

MINUTES OF MEETING

STEERING COMMITTEE MEETING 2/2018
DECEMBER 17, 2018

Mekong Institute Steering Committee Meeting No. 2/2018
December 17, 2018; 09:00 – 12:30
Dusit Srinakarin Hotel, Bangkok, Thailand

LIST OF DELEGATES

Steering Committee Members

Steering Committee Chairman	Dr. Narongchai Akrasanee Chairman MFC Asset Management Plc. Bangkok, Thailand
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 Government of Lao PDR	Mr. Phoummachan Bodhisane Official Economic Affairs Department Ministry of Foreign Affairs Vientiane, Lao PDR (In place of Mr. Virasac Somphong)
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. Htun Zaw)

Representative of the Royal Thai Government	Ms. Sayan Kongkoe Director of Thai Cooperation Branch I Thailand International Cooperation Agency Ministry of Foreign Affairs Bangkok, Thailand
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 Mr. Duong Hung Cuong)
Mekong Institute	Dr. Watcharas Leelawath Executive Director Mekong Institute Khon Kaen, Thailand
<u>Observers</u>	
PR. China	Mr. Geng Cong Assistant to Permanent Representative Permanent Mission of China to UNESCAP Embassy of P. R. China Bangkok, Thailand
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	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
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 Steering Committee meeting for 2018 was called to order at 09:05 with Dr. Watcharas Leelawath, MI Executive Director, welcoming the members of the Steering Committee and guests to the meeting. He then turned over the floor to Dr. Narongchai Akrasanee, Chairman of the MI Steering Committee, for the Welcome Remarks.

ITEM 1: WELCOME REMARKS BY MI STEERING COMMITTEE CHAIRMAN - DR. NARONGCHAI AKRASANEE

Greeting the members of the MI Steering Committee and their representatives, Dr. Narongchai explained that the second Governing Board meeting for the year presents a number of important issues for discussion. Among these are the updates on MI's activities in

the second half of the year, plans and budget for 2019, and the results of the midterm review of MI's Strategic Plan. Expressing his hopes for fruitful and meaningful discussions, Dr. Narongchai then formally declared the second MI Steering Committee meeting for 2018 open.

ITEM 2: ADOPTION OF THE AGENDA

Dr. Narongchai then invited the members of the Steering Committee to review the agenda and requested that any comments and suggestions be raised before further proceeding with the meeting.

No comments or changes were raised, and the meeting agenda was adopted as proposed.

ITEM 3: BUSINESS ARRANGEMENTS

Dr. Watcharas announced that the meeting is expected to finish by 12:30 and with a reception dinner by 17:30. Meeting time at the hotel lobby is 16:50. He also announced that the adoption of the minutes of the Steering Committee 2/2018 meeting will be at 08:30 the next day, December 18 before the start of the Council meeting.

ITEM 4: REVIEW KEY POINTS OF THE MINUTES OF THE STEERING COMMITTEE MEETING NO. 1/2018, August 1, 2018

Dr. Narongchai then asked the Steering Committee members to review the minutes of the first meeting held on August 1, 2018 in Khon Kaen. He further explained that the minutes have been conditionally adopted on August 2 and approval will be confirmed today.

No comments were raised, and the minutes were approved.

ITEM 5: MATTERS FOR ACKNOWLEDGEMENT

Dr. Narongchai invited Dr. Watcharas to report on the MI Operations from July-December 2018.

5.1. MI Operations (July-December 2018)

5.1.1 Project Reports

Dr. Watcharas presented the activities, outcomes and impacts of the long-term projects of MI for the reporting period. These include updates on the following projects: the second phase of the Food Safety Project, the EWEC project, the project on GMS Power Grid Interconnection, the project on Green Freight and Logistics under the Mekong-Republic of Korea Fund (MKCF) as well as the ongoing projects in the other countries as part of the MKFC in which MI serves as fund manager, and the five projects supported by the Lancang-Mekong Cooperation Special Fund (LMCSF).

Ms. Maria Theresa Medialdia, Director of MI's Agricultural Development and Commercialization (ADC) Department, added that they are proud of the results of the project in the last six months as these reflect the success in ensuring that training participants apply the knowledge and skills they have learned from the trainings. The activities carried out by

the participants, she explained, are often along three areas: organizing localized trainings, updating regulations and guidelines, and improving facilities and SME systems.

Dr. Narongchai clarified why only four countries (Cambodia, Lao PDR, Myanmar and Vietnam [CLMV]) are engaged in the project, noting that Thailand particularly the Northeast region also has serious food-related issues especially in terms of how eating and dietary habits affect overall health.

Ms. Medialdia explained that while MI has initially asked New Zealand Aid Programme (NZAP) about the inclusion of China and Thailand in the project, NZAP has explained that the agency's support is targeted for least developed countries in the region only, and China and Thailand are significantly developed that they can address food safety issues using their own resources.

Supporting Ms. Medialdia's explanation, Dr. Watcharas additionally explained that NZAP has no issues with including Thai and Chinese participants in the trainings but the NZAP financial support will cover only participants from CLMV.

Dr. Narongchai further remarked looking at other possible sources of funding that will enable the participation of Thailand and China in the project. H.E. Mr. Chea Chantum, Steering Committee member from Cambodia, expressed support to Dr. Narongchai's point, noting that Thailand and China are also producers and CLMV are consumers.

Ms. Sayan Kongkoey, Steering Committee member from Thailand, inquired whether the outcomes being reported are in line with expected outcomes of the project. Ms. Medialdia answered that the outcomes are consistent with the expected outcomes as issues are determined first prior to conduct of the trainings. The training needs analysis identifies issues along the value chain, and trainings to address these issues are designed accordingly. The project also works closely with three key ministries in the countries – Ministry of Agriculture (production issues), Ministry of Health (consumption, distribution and food hygiene issues) and Ministry of Industry and Commerce (food processing issues). Action plans of the participants are geared toward addressing the issues in the countries.

Turning to the EWEC project supported by the Swiss Agency for Development and Cooperation (SDC), Dr. Narongchai asked the Steering Committee members to offer their insights on the project's contributions and impacts.

Mr. Tran Ngoc Lan, representative of MI Steering Committee member from Vietnam, remarked that border control is an important issue in Quang Tri as the waiting station creates added inconvenience for businessmen with drivers having to unload/load their trucks. He noted that if the project can persuade the provinces to address the border control issue and promote single check point procedures, this is a good thing for the country.

Mr. Phoummachan Bodhisane, representative of MI Steering Committee member from Lao PDR, likewise conveyed that the project has significantly contributed to the capacity building of Lao government officials and private sector from the Central Government agency and local provinces.

Ms. Nyein Zin Soe, representative of MI Steering Committee member from Myanmar, remarked that the project is helpful and it is important to closely coordinate and cooperate among relevant agencies for the effective implementation of the project.

Ms. Sayan Kongkoey asked whether the project will be extended. She also pointed out that while good outcomes are reported, it does not seem to explain about the outcome relating to the increase in income. Responding to this, Dr. Narongchai noted that for the moment, what

is crucial to be reported to the Council meeting is that the project has yielded important outcomes.

Mr. Li Hong, Steering Committee member from P.R. China, shared the view that the project meets the demands of the region and encourage the close connection with local authorities. However, outcomes do not appear to be clear though. While workshops and dialogues are conducted, what would be more important is to present the concrete results of the project. This will also benefit in persuading SDC to continue its support.

Dr. Watcharas answered that for the moment there has been no confirmation from SDC that they will continue the support. Expounding on the results, he also said that so far, the business to government (B2G) dialogue has been very promising. The project held discussions with the business sector first about the issues they face, and then later invited the provincial governments. One of the key results of that discussion was the agreement to remove the barriers.

Remarking on the projects of MI under the Lancang-Mekong Cooperation Special Fund (LMCSF), Dr. Narongchai observed that MI's projects are in the areas of trade and water resources management.

Mr. Li Hong shared that he has attended some of the events as part of these LMCSF-supported projects. With regards the project on water resources, this initiative has been reported to the Mekong River Commission (MRC) Council, and MRC has expressed their expectation of good outcomes.

Likewise, noting again the relevance of the projects to addressing regional development demands, he also reiterated the need to deliver more tangible outcomes. Workshops, he added, are only a means to pursue the objective, and there should be a more outcome-oriented approach.

Pointing back to the EWEC project, he added that with the project's completion, there should be a comprehensive assessment of its outcome so it is easier to persuade the development partner to provide further financial support.

Dr. Watcharas also reported the activities under MI's short-term projects, among these the project on fresh horticultural produce funded by P.R. China, the MIYS, the labor migration project with TICA, the project on freight transport and logistics with EU-GIZ, the consultancy project for ADB on the monitoring of the early harvest implementation of the GMS cross-border transport agreement, the project on the GMS Transport Information Connectivity System, as well as MI's projects with the Trade Facilitation Office-Canada and with GIZ on supporting Lao enterprises.

Referring to the project on labor migration, Ms. Sayan Kongkoeay explained that there has been a delay as the Thailand International Cooperation Agency (TICA) has had to gather comments from other various agencies because the subject of labor migration is a cross-cutting issue.

Dr. Watcharas additionally explained that the study (rapid needs assessment) is already finished and the capacity development program has been moved to January 2019 as MI wants to ensure that it has identified the right persons who will attend the program.

Regarding the MIYS Program, Mr. Li Hong expressed that China is happy to see the implementation of the first round of the program. He added that he has been in close contact with the team, and has also received feedback on the program. The second round has

started, and China is already considering continuing with a third round. He also assured that they will continue to work to improve the project.

Dr. Narongchai commented that the MIYS used to be called “young professionals” and suggested adopting the same term as “scholars” sound too academic.

He also clarified about the difference between the freight and logistics projects under EU-GIZ and MKCF. Replying to this, Dr. Watcharas explained that the EU-GIZ project is targeted toward logistics service providers, while the MKCF project is oriented toward policy development for the public sector.

Moving on to the other projects, Dr. Watcharas also briefly presented the customized projects of MI, among these the training program on green freight and logistics funded by TICA, the seminar on promoting innovation and MI’s participation in the AFSA Conference and the Korean Forum on Mekong Cooperation.

Ms. Sayan Kongkoey explained that the TICA-supported training on green freight and logistics is in fact an annual international training designed for three years.

Mr. Sudam Pawar, Director of MI’s Innovation and Technological Connectivity (ITC) Department, responding to the invitation of Dr. Narongchai to further expound on department activities, explained that the ITC Department’s newest short-term project is being supported by P.R. China and is about promoting innovation and technology for economic sustainability. The seminar, which brought together academics and innovators, was a good platform for sharing experiences and issues and enabling networking.

Ms. Medialdia added that the AFSA Conference was well-attended with over 200 delegates and featured more than 150 oral and paper presentations. It was also during this event that MI received a meritorious award for its contribution to food safety in the region.

Mr. Li Hong further asked whether MI is working with other stakeholders in its Food Safety Project. Ms. Medialdia explained that ADC has worked with the Food and Agriculture Organization (FAO) on food safety but not on the issue of food security, adding that if the project entails working on-the-ground (i.e., direct with farmers), this is one area where more collaboration with other stakeholders may be possible.

Capping the report on the projects, Dr. Narongchai suggested organizing the presentation in terms of department, rather than project categories (i.e., long-term, short-term, customized).

5.1.2 Administration and Finance Report

Moving on to the administration and financial updates for the reporting period, Dr. Watcharas explained that as of November 2018, MI has 65 staff members. He also presented the staff movement (hiring and resignation) for the period, as well as the internal staff capacity building activities.

He then turned over the floor to Ms. Phinyada Foytong, Acting Director of Finance and Operations Department, for the financial report for 2018. Ms. Phinyada explained that as of November 30, 2018, recorded total revenue was US\$2,915,904 and total expenses was USD\$3,063,513, resulting to a deficit of US\$147,609. Including estimations for December, the total revenue is expected to be around US\$3.37 million, corresponding to about 83 percent achievement of the budget of US\$4.02 million while total deficit is estimated at US\$231,288.

Expounding on the deficit, Ms. Phinyada explained that profits were achieved only in the months of August, September and November, and that for the most part of the year, particularly in the first half of 2018, MI has had to spend on fixed direct costs (i.e., staff salary) with no revenue coming in because of the delay in the projects especially with LMCSF and NZAP.

In terms of department performance, only Trade and Investment Facilitation (TIF) Department and EWEC have been able to generate surplus. In terms of revenue target, TIF and ADC have achieved more than 80 percent of their target revenues, and ITC and EWEC have achieved about 60 percent and more than 70 percent, respectively.

Dr. Narongchai explained to the Committee that the report to the Council will present only certain key information such as the revenue, expenses and deficit; sources of fund; flow of revenue; the explanation for the deficit (due primarily to the delay of the long-term projects); and statements of assets and liabilities; and will omit the reports on the department performance unless the Council asks. It is important to note that the amount of equity is still acceptable, but the deficit must be addressed. The deficit, he noted, has been due mainly to the delay in the projects and the overhead costs that must be covered while waiting for the long-term funding to come in. Fund flow must be managed more accurately then.

Mr. Li Hong commented that the estimated deficit by end of the year is a very significant increase. He pointed out that a reason such as the delay in the long-term projects may not be a convincing enough argument to the Council because this could imply that MI is implementing the projects without any funding.

Dr. Watcharas further explained that the delay in the big projects meant that there was no big income for MI as there were no in-house trainings conducted. Another reason is the modality of charging the project, referring in particular to the NZAP case which covers only the salary of 4 staff members, an arrangement that does not correctly cover the number of staff working on the project.

Dr. Narongchai, responding to Mr. Li Hong's comment, clarified further the reason for the deficit issue. Referring also to the point about project charging modality raised by Dr. Watcharas, he said that such concern must be conveyed to the Council members in order to lobby support in the negotiations with NZAP.

Ms. Sayan Kongkoey clarified whether MI charges lower than the actual rate of other institutions. To this, Dr. Watcharas explained that MI normally charges for the time sheet, but this is not the case with NZAP as it provides only for the salary of 4 staff members. However, in reality, it should be noted that more than 4 staff members are engaged in the project activities.

Ms. Medialdia also added that the ADC Department is only about US\$150,000 short, and the department is operating half the number of TIF.

Coffee Break

5.2 Relationship with Development Partners

In terms of its development partnerships, MI has submitted a proposal for consideration to the OPEC Fund for International Development, while a number of proposals are currently in the works for submission to the Korea International Cooperation Agency, the Japan-ASEAN Integration Fund, and the Lancang-Mekong Cooperation Special Fund.

The Steering Committee acknowledged MI's Operations Report for July - December 2018.

5.3 Review of Steering Committee and Council Meeting 1/2018 Recommendations

Continuing with the report, Dr. Watcharas presented the actions undertaken on the recommendations given by members of the Steering Committee and MI 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"> Reiterated equal participation of all member countries in staff employment and preferential consideration to applicants from member countries 	O
Reporting	Mr. Li Hong	<ul style="list-style-type: none"> 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 	C/O
	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> Recommended including the respective departments coordinating the implementation of activities Suggested a short description of the output of the activities in the reports (i.e., description of participants etc.) 	C/O
	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> Suggested listing the thematic areas and cross-cutting themes that a project addresses 	C/O
	Mrs. Suphatra Srimaitreephithak	<ul style="list-style-type: none"> Recommended including in the M&E report more tangible outcomes beyond knowledge gain 	C/O
MI Strategic Plan	Mr. Li Hong	<ul style="list-style-type: none"> Called on more balanced promotion and emphasis on the three MI pillars or themes 	O
	Ms. Sayan Kongkoey	<ul style="list-style-type: none"> Stressed that the MI Strategic Plan should be adaptive and responsive to the needs of the various cooperation frameworks in the GMS 	O
	Mr. Zhang Guohua Mr. Duong Hung Cuong	<ul style="list-style-type: none"> Reiterated that the MI vision should be adjusted to adapt to the changing needs of the GMS countries 	O
	Mr. Duong Hung Cuong	<ul style="list-style-type: none"> Suggested for MI to consider how its Strategic Plan can fit with the GMS Strategic Framework and the Hanoi Action Plan 	O
	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> Suggested for MI to use more actively its corporate strategy (Strategic Plan) 	O
	Mrs. Suphatra Srimaitreephithak	<ul style="list-style-type: none"> Stressed that MI should take into account its role in the implementation of the 	O

		<p>commitments of the GMS countries</p> <ul style="list-style-type: none"> Emphasized that the Strategic Plan should reflect: coherence, coordination and complementarity 	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"> Emphasized designing training and activities using problem-based/demand-driven approach and which meet the needs of the GMS countries Suggested conducting further research and consultation with GMS countries to identify changing needs in the countries 	C/O O
	Mr. Zhang Guohua	<ul style="list-style-type: none"> Stressed developing programs that will enhance shared inclusiveness Suggested more active use of technology to reach more participants in the region 	O O
	Dr. Nguyen Quang Linh	<ul style="list-style-type: none"> Suggested designing longer programs that emphasize learning by doing 	O
New proposals specifically the following:	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> Recommended for MI to discuss with MRC on how to address possible overlap in the work given project objectives 	NC
<i>Proposal on Transboundary Cooperation Mechanism to Support Adaption to Climate Change and Management of Hydropower Projects (LMC)</i>	Mrs. Suphatra Srimaitreephitak Dr. Tej Bunnag Ms. Yu Miao	<ul style="list-style-type: none"> Suggested that MI further review the projects to ensure that their aims relate to training and capacity building Asked for MI to provide more information/clarification on the two projects for further review of the MI Steering Committee and Council members 	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"> Stressed the importance of high quality and timely implementation of project activities that meet the needs of GMS countries Pointed out the need for balance between quality and quantity in terms of activities 	O
Project specific suggestions	Dr. Jean Pierre Verbiest	<ul style="list-style-type: none"> <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 <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) 	C/O C/O
			Proposal on new

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

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

Pointing to some specific recommendations, Dr. Watcharas explained that as far as the recommendation to connect with MRC on the water resources project, MI is waiting for MRC's new CEO to assume office.

Likewise, on the suggestion to further explore collaboration with the UN Office of South-South Cooperation, MI has already met to discuss possibility of funding. A particular potential area that can be tapped is the India-UN partnership. If MI can draft a proposal and can get the endorsement of the Office, it can increase chances of getting the support of the India-UN partnership.

Furthermore, concerning the suggestion to participate in the Buenos Aires Plan of Action on South-South and Triangular Cooperation, Dr. Watcharas said that the meeting will be in March 2019 in Buenos Aires. If no funding can be secured, MI will alternatively discuss with the UN Office of South-South Cooperation on the future work concerning the planned project proposal to be submitted.

The Steering Committee 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

Moving on to the report of the midterm review of the MI Strategic Plan 2016-2020, Dr. Watcharas explained that overall, the review has found MI to be relevant, effective, efficient, impactful and sustainable in the execution of its activities as a capacity building organization. On the other hand, while it has performed well in its work on the three thematic areas, it has not adequately integrated the cross-cutting themes into the projects. The need for program departments to collaborate more closely was also noted, and the solution to address this is to develop a big project that will require program departments to work together.

He then invited Mr. Nazir UI-Haq, Monitoring, Evaluation and Learning (MEL) Officer, to further elaborate on the findings of the midterm review. Mr. UI-Haq explained other key points including the distinction between low-context, medium-context and high-context projects of MI; the lack of a results framework; and practices of MI as against international best practices.

Dr. Narongchai asked what the international best practices are as mentioned by the external reviewer. Mr. Ul-Haq responded that these refer to most practices of international organizations when it comes to HR, administration and finance, for instance.

Mr. Li Hong asked what the low context, middle context and high context meant. He also observed that Western consultants prefer to use general words such as 'international practices', and that it would be good to position the results of the review in a way that is more relevant to the regional context.

Mr. Nazir, responding to Mr. Li Hong's question about the contexts, explained that these refer to the relationships with beneficiaries. Low context activities have short-term relationship and therefore not easy to track higher level results and impacts.

Dr. Watcharas added that MI, acknowledging that the external consultant may not be familiar with the constraints of the Institute, has taken into consideration the recommendations but will not be taking action on all the suggestions forwarded.

Mr. Chea Chantum asked why the evaluator has indicated MI to be donor-driven when it has been emphasized that MI should use a needs-based approach during the preparation and submission of the project proposals to potential donors.

Ms. Sayan Kongkoey explained that it is not entirely wrong that MI is donor-driven as the Institute works with donors/development partners, but at the same time, since donors also conduct feasibility analysis of projects that are directed to meet the demands of the countries, donor-driven approach can also essentially mean being demand-driven.

Dr. Narongchai commented that MI tries to address the priorities of donors as this is how money is generated. For projects that donors think are not a priority, then financial support is also difficult to secure as in the case of technology-related projects and initiatives on labor migration.

The Steering Committee acknowledged the report on 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 was done with the MI Senior Management Team to try to address the deficit issue from quarters 1 and 2. He then asked the Steering Committee members to review the report of the meeting and to note the updates in the financial report.

The Steering Committee acknowledged the report on the Quarterly Executive Meeting 2/2018.

5.6 Annual Report of MI 2018 Performance against Key Results Indicators

Mr. Ul-Haq presented the report on MI's performance for 2018 against its key result indicators. From January to September 2018, MI has organized 43 human capacity building activities and has provided nine grants and technical assistance. As far as building enabling environment, the Institute has conducted three research studies, developed a policy paper and supported changes in regulation and guidelines in relation to food safety. It has also

enabled the signing of a collaborative agreement between Vietnam, Thailand and Myanmar for improving cross-border trade along the EWEC.

Dr. Narongchai commented that overall, the annual report shows relatively good performance.

Mr. Li Hong however pointed out the disparity still in terms of country engagement and participation in the training programs. Dr. Narongchai seconded this, stressing that such disparity must be addressed, and Chinese participation must be increased.

The Steering Committee acknowledged the Annual Report of MI 2018 Performance against Key Results Indicators.

5.7 Progress of 2018 Executive Director Performance Evaluation

Dr. Narongchai explained that per last Council meeting, the suggestion to start the process early (at the beginning of the year) has been approved. A three-person committee comprising of Mr. Li Hong, Dr. Jean Pierre Verbiest and Ms. Sayan Kongkoeay has been organized. The committee has already met to discuss the criteria of evaluation, which would be comprised of 80 percent work performance and 20 percent leadership style and collaboration. He also added that a survey will be conducted for the second criteria.

The Steering Committee acknowledged the report on the Progress of the 2018 Executive Director Performance Evaluation.

ITEM 6: MATTERS FOR CONSIDERATION

6.1 MI Operational Plan and Budget 2019

Presenting the first item under Matters for Consideration, Dr. Watcharas explained that for the coming year 2019, the Institute 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 about 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 2019.

In terms of financial targets for the coming year, Ms. Phinyada reported that the estimated total revenue is around US\$4,231,000 and estimated total expenses of about US\$4,000,000. Major donors will still be LMCSF, NZAP and SDC. Department targets will also increase: TIF 65 percent, ADC 17 percent, and ITC 35 percent. As the EWEC Project is phasing out, there is no expected surplus from this department.

Dr. Narongchai remarked that the MI management has expressed that they can achieve the US\$4.2 million revenue because of the long term project commitments already made by the development partners.

Pointing again to the deficit issue, Mr. Li Hong asked about how this matter will be managed. He reasoned that it is important to take into better consideration this matter especially in the aspect of the long-term projects since long-term initiatives also require long-term cycles to apply.

Responding to this, Dr. Watcharas pointed out that the reason for the deficit this year is the delay in the long-term projects. With the secured commitments from the development partners, financial performance will be better next year.

Dr. Narongchai agreed that the deficit issue must be properly managed as this can also lower the equity of the organization. The recommendation should address the management of the long-term projects in general as well as generating surplus particularly in terms of renegotiating with NZAP on the charging modality.

The Steering Committee agreed to endorse the MI Operational Plan and Budget for 2019.

6.2 Appointment of External Auditor for Year 2019

Dr. Watcharas presented the proposal to contract Price Waterhouse Cooper Co., Ltd. (PWC) as external auditor for 2019. Ms. Foytong added that the price for contracting PWC is the same as the rate of the auditor for this year.

Dr. Narongchai added that the Thai authority does not have any prohibitions for MI in terms of hiring non-Thai company. Likewise, since Thailand recognizes PWC Thailand, it recognizes by association PWC Lao.

Mr. Li Hong asked whether the audit fee will include travel expenses as hiring a non-Thailand auditor would mean shouldering separate travel expenses.

Ms. Phinyada replied that the fee covers only the professional fee, but MI can offer its vehicle and accommodation rooms.

Responding also to Ms. Sayan Kongkoey's inquiry as to whether per diem is included, Ms. Phinyada clarified that no per diem will be given anymore as it is already included in the professional fee.

The Steering Committee agreed to endorse the Appointment of the External Auditor for 2019.

6.3 Request to Increase Annual Contribution of Member Countries

Dr. Watcharas then explained the request to increase the annual contribution of the GMS member countries for 2019. The contributions, he explained, are used to partially support MI's operations. He noted that in 2017, the total annual contribution was about US\$536,000 but cost of operations was around US\$900,000. He added that Vietnam has already committed to contributing US\$20,000 annually and would therefore like to request Cambodia, Lao PDR and Myanmar to consider increasing their annual contributions.

Mr. Chea Chantum remarked that he will discuss with the Secretary of State as MI Council member regarding the MI proposal. Then he will report to the Minister of Planning and the government based on the resolution of the MI Council meeting and official letter from MI. However, the 2019 budget has already been submitted and endorsed by Parliament and the result regarding this request may only be confirmed for 2020 budget.

Mr. Phoummachan Bodhisane noted that such request will require the proper procedures and protocols but Lao response is positive so far.

Ms. Nyein Zin Soe expressed that the request will be taken into consideration and further reported to the concerned authorities for their consideration once an official letter from MI has been received.

In response, Dr. Narongchai explained that MI would like to solicit the support of the agency first concerning the request after which the official letter can be sent to the country governments.

Mr. Tran Ngoc Lan said that in Vietnam's case the budget line is made every five years and so without prior advanced notice or plan, it is not easy to plan the budget. He also shared his observation as a first-time observer that the expenditure costs of an organization like MI can have significant implications on its revenue. Its location (being based in Khon Kaen) can increase operations costs when events and meetings are held in Bangkok or Khon Kaen.

Mr. Li Hong clarified about China's contribution, explaining that its contribution was reduced from US\$200,000 to US\$150,000 while the project support contribution has increased. The total contribution to MI has not changed.

Remarking on this, Ms. Sayan Kongkoey said that like China, Thailand has also increased its contributions in terms of project support, and so it would be good if P.R. China can also consider increasing the contribution. Mr. Li Hong noted that there are various streams of support, and he has tried to increase other channels of support as well. For the Central Government, it is mainly the Ministry of Finance but they would be happy to consider such suggestion.

Dr. Narongchai explained that in the case of Thailand, the contribution was set many years ago and it has not been changed so far.

The Steering Committee agreed to endorse the Request to Increase the Annual Contribution of Member Countries.

6.4 HR Policy for Financial Implication (added agenda item)

Dr. Narongchai explained the proposal that sets a net gain and requires program departments to earn surplus otherwise the unit will be closed or changed. The program directors have been consulted and agreed to this proposal.

Mr. Li Hong commented that the proposal is a bit unclear. He asked how the added funds will be generated by the program departments. He also added that there are in actuality more staff to support other than the staff of the three program departments.

Dr. Watcharas explained that fundraising is indeed needed, but at the same time, the proposal is designed to motivate the departments to raise the funds to cover and implement the projects, and this is one of the ways to address the deficit. He also agreed that MI has supporting departments such as CKM, MEL and Finance that do not generate income but are also crucial to the operations of the Institute. The income generated by the program departments will be used to cover the operations of these units.

Ms. Sayan Kongkoey asked where the people in a department will go if it will be shut down. Dr. Narongchai answered that staff will also be removed or moved to another department.

Mr. Li Hong again pointed out that asking the three program departments to generate income but not the supporting units will continue to pose a problem. What should be considered is reducing the expenditure. Responding to this, Dr. Watcharas explained that MI has not hired directors for MEL, CKM and Finance as one of the ways to reduce operational costs.

Dr. Narongchai further explained that this proposal can be a negotiation between MI Executive Director and the program directors, and this can be a key performance indicator for both parties to ensure that the departments are not contributing to loss.

Mr. Tran Ngoc Lan commented that it appears MI does not have much room in cutting down its costs as an independent institution since it has to maintain its operations anyway.

The Steering Committee agreed to endorse the HR Policy on Financial Implication.

ITEM 7: COUNTRY REPORTS OF STEERING COMMITTEE MEMBERS

Dr. Narongchai then invited the members of the Steering Committee to present their country reports and feedback as well as recommendations to MI for the coming year.

Cambodia: H.E. Mr. Chea Chantum

He congratulated MI for its works on the projects despite the deficit, which he hopes will be resolved. He also commended the good collaboration of MI with its development partners especially with NZAP, SDC, and LMC.

For the LMC projects especially, Cambodia is very happy as P.R. China is also a strong supporter of Cambodia when it comes to its socio-economic development. Recently Cambodia received support from China to fulfill its budget shortage for conducting the general population census in March next year. The LMC projects also assist to enhance the wellbeing of Cambodians, and it would be good to have an impact evaluation of the projects in Cambodia.

He also noted that MI has very good collaboration with the Ministry of Planning but also requested that they be informed of any activities and projects being done with other ministries. Referring to the matter concerning the request to increase contribution, he noted that they commit to facilitate this matter with the concerned authorities.

Finally, he expressed that Cambodia will continue to strongly support the work of MI.

P.R. China: Mr. Li Hong

He expressed his congratulations to MI for its achievements particularly with the LMC projects, remarking that they are looking forward to better cooperation and productive outcomes with these projects.

He noted that the GMS has a big potential for economic development due to the peace and stability in the subregion. MI then should make full use of the great opportunity for promoting subregional economic and social cooperation.

China will continue to provide support and facilitate cooperation through various channels, but at the same time, he identified a few points for future consideration:

- Implementation of the strategic plan after the midterm review as guide to improve the work of MI.
- Emphasis on project implementation and evaluation. Timely assessment and improvement are important.
- Strengthen the ground-based projects and work more closely in the economic corridors and with scientific parks and transport facilitation as MI has special advantage in these areas and can build on the work of GMS and ASEAN.
- Strengthen partnerships with regional mechanisms as working together will yield bigger contributions.

Finally, he commended the cooperation between MI and the Belt and Road Initiative. He expressed his hope that MI can collaborate with the BRI think tank network about further cooperation especially in the second BRI Forum on International Cooperation.

Lao PDR: Mr. Phoummachan Bodhisane (in place of Mr. Virasac Somphong)

Mr. Phoummachan Bodhisane, on behalf of the MI Steering Committee member from Lao PDR, conveyed their gratitude to MI and the Thai government for their arrangement of the meeting. They would like to congratulate MI for its activities, noting that it should continue implementing its capacity development and building programs as MI is one of the key institutions in the region.

He expressed the suggestion to organize more in-country training courses in the GMS countries to increase the number of training activities and participants. They would also welcome MI and development partners to further discuss with the relevant ministries in Lao PDR the projects of MI in the country and how to expand activities and projects to other locations. Lastly, he shared the suggestion to work closely with the national focal points particularly informing them of all activities being organized in the country.

Myanmar: Ms. Nyein Zin Soe (in place of Mr. Htun Zaw)

Ms. Nyein Zin Soe thanked MI and Thailand for organizing the meeting and the hospitality extended to them. She remarked that they greatly value the capacity building programs of MI as these are helpful in regional economic integration. The government officials from different ministries had the opportunity to participate in these programs, especially MI's workshops in Nay Pyi Taw on labor migration and food safety in the last six months.

She remarked that they would like to request to be provided with a summary of the status of the long-term projects for better implementation. If possible, they would appreciate receiving the updated status one month before the Steering Committee meeting so proper coordination with the implementing agency can be facilitation.

She also mentioned that their department, Foreign Economic Relations Department is under a newly-formed ministry, the Ministry of Investment and Foreign Economic Relations starting last month and will serve as the national coordinating agency as usual.

In closing, she expressed that they very much appreciate the kind contributions of MI and that they look forward to working together more closely.

Thailand: Ms. Sayan Kongkoey

Ms. Sayan Kongkoey remarked that, like the other members, Thailand is very much willing to support the work of MI, however reiterating the need to utilize its own expertise.

She also shared that they are pleased with the release of the results of the midterm review but also noted the importance of ensuring its tangible benefits. Human resource development alone, she pointed out, is not impactful enough.

Continued joint collaboration with other partners is important especially with MI's position as a well-known and respected institution in the GMS.

She also pointed out that there are many cooperation projects that MI can take advantage of to develop new projects and tap potential funding.

The challenge for MI is to discuss its pending activities under the existing projects and commit to delivering the activities as planned. In this way, she explained, MI can ensure to receive funding support and generate income and at the same time, present its effectiveness and credibility to national and international agencies.

Vietnam: Mr. Tran Ngoc Lan (in place of Mr. Duong Hung Cuong)

Mr. Tran Ngoc Lan remarked that he has learned of the many work done by MI for the GMS countries. He pointed that if the Institute wants to escalate its benefits, it would be worth to carefully consider its participants, for example engaging those from the universities or academy who can in turn share to students the knowledge and skills and broaden the reach of the benefits.

He also added that core identity is needed as an institution, and MI should do well to think about what it can provide to communities. He pointed out that MI should find out its main strengths and in this way, attract other development partners or play as outsourced service provider to the national governments and ministries to provide capacity building services.

ITEM 8: DATE AND VENUE OF THE NEXT MEETING

Dr. Narongchai explained that the mid-year meeting is generally held at Khon Kaen sometime in July. This will be further discussed with the Council members to gather their inputs, and the date will be confirmed later.

ITEM 9: OTHER MATTERS

No other matters were discussed, and the meeting was adjourned at 12:59.