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Review of issues pertinent to the subsidiary structure of the Commission, including the work of the regional institutions: environment and development

Report of the Mekong River Commission**

Summary

The present document contains an overview of the Mekong River Commission Annual Report for 2016.

The Commission may wish to take note of the report.

1. 2016 proved to be a challenging and progressive year for the Mekong River Commission (MRC). It was the first year where a riparian Chief Executive Officer (CEO) took charge of the MRC Secretariat (MRCS) as well as a number of changes taking place in structure, staffing, and finance. It was the year in which the MRC completed its work in terms of programmes (until mid 2016) and started its new business in terms of core river basin management functions.

2. At a strategic and policy level, the implementation of the IWRM-based Basin Development Strategy (BDS) 2016-2020, approved by the Council of ministers in early 2016, was ongoing. As an organization, the MRC implements the BDS through its Strategic Plan, which is operationalized through Annual Work Plans. 2016 was a difficult year in terms of implementation as it was due to funding shortage and a transition period where the MRCS went through recruitment of new staff. At the national level, the Member Countries also finalized their National Indicative Plans to implement the BDS containing joint projects, national projects of basin significance, national activities and decentralized activities. Significantly, five joint projects in strategic areas were agreed on: Mekong Delta, 3 S rivers, Lao-Thai navigation, Cambodia-Thai border flood, and Cambodia-Lao border area.

* E/ESCAP/73/L.1.

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3. Concerning MRC Decentralisation, monitoring activities continued to be implemented except fisheries and sediment due to lack of funding. With secured budget for 2017 and issues discussed and agreed solutions in place following the regional meeting on decentralization in March 2017, implementation is expected to be back on track.
4. On MRC reforms, the restructuring of the MRC Secretariat can now be considered complete with four divisions (Administration, Environmental Management, Planning and Technical Support) and a supporting Office of CEO fully operational. Benefits had already been seen of the new structure, with better integration of activities, cooperation across all divisions, and no duplication of work. Nevertheless, challenges were also emerging with respect to some personnel gaps in some work areas that affected the ability to handle the ambitious annual work plan. This and other issues will be reviewed in 2017 and recommendations will be made to the MRC Joint Committee (JC).
5. Financial reform had been an important part of the MRC restructuring strategy. Phase 1 of the new Financial Management Information System (FMIS) with new accounting software (MS Dynamics NAV 2015) was installed and used since mid-February 2016. Delay occurred in some activities in the financial reform process. With key personnel on board, by end of October 2016, the implementation of the financial reform resumed. The finance team had been working closely with a software company to finetune the accounting system, making it consistent with the new reporting requirements and to perform the 2016 year-end account closure process.
6. In terms of funding, continued support was seen from the Development Partners of the MRC in addition to member countries contribution. With the budget for the Strategic Plan of \$65 million, the funding had been secured about 90% for the five year period.
7. With a commitment to continuously seeking to realise the Article 26 of the 1995 Mekong Agreement (Rules of Procedures), the MRCS maintained its key role in coordinating the implementation of all the established Procedures and Technical Guidelines by providing an effective support on data and information exchange and sharing among the MCs. For coordinated implementation of the MRC's Procedures and its Technical Guidelines, MRC Joint Platform was established in order to bring on-going development of Technical Guidelines and required capacity-building processes under one umbrella. A number of key pending and challenging issues were identified for further discussions in the 3rd Joint Platform meeting, which was successfully held on 31st October – 1st November 2016.
8. The MRC continued to maintain and improve partnerships with other regional and international River Basin Organizations. The partnership with the Mississippi River Commission saw exchanges of experiences with river basin management, flood control, and stakeholder consultations during the MRC visit to Mississippi in August 2016, the visit by the President of the Mississippi River Commission to the Mekong in November and the meetings with three Council members, and the planned visit of Council members to the Mississippi in April 2017 to observe the high water inspection and public hearings among other things. As for ASEAN, a new Memorandum of Understanding had been prepared and under consultation with member countries of MRC and ASEAN through the ASEAN mechanisms of ASEAN Working Group on Water Resources Management and ASEAN Senior Officials on Environment.

9. China and Myanmar are long-standing Dialogue Partners of the Mekong River Commission (MRC), having been granted this status in 1996, the year after the Mekong Agreement came into force. Since then, the engagement of China, the most upper riparian of the Lancang-Mekong river, increased over the years. From participation in MRC governance meetings and data sharing for the wet season, China continued exchanges knowledge and experiences with MRC on a range of topics including hydropower development, environmental management, assessment of flood and drought, and water flows. Good cooperation was seen during the 2016 drought in which China released water supplement from their dams to the Mekong and a joint observation and reporting was conducted. As for Myanmar, cooperation was limited to exchanging information and views during dialogue meetings, Myanmar's participation in some technical workshops and forums, as well as some areas such as improving the MRC's hydro-meteorological coverage by exchanging relevant monitoring and water-quality data.

10. Building on past cooperation, the new MRC Strategic Plan calls for enhanced cooperation with the two Dialogue Partners. With China, there are opportunities for further collaboration with the recently established Lancang-Mekong Cooperation mechanism, including further experience sharing, enhanced data and information exchange, sustainable hydropower development and management, collaborating on state of basin reporting and joint basin-wide planning. For Myanmar, a few areas, such as participation in joint research and symposium, navigation safety, continued sharing of hydro-meteorological data, inclusion of Myanmar in the MRC's flash flood guidance system (FFGS), state of basin reporting, as well as Myanmar's membership in MRC, can be explored.

11. In the area of Flood Management and Mitigation, two important routine responsibilities continued namely i) produce 7 days lead time river monitoring in a weekly basis during dry season from November 2015 to May 2016 for 22 mainstream stations along Mekong river and daily 5-days lead time flood forecast for flood season from June-October 2016, and ii) provide Flash Flood warnings to the MRC MCs. Additionally, Stage 2 of Initial Studies on flood risks and development of strategic guidance will commence in 2017.

12. For Drought Management, consultations were held with relevant line agencies on existing system of drought monitoring and forecasting and currently used drought indicator indices by different National Agencies to develop an effective and efficient regional system of drought monitoring and forecasting. The system will be made available to the public on the MRC websites by June 2017. In addition, MRCS drought team had been collaborating with the UN ESCAP on Drought Mechanism and SERVIR Mekong under USAID to adopt a Regional Hydrological Extreme Assessment System (RHEAS) developed by NASA JPL. In a Regional Consultation Meeting in March 2016 with NASA Team, the countries agreed to use RHEAS tools with NASA support for drought monitoring indices, seasonal forecast, crop monitoring and water budget analysis for potential crops.

13. In the area of Environment, the MRCS continued monitoring the water quality and ecological health of the Mekong and published the 2014 Water Quality Report Card. The "Transboundary Environmental Impacts Assessment" (TbEIA) Project made progress. An agreement was reached between MRC and KfW for the Project "Lower Mekong Basin Wetland Management and Conservation" and the implementation was started firstly with finalising the concept note and work plan. A full package of Technical Guidelines on Water Quality (TGWQ) had been finalized by the Technical Body for Water Quality

(TBWQ), representing a major accomplishment. The Preparatory State of Basin Report 2016 was drafted and consulted with the MCs.

14. In the field of Agriculture and Irrigation, the MRCS identified risks inherent in the agriculture sector to ecology and livelihood options for rural communities and assessing impacts of climate variability on food security and adaptation options across the Lower Mekong Basin. In addition, crop yield modelling was carried out for assessment and projection of crop production under climate change scenarios. A final technical report building on this assessment would be published, targeting awareness-raising and policy influence.

15. For climate change, basin-wide climate change scenarios for the LMB agreed by all the MCs were used for assessments and the Council Study. The MRC Climate Change Adaptation Initiative (CCAI) basin-wide assessments on climate change impacts on hydrology, floods, droughts, hydropower, ecosystem and biodiversity, food security, and socio-economic impacts were being finalised. Four national reports on policy analysis of climate change and adaptation had been finalised and a draft regional policy analysis report prepared. A first draft of the Mekong Adaptation Strategy and Action Plan (MASAP) was developed in September 2016. Consultation of the MASAP and development of Project Concept Notes to implement the MASAP started in October 2016.

16. MRC Sustainable hydropower (SHP) work and guidelines were widely referenced and received wide support. Yet it remained relatively difficult to be implemented due to many complex factors, and enormous effort was needed to comply with SHP concept. To maintain SHP interest and raise awareness, three related key activities had been implemented: (i) A user friendly Trans-Boundary "Rapid Sustainability Assessment Tool (RSAT)" guide was produced and ready for the MCs to use in hydropower trans-boundary assessment; (ii) Dissemination of the MRC studies including ASIA2016 HP & Dams in two "Sustainable Hydropower Planning" regional forums organised and joint international conference to promote Sustainable Hydropower; (iii) Study for the "Development of Guidelines for Hydropower Environmental Impact Mitigation and Risk Management in the Lower Mekong Mainstream and Tributaries" was progressing into its Phase 3 and focusing on the operation of the cascade of five dams on the mainstream, upstream of Vientiane. The outcomes suggested the need for governance procedures among all stakeholders so as to jointly coordinate and manage the cascade in the future in an effective and responsible manner.

17. Navigating the Mekong's hazardous stretches from Houei Sai and Chieng Khong to Luang Prabang had become safer as skippers use Global Positioning System (GPS) technology to map a course along the waters full of rocky outcrops. Navigation Team undertook a major initiative to harmonise navigation safety standards and regulations towards safer transport of dangerous goods along the Mekong. Preparations for a feasibility study to establish systems for ship-to-ship and ship-to-port communication for the stretch between Golden Triangle and Luang Prabang had been completed. The feasibility study had been done successfully for Thailand and Lao PDR. Results of the feasibility study will be recommendation for Thailand and Lao PDR to request their national budget for the system installation as decentralization activities. Another achievement is the Regional Master Plan for Waterborne Transportation which was prepared.

18. Phase 2 implementation of the Study on the Sustainable Development and Management of the Mekong River, or Council Study (CS), was started November 2016. There was good progress made by the CS team in cooperation with the Member Countries (MCs) on the CS phase 2 implementations including: Updating the technical document on discipline and thematic impact assessment approach such as 1) the cumulative impact assessment, 2) socioeconomic impact assessment, 3) resources and macro-economic impact assessment, 4) thematic impact assessment and 5) working papers on thematic scenarios development. Assessment of the development impacts would take place in 2017 and results provided for further planning and decision making.
