



DEEPENING DEVELOPMENT PARTNERS' ENGAGEMENT IN THE GREATER MEKONG SUBREGION PROGRAM

DECEMBER 2022



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THE 25TH GMS MINISTERIAL CONFERENCE



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GMS Program



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Abbreviations

- DPM - Development Partners Meeting
- ECD - economic corridors development
- GMS - Greater Mekong Subregion Economic Cooperation Program
- IFP - Investment and Financing Partner
- RIF - Regional Investment Framework
- SOM - Senior Officials' Meeting
- TA - technical assistance
- TKCP - Technical, Knowledge, and Capacity Building Partner



I. Introduction



GMS
SUMMIT
PHNOM PENH, CAMBODIA
25 MARCH 2021



ADB

At the 7th Leaders' Summit in 2021, the Greater Mekong Subregion (GMS) leaders approved the Greater Mekong Subregion Economic Cooperation Strategic Framework 2030 (GMS 2030) and mandated the GMS Program to become an open platform promoting enhanced participation by development partners, local governments, academia, and civil society. This would allow the GMS Program to draw upon a wider and deeper pool of financial, technical, and knowledge resources as it seeks to meet the region's expanding development needs, including by entering new and complex areas, if necessary. The GMS Secretariat subsequently initiated a study to explore new approaches to strengthening development partnerships in the GMS Program based on comprehensive consultations with development partners and member countries. This report presents the findings and recommendations of the study for consideration of GMS senior officials.

The GMS Program has emphasized development partnerships from its inception. Development partners have contributed actively toward the program's finance mobilization of over \$28 billion for GMS projects since 1992.¹ Support from development partners covers not only financing of investment projects through loans and grants but also through technical assistance (TA) and sharing of knowledge and expertise. GMS 2030 has called for the program to undertake work in new, innovative areas and to further emphasize themes that cut across its activities, such as migration, digitalization, gender, and trade and investment. Development partners can help the GMS Program in these emerging areas with their knowledge, expertise, and experience. At the same time, the financing needs in the GMS Program remain large and are likely to grow as the program expands to incorporate new areas and investments to promote green infrastructure for greater climate resilience (See also project criteria under the new GMS Regional Investment Framework in Appendix 2).

Currently, development partners' engagement in the GMS Program is largely through the Annual Development Partners Meeting—often held back-to-back with the GMS Ministerial Conference, where the partners are also invited to make brief statements on their support and areas for alignment of cooperation.² While this venue allows them to reiterate their support and outline their program in the subregion, the ambitious scope of the new GMS 2030 entails going beyond the existing processes and identify actions and mechanisms for deeper collaboration.

¹ Of this total, the Asian Development Bank (ADB), other development partners, and the private sector contributed more than \$22 billion (78%) with remaining share of \$6 billion (22%) coming from the GMS governments.

² The most recent GMS Development Partners' Meeting was held virtually on 9 December 2021, attended by over 200 participants from the six GMS countries and 30 partner organizations.

II. Framework for Deepening Engagement



The study has considered deepening partnerships in GMS at three different levels of engagement based on GMS experience: (i) institutional, (ii) sectoral and thematic, and (iii) project level.

First level: Institutional. This is potentially the deepest level of development partner engagement where the mandates of the development partners are strongly aligned with the GMS Program priorities. This may allow strategic coordination in a stable and predictable way, coordinating and sharing project programming, and active role in one or more sector working groups and project financing. It may also encompass regular or frequent interactions at institutional level with core elements of the GMS Program such as the secretariat, senior officials, and ministerial forums to coordinate program priorities and directions.

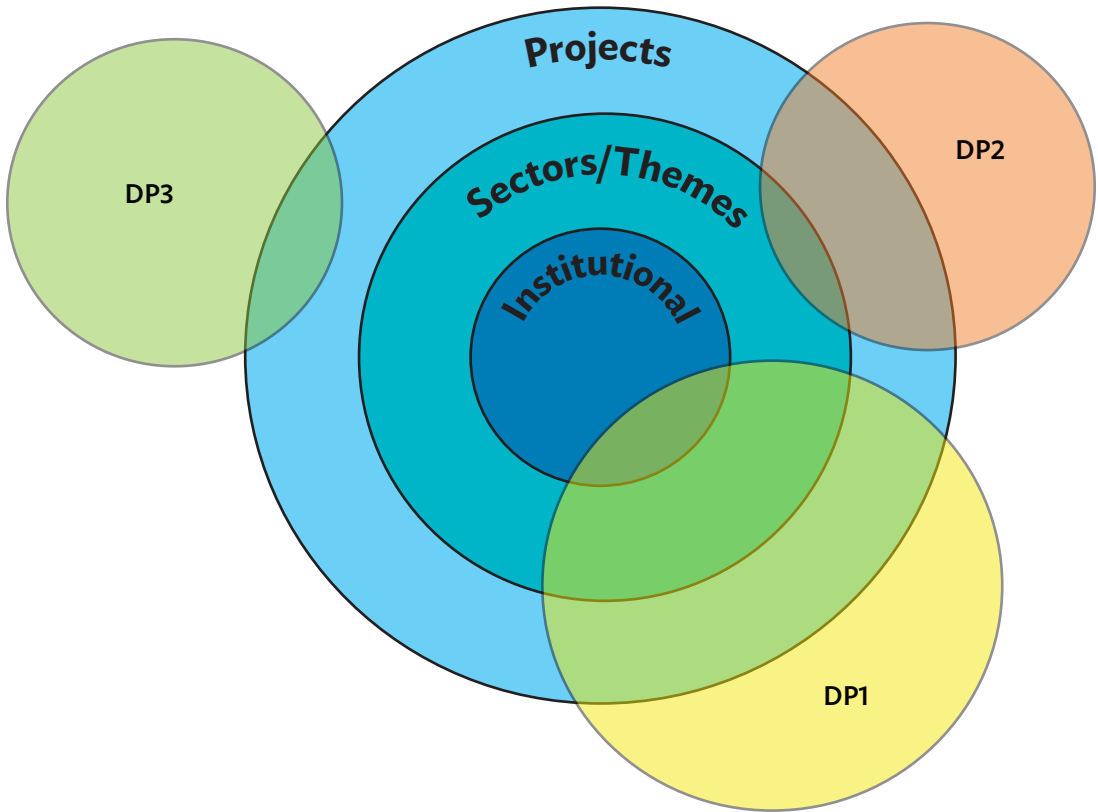
Second level: Sector and/or thematic. Some development partners may have a specific mandate (e.g., climate change, cross border connectivity, trade facilitation) that overlaps with one of the sectors of the GMS Program. This could translate into engagement at the second level where the development partner may be active, or even lead, the program in that sector, participating in formulating sector strategy and/or roadmap, sector programming and financing projects, knowledge products, capacity building, and institutional support.

Third Level: Projects. Engagement at the level of specific projects may be ad hoc or opportunistic but is important given the critical constraint of mobilizing financial, technical and knowledge resources faced by the expanding program.

Figure 1 illustrates the differential engagement implied by each level. The GMS Program is shown in three concentric circles, expanding out from the core into sectors or themes and finally projects. Three different development partners are shown as DP1, DP2, and DP3 with varying depths of engagement. DP3 engagement is confined to project level, which may be only transactional, as and when opportunities arise for working jointly on one or more projects. DP2's engagement is more programmatic, at a sector level. This is deeper engagement than DP3 and may potentially encompass an active role in sector strategy, working groups, project financing, and knowledge work related to the sector. The deepest engagement is illustrated by DP1, encompassing not just project level and sector level but engagement at the institutional level with the whole GMS Program. In this case, it is possible the GMS Program may also be reflected in the DP1's institutional and operational structures.



Figure 1: Greater Mekong Subregion Experience—Three Levels of Development Partner Engagement



DP = development partner.
Source: GMS Secretariat.



III. Overview of Development Partner Engagement in the Greater Mekong Subregion Program



Diversity and heterogeneity. During its almost 3 decades of operations, the GMS Program has had robust support from an impressive diversity of its development partners, such as multilateral institutions, bilateral cooperation agencies (including eximbanks), academe, research institutions and other development organizations. The broad scope and variety of partners is illustrated in Appendix 1, which lists the actual and potential funding sources recognized under the GMS Regional Investment Framework (RIF) 2022.

The Development Partners' Meeting (DPM) is the key forum for development partner participation in the GMS Program. It is an annual event held back-to-back with the GMS Ministerial Conference. The DPM has been held in both, a full-day format and, in more recent years, in a half-day format. GMS member countries participate in the DPM at the level of senior officials of the program. Aside from the abovementioned diversity of development partners, their participation has shown heterogeneity in levels of participation, with some partners represented at higher levels from staff from their headquarters and others participating through senior and other staff from their local offices or embassies in the host country.

Comprehensive program coverage. In consultation with the host country for the GMS Ministerial Conference and the DPM, some of the development partners are invited to make brief statements at the DPM on their activities and support to the GMS Program. Table 1 summarizes their areas of support or priority mainly based on (a) their presentations at the last three DPMs from 2019–2021; and (b) active participation in GMS Sector Working Group meetings from 2019 to mid-2022. The DPM statements are typically focused on current and forward priorities. It is also worth noting that areas not identified as priority in the DPM may still get support from the relevant development partners. The meetings in the latter years were held virtually in view of constraints brought about by COVID-19 pandemic. The table does not fully capture COVID-19-related support to health sector on the presumption this priority may evolve as the pandemic transitions toward its tail.

Cumulatively, the table highlights there is broad support for the GMS Program across all its sectors and themes. Certain areas stand out in relative terms as reflecting higher priority for the community. These are environment sustainability, connectivity, in the form of transport and energy infrastructure, and digitalization. “Software” issues such as trade and transport facilitation are also increasingly recognized as important complements to the hard infrastructure investments of the GMS Program to date. Private sector development and gender issues (not shown in the table) also emerge as crosscutting focus areas for several partners. These focus areas are well aligned with the GMS 2030 priorities.

Country variations. Notwithstanding the diversity of their engagement in the program, not all development partners have identical approaches across the member countries. Some of them are active across the entire GMS region while others have higher priorities for a subset of GMS countries. It is encouraging that Cambodia, the Lao People's Democratic Republic (Lao PDR), Myanmar, and Viet Nam have higher priority given their development challenges (though this is currently constrained in Myanmar).

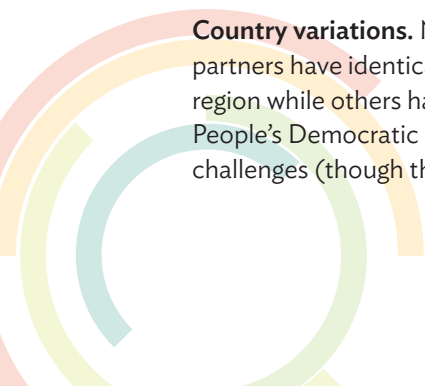


Table 1: Priority Areas of Engagement in the GMS Program, as Identified by Development Partners (2019–2021)

	Name	Agriculture	Digital	Energy	Environment	Migration/ Health	Private Sector	Social	Tourism	Transport	TTF	Urban
1	ADB	√	√	√	√	√	√	√	√	√	√	√
2	AFD	√		√	√					√		√
3	AIIB		√	√	√	√	√			√		
4	OFID									√		
5	EIB	√			√					√		
6	IOM					√						
7	UNDP				√							
8	UNEP				√							
9	UNESCO		√					√				
10	World Bank	√		√						√	√	
11	Australia	√		√				√	√	√	√	
12	EDCF/ KEXIM (Republic of Korea)		√	√				√		√		
13	NEDA (Thailand)		√	√						√	√	√
14	TICA	√		√				√				√
15	ASEAN Infrastructure Fund	√								√		√
16	AMEICC		√							√		
17	Mekong Institute ^a	√	√	√	√	√	√	√	√	√	√	√
18	MRC				√							
19	ERIA		√		√		√	√		√		
20	EU		√		√					√		
21	JICA	√				√			√	√		
22	JBIC									√		
23	NDF	√			√				√	√		√
24	UN ESCAP									√	√	

ADB = Asian Development Bank; AFD = Agence Française de Développement; AIIB = Asian Infrastructure and Investment Bank; AMEICC = ASEAN Economic Ministers and Minister of Economic, Trade and Industry (METI) Economic and Industrial Cooperation Committee; ASEAN = Association of Southeast Asian Nations; COVID-19 = coronavirus disease; EDCF = Economic Development Co-operation Fund; EIB = European Investment Bank; ERIA = Economic Research Institute for ASEAN and East Asia; EU = European Union; GMS = Greater Mekong Subregion; IOM = International Organization for Migration; JBIC = Japan Bank for International Cooperation; JICA = Japan International Cooperation Agency; KEXIM = Export-Import Bank of Korea; MRC = Mekong River Commission; NDF = Nordic Development Fund; NEDA (Thailand) = Neighbouring Countries Economic Development Cooperation Agency; OFID = OPEC Fund for International Development; OPEC = Organization of the Petroleum Exporting Countries; TICA = Thailand International Cooperation Agency; TTF = Transport and Trade Facilitation; UNDP = United Nations Development Programme; UN ESCAP = United Nations Economic and Social Commission for Asia and the Pacific; UNEP = United Nations Environment Programme; UNESCO = United Nations Educational, Scientific and Cultural Organization .

Note: Excludes COVID-19 related support to health sector.

^a Knowledge work covers all pillars of GMS Economic Cooperation Strategic Framework 2030.

Source: GMS Secretariat.

Diverse modalities of support. Development partners offer different modalities in their engagement with the Program. These range from (a) direct program/project financing or cofinancing with other development partners, through loans and/or grants; to (b) project preparation loans or technical assistance through their respective multilateral/bilateral facilities and/or trust funds; (c) technical, policy and advisory support; (d) capacity building, including project implementation support; and (e) knowledge products.

Robust financing/cofinancing for investment and TA projects. Table 2 presents the extent of (a) the engagement of various development partners from the perspective of GMS sector working groups and (b) major modalities of support - i.e., loan and TA financing. The latter is further quantified by showing the amounts and percentages of GMS projects or programs and TA projects financed or cofinanced by development partners and approved in the past 5 years. The last column shows the number of development partners attending sector working group meetings for the last 3 years for which data is available. Due to the pandemic, some of the sector working group meetings were not held in 2020 or 2021, while some others continued to meet either online or a combination of online and in-person. The cofinancing database for GMS Program projects reflects sector classifications for ADB, so some sectors and themes of GMS are merged in the table (e.g., agriculture and environment, tourism, and trade and transport facilitation). The percentage of projects cofinanced by development partners from 2017–2022 ranges from 3% to 25% (excluding 100% for energy in this period as an outlier and not representative). The similar data for TA are 12% to 83%.

Table 2: Development Partners Engagement—View from the Greater Mekong Subregion Working Groups

WG/Forum/ Sector	Amounts and Percentages of GMS Projects/ Program/Technical Assistance Cofinanced by DPs (Approved 2017–2022)	Number of DPs Attending Sector WG Meetings (Latest 3 years available)
Agriculture	Agriculture, Natural Resources, and Rural Development (ANRRD) TA = \$23.3million cofinancing or 60% of total TA cost in ANRRD	WGA-19 (June 2022, HCMC, Viet Nam/hybrid): 3 WGA-18 (July 2021, virtual): 7 WGA-17 (June 2020, virtual): 2
Environment	Loans and Grants = \$95.0 million cofinancing or 17% of total loans/grants cost in ANRRD ^a	WGE-26 (October 2022, Bangkok, Thailand/hybrid): 3 No WGE held in 2021 WGE-25 (23 June 2020, video conference): 4
Energy	TA = \$3.35 million cofinancing or 43% of total TA cost in energy Loans and Grants = \$2,608.9 million cofinancing or 100% of total loans and grants cost in energy	RPTCC-29 (July 2022, Siem Reap, Cambodia/hybrid): 5 RPTCC-28 (August 2021, virtual): 3 RPTCC-27 (October 2020, virtual): 2
Health	TA = \$42.5 million in cofinancing (83% of total cost of GMS TA projects in Health cooperation) Loans and Grants = \$746.57 million in cofinancing (25% of total cost of GMS loans and grants in Health cooperation)	WGHC-4 ^b (2021, virtual): 12 WGHC-3 ^b (2019): 14 WGHC-2 ^b (2018): 6

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Table 2 continued

WG/Forum/ Sector	Amounts and Percentages of GMS Projects/ Program/Technical Assistance Cofinanced by DPs (Approved 2017–2022)	Number of DPs Attending Sector WG Meetings (Latest 3 years available)
Transport	TA = \$5million (60% of Total Cost Estimates of GMS Transport TA projects) Loans and Grants = \$5.99 billion (25% of Total Cost Estimates of GMS Transport Loans and Grants)	STF-25 (June 2022, hybrid): 10 STF-23 (August 2019): 6
Tourism ^c	Note: Industry and Trade (Tourism and TTF) combined TA = \$16.3 million (73% of Total Cost Estimates of GMS Industry and Trade TA projects)	TWG-45-49 (June 2020–May 2022, virtual): 1 TWG-44 (November 2019, Siem Reap, Cambodia): 8
TTF ^c	Loans and Grants = \$136.7 million (12% of Total Cost Estimates of GMS Industry and Trade Loans and Grants)	No active formal working group yet
Urban Development	TA = \$3.5 million (64% of Total Cost Estimates of GMS Water and Other Urban Infra & Service TA projects) Loans and Grants = \$25.27 million (3% of Total Cost Estimates of GMS Water and Other Urban Infra and Service Loans and Grants)	UDWG 3-5 (2019–21): 1

DP = development partner, GMS = Greater Mekong Subregion, HCMC = Ho Chi Minh City, RPTCC = Regional Power Trade Coordination Committee, TA = technical assistance, TTF = Transport and Trade Facilitation, TWG = Tourism Working Group, UDWG = Urban Development Working Group, WG = working group, WGA = Working Group on Agriculture, WGE = Working Group on Environment, WGHC = Working Group on Health Cooperation.

^a Agriculture and Environment projects are combined under the classification of ANRRD

^b For consistency, civil society organizations (CSOs) and non-governmental organizations (NGOs) were excluded. In some Working Group on HeC meetings, CSOs and NGOs were categorized as development partners in the list of participants.

^c Industry and Trade (Tourism and TTF) combined

Source: GMS Secretariat.

Not all sectors are equal. Transport and energy sectors predominate the GMS Program’s investment portfolio and are also of significant interest to the development partners. Together, the two sectors mobilized almost \$8.5 billion in financing during 2017–2022. Both sectors also have a good number of development partners participating in their working group meetings. Development partners also regularly participate in the the tourism sector working group. The past 3 years of the pandemic adversely affected the work of this group as the tourism sector came to a virtual standstill globally. Conversely, the pandemic likely increased their participation in the health sector to above usual. Participation of development partners is unambiguously low in the urban development sector. This could reflect the urban working group being the most recent to be formed, which would be relevant if GMS Program expands into new areas such as digitalization or gender. It could also reflect weakness in the GMS Program in implementing a spatial approach to economic corridors development (ECD) and instead being transport centric until recently. Spatially based ECD emphasized by the GMS 2030 can require substantial investment in hard infrastructure and soft (policy, regulatory, institutional) interventions, requiring greater engagement from development partners and, at the same time, providing a useful operational tool to interface with them.

The overview of development partner engagement with the GMS Program underlines the robust support of a broad development partner community across almost all aspects of the large Program. Their engagement spectrum is consistent with the study's framework, ranging from deep, institutional engagement to programmatic, sector-level engagement and project-level engagement. Some of them are engaged with the program while still seeking opportunities to intensify engagement, either at project level or deeper level. As the GMS Program seeks to become more inclusive with deeper engagement with the development partner community at large, it needs to explore how the program could better address the priorities and preferences of the development partners at all levels. This includes deepening the engagement of those already partnering the program as well as others that are looking for opportunities to engage more substantively.



IV. Determinants of Development Partner Engagement



The preceding discussion points to some of the key determinants of development partner engagement to explore in deepening their engagement with the GMS Program. Specifically, the program needs to consider, on the demand side, preferences of the development partners relating to their participation and, on the supply side, issues in the Program processes and workings that may enhance interface with the partner. These issues are briefly described below and were used to guide the consultations with development partners and the GMS member countries for this study.

Role of development partners. Which areas of the GMS Program do they cover well, in terms of sectors and modality (project preparation, project financing, knowledge products and policy dialogue, and capacity building)? Is there scope for improving alignment between comparative advantage of specific development partners with differentiated needs across the program?

Relatedly, is development partner engagement working well in partnership upstream (at the stage of programming projects, sector strategies, knowledge product pipeline)? Is there a preference for increased upstream coordination and, if so, how can the new RIF play a facilitating role toward that objective?

Incentives and recognition. Do the development partners believe they are getting adequate recognition for their participation in and contributions to the program? They were also requested to indicate if they had any suggestions on how the program could better recognize their contributions.

Role of processes. What changes may be considered to the processes or mechanisms of development partner engagement? Views were also sought on a proposal to elevate the annual DPM to a higher level of participation, which was discussed at the GMS Senior Officials' Meeting in March 2022.

Sector and theme widening versus deepening. Are there specific constraints to deepening the development partners' engagement? How can the program deepen engagement with those already active in specific sectors, for example by moving toward more programmatic frameworks? What can the program do for existing development partners to consider widening their engagement across more sectors?



V. Key Findings from Country Consultations



Country consultations were undertaken first to ensure a consolidated program perspective in the subsequent discussions with development partners. These consultations were organized by the GMS national secretariats of the member countries and focused on the supply side, i.e., initiatives that the program may consider to deepen the development partner's engagement. All the countries seek increased development partner engagement with the program and were broadly consistent in their views with one exception, relating to the program processes for engaging with development partners.

Early engagement. All member countries support early upstream engagement with development partners to help identify their value added to GMS projects, and to consider aspects of the projects that need to be adjusted to enhance attractiveness. However, some countries noted this would need to be balanced with the consideration that early engagement on project design may risk interfering with the decision-making process in recipient country and lowering of country ownership.

Increase links to the Regional Investment Framework. The countries believe the new RIF can play an important role in enhancing engagement with the development partners, suggesting the program seek greater engagement of the development partners in the new RIF process to approach them early at the upstream stage. The countries also suggested using what is known in terms of the partners' preferences and their respective comparative advantages in attracting their participation in the RIF process. The possibility of exploring an investment forum for RIF projects was also noted.

Strengthening country capacities. Some of the countries noted they may need support in strengthening their capacity to manage development partner-specific requirements (e.g., procurement, due diligence, safeguards, etc.) from their participation in projects. They indicated this is already demanding on the agencies and ministries concerned, and the transaction costs associated with these requirements may increase with more development partners engaged.

Programmatic approach at sector level. The countries believe efforts can be made at the level of sector working groups to try encouraging participating development partners from project-level engagement to a more programmatic, sustained engagement. This may be accompanied by a more active role of the development partner in sector direction setting.

Engagement process and the Development Partners' Meeting. The countries indicated a wide range of views on the issue of changes to level of participation in the DPM, with one view that the annual DPM should be elevated to a higher level and another, more frequent view, that the DPM process is working well. However, the countries are open to exploring innovations in the processes used by the GMS Program to increase the frequency of engagement. One example could be a roundtable on a case-by-case basis for those interested in specific issues.

VI. Development Partner Perspectives



Broad support and satisfaction with the program. The development partners³ are broadly supportive and satisfied with the GMS Program, its priorities, operations, and implementation. In part this reflects the alignment of the program with their own strategies and priorities. At the same time they also welcomed the GMS Program’s initiative to explore deepening of engagement in the program. The development partners agreed with the framework of the study, the issues identified as important for exploring increased engagement and were generous with offering their constructive feedback for the study.

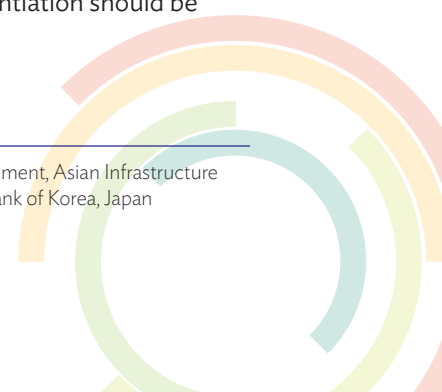
Development partners emphasized the need for early and upstream engagement. They seek early engagement with the GMS programming cycle to facilitate their own internal processes. Several development partners underlined that upstream engagement would be welcome and urged the program to explore avenues for doing so.

The Regional Investment Framework will be an important instrument for upstream engagement with development partners. Not all development partners were familiar with the new RIF (which is currently under preparation to cover GMS countries project and TA pipeline for 2023–2025). They broadly emphasized that the RIF would be highly relevant in any efforts to enhance their upstream engagement. Some suggested that consultations may be important not just at the launch of the RIF but also during the implementation. Development partners also welcome the role of RIF as a filter for “quality-at-entry” of GMS projects, noting its aspirational criteria could strengthen the attractiveness of GMS projects for their own involvement. (A brief description of the new RIF criteria and process is provided in Appendix 2).

Enhance alignment of role of development partners with respective comparative advantage. Development partners felt the program could do more in expanding their participation, particularly in areas of capacity building and project preparation. While they recognize that not all of them have the modality to address project preparation, they agreed that enhancing this aspect of the program would facilitate their increased and early engagement with the program’s project pipeline. Development partners agreed that a more targeted approach to match their own comparative advantage with that of the GMS Program would further enhance their engagement.

Fine tune the recognition and incentives for development partners. Development partners are broadly satisfied with the GMS Program’s recognition of their contributions. At the same time, given the size of the program and its diverse pool of partners, there was a strong suggestion to calibrate and differentiate contribution of the development partners to the program. While there are many program partners, there is diversity in the level and scope of engagement that is currently not recognized. It was suggested that the differentiation should be based on transparent criteria.

³ The following development partners were consulted in the preparation of this study: Agence Française de Développement, Asian Infrastructure Investment Bank, Department of Foreign Affairs and Trade (Australia), European Investment Bank, Export–Import Bank of Korea, Japan International Cooperation Agency, Nordic Development Fund.



Consider innovations in program processes for development partner engagement. The development partners believed the DPM is a valuable platform for their engagement in the GMS Program and provides them with an opportunity to showcase their own contributions while also learning about other partners' engagement. Nonetheless, they prefer more frequent interactions with the program in addition to the annual DPM.



VII. Actions for Enhancing Development Partner Engagement



Consultations with GMS member countries and GMS development partners show a strong convergence in terms of (i) broad satisfaction with the program, (ii) desire for increased early engagement to facilitate enhanced upstream coordination, (iii) need to strengthen GMS as an open platform for its “matching” role between projects and the development partners’ comparative advantage, and (iv) higher frequency of interactions. These provide the main bases for the recommendations provided for enhancing their engagement in the GMS Program. While most of these recommendations can be initiated in the short term, it is suggested that their implementation progress and effectiveness be reviewed prior to the next GMS Summit in 2024.

Action 1: Ensure the new Regional Investment Framework addresses both “quality-at-entry” of projects and upstream development partner engagement. The new RIF provides an important instrument for engaging development partners upstream and can also facilitate a more programmatic approach in their engagement with the GMS Program. Ensuring high quality-at-entry of projects through its new criteria will also contribute strongly to the RIF’s role in enhanced engagement.

Action 2: Explore innovations in the Development Partners’ Meeting. While broadly satisfied with the DPM, the stakeholders are open to innovations to further strengthen the role of DPM in their engagement. In this context, the GMS Program may consider:

- (i) **Introducing a Development Partner Symposium.** Through consultation with member countries, the Development Partner Symposium may be designed to have formal sessions as well as more flexible and fluid interactions in relatively informal settings. The symposium could: (a) provide a platform for development partner representatives and officials of GMS member countries to periodically review the partners’ role in and contributions to the GMS Program, (b) undertake policy dialogue on topical regional issues, and (c) share knowledge and best practices to further strengthen regional cooperation. Partial participation of specialized speakers from academia or public policy, and panel discussions may also be considered if appropriate to the agenda. The GMS Secretariat can assess whether and how to introduce the symposium, and, through consultation with—and consensus of—the GMS member countries, take a final decision.
- (ii) **In the other years the GMS Program may continue with the annual DPM as currently done.** However, DPMs may be reviewed for more flexibility in format, agenda, and content in collaboration with the GMS country hosting the DPM. There is need to inject greater content into the DPM whose program currently is biased toward formalized statements. Increased content, in the form of focus on specific issues of policy interest, will foster more substantive discussion and generate greater attention from stakeholders. The DPM content may be anchored on GMS knowledge products and be led by interested development partners in partnership with the GMS Secretariat.



Action 3: Enhance frequency of interactions. The GMS Program should consider mechanisms to address the preference of several DPs for more frequent interaction. Two options that may achieve this are:

- (i) **Ad hoc roundtables.** The roundtables are envisaged as focused on issues with participation from only the development partners interested in the agenda (a “coalition of the willing”). They would not have a fixed calendar but be organized on ad hoc, case-by-case basis depending upon the context and issues for discussion. The roundtables may be sponsored by any partner interested in doing so in partnership with the GMS Secretariat or the relevant sector working group. The ad hoc roundtables may be particularly useful in situations where the GMS Program moves into new areas of operations.
- (ii) **Bilateral consultations between GMS Program and development partners.** The GMS Program may consider undertaking bilateral consultations with development partners as and when needed and requested. To ensure these bilateral consultations are manageable given the secretariat’s existing work program, they should be organized at technical, working level. The bilateral consultations may be virtual, physical or hybrid, with the scope, agenda, and timing to be decided by the participants.

Action 4: Fine tune recognition of development partner contributions to the GMS Program. The GMS Program should fine tune how it recognizes contributions by the development partners by introducing three differentiated categories: (i) Investment and Financing Partners (IFPs); (ii) Technical, Knowledge and Capacity Partners (TKCPs); and (iii) Program Partners. All those engaging with the GMS Program through participation in any form are defined as Program Partners, and an objective of deepening development partner engagement in the GMS Program is to expand the set of Program Partners. The categories IFPs and TKCPs are self-explanatory, with IFPs comprised of Program Partners that finance or cofinance GMS projects, and TKCPs as Program Partners contributing to the GMS Program through TA, knowledge generation, or capacity building. The other Program Partners are development partners that are actively looking for engagement with the GMS Program. The categories are not mutually exclusive, with IFPs and TKCPs being subsets of Program Partners and some development partners belonging to both IFP and TKCP categories. The GMS Program should use these three categories when disseminating its strong engagement with its development partners.

Action 5: Further explore enhancing engagement in areas relatively less covered. Development partner engagement with GMS Program is strong but uneven and some parts can benefit from increased focus. This is relevant at three levels: thematic areas, sectors, and funding modalities.

- (i) *New thematic areas, such as digitalization and gender,* will need relatively more attention from the program to engage development partners. This also aligns with the need to customize GMS Program engagement to the comparative strength of different development partners. For example, those with greater experience in the targeted thematic areas could lead or co-lead relevant working groups or task forces for GMS.
- (ii) *At sector level, urban development needs additional focus* to draw deeper development partner engagement. The sector is central to the GMS 2030 emphasis on spatial approach to ECD. The sector is also important for member countries to manage well the large-scale urbanization they are facing in a way that helps them “get cities right,” make cities inclusive, and avoid undesirable environmental impacts of unmanaged urban sprawl. A good first step being implemented by the program is the inclusion of spatial approach and digitalization within the “aspirational” criteria of the new RIF (Appendix 2). Exploring new frameworks for ECD that are also compatible with development partner preferences is another step the program can explore.

- (iii) *At the level of modality, the program needs to explore expanding access to funding for project preparation assistance, and to concessional financing that can help Cambodia, the Lao PDR, Myanmar, and Viet Nam with blended financing in an environment of rising interest costs.*

Action 6: Streamline and amplify knowledge and financial contributions of development partners in the GMS Program. The GMS Program should actively recognize and showcase knowledge contributions of all development partners. Among others, this may be done by providing relevant links on the program website to appropriate internet locations (on the development partners' website). The GMS Program should implement similar cross-linking on its website for investment, financing, and technical and capacity development contributions of the development partners to the GMS Program. Additionally, the GMS website can also host any brochures prepared by development partners that highlight their contributions to the GMS Program.

Action 7: Strengthen the development partner database in the GMS Secretariat. The GMS Program currently monitors development partner engagement through project-level financing database. Information on other aspects of their participation, such as in sector working groups and DPM is also available but not centralized systematically. The GMS Program needs to monitor and evaluate the effectiveness of its initiatives to deepen engagement. This will require identifying and developing suitable metrics for monitoring development partner engagement and enhancing the program database to monitor the outcomes of the initiatives proposed in this report.



APPENDIX 1

Actual and Potential Funding Sources Recognized in the Greater Mekong Subregion Regional Investment Framework 2022

Multilateral	Bilateral	Private Sector
<ul style="list-style-type: none"> • ASEAN Infrastructure Fund • Asia Clean Energy Facility • Asian Development Bank • Clean Energy Fund Under the Clean Energy Financing • Partnership Facility • Clean Technology Fund • European Investment Bank • Food and Agriculture Organization of the United Nations (FAO) • Forest Investment Program • GEF Special Climate Change Fund • Global Environment Facility • Global Climate Fund • Green Financing Facility • International Finance Corporation • International Fund for Agricultural Development • International Organization for Migration • Joint Committee on Coordination of Commercial Navigation Lancang–Mekong Cooperation Special Fund • Nordic Development Fund (NDF) • Ocean Financing Initiative • Oficina Internacional de Epizootias, World Organization for Animal Health (OIE) • Organization of Petroleum Exporting Countries (OPEC) Fund for International Development • Project Readiness Improvement Trust Fund • Spanish Cooperation Fund • Strategic Climate Fund • The Global Fund • World Bank (International Development Association) • World Health Organization 	<ul style="list-style-type: none"> • Department of Foreign Affairs and Trade (Australia) • Belgium • Canadian Climate Fund for the Private Sector • PRC • Finnish Ministry of Foreign Affairs, Department for International Development Cooperation/ FINNIDA (Finland) • Agence Française de Développement (French Development Agency, AFD) • Government of India • Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction, KfW Germany) • Japan International Cooperation Agency (JICA) • Japan Bank for International Cooperation (JBIC) • Korea International Cooperation Agency (KOICA, Republic of Korea) • Export–Import Bank of Korea (KEXIM, Republic of Korea) • Government of South Korea • Luxembourg • Netherlands • New Zealand • Swedish International Development Cooperation Agency • Swiss Agency for Development and Cooperation SDC, (Switzerland) • Neighbouring Countries Economic Development Cooperation Agency (NEDA, Thailand) • Thailand International Cooperation Agency (TICA) 	<ul style="list-style-type: none"> • China Harbour Engineering Co. Ltd (PRC) • China United Network • Giant Group (Malaysia) • Lao Telecom (Lao PDR) • Nam Ngiep 1 Power Company (Kansai Electric Power, EGAT International Lao State Holding Enterprise) • Nam Ngum Power Company (Lao PDR) • National Power Transmission Corporation (Viet Nam) • Song Da Group Swisscontact • Viettel Group (Viet Nam)

GMS Countries: National and Local Government and/or Provincial Budgets

ADB = Asian Development Fund, ASEAN = Association of Southeast Asian Nations, BOT = build–operation–transfer, EGAT = Electricity Generating Authority of Thailand, GMS = Greater Mekong Subregion, Lao PDR = Lao People’s Democratic Republic, PRC = People’s Republic of China.

Source: GMS. November 2021. Regional Investment Framework 2022 Fourth Progress Report and Update.

APPENDIX 2

Note on the New Greater Mekong Subregion Regional Investment Framework (2023–2025)

The first Greater Mekong Subregion (GMS) Regional Investment Framework (2013–2022) was endorsed at the 19th Ministerial Conference in December 2013 and, together with the GMS Regional Investment Framework-Implementation Plan (RIF-IP 2014–2018), operationalized the GMS Strategic Framework 2012–2022 through a pipeline of investment and technical assistance projects. The RIF 2022 was intended to be used (i) as an instrument for greater alignment between regional and national planning and programming for GMS projects, and (ii) as a marketing tool to galvanize new financing for projects as the GMS Program is projects-based.¹

In 2021, the GMS leaders endorsed and adopted the GMS Economic Cooperation Program Strategic Framework 2030 (GMS 2030) at the 7th GMS Summit. In their joint statement, the GMS leaders mandated the GMS ministers and senior officials to develop a realistic and implementable pipeline of projects that support the strategic and operational priorities of GMS 2030. GMS 2030 also commits that the RIF will be revised to raise the standard for project inclusion to increase its appeal to development partners and the private sector.

A new RIF is being developed for endorsement at the GMS Ministerial Conference in 2022 to meet the leaders' mandate for a more realistic pipeline. The new RIF proposes that the GMS Program adopt revised criteria and screening categories for the project pipeline. Projects in the new pipeline should meet minimum criteria for inclusion in the RIF. Projects meeting aspirational criteria that are aligned with GMS 2030 would be encouraged. These proposed criteria have been consulted with the GMS countries and working groups, and following the GMS Senior Officials Meeting (SOM) on 30 June and some revisions to the criteria, the SOM endorsed the proposed criteria.

For *minimum criteria*, proposed projects should foster core project elements of the GMS Program. This includes:

- (i) meeting basic identification project criteria (title, ministry, outcome, outputs);
- (ii) ensuring projects in the project pipeline must be projects that have regional impact or spillover effect;²
- (iii) ensuring projects are supported by active sectors of cooperation under the GMS Program (e.g., proposed through an active working group mechanism);
- (iv) aligning projects with GMS regional and/or national and sector strategies; and
- (v) meeting minimum standards of project readiness and project preparation such as having strong project ownership and a clear project sponsor and having stages of project preparation completed (possible source of financing identified, project is included in national investment plans). It is not required for a feasibility study to be completed, but it would be looked at more favorably if already complete.

¹ GMS Secretariat. 2022. GMS Regional Investment Framework (2023–2025) Concept Note.

² Projects can be multi-country regional projects or a single country project that has regional economic benefit.

In addition, projects that meet aspirational criteria that support crosscutting areas in the GMS 2030 may also be considered. Projects may include one or more of the following *aspirational criteria*:

- (i) are multi-country projects with regional benefits,
- (ii) support spatial development (economic corridors and/or city clusters),
- (iii) have private sector participation,
- (iv) have strong gender elements,
- (v) are green projects or support the blue economy,
- (vi) target poverty alleviation or reduction,
- (vii) align with international principles for quality infrastructure,³ and
- (viii) foster digitalization.⁴

The new RIF will be a project pipeline with focus on mobilizing project financing and approval of near-term priority projects. Thus, the pipeline will become a 3-year rolling pipeline, starting with RIF 2023–2025, and extended forward each year with updated projects to add or drop from the pipeline. The progress monitoring of the GMS projects will become a separate report and link with the reporting for the GMS Programs Results Framework.

Early engagement with development partners is an integral part of the new RIF process. For 2022, the process envisages consultations with development partners and the private sector in parallel with the review by the GMS national secretariats to validate and prioritize the projects proposed for the RIF. The process for consultations in subsequent years could be similar, getting the development partners engaged in the updating of the RIF pipeline in parallel to country's final review and prioritization. Bilateral meetings between GMS Program and individual development partners recommended in this study could also provide a forum for discussion and assessment of engagement in the RIF.

³ Quality infrastructure principles include: (i) infrastructure supports sustainable growth and development, (ii) take into account life-cycle cost, (iii) integrate environmental considerations, (iv) build resilience against natural disasters and other risks, (v) integrate social considerations, and (vi) support infrastructure governance.

⁴ The GMS Digitalization strategy is still under development; this criterion will be added following the approval of the GMS Digitalization strategy and its associated definitions.

About the Greater Mekong Subregion Economic Cooperation Program

The Greater Mekong Subregion is made up of Cambodia, the Lao People's Democratic Republic, Myanmar, the People's Republic of China (specifically Yunnan Province and Guangxi Zhuang Autonomous Region), Thailand, and Viet Nam. In 1992, with assistance from the Asian Development Bank and building on their shared histories and cultures, the six countries of the GMS launched a program of subregional economic cooperation—the GMS Program—to enhance their economic relations. The GMS Program covers the following priority sectors: agriculture, energy, environment, health and other human resource development, information and communication technology, tourism, transport, transport and trade facilitation, urban development, and border economic zones.

About Deepening Development Partners' Engagement in The Greater Mekong Subregion Program

This study is a follow up by the GMS Program and Secretariat to the decisions of the 7th Leaders' Summit of the GMS Program in 2021. The GMS Leaders approved the *Greater Mekong Subregion Economic Cooperation Strategic Framework 2030* and mandated the GMS Program to promote enhanced participation by development partners and other stakeholders. The study draws upon extensive consultations with National Secretariats of the GMS member countries, sector working groups of GMS Program and, most of all, development partners engaged with the program in various ways. The study recommends several actions that will deepen the engagement of developments partners with the GMS Program as it addresses regional development challenges that also encompass potentially newer areas, that will benefit from mobilizing the technical, knowledge and financial resources of the program's development partners.



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