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# MID-TERM REVIEW: MEKONG INSTITUTE STRATEGIC PLAN 2021-2025



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# **Mid-Term Review Report**

## **of the Mekong Institute Strategic Plan 2021-2025**

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## Acronyms

ACMECS	Ayeyawady-Chao Phraya Mekong Economic Cooperation Strategy
ADB	Asian Development Bank
ADC	Agricultural Development and Commercialization
AEC	ASEAN Economic Community
ASEAN	Association of Southeast Asian Nations
BRI	Belt Road Initiative
CD	Capacity Development
CKM	Communication and Knowledge Management
CRN	ASEAN Climate Resilience Network
GDI	Global Development Initiative
GMCA	Greater Mekong Community Affairs
GMS	Greater Mekong Sub-region
GMS-2030	GMS Economic Cooperation Program Strategic Framework 2030
HR	Human Resources
IGO	Intergovernmental Organization
IT	Information Technology
KPI	Key Performance Indicator
LM	Lancang-Mekong
MEL	Monitoring, Evaluation, and Learning
MI	Mekong Institute
MKCF	Mekong-Korea Cooperation Fund
MTR	Mid Term Review
NZAP	New Zealand Aid Programme
PRC	People Republic of China
PRM	Partnership and resource management
RBM	Results-Based Management
RF	Results Framework
ROK	Republic of Korea
RPHL	Regional Public Health Lab Network
SDGs	Sustainable Development Goals
SEE	Sustainable Energy and Environment
SMT	Senior Management Team
SP	Strategic Plan
UN	United Nations

## Disclaimer

This review was made possible by the information and inputs shared by several stakeholders regarding the Mekong Institute's implementation of its current Strategic Plan 2021-2025. First of all, we would like to express our gratitude to development partners, partner implementing agencies, and beneficiaries for sparing time either for online surveys or interviews. Second, we would like to thank all the MI personnel who contributed to this review. This ranges from the MI Council and Steering Committee members, MI senior management teams, and all staff who shared their views and perspectives by participating in online surveys, in-house workshops, or interviews. Finally, efforts from the MI MEL and interns for data collection are appreciated. Without your valuable contribution, this MTR will not be possible.

The findings and recommendations in this report are, however, of the author. These might not necessarily be the ones by the MI Council, Steering Committee, Secretariat, or any organizations and individuals that contributed to this MTR.



## Executive Summary

### Background

1. The Mekong Institute (MI) has developed its Strategic Plan (SP) 2021-2025 to guide the direction, focuses, and implementation background for the organization toward 2025. Building up from its historical strengths of capacity development, the SP sets course for MI to achieve the three interconnected aspirations: center of excellence for capacity development; regional think tank; and recognized advisory service provider.
2. Since the start of the SP, the MI endeavor to implement the SP had been interrupted and delayed by the COVID-19 pandemic until the second quarter of 2022. This delay was further intensified by increasing uncertainty and risk created by the worsening external environment. Since then, MI has introduced institutional strengthening and other recovery measures. At the time of this mid-term review (MTR), MI has bounced back after experiencing a stoppage in its business-as-usual operations, a sharp decline in funding mobilization and staffing during COVID-19. This creates an important background for MI to accelerate the SP implementation in the remaining half of the SP until 2025.
3. In this context, this MTR was made to assess to what extent MI has progressed toward the aspirations set by the SP, what are the challenges for progression, and what should be done to deliver the SP in the remaining half of its 5-year duration. The MTR findings and recommendations were made through a vigorous consultation process with the MI governing bodies, its senior management team (SMT) and staff. In addition, consultation was also made with the donor partners, implementing agencies, and beneficiaries. The findings and recommendations were also subject to several rounds of comments from the MI Steering Committee and Secretariat and validated through two workshops organized by MI in Khon Kaen and Bangkok.

### Continued relevance but progressions were below expectations

4. The MTR first concluded that the current directions and *foci* defined the SP continued to be relevant. Therefore, revising or adjusting these directions and *foci* are not required. However, to keep relevance in the long-term, MI needs to respond to the changes in the regional and wider development context, where private sector development and climate financing becoming the key development forces. In addition, MI should be more responsive to the needs of the GMS member countries as well as aligned to major regional development frameworks and agendas.
5. Whilst MI has successfully recovered after COVID-19, there was a long way found for realizing the SP aspirations.
6. Advancing toward a center of excellence in capacity development from a strong historical strength in capacity development was more challenging than expected. MI was widely perceived as a competent organizer of training courses but lacked in-house expertise in the subject domains. The current modality of organizing the training courses in Khon Kaen produced low value added for MI. Although a new capacity development model (CDM) that aims at different levels of capacity development was developed, actual adaptation was slow. MI has not yet customized its capacity development to meet the specific needs of the GMS countries and to generate income from this core competence in market-based terms.
7. With regard to the aspiration of becoming a regional think tank, MI was perceived to have a limited role as a research institute with a constrained technical depth. It lacked a research agenda at the organizational level. The number of research outputs produced by MI was modest whilst many published papers lacked analytics and substances required for high-quality research and the diversity of knowledge products deteriorated. Several existing knowledge products, including some good quality research, were not disseminated. MI has

not been able to produce a flagship publication. The lack of significant research renders MI from being a visible actor in policy dialogues at the regional level and in the GMS countries.

8. Progression toward a recognized advisory service provider was below expectations. MI was not centrally positioned as an implementer of development projects or other advisory services. MI has not put in place measures that could be instrumental for operationalizing the aspiration of being a recognized service provider. The organization was not yet active in platforms where advisory opportunities were usually posted. Services offered to clients remain focused on capacity development or secretariat support. There was a lack of diversified services to meet the needs of these private sector and civil society organizations.

### **Challenges were serious and persistent**

9. There were some key challenges that blocked MI from operationalizing the directions and objectives of the SP. Notably, these key challenges were found serious and persistent.

10. Weak technical depth was a root cause of many challenges encountered by MI in the pursuit of the SP. Lack of in-house expertise and resultant dependence on external resource persons and consultants was a fundamental limitation. Most of the MI staff, including technical staff, were mainly involved with project management. The location of MI Secretariat, competitiveness in salary rates, and a lack of clarity regarding career progression were some of the main concerns in attracting qualified technical staff to join MI Secretariat. This limitation has been persistent for at least a decade without significant changes.

11. The primary intervention *foci* remain on capacity development and networking. MI has been more diversified in its interventions over times, especially under the course of the current SP, but capacity development and networking were pre-dominant activities. Over reliance on the historical strengths in capacity development was an impediment for MI service diversification toward other advisory services. Being focused on that traditional core competency, which was sometimes referred to as “comfort zone”, constrained efforts and investments required to move toward more diversified services.

12. MI has been driven and overloaded with short-term projects. Out of the total number of projects implemented since 2016, at least 70% were one-off activities or short-term projects with less than 12 months. This short-term and one-off dominance was insufficient for MI to build up its interventions to sufficient tipping points of transformation. Being driven by donor-funded short-term projects renders it difficult for MI to align with long-term plans required to achieve the SP aspirations. Operating such many projects also resulted in a high management workload.

13. MI lacked diversification in fund sourcing. Bilateral donors were the major funding sources. MI has not been able to tap into multilateral sources from international development banks or UN agencies (except some small and short-term projects). Access to philanthropic organizations, a major form of private contribution to international development, was absent. Notably, MI lacked an explicit and well-grounded resource mobilization strategy. Instead, mobilizing funding in MI was an unclear process that was reliant mainly on the SMT.

### **Breaking the limit**

14. Severity and persistence of the key challenges (as above) require bold or even radical measures that MI should be determined and strongly committed to. The MTR provided 12 “breaking the limit” recommendations to be pursued in the remaining half of the SP and 03 “unthinkable” recommendations for consideration in a longer-term.

15. For “breaking the limit” on technical side, it was first recommended MI to deepen its technical depth through a new Research Unit on an agile basis and flexible arrangements for networking. Investment in quality policy advocacy research was called for. Tapping into multilateral and philanthropic sources of funding would be strategic for MI to enhance its fund sourcing. In pursuing this shift, MI should move from the current project-based modality



to program-based operational approach. This would be instrumental for MI to address its limitation of being trapped with short-term projects. Adoption of the new CDM model whilst exploring more innovative, value-adding, and locally responsive approaches were recommended to consolidate its strength in capacity development. It was also suggested that MI should strengthen the environmental focus in the portfolio.

16. For “breaking the limit” on strategic management side, MI must enforce inter-departmental cooperation to break the silo toward more synergy of resources and operations. MI should also optimize service delivery by re-arranging “management work” of the project implementation pursued by the program departments to the management units. Capitalizing the members of the Council, Steering Committee, and Coordinating Agencies was strongly recommended to broaden entry points and visibility for MI. Adding to the structure a non-voting Steering Committee to provide strategic and technical advice for the MI Secretariat in addressing fundamental issues was suggested. The MI Alumni presents a truly invaluable resource for MI networking in the GMS countries and should be therefore capitalized. Alignment to major cooperation frameworks and development agenda were recommended. Finally, the MTR suggested MI to accelerate ongoing institutional strengthening such as the revision of the Operation Manual, improving work planning arrangement, refining the MEL frameworks, and strengthening knowledge management, and putting an Action Plan to implement the approved recommendations of this MTR.

### **Thinking of the unthinkable**

17. Whilst perusing the “breaking the limit” intermediate actions in the remaining half of the current SP, the MTR recommended MI to consider radical changes for a longer term – those might be presently “unthinkable” but are important for a 2030 vision.

18. A strategic move to Bangkok, being a regional hub in the GMS, will significantly boost the MI visibility, opportunities, and networking. It also enhances the ability to attract leading experts. It is acknowledged that investments in infrastructures in the current MI headquarters are valuable, but the background for remaining in Khon Kaen will be eroded as MI embarks successfully to its current SP aspirations. A gradual transition might be adopted to keep MI training wing remaining in Khon Kaen for a definite period while research and advisory services and main management functions will be reallocated to Bangkok before 2030.

19. Pursuing a structural reform according to major services was recommended. Being interdisciplinary is increasingly required for development interventions, and therefore, organizing the MI structure by program departments according to thematic focuses will be obsolete in the coming years. The MTR suggested MI restructure according to the main types of services and core competencies. With this restructuring, MI would eventually adopt the product-based approach (rather than project-based or program-based).

20. Finally, MI should make a paradigm shift when GMS countries are becoming (upper and lower) Middle Income Countries (MICs). The GMS is approaching a “middle income” region. Becoming a MIC changes the development aid architecture and development trajectories. Development priorities will be shifted from focusing on poverty alleviation to broader economic resilience and social strengthening. MI needs to adapt to these fundamentals through a paradigm shift in its mission, vision, strategies, and operation model.

## 1. Background

1. **Background of the Strategic Plan 2021-2025.** The Mekong Institute (MI) has developed its Strategic Plan (SP) 2021-2025 to guide the direction, focuses, and implementation background for the organization toward 2025. Accordingly, MI would operate across three regional development themes of Agricultural Development and Commercialization (ADC), Trade and Investment Facilitation (TIF), Sustainable Energy and Environment (SEE). When operating these development areas, MI will mainstream cross-cutting themes of social inclusion and vulnerability, digital economy and innovation, and labor mobility. Most notably, the SP sets course for MI to achieve the three interconnected aspirations: center of excellence for capacity development; regional think tank; and recognized advisory service provider. The three main implementation strategies envisaged include: implementing projects in partnership, providing advisory services, and conducting research for policy advocacy.

2. **Mid-term review of the MI Strategic Plan 2021-2025.** Since the endorsement of the Strategic Plan 2021-2025, about a half of the SP duration has elapsed. In this course, MI has experienced a “stoppage” caused by the COVID-19 pandemic, causing serious interruption to almost all aspects of the MI operation. “Business as usual” activities under the new normal were not possible under the second quarter of 2022. Since then, MI has bounced and “restored” its operational level before COVID-19 in 2023. In this context, this MTR was made to review the progress and achievements of MI on its SP over the past two years and a half and to provide suggestions for the remaining time.

3. **Hybrid MTR arrangements and background for formulating the findings.** The MTR review was conducted in a hybrid modality. An external consultant was mobilized to facilitate two in-house workshops and write the report. Data collection was mainly conducted by MI’s MEL Unit.<sup>1</sup> This review formulates its main findings and recommendations based on different sources of information, including (i) an online survey to all MI staff (of which, 33 responses were received); (ii) an online survey to MI direct beneficiaries (from those who participated in activities from 2021-present, of which 555 responses were received); (iii) 09 interviews with donors, implementing agencies; (iv) members of the MI Steering Committee and Coordinating Agencies; and (v) MI Secretariat. Results from the MI Annual Reports, Performance Reports, and some other studies conducted by MI in recent years were also used as secondary data sources. Inputs and feedback from the MI staff at different stages of the MTR process were collected at two in-house workshops with the MI Secretariat in Khon Kaen on 02 August and 01 November 2023. Finally, the report also incorporated comments from the MI Steering Committee on the draft on the preliminary findings and recommendations. The MI Steering Committee and the coordinating agencies were also consulted in a meeting organized by the MI Secretariat in Bangkok on 16<sup>th</sup> November 2023.

4. **Structure of the report.** This report is structured as follows. The next section highlights a stormy start of the SP 2021-2025 implementation. Section 3 discusses relevance of the SP and challenges to remain valid. Section 4 describes some key measures taken to the SP implementation and early results. The progression of MI toward the SP’s main aspiration is discussed in section 5. Challenges for MI to implement the SP directions are the subject of section 6. Recommendations are structured into section 7 for strongly-committed institutional strengthening that should be pursued within the remaining part of the SP; and section 8 for some longer term recommendations on the “unthinkable”.

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<sup>1</sup> In addition, the consultant also conducted some interviews. This includes the interview with the Chairman of the MI Council; the Chairman of the MI Steering Committee; Coordinating Agencies of Cambodia and Myanmar; all MI SMT members; program specialists, program managers, a senior program coordinator, and the head of all management/operations units at the MI Secretariat.

## 2. A Stormy Start of the SP Implementation

5. **Stormy start of the SP 2021-2025 implementation.** MI has endeavored to operationalize the Strategic Plan 2021-2025 with a stormy start. This was characterized by the COVID-19 pandemic, increasing uncertainty and risks caused by conflicts, political instability, weakened economic growth conditions, and regional integration setbacks in the region and globe. These are briefly discussed below.

6. **Disruption of almost all aspects of MI operation due to the COVID-19 pandemic.** The implementation course of the MI SP 2021-2025 was started after COVID-19 escalated to the pandemic. It lasted until the second quarter of 2022, rendering it impossible for MI to organize on-site training courses and face-to-face workshops or meetings in most of the times. Travels, especially international, were possible on a very limited basis or even not possible at several periods. This coupled with the uncertainty of whether and then the pandemic might be halted, disrupted almost all aspects of MI operations.

7. **Increasing uncertainty and risk in the region and globe caused by wars, conflicts, and other instability.** In the GMS, political instability incurred since early 2021 has triggered conflicts in different parts of the subregion. This was followed by a temporary withdrawal of international development donors such as the World Bank, Asian Development Bank etc. in certain areas of the GMS. The Russia-Ukraine conflict has jeopardized the overall political stability toward a new Cold War order. The most recent Israel-Hamas has further intensified geopolitical imbalance and uncertainty across the globe. As consequences, these conflicts further weakened the economic fundamentals for COVID-19 recovery and growth of the GMS (as below).

8. **Weakened economies and setbacks of global and regional integration.** Economic growth of most countries, including the GMS, was weakened while international and regional integration experienced setbacks. Disruption of global supply chains caused by the COVID-19 pandemic was further intensified by worsening macroeconomic fundamentals due to increased prices of fuel and food. Whilst adopting different COVID-19 recovery packages, many countries encountered high fiscal deficit and inflation pressures. Trade tensions amongst major global markets remained and were even jeopardized at times with more frequent opts of trade sanctions. Increasing external debts in many developing economies, including some in the GMS countries, caused a reduction in total investments and tightening fiscal policies. With these factors, while all GMS countries experienced certain levels of COVID-19 recovery, economic growth prospects are not stable.

9. **MI has experienced difficulties in almost all aspects.** MI suffered from a high deficit in 2020 and a temporary decline in resource mobilization in 2020-2021.<sup>2</sup> This also resulted in a decline in staffing.<sup>3</sup> The focus of development aid to combat the COVID-19 pandemic, at least in the short and medium terms, has shifted priorities of international donor community from other developmental outcomes, making it increasingly difficult to secure new funding commitments. The stoppage in international travel delayed the original workplans of the MI existing projects and hence caused a high pressure on expenditures. Notably, this delayed the institutional strengthening process envisaged in the current SP to pursue the SP directions. Fortunately, the COVID-19 pandemic finally weakened in the second quarter of 2022 and since then, MI has striven to bounce back (see section 4 for more discussions).

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<sup>2</sup> In 2020, MI experienced a deficit of nearly 40% of its revenue. This serious deficit was however managed and brought to 2% in 2021. In terms of resource mobilization, compared to 2019, MI revenue declined by nearly 70% in 2020 and 63% in 2021.

<sup>3</sup> The number of staffing in 2021 was 35, the lowest level of staffing in the recent years. This marked a reduction of 33% compared to the number of staffing in 2019.

10. **MTR is seemingly a “more than one year” review.** Facing these difficulties, MI has been back to “business as usual” activities under the “new normal” since the second quarter of 2022 – when regional travel restrictions were lifted. After that, different institutional strengthening measures were introduced by MI management to set course for the implementation of the SP 2021-2025. With this, while being a mid-term review for a 5-year strategy, this MTR is actually an assessment of 18 months or so of the SP implementation. This has important implications for this review as it is too early to assess the results. Instead, the MTR review will focus on how the course was set; whether there are measures in place are sufficient to deliver the SP objectives; what challenges MI needs to address; and finally, what actions could be taken to ensure MI is on track according to the SP direction.<sup>4</sup>

### 3. Continued Relevance and Contextual Changes to Be Addressed

11. **SP exhibits a reflection of the MI historical strengths while responds to new challenges and opportunities.** The SP aims at maintaining and consolidating MI’s well-founded and grounded reputation as a capacity development institute by targeting MI being a center of excellence in capacity development. The SP expands MI *foci* and set aspirations of becoming a regional thought leader and recognized advisory service providers for GMS governments, donors, private sector, and civil society. This was a strategic direction for MI to continue growing from its historical strengths.

12. **Directions and *foci* continued to be relevant.** The overall context was jeopardized with increasing uncertainty and risk. While impacts of the COVID-19 pandemic appeared to be mainly transitory; consequences of ongoing conflicts and political instability are not fully materialized and anticipated. Under such uncertainty, the SP direction and *foci* remain valid and relevant. The regional development themes and cross-cutting issues identified in the SP are among the most important socio-economic areas for the subregion that MI could meaningfully contribute to. Moreover, after a relatively short period of implementation (see para [10]), there is no evidence that the relevance of these *foci* was undermined. This relevance was strongly perceived by the MI Steering Committee members, MI Secretariat, as well as other stakeholders consulted in this MTR process. Therefore, re-directing the SP *foci* on the current regional development themes as well as the cross-cutting issues was not required for the remaining half of the SP (see further discussions in para [17] below).

13. **There are, however, factors that need to be considered for MI to continue to be relevant in the long term.** These factors include (i) changes in the regional and wider development context, (ii) responsiveness of MI main interventions to the needs of the GMS member countries; and (iii) alignments to regional development frameworks and agendas. These factors are briefly discussed below.

14. **Private sector development and financing climate change adaptation became key development forces.** The GMS economies have been undergoing steady economic development, shifting away from solely poverty and hunger alleviation toward overall economic and social strengthening over the past two or three decades. Along that development course, the countries need to mobilize capital from the private sector to continue development trajectories and create new models for private sector participation. Climate mitigation and adaptation have become core issues in the subregion, some areas face existential challenge because of climate change. Financing climate adaptation and

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<sup>4</sup> In this context, it was not appropriate for this MTR to be conducted through assessing the SP implementation through some conventional assessment criteria. Instead, the MTR is more on assessing whether the SP continues to be relevant; what have been done for implementation and with these how MI has been standing on the pathways to achieve the three aspirations (which are usually seen through “effectiveness” lens); what are challenges and recommendations for MI to accelerate the SP implementation in the remaining half.

transformation to a green and resilient economy increasingly emerges as a core development challenge. In that context, some major international donors have put private sector development and green or climate financing to the top of their agendas.<sup>5</sup>

**15. MI's main interventions appear to be more relevant in lesser developed economies in the GMS.** The GMS is heterogeneous with countries that are at different stages of economic development. With these disparities, MI capacity development interventions appear to be more relevant to the needs of and appreciated by the participants from lesser developed economies in the GMS rather than those from China, Thailand, or Vietnam. For more advanced economies in the GMS, capacity development needs are likely to be different from those in the lesser developed countries. This might warrant a revisit of the capacity development approach for capacity development (which will be discussed in para [21]). Putting this in a broader context, it is important for MI to figure out how its interventions could be more responsive to the specific needs of different GMS countries, given the observed disparities. While priorities should continue to support lesser developed GMS countries (due to funding availability), MI needs to be more innovative in supporting more advanced countries in the subregion and to serve as a “bridge” for experience sharing between the more advanced and lesser developed economies. Many respondents consulted in this MTR process expressed the need for MI to be more responsive and “tailor made” to specific needs of its member countries. Failure to address this challenge will undermine the relevance of MI for its member countries and the subregion as a whole.

**16. Explicit alignments to major regional cooperation and development frameworks would re-position MI in the regional development architecture and open new opportunities.** There are around 50 regional cooperation frameworks on GMS or wider ASEAN countries. To name a few, the UN Sustainable Development Goals (SDGs), GMS Economic Cooperation Program Strategic Framework 2030 (GMS-2030), Paris Agreement for climate change (which is now commonly referred to as the Net Zero framework), ASEAN Economic Community (AEC), Global Development Initiative (GDI), Belt and Road Initiative (BRI), Mekong Plus One initiatives (i.e., Mekong-Japan; Mekong-Korea; Lancang-Mekong Cooperation, Mekong-Australia Partnership, Mekong-US Partnership etc.). All GMS countries are parts of these development frameworks and being an intergovernmental organization of the GMS, it is important for MI to figure out how its interventions could be helping for and aligned to the commitments of the GMS member countries to these frameworks. This will open new opportunities for MI to provide its services to GMS governments, development partners, and other stakeholders. In addition, it is also an opportunity for MI to contribute to the gaps that have not been addressed by the current regional cooperation mechanisms. As highlighted in MI and AOTS (2023), some gaps in the current Mekong cooperation frameworks were found in the field of supply chain resilience, inclusion of MSMEs, 4.0 technological advancements.<sup>6</sup>

**17. Some issues within the current MI *foci* are intensified.** Although the current *foci* of MI on the three regional development themes and other cross-cutting issues continued to be relevant, it is important to note that there are some emerging issues within these themes that should be addressed. Most notably, energy transformation has emerged as a key direction toward the Net Zero frameworks. Increasing impacts of climate changes, especially along the downstream of the Mekong River, have increased the vulnerability in livelihoods of millions of people. This further intensified challenges for transboundary water resource management (and other natural resources). Defragmentation of global/regional supply

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<sup>5</sup> Since 2021, ADB has started its transition to new operational model for the Strategy 2030 with strong focus on PSD and climate financing. See more details in ADB (2022), *Organizational Review: A New Operating Model to Accelerate ADB's Transformation Toward Strategy 2030 and Beyond*. Malina

<sup>6</sup> ATOS and MI (2023), *Survey of Mekong Regional Cooperation Frameworks: Strategies and Responses to the Emerging Regional and Global Issues*. A research report produced by MI's TIF.

chains was triggered during the COVID-19 pandemic and further sophisticated by continued trade tensions, trade sanctions, and increasing uncertainty caused by conflicts. Within labour mobility as a cross-cutting issue, unstable and weakened post-COVID-19 recovery has not restored employment in labour intensive sectors. As a result, many migrant workers returned to their origins and did not find new employment opportunities. This disruption might also be a good opportunity for the GMS government to revisit their labour policies toward decent jobs and skill development for migrant workers. Political instability in the subregion added a new dynamic force in cross-border labour mobility. Thailand steadily became an ageing society whilst Vietnam was passing its “golden population”, resulting in higher labour costs and therefore greater demand for migrant workers from the other countries. Such dynamics raise emerging challenges for labour mobility in the GMS. In addition, the recent rise of refugees in the region raised another challenge for humanitarian support. It is important to note that such emerging issues are within the existing development themes that MI has operated in the current SP. Therefore, it does not require MI to revise its *foci*. Instead, these suggest that MI should prioritize addressing these challenges in its operation.

**18. Relevance of the energy and environment theme was partly undermined by slow progress toward the environment.** The focus on environment was opted in the current SP when environment was “lifted” from a cross-cutting issue into an integral part of the regional development theme on Sustainable Energy and Environment (SEE). It was envisaged that with a new SEE Department restructured, MI would continue to capitalize from its “historical” strength in the energy sector whilst deepening its portfolio on environment. Progress toward this direction was however lower than expected. In terms of total portfolio, the SEE funding has been between 13% to 18% of the total MI fund mobilization in the period 2021-2023.<sup>7</sup> Staffing in the SEE department remains lowest compared to the other program departments. With this slowly growing portfolio a limited staffing, the SEE Department has not been fully operationalized. Until now, the SEE Program Director has been tasked to the Executive Director. With this, it is challenging for MI to build its visibility in the environment theme and therefore constrain its contribution to address a fundamental challenge of the GMS development.

**19. Relevance of the SP was partly hampered by unclarity on how to operationalize the SP.** Discussions with the MI staff indicated a certain level of unclarity, even confusion at times, on how to operationalize the SP. It was perceived that the SP was a high-level document and therefore lacked technicalities and arrangements for implementation. Indeed, the SP was a high-level and strategic document. Although the main implementation strategies and institutional strengthening measures were envisaged in the SP, operationalizing the SP requires a work planning process to transform the SP into actionable plans. As stated, “*MI will continue to develop action plans, which will be the basis for the annual evaluation of MI’s programmatic and operational performance against targets*” (p. 43 of the SP). In practice, departments and units are required to develop their departmental plans as inputs for the MI annual workplans. A general reference was made by the program departments in that process but clear links between the annual workplans and the SP objectives and implementation strategies were found to be insufficient. This was probably the cause of unclarity or even confusion. This could be addressed by strengthening the links between the annual workplans and the SP. Accordingly, the MI SMT should “translate” the SP into annual target indicators and departmental work planning should be developed on that basis.

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<sup>7</sup> The total fund mobilization of the SEE Department in 2021, 2022, and first half of 2023 was respectively 18%, 13%, and 14% of the total fund mobilization by MI (excluding contributions of the member countries).

#### 4. Institutional Strengthening Measures Started to Generate Positive Results

**20. New aspirations of the SP have steadily been rooted.** The SP sets three aspirations for MI becoming a center of excellence in capacity development; a regional thought leader; and a recognized advisory service provider for GMS governments and other stakeholders. This represents an expansion of the MI's historical strengths in capacity development. As discussed in para [19], the SP was developed to be high-level document and it required action plans to translate the SP directions into operation. The importance of making these aspirations rooted in MI management and staff, and translating these into workplans should not be underestimated. Since the start of the SP implementation, especially after the halt of the COVID-19 pandemic, MI has undertaken important institutional strengthening measures to operationalize the SP. Results from the MI staff survey indicated that 64% have used the SP as an important guiding document for their work; 40% indicated that SP was mentioned at the monthly department meetings.

**21. A new Capacity Development Model was in place to create a foundation for more impactful interventions.** This new capacity development model (CDM) aims at capacity development at all four levels: individual, organization, sector, and country/GMS. Accordingly, the MI capacity development interventions should not focus on the individual level – as it was opted for in many past training courses. Instead, arrangements should be in place to make changes at higher levels. In concrete terms, a modular approach is in place where participants are required to develop their plans of actions at the training courses. A well-designed follow-up process is then required to provide technical (and financial when possible) assistance for the participants to implement their plans. With these plans being implemented, the participants would then create impacts on their organizations or the sectors that they operate in. This creates an extended learning-by-doing process and, hence, a foundation for more impactful capacity development interventions. MI has been at the early stages of this CDM implementation. It was strongly perceived by many MI staff that capacity development interventions need to be upgraded to cover all levels of changes embedded in this CDM.

**22. Adoption of result-based management.** MI has adopted results-based management (RBM) as one important institutional strengthening under the current SP. Putting an RBM system in place is a process, but key measures were steadily put in place. A MEL unit was established under the previous SP to strengthen the organization-wide M&E system. A results framework and two log-frames (for programs and operations) were developed to inform the “results”, which are prerequisite for RBM. A web-based MEL system was put in place to monitor the timely progression toward the indicators opted for in the results framework. The Operation Manual developed a decade ago was revised with some major changes in salary structures, benefits, HR policies, and other operational procedures.<sup>8</sup> A more proactive approach for partnership and resource mobilization was also initiated to enhance recognition of the GMS government and donors for MI and better target potential donors. Annual Performance Reports were developed alongside annual staff reviews. These create a foundation for result-based management that would eventually increase MI's operational efficiency.

**23. MI successfully responded to COVID-19 setbacks with strong revenue recovery.** With strong support from the member states and the institutional strengthening measures, some early and important results were observed. Most notably, MI has turned its large financial deficit of nearly 40% of revenue in 2020 to a surplus of 7% in 2022. Although actual

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<sup>8</sup> At the time of this MTR, the revision process of the Operational Manuals was not completed and therefore a close examination of the changes was not possible. However, based on the discussions with the MI SMT and other key staff, it was found that the revisions would be instrumental for upgrading the internal procedures required for advancing the SP directions and objectives.

revenue in 2021 and 2022 were lower than the expected level (by around 22% and 26%, respectively), a strong revenue recovery was secured. Compared to the revenue level in 2020, the year with lowest revenue level, the actual revenue of 2022 was 213% higher. With this strong revenue growth, it was projected that the revenue will reach US\$ 3.7 million in 2023 – which is very close to the annual revenue levels of the previous SP. This revenue recovery allowed MI to expand its human resource base of the Secretariat from 35 staff in 2021 to 48 at the time of this MTR (and will exceed 50 by the end of 2023). More importantly, this allows MI to build up its retained revenue that could be used for other investments, especially to expand its technical depth (see section 7 for further details), for implementation of the current SP. This also consolidates determination in the pursuit of the directions envisaged in the SP.

**24. MI is bouncing back stronger with new partnerships and opportunities.** With a more targeted and proactive approach for partnerships, MI has got increased recognition by stakeholders and, therefore, got new mandates and funding opportunities. Most notably, MI was awarded the ASEAN Prize in 2021, which is a major recognition of MI contribution to the regional cooperation and development. MI has been confirmed for its new mandates to provide secretariat support for the ACMECS Interim Secretariat, GMS Knowledge Network, ASEAN Climate Resilience Network (CRN), and Regional Public Health Lab Network (RPHL). MI has also gained recognition from Korea in contracting MI for a management service for the Mekong-Korea Cooperation Fund (MKCF) in addition to the existing fund administration support. Other support was also offered by other partners, such as Australia, Japan, and UN Office for South-South Cooperation (UNOSSC).

**25. Some concrete results produced since the start of the SP implementation.** Between 2021 to June 2023, MI has implemented a total of 68 projects with 17 long-term (from 12 months or more) projects; 29 short-term projects; and 22 one-off activities. In any particular year under this period, the number of projects implemented was as high as between 30-35 projects. With these projects, MI has organized 152 capacity development events with 7,480 direct beneficiaries (of which private sector participants accounted for 52%). In 2022, MI has organized 79 events, which was about a half of the total events carried out since the start of the SP implementation. From these events and activities, MI has developed 23 research papers and two policy briefs.<sup>9</sup> Notably, percentages of long-term projects in the total revenue have increased from 33% in 2021 to nearly 71% as of June 2023. The corresponding figures for one-off activities have decreased from 13% to an ignorable figure of 0.4% in the same period, indicating a more sustainable revenue structure (see para [44] in section 6 for further discussions). This recovery and the institutional strengthening measures in place (as above), MI has acquired important background for progression

## **5. A Long Way Ahead for Realizing the SP Aspirations**

**26. The aspirations of the SP have not yet been realized.** The SP sets course for MI to achieve the three aspirations, including a center of excellence for capacity development; a regional think tank; and a recognized advisory service provider. These three aspirations are closely inter-connected and mutually re-enforcing. For instance, when providing advisory services in human resources development (HRD) issues, MI will be both a center of excellence for capacity development and a recognized advisory service provider. Similarly, being a regional thought leader could bridge opportunities for providing HRD or other advisory services. Achieving the three aspirations in the SP takes times. Institutional strengthening for the SP implementation was constrained by the COVID-19 pandemic and therefore MI has been in early stages of advancing these directions. Based on perceptions

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<sup>9</sup> Actual number of research papers and policy briefs might be higher as some specialists indicated that many research papers developed by the programme departments, including some high quality ones, were not updated in the MEL database.



of the stakeholders and MI staff consulted during this MTR process, it was found that MI has consolidated its historical strengths for being a center of excellence for capacity development. However, progression toward a regional thought leader and recognized advisory service provider was below expectations. How MI has been standing on these three aspirations is summarized below.

**27. The reputation of MI being a GMS training institute.** It was evident that MI was considered by stakeholders as one primary capacity development organization in the subregion. MI has supported capacity development for GMS stakeholders for 27 years, and it was not until this SP that the aspiration for MI was expanded beyond capacity development. Therefore, capacity development is the core foundational strength of MI. This creates a strong foundation for MI in advancing its position toward a center of excellence in capacity development.

**28. Limitations to be addressed to become a center of excellence.** Building from the historical reputation of a regional training institution, there are limitations for MI to address in progressing toward a center of excellence for capacity development. Some of these limitations are listed below.

29. First, MI was mainly perceived by the relevant stakeholders consulted in this MTR as a competent organizer of training courses but lacked in-house expertise in the subject domains. Similar findings were also reported in another assessment commissioned by MI in 2022.<sup>10</sup> As a consequence, MI has to rely on external resource persons and consultants to deliver training courses. This will be further discussed in para [42] in section 6.

30. Second, although the new CDM has been in place, its adoption was slow. In a typical training design, MI mainly focuses on capacity development at the individual level. The after-training follow-up process was not prioritized for budget allocation or provision of technical assistance. Plans of actions were usually made by participants at the end of training courses. But without sufficient budget allocation for follow-up support, implementation of these plans of actions (for higher-level impacts at their organization or sector levels) was reliant on participants' ability and efforts to mobilize resources.

31. Third, MI has not yet customized its capacity development interventions to meet the specific needs of GMS countries, and therefore, many courses were more useful for participants from lesser developed economies in the subregion. Even in these lesser developed economies, some stakeholders emphasized the importance of MI having a tailor-made approach for capacity development to ensure that the training courses fit better to the country-specific context. Instead of offering training courses to broadly defined regional participants, training activities tailored to the particular countries should be considered. Differences in the level of economic development in the GMS should be explored as a useful background for experience sharing across participants in the regional training courses.

32. Fourth, training courses by MI were paid for by donors rather than participants. Having 60% of the total participants were from the private sector, this represents a potential market segment that MI could generate revenue by offering capacity development programs that are tailored to private sector clients. However, such customized training courses were not prioritized and, as a result, MI was not able to generate income from capacity development interventions in market-based terms.

33. Finally, the current delivery modality of inviting all participants to the MI Secretariat campus in Khon Kaen might be dated. Estimates by MI staff suggested that about 50% of revenue from a typical training course were paid to MI self-provided general services (i.e., charges for accommodation and meeting facilities in Khon Kaen), 30% to travel agents for

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<sup>10</sup> See MI (2022), Capacity Need Assessment and MI Strategic Plan Baseline, an assessment prepared by Chris Turner for MI.

flight costs and other land transportation, and only 20% for intellectual contents (i.e., fee for resource persons and charges for MI professional staff). Organizing “on-campus” training might increase the transportation cost whilst Khon Kaen offers limited opportunities for site visits. MI should explore other innovative and agile modes of delivering using digital platforms. Assess the cost-effectiveness of alternatives (including organizing the courses “off campus”) was suggested. More importantly, MI should find options for higher value added for the organization rather than charges from facilities.

34. With these limitations, there is still a large gap between MI’s historical strengths and grounded reputation as a primary training organization in the subregion and the aspiration of a center of excellence for capacity development. Indeed, the staff survey results suggested that MI staff scored its progression toward this aspiration at 5.2 (out of ten).

**35. Limited role as a research institute with relatively constrained technical depth.**

Although conducting research for policy advocacy was envisaged to be one of the three main implementation strategies of the SP, research has been a modest activity of MI overall portfolio. Under the previous SP in the period 2016-2020, MI has organized 508 capacity development events but only produced 33 research papers and five policy briefs. Since the start of the current SP, MI has organized 152 capacity development events but disseminated only 23 research papers and two policy briefs. A quick assessment of the papers published on the MI website further suggested that many of these research papers were informative but lacked the analytics and substances required for high-quality research. Links between research and policy were found to be limited, some papers were merely narratives of small-sampled surveys. This constrained the contribution of MI to policy advocacy platforms. Notably, consultation with SMT indicated a perceived significance of investment in research. However, actual research outputs suggested that that determination was not yet translated into actions. Some of the MI Steering Committee members and donors consulted in this MTR process indicated that they were never aware of significant research inputs from MI.

**36. A specific research agenda for policy advocacy was not identified.**

A research agenda at the organizational level to identify the key research priorities, expected policy change outcomes, and implementation arrangements was not yet developed. Although prioritization to build up research capacity was generally accepted among the MI management, actual investments for quality policy-oriented research were not yet realized. Indeed, the above number of quality research papers and policy briefs was low for a human resource base of more than 45 staff (on average for the period 2019-2023), of which 70% were professional staff. The diversity of knowledge products also deteriorated. Some past knowledge products (such as GMS articles) were no longer produced. This was in contrast with the strong focus on knowledge management envisaged in the SP. A concern was brought to attention by many MI staff that several existing knowledge products, including some good quality research outputs, were not disseminated. In addition, MI has not been able to produce a flagship publication to promote its visibility. The lack of significant research inputs, especially on the emerging challenges of the GMS, renders MI from being a visible actor in many regional policy dialogues and blocks its pathway toward a regional think tank.

**37. Suggested measures to develop MI research reputation were not strongly pursued.**

The SP suggested that *“MI will hold a GMS working paper series to invite MI staff, government officials, as well as academic representatives and researchers to publish their work-in-progress papers. MI will also host a GMS research seminar series to attract top researchers, development experts, and GMS policy makers to share their research findings and practical experiences (...). MI will also formalize more partnerships with universities and research institutes to expand research and development programs”*.<sup>11</sup> However, these suggestions have not yet been pursued in practice. MI research has recently been

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<sup>11</sup> Page 38 on MI (2020), The Strategic Plan 2021-2025

strengthened by recruiting one additional program specialist. Although some significant research inputs were produced, this was not sufficient to enhance the MI research capacity at the organizational level. MI suffered from a limited technical depth in the MI Secretariat, and this constrained the ability of MI as an organization to produce quality research for policy advocacy. This lack of technical depth also constrained the ability to facilitate a learning work environment for staff career development. With these, the progression forwards MI being a regional think tank was found limited. This was reflected in the staff survey when MI staff scored the achievement of becoming a regional thought leader at only 4.6 (out of ten).

**38. Certain progress toward a recognized advisory service provider was in place.** According to the current SP, *“MI will deliver step-by-step project management as a core advisory service. For many regional projects in the GMS, development partners prefer GMS government agencies to serve as project implementers. Furthermore, to ensure quality performance, development partners assist government agencies by procuring external project management services. This opens opportunities for MI to leverage its extensive alumni network in GMS governments, as well as its convening power as an intergovernmental organization”*.<sup>12</sup> After the EWEC project in the previous SP,<sup>13</sup> the Mekong Korea Cooperation Fund (MKCF) was the only major example of the project advisory service performed by MI. With the MKCF, MI was originally a fund administrator and then contracted for additional management support services for the MKCF-granted projects. In addition, MI has recently concluded the discussion to provide secretariat support for regional cooperation mechanisms (as highlighted in para [24]). With this, MI was steadily moving toward an advisory service provider.

**39. Progression toward a recognized advisory service provider was, however, below expectations.** Progress noted above was not yet sufficient to concretize MI’s position in this field. MI was not centrally positioned by development partners and GMS governments as an implementer of development projects or other advisory services. The reputation of MI being a competent organizer of capacity development events was rooted. The current level progression toward an advisory service provider was not sufficient for repositioning MI. Because it was primarily seen as a training institute, the organization was usually not invited to regional, sub-regional, or national development working groups. To that end, explicit alignments to the regional cooperation frameworks (as mentioned in para [16]) and investment in high-quality research would certainly enhance the visibility of MI being an active development actor in the subregion. However, it was found in this MTR that MI has not put in place measures that could be instrumental for operationalizing the aspiration of being a recognized service provider. The organization was not yet active in platforms where opportunities for project management services were usually posted. Services offered to clients remain focused on capacity development or secretariat support. Until recently, MI was not on the list of intergovernmental organizations of UN agencies and embassies of key bilateral donors.

**40. Lack of diversified services for becoming a recognized regional service provider.** Although the private sector and civil society organizations were identified among the clients, MI has not been able to reach these clients to provide its services (rather than private sector representatives being selected for the training courses). Outside capacity development, secretariat support, and neutral knowledge brokerage, the lack of diversified services to meet the needs of these clients (and other clients in general) is probably the key blocker for progressing toward the aspiration of becoming a recognized advisory service provider. MI would need to diversify its services under a customer-oriented direction to become a

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<sup>12</sup> Page 37 on MI (2020), The Strategic Plan 2021-2025

<sup>13</sup> This is a short name that refers to the Regional and Local Economic Development – East West Economic Corridor (RLED-EWEC) Project supported the Swiss Agency for Development and Cooperation (SDC) between March 2013 to October 2019.

competitive and recognized service provider for GMS cooperation and development. With these, the progress toward a recognized advisory service (rather than capacity development) provider under the current SP was found in this MTR to be below expectations. Results from the MI staff survey indicated that the average score of becoming a recognized advisory service provider was only 4.8 (out of ten).

## 6. Challenges Are Serious and Persistent

**41. Challenges for the SP implementation are serious and persistent.** One important finding of this MTR was the persistence of key challenges encountered by MI. These include among others weak technical depth, maintaining primary *foci* on capacity development, and being donor-driven by short-term projects. Notably, almost all key challenges were not new. The discussions related to these challenges were found during the last SP 2016-2020 (or even earlier). These were also acknowledged in the recent annual performance reports. Some of the independent assessments commissioned by MI over the past few years also noted aspects of these key challenges.<sup>14</sup> However, these key challenges were persistent over time, suggesting that bold and radical measures with strong determination and commitments for implementation are required.

**42. Technical depth remains weak organizationally.** This is probably a root cause of many challenges confronted by MI. Lack of in-house expertise and resultant dependence on external resource persons and consultants was perceived to be a key limitation of MI by many stakeholders as well as MI staff themselves. Maintaining a relatively large HR base at the MI Secretariat, most of the staff were on either administration or management aspects of MI operations. Within the program departments, which account for 70% of the total staffing, most professional staff usually deal with management aspects of the project implementation. If these “management-oriented” professional staff is re-classified as management staff, the number of technical staff, especially those at expert levels, is limited to an estimated level of probably less than 20 percent. This represents a serious shortcoming of the MI Secretariat’s human resource structure. Being driven by a large number of short-term projects (as in para [44] below), MI tends to recruit staff with experience in project management. In addition, many staff with sound technical background and qualifications have been mobilized for organizing training courses or networking events. The location of MI Secretariat, competitiveness in salary rates, and a lack of clarity regarding career progression were some of the main concerns in attracting qualified technical staff to join MI’s human resource base. Notably, being “an organizer” or “facilitator” of capacity development undermines the necessity of consolidating technical depth. This tendency was perceived by many MI staff as an obstacle for MI in expanding its technical depth. Finally, it should be noted that this limitation has been persistent for at least a decade without significant changes.<sup>15</sup> There was a discussion among the SMT that MI could only recruit qualified specialists once it reaches certain level of financial sustainability. However, without a strong technical depth consisting of qualified specialists, the road to reaching financial sustainability is way ahead. This virtually creates a vicious cycle that MI needs to break through.

**43. The primary intervention *foci* remain on capacity development and networking.** MI has been more diversified in its interventions over times, especially under the course of the current SP, but capacity development and networking were pre-dominant activities. In the recent years, secretariat support for some regional development frameworks was another service offered by MI. MI has not yet been proactive in seeking project management service

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<sup>14</sup> For instance, the “Capacity Need Assessment and MI SP Baseline” made by an independent consultant in 2022; independent MTR of the SP 2016-2020 made in 2018.

<sup>15</sup> See for instance the discussion in MI (2013), Independent Mid Term Review of the EWEC Project. An assessment commissioned independently by SDC.

for donor-funded projects in the region, whilst this service was envisaged as an important part of the main implementation strategies to become a recognized advisory service provider. The MI's services coverage has not reached the private sector (except inviting private sector actors to attend donor-paid training courses) and civil society organizations. In terms of research, the knowledge products, because of the existing technical depth, have been quite limited. Over reliant on the historical strengths in capacity development was an impediment for MI service diversification toward other advisory services rather than capacity development. Being focused on that traditional core competency, which was sometimes referred to as "comfort zone" by some MI staff, MI was constrained in terms of timing and resources to make a strong move toward more diversified services.

#### **44. Being driven (and overloaded at times) with short-term projects funded by donors.**

Taking the number of projects implemented by MI since 2016, 221 projects have been executed by June 2023. On average, MI has carried out nearly 29 projects per year. Of this figure, only 30% had project cycles of 12 months or longer and therefore categorized as "long-term" projects by MI management.<sup>16</sup> Notably, many "long-term" projects were only long-term in funding commitments but short-term in activities. This is because these projects provided rounds of training courses to different groups of participants across the project cycles. Therefore, the interventions were *per se* short-term. If these long-term projects were seen as rounds of short-term interventions, MI has not implemented any long-term projects what could prioritize interventions on certain target beneficiaries over times. Notably, with these projects in the portfolio, it is not sufficient for MI to build up its interventions to sufficient tipping points of transformation. Being driven by donor-funded short-term projects renders it difficult for MI to align with any long-term plans required to achieve the SP aspirations. In addition, operating such many projects resulted in a high management workload. At times, MI staff expressed concerns about being overloaded with a series of training course and other networking events. Most notably, this limitation has been intensively discussed at least since the MTR of the SP 2016-2020 but remains persistent.

**45. Lack of diversification in fund sourcing.** Looking at the portfolio of MI since 2016, dependence on bilateral sources of funding was a key feature. Except for some one-off activities with small funding envelopes, MI has not been able to tap into multilateral sources from international development banks (e.g., the World Bank or ADB) or UN agencies. Although ADB (Southeast Asia Department) maintains a regular position in the MI Council, MI has not capitalized from that engagement to build up a long-term funding partnership with ADB. Notably, MI's access to philanthropic sources is lacking. Philanthropic organizations, commonly referred to as "foundations", are a major form of private contribution to international development. Philanthropies have become an increasing source for financing development.<sup>17</sup> Bill and Melinda Gates Foundation or Rockefeller Foundation are among examples of philanthropies that are active in financing many development challenges in the GMS. Philanthropic fund sourcing was usually competence based, "patient" for long-term development trajectories, and not politically driven. Notably, MI lacked an explicit and well-grounded resource mobilization strategy. Instead, mobilizing funding in MI was reported by many MI staff being an unclear process that was reliant mainly on the ED and the Program Directors. As a result, opportunities from other sources rather than bilateral ones were not actively sought for. This partly resulted in the dependence on short-term bilateral donors-driven projects, as discussed above.

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<sup>16</sup> Among 68 projects that have been implemented since the start of this SP, long-term projects account for nearly 25%.

<sup>17</sup> Stringer (2017) noted that there were reportedly over 200,000 philanthropic foundations and the number was on the rise in all continents. By 2015, the largest 1,000 foundations globally represent around \$25 billion in annual grant funding.

## 7. Breaking the Limit

### 46. **Strongly-committed institutional strengthening for delivering the SP aspirations.**

The key challenges unpacked in section 6 are institutional for MI. As discussed in session 3, the current directions and *foci* of the SP continue to be relevant and revising these was not justified and required. Therefore, addressing these “institutional” challenges is critical for MI in advancing toward the three aspirations of the SP. This is consistent with the logic of the current SP, where institutional strengthening was envisaged to progress three aspirations for the organization. In addition, the persistence of the major challenges might be taken to suggest that “small changes” would not suffice. Instead, strongly-committed bold or even radical institutional strengthening measures are called for “breaking the limit”. With this, this section provides recommendations for MI to consider in the remaining time of the current SP implementation. These recommendations are discussed below.

**47. Recommendation #1: Deepening technical depth.** This is a prerequisite for MI to progress the SP aspirations and needs to be consolidated as soon as possible. A Research Unit should be considered to establish in the current structure of MI. The Unit should be at the corporate level (rather than the department level) and focused on policy advocacy, action-oriented research. This Unit will be led by a Chief Technical Advisor (either full time or part-time) who is part of the SMT; regular technical specialists should continue to be structured in the program departments, but research inputs are coordinated by the Chief Technical Advisor. Flexible and tailor-made arrangements to attract leading experts to join the Unit on case-specific agile basis (rather than a regular one) should be put in place. Creating research subject “chairs” on part-time, seconded, or intermitted basis is another option to create a flexible and agile research affiliation for MI. A fellowship or exchange program with well-known policy research institutes is recommended. In addition, a secondment arrangement to allow mid-tier GMS government officials to spend a short period in MI Secretariat for their career development or for MI technical staff to be seconded at the MI Coordinating Agencies will be another measure to broaden the MI technical depth. A PhD exchange program with top universities should also be considered to provide PhD candidates with research focuses on the GMS to spend 03 to 06 months with MI to conduct their research.

48. While having a Research Unit with flexible and agile settings to maintain research network is equally important as having clear institutional arrangements for using the built technical depth at the corporate level. Once the technical depth is consolidated, this expertise should be mobilized for identification of policy advocacy research agenda, production of flagship research, proposal writing for fund sourcing, coaching/mentoring for staff career development, and presenting MI in policy advocacy and research networking events organized by the donors, GMS governments etc. in the subregion. With the aim of establishing a Research Unit, MI should prioritize the search for a Chief Technical Advisor who will then drive other steps required, including to identify a research agenda and networking (see below), for this endeavor.

**49. Recommendation #2: Investment in quality research.** In parallel with deepening the technical depth, it is important for MI to identify a policy advocacy research agenda with milestones until 2030. This research agenda should capture major policy issues that need to be addressed in the three regional development themes and cross-cutting issues of the SP. This agenda should also be flexible to accommodate emerging development challenges in the subregion. In the process of developing this research agenda, MI Secretariat needs to maximize inputs from the GMS governments through concerted efforts steered by the MI’s highest decision-making level – the Council. A well-grounded research agenda will provide entry points for MI to contribute to policy dialogue at the GMS level as well as to help the GMS governments in addressing selected challenges for regional cooperation and development. Pursuing this research agenda will be the main responsibility of the MI

Research Unit. However, networking in doing joint research with other well-known think tanks in (but not limited to) the GMS should be prioritized. To create entry points from the research output, MI should put in place strategic channels for dissemination. Organizing half-day knowledge events in the GMS capital cities with targeted groups of donors and ministries is desirable. MI should also be active in presenting its research output in different development working groups in the subregion and GMS countries. Finally, research output must be required as one Key Performance Indicator (KPI) of senior technical staff (e.g., program directors, specialists) and program departments for the annual review process.

**50. Recommendation #3: Tapping into multilateral and philanthropic sources of funding.** A stocktaking study of the development aid architecture in the subregion is firstly recommended to inform the development of a sound partnership and resource mobilization (PRM) strategy. Having a well-found PRM strategy at the corporate level will be important to avoid conducting these important functions on a departmental *ad hoc* basis or over-reliance on the Executive Director and Program Directors. Focal points for key donors (or groups of donors) must be specified as part of the implementation arrangements for this strategy. In addition, adding fund sourcing (especially the long-term sources) as one KPI at the departmental level is recommended as part of the annual performance review process. In that PRM strategy, multilateral and philanthropic sources of funding should be prioritized (in addition to the bilateral sources). On a related note, this PRM strategy should capitalize on the ADB and New Zealand existing positions in the MI Council. Explicit alignment to the major regional cooperation agendas (see para [58] below) will open other new opportunities for strengthening partnership and resource mobilization.

**51. Recommendation #4: Moving from the project-based to program-based funding modality.** To address the limitation of being driven by short-term projects, it is recommended that MI should move from the project-based to program-based modality. Accordingly, MI should focus on developing its core and long-term programs and call for contributions from the development partners with interests in the subregion. “Blended” financing from multiple development partners for these core programs would enhance financial sustainability of MI. More importantly, by focusing on the core programs, MI has better opportunities to build up to tipping points for transformation to achieve long-term and significant development outcomes. The main challenge for MI is to have the ability to develop such core programs given the current level of technical depth. This could be addressed by pursuing the recommendation #1 above to consolidate technical expertise. In the meantime, exploring fund options and priorities of the existing donors such as the New Zealand Aid Programme (NZAP) will provide MI with entry points to develop its core programs.

**52. Recommendation #5: Adoption of the new CDM to consolidate its historical strength.** As discussed earlier, adapting this new CDM will enhance the higher-level impacts of MI capacity development interventions. It is now required that this CDM be used as a guiding principle for designing new capacity development-oriented projects. Follow-up technical and financial assistance for the participants to make changes at levels higher than their individual needs to be proposed and negotiated with donors while developing the project proposals. In addition, MI should assess cost-effectiveness of its conventional modality of centrally organized training courses at MI Secretariat (i.e., “on campus” training) to identify other alternatives that better utilize digital platforms and offer more choices for field visits, as well as being (more) cost-effective. With the deepened technical depth, it will be important for MI to start drawing from its built-in-house expertise to provide follow-up technical assistance for the participants. By embarking on these directions, MI could improve its value added from capacity development activities rather than generating revenue from charges of facilities (see para [33]). More importantly, in the process of adopting the new CDM, MI should consider developing more tailor-made training courses to better respond to local contexts and needs of specific GMS countries. Instead of organizing regional training programs, the alternative of organizing in-country training courses where regional and local

experts jointly deliver the training should also be considered. Notably, MI should explore developing executive training courses that could be offered to generate revenue from the participants, especially those from the private sector.

**53. Recommendation #6: Strengthening the environment focus of the MI portfolio.** As discussed in para [18], the progress of building up the portfolio in the environment theme after the establishment of the SEE Department has been slow and below expectations. There is no doubt that the environment has been an increasingly important development priority for the GMS. The Net Zero frameworks and transformation toward the net zero emissions is probably the most challenging agenda in climate change mitigation and adaptation for the GMS countries. Climate financing is one of the main instruments for such transformation. Given the importance of the agriculture sector in the subregion, climate-smart agriculture is another major area of concern in the environment field. These are examples of potentials for MI in advancing its portfolio on environment. It is recommended that MI should take decisions to consolidate its expertise on the environment as soon as possible instead of awaiting for reaching to a certain financial sustainability to recruit the SEE Program Directors and key experts. Given the strong interests of development partners in the field, having consolidated expertise will soon improve fund sourcing in this area.

**54. Recommendation #7: Strengthen inter-department cooperation.** Limited inter-department cooperation was highlighted earlier and is evident in the current MTR.<sup>18</sup> This limited inter-department cooperation is against the nature of interconnectedness and mutual re-enforcing among the three regional development themes as described in the SP.<sup>19</sup> Being demanded by a high number of short-term and donor-driven projects renders it difficult for the program departments to cooperate. This lack of inter-department cooperation between the program departments further intensifies the constrained technical depth at the organizational level. Consultation with MI staff suggested that there was also insufficient inter-department cooperation among the program departments and other management units. While difficulties for (and probably resistance to) inter-department cooperation were acknowledged, it was also widely perceived by MI SMT and key staff consulted that such cross-department cooperation would eventually be mutually beneficial for the program departments involved and MI at the organizational level. To facilitate inter-department cooperation, it is important for MI management to encourage joint project proposal writing with the engagement of related program departments and management units (especially Finance, MEL, and CKM). More importantly, MI should stop the practice that the program departments have to perform management functions of administration units (such as in terms of monitoring and evaluation, knowledge management etc. – see para [55] below). To establish a practice of inter-department cooperation, it will be useful to add joint project as one KPI at the department level for at least 2-3 years. In the future, the operation of the Research Unit, which draws from in-departmental experts, will also strengthen inter-department cooperation.

**55. Recommendation #8: Optimize service delivery by re-arranging “management work” of the project implementation.** For each project implemented, it was found that the professional staff at the program departments still (must) manage (all or parts of) MEL, knowledge product, organizing events. These functions should be done by other respective management units. This practice creates inefficiencies and undermines optimal division of labour in the operation of MI. More importantly, it has resulted in a harmful work environment as some professional staff felt that operations units do not perform their responsibilities (and this adds to the administrative workload for professional staff). On the other hands, management staff felt that the program departments overlap their responsibilities. Such

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<sup>18</sup> MI (2013) *op. cit.*

<sup>19</sup> For the discussion on interconnectivity between the three regional development themes, see the discussion from page 27 to 30 of the Strategic Plan 2021-2025.



overlap was found to be an important factor inflating the human resource base at the MI Secretariat, especially the number of management staff (as discussed in para [42]). Therefore, MI management should explore re-arranging all management functions pursued by the program departments to the management units according to an optimal division of labour based on sets of skills required at different departments and units. The program departments should then mainly focus on “technical aspects” of project implementation. Pursuing this recommendation would also allow MI to rationalize its human resource base toward a higher presentation of technical staff. This should be implemented in parallel with the establishment of a Research Unit and recruitment of additional technical specialists.

**56. Recommendation #9: Capitalize the members of the Council, Steering Committee, and Coordinating Agencies.** The members of the Council, Steering Committee, and Coordinating Agencies are important assets for MI, in addition to their decision-making power. The members of the Council, Steering Committees, and Coordinating Agencies are avenues for MI to align with the GMS government priorities, main policy agendas, and, therefore, entry points (for MI to approach donors to support the GMS governments and countries). In the process of this MTR, some respondents suggested that communication should be improved between MI Secretariat and its governing bodies. It was also suggested that the roles of the Coordinating Agencies should be functioned to ensure that engagements of MI to different stakeholders in the member countries are consistently coordinated by the Coordinating Agencies. In addition to the current members of the Council, Steering Committee, many of the former members are now in higher positions in the GMS governments or other institutions. MI Secretariat should utilize these resources more strategically (for enhancing visibility, creating entry points, being aligned and therefore helpful for GMS government opportunities) rather than for usual decision-making processes and endorsement of work planning and MI operational issues. In addition, MI Council should consider expanding the Council and/or Steering Committee membership to cover more representatives from well-known think tanks and private sectors. In addition, a Technical Committee should also be initiated (if expanding the Council and Steering Committee membership is not desirable at this stage). This Technical Committee pursues non-voting engagement. Instead, the Technical Committee members provide strategic and technical advice for the MI Secretariat in addressing fundamental issues such as research agenda, flagship research, high-level policy advocacy, and strategic fund sourcing.

**57. Recommendation #10: Capitalize Alumni.** Over the past 27 years of operation, MI has created an extensive Alumni of at least 38 thousand direct beneficiaries from the MI various capacity development interventions. This Alumni presents a truly invaluable resource for MI networking in the GMS countries. This also constitutes an important pillar of the MI convening power in the subregion. It is recommended that the Greater Mekong Community Affairs (GMCA) Department – which has been recently established by restructuring CKM, MEL, PRM units – should consolidate the Alumni database. A revisit of the Alumni management function that should be formally assigned to GMCA should be conducted. In addition, GMS country-specific Alumni networks should also be consolidated. Once consolidated, the countries’ Alumni networks should be supported to organize at least annual events to facilitate meaningful networking. An Alumni Newsletter on a quarterly basis to highlight key events and achievements of Alumni should also be developed. Within the Alumni, subgroups or rosters of professionals should be further initiated to enhance cooperation in respective subject matters. With the MI Alumni consolidated, the Alumni should be placed as important actors in the MI new PRM strategy.

**58. Recommendation #11: Alignment to major cooperation frameworks and development agenda.** It was known in this MTR that MI has recently conducted a review of subregional cooperation frameworks and mechanisms. The decision is now required to align MI objectives to the selected frameworks and mechanisms. In a complex setting of the subregional cooperation, it is recommended that MI might make explicit alignments to the

frameworks or agenda that are most relevant to all the GMS countries whilst, if possible, having links to development forces outside the subregion. With this, the UN SDG Agenda and Net Zero frameworks are recommended. In addition to these global development agendas that are relevant for and committed by GMS countries, aligning to the GMS Strategy 2030 is also suggested. It does not require MI to change the SP direction and *foci* areas. Instead, it will involve an explicit statement of the MI SP to be aligned to these frameworks. This alignment will then translate into a set of indicators envisaged by these frameworks or agendas that MI would contribute to. This alignment will be an entry point for MI and open opportunities to work with other partners on these agendas and frameworks. It will also define the target actors and other relevant stakeholders that MI should prioritize in the execution of its updated PRM strategy (as above).

**59. Recommendation #12: Focus on implementation of the other institutional strengthening.** As highlighted in section 4 of the report, MI has initiated different institutional strengthening measures. Most of these measures have been at early stages and the implementation of these measures should therefore be re-enforced. With this recommendation, MI should focus on (i) completion of revising the OP; (ii) development of work planning for the remaining half of the SP; (iii) refining the MEL arrangements; (iv) improving knowledge management.

60. With respect to the revision of the OP, in addition to the ongoing revisions, it is important to ensure that additional KPIs as suggested in recommendation #2 (on research output), #3 (on fund sourcing), and #7 (on joint project) are added to the set of KPI for annual performance review of key technical staff, program directors, and department performance. In addition, how research outputs will be coordinated (as per recommendation #1) needs to be described. Creating the procedure and requirement for joint proposal development (as per recommendation #7) should also be included in the OP. Most importantly, division of labour between the program departments and administrative units should be strengthened to avoid overlaps in management functions (as per recommendation #8). To make it possible, it is important that the revised OP defines more clearly responsibilities of the program departments and administrative units as well as procedures for working together. In addition, as suggested by some MI staff, a more vigorous recruitment process should be enhanced and updated in the revised OP.

61. Regarding work planning for the remaining half of the SP, it is important for the MI management to identify specific targets to advance the SP aspirations to provide the basis for the annual work planning for the program departments as well as administrative units. As discussed in para [19], this will enhance the links between the SP and the annual work planning as well as annual performance review processes. Notably, once the MI Council approves the set of recommendations to implement the SP during the remaining half, an Action Plan should be developed to guide and monitor the implementation of these approved recommendations. This Action Plan will be another important basis for the annual performance review and work planning process.

62. With regard to MEL, MI should prioritize re-designing the results framework (RF) and the log-frames of MI as soon as possible. Such re-design should be based on at least the following directions. First, it is important to rationalize the number of impact and outcome indicators as well as to ensure these indicators are SMART (specific, measurable, achievable, relevant, and time-bound). The current RF and log-frames were not fully utilized due to the inability to collect information to inform the chosen indicators. While explicit alignments to the selected cooperation frameworks (as above) are the background for identifying the impact indicators, the number and nature of the outcome indicators should be revisited and revised. Secondly, MEL data analysis should be strengthened to provide the MI management with timely updates for portfolio management and exercise RBM approaches. Once these improvements are made, the compliance with the MEL policy and

standard procedures – which were developed as part of the institutional strengthening efforts – will be improved.

63. In addition, knowledge product management should be centralized by the newly established Greater Mekong Community Affairs (GMCA) at the corporate level rather than being fragmented into different program departments, as was observed in this MTR. In parallel to deepening the technical depth and investment in quality research (as above), GMCA should revisit the current knowledge products according to different target audiences with a special focus on flagship research. The GMCA Department should work closely with the program departments to ensure that partnership events at the department levels should be supported. Moreover, the execution of the updated PRM strategy (as above) and the Alumni network management should also be strengthened as key responsibilities of the GMCA.

## 8. Thinking of the Unthinkable Toward 2030

64. **A background of the unthinkable.** In the section 7, “breaking the limit” recommendations are those for intermediate decisions and actions to be implemented within the remaining half of the current SP. In this section 8, the recommendations are made for radical changes for a longer term – those might be “unthinkable” at present but are important for MI to consider toward a 2030 vision.

65. **Unthinkable #1: Move to Bangkok.** It was found in this MTR that the current location is a handicap for MI visibility, opportunities, networking, and attracting leading experts. Although Khon Kaen University (KKU) was linked to the birth of MI, the organization gained its independence status soon after its establishment and the Intergovernmental Organization (IGO) status for more than 15 years. Current links to KKU remain strong but hardly translate into joint actions or mutual benefits due to a mismatch between the KKU strengths and those of MI. It is acknowledged that investments in infrastructures in the current MI headquarter in the KKU campus are valuable, but the modality of organizing training on campus might be costly and subject to other disadvantages. It is also acknowledged that charges for accommodation and meeting facilities constitute an important part revenue from all capacity development activities but as the relative importance of capacity development as a main source of revenue generation will be diminishing over time (with expectedly increase in revenue from research and advisory services), this background for remaining in Khon Kaen will be eroded as MI embarks successfully to its current SP aspirations. Therefore, a strategy to move the MI Headquarter to Bangkok – being a regional hub in the GMS (and the Southeast Asia) – is strongly recommended toward 2030. A gradual transition might be adopted to keep MI training wing remaining in Khon Kaen for a definite period while research and advisory services facilities and main management functions will be reallocated to Bangkok before 2030. This gradual shift might also be more financially viable as this allows MI to accumulate reserves while dealing with other decision-making procedures that would be incurred by that shift).

66. **Unthinkable #2: Pursue a structural reform according to major services.** This unthinkable is inspired by the fact that being interdisciplinary is increasingly required for development interventions. Multi-faceted development challenges require holistic approaches to interventions, and therefore, organizing the MI structure by program departments according to thematic focuses might probably be obsolete in the coming years. In addition, having thematic program divisions offer the same types of services (in different thematic areas) might be sub-optimal as it creates fragmentation in the same set of skills. This was probably a root cause of the limited inter-department cooperation discussed above. With this, it is recommended that MI consider restructuring into centers according to the types of services provision. Accordingly, MI might be reorganized into a GMS Research Center, a GMS Advocacy Center, and one GMS Capacity Development Center. All these

centers will share resources from a centralized management department and an Executive Management Office. With this restructuring, the MI organizational structure will no longer be fragmented according to thematic *foci* areas – which might be required to change or refocus to adapt to changes in the subregional development context. Instead, MI will re-organize its structure according to the main types of services and core competencies. With this restructuring, MI would eventually adopt the product-based approach (rather than project-based or program-based). This is a major institutional development where the organization is structured, directed, and managed according to types of services provided rather than through implementing projects or programs.

**67. Unthinkable #3: Make a paradigm shift when GMS countries are becoming (upper and lower) Middle Income Countries (MICs).** The GMS countries have experienced economic growth and social development over the past three decades or so. The GMS is approaching a “middle income” region. At present, PRC, Thailand, and Vietnam have already been middle income countries (MICs) and are steadily graduating from a lower MIC status. In the meantime, Lao PDR and Cambodia are expected approaching a lower MIC status before 2030. Becoming a MIC changes the development aid architecture and development trajectories of any developing economy. While development aid would be reduced, other sources of financing development, especially those from the domestic private sector, would become increasingly important. Development priorities will be shifted from a strong (and sometimes sole) focus on poverty alleviation to broader economic resilience and social strengthening. The capacity of the government stakeholders, civil society organizations, and other development actors will also be upgraded with a more developed (and usually conducive) enabling environment. These are changes in the fundamental foundations of the subregion development and cooperation. As a result, MI needs to adapt to these fundamentals through a paradigm shift in its mission, vision, strategies, and operation model. To guide this paradigm shift, MI should strategically prepare to redefine its existence, values, and core competencies and make a smooth transition.