

# MEKONG CONNECTION

The Newsletter of the Mekong Institute  
Issue: 2 Volume: April 1 - June 30, 2014



## Advancing Local Economic Development through SME Cluster Development

In the past few years, the emergence of Small and Medium Enterprises (SMEs) in the GMS have become a major driving force for economic growth both regionally and locally and account for more than 90% of the enterprise in the GMS. They play a vital role in providing employment and income generation which is essential for poverty reduction of countries in this sub-region.

With such an increasingly important role of SMEs, its development is essential to the region. However, there are many aspects of challenges facing these enterprises, especially regarding market entry. This is one of the weakest areas wherein SMEs face major problems to compete in international market. SMEs could be efficient exporters if they in competing in international markets received ample support and training as well as appropriate advices.

One of the potential solutions that can alleviate these obstacles to SMEs is the development of clusters. Through cluster development, SMEs would be able to pull their resources together as well as learn and share from each other's experiences.



Recognizing such an important role of these entrepreneurs in local economic development of the GMS countries, Mekong Institute's (MI) East-West Economic Corridor (EWEC) Project and the Trade and Investment Facilitation (TIF) Program are working side by side to develop the early phases of business development services (BDS) and to overcome obstacles such as poor business infrastructure, limited market access, and low skill and productivity levels.

*(Continue on Page 3)*

## Building a Network through the Youths of the GMS

The youths of GMS are considered as one of the main striving forces contributing to the development of the region. Contributing to more than half of the total population, they are the future builders of our economy and society. However, the key is the quality of these young people.

Governments all over the region including local and international institutions are playing crucial roles in developing and building better human resources for the young. In 2007, Mekong Institute (MI) initiated a young GMS professional program; and by 2012, a three-year joint project between MI and New Zealand Aid Programme (NZAP) was created to build the capacity of graduates from Cambodia, China, Lao PDR, Myanmar, Vietnam, and Thailand. To date, more than 50 young professionals from the six countries have been trained and equipped with research capacities on the regional cooperation and integration.

It is undeniable that regional integration needs a strong network. With the upcoming ASEAN Economic Community (AEC) in 2015, new challenges as well as opportunities will arise for the region.

In lieu of this exciting future, MI's capacity development program aims to contribute to human resource development that is significantly needed for the full integration of GMS economies into AEC. The young GMS professional program aims to contribute to achieve this goal. Not only does it emphasize the development of the region's human resource in both private and public sectors, but it also builds a network among its participants.

*(Continue on Page 4)*

### MORE INSIDE!

A Message from the New MI Director	2
Archiving Over for a Freer Agricultural Trade in the GMS	2
Project Design and Planning in the Context of GMS Cooperation and Integration: Connecting People to People	3
Director's Courtesy Visits	4-5
MI Calendar	7



## A MESSAGE FROM THE NEW MI DIRECTOR

It is with great pleasure that I write to you as the new Director of the Mekong Institute. It is an honor to take over the leadership of this institution. I want to thank you for welcoming me to Khon Kaen with so much warmth and generosity. I also want to thank everyone for their hard work and commitment to the mission of MI.

My primary goal as Director is to maintain and build upon the mission and vision that has characterized MI for more than a decade as one of the well-known institutions in the region advocating for capacity development and regional integration. I am grateful to Dr. Suchat Katima, for his dynamic stewardship of MI for seven years. Under his leadership MI had significantly grown and developed, contributing to the advancement of the Greater Mekong Sub-region community. His impact will be felt for many years to come. I am likewise grateful to Dr. Jean-Pierre Verbiest who served as interim Director for a few months and provided efficient leadership during this period of transition.

For me personally, this is a tremendously exciting time. I had the privilege of working with MI before. I was a resource person in some MI training activities. I joined and co-organized the Mekong Forum for the past years. Now I am heading this regionally renowned institution. Always at the forefront, MI has helped lead the dramatic changes in the Greater Mekong Sub-region over the last decade. Today, MI plays a key role in its economic and social development. As the new director, I intend to strengthen the research capacity of MI as well as widely disseminate the knowledge and information gained to reach a broader audience. As the core mission of MI has always been “To contribute through human resource development and capacity building to the acceleration of sustainable economic and social development and poverty alleviation in the Greater Mekong Sub-region and promote regional cooperation and integration,” I am determined to expand MI even further into the era of the ASEAN Economic Community. In lieu of this, I plan to devote myself to the development and achievement of a new strategic plan for 2016-2020.

I am truly honored with the responsibilities bestowed upon me. I am very grateful to MI’s development partners for their support and to the Governing Board for their trust and guidance. To MI staff members, your dedication and passion inspire me daily. I want to thank all of you for your hard work and your constant enthusiasm. You are a big part in driving MI to a great success today and in the future.

Allow me to express once more my gratitude, thank you everyone for welcoming me so warmly to MI and thank you for your enduring support and dedication to this great institution.

Sincerely,

Dr. Watcharas Leelawath

## Arching Over for a Freer Agricultural Trade in the GMS



### Facilitating Cross-border Trade (CBT)

Amid the field where the sun began to emerge at the horizon, the sweltering heat of summer sweats the hands of a dozen farmers swiftly tossing freshly harvested lettuce from one hand to the other. The fully-filled truck with the freshly cut lettuce then headed for the border where they would be retained for hours and sometimes even days for inspection at the border-crossing custom checkpoints. By the time the produce reached the market, some were unfit for human consumption and quite an amount of the perishable lettuce were permanently damaged—causing profit losses.

“The agricultural sector plays an important role in economic growth of many developing countries,” stated Ms. Maria Medialdia, Rural Development Department Manager of Mekong Institute (MI). “To maximize benefits in fresh produce being traded between the CLMV countries, transporting the products to market and processing factories in the ASEAN countries needs to be quick to maintain freshness and quality.”

Agricultural products accounted for over nine percent of the GDP in Thailand and a great portion of GDP in other GMS countries. Realizing how important and how transportation can significantly impact agricultural exports, the first ‘Cross-border Transport Agreement’ or ‘CBTA’ was conceived on November 26, 1999 in Vientiane, Lao PDR through the initiatives of the Asian Development Bank (ADB).

(Continue on page 4)

## Project Design and Planning in the Context of GMS Cooperation and Integration: Connecting People to People



The training program on ‘Project Design and Planning in the Context of GMS Cooperation and Integration’ offered a great opportunity for people in GMS countries to connect to each other as they shared their experiences professionally and culturally.

Supported by the People’s Government of Yunnan Province, government officials, managers

of multinational enterprises and development professionals met and united towards the goal of managing multi-dimensional projects attracted by GMS fast economic growth and dynamism.

Participants were encouraged to share to learn and were given a chance to present their outputs and pass on their learning and working experiences to others, aiming to meet the need for qualified cooperation in the region. This created ‘great opportunities to improve many soft skills such as presentation and team work’, stated Ms. Hoang Ngoc Han, a researcher from Vietnam.

Mr. Naing Moe Aung, the Managing Director of a private distributing company in Myanmar

added his voice to Ms. Hoang Ngoc Han’s to ensure that the training was an immeasurable opportunity to do networking and take part in cross-cultural exchanges and multi-country sector-based groups focusing on cross-cutting issues and participatory learning.

With a population of over 326 million and a land area of 2.6 million square kilometers, if it were a country, GMS would be the third most populous area in ASIA and the 10th largest country in the world. With trainings and human exchanges, when we cross barriers to create link with the people, it is the regional empowerment which seems boundless.

## Advancing Local Economies *(Continued from page 1)*



The Trade and Investment Facilitation (TIF) Program conducted capacity building activities for SME owners and stakeholders to help establish nurturing environment for SME development and facilitate regional economic integration into not only GMS but also into the ASEAN Economic Community (AEC).

To impact the region, the Regional Training Program on Promoting SME Cluster Development Agents (CDAs) was conducted last May 19-23, 2014 at MI’s Residential Training Center in Khon Kaen, Thailand. Welcoming 20 participants, the workshop focused on providing more detailed and functional teachings for CDAs to trigger economic development.

Knowing that CLMV countries are often disadvantaged by limited understanding of international standards, MI also organized a Training of Trainers (ToT) Program on “Trade Policy Development and Trade Negotiation” from June 30 - July 4, 2014 in Khon Kaen.

Both programs were part of the three-year project on Capacity Building for Integrating CLMV Economies into the AEC in 2015 funded by the New Zealand Aid Program (NZAP). As a way to ensure a successful outcome of the program, knowledge and skills on trade negotiation obtained from the workshop can now be applied when they organize national workshops in participants’ home countries for trade-related government agencies and private companies related to trade promotion.

MI’s East-West Economic Corridor (EWEC) Project on Regional Economic Development has also made great strides in SME cluster development through the support of the Swiss Agency for Development and Cooperation (SDC). Two ToT programs were jointly conducted to impact the local scale. ToT Programs on SME Cluster Development and Export Consortia for Coffee Sector in Quang Tri, Vietnam and for Rice

Sector in Khammoune, Lao PDR, are part of the three-year project on “Capacity Development for Inclusive and Equitable Growth, GMS.”

Both programs communicated the aim to build capacities to develop clusters in the targeted regions and to increase export market through export consortia and integration of SME exporters into regional and global value chains. The programs were conducted from May 26-June 2, 2014 in Quang Tri and Khammoune. In the last two years of the project, SME clusters were formed through capacity building activities implemented by MI.

The EWEC Project also dedicated a modular training program on “Entrepreneurship Development and Small and Medium Sized Enterprise Promotion” conducted last June 9-13, 2014, in Hpa-An in the Kayin State of Myanmar, funded by SDC. Myanmar has just recently opened itself to collaborations with the rest of the region and is dedicated to draw alongside its neighboring countries. The project aims to initially build up their capacity focusing on basic skills, and eventually promote cluster development to their SMEs.

## Archiving Over for a Freer Agricultural Trade in the GMS *(Continued from Page 2)*

The gist of the CBTA—the signed tripartite agreement among the three Governments of Lao PDR, Thailand, Vietnam—is to facilitate trade at the borders by simplifying and harmonizing the regulations and procedures related to commodity transfer. All were intended for freer trade between the six countries within the Greater Mekong Subregion (GMS), namely, P.R. China, Cambodia, Lao PDR, Myanmar, Vietnam, and Thailand.

To simplify the customs procedures as proposed in the CBTA, ‘Single Window’ or ‘Single Inspection’ a system where all facilities are available at one point—was piloted at different border checkpoints in the GMS. This concept of ‘Single Window’ and ‘Single Inspection’ is expected to reduce the inspection time for commercial vehicles.

In 2003, the time release study conducted at the Mukdahan – Savannakhet border check point clearly demonstrated the reduction in average clearance time. During the first review of the clearance time in 2003, before the CBTA was implemented, the average inspection time was estimated at 300 minutes. However, after the CBTA was piloted and implemented, the inspection time was reduced to 137 minutes— a 54% reduction in inspection time at the border checkpoint. It is anticipated that after the policy is fully implemented, the inspection time will be less than an hour or only 30 minutes.

To actualize the vision of CBTA, the obstacle lies not in how the policy can be effectively implemented but how this policy can be understood and accepted by those who are actually using and executing it—the border officials.

Ms. Medialdia pointed out that *“Many border officials cannot cope with the new policy in cross-border procedures and regulations under different agreements. Limited ability and willingness of human resources to implement the changes, particularly at the provincial and border levels, is a major stumbling block in improving cross-border trade.”*

One of the solutions is to establish mutual understanding among all stakeholders involved in the border crossing—let them know how important their roles are and how they can influence the change for the better in cross-border trade.



### Stepping Over the Stumbling Block – Promotion of Awareness on the Importance of a More Simplified Cross-border Regulations

To contribute to the overall efforts to improve cross-border trade, the Mekong Institute (MI) conducted a “Structured Learning Visit (SLV) on Improving Cross-border Agricultural Value Chain” on May 26 -30, 2014 and Training cum Structured Learning Visit on “Strengthening Coordinated Cross-Border Systems in Agriculture Trade” on July 14-19, 2014 in Khon Kaen, Thailand. Participants in the two programs included 31 officials of various cross-border government agencies and border checkpoints, investors and leaders of producer-groups from CLMV countries. The aims are to enhance the awareness of public officials and the private sectors on cross-border agriculture value chain and recognize the importance of rapid, simplified and coordinated cross-border facilitation in fresh produce.

Mr. Nam Sokleang, a Senior Customs Technical Office from General Department of Customs and Excise of Cambodia (GDCE) expressed *“even with a customs background gained from working as a customs official for several years, joining this activity has shed new lights on the knowledge and customs procedures that would be beneficial to my department.”* Before the end of the thank you speech, he stressed *“I will definitely apply in my profession as a customs officer all the invaluable lessons I learned here and share those knowledge with my colleagues.”*

## Building a Network through the Youths of the GMS *(Continued from Page 1)*

In a three-month training program, the YGMS professionals are equipped with research capacity, basic facilitation skills, and conceptual understandings of regional cooperation. The training program continues with another three-month on-the-job training where all YGMS professionals exposed to actual work related to GMS emerging issues.



YGMS professionals during a training program at MI

*“I have learned many things related to development and cooperation in the Mekong region; especially the impact of economic integration through economic corridor development approach, SME development and promotion in CLMV countries, facilitation skills, and local and regional economic development in the Mekong region. Moreover, I had the opportunity to conduct a research related to the impact of economic corridors which are useful for my future academic plan and career. Nevertheless, what was more exciting was the opportunity to work with people from different countries and cultures. I am confident that the opportunity I had in Mekong Institute will be fruitful in enhancing the relations among countries in the Mekong region through Mekong Alumni and will be of worth to the success in my career.”, Malar Ung, a Young GMS from Cambodia.*

The Mekong Institute’s YGMS program is open to all enthusiastic young people from GMS countries, both private and public sectors. The program is conducted over a six-month period where participants will receive various training activities, on-the-job training, and exposure to opportunities in the GMS countries. For more information on the YGMS program, please send an email to [ygms@mekonginstitute.org](mailto:ygms@mekonginstitute.org).

## MI Highlights, April - June 2014



### MI Signs MoU with the Republic of Korea, Thailand, June 2

MI and the Republic of Korea signed an MoU granting MI to manage the RoK-Mekong Cooperation Fund for projects in five Mekong Countries (Cambodia, Lao PDR, Myanmar, Thailand, and Vietnam) on June 2, 2014. MI was represented by Dr. Watcharas Leelawath, MI Director and Mr. Madhuriya Kumar Dutta,

Program Manager of Trade and Investment Facilitation Department. The MI proposal on GMS Freight and Transportation Association (FRETA) Logistic Master Program was also approved under this cooperation fund allotted for this year.

## DIRECTOR'S COURTESY VISITS TO LOCAL MI PARTNERS



Prof. Dr. Vanchai Vatanasapt  
Khon Kaen Vithes Suksa  
Chairman and Former MI Director



Mr. Somsak Suwannasutcharit,  
Former Khon Kaen Governor



H.E. Mr. Nguyen Huu Dinh  
Consul General of Vietnam in Khon Kaen



Assoc. Prof. Dr. Kittichai Triratanasirichai,  
President of Khon Kaen University



H.E. Mr. Bounsy Vongbouasy, Consul  
General of Lao PDR in Khon Kaen



H.E. Mr. Xie Fugen, Consul General  
of P.R. China in Khon Kaen

**DIRECTOR'S COURTESY VISITS  
 TO MI GOVERNING BOARD MEMBERS AND REGIONAL PARTNERS**



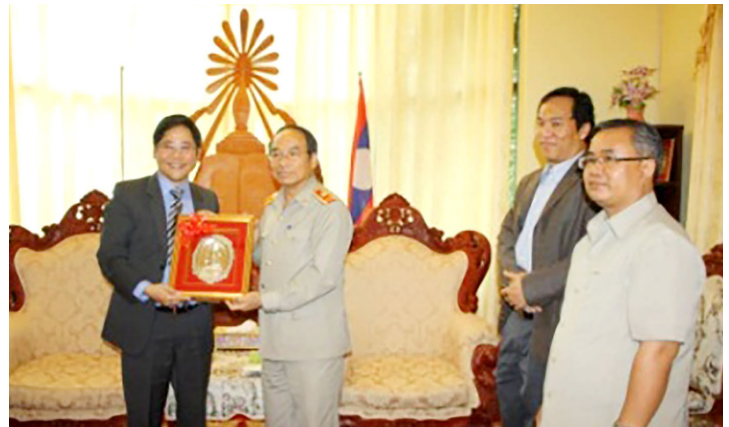
H.E. Mr. Jeon Jae Man, Ambassador the Republic of Korea (ROK) to Thailand



Ms. Sirivanh Khonthapane, Assistant Minister, Ministry of Planning and Investment; Mrs. Saymonekham Mangnomek, MI Steering Committee Member for Lao PDR



Mrs. Ruth Huber, Regional Director of the Programme for the Mekong Region, Swiss Agency for Development and Cooperation (SDC) and MI Council Member for SDC



Mr. Lammai Phiphakhavong  
 Vice President, National University of Laos



Mr. Santisouk Vilaychreun  
 Director General of Economic Research Institute for Trade (ERIT)



Mr. Pichit Patrawimolpon  
 Senior Director, Bank of Thailand,  
 Northeastern Region Office



Prof. Dr. Nguyen Van Toan  
 President of Hue University and  
 MI Council Member for Hue University



## MI Calendar from September - December 2014

No.	Course Title	Type of Program	Date	Donor	Dept
1	Assessment of Impact on Rural Economic Development and Rural Livelihoods of Economic Corridor Development in the Greater Mekong Sub-Region (GMS)	Research	Sep 19	GIZ	MDP
2	FRETA Curriculum Development	Training Content Development	Sep-Nov	Mekong ROK CF	TIF
3	National Workshop on Trade Negotiation and Trade Policy Development in Cambodia	Workshop	Sep	NZAP	TIF
4	National Workshop on Trade Negotiation and Trade Policy Development in Myanmar	Workshop	Sep	NZAP	TIF
5	National Workshop on Trade Negotiation and Trade Policy Development in Vietnam	Workshop	Sep	NZAP	TIF
6	National Workshop on Trade Negotiation and Trade Policy Development in Laos	Workshop	Sep 2-3	NZAP	TIF
7	Public-Private Dialogue on Maize Promotion Project of Kayin State, Myanmar	Dialogue	Sep	SDC	EWEC
8	BDS Market Development Research for Rice Millers in Lao PDR	Research	Sep	SDC	EWEC
9	Research on Cross-border Trade Policies and Practices on Agricultural Products of Quang Tri, Vietnam and Khammoune, Lao PDR	Research	Sep	SDC	EWEC
10	MINZAS Roundtable Meeting 2014	Meeting	Sep 9-10	NZAP	CKM
11	International Seminar Cum Business Matching on Silk Sector Development in the GMS	Seminar	Sep 12-13	Khon Kaen Provincial Government	TIF
12	National Workshop on Utilization of FTA by SMEs in Cambodia	Workshop	Oct	NZAP	TIF
13	South-South Cooperation between Regional and Local Economic Development (RLED)- EWEC Project and KATALYST Project	SLV	Oct-Nov	SDC	EWEC
14	LED-TOT Phase-II: Training of Trainers on Local Economic Development with Inclusive Growth and Gender Integration	Training / Workshop	Oct 6-9	SDC	MDP
15	GAP Training and S&E in Myanmar	Training	Oct 7-9	NZAP	RD
16	Trade and Investment Promotion NSEC	Training	Oct 27-31	ACCF	TIF
17	GAP Annual Forum	Forum	Oct 28-29	NZAP	RD
18	National Workshop on Utilization of FTA by SMEs in Cambodia (TBC)	Workshop	Nov 4-7	NZAP	TIF
19	GMS BIZ Network, Investor Forum (2)	Forum	Nov 22	NZAP-SDC	TIF
20	The 3 <sup>rd</sup> Project Steering Committee Meeting of the Regional and Local Economic Development on East-West Economic Corridor Project- RLED-EWEC	Meeting	Nov 25-26	SDC	EWEC
21	Regional Multi-stakeholder Workshop on Contract Farming	Workshop	Dec 15-16	NZAP	RD



# Capacity Development for Regional Cooperation and Integration MEKONG CONNECTION



**Ms. Thatsanally Saphangthong**

Deputy Director of Plant Health Section  
Plant Quarantine Division  
Department of Agriculture  
Ministry of Agriculture and Forestry, Lao PDR

## ALUMNI QUOTE:

Mekong Institute (MI) organized a five-day Structured Learning Visit (SLV) on 'Improving Cross-border Agriculture Value Chains' from May 26-30, 2014 at MI's residential training center in Khon Kaen. This SLV was funded by the New Zealand Aid Programme (NZAP). It aimed to enhance participants' understanding about cross-border value chains of agriculture products, efficient and simplified cross-border facilitation, and procedures for fresh produce as well as recognize the importance of this process. Below is a quote from one of the participants:

*"The training course has improved my knowledge and skills on development issues. The MI staff has also been very kind and helpful to me during and after the course. We still keep in touch with each other. I would recommend the program as it is very useful for anyone who wants to understand the development issues on a global scale as well as in the GMS."*

## MINZAS Scholarship Announcement

The Mekong Institute (MI) announces the availability of the Mekong Institute - New Zealand Ambassador's scholarship (MINZAS) for students from Cambodia, Lao PDR, Myanmar, and Thailand (CLMT) pursuing a thesis program for a Master's Degree. The MINZAS scholarship for school year 2015 and provides financial and technical support for the selected applicants.

### Scholarship includes:

- USD 2,500 research grant
- One month training on research methodology at the Mekong Institute in Khon Kaen, Thailand
- Two roundtrip airfares from home country to Thailand to participate in compulsory training and roundtable meeting.

### To apply:

Applicants should send the completed application form, research proposal, and other related documents via email to [sopheak@mekonginstitute.org](mailto:sopheak@mekonginstitute.org). Application forms and additional information can be accessed at [www.minzas2015.mekonginstitute.org](http://www.minzas2015.mekonginstitute.org)

**Closing date: November 30, 2014**



Photo taken by Mr. Chartchai Chotisan

## Contact us:

# MI MEKONG INSTITUTE

123 Khon Kaen University  
Mitrphap Rd., Muang District  
Khon Kaen 40002, THAILAND

Tel.: +66 (0) 43-202-411 to 2

+66 (0) 43 203 656 to 7

Fax: +66 (0) 43-343-131

Email: [information@mekonginstitute.org](mailto:information@mekonginstitute.org)

Website: [www.mekonginstitute.org](http://www.mekonginstitute.org)

