TRANSBOUNDARY BASIN DEVELOPMENT IN THE MEKONG
HOW CAN A RIVER BASIN ORGANIZATION'S FINANCIAL STRATEGY EVOLVE OVER TIME?

UNECE VIRTUAL WORKSHOP ON FINANCING TRANSBOUNDARY WATER COOPERATION

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MRCS
MRC DEVELOPMENT

Financial Reform

1995 Mekong Agreement
- Project
  - 100+ Staff

Organizational Reform

2000 Programme
- 200+ Staff

2016 Partly Core Functions
- 60+ Staff

2030 Fully Core Functions
- 50+ Staff

Established Basket Fund
- $65 Million / 5 years

Self-finance

$120+ Million / 5 years
- DPs funding

MCs contributed to operation cost

1995 Mekong Agreement

1st MRC Summit

MEETING THE NEEDS

KEEPING THE BALANCE
Financial Situation & Organizational Reform

- **MRC Secretariat Basket Fund**
  - **Operation Cost**
  - **Core River Basin Management Functions**
    - Assessment & Planning
    - Monitoring
    - Forecasting
    - Procedures
    - Data

- **STAFFING** (Reducing over time)
- **DEVELOPMENT PARTNERS CONTRIBUTION** (Declining over time)
- **MEMBER COUNTRIES CONTRIBUTION** (Increasing over time)

**Streamlined arrangements focused on core functions**

- 2000: 100+ Staff
- 2005: 200+ Staff
- 2015: $120+ Million
- 2016: $65 Million
- 2026: 50+ Staff
- 2030: 40 Staff

- **1st SUMMIT**: 2010
- DPs contributions has contributed to MRC capacity building and knowledge-based
**FUND CONTRIBUTION OPTIONS**

- **In-kind / monetary Contribution**
- **Fixed %**  
  - 20%  
  - 20%  
  - 30%  
  - 30%  
  - Example: 🇰🇭 🇱🇦 🇹🇭 🇻🇳 = 100%

- **Criteria Base Formula**
  - Example:
    1. Average flow (m³/s)
    2. Irrigated area (million ha)
    3. Population (million)
    4. Per capita GDP (US$)
    5. Catchment area (km²)
    - Fisheries
    - Water use
    - Investment

- **Equal Contribution**
  - Example: 25% each

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<table>
<thead>
<tr>
<th>Indicator/Country</th>
<th>Cambodia</th>
<th>Lao PDR</th>
<th>Thailand</th>
<th>Viet Nam</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Catchment Area (km²)</td>
<td>155,000</td>
<td>202,000</td>
<td>184,000</td>
<td>65,000</td>
</tr>
<tr>
<td>(2) Average Flow (m³/s)</td>
<td>2,860</td>
<td>5,270</td>
<td>2,560</td>
<td>1,660</td>
</tr>
<tr>
<td>(3) Irrigated Area (million ha)</td>
<td>0.161</td>
<td>0.075</td>
<td>1.414</td>
<td>1.512</td>
</tr>
<tr>
<td>(4) Population (million)</td>
<td>9.30</td>
<td>4.70</td>
<td>23.2</td>
<td>19.8</td>
</tr>
<tr>
<td>(5) Per Capita GDP (US$)</td>
<td>252</td>
<td>259</td>
<td>876 *</td>
<td>287</td>
</tr>
</tbody>
</table>

Sources:  
(1), (2) BDP Final Report, July 1999  
(3), (4), (5) NMCs  
* Using GDP of year 1997 and will use GDP of year 1998 after official approval
Basis for Equal Contribution:

- Increasing member country cooperation
- Country experience of MRC implementation
- Rising technical and financial capacity
- Growing economies and populations
- Mutual understanding, ownership and self sustainability

MCs never missed payment

Option 1: Apply the 2015 formula in reversed order
Option 2: Apply the fixed ratios (23% vs 27%)
Option 3: with the exception of 2016-2018 will be as below:

- Thailand
- Viet Nam
- Cambodia and Lao PDR
- Equal contribution
Achievements, challenges and next steps

• High commitment from countries to contribute to MRC (payments never missed in 25 years of cooperation)
• Sometimes faced late payment – mechanism in place (Admin. Reserve Fund)
• Currently, 2020-2030, still rely on support from Development Partners (about 60% of the MRC Strategic Plan 2021-2025 budget). DPs can support via Basket Fund and Earmarked Fund.
• Together with new partners (LMC Water Center), will seek support from GEF – increase whole-of-basin cooperation (Lancang-Mekong)
• Countries contribution on track to fully finance MRC core activities by 2030.
• Exploring Mekong Fund mechanism – to fund livelihood and environment programmes (not part of MRC core activities). Contribution from DPs, global funds, private sector, etc.
Mekong Fund mandate and objective

A. Enable a simple message and branding of an ongoing program of work to maintain key ecological functions of the Mekong River Basin and support inclusive access and utilization of the basin’s water and related resources in the face of numerous and wide-ranging threats.

B. Provide a mechanism to mitigate any residual impacts associated with the development of the Basin, which are not fully addressed in Articles 5, 6, 7 and 8 of the 1995 Mekong Agreement.

C. Broaden the source funding options including for private sector and philanthropic contributions to the continued ecological function and social wellbeing of the Mekong River Basin

D. Provide an avenue for the receipt of voluntary contributions as well as contributions mandated by national governments in accordance with sovereign decision-making processes for improving the condition of the basin’s environmental assets and mitigating the impacts of water resources development.
THANK YOU

One Mekong. One Spirit.