



Mekong River Commission

THE SIXTEENTH MEETING OF THE MRC COUNCIL

Session 1: Meeting of the MRC Delegations

26 November 2009

Hua Hin, Thailand

**MINUTES OF THE SIXTEENTH MEETING OF
THE MRC COUNCIL**

**MEKONG RIVER COMMISSION
26 November 2009 in Hua Hin, Thailand**

GENERAL

1. The MRC Council held its Sixteenth Meeting (hereinafter referred to as "The Meeting") on 26 November 2009 in Hua Hin, Thailand. The proposed Programme and Agenda covered the following items:

- Operating Expenses Budget for 2010,
- Decision on the Organisational Structure and the Permanent Location of the MRC Secretariat
- Consideration of the MRC Work Programme 2010, and
- Approval of M-IWRM-Project Document. (Appendix No.1.1: Agenda)

2. Session 1 of the Meeting was followed by a Session of the MRC Council with the Donor Consultative Group on 27 November, at which strategic matters were discussed and a policy dialogue on donor harmonization was held. A separate Summary Record will be prepared for Session 2, the Joint Meeting with the MRC Donor Consultative Group.

3. The Meeting was opened and chaired by H.E. Mr. Suwit Khunkitti, Minister of Natural Resources and Environment, Chairman of Thai National Mekong Committee, Member of the MRC Council for Thailand, Chairman of the MRC Council for 2009/2010. The Meeting was attended by 68 participants, including Delegates from Cambodia, Lao PDR, Thailand and Viet Nam, Union of Myanmar as a Dialogue Partner, and Observers from ADB, ASEAN, World Bank and WWF, and professional and support staff from the MRC Secretariat (Appendix No. 1.2: List of Participants).

4. On 25 November 2009, Members of the MRC Joint Committee held a Preparatory Meeting to review the draft agenda and discuss issues of mutual concern prior to the Sixteenth Meeting of the MRC Council on 26-28 November 2009. On the morning of 26 November, the Council held a Private Session on the Permanent Location of the MRC Secretariat.

5. The MRC Secretariat with the assistance of the Thai National Mekong Committee Secretariat (TNMCS) provided logistical and other related support to the Sixteenth Meeting of the MRC Council.

A. STATEMENT BY THE CHAIRPERSON OF THE MRC COUNCIL FOR 2008/2009

6. H.E. Mme Khempheng Pholsena, Minister to the Prime Minister's Office of the Lao PDR, and Chairperson of the MRC Council for 2008/2009, thanked the Meeting for the warm welcome. She also extended her sincere congratulations to H.E. Mr. Suwit Khunkitti, Minister of Natural Resources and Environment on assuming the role of Chairman of the MRC Council for 2009/2010 (Appendix No.1.3).

7. H.E. Mme Khempheng Pholsena noted it was a great privilege for Lao PDR to assume the chairpersonship of the MRC Council for 2008/2009 which was a year of further consolidation

of on-going important initiatives and a year when several new projects on IWRM and the Climate Change and Adaptation Initiative were successfully launched, thus responding to the needs and emerging priorities of the Member Countries in this rapidly changing world. The previous 12 months was a productive time for the MRC since the organization has taken a leading role in helping Member Countries, with developing its knowledge base, on matters of regional concern in flood risk management, hydropower development, and issues related to climate change.

8. H.E. Mme Khempheng Pholsena highlighted achievements since the last Council Meeting. She commended the MRC's timely response to the 2008 flood. Another noteworthy achievement was the impressive increase of the technical cooperation between the MRC and its Dialogue Partners. China has engaged significantly in the MRC Strategic Environmental Assessment of the Mainstream Dams.

9. The MRC has also strengthened stakeholder dialogue processes and greater participation for stakeholders in the decision-making process. She referred to the recent successful stakeholder consultation and the draft of the stakeholder participation policy. Another important achievement was the approval of the Communications Strategy and the Disclosure Policy, which will contribute to making the MRC more open and transparent.

10. H.E. Mme Khempheng Pholsena also highlighted the issue of sustainable hydropower development on the mainstream Mekong and the increasingly important role that the MRC is playing.

11. Based on the strength of existing traditional friendship and cooperation between MRC countries and most importantly based on the Mekong Spirit, which is as vivid as the strength of the Mekong River flows, H.E. Mme Khempheng Pholsena believed it is time to move forward towards the building up of a successful transboundary cooperation in the Mekong based on trust and confidence between and amongst ourselves.

12. In conclusion, she conveyed her sincere thanks to all, in particular distinguished Members of the Council, Dialogue Partners, Observers, Development Partners, the Chairman of the Joint Committee for 2008/2009 for his positive leadership and contribution to the work of the MRC, other Members of the Joint Committee and the CEO of the MRC Secretariat, for his leadership and effective support. She then formally handed over the chairpersonship of the Sixteenth Meeting of the MRC Council to H.E. Mr. Suwit Khunkitti, Minister of Natural Resources and Environment, Chairman of Thai National Mekong Committee and Member of the MRC Council for Thailand.

B. WELCOME ADDRESS BY THE CHAIRMAN OF THE MRC COUNCIL FOR 2009/2010

13. H.E. Mr. Suwit Khunkitti extended his warm welcome to all distinguished Delegates to the Sixteenth Council Meeting, (Appendix No.1.4).

14. He expressed his sincere congratulations to H.E. Mme Khempheng Pholsena, Chairperson of the MRC Council for 2008/2009 for her considerable contribution to the success of MRC. Under her tenure, the MRC continued to progress and several milestones have been achieved. He also assured all Council Members that Thailand will put its utmost efforts to further strengthening the Mekong cooperation.

15. The Chairman recalled the Meeting that MRC has been a model of regional cooperation and positive regional dialogue for one-and-a-half decades, and its history could be tracked back further to the mid 1950s. The Member Countries have always cooperated on water

management through the MRC and its predecessor organisations. This was a testament to the broader perspective of regional cooperation.

16. This meeting should be seen as a celebration of Mekong cooperation which has been possible thanks to the contribution and tireless effort of all Members of the Council and Joint Committee, Dialogue Partners, Observers, Secretariats of the National Mekong Committees, MRC Secretariat, MRC community and the people living along the watercourses and in the watersheds of our generous and treasured Mekong River. The Member Countries of the Mekong basin shared history that spans thousands of years. That partnership will achieve a new prominence next year, as we plan to hold the MRC Summit to celebrate the Fifteenth anniversary of the organisation.

17. The Chairman also highlighted the growing relationship with upstream neighbours, China and Myanmar and looked forward to hearing the progress and the opportunities for new initiatives during the Meeting.

18. The MRC has predominantly been taken up by the task of discussing and defining the issues around the permanent location of the Secretariat. He was pleased that the MRC had reached a decision during the Private Session, a decision taking into account the balance of regional political influences while ensuring that the MRC will continue to fulfil its mandate most efficiently, effectively and in the best interests of stakeholders.

19. In concluding, he expressed his sincere gratitude to the staff of the Thai National Mekong Committee Secretariat and the CEO and staff of the MRC Secretariat for their efficient arrangements and effective support, which will undoubtedly contribute to making the Meeting a success.

C. ADOPTION OF THE AGENDA

20. The Agenda was adopted as proposed, (Appendix No.1.1: Agenda).

D. MANAGEMENT AND FINANCIAL MATTERS

D.1 CONSIDERATION OF THE OPERATING EXPENSES BUDGET FOR 2010

21. The Chairperson of the MRC Joint Committee for 2009/2010 briefed the Meeting on the outcomes of the discussion of the Preparatory Meeting of the Joint Committee and invited the CEO of the MRC with the assistance of the Chief of Finance and Administration Section to introduce the agenda item, (Appendix No. 1.5).

22. The MRC Secretariat briefed the Meeting on the current status of the OEB 2009 and proposed budget for the OEB 2010. In the absence of a definitive decision on the permanent location at the time the OEB 2010 was prepared, a number of assumptions were elaborated. For the MRC to continue operation in 2010, it was understood that a provisional OEB was required. Two options were suggested for consideration by the Meeting with either "Alternative A" with a base-OEB 2010 (US\$ 2,917,197) based on all budget requirements for 2010 but excluding costs related to a co-hosted Secretariat or "Alternative B" for a provisional OEB 2010 based initially on the expenditure budget figure of the OEB 2009 (US\$ 2,772,170). Both would be temporary measures until a new budget can be presented to reflect the decision on the Permanent Location of the MRC Secretariat. Total revenue for 2010 is estimated at US\$ 3,265,157. The difference between revenue and provisional budget for expenditure provides ample margin to ensure the annual recurrent costs directly related to the location decision can be accommodated in the subsequent budget revision.

23. The Council approved the proposed Alternative A with a base-OEB 2010 (US\$ 2,917,197) as a provisional measure and committed to consider a revised OEB 2010 integrating the provisions relating to the decision on the Permanent Co-hosted Location of the MRC Secretariat in early weeks of 2010. The Council thanked the Joint Committee for its close supervision of preparing the OEB 2010 and commended the Secretariat for its sound financial management exercised in 2009.

D.2 REPORT BY THE CHAIRPERSON OF THE JOINT COMMITTEE FOR 2009/2010 ON THE FOLLOW-UP OF THE DECISION ON THE ORGANISATIONAL STRUCTURE AND THE PERMANENT LOCATION OF THE MRC SECRETARIAT

24. The Chairperson of the MRC Joint Committee for 2009/2010 invited the CEO of the MRC to introduce the agenda item who detailed the decision reached by the Council at its Private Session on 26 November 2009.

25. The Council approved the Decision Note on the MRC Secretariat Permanent Location with minor revisions as presented in Appendix No. 1.6. A roadmap and budget will be considered by the Task Force on the Organisational Structure of the MRC Secretariat and submitted for approval at the Thirty-first Meeting of the Joint Committee to be held in March 2010.

D.3 CONSIDERATION OF THE MRC WORK PROGRAMME 2010

26. The Chairperson of the MRC Joint Committee for 2009/2010 requested the Technical Coordination Advisor to report to the Meeting on the agenda item, (Appendix No.1.7).

27. The Technical Coordination Advisor recalled the aim and function of the annual Work Programme that is one of the requirements of the 1995 Mekong Agreement. It provides the framework of all MRC activities for the year ahead. At its Preparatory Meeting on 25 November 2009, the Joint Committee endorsed the MRC Work Programme 2010 for submission to the Sixteenth Meeting of the MRC Council.

28. The Council approved the MRC Work Programme 2010 subject to final editing and integration of comments provided by the Joint Committee at its Preparatory Meeting.

E. APPROVAL OF M-IWRM PROJECT DOCUMENT

29. The Chairperson of the MRC Joint Committee for 2009/2010 invited the Basin Development Plan (BDP) Programme Coordinator to introduce the agenda item, (Appendix No. 1.8). The BDP Programme Coordinator briefed the Meeting on the current opportunities and challenges of rapid water related resources development in the Mekong Basin and on the need for coordination mechanisms as offered under the framework of the 1995 Mekong Agreement. Under the former Water Utilization Programme (WUP), the MRC had progressed well in that direction with the development of Procedures and Technical Guidelines for implementation. Ensuring a closer linkage between regional approaches and national water resources management, actual water related investment and implementation by line agencies in Member Countries is now needed. The M-IWRMP will support the Member Countries in continuing the momentum on the implementation of the 1995 Mekong Agreement. This Project proposes a three-tier approach to IWRM involving regional, national and transboundary level actions allowing a better integration of MRC activities and tools within national initiatives. The regional level of the Project does not only cover the implementation of MRC Procedures and Technical

Guidelines but will also support coordination and technical support for the national and transboundary components. The Project has the potential to yield several benefits such as leveraging funding for Member Countries, and contributing to poverty reduction and achievement of related Millennium Development Goals.

30. Since the earlier approval of the Project concept by the Council in 2006, a thorough consultation process has taken place for the Project formulation. The MRC Secretariat also emphasized some of the issues that were requiring specific attention from the Council for the success of this important Project. One was the required political will to support the effective implementation of adopted Procedures, Technical Guidelines and other relevant process in support of Mekong development. A clear commitment was also required to allow synergy amongst the three components. To this end, the preparation of National and Transboundary Components needed to be accelerated. The support provided from NMC Secretariats was also essential to coordinate activity in each country.

31. Thailand invited the MRC to expedite the finalization of Technical Guidelines to allow the implementation of the Procedures. Thailand also emphasized the need for a full participation of stakeholders at regional, national and local levels. Under the Transboundary Component of the Project, Thailand had already identified activities and was looking forward to other initiatives and modalities to define them. Thailand also requested the MRC Secretariat to ensure the facilitation of joint learning and experience sharing in IWRM and not to let financial constraints undermine these important activities.

32. The MRC Secretariat emphasized that the Regional Component of the Project also focuses on promoting the implementation of IWRM in the Member Countries. Experience sharing is therefore emphasized and has already started such as the visit of all Member Countries to learn on river basin management and river basin operations in Songkla Lake under the BDP. This is possible under the framework of other MRC activities in addition to M-IWRMP. As regards the transboundary initiative, it was expected that MRC would facilitate discussion among Member Countries to define workplan of activities during the preparation of the National and Transboundary Components.

33. The Meeting approved the M-IWRMP including the goal, objective and structure of the three inter-linked components to address IWRM; the framework to complete the preparation of the National and Transboundary Components and to implement the Project and; the Design of the Regional Component to start its implementation.

I.1 INFORMATION ON THE DATE AND VENUE OF THE SEVENTEENTH MEETING OF THE MRC COUNCIL AND THE FIFTEENTH DONOR CONSULTATIVE GROUP MEETING

34. Viet Nam informed that it would be honoured to host the Seventeenth Meeting of the MRC Council in November or December 2010. The exact dates and venue of the meeting will be communicated as soon as possible to the MRC Secretariat.

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

35. The MRC Council expressed its appreciation to the Royal Thai Government and adopted the Minutes of the Sixteenth Meeting of the MRC Council on 28 November 2009 in Hua Hin, Thailand, which reflect mutual will of the Member Countries.



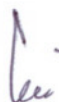
H.E. Mr. Tram Iv Tek
Alternate Member of the MRC Council for the Kingdom of Cambodia



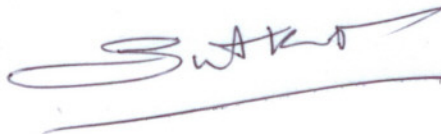
H.E. Mme Khempheng Pholsena
Member of the MRC Council for Lao People's Democratic Republic



Dr. Saksit Tridech
Member of the MRC Joint Committee for the Kingdom of Thailand and
Head of Delegation for the Kingdom of Thailand



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



H.E. Mr. Suwit Khunkitti
Chairman of the MRC Council for 2009/2010

L. CLOSING STATEMENT OF THE CHAIRMAN OF THE MRC COUNCIL 2009/2010

36. After adoption of the Minutes, the Chairman delivered the closing statement and the Meeting thanked the host country and the MRC Secretariat for successful preparation of the Meeting, (Appendix No. 1.9).

*Sixteenth Meeting of the MRC Council
Session 1: Meeting of the MRC Delegations
Mekong River Commission
26 November 2009
Hua Hin, Thailand*

LIST OF APPENDICES

APPENDIX NO. 1.1	AGENDA
APPENDIX NO. 1.2	LIST OF PARTICIPANTS
APPENDIX NO. 1.3	STATEMENT BY THE CHAIRPERSON OF THE MRC COUNCIL FOR 2008/2009
APPENDIX NO. 1.4	WELCOME ADDRESS BY THE CHAIRMAN OF THE MRC COUNCIL FOR 2009/2010
APPENDIX NO. 1.5	CONSIDERATION OF THE OPERATING EXPENSES BUDGET FOR 2010
APPENDIX NO. 1.6	DECISION NOTE ON THE PERMANENT LOCATION OF THE MRC SECRETARIAT
APPENDIX NO. 1.7	CONSIDERATION OF THE MRC WORK PROGRAMME 2010
APPENDIX NO. 1.8	APPROVAL OF M-IWRM PROJECT DOCUMENT
APPENDIX NO. 1.9	CLOSING STATEMENT BY THE CHAIRMAN OF THE MRC COUNCIL FOR 2009/2010

APPENDIX NO. 1.1

AGENDA

AGENDA

Thursday 26 November 2009

- 09:00 – 12:00 Private Meeting of the Council on the Permanent Location of the MRC Secretariat
- 12:00 – 14:00 Luncheon for the Council Members and Delegates of the Sixteenth Council and Fourteenth Donor Consultative Group Meetings hosted by the Chairman of the MRC Council for 2009/2010
- 14:00 **The Sixteenth Meeting of the MRC Council**
Session 1: Meeting of the MRC Delegations
- 14:00 – 14:10 A. Statement by the Chairperson of the MRC Council for 2008/2009
- 14:10 – 14:20 B. Welcome Address by the Chairman of the MRC Council for 2009/2010
- 14:20 – 14:25 C. Adoption of the Agenda
- 14:25 **D. Management and Financial Matters**
- 14:25 – 14:40 D.1 Consideration of the Operating Expenses Budget for 2010
- 14:40 – 15:00 D.2 Report by the Chairperson of the Joint Committee for 2009/2010 on the Follow-up of the Decision on the Organisational Structure and the Permanent Location of the MRC Secretariat
- 15:00 – 15:20 Coffee Break
- 15:20 – 15:40 D.3 Consideration of the MRC Work Programme 2010
- 15:40 – 16:00 E. Approval of M-IWRM-Project Document
- Donor Harmonisation Session** (in parallel with Session 1)
- 18:30 Reception Dinner for the Delegates of the Sixteenth Council and Fourteenth Donor Consultative Group Meetings hosted by the Chairman of the MRC Council for 2009/2010

APPENDIX NO. 1.2
LIST OF PARTICIPANTS

LIST OF PARTICIPANTS

A. MRC MEMBER DELEGATIONS

CAMBODIA

1. H.E. Mr. Tram Iv Tek
Minister of Public Works and Transport
Vice-Chairman of the Cambodia National Mekong Committee
Alternate Member of the MRC Council for Cambodia
Head of Delegation
2. H.E. Mr. Pich Dun
Secretary-General
Cambodia National Mekong Committee Secretariat
Alternate Member of the MRC Joint Committee for Cambodia
3. H.E. Mr. Kol Vathana
Deputy Secretary-General
Cambodia National Mekong Committee Secretariat
4. H.E. Mr. So Sophort
Deputy Secretary-General
Cambodia National Mekong Committee Secretariat
5. Mr. Tuy Ry
Director
International Organization Department
Ministry of Foreign Affairs and International Cooperation (MFA)
6. Mr. Ros Sophornna
Acting Director
Waterways Department
Ministry of Public Works and Transport
Assistant to Head of Delegation
7. Mr. Yin Savuth
Deputy Director
Hydrology and River Works Department
Ministry of Water Resources and Meteorology (MoWRAM)

LAO PDR

8. H.E. Mme. Khempheng Pholsena
Minister to the Prime Minister's Office
Head of Water Resources and Environment Administration
Chairperson of Lao National Mekong Committee
Member of the MRC Council for the Lao PDR
Head of Delegation

9. Mme. Monemany Nhoibouakong
Permanent Secretary
Cabinet of Water Resources and Environment Administration
Member of the MRC Joint Committee for the Lao PDR
Chairperson of the MRC Joint Committee for 2009/2010
10. Mr. Phonechaleun Nonthaxay
Director-General
Department of Water Resources
Water Resources and Environment Administration
Alternate Joint Committee Member for Lao PDR
11. Mr. Viraphonh Viravong
Director-General
Department of Electricity
Ministry of Energy and Mine
12. Mr. Saleumsay Kommasith
Director-General
Department of International Organization
Ministry of Foreign Affairs
13. Mr. Oudomsack Philavong
Assistant Director-General
Department of Water Resources
Water Resources and Environment Administration
Lao National Mekong Committee Secretariat
14. Mr. Virana Sonnasinh
Acting Director of Planning Division
Cabinet Office
Water Resources and Environment Administration
Lao National Mekong Committee Secretariat

THAILAND

15. H.E. Mr. Suwit Khunkitti
Minister of Natural Resources and Environment
Chairman of Thai National Mekong committee
Member of the MRC Council for Thailand
Chairman of the MRC Council for 2009/2010
16. Dr. Saksit Tridech
Permanent Secretary
Ministry of Natural Resources and Environment
Vice-Chairman of Thai National Mekong Committee Secretariat
MRC Joint Committee for Thailand
Head of Delegation
17. Mr. Kasemsun Chinnavaso
Director-General
Department of Water Resources
Ministry of Natural Resources and Environment
Secretary General of Thai National Mekong Committee Secretariat
Alternate Member of MRC Joint Committee for Thailand

18. Mrs. Pakawan Chufamanee
Director of Mekong Affairs Branch
Department of Water Resources
Ministry of Natural Resources and Environment
19. Mr. Surasak Suparat
Director of Development Affairs Division
Department of International Organizations
Ministry of Foreign Affairs
20. Mr. Thanawat Manathat
Third Secretary
Treaty Division, Department of Treaties and Legal Affairs
Ministry of Foreign Affairs
21. Mr. Somrit Vilaipornrattana
Director of Bureau of International Cooperation
Department of Water Resources
Ministry of Natural Resources and Environment

OBSERVERS

22. Mr. Apaicheep Bannag
Coordinator National Resources and Environment
Department of ASEAN Affairs
Ministry of Foreign Affairs
23. Mr. Suwit Thanopanuwat
Senior Expert on Civil Engineering (Project Planning)
Department of Royal Irrigation
Ministry of Agriculture and Cooperatives
24. Associate Professor Chaiyuth Sukhsri
Head of Water Resources Engineering Department
Faculty of Engineering, Chulalongkorn University
Member of Thai National Mekong Committee Secretariat
25. Mr. Nirat Phuritphanphinyo
Civil Engineer, Senior Professional Level
Bureau of International Cooperation
Department of Water Resources
Ministry of Natural Resources and Environment
26. Ms. Nuanlaor Wongpinitwarodom
Policy and Plan Analyst
Senior Professional level
Bureau of International Cooperation
Department of Water Resources
Ministry of Natural Resources and Environment
27. Ms. Kesarin Phanarangsarn
Second Secretary
Development Affairs Division
Department of International Organizations
Ministry of Foreign Affairs

VIET NAM

28. H.E. Dr. Nguyen Thai Lai
Deputy Minister of the Natural Resources and Environment
Alternate Member of the MRC Council for Vietnam
Head of Delegation
29. Dr. Le Duc Trung
Secretary-General
Viet Nam National Mekong Committee Secretariat
Member of the MRC Joint Committee for Viet Nam
30. Mr. Nguyen Duy Quy
Deputy Director-General
The Government Office
31. Mr. Do Hung Viet
Assistant Director-General
Department of International Organizations
Ministry of Foreign Affairs
32. Mr. Nguyen Xuan Bao Tam
Deputy Director-General
Department of International Cooperation
Ministry of Natural resources and Environment
33. Mr. Tran Duc Huan
Senior Official
Ministry's Office
Ministry of Natural Resources and Environment

OBSERVERS

34. Mr. Tran Duc Cuong
Deputy Secretary-General
Viet Nam National Mekong Committee Secretariat
35. Mr. Dao Xuan Nang
Senior Officer
Department of International Economic Relation
Ministry of Planning and Investment
36. Dr. Truong Hong Tien
Senior Programme Officer
Vietnam National Mekong Committee Secretariat
37. Ms. Nguyen Thi Thu Linh
Senior Programme Officer
Vietnam National Mekong Committee Secretariat

B. JC OBSERVERS

Myanmar

38. Mr. Sein Tun
Deputy Director
Directorate of Water Resources and Improvement of River Systems
Ministry of Transport of the Union of Myanmar

ADB

39. Mr. Ian W. Makin
Senior Water Resources Management Specialist, SEAE
Asian Development Bank
Manila, Philippines

ASEAN

40. Ms. Rizky Amelia
Technical Assistant
Initiative for ASEAN Integration (LAI) Unit
Jakarta, Indonesia

World Bank

41. Mr. Vijai Jagannathan
Sector Manager
The World Bank
Washington, USA
42. Dr. Toru Konishi
Senior Economist
The World Bank
Vientiane, Lao PDR

C. MRC SECRETARIAT

43. Mr. Jeremy Bird
Chief Executive Officer
44. Mr. Sourasay Phoumavong
Assistant to CEO, and
Director of Planning Division
45. Dr. Pornsook Chongprasith
Director of Environment Division
46. Mr. Do Manh Hung
Director of Operations Division
47. Mr. Navuth Te
Director of Technical Support Division
48. Ms. Nguyen Thu Mai
Chief of Finance and Administration Section
49. Ms. Weena Aksornkaew
Chief of Human Resources Development Section
50. Ms. Bérengère Prince
Officer-in-Charge
International Cooperation and Communication Section
51. Dr. Vitoon Viriyasakultorn
Technical Coordination Advisor
Technical Coordination Unit, Office of the Chief Executive Officer
52. Ms. Pham Thi Thanh Hang
Basin Development Plan Programme Coordinator
Planning Division
53. Mr. Voradeth Phonekeo
Project Manager Hydropower Programme
54. Dr. Sompong Boonprasert
Hydrology-meteorological Data Component Manager/Senior Hydrologist
55. Mr. Khy Lim
Communication Officer
International Cooperation and Communication Section
56. Ms. Siliphone Sisavath
Programme Officer
International Cooperation and Communication Section
57. Ms. Chongchith Chantharanonh
Programme Officer
International Cooperation and Communication Section

D. ORGANISERS

Thai National Mekong Committee

58. Mr. Nirat Phuritphanphinyo
Civil Engineer, Senior Professional Level
59. Mr. Burachat Buasuwan
Senior Policy and Plan Analyst
60. Ms. Nuanlaor Wongpinitwarodom
Policy and Plan Analyst
Senior Professional level
61. Mr. Satit Sueprasertsuk
Senior Engineer
62. Mr. Suchart Sirijungsakul
Senior Engineer

MRC Secretariat

63. Ms. Chandaworn Bounnad
Interim Senior Programme Assistant
International Cooperation and Communication Section
64. Ms. Chansouk Souphanthavong
Secretary to Chief, International Cooperation and Communication Section
65. Ms. Viengvilay Sinprasith
Secretary, International Cooperation and Communication Section
66. Ms. Songkane Sayavong
Administrative Secretary to Chief, Finance and Administration Section
67. Mr. Seree Damnernpiriyakul
Network Administrator, Finance and Administration Section
68. Mr. Khamphet Phiphattana
Maintenance Supervisor, Finance and Administration Section

APPENDIX NO. 1.3

**STATEMENT BY THE CHAIRPERSON OF THE MRC
COUNCIL FOR 2008/2009**

Statement

by

H.E. Ms. Khempheng Pholsena
Minister to the Prime Minister's Office
Head of Water Resources and Environment Administration (WREA)
Chairperson of Lao National Mekong Committee
Chairperson of the MRC Council for 2008/2009

Excellency Mr. Suwit Khunkitti
*Minister of Natural Resources and Environment
Chairman of Thai National Mekong Committee
Member of the MRC Council for Thailand
Chairman of the MRC Council for 2009/2010*

Excellency Mr. Tram Iv Tek
*Minister of Public Works and Transport
Vice Chairman of Cambodian National Mekong Committee
Alternate Member of the MRC Council for Cambodia*

Excellency Dr. Nguyen Thai Lai
*Deputy Minister of the Natural Resources and Environment
Alternate Member of the MRC Council for Vietnam*

***Distinguished Observers Delegates,
Ladies and Gentlemen,
Colleagues and friends***

I am delighted to have the honor to be with you today at the Sixteenth Meeting of the MRC Council today in Hua Hin, Thailand. Allow me to congratulate His Excellency Mr. Suwit Khunkitti for his tenure of the MRC Council Chairmanship since July this year. I would also like to convey my thanks to His Excellency Mr. Suwit Khunkitti and the Royal Thai government for hosting us in this beautiful location, as well as for the gracious hospitality and excellent arrangements made for the meeting.

Let me take this opportunity to extend a warm greeting to all the dignitaries and observers present, who have taken time out of their busy schedules to come to this meeting, and particularly the government of Myanmar for being represented here along with our observers.

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

It has been a great privilege for me to assume the chairpersonship of the MRC Council for 2008 – 2009 which has been a year of further consolidation of on-going important initiatives such as the Basin Development Plan Programme, the Flood Management and Mitigation Programme and the Initiative on Sustainable Hydropower. It has also been a rewarding year when several new projects on IWRM have finally taken off and the Climate Change and Adaptation Initiative was successfully launched, thus responding to the needs and emerging priorities of our Member States in this rapidly changing world.

It is indeed very heartening to see that the last 12 months were a productive time for the MRC since the organization has taken a leading role in helping Member States, with its knowledge base, on matters of regional concern. These include flood risk management, hydropower development, and issues related to climate change.

In fact the cyclone Nargis last year and typhoon Ketsana in September and October this year as well as other tropical storms causing devastating losses of lives and properties were the type of extreme weather event that scientists predict will happen more frequently. This, along with changing rainfall patterns, increases in the likelihood of drought and sea water inundation in the Delta, leading to increased community's vulnerability, are all part of the challenges that need to be addressed by the new Climate Change and Adaption Initiative.

While commending the MRC's timely response to the 2008 flood event which has resulted in improved forecasting system and improved communication, there is still a need to continue working towards the achievement of a strengthened flood mitigation and protection system both at national and regional level. For this to happen, there is a considerable need to improve our services to the communities and most importantly build the capacities of Member Countries and achieve harmonisation and full coordination of national and regional actions in order to more effectively mitigate the effects of floods and respond to them.

Another noteworthy achievement is the impressive increase of the technical cooperation between the MRC and its Dialogue Partners, China and Myanmar. As in previous years, China has continued to forward to MRCS real time data in support of flood forecasting during the rainy season. An extension of the hydrological coverage is being considered both in space, with the possible upgrading of a station in Myanmar, and in time when the right conditions are in place. China has engaged significantly in the MRC Strategic Environmental Assessment of the Mainstream Dams. Both China and Myanmar have attended all major MRC regional meetings on topics as diverse as flood, navigation and regional planning. A new type of cooperation has also emerged with the MRC's visit to flood facilities in China. This was conceived as a capacity building exercise and such arrangement should be pursued in the future.

This builds on a long history of cooperation between the MRC, China and Myanmar, and I look forward to seeing this continue.

***Excellencies,
Ladies and Gentlemen***

The MRC has also taken steps last year towards the strengthening of the stakeholder dialogue process and greater participation for stakeholders in the decision-making process. Allow me here to refer to the successful stakeholder consultations undertaken under the BDP Programme as well as the Initiative on Sustainable Hydropower along the line with the first draft of the stakeholder participation policy due to be submitted to the Council for approval next year. Another important achievement was the approval of the Communication Strategy and the Disclosure Policy, which will contribute to make the MRC more open and transparent.

Let me now touch upon an issue of great challenge which will probably continue to spark public debate in the coming years. This is the issue of sustainable hydropower development on the mainstream Mekong.

In this respect, I am pleased to mention the MRC's relatively new Initiative on Sustainable Hydropower that has already set in motion a Strategic Environmental Assessment of the proposed mainstream dams engaging expertise from the region and around the world to understand the positive contribution to the development of our region while assessing the potential impacts of hydropower on fisheries, sediment management, water quality and navigation. This work will be very important for the strengthening of the formal process of prior consultation required under the 1995 Mekong Agreement. I look forward to seeing the results of this work in the coming months.

While we are all very proud of the achievements made collectively last year as mentioned earlier, we have also to acknowledge that there are still a few issues which need our attention and guidance for resolution. I believe that, based on the strength of existing traditional friendship and cooperation between our countries and most importantly based on the Mekong Spirit, which is as vivid as the strength of the Mekong River flows, we can find an answer to our quest which would be acceptable for all parties and hence, enabling us to move forward towards the building up of a successful transboundary cooperation in the Mekong based on trust and confidence between and amongst ourselves.

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

Before I conclude, I would like to take this opportunity to convey our sincere thanks to all and everyone who have supported and contributed to the achievements of the MRC throughout 2008 and 2009, in particular the distinguished Members of the Council, our Dialogue Partners and Observers. May I also convey our special thanks to the Development Partners who have been and continue to be with us in our journey to accomplish the MRC's vision of an economically prosperous, socially just and environmentally sound Mekong River Basin. My thanks also go to Dr. Saksit Tridech, Chairman of the Joint Committee for 2008-2009 for his positive leadership and contribution to the work of the MRC as well as the other Members of the Joint Committee.

I would also like to thank Mr. Jeremy Bird, the CEO of the MRC Secretariat, for his leadership and effective support. My thanks also go to all the staff of the MRC Secretariat for their dedication and hard work.

With this, I would like to formally handover the chairmanship of the Sixteenth Meeting of the MRC Council to my esteemed colleague H.E. Mr. Suwit Khunkitti, Minister of Natural Resources and Environment, Chairman of Thai National Mekong Committee and Member of the MRC Council for Thailand.

I am confident that with his wide experience and knowledge he will be more than capably lead the MRC to greater achievements at this vital moment in its evolution as demonstrated at the Private Meeting of MRC Council Members this morning.

With this, I wish to assure you, Excellency, of my full support during your tenure and I wish you every success in leading the MRC Council towards new and rewarding achievements for the benefit of all the people in the Mekong Basin.

Thank you

APPENDIX NO. 1.4

**WELCOME ADDRESS BY THE CHAIRMAN OF THE
MRC COUNCIL FOR 2009/2010**

Welcome Address

by

H.E. Mr. Suwit Khunkitti
Minister of Natural Resources and Environment
Chairman of Thai National Mekong Committee
Member of the MRC Council for Thailand
Chairman of the MRC Council for 2009/2010

Excellency Mr. Tram Iv Tek
Minister of Public Works and Transport
Alternate Member of the MRC Council for Cambodia

Excellency Madame Khempheng Pholsena
Minister to the Prime Minister's Office
Head of Water Resources and Environment Administration
Member of the MRC Council for the Lao PDR
Chairperson of the MRC Council for 2008/2009

Excellency Dr. Nguyen Thai Lai
Deputy Minister of the Natural Resources and Environment
Alternate Member of the MRC Council for Vietnam

Doctor Saksit Tridech
Permanent Secretary
Ministry of Natural Resources and Environment
Head of the Delegation of Thailand
Member of the MRC Joint Committee for Thailand
Chairman of the MRC Joint Committee for 2008/2009

***Distinguished Delegates,
Ladies and Gentlemen***

I would like to extend my warmest welcome to all distinguished delegates of the first session of the Sixteenth Meeting of the Mekong River Commission Council.

Let me first express my sincere congratulations to Her Excellency Madame Khempheng Pholsena, Chairperson of the MRC Council for 2008/2009 for her considerable contribution to the success of MRC. Under her tenure, the MRC has continued to progress and several milestones have been achieved.

Allow me to assure all Council Members, that Thailand will put its utmost efforts to further strengthening the Mekong cooperation. In doing so, I would like to invite the continuation of support and cooperation from all Council Members.

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

Going beyond the time horizon of last year's several accomplishments that took place under the leadership of Her Excellency Madame Khempheng, allow me to look backwards over the last fifteen years.

For nearly one-and-a-half decades the MRC has been a model of regional cooperation and positive regional dialogue, and of course it traces its roots back much further than that – to the mid 1950s.

The history of this region has not always been without incident. The fact is however that the four Member Countries have always cooperated on water management through the MRC and its predecessor organisations. I think this is a testament to the broader perspective of regional cooperation, the fraternal spirit of our great nations – and perhaps to the wisdom of the Council Members, past and present.

This meeting should be seen as a celebration of Mekong cooperation which has been possible thanks to the contribution and tireless effort of all, Ministerial Members of the Council, Members of the Joint Committee, Dialogue Partners, Observers, Secretariats of the National Mekong Committees, the Secretariat of the MRC, the broader MRC community and the people living along the watercourses and in the watersheds of our generous and treasured Mekong River.

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

The four Member Countries of the Mekong basin have a shared history that spans thousands of years. Today, they also have a shared partnership.

That partnership will achieve a new prominence next year, as we plan to hold the Prime Minister's Summit to celebrate the Fifteenth anniversary of the organisation. This we will discuss tomorrow.

The basin already provides significant benefits particularly to the rural poor who rely on its aquatic resources and its water for irrigation and for human needs.

And there are enormous potential benefits for further development based on the resources of the river system. But development comes with potential challenges and risks and has implied trans-boundary impacts, for both downstream and upstream countries and communities. The opportunities for using the Mekong have never been higher, which is why the time is right for a high-level Summit on water-use and water related issues in the Mekong Basin.

As well as our shared partnership, our relations with upstream neighbors, China and Myanmar has also been growing substantially and I look forward to hearing later today the progress in this regard as well as the opportunities for new initiatives.

Since our Private Meeting this morning, we are predominantly taken up by the task of discussing and defining the issues around the permanent location of the Secretariat. The MRC Secretariat will now be permanently co-hosted between Vientiane and Phnom Penh. I would like to congratulate the Joint Committee and the Council for the hard work and effort.

As for any international organization, this is a complex task which will have implications for the on-going effectiveness of the MRC for many years to come.

I am pleased that we are making progress and that our decision is taking into account the balance of regional political influences.

Our Development Partners will be anxious that our decision ensures that the MRC can fulfill its mandate most efficiently, effectively and in the best interests of stakeholders.

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

It is the mandate of the Mekong River Commission to bring together the riparian countries in the spirit of Mekong Cooperation to face these trans-boundary challenges and ensure that the water resources of the Basin are developed and managed in a sustainable manner. I look forward to getting on with this task at today's meeting encourage a frank and open discussion.

Last but not least, I would like to express my sincere gratitude to the staff of the Thai National Mekong Committee Secretariat and the CEO and staff of the MRC Secretariat for their efficient arrangements and effective support, which will undoubtedly contribute to making the Meeting a success.

I, now, declare the Sixteenth Meeting of the MRC Council open.

APPENDIX NO. 1.5

**CONSIDERATION OF THE OPERATING
EXPENSES BUDGET FOR 2010**

MATTER FOR CONSIDERATION

CONSIDERATION ON THE OPERATING EXPENSES BUDGET FOR 2010

1. At the time of preparing the OEB 2010 and discussing with countries at the two regional meetings on 16 June and 15 September 2009, the assumption is that the MRCS would have a permanent co-hosted location in both Phnom Penh and Vientiane. That is the assumption that underlies this version of the budget for OEB 2010. Subsequent discussions on rotation of the Secretariat to Phnom Penh have not been included here and would require a revised submission. The running costs of the co-hosting are budgeted under OEB 2010. The start-up costs of implementing the co-hosting (e.g. relocation costs, office outfitting, furniture, improved communications equipment, etc.) would be budgeted separately to be able to monitor these costs in a transparent way.
2. A number of assumptions have been made on the actual implementation of the co-hosting in this proposed budget. These assumptions are provided in detail in the sections below.
3. Total revenue is estimated at US\$ 3,265,157. Compared to OEB 2009, the budget for the year 2010 reflects an expected increase of around 9% in revenue due to increased Member States Contributions and Management and Administration Fee
4. To facilitate the Council in its consideration of the proposal for OEB 2010, two options have been prepared. The first option (Attachment 1) contains provisions for a Deputy CEO and his/her personal assistant post for the office in Phnom Penh. The second option (Attachment 2) excludes these two positions. The estimated OEB surpluses in two options are US\$37,881 & US\$110,635 respectively.
5. A reserve of US\$100,000 has been included to support the organisation of the MRC Summit in 2010.
6. As requested during the Thirtieth MRC Joint Committee Meeting in July 2009, more explanation on the estimated rates for salary adjustments and Devaluation Allowance for riparian staff is given in the sections below.
7. This briefing note also takes into account the views expressed by the Member Countries during the Second Regional Consultation Meeting on OEB and the Ninth Task Force Meeting on Organisational Structure held at the Secretariat on 15 September and 1 October 2009 respectively.

II.1 Income

8. Projected contributions from the riparian Governments have been increased to US\$ 1,560,157 in accordance with the decision made by the Council in October 2000.
9. Similarly to the year 2009, no core contributions from other governments (donors) are expected in 2010.
10. Income from interest (treasury management) and miscellaneous income is set to approximately equal the actual level in 2008.

11. An increase of 11% in the Management and Administration Fee (MAF) compared to the 2009 revised budget is budgeted for 2010 with the highest contributors expected to be BDP, IKMP, FP and ICBP. The estimate is made based on the latest version of the financial plan completed in early October 2009.

II.2 Expenditures

000 – 100 Salaries and fees and Common staff costs

12. Under both Options, the Secretariat has assumed that co-hosting would take place as of 1 June 2010.

13. A Deputy CEO in the Office of the Secretariat in Phnom Penh (OSP) has been provisionally included under Option 1 as proposed by the Joint Committee Member for Cambodia. As a result, provision for a personal assistant post to the DCEO has also been made under this option.

14. Under Option 1 and Option 2 respectively, Salaries and Fees are budgeted at US\$1,328,062 and US\$1,283,933; Staff common costs at US\$815,674 and US\$787,049; reflecting a significant increase of around US\$530,766 & US\$458,012 of the overall personnel expenses compared with the 2009 budget.

15. In comparison with the budget of 2009, the major changes are due to the ending of donor support to management positions, additional recurrent cost of co-hosting and an increase in staff due to an increased workload. Details are:

- Chief FAS and Chief ICCS (previously funded by GTZ & SIDA respectively) are now fully budgeted under OEB.
- The personnel costs of staff performing management and corporate service functions in the Office of the Secretariat in Phnom Penh (OSP) are charged to OEB after the co-hosting. The posts are based on the posts tabled under option C (table 3.2.C) of Agenda A.7 presented to the Preparatory Meeting of the 29th Joint Committee Meeting in March 2009.
- The total number of staff on the OEB budget as a result of the above has risen from 64 to 87 under Option 1 and 85 under Option 2 which is an increase of 36% and 33% respectively. Details are provided in Attachment 3

16. As requested during the Regional Consultation Meeting on OEB 2010 held in June 2009, the tables below provide details of personnel costs incurred as a result of the co-hosting and corresponding costs indication on annual basis under both options.

Option 1:

Staff Category	Additional costs for 7 months of the co-hosting implementation in 2010 (US\$)	Additional costs on annual basis (US\$)
Deputy CEO (1)	53,001	90,859
Personal Assistant to DCEO (1)	22,153	37,977
Other Professional Staff (4)	92,206	158,067
General Service Staff (13)	71,619	122,775
TOTAL	238,979	409,678

Option 2:

Staff Category	Additional costs for 7 months of the co-hosting implementation in 2010 (US\$)	Additional costs on annual basis (US\$)
Other Professional Staff (4)	92,206	158,067
General Service Staff (13)	71,619	122,775
TOTAL	163,825	280,842

17. For both Options 1 and 2, compared to 2009 budget, the 2010 budget has increased by US\$204,501 to either fully or partly cover the expenses of the posts which were previously funded by certain donors' institutional support projects. Details are as follows:

Position	No. of months on OEB 2010	Costs on OEB 2010 (US\$)
Chief of ICCS & FAS (2)	12	135,620
Personnel Officer (1)	4	19,932
GIS Specialist (1)	5	25,407
MIS Officer (1)	6	23,542
TOTAL		204,501

18. It should be noted that donors are gradually phasing out their support to salaries of administrative staff.

19. The Preparatory Meeting of the Twenty-eighth Meeting of the Joint Committee agreed the inflation compensation mechanism for the riparian salary scale. Under this mechanism, the annual increase of the riparian salary scale depends on the average inflation rates of the four Member States of the preceding year. The salary scale is retroactively updated to the beginning of the year as soon as the inflation rates of the four countries become available.

20. The following table shows the inflation rates of the four riparian countries during the last five years.

Year	Cambodia	Lao PDR	Thailand	Viet Nam	Average
2004	4.81	10.41	3.2	8.2	6.7
2005	6.10	7.99	4.5	8.2	6.7
2006	4.68	4.70	5.0	7.3	5.4
2007	6.52	5.38	3.45	8.24	5.9
2008	13.81	6.45	3.64	21.77	11.4 ¹

Table 1. Inflation rates (%) in each member country. Source: World Bank website.

21. At this stage, the forecast average inflation rate in 2009 of the four countries by different financial institutions varies but all are below 6%². Although there have been signs of an economic recovery, the situation is still volatile and the inflation could rise quickly when there is another food or oil price hike. With this prudent approach, the Secretariat has used the rate of 6% to estimate the inflation related salary increase of riparian staff in the 2010 OEB budgeting exercise. It should be noted that the real increase will be calculated with the adjustment formula approved by the Twenty-eighth meeting of the MRC Joint Committee in

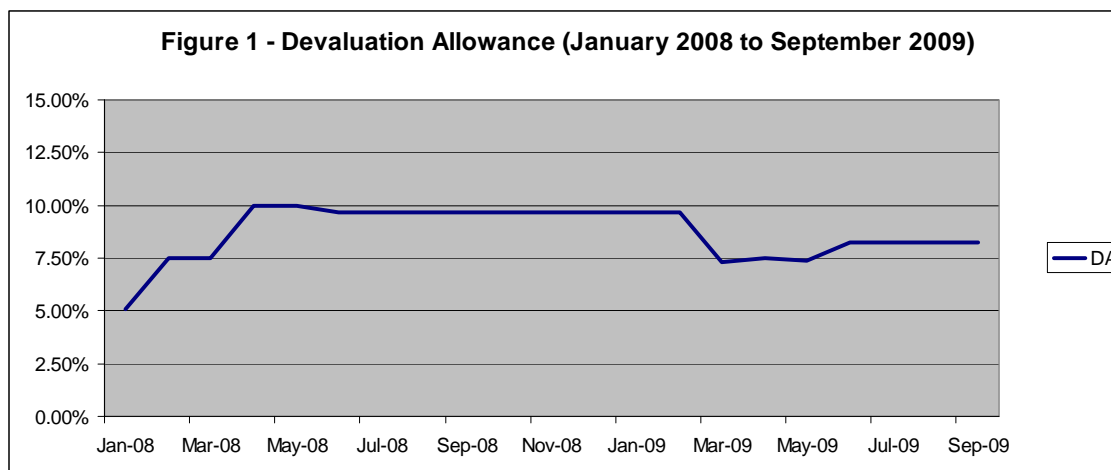
¹ The ceiling rate of 10% was applied in this case.

² Forecast by ADB: 4.125% (Source: Asian Development Outlook 2009); by WB: 5% (Source: Global Economic Prospects 2009 by World Bank DEC Prospect Group, March 09); by IMF: 5.75% (Source: World Economic Outlook Update 01)

2008. A revision of the OEB 2010 will be done in June 2010 when the Secretariat can reassess the use of this estimated rate.

22. The Devaluation Allowance aims at protecting the value of the basic salary of the staff when converted in to the riparian currencies at times of low dollar exchange rates. This has been a concern since 2005/6. The mechanism was agreed at the Preparatory Meeting of the Twenty-eighth Joint Committee in August 2008. Under this mechanism, the monthly Devaluation Allowance is provided as a cushion when the dollar drops significantly. It is applied as an allowance and not to the basic salary scale and therefore is a temporary mechanism in the sense that when the dollar strengthens, the allowance would automatically reduce and ultimately it would no longer be provided when the dollar rates return to its base value chosen by the MRC as January 2005.

23. Figure 1 shows how the Devaluation Allowance as a percentage of a staff's basic salary has been applied since it was approved by the Joint Committee for implementation from January 2008. The chart is based on the UN exchange rates until September 2009. The detailed calculation is given in Attachment 4. Considerable negotiation with Staff and Member Countries were held prior to reaching agreement in the Joint Committee on the approach outlined above. The Inflation Compensation Mechanism and Devaluation Allowance replaced an earlier salary adjustment scheme based on comparative salary surveys carried out by the U.N.



24. The Secretariat took note of the request from Thailand during the Second Regional Consultation Meeting on OEB 2010 held on 15 September 2009 to review the application of the mechanism. The issue was brought to discussion at the Ninth Task Force Meeting on 1 October 2009 where Task Force members were asked to comment on the salary mechanism for riparian staff and make further recommendations for consideration of the Thirty-first Meeting of the MRC Joint Committee.

25. In addition, future design of such mechanisms for OEB 2011 and beyond will be addressed by consultants looking at improvements in the MRCS salary structure. One of the key areas that the consultants will be working on is to benchmark the Secretariat's salary structure with other organizations of the same type and the job market. The consultancy is expected to begin in October 2009

26. In the meantime, the Secretariat is required to apply the salary adjustment mechanisms and implement the standing decision made by the Joint Committee in August 2008. In addition, since the allowances are listed in the existing employment contracts of riparian staff as part of the salary packages, the Secretariat will have to fulfil its contractual obligations with its staff.

27. The fluctuation of the exchange rates between USD and the currencies of the four member states in the coming period is difficult to forecast. Therefore, the Devaluation

Allowance for 2010 has been estimated using the ceiling of 10% as in 2009³. This estimate is also in line with the actual rates applied during the last twelve months⁴, but can be reconsidered during review of the OEB 2010 in mid 2010.

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

29. The provision for service contracts and SSA's has been kept at the budgeted level of 2009

Training costs

30. The budget has been set at US\$ 45,000 in line with the ICBP Programme document. This amount is used to fund capacity building activities of the staff of the MRCS as well as NMCSs and Line Agencies

200 – Official travel

31. The budget line for riparian travel in OEB 2010 has been increased by over 20% to US\$37,000 to cater for the expected necessary increase in travel between the co-hosted locations of the Secretariat.

300 – Contractual Services

32. Increases are expected for the audit costs as audit field work at both locations will probably be necessary. The security guards services include the costs of the services in the Office of the Secretariat in Phnom Penh denoting a transfer of costs previously charged to FMMP to OEB.

33. The Secretariat received a non-interest loan of US\$600,000 from the Government of Lao PDR in 2004 for the relocation from Phnom Penh, Cambodia to Vientiane, Lao PDR. Repayments have been made to the Lao Government as follows:

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

34. The remaining amount to be repaid to Lao PDR as of October 2009 is US\$260,000.

35. The reimbursement of the relocation loan has been set again at US\$ 60,000 in 2010.

400 – General Operating Expenses

36. The following table provides summary of the recurrent operating costs incurred as a result of the co-hosted location and corresponding costs indication on annual basis.

³ The Twenty-Eighth meeting of the MRC Joint Committee in August 2008 agreed to the ceiling of 10% for Devaluation Allowance & 10% for the inflation compensation for the year 2009.

⁴ Average rate from Aug 2008 to Sep 2009: 8.83%

⁵ A budget for operational expenses is also available from the MAF equivalent support to FMMP/AIFP from GTZ

Expenditure	Additional costs for 7 months of the co-hosting implementation in 2010 (US\$)	Additional costs on annual basis (US\$)
External audit cost	4,000	4,000
Security guards service	7,000	12,000
Utilities costs	17,500	30,000
Equipment rental and maintenance	2,000	3,400
Vehicle operation and maintenance	5,500	9,600
Internet, satellite, e-mail facilities	30,000	33,000
Hospitality expenses	1,000	1,700
Bank service charges	2,000	3,400
Stationeries	1,000	1,700
Computer supplies	1,000	1,700
Books, periodicals...etc	1,000	1,700
TOTAL	72,000	102,200

The General Operating Expense budget series has been increased to take into account the co-hosting. Operational running costs for the OSP (water, electricity etc.) will be charged to OEB⁵.

38. Under budget line "540441 Internet and e-mail facilities" an amount of around US\$ 30,000 extra (recurrent cost) has been added to support the implementation of the vital services in the OSP as decided by the 29th Joint Committee Meeting.

500 – Supplies

This budget series has been increased by 19% to US\$41,000.

600 – Furniture and equipment

39. Non-Electronic Data Processing equipment: The purchase of a new car for the ageing car pool in Vientiane is budgeted. It will replace the existing Prado of 11 years use by 2010 which will be publicly sold. The purchase of an additional city car for the OSP, if required, would be budgeted under the separate budget for the implementation of the decision on co-hosting.

40. Electronic data equipment (EDP) and software includes the purchase of 2 port switches, the expected replacement of 6 obsolete computers and new software licenses for MS Office 2007, security software and new software & hardware for video conferencing.

700 – MRC meeting expenses

41. These budget lines cover expenses for the Joint Committee and the Council meetings, Donor Consultative Group and the Dialogue Meeting, the Task Force on Organizational Review meetings, the OEB consultation meeting and other meetings facilitating the interaction between the Secretariat and its governing bodies. The budget level is kept at the level of 2009.

Support to NMCSs and Programme

42. The support to the NMCSs remains the same. It includes US\$ 15,000 per NMCS and US\$ 12,000 for 4 national TACT activities.

Unforeseen & Reserved Amounts

43. This budget series includes a reserve of US\$ 100,000 to support the MRC Summit in 2010. The reserve is tentative pending the outcome of consultations between MRCS and Development Partners on their potential support to this important event that can be undertaken upon the Summit's confirmation. In case part of the reserved amount is needed it will be added to the budget series "MRC Meeting Expenses".

44. The Secretariat took note of the request from Cambodia during the Second Regional Consultation Meeting on OEB 2010 in September 2009 to include any shortfall for the relocation of the Secretariat to Phnom Penh under Reserves budget line.

45. It should be noted that the reserved amount of \$160,000 for this purpose already earmarked under OEB 2009 if not used before the year end, will be transferred to the Administrative Reserve Fund and can be used for the relocation when needed.

46. Subject to agreement by the MRC Joint Committee, the Administrative Reserve Fund could be further mobilized for the relocation project once the decision on the location of the Secretariat is made. For this reason, the Secretariat still keeps the reserved amount at US\$100,000, the same level as presented during the last Regional Consultation Meeting on OEB 2010.

47. The following tables and figures show an overview of the evolution of the ARF from 2002 to 2008 and its targeted balance by the end of 2009. The Secretariat targets an ARF size of US\$ 500,000 which provides it with a safety margin of around three months of OEB expenditure.

Year	Annual Surplus	Accumulated Surplus
2002	10,453	10,453
2003	41,398	51,851
2004	141,698	193,549
2005	140,514	334,063
2006	133,868	467,931
2007	368,974	836,905
2008	533,082	1,369,987

(1)	ARF as of 31.12.2008	1,369,987		
	Allocated for Drought Management Activities Project		278,000	
	Allocated for Vital Services (capital costs)		63,000	
	<i>Budgeted OEB surplus by the end of 2009</i>	<i>363,437</i>		<i>excluding unforeseen of 30K but including 160K reserve for permanent location (OEB 2009)</i>
(2)	ARF budged as of 31.12.2009	1,392,424		
(3)	Minimum ARF level		500,000	
(4)=(2)-(3)	ARF available for other purposes (31.12.2009)	892,424		including 160K reserve for permanent location (OEB 2009)

The Council may wish to consider and approve the proposed Operating Expense Budget for 2010 under Option 1 or Option 2.

DRAFT Operating Expenses Budget 2010 - Version 3 - Option 1 (with DCEO & personal assistant)

Account	Description	2006 Actual	2007 Actual	2008 Actual	2009 Initial budget approved in 2008	2009 Budget revised & approved in Jul 09	2010 Budget	%
	OEB INCOME							
	<i>Contributions:</i>							
410000	Contribution-Riparian Government	1,157,253	1,627,588	956,042	1,444,607	1,444,607	1,560,157	47.8
420000	Contribution-Other Government	106,935	0	0	0	0	0	-
	Sub-total	1,264,188	1,627,588	956,042	1,444,607	1,444,607	1,560,157	47.8
	<i>Revenues:</i>							
430000	Professional Income	41,402	0	0	0	0	0	-
440000	Treasury Management	7,207	34,589	36,014	35,000	26,000	35,000	1.1
450000	Miscellaneous	10,323	15,770	5,352	15,000	5,000	5,000	0.2
470000	Management & Administration Fee	873,552	1,004,525	1,301,678	1,191,000	1,500,000	1,665,000	51.0
	Sub-total	932,484	1,054,885	1,343,044	1,241,000	1,531,000	1,705,000	52.2
	TOTAL OEB INCOME	2,196,672	2,682,473	2,299,086	2,685,607	2,975,607	3,265,157	100.0
	OEB EXPENDITURES							
	<i>Salary and Fee</i>							
500011	Professional posts	496,549	484,825	540,804	678,015	665,500	918,997	28.5
500013	General service posts	186,459	220,897	261,959	287,510	292,600	379,065	11.7
500031	Personal service contract (PSC)	0	0	0	0	0	0	-
500033	Service contracts - SSA and SC	54,135	30,077	22,011	20,000	25,000	20,000	0.6
500051	All overtime cost	7,969	7,321	9,984	8,000	7,000	10,000	0.3
	Sub-total	745,110	743,120	834,758	993,524	990,100	1,328,062	41.2
	<i>Common Cost Staff</i>							
510111	Dependency allowance (PS)	14,166	11,426	12,658	16,240	16,300	22,000	0.7
510112	Assignment/Relocation allowance	5,766	5,739	26,950	8,513	12,600	13,950	0.4
510113	Housing allowance	22,567	28,186	34,943	39,634	42,000	58,342	1.8
510114	Post allowance	72,228	40,981	57,565	76,703	76,500	99,043	3.1
510115	Hardship allowance	44,793	29,011	37,431	46,272	46,000	63,079	2.0
510119	Devaluation allowance (GS)			23,316	28,751	51,000	37,907	1.2
510120	Devaluation allowance (RP)			40,455	56,892	29,000	80,700	2.5
510116	Dependency allowance (GS)	36,940	40,014	43,626	49,855	55,500	58,855	1.8
510118	Uniform/Laundry allowance	1,388	647	1,071.29	1,500	1,500	1,500	0.0
510121	Provident fund - Professional	74,159	54,135	75,013	94,922	93,500	128,660	4.0
510122	Provident fund - General Service	23,320	26,215	34,815	40,251	41,000	53,069	1.6
510123	Medical insurance	1,490	17,007	18,924	22,004	23,400	35,289	1.1
510126	Life and accidental insurance	4,247	3,947	4,222	5,337	5,300	7,303	0.2
510127	Medical examination	1,527	264	918	1,000	1,000	1,000	0.0
510131	Educational grant/travel	24,173	21,381	32,525	56,750	52,500	85,500	2.6
510141	Home leave travel	14,995	9,027	21,317	20,400	20,400	22,533	0.7
510161	Personnel recruitment - all costs	17,298	43,207	9,524	10,000	25,000	16,500	0.5
510162	Separation - all costs	8,358	14,472	13,413	16,370	16,370	18,444	0.6
510163	Termination benefits	0	0	0	0	0	0	-
510181	Management training	0	0	0	0	0	0	-
510182	All trainings	33,610	49,265	49,506	0	0	0	-
510191	All other common staff costs	11,703	8,530	8,752	12,000	14,000	12,000	0.4
	Sub-total	412,726	403,453	546,945	603,392	622,870	815,674	25.3
	<i>Training costs</i>							
510182	All trainings	0	0	0	40,000	40,000	45,000	1.4
	Sub-total	0	0	0	40,000	40,000	45,000	1.4
	<i>Official Travel</i>							
520210	Programming mission	3,088	0	0	0	0	0	-
520221	External travel	14,600	5,728	17,927	20,000	17,000	20,000	0.6
520222	Riparian travel (within basin)	1,980	11,287	5,300	10,000	12,000	17,000	0.5
520231	Information travel	0	0	0	0	0	0	-
	Sub-total	19,668	17,015	23,226	30,000	29,000	37,000	1.1
	<i>Contractual Services</i>							
530311	All external printing	21,607	24,900	16,152	20,000	28,500	20,000	0.6
530341	EDP system development	21,071	12,795	5,075	20,000	18,000	20,000	0.6
530342	EDP hardware	0	0	0	0	0	0	-
530351	External audit cost	31,793	26,950	36,170	39,000	39,000	43,000	1.3
530352	Security guards' service	14,868	16,160	10,157	18,000	18,000	25,000	0.8
530353	Miscellaneous Contractual Services	8,603	12,874	29,218	22,000	11,000	15,000	0.5
530354	Reimbursement Relocation Loan	60,000	60,000	100,000	60,000	60,000	60,000	1.9
	Sub-total	157,942	153,679	196,772	179,000	174,500	183,000	5.7
	<i>General Operating Expenses</i>							
540412	Office improvement	116,153	13,290	14,237	10,000	21,500	15,000	0.5
540414	Office maintenance	6,534	6,818	8,039	10,000	22,000	10,000	0.3
540421	All utilities costs	53,345	47,866	55,353	58,000	55,000	75,500	2.3
540431	Equipment rental & maintenance	5,612	6,335	8,099	7,000	11,500	10,000	0.3

DRAFT Operating Expenses Budget 2010 - Version 3 - Option 1 (with DCEO & personal assistant)

Account	Description	2006	2007	2008	2009	2009	2010	%
		Actual	Actual	Actual	Initial budget approved in 2008	Budget revised & approved in Jul 09	Budget	
540432	Vehicle operation & maintenance	4,057	8,134	14,761	8,000	8,000	8,000	0.2
540433	Auto insurance	2,146	2,212	0	3,000	3,000	3,000	0.1
540441	Internet and e-mail facilities	35,774	32,269	29,497	32,400	30,000	65,440	2.0
540442	Telephone install, rent & maintenance	1,587	0	271	1,500	2,300	1,500	0.0
540443	Local telephone calls	4,987	4,794	4,340	6,000	5,600	6,000	0.2
540444	Long distant telephone calls	4,373	4,608	4,262	4,000	4,000	4,000	0.1
540445	Pouch and courier	8,528	4,579	2,986	10,000	2,200	5,000	0.2
540446	Postage stamps	6,357	5,919	171	6,500	2,100	6,500	0.2
540447	Facsimile	2,122	3,021	1,184	2,600	1,600	2,600	0.1
540452	Hospitality expense	1,385	6,492	8,913	3,000	8,200	4,000	0.1
540491	Non-life insurance	7,396	6,850	10,207	7,500	7,500	10,000	0.3
540492	Bank service charges	11,274	13,033	13,388	13,000	13,000	15,000	0.5
540498	Miscellaneous services	4,928	3,848	5,544	5,000	9,500	5,000	0.2
	Sub-total	276,558	170,068	181,251	187,500	207,000	246,540	7.6
	Supplies							
550511	Stationery etc	13,370	15,984	8,215	17,500	14,000	18,500	0.6
550512	Document reproduction	1,181	0	126	1,000	1,000	1,000	0.0
550513	Computer supplies	3,642	1,430	3,363	3,500	3,500	4,500	0.1
550521	Books, periodicals, etc	2,830	2,208	3,165	3,500	3,500	4,500	0.1
550531	Audio visual aid supplies	763	300	0	500	500	500	0.0
550591	All other supplies	6,093	3,251	11,863	3,000	12,000	12,000	0.4
	Sub-total	27,879	23,172	26,733	29,000	34,500	41,000	1.3
	Furniture and Equipment							
560611	Furniture and fixtures	5,800	7,083	1,580	6,000	4,500	3,500	0.1
560612	Non-EDP equipment	18,609	26,186	42,354	34,500	40,000	34,500	1.1
560621	EDP equipment	32,057	30,654	26,029	17,100	37,700	14,000	0.4
560623	EDP software - Ready made	9,556	10,197	20,152	28,100	9,000	44,000	1.4
	Sub-total	66,022	74,120	90,115	85,700	91,200	96,000	3.0
	MRC Meeting Expenses							
590711	Council meeting	61,802	75,830	41,578	75,000	86,500	75,000	2.3
590712	Joint Committee meeting	78,505	109,144	112,467	110,000	142,500	110,000	3.4
590713	DCG meeting	17,426	22,913	9,548	23,000	23,000	23,000	0.7
590714	Dialogue meeting	2,228	18,395	5,083	18,000	18,000	18,000	0.6
590715	Other Meeting	8,588	36,253	33,099	36,000	50,000	36,000	1.1
	Sub-total	168,548	262,535	201,775	262,000	320,000	262,000	8.1
	Support to NMCs and Programme							
591800	Support to Programmes	147,978	39,915	(2,521)	1,000	1,000	1,000	0.0
591811	Support to NMCs	44,901	42,901	50,470	72,000	72,000	72,000	2.2
	Sub-total	192,879	82,815	47,949	73,000	73,000	73,000	2.3
	TOTAL OEB EXP. BEF. G/LOSS	2,067,333	1,929,978	2,149,525	2,483,117	2,582,170	3,127,276	96.9
	Gain/Loss on Currency Exchange Unforeseen	0	0	0				
		(4,529)		0	30,000	30,000	0	-
	Reserved amount:							
	- For permanent location				160,000	160,000		-
	- For MRC Summit						100,000	3.1
	TOTAL OEB EXP.	2,062,804	1,929,978	2,149,525	2,673,117	2,772,170	3,227,276	100
	Surplus/deficit:	133,868	752,495	149,561	12,490	203,437	37,881	

Adjusted for 2008 contribution from Thailand received in 2007

383,521 383,521

Adjusted surplus

368,974 533,082

DRAFT Operating Expenses Budget 2010 - Version 3 - Option 2 (without DCEO & personal assistant)

Account	Description	2006 Actual	2007 Actual	2008 Actual	2009 Initial budget approved in 2008	2009 Budget revised & approved in Jul 09	2010 Budget	%
OEB INCOME								
<i>Contributions:</i>								
410000	Contribution-Riparian Government	1,157,253	1,627,588	956,042	1,444,607	1,444,607	1,560,157	47.8
420000	Contribution-Other Government	106,935	0	0	0	0	0	-
	Sub-total	1,264,188	1,627,588	956,042	1,444,607	1,444,607	1,560,157	47.8
<i>Revenues:</i>								
430000	Professional Income	41,402	0	0	0	0	0	-
440000	Treasury Management	7,207	34,589	36,014	35,000	26,000	35,000	1.1
450000	Miscellaneous	10,323	15,770	5,352	15,000	5,000	5,000	0.2
470000	Management & Administration Fee	873,552	1,004,525	1,301,678	1,191,000	1,500,000	1,665,000	51.0
	Sub-total	932,484	1,054,885	1,343,044	1,241,000	1,531,000	1,705,000	52.2
	TOTAL OEB INCOME	2,196,672	2,682,473	2,299,086	2,685,607	2,975,607	3,265,157	100.0
OEB EXPENDITURES								
<i>Salary and Fee</i>								
500011	Professional posts	496,549	484,825	540,804	678,015	665,500	874,868	27.7
500013	General service posts	186,459	220,897	261,959	287,510	292,600	379,065	12.0
500031	Personal service contract (PSC)	0	0	0	0	0	0	-
500033	Service contracts - SSA and SC	54,135	30,077	22,011	20,000	25,000	20,000	0.6
500051	All overtime cost	7,969	7,321	9,984	8,000	7,000	10,000	0.3
	Sub-total	745,110	743,120	834,758	993,524	990,100	1,283,933	40.7
<i>Common Cost Staff</i>								
510111	Dependency allowance (PS)	14,166	11,426	12,658	16,240	16,300	20,880	0.7
510112	Assignment/Relocation allowance	5,766	5,739	26,950	8,513	12,600	13,950	0.4
510113	Housing allowance	22,567	28,186	34,943	39,634	42,000	54,814	1.7
510114	Post allowance	72,228	40,981	57,565	76,703	76,500	95,954	3.0
510115	Hardship allowance	44,793	29,011	37,431	46,272	46,000	59,990	1.9
510119	Devaluation allowance (GS)			23,316	28,751	51,000	37,907	1.2
510120	Devaluation allowance (RP)			40,455	56,892	29,000	76,287	2.4
510116	Dependency allowance (GS)	36,940	40,014	43,626	49,855	55,500	58,855	1.9
510118	Uniform/Laundry allowance	1,388	647	1,071.29	1,500	1,500	1,500	0.0
510121	Provident fund - Professional	74,159	54,135	75,013	94,922	93,500	122,481	3.9
510122	Provident fund - General Service	23,320	26,215	34,815	40,251	41,000	53,069	1.7
510123	Medical insurance	1,490	17,007	18,924	22,004	23,400	34,036	1.1
510126	Life and accidental insurance	4,247	3,947	4,222	5,337	5,300	7,036	0.2
510127	Medical examination	1,527	264	918	1,000	1,000	1,000	0.0
510131	Educational grant/travel	24,173	21,381	32,525	56,750	52,500	79,813	2.5
510141	Home leave travel	14,995	9,027	21,317	20,400	20,400	22,533	0.7
510161	Personnel recruitment - all costs	17,298	43,207	9,524	10,000	25,000	16,500	0.5
510162	Separation - all costs	8,358	14,472	13,413	16,370	16,370	18,444	0.6
510163	Termination benefits	0	0	0	0	0	0	-
510181	Management training	0	0	0	0	0	0	-
510182	All trainings	33,610	49,265	49,506	0	0	0	-
510191	All other common staff costs	11,703	8,530	8,752	12,000	14,000	12,000	0.4
	Sub-total	412,726	403,453	546,945	603,392	622,870	787,049	24.9
<i>Training costs</i>								
510182	All trainings	0	0	0	40,000	40,000	45,000	1.4
	Sub-total	0	0	0	40,000	40,000	45,000	1.4
<i>Official Travel</i>								
520210	Programming mission	3,088	0	0	0	0	0	-
520221	External travel	14,600	5,728	17,927	20,000	17,000	20,000	0.6
520222	Riparian travel (within basin)	1,980	11,287	5,300	10,000	12,000	17,000	0.5
520231	Information travel	0	0	0	0	0	0	-
	Sub-total	19,668	17,015	23,226	30,000	29,000	37,000	1.2
<i>Contractual Services</i>								
530311	All external printing	21,607	24,900	16,152	20,000	28,500	20,000	0.6
530341	EDP system development	21,071	12,795	5,075	20,000	18,000	20,000	0.6
530342	EDP hardware	0	0	0	0	0	0	-
530351	External audit cost	31,793	26,950	36,170	39,000	39,000	43,000	1.4
530352	Security guards' service	14,868	16,160	10,157	18,000	18,000	25,000	0.8
530353	Miscellaneous Contractual Services	8,603	12,874	29,218	22,000	11,000	15,000	0.5
530354	Reimbursement Relocation Loan	60,000	60,000	100,000	60,000	60,000	60,000	1.9
	Sub-total	157,942	153,679	196,772	179,000	174,500	183,000	5.8
<i>General Operating Expenses</i>								
540412	Office improvement	116,153	13,290	14,237	10,000	21,500	15,000	0.5
540414	Office maintenance	6,534	6,818	8,039	10,000	22,000	10,000	0.3
540421	All utilities costs	53,345	47,866	55,353	58,000	55,000	75,500	2.4
540431	Equipment rental & maintenance	5,612	6,335	8,099	7,000	11,500	10,000	0.3
540432	Vehicle operation & maintenance	4,057	8,134	14,761	8,000	8,000	8,000	0.3
540433	Auto insurance	2,146	2,212	0	3,000	3,000	3,000	0.1
540441	Internet and e-mail facilities	35,774	32,269	29,497	32,400	30,000	65,440	2.1
540442	Telephone install, rent & maintenance	1,587	0	271	1,500	2,300	1,500	0.0
540443	Local telephone calls	4,987	4,794	4,340	6,000	5,600	6,000	0.2
540444	Long distant telephone calls	4,373	4,608	4,262	4,000	4,000	4,000	0.1
540445	Pouch and courier	8,528	4,579	2,986	10,000	2,200	5,000	0.2
540446	Postage stamps	6,357	5,919	171	6,500	2,100	6,500	0.2
540447	Facsimile	2,122	3,021	1,184	2,600	1,600	2,600	0.1
540452	Hospitality expense	1,385	6,492	8,913	3,000	8,200	4,000	0.1
540491	Non-life insurance	7,396	6,850	10,207	7,500	7,500	10,000	0.3
540492	Bank service charges	11,274	13,033	13,388	13,000	13,000	15,000	0.5
540498	Miscellaneous services	4,928	3,848	5,544	5,000	9,500	5,000	0.2
	Sub-total	276,558	170,068	181,251	187,500	207,000	246,540	7.8

DRAFT Operating Expenses Budget 2010 - Version 3 - Option 2 (without DCEO & personal assistant)

Account	Description	2006 Actual	2007 Actual	2008 Actual	2009 Initial budget approved in 2008	2009 Budget revised & approved in Jul 09	2010 Budget	%
	Supplies							
550511	Stationery etc	13,370	15,984	8,215	17,500	14,000	18,500	0.6
550512	Document reproduction	1,181	0	126	1,000	1,000	1,000	0.0
550513	Computer supplies	3,642	1,430	3,363	3,500	3,500	4,500	0.1
550521	Books, periodicals, etc	2,830	2,208	3,165	3,500	3,500	4,500	0.1
550531	Audio visual aid supplies	763	300	0	500	500	500	0.0
550591	All other supplies	6,093	3,251	11,863	3,000	12,000	12,000	0.4
	Sub-total	27,879	23,172	26,733	29,000	34,500	41,000	1.3
	Furniture and Equipment							
560611	Furniture and fixtures	5,800	7,083	1,580	6,000	4,500	3,500	0.1
560612	Non-EDP equipment	18,609	26,186	42,354	40,000	40,000	34,500	1.1
560621	EDP equipment	32,057	30,654	26,029	17,100	37,700	14,000	0.4
560623	EDP software - Ready made	9,556	10,197	20,152	28,100	9,000	44,000	1.4
	Sub-total	66,022	74,120	90,115	91,200	91,200	96,000	3.0
	MRC Meeting Expenses							
590711	Council meeting	61,802	75,830	41,578	75,000	86,500	75,000	2.4
590712	Joint Committee meeting	78,505	109,144	112,467	110,000	142,500	110,000	3.5
590713	DCG meeting	17,426	22,913	9,548	23,000	23,000	23,000	0.7
590714	Dialogue meeting	2,228	18,395	5,083	18,000	18,000	18,000	0.6
590715	Other Meeting	8,588	36,253	33,099	36,000	50,000	36,000	1.1
	Sub-total	168,548	262,535	201,775	262,000	320,000	262,000	8.3
	Support to NMCs and Programme							
591800	Support to Programmes	147,978	39,915	(2,521)	1,000	1,000	1,000	0.0
591811	Support to NMCSs	44,901	42,901	50,470	72,000	72,000	72,000	2.3
	Sub-total	192,879	82,815	47,949	73,000	73,000	73,000	2.3
	TOTAL OEB EXP. BEF. G/LOSS	2,067,333	1,929,978	2,149,525	2,488,617	2,582,170	3,054,522	96.8
	Gain/Loss on Currency Exchange	0	0	0				
	Unforeseen	(4,529)		0	30,000	30,000	0	-
	Reserved amount:							
	- For permanent location				160,000	160,000		-
	- For MRC Summit						100,000	3.2
	TOTAL OEB EXP.	2,062,804	1,929,978	2,149,525	2,678,617	2,772,170	3,154,522	100
	Surplus/deficit:	133,868	752,495	149,561	6,990	203,437	110,635	

Adjusted for 2008 contribution from Thailand received in 2007

383,521 383,521

Adjusted surplus

368,974 533,082

APPENDIX NO. 1.6

**DECISION NOTE ON THE PERMANENT LOCATION OF
THE MRC SECRETARIAT**

DECISION NOTE ON THE MRC SECRETARIAT PERMANENT LOCATION

Background

1. Article 29 of the Mekong Agreement requires the MRC Council to decide on the permanent location and structure of the MRC Secretariat. Since the Fourteenth Meeting of the MRC Council in Siem Reap in 2007, the search for an acceptable form of a permanent co-hosted arrangement for the MRCS in Cambodia and Lao PDR has been the focus of extensive discussion within the Joint Committee, its Sub-Committee and in the Task Force on the MRC Secretariat Organisational Structure in 2008 and 2009. Numerous options have been considered and analysed according to a set of policy level¹ and practical level² principles previously agreed by the Joint Committee. In addition, the position of Development Partners has been considered.

Decision of the MRC Council

2. At a Private Meeting of the MRC Council on 26 November 2009, it was decided that:
- (i) The MRC Secretariat will be co-hosted in two locations, the Office of the Secretariat in Phnom Penh (OSP) and the Office of the Secretariat in Vientiane (OSV);
 - (ii) Two Divisions of the Secretariat will be located in OSP (Technical Support Division and Operations Division) and two Divisions in OSV (Planning Division and Environment Division);
 - (iii) The location of programmes would be as given the table in Attachment 1. The timing for implementing co-hosting location would be completed by June 2010 except for IKMP for which the move would be completed after the flood season of 2010, tentatively in October / November 2010. The relocation of the Fisheries Programme may be some months later depending on the status of its collaborative work activities with the Initiative on Sustainable Hydropower. The Secretariat will propose mechanisms to ensure access to MRC's databases and modelling services from both OSP and OSV as well as from other locations.
 - (iv) The CEO and Chiefs of Corporate Services Sections and Support Unit will be located permanently in OSV with representative staff in OSP. The location of staff in OCEO, FAS, HRS, ICCS and TCU is shown in Attachment 2 for the period directly after the establishment of OSP and OSV subject to further proposals of the MRCS for reducing additional costs of co-hosting. Staff changes will be expected as the Secretariat evolves over time, especially as the Secretariat downsizes in the long term;
 - (v) A Head of Office will be assigned in the Office of the Secretariat in Phnom Penh. It was agreed that this would be a concurrent position assigned to one of the two Directors in OSP and therefore there would be no, or very limited, additional costs associated with this position.

¹ The approved Policy Level Principles are: Sustainability of the MRC; Strengthen cooperation amongst the Members and promote regional benefit; Maintain support from development partners; and MRCS will implement its functions effectively.

² The approved Practical Level Principles are: Final solution to the permanent location; Fairness / Reasonableness; Linkage between programme location and geographical area; Synergy between programmes / divisions / sections; and Efficiency (transition phase and recurrent operation).

- (vi) As previously agreed by the Joint Committee, the assignment of Directors to the Divisions will be rotated on a regular basis, approximately on a three year timeframe;
- (vii) As previously agreed by the Joint Committee, MRC Governance meetings would rotate between OSP and OSV as indicated in Attachment 3.

3. The relationship between the responsibilities of the Head of Office and the Assistant CEO will need to be agreed by the Joint Committee taking into account earlier discussions on this matter.

4. The cost of a co-hosted move will be minimized and will be covered by the allocation of \$160,000 already made in the OEB 2009 together with additional funds from the Administrative Reserve Fund to be authorised by the Joint Committee.

Next steps

5. The Secretariat will establish an internal working group for the co-hosted location to consider administrative, financial, human resources, and technical aspects and make detailed proposals for the roadmap and budget to the MRC Task Force on the Organizational Review at a meeting to be organised in late January or early February 2010. A revised roadmap and budget would then be submitted to the Thirty-first Meeting of the Joint Committee to be held in March 2010.

CO-HOSTED PERMANENT LOCATION OF MRCS DIVISIONS AND PROGRAMMES
Two Divisions in Phnom Penh (OSP), Two Divisions in Vientiane (OSV)

	Office of the Secretariat in Vientiane (OSV)	Office of the Secretariat in Phnom Penh (OSP)
Divisions and programmes	Planning Division (13) ~ BDP (7) ~ M-IWRMP (2) ~ ISH (4) ~ WSMP (GTZ) Environment Division (13) ~ EP (9) ~ CCAI (4) Human Resources Section ~ ICBP(3)	Technical Support Division (22) ~ FMMP (8) ~ IKMP (14) Operations Division (16+) ~ AIP (5) ~ NAP (4) ~ DM-P (0+) ~ FP (7) Human Resources Section ~ ICBP Unit (1)
Professional Staff	29 (43%)	39 (57%)

**CO-HOSTED PERMANENT OPTION FOR MRCS MANAGEMENT,
 COORDINATION, CORPORATE SERVICES AND SECTIONS**

Preliminary tentative distribution of staff subject to further consideration of staffing need and cost efficiencies. Some changes in ICCS and HRS are expected and will be discussed in the Task Force.

		Office of the Secretariat in Vientiane (OSV)		Office of the Secretariat in Phnom Penh (OSP)	
	Section	PS	GS	PS	GS
Management and Coordination	OCEO	2	1	-	-
	Directors	2	2	2	2
	TCU	2	1	-	-
Corporate Services Sections	FAS	5	32	1	13+
	HRS	3	3	-	-
	ICCS ³	10	7	1	1
Total		24	46	4	16+

³ This figures include staff from the library. With the co-hosted Permanent Location, the library that is based in Vientiane would be transferred to ICCS

ROTATION OF MRC GOVERNANCE MEETINGS BETWEEN OSP AND OSV

This proposal was presented in the Document for the Special Session of the Joint Committee in June 2009

<i>Meeting</i>	<i>Location</i>
Joint Committee (March)	Country of JC Chair
Informal Donor Meeting	Secretariat – rotated between Phnom Penh and Vientiane
Joint Committee (July) and Dialogue Partners Meeting	Secretariat – rotated between Phnom Penh and Vientiane
Council Meeting and Donor Consultative Meeting	Country of Council Chair
JC Special Sessions	Secretariat – rotated between Phnom Penh and Vientiane
Task Force Meetings, Joint Contact Group Meetings	Secretariat – rotated between Phnom Penh and Vientiane

The location of programme-related meetings would continue to be determined using existing approaches, except that where they are located at the Secretariat, this would be understood to be at the Office of the Secretariat related to the duty station of that Programme unless there is a clear justification otherwise. Steering Committee meetings would generally be held in the country of the Chair of the Committee as current practice unless otherwise justified.

APPENDIX NO. 1.7

**CONSIDERATION OF THE MRC WORK
PROGRAMME 2010**

MATTER FOR CONSIDERATION

MRC WORK PROGRAMME 2010

1. At the Thirtieth Meeting of the MRC Joint Committee, the MRC Work Programme 2010 was submitted for information. The Joint Committee Members agreed to provide comments on the draft Work Programme 2010 through correspondence or email communication before 25 August 2009 for endorsement at the Preparatory Meeting of the Joint Committee for the Sixteenth Meeting of the MRC Council. All comments received from the Member Countries have now been addressed and included in this draft Work Programme 2010 and is now submitted for consideration as a separate attachment to this briefing note.

2. In comparison with the previous Work Programme, the presentation of 2010 Work Programme is more output-oriented. The Work Programme 2010 starts with a general introduction to the MRC and overview of coordination across programmes. The second part of the Work Programme presents the MRC Integrated Programme, with an overview of cross-programme linkages and their active agreements and funding sources. The third part provides readers with concise information on a given Programme including what a Programme is aiming to achieve and also sets out its structure. It further provides the progress of the implementation of a given programme in 2009 and sets out planned outputs and activities of a given programme for the year 2010. In addition, graphical illustrations on the achieved outputs for 2009 and planned outputs for 2010 are presented in this part for those Programmes that have already been funded.

The Council may wish to consider and approve the MRC Work Programme 2010 subject to minor editing and updating figures before final publication.

APPENDIX NO. 1.8

APPROVAL OF M-IWRM PROJECT DOCUMENT

MATTER FOR CONSIDERATION

APPROVAL OF THE MEKONG INTEGRATED WATER RESOURCES MANAGEMENT PROJECT (M-IWRMP)

1. This note presents the Mekong Integrated Water Resources Management Project (M-IWRMP) for the Council approval of the Project to allow its project implementation to move forward.

2. Written endorsements of the Project have been received from the JC Member for Cambodia on 16 November 2009 (ref. CNMC 274/09); from the Alternate member of the MRC JC for Lao PDR on 16 November 2009 (ref. 356/LNMCS); from the JC Member for Thailand on 21 October 2009 (ref. 0606/2691/TNMC) and from the JC Member for Viet Nam on 16 November 2009 (ref. No. 178/VNMC).

I. Process to prepare the Mekong IWRM Project

3. The Thirteenth meeting of the MRC Council in Ho Chi Minh City, Viet Nam, on 12-13 December 2006 accepted the initial concept of the M-IWRMP (formerly known as GEF/WUP2) as a follow up project on the Water Utilisation Start-Up project (WUP) for joint implementation by the MRC and the World Bank (WB). Subsequently, the Government of Australia agreed to finance the Regional Component of the M-IWRMP as funding the Global Environment Fund (GEF) was not forthcoming.

4. The Project formulation and preparation have gone through a thorough and participatory process as shown in Attachment 1 to this note.

5. The Joint Committee (JC) in its Thirtieth Meeting in Vientiane, Lao PDR, 29-30 July 2009 requested for the Project to be submitted for the JC's endorsement and Council's approval in late 2009. In line with this guidance, national and regional consultations were organised recently to build consensus on the Project and to start its implementation. The consultations have resulted in the following outcomes:

- Reconfirmation of the urgent need and the relevance of the M-IWRMP and its three "tier" approach to address IWRM challenges in the Basin – Regional, National and Trans-boundary.
- A common strong commitment to implement the Project
- Agreement in principle with the Project Document and for the Project to be submitted to the JC for endorsement and to the Council for approval
- Expression of keen interest to move forward with the Project implementation, especially the Regional Component
- The need for the Regional Component to provide support to the preparation and implementation of the National and Trans-boundary Components.

Attachment 2 to this note provides a summary of comments and discussions coming out from the national consultations.

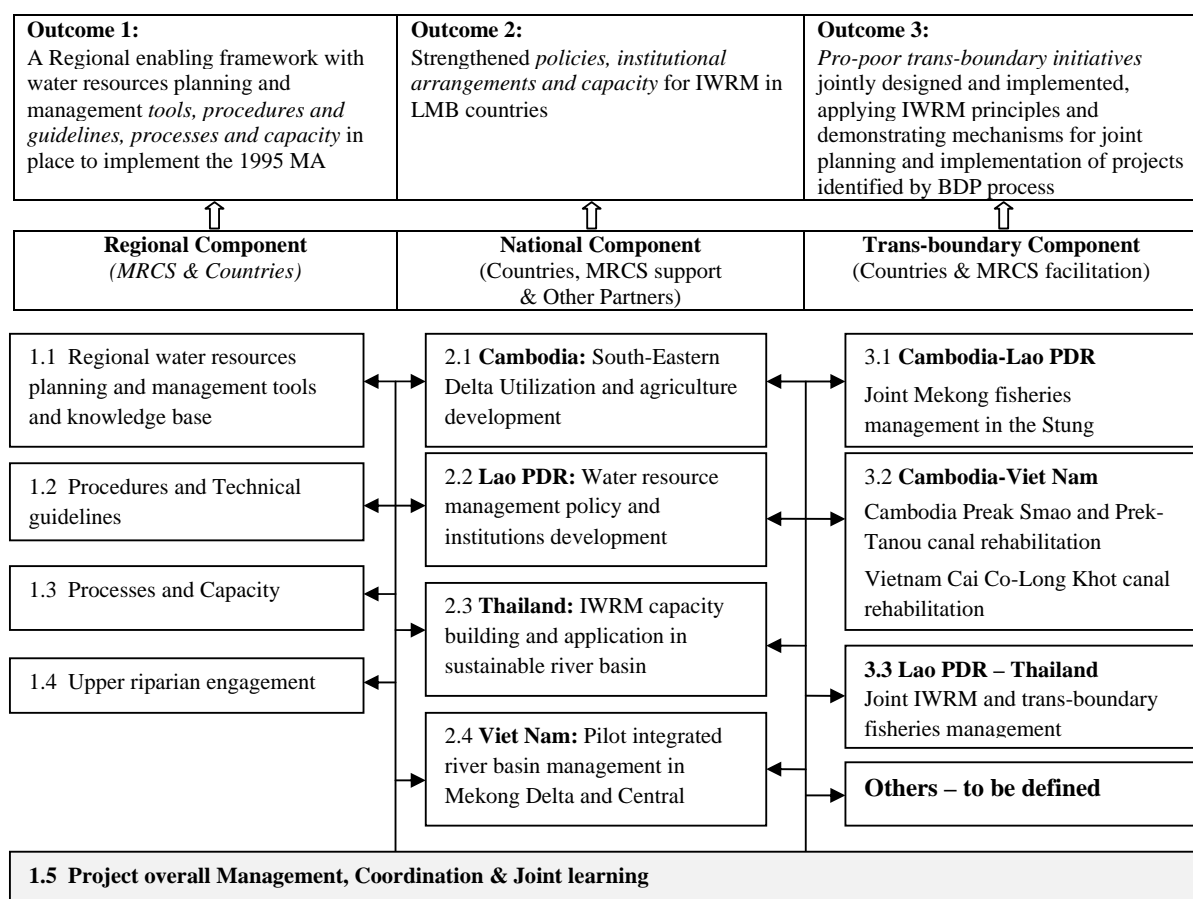
6. While the Regional Component is ready for implementation, the preparation of the National and Trans-boundary Components, led by the World Bank and Member Countries is progressing at a different pace. Agreements have been signed by the governments of Cambodia and Lao PDR to use a Japanese grant (PHRD) for the preparation of the National and Trans-boundary Components in these two countries. The approval the PHDR grant in Viet Nam is still in progress. The preparation of the Project in Thailand, using the MRC Water Management Trust Fund and an AusAID grant for the Project preparation is progressing.

II. Outline of the M-IWRM Project

7. The **Project Goal** is synonymous with Goal 4 of MRC Strategic Plan 2006-2010 “To strengthen the IWRM capacity and knowledge base of the MRC bodies, NMCSs, line agencies and other stakeholders”. Its **Objective** is to “*Improve the enabling framework and capacity for IWRM in LMB Countries and strengthen the role of the MRC as the facilitator of significant water resources development, guided by IWRM principles*”

8. This Objective will be enabled by the **Three Outcomes** that will be achieved through the three interlinked components of the Project. The outcomes and outputs under each component as well as the linkage between them are shown in Figure 1 below.

Figure 1: Project Outcomes, Components and Outputs



9. **Funding:** The Project has *different funding sources* for its preparation and implementation. AusAID has provide USD 0.57 million to support the preparation of the Regional Component and the Project preparation in Thailand. The World Bank has mobilised

USD 1.0 million from a PHRD Grant to support the preparation of the National and Trans-boundary Components in Cambodia, Lao PDR and Viet Nam².

10. AusAID funding of AUD 7.0 million covers mostly the currently estimated funding need of USD 6.0 million for the implementation of the Regional Component. However, this need would be modified as further details will be worked out during the Project inception stage. A total World Bank IDA funding of USD 41.8 million is indicatively planned for the National and Trans-boundary Components in Cambodia, Lao PDR and Viet Nam³. There is an estimated funding gap of USD 10.0 million for Cambodia and Viet Nam⁴. The estimated funding need of USD 20 million for the Project implementation in Thailand is expected from the Government of Thailand and other sources.

11. **Timeframe:** Given its scale, different funding sources and preparation schedules, different timeframes are set for the Project to complete its preparation and implementation as shown below. The Regional Component has been approved by AusAID and the Inception stage has started. MRCS is currently recruiting staff. There are risks of not meeting this challenging timeframe with some uncertainties during the preparation, appraisal and approval of the National and Trans-boundary Components.

- Project inception phase (late 2009 – May 2010): Aims to 1) start up the implementation of the Regional Component; 2) finalise institutional and other required mechanisms to support the completion of the preparation of the Project and prepare for its coherent implementation.
- June 2010: World Bank's appraisal and approval of the overall design of the Project together with the prepared Lao PDR portion
- December 2010: World Bank's appraisal and approval of the Viet Nam portion
- December 2010: World Bank's appraisal and approval of the Cambodia portion
- 2011-2014: Coordinated implementation of the whole Project with a note that the end date for country portions may be different.

12. **Institutional arrangements:**

- The MRCS together with the NMCSs will lead the coordination and implementation of the Regional Component while the National and Trans-boundary Components will be managed by WB and various national and local agencies in the Member Countries. As such, it is important that in each country a National Steering Committee is established to ensure coherence, coordination, and oversight of the Project.
- At the regional level, a Project Steering Committee is required to bring together national focal points, MRCS management, WB and Development Partners representatives
- The implementation of different activities under the Regional Component will be delegated to relevant MRC Programmes with the Planning Division of MRCS playing the role of Project coordination and management, both within the Regional Component and with National and Trans-boundary Components across the Member Countries.

III. Addressing major risks to the Project and required further considerations

13. During the Project preparation and appraisal, major risks to the Project's success have been identified that require considerations by the MRC and its Member Countries. Some of these are outlined below.

² The funding is divided equally among the countries (Cambodia USD 334,000, Laos USD 330,000 and Viet Nam USD 334,000)

³ USD 14.0 and 19.0 million as credit for Cambodia and Viet Nam respectively and USD 9.8 million as grant for Lao PDR

⁴ These figures will change as the preparation of these components evolves.

Demonstrate political commitment to the project approach and MRC support

14. WUP mainly aimed at finalising the procedures and technical guidelines under the 1995 Mekong Agreement but did not yet consider their implementation. The risk of a lack of political will to ensure that the adopted procedures and processes related to Mekong development are applied in practice would be the major constraint to the M-IWRMP, whose main aim is to put the implementation in place by line agencies at national level.

15. Another major risk is that MRC may not sustain an adequate level of credibility and capacity to effectively influence national institutions to adopt promoted approaches and tools. On the other hand, there is a risk that the approaches and tools developed by MRC are inappropriately designed to be sustainably integrated into target national institutions and therefore fall into disuse when MRC support ends.

- The commitments to the Project, especially the Regional Component have been expressed explicitly throughout the Project preparation. The detailed design of the Regional Component is addressing the appropriate design of the regional tools to be sustainably integrated into targeted national institutions
- There is the need to obtain the MRC Council's approval of the Project during its inception phase (i.e. by end 2009), which was set as a condition for the continued financial support from AusAID.

Ensure that the Project's three components will not become disconnected

16. A considerable delay in the preparation of the National and Trans-boundary Components will pose the risk that the three components will not fall into the coherent framework needed to achieve the Project objective.

17. The funding shortfall may not permit a comprehensive implementation of the Project across all three components and compromise Project momentum, integrity and synergy. Furthermore, although a Memorandum of Understanding (MOU) exists between countries and their respective agencies and provinces for the trans-boundary initiatives, their preparation and implementation require much more specific arrangements, which may take time to prepare and agree.

- There have been on-going efforts and coordination between Member Countries, MRCS, WB and AusAID for the timely completion of the preparation of the National and Trans-boundary Components. One of the most important tasks of the Project inception phase would be to define clearly and agree with Member States and WB on how exactly the responsible national agencies, facilitated by the NMCSs, will prepare and implement the national and trans-boundary activities, with support from MRC programmers, as requested.
- The Project inception phase will focus on the design of appropriate coordination and monitoring mechanisms across all three components, and involving different partners (NMCSs, national implementing agencies, AusAID, WB and other partners). Initial recommendations made in the Project Document should be assessed thoroughly to make sure that they will contribute positively to the Project outcomes.
- It would be crucial that the JC and Council approve the Project to allow the start up of the Regional Component and to accelerate the preparation of National and Trans-boundary Components

Ensure appropriate mechanisms for the implementation of the Regional Component by different MRC Programmes together with Member States

18. The Regional Component is designed to be implemented by relevant MRC Programmes, in line with the current distribution of responsibilities among

divisions/programmes for different procedures/technical guidelines and various tools and monitoring systems. This arrangement aims at moving the key activities under the Planning Division towards core planning functions complemented by the implementation of various procedures/guidelines and tools.

19. This would mean that for the implementation of the Regional Component, a small Project Coordination and Management Unit (PCMU) within Planning Division will mainly have a planning and coordination role, while other programmes will actually deliver the work. On the other hand, it is expected that the PCMU will spend significant effort on overall Project coordination and monitoring, including coordination of requested MRC Programme support to the National and Transboundary Components, and their linkage with regional activities.

20. Such arrangements would only work with (i) a strong linkage between the NMCSs and the main national and local implementation agencies and national coordination bodies and (ii) close coordination between NMCSs and MRCS/PCMU.

- The work plan of the Regional Component emphasises clear activities, milestones, timeframe, M&E indicators, and budget allocation. At the same time, MRCS is Set up internal MRC procedures for budget allocation, regular monitoring and evaluation of performance
- The inception stage will focus on the finalization and application of the Performance Management Framework
- Support from NMCS to coordinate activities in each country is essential

The Council may wish to:

- ***Take note of the progress and achievements in preparing the M-IWRMP***
- ***Provide guidance to address the key considerations to the success of the Project***
- ***Approve the Project including:***
 - i. The Goal, objective and structure of three interlinked components to address IWRM***
 - ii. The framework to complete the preparation of the National and Trans-boundary Components and to implement the Project, and***
 - iii. The design of the Regional Component to start its implementation***

Attachments:

- | | |
|---------------|---|
| Attachment 1: | Key events in the formulation and preparation of the M-IWRM Project |
| Attachment 2: | Summary of the national and regional consultations on the Project Document of the M-IWRMP and to start its implementation |
| Attachment 3: | Project Document of the M-IWRM (version 16 November 2009 incorporating comments from national and regional consultations) |

APPENDIX NO. 1.9

**CLOSING STATEMENT BY THE CHAIRMAN OF THE
MRC COUNCIL FOR 2009/2010**

Closing Statement

by

the Chairman of the MRC Council for 2009/2010

H.E. Mr. Suwit Khunkitti

Minister of Natural Resources and Environment

Chairman of Thai National Mekong Committee

Member of the MRC Council for Thailand

Excellency Mr. Tram Iv Tek

Minister of Public Works and Transport

Alternate Member of the MRC Council for Cambodia

Excellency Madame Khempheng Pholsena

Minister to the Prime Minister's Office

Head of Water Resources and Environment Administration

Member of the MRC Council for the Lao PDR

Chairperson of the MRC Council for 2008/2009

Excellency Dr. Nguyen Thai Lai

Deputy Minister of the Natural Resources and Environment

Alternate Member of the MRC Council for Vietnam

Dr. Saksit Tridech

Permanent Secretary of the Ministry of Natural Resources and Environment

Head of the Delegation of Thailand

Member of the MRC Joint Committee for Thailand

Excellencies, Distinguished Delegates, Ladies and Gentlemen

With the adoption and signing of the Minutes, we are now at the end of the Sixteenth Meeting of the MRC Council and I would like to express my sincere thanks to all delegates for their hard work in making this meeting such a success.

All the countries of the Mekong faced the effects of the global financial crisis in 2008 and 2009. This was another burden to countries that are already combating poverty especially in remote areas. The water resources of the Mekong Basin has the potential to be a valuable source of economic growth. It already is. The lives and livelihoods of sixty million of the people living in the four Member Countries depend on its sustainable use in agriculture, food and navigation, to name a few.

As all MRC countries have the stated aim of boosting economic growth to overcome poverty, the sustainable use of existing resources in our countries offers an opportunity to underpin this future economic expansion.

To do this, however, we need to work together to ensure sustainable development in line with our joint vision for use of the Mekong. The 1995 Mekong Agreement gives us a framework for this regional cooperation. It allows the MRC to support the member states in securing more effective use of the river's water and related resources to alleviate poverty while protecting the environment and our shared water resources.

As we approach year 15 since the signing of the 1995 Mekong Agreement, there are many achievements to reflect upon but also many challenges still facing the organisation.

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

In concluding, I am glad to say we have enjoyed fruitful and productive discussions and, with these approved minutes we have set the course for another solid year's work for the MRC.

I am pleased to invite you for lunch and hope that many of you can take part in the field visit this afternoon.

For those of you who must leave us after lunch and before our field trip, may I wish you a safe journey home. I hope you had a pleasant stay here in Thailand.

I now declare the Sixteenth Meeting of the MRC Council closed.