



The Greater Mekong Subregion at 20

Progress and Prospects



Asian Development Bank



The Greater Mekong Subregion at 20 Progress and Prospects

Asian Development Bank

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In 1992, with the support of the Asian Development Bank (ADB), the countries of the Greater Mekong Subregion (GMS) (Cambodia, the People’s Republic of China [PRC]—Yunnan Province,¹ the Lao People’s Democratic Republic [Lao PDR], Myanmar, Thailand, and Viet Nam) met for the first time and agreed to launch a program of subregional economic cooperation designed to enhance economic linkages across their borders. Since then, both the region and the program have changed dramatically. On the 20th anniversary of the program, this report briefly reviews the progress of both the region and the program and outlines some of the challenges and opportunities that lie ahead.

The GMS—More Prosperous and More Integrated

GMS economies have grown at some of the fastest rates in the world since the early 1990s. Growth in the region as a whole has averaged close to 8% per year throughout the period with growth in most countries being even more rapid in the second decade than in the first. Growth has been particularly rapid in the PRC’s Guangxi Zhuang Autonomous Region and Yunnan Province; but in most of the other countries it has consistently averaged between 6% and 8% per year. Only in Thailand has growth been closer to 4% per year, in part because of the impact of the financial crises.

The very strong growth performance has resulted in large increases in per capita incomes throughout the region (Table 1). In 1992, gross domestic product (GDP) per capita ranged from \$63 in Myanmar to \$1,894 in Thailand. By contrast, in 2011 the range was from \$832 in Myanmar to \$5,394 in Thailand. In a number of countries, per capita incomes have increased tenfold over the period.

High growth in the GMS over the past 20 years has helped greatly in reducing overall poverty levels. In 1992, all countries in the region except Thailand had poverty levels (based on a cut-off point of \$1.25 per day) close to or higher than 50%. But by 2011, the poverty incidence had been dramatically reduced—from 45% to 23% in Cambodia, from 64% to 13% in the PRC as a whole, from 56% to 34% in the Lao PDR, from 9% to less than 1% in Thailand, and from 64% to 17% in Viet Nam. The poverty incidence has also fallen in Myanmar, but data is not available to make a direct comparison.

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As a result, most GMS countries are on track to meet the Millennium Development Goal (MDG) for poverty. Many are also on track to meet other MDG and social development goals. Infant mortality rates, for example, have halved in almost all of the GMS countries. Life expectancy has increased in all GMS countries and now ranges from 63 years in Cambodia to 74 years in Viet Nam, compared with a range from 56 years in Cambodia and the Lao

PDR to 72 years in Thailand in 1992. Primary and secondary school enrollment rates and literacy levels have also increased significantly throughout the GMS.

¹ Guangxi Zhuang Autonomous Region of the PRC joined the Program in 2004.

Table 1 **Income Poverty and Distribution Indicators for GMS Countries**

Country	Per Capita GDP (current, \$)		Poverty Incidence							
			Based on National Poverty Line (%)		\$1.25 per day				Gini Coefficient ^a	
	1992	2011			Earliest ^b	Latest ^c	Head Count Ratio (%)			
Cambodia	270	852	47.0	30.1	44.5	22.8	4.8	3.1	0.38	0.38
PRC	268/ 293 ^h	3,903/ 2,924 ^h	6.0	2.8	63.8	13.1	743.3	173.0	0.36	0.42
Lao PDR	278	1,204	45.0	27.6	55.7	33.9	2.5	2.0	0.30	0.37
Myanmar	63	832	32.1	25.6 ⁱ
Thailand	1,894	5,394	28.4	8.1	8.6	0.4	5.0	0.3	0.48	0.40
Viet Nam	144	1,374	58.1	14.5	63.7	16.9	44.4	14.3	0.36	0.36

... = not available, % = percent, GDP = gross domestic product, GMS = Greater Mekong Subregion, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

^a Gini coefficient is a measure of income inequality. If income distribution were exactly equal, this value would be zero. If one person had all the income, it would be equal to one.

^b Cambodia, 1994; PRC, 1996; Lao PDR and Thailand, 1992; Myanmar, 2005; Viet Nam, 1993.

^c Cambodia, 2007; PRC, 2004; Lao PDR and Viet Nam 2008; Myanmar, 2010; Thailand, 2009.

^d Cambodia, 1994; PRC, Lao PDR, and Thailand 1992; Viet Nam, 1993.

^e Cambodia, PRC, Lao PDR, and Viet Nam 2008; Thailand, 2009.

^f Cambodia, 1994; PRC and Viet Nam, 1993; Lao PDR and Thailand 1992.

^g Cambodia, Lao PDR, and Viet Nam 2008; PRC, 2005; Thailand, 2009.

^h \$268 and \$3,903 is the GDP per capita of Guangxi Zhuang Autonomous Region of the PRC and \$293 and \$2,924 is for Yunnan Province of the PRC.

ⁱ Based on the Integrated Household Living Conditions Survey in Myanmar.

Sources: CEIC Data, United Nations Development Programme, World Development Indicators, and World Economic Outlook Database (September 2011 and April 2012).

The increased prosperity and improved social well being of the GMS are well reflected in the human development index (HDI)—a comparative measure of life expectancy, literacy, education, and standards of living (Table 2). HDI increased steadily in all GMS countries between 1990 and 2000 and again between 2000 and 2011. The HDI global rankings for 2011 show that except for Myanmar, which is in the low human development range, all countries in the GMS are now ranked in the medium human development range (there are four categories of HDI rankings: very high, high, medium, and low).

Table 2 **Human Development Index Scores for the GMS Countries, 1990–2011**

Year	Cambodia	PRC	Lao PDR	Myanmar	Thailand	Viet Nam
1990	0.41 (1995)	0.48	0.38	0.30	0.57	0.44
2000	0.44	0.59	0.45	0.38	0.63	0.53
2011	0.52	0.69	0.52	0.48	0.68	0.59
Global Rank (of 187 countries), 2011	139	101	138	149	103	128

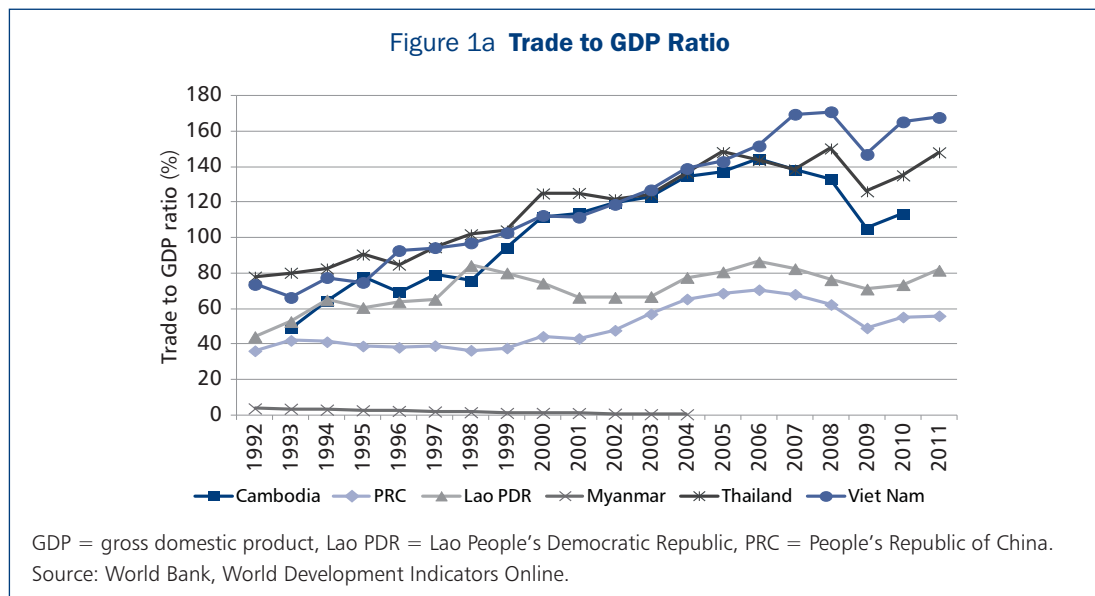
Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: United Nations Development Programme.

The success of the GMS in accelerating growth, reducing poverty, and improving social indicators is a testament to the quality of the GMS countries' development strategies and policies, including efforts to increase the openness of the region's economies and their integration with other countries in the subregion, the rest of Asia, and the world. The openness ratio—defined as the ratio of total trade to GDP at current prices—has increased dramatically in all of the GMS countries except Myanmar (Figure 1a). The increase has been especially large for Viet Nam which has moved from an openness ratio of less than 80% in 1992 to more than 160% in 2011. Cambodia and Thailand now have openness ratios of more than 100%, and there have also been major increases in the openness ratios of both the PRC and the Lao PDR. Levels of foreign direct investment have also increased more than tenfold in most of the GMS countries, and in some cases by much more than that (Figure 1b). The growth in intra-GMS trade has been particularly dramatic (22% per year between 2000 and 2009, for example) though it still accounts for only 6% of total GMS trade (Figures 2a and 2b).

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The increased openness of the GMS economies and their increasing integration with each other and with the rest of the world has been greatly encouraged by the transition from central planning to market-based systems that has taken place in many of them and by the broader set of sound macroeconomic policies adopted across the region. It has also been helped by the much improved state of infrastructure. In most of the GMS countries the past 2 decades have seen a major increase in the amount and quality of road infrastructure for example, with the road density (defined as kilometers of road relative to land area) more than doubling in some cases (Figure 3a). Investments in rural infrastructure have also helped bring more land under irrigation (Figure 3b), and both rural and urban areas have benefited from much-improved telecommunication services, with cellular subscriptions leading the way.



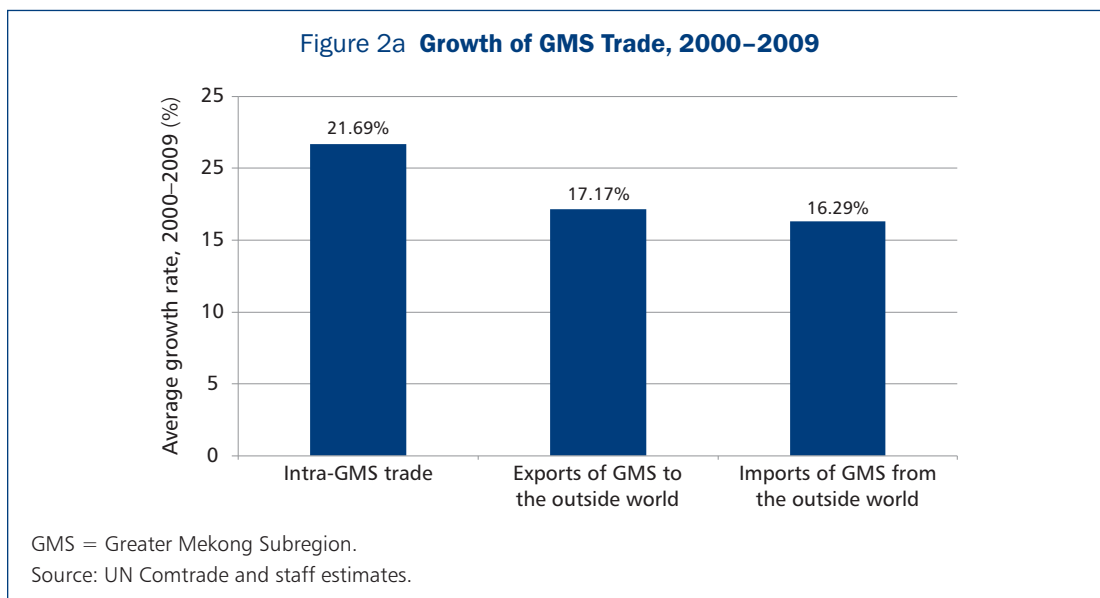
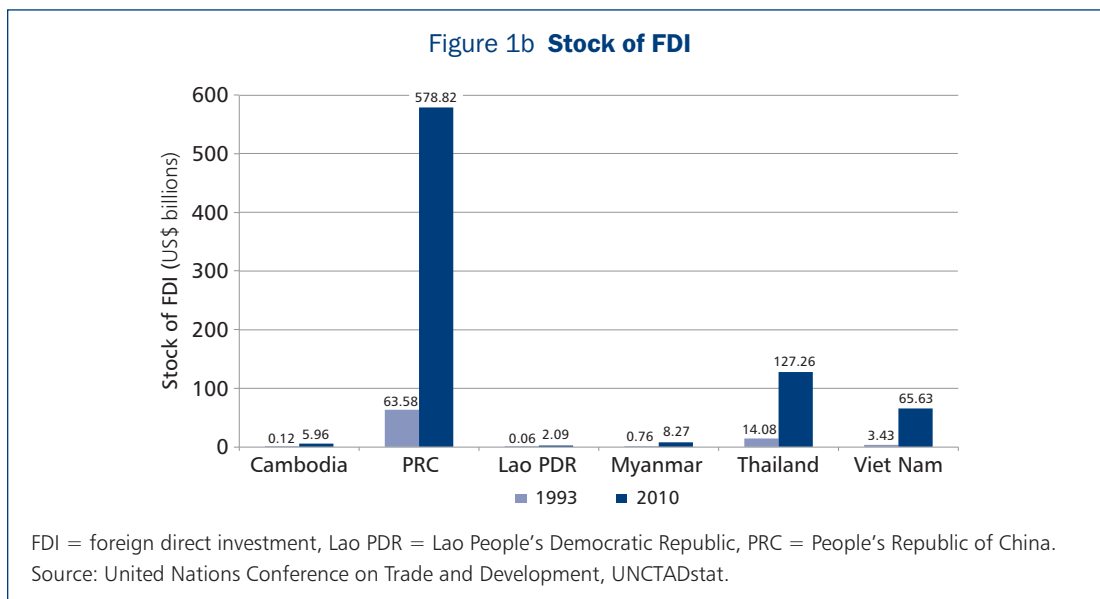
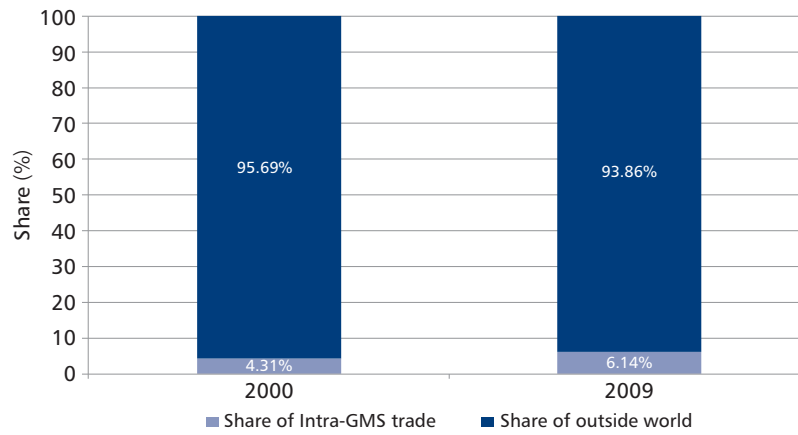
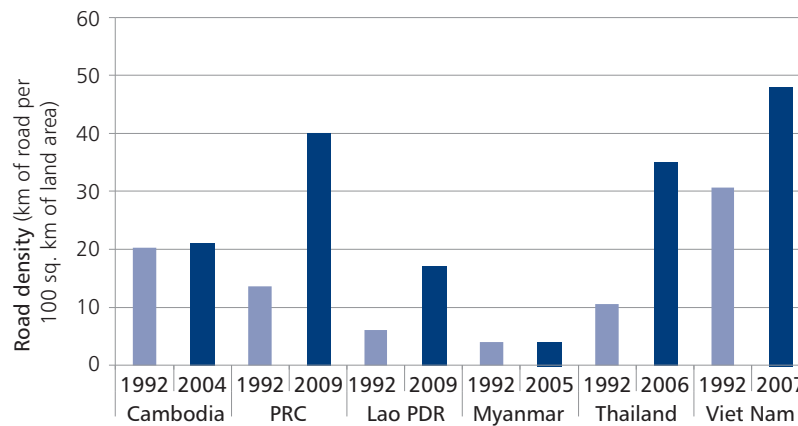


Figure 2b Share of Intra-GMS Trade and of Trade with Outside World in Total GMS Trade



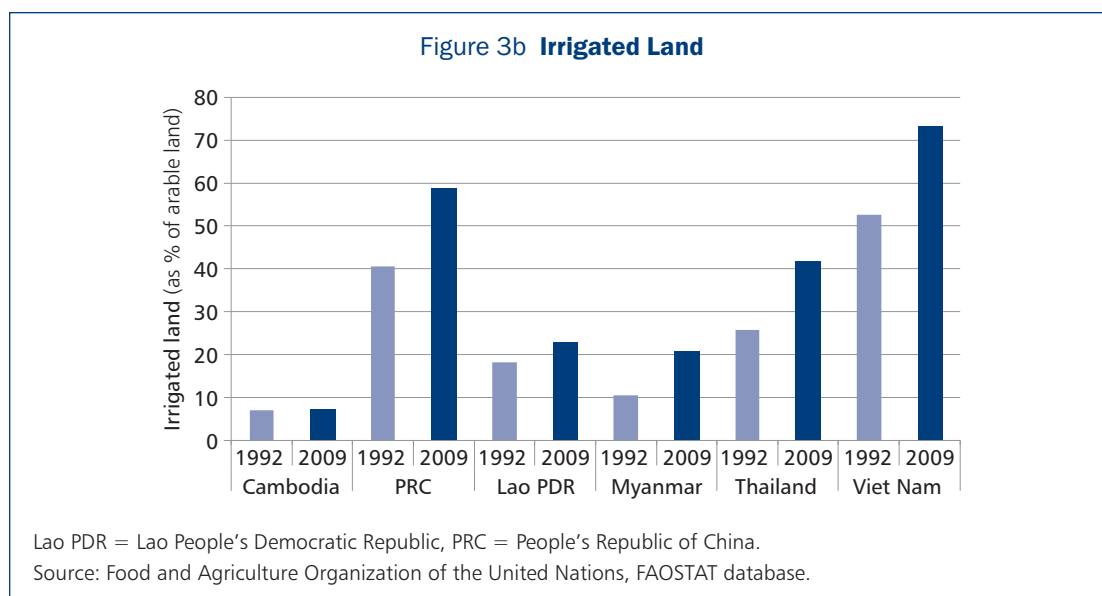
GMS = Greater Mekong Subregion.
 Source: UN Comtrade and staff estimates.

Figure 3a Road Density



km = kilometer, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China, sq. km = square kilometer.

Source: World Bank, World Development Indicators Online.



The GMS Program: 20 Years of Achievements

The GMS Program has made an important contribution to the increased integration and prosperity of the region. Since its launch in 1992, the program has aimed to enhance economic relations among the GMS countries by focusing in a pragmatic, action-oriented, and results-focused manner on the design and implementation of high priority subregional projects in transport, energy, telecommunications, tourism, agriculture, the environment, and human resource development, as well as in the cross-cutting area of trade and investment. In 2002, the GMS countries pulled together the various

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sector approaches with their associated programs and projects into a comprehensive strategic framework for subregional development, the GMS Strategic Framework.² In the same year, heads of government endorsed the framework at the first GMS Summit as a “key means through which closer economic cooperation and prosperity will be achieved.” Nearly a decade later, at the fourth GMS Summit in December 2011, GMS heads of government reconfirmed the value of the framework and recognized the significant achievements of the program across all the areas of focus.³

Infrastructure development has been the core of the program, and a major achievement has been the greatly increased physical connectivity in the subregion as exemplified by the near

² ADB. 2002. *Building on Success—A Strategic Framework for the Next Ten Years of the Greater Mekong Subregion Economic Cooperation Program*. Manila.

³ Nay Pyi Taw Declaration—Joint Summit Declaration of the Fourth GMS Summit, 20 December 2011.

completion of the transport component of the three main GMS corridors—the East–West, North–South, and Southern economic corridors. The reach of these corridors is also being widened through linked secondary roads, while a comprehensive program for facilitating transport and trade along the corridors has been formulated and adopted, with its components including expansion of exchange of traffic rights and strengthening coordinated border management. A GMS freight transport association has been established under the GMS Business Forum to help professionalize and strengthen the transport industry and to give the private sector a voice in designing and implementing transport and trade facilitation measures in the region. A system for monitoring progress in corridor development, including transport and trade facilitation, is under consideration.

Good progress is being made in the establishment of a regional coordination center for power trade, which will facilitate increased exchange of information on member countries' energy sector plans.

The program has recently broadened its focus in the transport sector to include railways, in line with the overarching goals of multimodalism and efficiency as well as the demands of energy and environmental conservation. A broad long-term strategy for connecting railways is in place, together with a plan for coordinating railway development in the subregion.

In energy, a GMS power sector master plan now guides efforts in planning and implementing key projects for power generation and cross-border interconnections and for improving individual country transmission systems toward the establishment of regional power trade arrangements. GMS power interconnection projects have helped lay the basis for grid interconnections in the GMS, and a number of major hydropower projects have been developed with private sector participation. Good progress is being made in the establishment of a regional coordination center for power trade, which will facilitate increased exchange of information on member countries' energy sector plans. In broader energy cooperation, ongoing work under the GMS energy road map aims to promote clean and renewable energy sources; energy access, efficiency, and supply security; and public–private partnerships in the sector.

In telecommunications, the optical fiber interconnection of the GMS countries' telecommunication systems is now in place and a memorandum of understanding has been signed on Joint Cooperation in Further Accelerating the Construction of the Information Superhighway and its Application in the GMS, providing the directions and parameters for promoting universal access to information and communication technology applications that will help accelerate the subregion's development. The program has also contributed to the gradual separation of the policy, regulatory, and service operations functions in the telecommunication sector, which is helping create a better enabling environment for private sector provision of basic services.

In tourism, the task of “positioning the GMS in the eyes of the international industry” has been completed through a series of promotional campaigns and other subregional cooperation initiatives, helping to put the GMS firmly on the world's tourism map. The program is now focusing on (i) promoting a sustainable and pro-poor tourism industry in the subregion through the development of thematic multi-country tour packages, (ii) more focused marketing and product development, (iii) intensive capacity building for tourism human resources, (iv) preservation of ecological and cultural heritage, and (v) an emphasis on broadening the distribution of the economic benefits of tourism.

In agriculture—a more recent addition to the program—the focus has been and will continue to be on expanding subregional trade in agri-food products; promoting climate change adaptation, including use of climate-friendly and gender-responsive bioenergy technologies; and ensuring sustainable agricultural development as well as food safety and security. Efforts are also under way to strengthen the GMS Agriculture Information Network Service through the development of a paperless trading platform for healthy and safe food products.

On the environment, the foundations have been laid for implementing a more effective and comprehensive agenda for sustainable development in the GMS, especially through the Core Environment Program and Biodiversity Corridors Initiative with the vision of “a poverty-free and ecologically rich GMS.” The first phase of this initiative has helped improve land use management and sustainable finance mechanisms in rural communities, and mainstream environmental issues into national planning processes. A second phase has now been endorsed that will consolidate and enhance gains made under the first phase toward preserving and utilizing the subregion’s vital natural assets and ensuring the subregion’s sustainable development. This will be done through strengthening development planning systems, methods, and safeguards; improving the management of conservation landscapes for sustainable livelihoods; enhancing climate change resilience and promoting low-carbon development; and strengthening institutions and promoting sustainable financing for environmental management.

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Finally, in the area of human resource development, a major accomplishment has been the implementation of a range of projects focused on the prevention and control of communicable diseases, including HIV/AIDS. Under the GMS Human Resource Development Strategic Framework and Action Plan, the program has also been involved in the successful pilot implementation of a framework for the mutual recognition of skills and qualifications to address skill shortages and enhance subregional competitiveness, and efforts to support safe labor migration and address human trafficking. In addition, the Phnom Penh Plan for Development Management, launched at the First GMS Summit, is now in its fourth phase and continues to help build the needed skills and capacities in the subregion, including a stronger corps of civil servants and improved academic and research institutions.

The program’s impact and success across this broad range of areas would not have been possible without the mobilization of substantial financial resources. The program’s ability to mobilize such resources has enabled it to move from general discussion of strategies and programs to implementation of specific projects with real results. Throughout its years of operation, and especially in recent years, the program has been successful in raising resources (Table 3).

Over the past 2 decades, the GMS Program has mobilized more than \$15 billion in financing...

Over the past 2 decades, the GMS Program has mobilized more than \$15 billion in financing, mostly for loan-financed projects but with critical support also being provided for technical assistance and other capacity-building and knowledge-generating activities. Total resources mobilized were more than 3.5 times greater in the second decade than in the first. About one-third of the resources mobilized came from ADB and the remainder from the GMS governments, official sources of development support, and private

Table 3 **Resources Mobilized for GMS Programs and Projects, 1992–2011**
(\$ million)

Years	Total	ADB	Government	Cofinancing
1992–2001				
Loans	3,312.5	1,124.0	1,380.7	807.8
Technical assistance	71.8	41.4	9.6	20.8
Total	3,384.3	1,165.4	1,390.3	828.6
2001–2011				
Loans	11,694.1	3,978.8	2,930.8	4,784.5
Technical assistance	214.3	63.3	10.5	140.5
Total	11,908.4	4,042.1	2,941.3	4,925.0
1992–2011				
Loans	15,006.6	5,102.8	4,311.5	5,592.3
Technical assistance	286.1	104.7	20.1	161.3
Total	15,292.7	5,207.5	4,331.6	5,753.6

ADB = Asian Development Bank.

Source: ADB.

sector cofinancing. The great majority of the loan finance has supported transport and energy projects, but finance for projects in other sectors has been increasing.

These institutional arrangements have proved to be flexible, simple, and generally effective in supporting the pragmatic, activity-driven, and results-oriented approach of the program as a whole.

The program's institutional arrangements have also contributed to its success. They include: (i) a GMS leaders' summit at the political level, (ii) a ministerial conference supported by meetings of senior officials at the policy level, and (iii) sector forums and working groups at the program and operational levels. A national interministerial committee assisted by a designated focal point or national secretariat coordinates GMS activities in each country. A unit at ADB headquarters provides overall secretariat support to the GMS Program in coordination with national secretariats in GMS countries, and development partners are encouraged to join many of the meetings. These institutional arrangements have proved to be flexible, simple, and generally effective in supporting

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Prospects for the GMS

Globally, the economic and financial downturn since 2008 has resulted in much higher levels of uncertainty about the future. But the world economy is slowly recovering and some of the key factors that will shape the future at global, regional, subregional, and country levels are becoming increasingly clear.

First, there is a growing belief that potential output in emerging and developing economies will grow far more rapidly than in advanced countries; and that Asian economies, especially the PRC,

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India, and those of Southeast Asia, are likely to outperform other emerging and developing economies, provided they retain their competitive edge.⁴ However, the unevenness in global growth across countries, coupled with different options for fiscal and monetary policies, is likely to result in continued volatility in asset markets, including housing, stocks, bonds, and exchange rates. All of this calls for GMS countries to continue to focus on sound macroeconomic management and healthy financial sectors along with diversification of markets and products as key avenues for continuing to take advantage of the opportunities provided by globalization. Greater

subregional cooperation will also be important to ensure that consistent approaches are adopted, including in responding to external shocks.

Second, major structural changes are likely to take place within Asia, and it will be important that GMS governments and firms are fully cognizant of such changes and prepared to adapt to and take advantage of them. The strong recent growth of the PRC and India has been based largely on domestic demand; and this rebalancing toward domestic markets, including both public investment and domestic consumption, is likely to continue throughout Asia particularly as an emerging middle class boosts consumption levels. Higher unit labor costs (and possibly more appreciated currencies) in the PRC as well as other Asian economies will also impact on the relative efficiency of different production locations and lead to shifts in corporate strategies. Meanwhile, for exports, the most rapidly growing markets will be in Asia, not Europe or the United States; and the PRC and India are likely to be of particular importance for the GMS because of their size, growth, and proximity. Big structural changes are also underway with respect to foreign direct investment and mergers and acquisitions. Some Asian countries are now a major source of investment for the manufacturing sector in other Asian countries, as well as a catalyst for mergers and acquisitions especially in service sectors such as banking, hotels, and telecommunication. GMS countries have the potential to benefit greatly from these expected structural changes in Asia, but they will need to ensure that they retain their competitive advantage through appropriate macro and other policies fostering a positive business climate, combined with enhanced transport and service connectivity.

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Third, the GMS can expect that the trend toward the spatial concentration of development will continue along with the trend toward urban development. Both are important features of efficient and speedy development, but they can also lead to growing inequality within economies and across countries. In this context the GMS focus on agriculture, infrastructure, and human resources can help change the trajectory of market forces and produce more equitable growth within and between GMS countries. Urban investments that are strategically targeted,

⁴ Emerging and developing economies are expected to grow by 6% in the medium term compared with 2% in advanced economies.

Urban investments that are strategically targeted, economically sound, and environmentally sustainable will be of key importance to widening and deepening the GMS corridors.

and Myanmar are expected to decline over the next 20–30 years. In short, some regions in the GMS are aging faster and others are seeing an increase in the share of the working-age population. An aging population can result in labor shortages, which can affect the country's economic competitiveness; whereas countries with a young working-age population will need to generate gainful employment opportunities for their growing labor force. The imbalances in labor availability combined with economic disparities driven also by spatial concentration in economic developments will create push and pull forces for migration within the subregion. Migration within and across GMS countries will almost certainly be a powerful force in equalizing living standards. This puts a premium on human capital development as well as on mechanisms to promote safe migration and to connect migrants with their homes, for example through good transport links and financial links that support remittances.

The GMS will need to take on board the reality of climate change, including its implications for food security.

investments in new green growth technologies. Second, the increasingly likely need to adapt to climate change will raise the value of commodities that are intensive in the use of scarce factors such as water. GMS countries need to understand how to unlock the potential future value added of their supplies of these natural resources through appropriate agriculture, human resource, and infrastructure development. They also need to encourage the development of low-carbon cities and low-carbon power generation.

Finally, it will be important that the GMS recognizes the somewhat uncertain situation with respect to development assistance. While finance for development has held up reasonably well despite the global downturn and rich countries have committed to providing more development resources, it is far from certain that such resources will be forthcoming in the magnitudes expected during what is likely to be a prolonged period of deleveraging and acute budget constraints in many

economically sound, and environmentally sustainable will be of key importance to widening and deepening the GMS corridors and promoting inclusive growth along them.

Fourth, the GMS countries are expected to see divergent demographic trends. The age dependency ratio (defined as the ratio of population aged 0–14 and 65 or more to the working-age [15–64] population) is expected to increase in the PRC over the next 40 years, while those of Thailand and Viet Nam are projected to start inching up within a decade. On the other hand, the age dependency ratios of Cambodia, the Lao PDR,

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Fifth, the GMS will need to take on board the reality of climate change, including its implications for food security. Two particular aspects of the issue are important to the GMS. First, the push to take action on climate change mitigation, including controlling greenhouse gas emissions, will raise the value of the GMS countries' still ample stocks of forest resources. It will also provide additional incentives for

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developed countries. Emerging economies (including the PRC and Thailand) have begun to put in place significant development support programs which could partially offset any pullback in resource provision from the developed world. But it is also important that GMS countries look increasingly to the private sector for development support. In the past, limited creditworthiness in most GMS countries was a major constraint on the potential to mobilize private finance, but this situation has now changed and private foreign direct investment flows are becoming important for all GMS countries. Strengthening public–private partnership in member countries will facilitate an increased role for the private sector in the GMS.

In the context of these various factors that will influence the prospects for the GMS in the coming decades, the commitment of the Association of Southeast Asian Nations (ASEAN) to enhance regional economic integration by establishing the ASEAN Economic Community (AEC) by 2015 is of great significance. Areas of cooperation include closer consultation on macroeconomic and financial policies and trade financing measures, enhanced infrastructure and communication connectivity, development of electronic transactions through e-ASEAN, integration of industries across the region to promote regional sourcing, recognition of professional qualifications, human resources and capacity building, and enhancing private sector involvement in building the AEC. By moving ahead in all of these areas the AEC should help transform ASEAN into a region with free movement of goods, services, investment, and skilled labor, and freer flow of capital. In so doing it should enable the GMS as a subregion and the GMS countries themselves to be much better placed to continue making good progress on both growth and poverty reduction.

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Myanmar's ongoing liberalization and reform process and its opening up to the outside world will also be of enormous benefit to the GMS as a whole—and to the wider regional and global community—as well as to Myanmar itself. Myanmar has a population of 60 million people and a rich endowment of natural resources, including fisheries, forests, natural gas and hydropower potential, and precious stones and minerals. As the largest country in mainland Southeast Asia, Myanmar also has one of the lowest population densities in the region and significant agricultural potential. Its geographic location at the intersection of the PRC and India, two of the world's most dynamic economies, leaves it well positioned to resume its traditional role as a regional trading hub. This combination of economic reforms and economic potential provides huge new opportunities for the country and the subregion that will need to be carefully considered in the development of the next stages of the GMS Program.

A New Framework for the GMS

Taking into account the challenges and opportunities that lie ahead for the GMS and the 20 years of achievements of the GMS Program, leaders of the GMS countries adopted a new strategic framework at the Fourth GMS Summit in 2011 to guide the program over the coming decade.⁵ The framework builds on the commitment that member countries have made in their national

⁵ The new GMS Strategic Framework for 2012–2022 is available at: <http://www.adb.org/documents/greater-mekong-subregion-economic-cooperation-program-strategic-framework-2012-2022>

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development plans to promote regional integration and, in that context, to encourage greater GMS integration as part of a broader process of greater integration within ASEAN and more broadly within the Asia and Pacific region. GMS countries envision a subregion that is more integrated, prosperous, and equitable, and they intend the future GMS Program to contribute to realizing that vision through (i) creating an enabling policy environment and effective infrastructure linkages that will facilitate cross-border trade, investment, tourism, and other forms of economic cooperation; and (ii) developing human resources and skill competencies. GMS countries have also emphasized the importance of environment and social interests being fully respected in the formulation and implementation of the program.

The framework and the future program will focus on a broad range of sector and multisector issues as follows:

- developing the major GMS corridors as economic corridors, including through corridor alignment, widening, and deepening. This will require strategic urban and rural investments aimed at developing growth poles along the corridors and increasing domestic connectivity of the corridors with rural areas and trade centers, including ports;
- strengthening transport linkages, particularly roads and railways, to help ensure that the GMS is better positioned to take advantage of the major structural changes taking place within Asia;
- developing an integrated approach to deliver sustainable, secure, and competitive energy;
- improving telecommunication linkages and information and communication technology applications among the GMS countries;
- developing and promoting sustainable tourism in the Mekong as a single destination;
- promoting competitive, climate-friendly, and sustainable agriculture;
- enhancing environmental performance in the GMS, including a strong focus on addressing issues of climate change; and
- supporting human resource development initiatives that facilitate the process of GMS integration, address some of the negative consequences of greater integration, and enhance development management and research capacities.

While maintaining the pragmatic, action-oriented, and results-focused character of the program, the new framework implies some important shifts in direction to enable the program to meet the challenges that lie ahead and continue to contribute to growth, poverty reduction, and sustainable development in the GMS. Widening and deepening the GMS corridors will involve substantial investments that will require more attention

... the new framework implies some important shifts in direction ...
Widening and deepening the GMS corridors will involve substantial investments that will require more attention to multisector coordination and cross-sector linkages...

to multisector coordination and cross-sector linkages, including careful balancing of development with concern for the environment. It will also require greater recognition of the spatial aspects of regional development and rebalancing attention and resources toward increased involvement of stakeholders at the subnational level, while bearing in mind organizational capacities and potential for achieving results. The scale of investment needed by the subregion for developing the regional corridors will entail an enhanced focus on resource mobilization, including from the private sector. It will also be important for the program to strengthen its emphasis on monitoring the impact of regional interventions.

The program will complement the continued attention on the “hardware” of physical infrastructure investments with an increased focus on “software,” or the policy and institutional dimensions for effective utilization of physical infrastructure, knowledge-related issues, and strengthened intercountry coordination. The expanded and more complex scope of the program in the next decade also calls for greater selectivity and prioritization of areas of intervention, both across and within sectors, combined with more efficient utilization of available resources and institutional capacities to enhance the overall effectiveness and impact of the program.

Competitiveness is key to continued economic vitality of the region...

The 3 Cs characterizing the program—connectivity, competitiveness, and community—will continue their critical role, but with a more balanced emphasis on each. Competitiveness is key to continued economic vitality of the region, and will require not only physical infrastructure investments but also appropriate policies and institutions complementing and leveraging greater connectivity. Finally, the evolving context of regional cooperation in Southeast Asia will imply closer links and complementarity of the GMS

Program with the broader regional agenda and coordination and synergy with other regional initiatives, including contributing to the realization of the AEC.

The GMS countries recognize that effective implementation of the new framework will require an integrated investment approach based on careful sector and regional planning to generate a portfolio of second-generation cooperation projects that can be translated into specific time-bound interventions. The preparation of such an investment framework is now underway, utilizing the various levels of the existing GMS institutional mechanisms and linking in the identification of projects from a sector perspective with GMS country priorities as reflected in national and local development plans. The GMS countries also appreciate the critical importance of the financial and technical support of ADB, other development partners, the private sector, and other stakeholders. They trust they will be able to count on the continued support of all partners in capitalizing on development opportunities through implementing the ambitious new strategic framework and its associated investment program in the challenging period that lies ahead.

The program will complement the continued attention on the “hardware” of physical infrastructure investments with an increased focus on “software,” ...

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The Greater Mekong Subregion at 20 Progress and Prospects


The Greater Mekong Subregion (GMS) includes Cambodia, the People's Republic of China (specifically Yunnan Province and Guangxi Zhuang Autonomous Region), the Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam. In 1992, with assistance from the Asian Development Bank (ADB) and building on their shared histories and cultures, the six countries launched a program of subregional economic cooperation—the GMS Program. Over the past 20 years, the GMS Program has achieved substantial success in improving regional connectivity through investments of \$15 billion as well as more than 180 technical assistance projects. With support of ADB and other development partners, the program is helping the participating countries achieve the Millennium Development Goals and balanced growth through increased connectivity, improved competitiveness, and a greater sense of community.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.7 billion people who live on less than \$2 a day, with 828 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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