in national water and related sector frameworks and development programmes, the main activities in the new AIP should be to support Member Countries to adopt an IWRM-based water management and planning in the institutional and policy framework of the agriculture and irrigation sector.

11. While past projects in AIP have focused on irrigation and agricultural water use, the question is would the new phase of AIP continue to focus on that or broaden its field to the whole agricultural system and development e.g. farming systems, rural development, and poverty alleviation. Therefore, an institutional mapping to review related activities by other institutions to identify which areas should be MRC's focus and to seek the collaboration and coordination with other organizations should be conducted at an early stage of formulation of the Programme.

12. AIP is now preparing a draft concept note which would be discussed with the concerned agencies and NMCs in Member Countries in the coming months.

***The Joint Committee may wish to take note of the progress of the Agriculture and Irrigation Programme.***

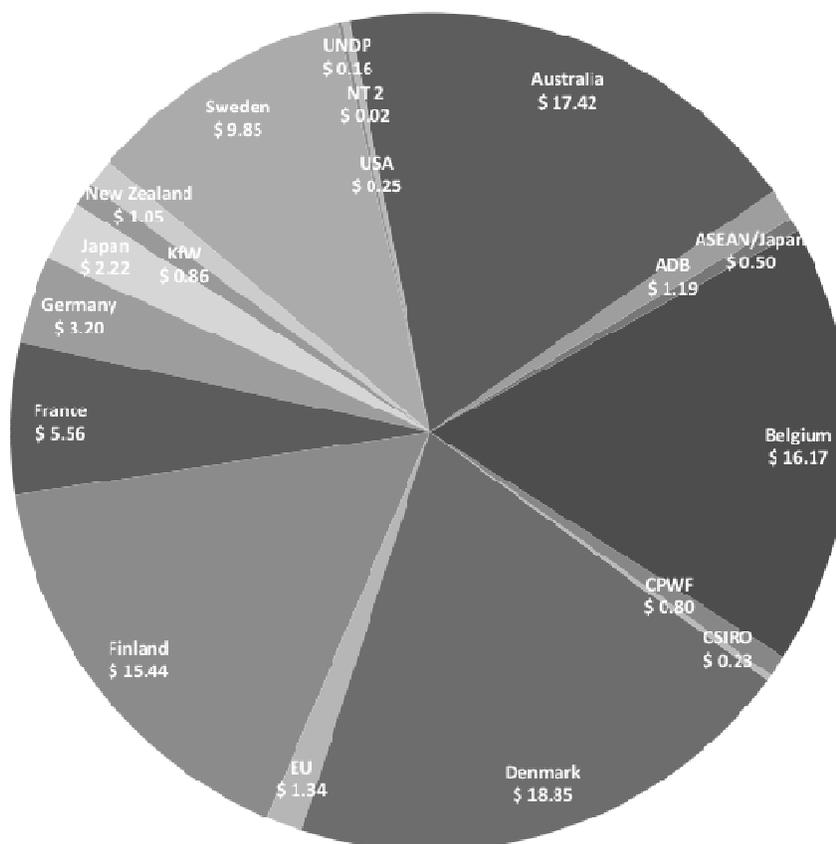
**NOTE FOR INFORMATION**  
**IMPLICATION FOR PRIORITY FUNDING NEEDS**

**I. MRC Funding Situation**

1. Since the signing of the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin in 1995, Mekong River Commission (MRC) has enjoyed strong and continuous support from the development partner community. During the period from 2005-2010, over eighteen development partners provided funding support for MRC activities in a total amount of approximately US\$ 95.1 million.

2. Details on donor funding over the period of 2005-2010 are shown in the following chart (figure 1):

**Figure 1: Multi-year Funding Agreement towards Technical Cooperation Budget (2005-2010)(in US\$ 1,000)**



3. The MRC Strategic Plan 2006-2010 is approaching its completion and the new Strategic Plan for 2011 - 2015 is expected to come into effect from 1 January 2011. The programme activities under the new Strategic Plan 2011-2015 will be driven by the principles of Integrated Water Resource Management (IWRM) and administered through a more effectively integrated programmatic structure of the MRC. The totality of work programme funds constitutes the Technical Cooperation Budget (TCB) of the Mekong cooperation

programme for sustainable development of water and related resources. In a consolidated programming effort, programmes will be aligned with the 2011-2015 strategic planning cycle.

4. MRC is in a healthy funding situation with a number of commitments of support for implementation of its activities in the Strategic Plan 2011-2015. Various agreements have been signed, providing funding for some of the MRC programmes to continue their work in the upcoming years beyond 2012, namely the Climate Change and Adaptation Initiative (CCAI), Environment Programme (EP), Fisheries Programme (FP), Integrated Capacity Building Programme (ICBP), Information Knowledge Management Programme (IKMP), Initiative on Sustainable Hydropower (ISH), Mekong-Integrated Water Resources Management Project (MIWRMP), Navigation Programme (NAP), Water Management Trust Fund (WMTF) and Watershed Management Project. The Flood Management and Mitigation Programme (FMMP), and the Basin Development Plan (BDP) do not yet have committed funds to continue their work after 2010 although a preliminary pledge has been made for the BDP. As yet no funding sources have been identified for implementation of the Agriculture and Irrigation Programme (AIFP) strategy and longer-term work on drought management, although some pledges have been made. In addition, commitments for the period of the new Strategic Plan for 2011-2015 have been made by development partners to some programmes and initiatives namely CCAI, EP, FP, ICBP, and ISH. Additional funding needs during the next Strategic Plan period including new initiatives identified through the BDP Phase 2 will therefore need to be updated in line with the next MRC Strategic Plan 2011-2015.

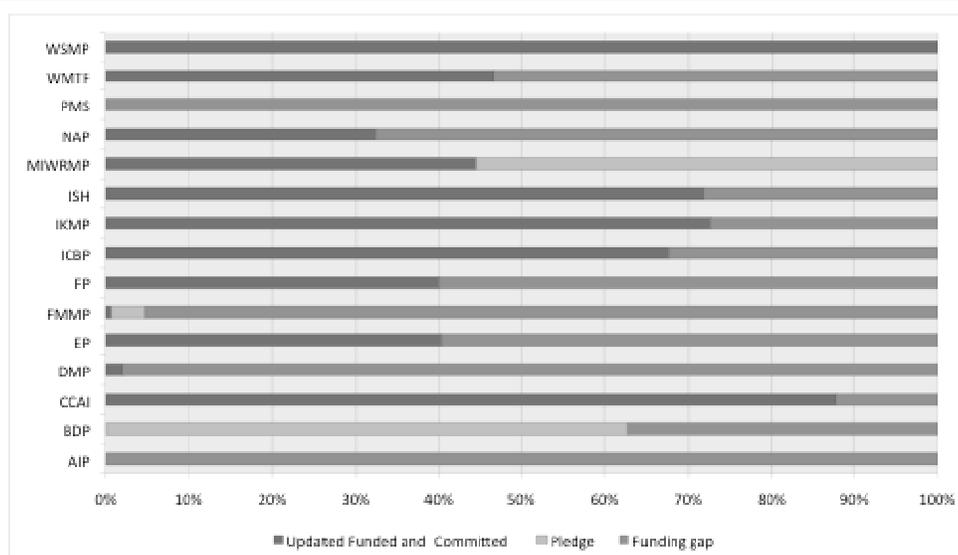
5. In addition to the programmes, projects and initiatives executed by the MRC Secretariat under its TCB, a number of projects complying with the IWRM-based Basin Development Strategy prepared by BDP will be further formulated for development partner support by Member Countries. These will be executed by other agencies in association with the MRC and will be recorded in the MRC Associated Technical Cooperation Budget (ATCB). Implementing agencies could range from line agencies, regional organisations, partner agencies, and Non Governmental Organisations (NGOs) to private sector entities.

## **II. MRC Funding Priorities**

6. The MRC funding situation on programmes and budget is presented in Table 2. They are based either on existing documents, or a forecast based on current expenditure levels and future level of activities expected with the progressive implementation of MRC Core Functions.

**Table 1: Funding needs per programme for the period 2011-2015 (in US\$ 1,000)<sup>1</sup>**

	2011-2015				
	Estimated Budget	Updated Funded and Committed	Estimated Funding needs	Pledge	Funding gap
AIP	4,950	0	4,950	0	4,950
BDP	10,500	0	10,500	6,600	3,900
CCAI	13,040	11,460	1,580	0	1,580
DMP	13,600	270	13,330	0	13,330
EP	11,000	4,430	6,570	0	6,570
FMMP	15,000	75	14,925	630	14,295
FP	12,500	5,000	7,500	0	7,500
ICBP	7,800	5,275	2,525	0	2,525
IKMP	15,400	11,200	4,200	0	4,200
ISH	12,500	9,000	3,500	0	3,500
MIWRMP	12,823	5,700	7,123	7,123	0
NAP	8,000	2,600	5,400	0	5,400
PMS	1,000	0	1,000	0	1,000
WMTF	3,000	1,400	1,600	0	1,600
WSMP	450	450	0	0	0
<b>Total</b>	<b>141,563</b>	<b>56,860</b>	<b>84,703</b>	<b>14,353</b>	<b>70,350</b>



7. Most of the MRC ongoing programmes, initiative and projects are of five to ten years duration over different periods of time. Some programmes are ending in 2010. A majority of these programmes will start a new phase with a duration matching that of the Strategic Plan 2011-2015. Table 2 presents a general overview of the funding situation per programme for the period 2011-2015. The estimation of funding needs is based on the estimated budgets of each programme and the funds received or committed by Development Partners. Multi-year funding required for the implementation of the programmes under the Strategic Plan 2011-2015 and under the TCB amounts to a total of approximately US\$ 141.563 million. Funds have been secured for different periods of time and most programmes have received commitments of support to partially cover implementation of activities until the end of 2015.

8. Funding priorities refer to ongoing programmes facing near shortage of funds or those that do not have commitments sufficient to undertake their core functions. The absence of funding would in some cases mean termination of activities and thus separation of staff and loss of the previous investments in the programme. Within the MRC's current programme portfolio, programme continuation should be ensured. The following table presents shortages expected during the next strategic planning cycle from 2011 onwards. The table provides a detailed explanation of the funding gaps for the next Strategic Plan

<sup>1</sup> The budgets of the AIP and the DMP are currently being revised.

while illustrating the differences between MRC programmes in terms of funding agreement durations. A majority of the programmes have funds to implement activities until the end of 2012 and some of them until the end of 2015.

9. Based on this analysis, a number of programmes are in a situation requiring immediate funding commitments for the next strategic planning cycle, namely AIP, BDP, DMP, FMMP, FP, NAP and PMS. None of these programmes have received a formal commitment of support to implement activities during the next Strategic Plan. Moreover, IKMP, ISH and WMTF are not in a critical funding situation but further funds need to be identified to fulfil priorities.

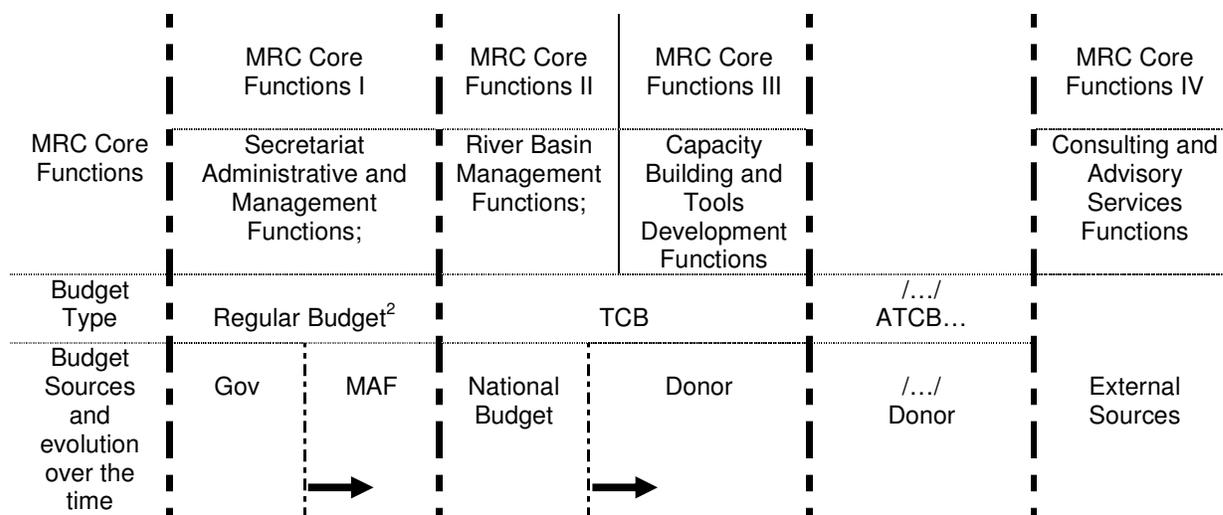
### **III. Future MRC Funding Perspectives**

10. With the formulation of the Strategic Plan 2011-2015, the MRC is currently considering the classification of future developments with corresponding financing for the next two strategic planning cycles (2011-2015; 2016-2020). Over the next 10 – 15 years, most of the core functions of MRC that are now mainly funded under the TCB, will increasingly be considered routine functions of the MRC, and they will gradually become supported by Member Countries or will be implemented directly by Member Countries' administration through other national budget allocation.

11. The different MRC Core Functions will correspond to different sources of financing for sustainable water resources development available to the MRC (see Figure 2):

- (i) Secretariat Administration and Management Functions supported by the MRC Regular Budget to which Member States and Management and Administration Fee (MAF) contribute under the Operating Expenses Budget (OEB). In the course of full riparianisation, the OEB will become equivalent to the Regular Budget, as support and posts now funded externally through Development Partners' contributions to core management will correspondingly cease. This means that income sources to the Regular Budget would only be those currently established for the OEB, namely Member States' contributions and income from the Management and Administration Fee (MAF).
- (ii) River Basin Management Functions and Capacity Building and Tools Development Functions are currently supported mainly by the Development Partners' grants to the MRC programmes under TCB; and also by Development Partners' grants and loans to the Member Countries under the Associate Technical Cooperation Budget (ATCB). National budget support through line ministries for the implementation of the MRC programmes is expected in the future. Some activities are already making great progress in that direction. For instance, governments are already providing 75% of the budget from the technical ministry to implement water quality monitoring activities, while the MRC Secretariat provided 25% of the budget. The MRC also receive in-kind support from Member Countries.
- (iii) Consulting and Advisory Services Functions would be supported by external sources for technical advice provided by the MRC Secretariat.

**Figure 2: MRC sources of funds**



12. Once these cost and income elements have been defined and calculated in more detail, a final step will then have to be how to consider broad realistic funding levels for the MRC to develop an overall budget framework horizon. This will need to take into account the development status of its contributing Member States, but also the expected shrinking ODA perspective as MRC Member states graduate from “developing” status.

13. On the other hand, new income sources such as direct contributions from member countries for national implementation of Core Functions, service fees, or sustainability fund arrangements may offer funding hitherto untapped at the MRC. These potential sources will need to be explored further and developed into concrete concepts. The main changes expected over time will be that the Technical Cooperation Budget will receive less funding from development partners while receiving more from member countries. At the same time, it is also likely that the overall volume of technical cooperation programmes at the MRC reduces due to a reorientation towards addressing core river basin management functions and routine management activities rather than initial tools development. However at the same time, it is important to note that at present, a significant part of the larger MRC Work Programme is not actually being implemented for a lack of funding. Therefore taking these factors into account, the annual turnover of the MRC in its Technical Cooperation Budget may remain at the present level of US\$ 10 – 15 million per year at least during the first half of the next Strategic Planning cycle. The Associated Technical Cooperation Budget on the other hand is likely to increase as projects considered to be consistent with the IWRM-based Basin Development Strategy are firmed up.

14. As the development status of the MRC Member Countries progresses and operation of water resources development projects potentially offers additional income sources, Member States’ contributions as the pre-defined income source for the OEB and Core Functions could be increased over the next two or three strategic planning cycles to demonstrate full ownership of MRC by Member States.

15. The MRC Programmes are complementary to other regional programmes such as the Greater Mekong Sub-region coordinated by the Asian Development Bank, the ASEAN initiatives and bilateral support from international development partner community, investment banks and other regional organisations. This Strategic Plan 2011-2015 and the Basin Development Plan will identify additional opportunities for channelling such investment support and setting priorities and joint implementation arrangement through the ATCB.

<sup>2</sup> There is a proposal in the draft SP2011-15 to rename the Regular Budget as Corporate services Budget and the TCB as Work Programme Budget and ATCB as Associated Project Development Fund.

***The Joint Committee may wish to take note of the MRC funding priorities and the significant contribution of Development Partners' support and cooperation with other partners.***

## **MATTER FOR CONSIDERATION**

### **DRAFT OUTLINE OF MRC WORK PROGRAMME FOR 2011**

1. The draft of the Work Programme 2011 was originally scheduled for delivery in August 2010 but has been delayed due to the on-going formulation process of the Strategic Plan 2011-2015 and the Member Countries' consideration of key programme documents. Without endorsement of documents for next phases of most MRC programmes such as BDP, EP, CCAI, IKMP, FMMP and FP, the draft will not be sufficiently comprehensive to submit to the Joint Committee for consideration.
2. Subject to endorsement on the various programme phases for 2011-15 by the Joint Committee at the Thirty-second Meeting under agenda item E.3 - Consideration on Formulation of New Phases of Programmes, it is expected that the draft Work Programme 2011 will be ready for comment in the first half of October 2010. The outline of the Work Programme 2011 is provided in the attachment for consideration.
3. The structure of the Work Programme 2011, however, remains the same as last year's Work Programme with some minor adjustments regarding the new Strategic Plan and the recently developed performance management system. The presentation of the MRC Work Programme 2011 will become more output-oriented. It will start with a general introduction to the MRC and overview of coordination across programmes. The second part of the Work Programme will present the MRC Integrated Programme approach, with an overview of the programmes' linkages and their active agreements and funding sources. The third part will provide the reader with concise information on a given programme such as what a programme is aiming to achieve and sets out its structure. It will also provide the progress of the implementation of a given programme in 2010 with a chart on the budget status and description of its output achievements, and set out planned outputs and activities of a given programme for the year 2011. In addition, the graphical illustration on the achieved outputs for 2010 and planned outputs for 2011 will be presented in this part for those Programmes that have already been funded.

***The Joint Committee may wish to provide guidance on the proposed outline of the Work Programme 2011.***

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<sup>1</sup> The extent to which activities of the Drought Management Programme can be defined will depend on progress on the initial Start-up Project and availability of funding

<sup>2</sup> At this stage it is expected that tourism related activities would continue to be incorporated into other relevant programmes as appropriate, e.g. Environment Programme and Navigation Programme

**CLOSING STATEMENT**

*by*

***H.E. Mr. Pich Dun***

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Cambodia National Mekong Committee  
Acting Member of the MRC Joint Committee for Cambodia  
Chairperson of the MRC Joint Committee for 2010/2011

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Viet Nam National Mekong Committee  
Member of the MRC Joint Committee for Viet Nam*

***Excellencies***

***Distinguished Delegates of the Union of Myanmar and Development Partners and  
International Agencies  
Ladies and gentlemen  
Colleagues and friends***

We have reached the end of our Thirty-second session which has been informative and productive and I would like to thank all participants for contributing to a very fruitful discussion.

My thanks go to everyone who is here; the representatives of our Dialogue Partners for participating in this meeting, our Development Partners, delegates from Member Countries and the staff of the CNMC and MRC Secretariat who helped make the last two days possible as well make preparations for the Dialogue Partners Meeting tomorrow.

We have been presented progress on the implementation of the MRC Hua Hin Declaration, achievements of our wide ranging programmes and the participatory process of formulating the Strategic Plan 2011-2015 and the IWRM-based Basin Development Strategy. In the coming weeks I look forward to seeing the second draft of the Strategic Plan 2011-2015 and the final draft of the IWRM-based Basin Development Strategy which will guide the focus of development and management activities in the Lower Mekong Basin in the future.

We have discussed a range of strategic issues facing the MRC over the coming months and

years and agreed on the new phase of our programmes to respond to them and the long term core functions of the organisation.

The MRC is going to feature more prominently in the public eye over coming years as hydropower and climate change take centre stage and people turn to the organisation for knowledge, direction and objective assessment on the issues. We are taking a range of steps to make sure that knowledge is available and I look forward to seeing how our work over past years can be drawn together to meet these challenges and result in truly sustainable outcomes that benefit the people of the Basin.

I thank you all for coming and now invite you to the opening of the Office of the Secretariat in Phnom Penh this afternoon, to mark a key decision of the MRC Council on a permanent co-hosted location for the MRC.

For those who are leaving this evening, I hope you had a pleasant stay in Phnom Penh and wish you a safe trip home.