Development Opportunities in the Greater Mekong Sub-region

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Abstract

In the current economic and political climate, there is a surprising dynamism in development activities of the Greater Mekong sub-region. There are numerous government developments, donor supported activities, activities of university groupings and NGO activities around economic liberalisation, opening of trade and major corridor developments, and most recently human resource development, as regional activities amongst the six countries of the sub-region. The paper outlines some of these issues and activities and provides contact points for exploring issues and opportunities.

1. Background

In March of this year, I led a Review team to the Greater Mekong Sub-region (GMS) countries for the Government of New Zealand. The Review team assessed progress, since 1996, of the NZODA support for the establishment of the Mekong Institute (MI) and its activities. The Mekong Institute was established as a Centre of Khon Kaen University (KKU), in Khon Kaen in northeast Thailand. MI’s mission is to contribute to the acceleration of sustainable economic cooperation, social development and regional cooperation through training and research. MI has become a regional training facility providing a range of programs to mid-level government officials from the GMS. Training courses are 2-10 weeks in length. They have generally focused on economies in transition, trade and liberalisation of economies. There have been some courses on other topics, such as tourism. Courses are generally conducted in the English language, with preparatory ELT provided locally (in home countries). Courses are generally run at the special purpose MI building, with participant accommodation (including 24 hours Internet access from their rooms). MI training courses have provided training for over 1,000 key personnel of the six countries of the Greater Mekong Sub-region since 1996.

As part of the Review, team members visited the member countries of the Greater Mekong sub-region: Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand, the People's Republic of China (Yunnan Province) and Vietnam. Meetings were held with government officials, representatives of donor agencies and institutional personnel. These meetings revealed an active and emerging set of development activities across these countries, including a major need for human resources development. Governments and donor agencies expressed strong commitment to, and support for, such human resource development on a regional basis.

This paper outlines some of these developments and is partly based on work of the team. It points to opportunities which universities and educational organisations in Australia and New Zealand should explore to contribute to this growth and development.

2. Developments and Government Commitment to the Greater Mekong Sub-region

In early November 2002, the first-ever Mekong Summit of Leaders of the six GMS states will take place in Phnom Penh, Cambodia. This meeting will celebrate the 10th year anniversary of the ADB-supported GMS Economic Cooperation Program. It will focus on the forging of a GMS-wide cross-border facilitation agreement, signing of the inter-governmental agreement on power trade, and finalization of financing and implementation arrangements for the North-South Corridor. Preparations for the Leaders meeting include meetings for Donor Coordination, and for Ministers Coordination, in September 2002.
With problems in the US economy supporting a trend to increased attention to intra-region trade, combined with China's continuing growth to be the major economy in the region (with increasing access under WTO related reforms), a strong political commitment to regional cooperation is expected at the summit of leaders.

The GMS Economic Cooperation Program was initiated in 1992, when trade and other forms of cooperation among the six participating countries (Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and Yunnan Province of PRC) that share the Mekong River were still limited. The program of economic cooperation has involved ten major road and infrastructure projects, with a focus on economic corridors of development across countries of the sub-region.

For example, a Preinvestment Study of the GMS East-West Economic Corridor was completed in 2001. The Study is presented in a six volume Report which identifies 70 key projects, policies and initiatives that are needed to develop the Corridor. This study provides the framework for economic cooperation along a thousand mile land route coast-to-coast from Myanmar through Thailand, Laos and Vietnam. When the major transport infrastructure projects (a second bridge across the Mekong, road and tunnel improvements) are completed (by about 2005) the Corridor will play a major role in integrating the GMS countries economically and physically. Benefits are seen by the ADB as:

“increased flows of trade and investment, development of secondary cities, regional development of remote border areas, poverty reduction, and more efficient use of economic space, including improved access of inner parts of countries to sea ports”. (ADB. Nov. 2001).

In November 2001, a 10 year forward cooperation strategy to boost cross-border trade and investment and encourage economic integration in the Mekong countries, was agreed. Four countries (Cambodia, Lao PDR, Thailand and Vietnam) signed a landmark cross-border agreement to facilitate the flow of people and goods. The PRC and Myanmar are expected to join the agreement in the near future. The agreement simplifies and harmonizes legislation, regulations, and procedures relating to cross-border transport to facilitate speedy joint inspections. The ministers noted that:

“The agreement would be a vital complement to free trade among the Association of Southeast Asian Nations (ASEAN) and the PRC. It will maximize the benefits of major road projects linking north to south and west to east.” (ADB. Nov. 2001).

The strategy included an action plan for three years involving 10 flagship projects requiring more than US$900 million in investment financing and US$30 million in technical assistance. The ADB is organising a Donors’ Coordination meeting and encouraging private sector participation. Projects identified under the action plan include:

- North-South Economic Corridor;
- East-West Economic Corridor;
- Southern Economic Corridor;
- Telecommunications Backbone;
- Regional Power Interconnection and Trading Arrangement;
- Facilitating Cross-Border Trade and Investment;
- Enhancing Private Sector Participation and Competitiveness;
- Developing Human Resources and Skills Competencies;
- Strategic Environment Framework; and
- Flood Control and Water Resources Management.

The population of these participating countries has been estimated to be 250 million, with an overall GDP of about US$190 billion (US$760 per capita per annum). The sub-region income per capita is still low, with Cambodia, Laos and Myanmar among the world’s poorest countries. There has been economic growth over the past decade, reflecting the growing interest of international investors and
the success of economic reforms. However, the Asian economic crisis has caused setbacks. Given an industrious workforce and abundant natural resources, the long-term prospects are bright.

The sub-region is marked by serious discrepancies in economic development. For example, Thailand has a relatively well developed market economy - essentially a capitalist economic system. China is the major growth economy in the region, but Yunnan province has limited industrial development and long distances to the eastern seaboard of China. The economy of Myanmar is theoretically socialist but is more realistically described as militarist. Its economy is still centrally planned and fragile. Vietnam, Cambodia and Laos are trying to move from centralised economies towards a more liberal market system, while maintaining their own political frameworks. Even given these differences in states of economic development, one finds strong common themes of liberalising economies, opening up trade and pursuing social and economic development through regional, as well as national, approaches.

Human resource training and development still has a long way to go, especially in Cambodia, Laos and Myanmar, where nearly any sort of training is in high demand. Training related to the GMS Sub-region corridors and increased access across borders is now being given increased attention, both to facilitate capacity building for regional activities and to improve HRD in relevant provincial areas. Countries in the GMS continue to work together to enhance the competitiveness of the region by improving the skills and productivity of the labour force, improving living standards, providing social services and economic opportunities, and broadening the base of participation through empowerment of grassroots communities and the private sector.

Overall, government commitments to the regional approach are strong, though they differ in agendas and emphasis. For example, Cambodia currently hosts the Mekong Rivers Commission and is looking to maintain the Commission in country (it is scheduled to move to Laos). The government is also actively working to attract more Mekong region centres to be set up in Cambodia (this is likely to be a feature of some discussions at the Leaders Summit in Phnom Penh in November). Laos is at the centre of most Mekong issues and does not want to lose control of developments and activities, both in country and affecting the country. Myanmar is still cut-off from many international contacts and sees its membership of ASEAN and its involvement in GMS Sub-region activities as one of the available ways of expanding its contacts and upgrading its capabilities prior to any wider opening up. The Royal Thai Government is strongly committed to extending development, contacts and trade in the sub-region to promote its markets and access an alternative to reliance on trade with Western countries. Yunnan province is not at the forefront of national developments in China and the provincial government in Kunming sees the GMS Sub-region cooperation as a major opportunity for international trade and development. They are committed to opening access through development of GMS cooperation. Vietnam is keen to expand investment, trade and international activities in ways which they can control and influence, and the sub-region may be more amenable than other approaches.

In spite of the different agendas of different governments, there seems to be a common commitment to GMS Sub-region approaches which is strong and purposeful. If supported by donor agencies, other governments and internationally oriented institutions, growth and development prospects are promising.

3. Donor Support and Activities

Since 1992, overall investment in the GMS program has reached US$2 billion. While most of the funds have been directed to infrastructure projects, there is increasing attention to capacity building activities. Under the Working Group on Human Resource Development (WGHRD), the ADB has supported a number of projects, including those relating to the prevention and control of HIV/AIDS, employment promotion and training, and addressing the health and education needs of ethnic minorities. It also planned to address other areas, including skills training, to meet market demand, and training in environmental conservation and management. The ADB has emphasised the
importance of continuing partnerships with many organisations, NGOs and private sector. These partnerships are important to the success of the GMS Programme through co-financing and other forms of contribution.

Poverty reduction is the overarching objective of donors, and human resources development (HRD) and regional cooperation are two strategic areas identified to meet the UN Millenium Development Goals and the International Development targets. Poverty reduction is also increasingly becoming the focus of national development planning especially for those developing countries wishing to access international financial and lending mechanisms (Vietnam, Cambodia, and Laos have now formally qualified for IMF Heavily Indebted Poor Country debt relief and will, as a result, be required to develop Poverty Reduction Strategy Plans by the end of 2002). In the context of the on-going economic crisis in Asia, there is an urgent need to improve the social protection system and to address the issue of poverty reduction in the sub-region’s agenda. The activities identified by the WGHRD, namely education, training, labour market management, and health services, are largely country-based operations. However, within these broad areas, there are sub-regional dimensions that could generate economies of scale. These include information exchange, HIV/AIDS issues, drug control, labour migration, vaccine procurement, specialised education and training, networking among institutes of higher education and training, resource mobilisation and inter-agency coordination.

At the ADB meeting in Mukdahan, Thailand in 1999, to discuss the East-West Transport Corridor Project, HRD and skills training were seen as critical elements in the ultimate success of the economic corridor. There is now greater awareness that, while infrastructure projects are important and necessary, their contribution to poverty reduction will be limited if the region’s “software” - its people and institutions - are not equipped with appropriate and relevant skills to take advantages of the new challenges. The “software” components of the GMS development and integration are yet to receive adequate attention. This was affirmed at the Tenth GMS Ministerial Conference sponsored by ADB and the Third Ministerial Meeting on ASEAN-Mekong Basin Development Cooperation in 2001.

In recent years, and currently with the UN International Conference Financing for Development, at Monterrey, Mexico in March 2002, donor awareness and focus has placed greater emphasis on poverty reduction. This will continue in the aftermath of the World Summit on Sustainable Development which took place in Johannesburg in August/Sept. 2002. One of the strategies that donors encourage is good governance that deals with anti-corruption, transparency of administration, accountability for allocation of scarce resources, and legislative reforms that would encourage good management practices. This, in turn, will encourage private investment, economic growth, and thus employment and wealth for the poor.

The international community has also moved to activate the WTO Doha Development Agenda emanating from the 4th Ministerial Meeting in November 2001 by launching a programme of trade related technical assistance and capacity building aimed at integrating “development” into collective actions on trade. WTO staff envision creating regional centres for capacity building such as the International Trade Centre in Singapore. The WTO is also creating country files for all members. Cambodia has been participating in the pilot project which has identified and prioritized key constraints to integration in the multilateral trading system and global economy, and the implications for policy reforms and technical assistance needs. APEC, ASEAN and UNCTAD run other trade related initiatives with assistance from multilateral institutions such as the World Bank, ADB, OECD, IMF, UNDP and bilateral donors. While GMS governments are at different stages in the WTO accession process, the integration of WTO obligations and the trade and development agenda into multilateral, regional and bilateral trade arrangements and national development strategies requires both immediate and ongoing assistance. The World Bank has noted three emerging trends: behind-the-border issues to retain competitiveness, ensuring the poor benefit from openness and renewed prominence of regional trading arrangements. Recent work has focussed on an analysis of the linkages of trade and poverty, including transport and logistics management to better integrate remote poor regions in Laos, Cambodia, Vietnam and China.
At a MI workshop in April 2001, a broad base of training needs covering social and economic development was identified by donors. Examples of these include:

- The role of the government in enhancing competitiveness in an open-market environment
- Sustainable economic growth and development
- Good governance at the national, regional, and local levels
- Project appraisal including trans-boundary issues
- Environmental management and protection
- Border and corridor facilitation and mitigation issues.

The issues associated with economies in the GMS are extremely complex. Consequently, the participants need to appreciate the size of the tasks facing their governments and private sector in achieving their goals and to learn how to avoid problems arising from inconsistent economic and social policies. Research was seen as an area with potential. Issues relating to developments arising from improved transport links were seen as the most important research area by at least one key stakeholder. Other areas for research included trade and investment facilitation, private investment, tourism, water resource management, environmental management, and cross-border issues.

**Asian Development Bank**

The ADB has been the main donor agency support for the GMS development over the last ten years and has a specific purpose Secretariat for the ADB Program. The ADB will continue to support the approach and projects under this umbrella, but they are keen to involve other donor agencies, private sector companies and other organizations in the Program. The ADB has received considerable criticism from NGOs on some of the development projects and is active in trying to widen the base of participation and contributions.

In April 2002, the ADB announced the launch of the **Mekong Enterprise Fund** as the first venture capital fund to make equity investments in small- and medium-sized private businesses in Vietnam, Lao and Cambodia. The US$16 million Fund aims to invest in private companies founded and managed by private entrepreneurs, with a focus on export industries and local service providers.

The current cut-backs in Japanese aid funding hold some potential for limiting work by the ADB (since Japan is a major funding support for the Bank). Already, the ADB is looking for bilateral donor agencies to fund TA, because of fund limitations. Given that the Royal Thai Government has decided not to take any further ADB loans, the ADB has also been discussing options of either closing its Bangkok office or moving the GMS Secretariat to Bangkok as a regional office.

**World Bank**

The World Bank has not been a major player in the GMS developments, generally working on a bilateral basis with a limited regional agenda. They do see the next two years as a period where there will be a reassessment of the regional approach which may possibly lead to changes in the WB program. There will be a continuing focus on developing poorer areas of Cambodia and Laos, and that may open the way for support of GMS related projects. The World Bank now has no new loans with Thailand and no loans with Myanmar (though this may change in the future).

**United Nations**

The United Nations Development Programme (UNDP) has very limited budget for regional activities and should not be seen as a major source of funds for activities. UNDP is active in supporting consultations and establishment of structures and programs for development in the region. UNDP is particularly keen on activities to develop CLMV countries (Cambodia, Myanmar, Laos and Vietnam). For example, UNDP is working with ASEAN on the HRD initiative, particularly under the Initiative for ASEAN Integration (IAI) aimed at raising up the CLMV members to economic levels comparable with other ASEAN members. ASEAN is not in itself a source of funds, but may tap donor funds
through ASEAN. UNESCO and UNCTAD have supported some regional development activities for the Mekong sub-region.

**Bilateral Donors**

Bilateral donors have significant programs with Cambodia, Laos and Vietnam on an individual country basis. Programs with Thailand tend to be either stable or declining, given the advancing economic status of Thailand. Activities with Myanmar are very limited on political grounds, though there are views that this may change over the next two years. While most bilateral donors have activities with PRC, few of these are focused on Yunnan province.

Australia, along with some other donors has some regional programs (for example, in 2001, AusAID commenced a high profile HIV/AIDS program, basically for the GMS countries). New Zealand has had a major project supporting the Mekong Institute and its training programs since 1996. However, there are few other GMS focused regional programs of bilateral donors and few initiatives related specifically to the development of corridors and other elements under the ADB supported GMS Economic Cooperation Program.

4. **NGO Critical Advocacy**

There is significant advocacy by a number of activist NGOs which are concerned about environment and people issues for the region. A major focus has been on dams, both up-stream dams on the Mekong and dams on related rivers in the region. Issues raised concern both the immediate impact on environment in the area of the dam and the resettlement of villagers from dam catchment areas. There is also major attention to impacts downstream on the river environment, on the livelihood of fisher, and other, folk downstream and on related social effects. Dams are proposed for the upper reaches of the Mekong and on inflow rivers, and the cumulative effects downstream in areas of Cambodia may be significant.

The NGOs have undertaken consultations with local people and have lobbied governments and donor agencies on the issues. Some international NGOs have been particularly critical of the World Bank and the ADB. In each case the multilateral agencies have taken some steps to consult with such NGOs, to modify their activities and to do additional environment and social impact studies. However, there are still many basic disagreements over projects and their effects.

NGOs have supported and undertaken a number of studies to obtain data and information on impacts. For example, active programs are run by the Canadian group Probe, with a [Probe International Mekong Campaign](http://www.probeinternational.ca), and by [Towards Ecological Recovery and Regional Alliance (TERRA)](http://www.terra.asia). In some cases, significant mechanisms have been set up with universities for research studies and websites for dissemination. [The Australian Mekong Resource Centre (AMRC)](http://www.amrc.org) School of Geosciences, University of Sydney is an example. The AMRC is in receipt of funds from Community Aid Abroad, Oxfam Australia, the University of Sydney and the Rockefeller Brothers Fund (USA). Staff have been involved in a number of studies related to issues of the region and the AMRC website is linked in the network of websites on Mekong issues.

5. **Opportunities for Universities and Institutions With Active Roles**

As noted above, training and research on a regional basis is gaining significant attention. There are various consultations and groupings of universities of the GMS countries and international universities working on mechanisms to provide higher education training and research on a regional basis. The Mekong Institute itself is a form of such a venture involving Khon Kaen University and New Zealand universities. SEAMEO is currently undertaking consultations with UNESCO and Cambodia on possible establishment of a Virtual University for the Mekong (possibly based in Cambodia, which has expressed interest in a Centre). A key focus of these consultations is the use of Internet technology
and consortia of local and international universities to best deliver quality international focussed education for the region.

Two other interesting groupings of universities and university personnel are:

**Greater Mekong Subregion Tertiary Education Consortium (GMSTEC)**

GMSTEC was established in 2001. Members include:

- Victoria University (NZ); University of Canterbury (NZ); Adelaide University (Australia);
- Asian Institute of Technology (Bangkok, Thailand); Khon Kaen University (Khon Kaen, Thailand);
- Yunnan University (Yunnan, China); National Economics University (Hanoi, Vietnam);
- University of Economics (Ho Chi Minh City, Vietnam) – and the Mekong Institute as an Associate member.

At a foundation meeting in Yunnan in November 2001, it was agreed to establish the Consortium, with a Secretariat and a Trust Fund to be set up by Victoria University. Consultations would proceed to gain representation from higher education institutions in Cambodia, Laos and Myanmar. The focus of activities would be on staff and student exchanges, credit exchange and collaborative research on the GMS region. Longer-term agendas of establishing degree awarding programs for the region, possibly using Internet delivery approaches, are under consideration.

**The Greater Mekong Subregion Academic and Research Network (GMSARN)**

GMSARN was established in January 2001, at a meeting at AIT (supported by UNESCO). It involves regional institutions including the Institute of Technology of Cambodia, Kunming University of Science and Technology, National University of Laos, Yangon Technological University, Khon Kaen University, Thammasat University, Hanoi University of Technology, and the Asian Institute of Technology. The focus is on capacity building and joint research in the GMS countries.

GMSARN has been involved in various activities since inception and has a modest forward program of activities. For instance, in March 2003, GMSARN will help organise a five day E-Business Workshop in Myanmar ICT Park in Yangon to develop the private sector in the GMS.

The major issues for these various institutions and groupings of universities are to find a viable model and role, initial donor funding and government support and a long-term viable financial and operational approach.

6. **In Conclusion**

The key issue for universities and staff wanting to successfully participate in, and contribute to, these developments in the region, though cooperative training and research activities is to find appropriate and viable mechanisms. There is little doubt that the demand is there, and no doubt in the interest in the region. But finding a viable path forward is complex and uncertain. However, some good people are tackling these issues and there is room for more ideas and approaches to be tried and tested. A variety of funding sources need to be tapped, including entrepreneurial approaches to donor agencies, governments, private companies and fee paying individuals and their organisations. Universities and their staff in Australia and New Zealand have much to contribute to these developments, and in doing so, much to learn from the region and its people.
1. **Asian Development Bank, Greater Mekong Secretariat.**
   
   [http://www.adb.org/GMS](http://www.adb.org/GMS)

   This Secretariat coordinates the ADB project and activities for the Greater Mekong Sub-region and in many ways is the key contact for the Corridor and related developments.

2. **Australian Mekong Resource Centre (AMRC) School of Geosciences,**
   

   The AMRC is based at the Department of Geography at the University of Sydney. It has core funding support from Community Aid Abroad/Oxfam Australia, the University of Sydney and the Rockefeller Brothers Fund (USA). The AMRC is a centre for policy oriented research, discussion and debate on development and environment issues in the Mekong Region. The Centre focuses on greater availability and accessibility of information on development issues in the Mekong region and in promoting debate on the development/environment nexus. Its website contains quite useful information on water developments and dams and provides a good support base for critics of such developments in the Mekong basin.

3. **The Greater Mekong Subregion Academic and Research Network (GMSARN)**
   
   [http://www.ait.ac.th/gmsarn/](http://www.ait.ac.th/gmsarn/)

4. **Greater Mekong Subregion Tertiary Education Consortium (GMSTEC)**
   
   (See Jeff Howe at jeff.howe@vuw.ac.nz Victoria University, Wellington, New Zealand).

5. **The International Institute for Trade and Development ([www.itd.chula.ac.th](http://www.itd.chula.ac.th)).**

   ITD was inaugurated on 1 May 2002 at the Chulalongkorn University in Bangkok. The Institute is a research and training institute for Asian and other developing countries was established in Bangkok by UNCTAD and the Thai government. A senior Thai diplomat has been appointed as head and there is strong support from the Thai Ministry of Foreign Affairs and funding from UNCTAD. The Institute was a direct product of UNCTAD X, which called for a series of similar institutes worldwide to train developing countries in commercial diplomacy, globalization and liberalization, and international trade and investment facilitation. A digital library and seminar series were both launched at the Institute, a non-profit Thai public organization that will cooperate closely with UNCTAD, the Thai government and other international organizations, under funding from Japan and other donors.


   The Mekong Institute was established in Khon Kaen in 19996, with support from the Government of New Zealand. The intent is to foster regional cooperation and development in the Greater Mekong sub-region through training in transitional economics and public sector reform and facilitate their transition from centrally planned economies to market oriented economies.

7. **The Mekong Region Law Centre.**
   
   (Office of the Attorney General, Bangkok or Richard Moss Institute of Judicial Studies, Wellington, NZ ijs@clear.net.nz )

   The MLRC was established in 1994 and currently has a secretariat in the Office of the Attorney General in Bangkok, Thailand. The MRLC is a non-profit association of the legal communities of Cambodia, Laos, Thailand and Vietnam established to promote the rule of law, encourage sustainable economic and social development and facilitate the process of legal development within the countries of the region. They undertake a variety of legal programs which enhance legal education, strengthen legal capacity, encourage complementarity of legal systems and create a regional approach to problem solving. These include:
• Commercial Law Initiative;
• Environmental Law Initiative;
• Illegal Labor Migrations Project: The Case of Trafficking in Women;
• Legal Internship Project;
• Legal English Training;
• Legal Information Exchange.


Probe International educates Canadians about the environmental, social, and economic effects of Canada's aid and trade abroad. Probe's Mekong Program website provides an overview of infrastructure plans for the Mekong Region. The site contains media articles and background briefings, reports and links to other programs. The emphasis is on critical analysis of activities of ADB, Canada and other governments in dam construction and related activities in the Mekong region.


TERRA was established to focus on issues concerning the natural environment and local communities within the Mekong region, and works to support the network of NGOs and people's organisations in Burma, Cambodia, Lao PDR, Thailand and Vietnam, encouraging exchange and alliance-building. TERRA's site contains backcopies of their publications *Watershed* and *New Frontiers*. *Watershed* provides critical analysis of Mekong development issues, and *New Frontiers* provides summary information of tourism, environment and development issues.


SEAMEO is undertaking consultations with UNESCO and Cambodia on possible establishment of a Virtual University for the Mekong (possibly based in Cambodia, which has expressed interest in a Centre).