

# MINUTES OF MEETING

COUNCIL MEETING 2/2018  
DECEMBER 18, 2018

**Mekong Institute Council Meeting No. 2/2018**  
**December 18, 2018; 09:00 – 12:30**  
**Dusit Srinakarin Hotel, Bangkok, Thailand**

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## LIST OF DELEGATES

### Council Members

MI Council Chairman and Representative of the Royal Thai Government	Mr. Arthayudh Srisamoot Deputy Permanent Secretary Ministry of Foreign Affairs Bangkok, Thailand
Representative of the Royal Government of Cambodia	H.E. Mrs. Pen Sopakphea Secretary of State Ministry of Planning Phnom Penh, Cambodia
Representative of the Government of the People's Republic of China	Mr. Yang Shaocheng Chief Yunnan Provincial International Regional Cooperation Office Foreign Affairs Office The People's Government of Yunnan Province Kunming, Yunnan Province, P.R. China (In place of Mr. Zhang Guohua)
Representative of the Government of Lao PDR	Mr. Virasac Somphong Director General Economic Affairs Department Ministry of Foreign Affairs Vientiane, Lao PDR (In place of Mr. Songkane Luangmuninthone)
Representative of the Government of the Union of Myanmar	Ms. Nyein Zin Soe Deputy Director General Foreign Economic Relations Department Ministry of Investment and Foreign Economic Relations Nay Pyi Taw, Myanmar (In place of Mr. Tun Tun Naing)
Representative of the Government of the Socialist Republic of Vietnam	Mr. Tran Ngoc Lan Official Foreign Economic Relations Department Ministry of Planning and Investment Hanoi, Vietnam (in place of Ms. Nguyen Yen Hai)

Representative from New Zealand Aid Programme (NZAP)	Ms. Siritharin Chareonsiri Senior Development Programme Coordinator New Zealand Aid Programme New Zealand Embassy Bangkok, Thailand (In place of Mr. Elliott Kirton)
Representative from Asian Development Bank (ADB)	Mr. Hideaki Iwasaki Country Director Thailand Resident Mission Asian Development Bank Bangkok, Thailand (In place of Mr. Ramesh Subramaniam)
Representative from Swiss Agency for Development and Cooperation (SDC)	Ms. Barbara Jäggi Hasler Deputy Director of Cooperation Head of Domain Employment and Skills Swiss Agency for Development and Cooperation (SDC) Vientiane, Lao PDR (In place of Mr. Tim Enderlin)
Representative from the Academe Khon Kaen University	Assoc. Prof. Dr. Nawarat Wara-aswapati Charoen Vice President for International Affairs Khon Kaen University Khon Kaen, Thailand (In place of Assoc. Prof. Dr. Kittichai Triratanasirichai)
Representative from the Academe Hue University	Prof. Dr. Nguyen Quang Linh President Hue University Hue City, Vietnam
Business Representative	Dr. Narongchai Akrasanee Chairman MFC Asset Management Plc. Bangkok, Thailand
Honorary Advisor	Dr. Tej Bunnag Assistant Secretary-General for Administration The Thai Red Cross Society Bangkok, Thailand
Honorary Advisor	Dr. Jean Pierre A. Verbiest Policy Advisor Mekong Institute
Mekong Institute	Dr. Watcharas Leelawath Executive Director Mekong Institute Khon Kaen, Thailand

### **Steering Committee Members**

Representative of the Royal Government of Cambodia	H.E. Mr. Chea Chantum Secretary-General General Secretariat for Population and Development Ministry of Planning Phnom Penh, Cambodia
Representative of the Government of the People's Republic of China	Mr. Li Hong Permanent Representative Permanent Mission of China to UNESCAP Embassy of P. R. China Bangkok, Thailand
Representative of the Royal Thai Government	Ms. Sayan Kongkoeay Director of Thai Cooperation Branch I Thailand International Cooperation Agency Ministry of Foreign Affairs Bangkok, Thailand

### **Observers**

P.R. China	Mr. Geng Cong Assistant to Permanent Representative Permanent Mission of China to UNESCAP Embassy of P. R. China Bangkok, Thailand
P.R. China	Mr. Zhang Jiapeng Deputy Director Yunnan Provincial International Regional Cooperation Office Foreign Affairs Office The People's Government of Yunnan Province Kunming, Yunnan Province, P.R. China
P.R. China	Ms. Wang Qianwen Staff Member Yunnan Provincial International Regional Cooperation Office Foreign Affairs Office The People's Government of Yunnan Province Kunming, Yunnan Province, P.R. China
Lao PDR.	Mr. Phoummachan Bodhisane Official Economic Affairs Department Ministry of Foreign Affairs Vientiane, Lao PDR
Lao PDR.	Mr. Bomba Phapmexay Official Economic Affairs Department Ministry of Foreign Affairs Vientiane, Lao PDR

Myanmar	Ms. Tin Theint Theint Thaw Assistant Director Foreign Economic Relations Department Ministry of Planning and Finance Nay Pyi Taw, Myanmar
Thailand	Mr. Banchong Amornchewin Deputy Director General 1 Thailand International Cooperation Agency Ministry of Foreign Affairs Bangkok, Thailand
Thailand	Ms. Pin Sridurongkatum Development Cooperation Officer Thai Cooperation Branch I Thailand International Cooperation Agency Ministry of Foreign Affairs Bangkok, Thailand
MI Staff	Ms. Maria Theresa Medialdia Director Agricultural Development and Commercialization Department Mekong Institute
MI Staff	Mr. Madhurjya Kumar Dutta Director Trade and Investment Facilitation Department Mekong Institute
MI Staff	Mr. Sudam Pawar Director Innovation and Technological Connectivity Department Mekong Institute
MI Staff	Ms. Jutamas Thongcharoen Director RLED-EWEC Project Mekong Institute
MI Staff	Ms. Phinyada Foytong Acting Director Finance and Operations Department Mekong Institute
MI Staff	Mr. Nazir Ul Haq Monitoring, Evaluation and Learning Officer Monitoring, Evaluation and Learning Unit Mekong Institute

### **Meeting Secretariat**

MI Staff	Ms. Pornwilai Pumira External Relations Manager Office of Director Mekong Institute
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MI Staff	Ms. Jian Wang Program Coordinator Information and Technological Connectivity Department Mekong Institute
MI Staff	Ms. Joclarisse Albia Communications Coordinator Communications and Knowledge Management Department Mekong Institute
MI Staff	Mr. Anan Ussanawarong Program Assistant Innovation and Technological Connectivity Department Mekong Institute

The second MI Council meeting for 2018 was called to order at 09:14am. Dr. Watcharas Leelawath warmly welcomed the Council members, their representatives and other guests to the meeting. He then then turned over the floor to MI Council Chairman, Mr. Arthayudh Srisamoot, Deputy Permanent Secretary, Ministry of Foreign Affairs of Thailand.

#### **ITEM 1: WELCOME REMARKS BY MI COUNCIL CHAIRMAN – MR. ARTHAYUDH SRISAMOOT**

Mr. Arthayudh thanked the members of the Council and the Steering Committee for their attendance and participation in the second Governing Board meetings for the year. This second meeting of the Council, he noted, will deliberate on the recommendations of the Steering Committee meeting that took place the day before concerning several issues including the operational plan and budget for 2019 and the midterm review findings of the MI Strategic Plan.

Adding that he has just attended the Mekong-Lancang Foreign Ministers' Meeting, he explained that the LMC is becoming an important initiative in the region, and the MI Council meeting is an opportune time to review the progress in the activities with LMC and various development partners.

***The MI Council Chairman then formally declared the meeting open.***

#### **ITEM 2: ADOPTION OF THE AGENDA**

Proceeding with the meeting, the Council Chairman asked the members to review and comment on the agenda of the meeting.

***There were no comments and the meeting agenda was adopted as proposed.***

#### **ITEM 3: BUSINESS ARRANGEMENTS**

Dr. Watcharas announced that the meeting is expected to end at 12:00pm. For those joining the excursion tour, meeting time is 13:50pm.

***No other business arrangements were discussed.***

#### **ITEM 4: ADOPTION OF THE MINUTES OF THE MEKONG INSTITUTE COUNCIL MEETING NO. 1/2018 ON AUGUST 2, 2018**

The Council Chair then asked the Council members to review the minutes of the previous meeting held on August 2, 2018 at Khon Kaen, and to raise further comments, suggestions and amendments before adoption.

Mr. Yang Shaocheng, representative of MI Council member from P.R. China, conveyed additional comments from Council member H.E. Mr. Zhang Guohua to include in the minutes his suggestion for MI to focus on its main business and build up its work as a human resource capacity building organization.

*The minutes of the meeting were revised as per additional comments.*

#### **ITEM 5: REPORT BY THE STEERING COMMITTEE CHAIRMAN ON THE RESULTS OF THE STEERING COMMITTEE MEETING 2/2018 ON DECEMBER 17, 2018**

Mr. Arthayudh then invited Dr. Narongchai Akrasanee, MI Steering Committee Chairman, to present the results of the Steering Committee meeting held the day before, December 17, 2018.

##### **5.1. MI Operations (January-June 2018)**

###### **5.1.1 Project Reports**

Dr. Narongchai presented MI's long-term projects for the reporting period, emphasizing the five projects under the Lancang-Mekong Cooperation Special Fund (LMCSF) and the second phase of the MI Food Safety Project supported by the New Zealand Aid Programme (NZAP). Work also continued on other projects such as the fund management of the Mekong-Republic of Korea Cooperation Fund (MKCF) and the phasing out of the EWEC Project. He pointed out that a major issue for the year was the delay in the long-term projects (NZAP and LMCSF), contributing to the shortfall.

In terms of MI's short-term and customized projects, Dr. Narongchai explained that the Institute's short-term projects are well diversified, tackling a range of issues (e.g., labor migration, business promotion, etc.) and engaging a number of development partners. Customized projects also reflect MI's ability to respond to donors' interests and requests. Overall, the Steering Committee is satisfied with the development in the projects.

Dr. Jean Pierre Verbiest, MI Council Advisor, commented that in addition to identified project beneficiaries, there are also potential beneficiaries, and one way of enhancing the impact of MI would be to use IT platforms to expand outreach to a broader audience.

He also remarked that there are projects that offer potential opportunities for inter-departmental work such as the project on rural e-commerce. Currently with the Trade and Investment Facilitation (TIF) Department, it can also involve the Innovation and Technological Connectivity (ITC) Department.

Referring to MI's project on hydropower development and water management, he raised the recommendation in the previous Council meeting for MI to discuss the initiative with the Mekong River Commission (MRC) to identify complementarities and avoid overlaps.

Ms. Barbara Jäggi Hasler commended the diversified financial resources of MI as evidenced in new partners like LMCSF. Seconding Dr. Verbiest's comment regarding the hydropower and water management project, she explained that as the Swiss Agency for Development and Cooperation (SDC) is also supporting the MRC, they are likewise interested to know how MRC is

seen in relation to the LMC, as well as the existing platforms and mechanisms that connect with new mechanisms of the LMC to enhance synergies.

Likewise, echoing the earlier comment on inter-departmental collaboration, she commented that with the many different projects being undertaken by the three departments, it is important to note the knowledge management and information exchange among the departments and their relevant lessons learned.

Mr. Arthayudh conveyed his thanks to the development partners for their support to MI's projects especially SDC for its long years of support to MI. He also stressed that diversifying funding is something that should be continued, also adding that Thailand is also considering increasing its contribution to MI and various agencies to sustain activities and foster dynamism in the region.

Dr. Watcharas responded to the questions and comments raised as follows:

He started with an expression of thanks to Mr. Arthayudh for considering to increase Thailand's annual contribution to MI.

Concerning the suggestion to discuss with MRC, he explained that MI is waiting for the new MRC CEO to assume office. Furthermore, the project is also intending to work with the existing Joint Working Group comprised of the same people who attended the MRC meetings.

On the issue of inter-departmental synergy, he acknowledged that this is a major recommendation in the Strategic Plan midterm review, and a significant course of action being undertaken to address this is the development of a project where all three departments can work together.

He also explained that the project on Rural E-commerce is with TIF because the project works with the Thai Ministry of Commerce, but ITC staff will also be engaged to strengthen inter-departmental collaboration.

Dr. Nguyen Quang Linh, MI Council member from Hue University, further commented that while it is easy to look at the outputs, it is difficult to identify the outcomes. Using Quang Tri as example, he explained that many activities have been done for sectors such as coffee but there is not much intervention to address market issues. Additionally, he recommended integrating training programs with universities.

### **5.1.2 Administration and Finance Report**

Proceeding on with the report, Dr. Narongchai reported that MI is also well-diversified in terms of staffing.

As far as financial position is concerned, the Institute is unable to meet the US\$4 million budget initially proposed and has an estimated deficit of about US\$230,000. This deficit, he explained, has been due to the delay of the long-term projects so realized revenue was low, and also partly due to the charging structure of the NZAP Project. According to him, the charging structure does not adequately cover all the costs of project implementation, a matter that should be further discussed with NZAP.

### **5.2 Relationship with Development Partners**

In terms of development partnerships, Dr. Narongchai mentioned that MI has diversified its partnerships and has been able to develop proposals for both existing and new development partners, such as the OPEC Fund for International Development, Korea International Cooperation Agency, the Japan-ASEAN Integration Fund, and the Lancang-Mekong Cooperation Special Fund.

**The Council acknowledged MI's Operations Report for July - December 2018.**  
**5.3 Review of Steering Committee and Council Meeting 1/2018 Recommendations**

Briefly Dr. Narongchai presented the actions taken on the recommendations given by members of the Steering Committee and Council during the Governing Board meeting 1/2018. Most of the recommendations have been carried out as suggested and/or currently ongoing.

SUBJECT	PERSON	SUGGESTION	STATUS
Staff composition	Mr. Li Hong	<ul style="list-style-type: none"> <li>Reiterated equal participation of all member countries in staff employment and preferential consideration to applicants from member countries</li> </ul>	O
Reporting	Mr. Li Hong	<ul style="list-style-type: none"> <li>Suggested to add more detailed information in reporting on MI staff members (i.e., number of MI staff members from GMS member countries vis-à-vis non-member countries) including in categories of managerial, professional and general support</li> </ul>	C/O
	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> <li>Recommended including the respective departments coordinating the implementation of activities</li> <li>Suggested a short description of the output of the activities in the reports (i.e., description of participants etc.)</li> </ul>	C/O
	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> <li>Suggested listing the thematic areas and cross-cutting themes that a project addresses</li> </ul>	C/O
	Mrs. Suphatra Srimaitreephithak	<ul style="list-style-type: none"> <li>Recommended including in the M&amp;E report more tangible outcomes beyond knowledge gain</li> </ul>	C/O
MI Strategic Plan	Mr. Li Hong	<ul style="list-style-type: none"> <li>Called on more balanced promotion and emphasis on the three MI pillars or themes</li> </ul>	O
	Ms. Sayan Kongkoeay	<ul style="list-style-type: none"> <li>Stressed that the MI Strategic Plan should be adaptive and responsive to the needs of the various cooperation frameworks in the GMS</li> </ul>	O
	Mr. Zhang Guohua Mr. Duong Hung Cuong	<ul style="list-style-type: none"> <li>Reiterated that the MI vision should be adjusted to adapt to the changing needs of the GMS countries</li> </ul>	O
	Mr. Duong Hung Cuong	<ul style="list-style-type: none"> <li>Suggested for MI to consider how its Strategic Plan can fit with the GMS Strategic Framework and the Hanoi Action Plan</li> </ul>	O
	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> <li>Suggested for MI to use more actively its corporate strategy (Strategic Plan)</li> </ul>	O
	Mrs. Suphatra Srimaitreephithak	<ul style="list-style-type: none"> <li>Stressed that MI should take into account its role in the implementation of the commitments of the GMS countries</li> </ul>	O
		<ul style="list-style-type: none"> <li>Emphasized that the Strategic Plan should reflect: coherence, coordination and complementarity</li> </ul>	O



Design of training programs/projects	Mr. Chea Chantum Mr. Li Hong Ms. Sayan Kongkoey Mr. Virasac Somphong Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> <li>Emphasized designing training and activities using problem-based/demand-driven approach and which meet the needs of the GMS countries</li> <li>Suggested conducting further research and consultation with GMS countries to identify changing needs in the countries</li> </ul>	C/O  O
	Mr. Zhang Guohua	<ul style="list-style-type: none"> <li>Stressed developing programs that will enhance shared inclusiveness</li> <li>Suggested more active use of technology to reach more participants in the region</li> </ul>	O  O
	Dr. Nguyen Quang Linh	<ul style="list-style-type: none"> <li>Suggested designing longer programs that emphasize learning by doing</li> </ul>	O
New proposals specifically the following:	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> <li>Recommended for MI to discuss with MRC on how to address possible overlap in the work given project objectives</li> </ul>	NC
<i>Proposal on Transboundary Cooperation Mechanism to Support Adaption to Climate Change and Management of Hydropower Projects (LMC)</i>	Mrs. Suphatra Srimaitreehitak Dr. Tej Bunnag Ms. Yu Miao	<ul style="list-style-type: none"> <li>Suggested that MI further review the projects to ensure that their aims relate to training and capacity building</li> <li>Asked for MI to provide more information/clarification on the two projects for further review of the MI Steering Committee and Council members</li> </ul>	O  C
<i>International Transboundary Water Cooperation (Asia Foundation)</i>			
MI work plan and implementation of activities	Dr. Narongchai Akrasanee Mr. Li Hong Mr. Duong Hung Cuong Mr. Zhang Guohua	<ul style="list-style-type: none"> <li>Stressed the importance of high quality and timely implementation of project activities that meet the needs of GMS countries</li> <li>Pointed out the need for balance between quality and quantity in terms of activities</li> </ul>	O
Project specific suggestions	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> <li><u>On the RLED-EWEC Project's work on cross-border trade facilitation:</u> Suggested to take note of the measures encountered in their implementation for policy recommendation</li> </ul>	C/O
		<ul style="list-style-type: none"> <li><u>On the project on Upgrading Border Facilitation for Trade and Logistics Development:</u> Suggested to note the beneficiaries of the outputs (i.e., to whom the project outputs are to be addressed)</li> </ul>	C/O
Proposal on new member in the MI Council	Mr. Li Hong	<ul style="list-style-type: none"> <li>Stressed the need to follow MI Charter and ensure the ownership of the member countries in the Council</li> </ul>	C/O
	Mrs. Suphatra Srimaitreehitak	<ul style="list-style-type: none"> <li>Asked MI to prepare a non-paper further clarifying the scope and parameters of the criteria, and to be distributed to the MI Council members for further review</li> </ul>	NC

Promoting MI collaboration and reach	Mrs. Suphatra Srimaitreephithak	<ul style="list-style-type: none"> <li>Suggested for MI to further collaborate with the UN Office for South-South Cooperation</li> <li>Additionally suggested that MI participate in activities such as the 40<sup>th</sup> Anniversary of the Buenos Aires Plan of Action on South-South and Triangular Cooperation</li> </ul>	C  NC
	Dr. Nawarat Wara-aswapati	<ul style="list-style-type: none"> <li>Suggested for MI to strengthen its cooperation with KKU by collaborating more with the university's research institutes</li> </ul>	O

*C – completed; O – ongoing; NC – not completed*

***The Council acknowledged the Review of Steering Committee and Council Meeting 1/2018 Recommendations.***

**5.4 Report of the Midterm Review of MI Strategic Plan 2016-2020**

Dr. Narongchai noted that the midterm review of the Strategic Plan surfaced three key points: (1) inter-departmental collaboration; (2) project burn rate, and (3) impacts and outcomes in relation to low-, medium- and high-context projects.

Dr. Tej Bunnag, MI Council Honorary Advisor, inquired how the deficit will be financed. Dr. Narongchai explained that equity will be used to cover the deficit but also added that this should not be the case for the long-term.

Ms. Siritharin Charoensiri explained that she is attending on behalf of Mr. Elliott Kirton, Council member from NZAP. Remarking that MI is one of NZAP's longest and important partners, they have noted the concern on the charging policy of the NZAP Project and how it impacts MI's financial performance, and they would be glad to discuss it in more detail.

Mr. Arthayudh added that while NZAP is an important partner of MI, it is also equally important to diversify partnerships. He mentioned that other countries such as Australia, India and other European countries are also potential donors that can be tapped. He also observed that while the staff members of MI are largely from Asia, he expressed that it would be good to have nationals from other countries as part of a secondment program or on the job training.

Dr. Verbiest clarified why the flow of revenue is slow. Noting the deficit, he further asked whether the shortfall was due to the fact that the money was not in yet and activities cannot be carried out, or if it was due to the organization's financial cycle.

On the issue of department cooperation, he also asked if a regular monthly senior staff meeting is being held to allow departments to present and share their activities.

As far as the human resource and monitoring and evaluation issues, Dr. Verbiest shared that SDC used to provide support to organizational development. He suggested looking into how countries and development partners can provide support or funding in these areas as the strengthening of these institutional components would be good in the long-term for the Institute.

He also seconded the suggestion of a secondment program raised earlier by the Council Chairman, noting that a similar program used to be in place (i.e., professionals from New Zealand who were on sabbatical working at MI), and that a similar thing could also be done for professionals from the region.

Supporting Dr. Verbiest's remark on the support of SDC on institutional strengthening, Ms. Hasler explained that it was with the EWEC Project that MI established field offices with the aim

of enhancing capacity building and deliver concrete impacts on-the-spot and link it more to local and national policy levels.

She added that per results of the needs analysis, the Monitoring, Evaluation and Learning (MEL) Unit was created during the first phase of the EWEC Project, with the view that it will serve both the Project and the institution. On this note, MEL should be able to support the projects of the program departments as well as get charged for its services in order for it to be sustainable. Ms. Hasler also stressed the importance of having the MEL unit well recognized as a service provider for the Institute and other programs.

She also expressed her interest in learning more about further discussions on the other findings of the midterm review, such as the merging of MEL and the Communications and Knowledge Management Department. It is important, she added, to clarify the recommendations to be / not to be taken up, people in-charge of undertaking the action on the recommendations, and expected timeline in order to get a common sense of agreement and help facilitate the reporting of the progress on the recommendations for the next Council meeting.

Referring to the review's recommendation to conduct an institutional assessment by December, Ms. Hasler also expressed interest in the outcome of this analysis including the gaps and critical points to be pursued in the next years. Again, she reiterated that institutional strengthening should not only be limited to the EWEC Project but also for the entire organization, and that there should be sufficient budget allocated for this.

She also mentioned the critical need for internal control mechanisms to ensure that money is spent as designed and planned. Remarking on the financial case in Myanmar, she said that while SDC has worked with MI to establish stronger control measures, it is still necessary to analyze control mechanisms and how they can be enhanced as this impacts the reputation of the Institute.

Finally, she inquired as to the plans for the EWEC Department with the project ending mid-2019.

Mr. Hideaki Iwasaki, representative of MI Council member from the Asian Development Bank (ADB), shared that ADB and World Bank face the same issues regarding income generation. He explained that with the lending operation shrinking in such countries like Thailand, World Bank is now focusing on their reimbursable value services where they charge for the services they provide. The recommendation in the review for MI to brand itself is worth noting as MI can consider charging for particular services and products that it is good at and which countries are willing to pay. He recommended that MI develop a line of services that it can offer to clients while it continues to diversify revenue sources through its work with various development partners.

Noting the points raised by Ms. Hasler, the Council Chairman explained that some of the points raised could be further discussed as agenda items in the next Council meeting particularly the progress on the actions taken on the recommendations of the midterm review.

Dr. Watcharas responded to the points raised as follows:

- Delay of projects: The funding was not in yet despite the projects already having received approval, hence activities were also delayed.
- Senior management meeting: A meeting is held every month to track the performance of the departments both in their projects and financial standing.
- Secondment program: There are currently two staff members at MI who are on secondment from their home organizations: one from the Lao Ministry of Foreign Affairs (ADC) and the other from the Ministry of Public Works of Cambodia (TIF).

- **Monitoring and evaluation:** The first phase of the EWEC Project has recorded significant impacts, hence the creation of the MEL unit as recommended by SDC. The MEL framework was integrated in the Strategic Plan for 2016, and the outcome of SDC's support in the institutional strengthening was the development of the key performance indicators framework. The plan was for MI to focus on the outputs in the first three years and on the impacts in the last two.

Currently, MI is working on the organizational results chain framework (expected to finish by February 2019) that can offer clearer and more precise indicators of the work of MI.

- **Work of MEL with other departments:** The unit currently has three staff members, and they are working with the program and support departments in the development of the results chain and indicators. MI is also trying to engage MEL in the other projects such as in the conduct of baseline studies to enable charging from long-term projects. It is hoped that in the future the unit can provide services to other organizations so it can directly generate income.
- **Actions on the recommendations of the Strategic Plan midterm review:** MI has noted all the recommendations but will not be able to take action on all recommended points because of certain constraints. The most immediate being addressed is the organizational results chain.
- **Burn rate:** Besides ensuring that money is spent as planned, MI is also concerned about spending it wisely and effectively.
- **Financial case at the EWEC Myanmar Field Office:** The external auditor has audited the Myanmar Office, and actions have been taken based on the auditor report while efforts to strengthen financial system in the field offices continue.
- **Plans for the EWEC Project:** Staff members based at MI will work in the other program departments while those in the field offices will probably leave the organization. However, Dr. Watcharas added that they would prefer if the Project could be continued as it has already developed the capacities of people in the field, and MI does not want the expertise to be lost along with the phasing out, further adding that should any similar project be initiated in the future it would entail building capacities again.
- **Development of a line of services:** In addition to delivery of training programs, MI is also focusing on offering consultancy services.

***The Council acknowledged the report on the Midterm Review of MI Strategic Plan 2016-2020.***

### **5.5 Report on the Quarterly Executive Meeting 2/2018**

Dr. Narongchai explained that the quarterly executive meeting 2/2018 was initiated to help the Institute implement projects as planned. For the reporting period, the main issue has been the deficit and the overall financial standing of the organization.

***The Council acknowledged the report on the Quarterly Executive Meeting 2/2018.***

### **5.6 Annual Report of MI 2018 Performance against Key Result Indicators**

Presenting highlights of the 2018 MI performance against key result indicators, Dr. Narongchai pointed out that the results for the year have been relatively satisfactory. However, noting the

findings of the midterm review of the Strategic Plan, it is apparent that MI needs stronger internal control mechanism that will effectively measure the outputs and outcomes of the projects and ensure that activities are implemented as planned. He added that he has suggested that the MEL unit be changed into an internal control unit.

***The Council acknowledged the Annual Report of MI 2018 Performance against Key Results Indicators.***

### **5.7 Progress of 2018 Executive Director Performance Evaluation**

For this agenda item, Dr. Narongchai explained that a three-person committee has already been formed comprising of Dr. Verbiest and Mr. Li Hong and Ms. Sayan Kongkoey, Steering Committee members from P.R. China and Thailand, respectively. The committee has met and already agreed on the criteria.

***The Council acknowledged the report on the Progress of the 2018 Executive Director Performance Evaluation.***

### **Coffee Break**

## **ITEM 6: MATTERS FOR CONSIDERATION**

### **6.1 MI Operational Plan and Budget 2019**

Presenting the first item under Matters for Consideration, Dr. Watcharas highlighted the targets set for the coming year. For 2019, MI intends to carry out 26 projects (12 long-term, 8 short-term, and 6 one-off), with some 66 human capacity building events and targeting to engage some 2,190 direct participants. More than 40 grants and 170 technical assistance will also be provided to support about 180 localized capacity building events to be carried out by MI's direct participants. In addition, improvements of the IT infrastructure and the development of an organization-wide results chain are also among the major plans for the coming year.

Finance-wise, MI's estimated total revenue for 2019 is US\$4,231,000 and with a total operating expense estimated at US\$4,000,000.

Dr. Tej asked about the progress on the proposal with Asia Foundation which was presented in the previous meeting. Dr. Narongchai said that the project did not push through.

Dr. Verbiest inquired about the plan to purchase a new car. Responding to this, Dr. Watcharas explained that the suggestion was forwarded prior to analysis of MI's financial performance. The plan has been put on hold now because of the current financial situation, and will probably be proposed for approval in the next Council meeting if the financial standing has improved.

***The Council approved the MI Operational Plan and Budget for 2019.***

### **6.2 Appointment of External Auditor for Year 2019**

Dr. Narongchai explained that for 2019, MI is planning to contract Price Waterhouse Cooper Co., Ltd. (PWC) as external auditor. He added that Thai authorities do not have any prohibitions for MI in hiring non-Thai companies and since Thailand recognizes PWC Thailand, it recognizes, by association, PWC Laos. The contract price (US\$14,300) is also affordable for an international auditing company, and related expenses such as accommodation and travel to MI are considerably cheaper.

Ms. Hasler commented that during the first phase of the EWEC Project, an audit of the institution was a basis for payment, and part of the condition was to have an international auditing firm. With the phasing out phase, only a project audit is required and so SDC does not need to give any approval for an institutional audit. However, as SDC has recommended the use of an international firm to maintain institutional reputation, this move to hire PWC is much appreciated.

***The Council approved the Appointment of the External Auditor for Year 2019.***

### **6.3. Request to Increase Annual Contribution of Member Countries**

Dr. Watcharas explained that the annual contributions of GMS member countries support about 50 percent of the operational expenses, and for this reason, MI would like for the annual contribution to cover a bigger part of the operational costs, therefore the request to increase the annual contributions of Cambodia, Lao PDR and Myanmar.

Mr. Virasac Somphong, representative of MI Council member from Lao PDR, remarked that Lao is generally agreeable to this request but would need to go through internal procedures including official communication from MI to get clearance from the government. He added that they promise to increase the amount of contribution because Lao sees the benefits of MI projects on the government and the private sectors that join MI training programs.

H.E. Mrs. Pen Sopakphea explained the procedures for Cambodia in proposing budget to the government as well as requirements from MI. According to her, the line ministries submit the budget proposal around May-June to the Ministry of Finance. In July-August, the Finance Ministry submits the proposal to the Council of Ministers, after which, following discussions with and approval of the Prime Minister, the budget will be submitted to the Parliament for further approval sometime December. For 2019 then, the government has already approved the budget, but the request is possible for 2020.

She also observed that, in her work with MI as Council member for three years now, MI should continue to improve its activity with several sectors in Cambodia in terms of human capacity development. She and Mr. Chea Chantum, MI Steering Committee member for Cambodia, agree to support the increase but would require the following: (a) a statement from the MI Council expressing that the other member countries have also agreed to increase their contributions, (b) an official letter from MI addressed to the minister, (c) and a report presenting the impacts and contributions of MI activities in Cambodia. She will then draft a cover letter addressed to the Ministry of Finance, which will also be sent to the Prime Minister for approval and signature.

Ms. Nyein Zin Soe, representative of MI Council member from Myanmar, expressed that Myanmar will consider increasing their contribution depending on their budget. Like Cambodia, they will also require the approval of the Ministry of Finance and other higher authorities.

Mr. Arthayudh thanked the MI Council members from these countries for their support in pushing for the increase in contribution. As per his suggestion, it was also agreed by the MI Council that the contribution will be set to a minimum of US\$20,000 on the basis of MI's work in providing valuable human resource trainings and programs that benefit the region. He also added that it is the view of the Council that in order to increase activities, funding will also have to be increased.

Related to this, he also recommended that MI send a letter to the other member countries requesting that they consider increasing their contribution to the Institute, further suggesting incorporating in the letter the activities carried out for the year in the respective countries.

***The Council approved the Request to Increase the Annual Contribution of Member Countries.***

## 6.4 HR Policy for Financial Implications

Dr. Narongchai explained that the proposal intends to encourage program departments to generate surplus based on HR information on the number of staff and position in the department. Departments that are unable to meet the surplus target will be closed to prevent further accumulation of deficit.

The Council Chairman inquired further about the feasibility of the proposal. In response, Dr. Watcharas said that for now, MI would like the Council to agree on principle, and the amount to be raised by the program departments will be discussed later with the directors.

***The Council agreed to adopt the proposal on HR Policy for Financial Implication. Furthermore, the Council Chairman instructed MI to undertake the necessary processes to facilitate the policy, with actual details subject to change following discussions with the departments and the budget they receive each year. He emphasized incorporating a small amount of flexibility in carrying out the policy.***

## ITEM 7: COUNTRY REPORTS OF COUNCIL MEMBERS

### Cambodia: H.E. Mrs. Pen Sopakphea

H.E. Mrs. Pen Sopakphea thanked MI for its gracious hospitality. She commended MI's efforts in developing programs to support human capacity building and for establishing its role in the region. She conveyed that the Royal Government of Cambodia will continue to support MI's activities in the next years.

### P.R. China: Mr. Yang Shaocheng (in place of Mr. Zhang Guohua)

Mr. Yang Shaocheng expressed his appreciation for the arrangements of the meeting and the hospitality extended to them, conveying also regards from Council member Mr. Zhang Guohua to the members of the Steering Committee and the MI Council.

He remarked that in 2018, MI, with support from all sides, has achieved great success in organizing training programs, dialogues and research activities. They commend MI and all members of the Governing Board for these achievements.

He noted that today, December 18 is a special day of significance for China as it marks the 40<sup>th</sup> anniversary of the country's reform and opening up. Today, he added, a grand conference is being held to discuss the country's experience and outline important policies for its future development. In the last four decades, China has carried out strategies in science, education and human resource development, and it has also participated in regional cooperation initiatives for human resource development. China's experience can further shed light on the work of MI particularly on expanding cooperation and enhancing the quality of human resource development (HRD).

He then identified the following recommendations to MI:

- Give the full play of its strengths to build first-class platform for HRD in the region. He reiterated the point mentioned by Mr. Zhang Guohua in the first Council meeting for MI to build up its main business, adhere to its Strategic Plan, and at the same time, take advantage of its linkages with the Lancang-Mekong region to amplify policy impacts and expand influence.
- MI should remain open and continue to provide high quality trainings to build up the LMC Community with a shared future. Along this, he noted better use of the funds in delivering high quality trainings and creating more opportunities that will benefit more trainees.

He also noted that in 2018 MI carried out two training programs in Yunnan province. These programs were highly praised and so in 2019, they will continue to work with MI on these programs based on the experience accumulated this year, and build the programs to a brand that will benefit more participants in the Lancang-Mekong region and create more contributions for both sides. He further added that as part of their commitment to support MI, they will also encourage more organizations in Yunnan province to work with the Institute.

**Lao PDR: Mr. Virasac Somphong (in place of Mr. Songkane Luangmuninthone)**

Mr. Virasac Somphong congratulated MI for its achievements since the first meeting as well as its work and efforts to mobilize financial resources, which reflects MI's strong position in the region. He expressed that they welcome the cooperation with MI and the GMS countries in capacity building and human resource development and they appreciate the dedication of MI to ensure the success of the various training programs.

He also thanked the development partners for their support to the capacity building of the member countries including Lao PDR. Lastly, he expressed his appreciation for the secondment program of MI that has enabled Lao government officials to enhance their skills.

**Myanmar: Ms. Nyein Zin Soe (in place of Mr. Tun Tung Naing)**

Ms. Nyein Zin Soe thanked MI and Thailand for organizing the meeting and the hospitality extended to them. She said that they are pleased to know the progress in the implementation of the projects. She further remarked that Myanmar government officials from the different ministries had the opportunity to participate in these programs and they have gone on to implement various action plans. These programs, she said, contribute to the socio-economic development of the country and regional economic integration.

She expressed appreciation for the continued support of MI and partners, and committed to working together on future activities.

**Vietnam: Mr. Tran Ngoc Lan (in place of Ms. Nguyen Yen Hai)**

Mr. Tran Ngoc Lan observed that Vietnam has gained a lot from the cooperation with MI, and they would like to thank the development partners and member countries for this successful collaboration. Vietnam commits to continue to support MI in the future.

Remarking on the issue of sustainability, he shared his hopes that MI will become more sustainable in the future where it not only depends on the support of development partners, but is already a self-sustaining organization. He also suggested having a separate discussion in the future concerning sustainability issues.

**New Zealand Aid Programme: Ms. Siritharin Chareonsiri (in place of Mr. Elliott Kirton)**

Ms. Siritharin Chareonsiri thanked MI for organizing the meeting and the Council members for their inputs. She stressed that New Zealand has a strong commitment to MI and they are pleased with the progress of the PROSAFE Project. NZAP will continue to work closely with MI to improve the operations of the project, as well as work with MI to ensure its sustainability.

**Asian Development Bank: Mr. Hideaki Iwasaki (in place of Mr. Ramesh Subramaniam)**

Mr. Hideaki Iwasaki thanked MI for the meeting arrangements. He explained that ADB has been working very closely with the GMS member countries, and would like to thank the partners for the good relationships maintained and cultivated.



According to him, this year ADB has adopted its Corporate Strategy 2030 where regional cooperation and integration is one of the seven pillars. MI then is uniquely positioned to undertake activities in human resource capacity development. He added that traditionally, ADB has been financing infrastructure and has also worked in human resource capacity development but it would be able to accomplish more with MI.

Lastly, he shared that ADB will be developing country partner strategies with Cambodia and Thailand, and they look forward to closely collaborating with these countries and the other members in this undertaking.

#### **Swiss Agency for Development and Cooperation: Ms. Barbara Jaggi Hasler**

Ms. Barbara Jäggi Hasler congratulated MI for its achievements in the past months in particular in diversifying its partnerships and resources. Remarking on the midterm review's finding that MI is in a good position in the region as a provider of human capacity building programs, she noted that this needs to be highlighted.

She explained that with the EWEC Project ending in July 2019, SDC does not have any projects in the pipeline for MI due to budgetary restrictions. They are also looking to support a program on technical and vocational education and training (TVET) with the ASEAN Secretariat focusing on the CLMV countries.

With this in mind, she stressed the issue of sustainability, which is the primary point of the phasing out phase of the Project. Ms. Hasler pointed out that MI has a great opportunity in its organizational set-up, notably its link to the GMS, the technical knowledge hubs in the program departments and its wide range of projects. She recommended making full use of these knowledge and expertise to bring synergies together and elevate project level experiences to strategic and policy levels. Likewise, she suggested tapping into the partnerships and connections to increase policy changes as this is the impact that they desire to see.

With the EWEC Project providing the first model of implementation of field offices, she also recommended looking at the lessons learned from this model, including its pros and cons, to inform the development of the new Strategic Plan.

Responding to Ms. Hasler's report, the MI Council Chairman also suggested the possibility of exploring MI as partner in the new project of SDC with the ASEAN Secretariat since the Institute is a sub-regional organization with the expertise and know-how in the region and therefore can offer on-the-ground support.

#### **Hue University: Dr. Nguyen Quang Linh**

Dr. Nguyen Quang Linh thanked MI for the arrangements of the meeting.

He remarked that MI can explore the possibility of setting up an office in the Dong Ha campus of Hue University, adding that their university has also been in talks with Savannakhet University on human resource capacity building initiatives. Hue University is also in discussions with Khon Kaen University on projects relating to human resource support and partnerships in agriculture, forestry, fishery, family medicine and research on labor mobility.

He also observed that MI has implemented many activities but the challenge is to further promote these activities. He commented tapping into the MI alumni network, such as conducting a survey to identify MI alumni who can be involved in trainings or activities in various locations. This is a good form of technology transfer, which is very important as it will also involve the private sector and universities.

**Khon Kaen University: Assoc. Prof. Dr. Nawarat Wara-aswapati Charoen (in place of Dr. Kittichai Triratanasirichai)**

Dr. Nawarat Wara-aswapati Charoen commended MI on its progress with its activities.

Remarking on the plan to improve the IT infrastructure, she suggested aligning it with the concept of Smart Cities (Smart MI). She recommended exploring the use of disruptive technologies in the programs of MI i.e., use of technology that can facilitate widespread reach and engage the iGeneration in the trainings without them physically coming to MI. She noted that while this may require some substantial investment at the beginning, disruptive technologies can also be more cost-efficient in the long-term and align MI with present global trends.

**Honorary Advisor: Dr. Tej Bunnag**

Dr. Tej Bunnag congratulated MI on its achievements in the last six months since the first meeting. He noted that MI's projects that involved participants outside the region reinforces MI's position as a global institution and such initiatives should be encouraged.

He also said that he is happy to know that the Thailand government is considering increasing its annual contribution. He observed that a major part of the budget goes to institutional development, primarily staff salary, which is necessary. Relating this with MI's new projects/proposals with agencies such as the Japan-ASEAN Integration Fund, he explained that these agencies do not allocate budget for staff, and therefore this can pose a burden on the Institute.

Finally, he expressed his concern about the deficit, pointing out that MI cannot continue using its capital.

**Honorary Advisor: Dr. Jean Pierre Verbiest**

Supporting the suggestion of Dr. Nawarat, Dr. Jean Pierre Verbiest added that Thailand, as chair of the ASEAN next year, has asked the Economic Research Institute for ASEAN and East Asia to conduct research on the impact of disruptive technologies especially on the ASEAN countries. He commented that the impact would vary for the GMS countries, and this can be a good opportunity for MI to closely coordinate with the ASEAN Secretariat and the Thai Ministry of Foreign Affairs on the lessons learned.

Along this note, he pointed out that there is a lot of opportunity for MI to broaden its outreach using IT/ITC platforms. While this requires substantial investments and capacity, he also noted that there are several startups that have been successful and there is potential in financing from IT companies. MI can look into companies that are willing to support the development of such platforms.

In terms of outreach, MI should include institutions of higher learning to further build up capacities since participants from universities can incorporate concepts and knowledge gained from MI trainings in their courses to broaden reach.

Lastly, noting the recommendations forwarded in the review of the Strategic Plan, he pointed out that the challenge is financing the implementation of the recommendations, stressing the importance of out-of-the-box solutions to finance organizational development initiatives.

## **Steering Committee Chair / Business Advisor: Dr. Narongchai Akrasanee**

Speaking as business representative/advisor, Dr. Narongchal Akrasanee commended MI's efforts and accomplishments, barring its financial performance.

He seconded the earlier suggestion for MI to position itself as a "smart" organization as it is common in companies nowadays to capitalize on IT and innovations to improve their efficiency. He explained that while this topic has been touched briefly in the Mekong Forum 2018, MI has yet to fully develop itself as a smart organization. This idea also builds on and supports the ASEAN Smart City Networks, an initiative that Thailand has already expressed its commitment to as new chair of the ASEAN. Thailand has also committed three cities as smart cities, one of which is Khon Kaen; MI stands to gain a lot of benefits owing to it being based in Khon Kaen.

## **Thailand: Mr. Arthayudh Srisamoot**

Mr. Arthayudh Srisamoot thanked the Council members for their participation and attendance in the meeting, and MI for their hospitality and arrangement of the meeting.

He noted that MI has been recognized as a leading organization in the GMS, contributing to human resource development and capacity building, and Thailand will continue supporting MI both with its annual contribution of US\$ 320,000 as well as its support in development programs. He remarked that, given MI's contributions to the region, it is important to continue the support and expand commitment. He assured that he will further discuss at the ministry level how financial support and in-kind contributions can be further expanded. At the same time, he reiterated his earlier recommendation for MI to send out letters to development partners and country members requesting for increased support.

Remarking on MI's projects supported by the LMCSF, he said that Thailand has sent more proposals for consideration of the Fund, and he expressed his hopes that MI can implement these new projects relating to trade facilitation, sustainable development and agriculture since MI has the expertise in these areas. Additionally, Thailand has also recently become a country partner of the OECD Development Centre in developing market skills and governance transparency and reform. He assured that he will look into how OECD can be engaged in MI's activities and provide financial and technical contributions.

Noting that development partners are very appreciative of the work of MI, he encouraged the Institute to continue to seek support from external partners because it is an internationally-accepted center for human resource development in the GMS.

He also stressed that new modalities of cooperation should be further explored to deepen regional collaboration and tackle development challenges. He added that MI can look into how it can tap into the proposed ACMECS Fund for its future activities. At the same time, he suggested for MI to design more cross-cutting projects, tapping into the expertise of the other departments as well as on current initiatives in other countries.

Finally, he thanked Dr. Narongchai for his leadership and commitment to MI, as well as the Council members for their inputs and recommendations to the Institute.

## **ITEM 8: DATE AND VENUE OF NEXT MEETING**

Dr. Watcharas explained that the first Council meeting for the year is typically held around July or early August in Khon Kaen. The confirmed date will be announced later.

## **ITEM 9: OTHER MATTERS**

Dr. Watcharas announced that as per MI Charter, Thailand's terms as Chair of the MI Council will end on August 4, 2019. The next Chair will be Vietnam, effective August 5, 2019.

***No other matters were discussed and the meeting adjourned at 12:17.***