



MEKONG INSTITUTE

ANNUAL REPORT 2013



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Message from MI Council Chairman

The Mekong Institute (MI) has come a long way in its 17 years of providing capacity development services to the Greater Mekong Subregion (GMS). As the years have passed, MI has developed in many ways to meet new challenges.

The emergence of the ASEAN Economic Community (AEC) presents new opportunities for growth, expansion, and development for the entire region, not only the traditional power-centres which have dominated economic and social development. MI must embrace the new challenges with calculated foresight and work to ensure regional cross-border, cross-cultural cooperation.

In 2013, 499 participants participated in MI's learning programs; 70 percent were from Cambodia, Lao P.D.R., Myanmar, and Vietnam (CLMV). The year provided some notable highlights, including the Mekong Forum, which attracted 179 participants (60 percent more than the previous Mekong Forum in 2011), including some of the region's foremost development experts and practitioners.

Key partnerships with strategic development partners have been strengthened and we have been actively seeking-out and establishing new partnerships to enhance our operational capacity. Several exciting changes are on the immediate horizon; a change of leadership, as the new MI Director, Dr. Watcharas Leelawath, starts his term in May 2014, the renovation of the MI building, and the construction of a new MI training centre.

I am certain that, given the ongoing developments and changes and in the face of the emerging challenges facing the region, MI is moving in the right direction to positively affect economic cooperation and social development to benefit the GMS and its people. Under new leadership, a new era in MI's history is about to unfold, and we – the people of the GMS – are looking to the future with a shared vision and mission.



Mr. Viroth SUNDARA

Chairman

Ministry of Foreign Affairs

Vientiane, Lao PDR

Message from MI Steering Committee Chairman



Dr. Narongchai Akrasanee

Chairman

MFC Asset Management Plc.

Bangkok, Thailand

I am once again very delighted with MI's performance. The last year was indeed a successful year filled with accomplishments, promising changes, and new opportunities. Looking back over 2013, MI has made great strides, contributing to the region's social and economic development. I have been honored to witness the institute's progress throughout my years as chairman of the Steering Committee.

In the past year, MI completed a total of 43 learning programs, including training programs, workshops, structured learning visits (SLVs), and 28 research projects. Overall, around 500 participants from both private and public sector organizations have benefited from these learning programs.

MI also organized the second Mekong Forum which served as a regional platform through which to discuss the most important and pertinent issues concerning the economic and social development in the GMS.

MI has expanded in scope, and the changes initiated in 2013 will allow MI to deepen its impact in regional development. Such changes include new field offices located in Khammouane Province, Lao P.D.R.; Quang Tri Province, Vietnam; and Hpa-an Province, Myanmar. These field offices will serve to extend our work into local communities which are in desperate need of rapid economic and social development which has so far eluded them.

We are very grateful to our partners who have been fundamental in the development of MI's learning programs, activities and projects. I would like to encourage all MI stakeholders, partners, and its staff, to remain focused on the challenge and goals that lie before us. I also wish to implore all of us to remember that it is only through working together that we may hope to affect the real change that is needed to help guide the region and its people into a more prosperous and equitable future.

2013 Overview

In 2013, MI completed 43 learning programs consisting of trainings, workshops, structured learning visits (SLVs), and 28 research projects. Overall, around 500 participants benefited from these private and public sector learning programs. These statistics illustrate significant progress, but numbers do not tell the full-story. MI's true impact is best measured by the new relationships established, cross-border initiatives, and the rising levels of regional cooperation that come-about directly and indirectly through MI's range of activities.

Although each year is different, bringing about various challenges, 2013 was particularly significant for me personally as it was my last year as MI Director.

In my last year, several notable milestones were reached, new initiatives established and new developments begun. The establishment of MI's first field offices away from Khon Kaen were established in Khammouane, Lao P.D.R.; Hpa-an, Myanmar; and Quang Tri, Vietnam, with support from the Swiss Agency for Development and Cooperation (SDC) and; the *Agricultural Value Chain and Promotion and Postharvest Practices* training course, which helped to promote best practices from New Zealand and Thailand, in partnership with the New Zealand Ministry of Foreign Affairs and Trade (MFAT) and the Thailand International Development and Corporation Agency (TICA) took place.

New partnerships were established and formalized, including that with SDC, paving the way for the joint integrated development project along the East-West Economic Corridor (EWEC), which focuses on providing more inclusive and equitable growth to poverty-stricken communities in the GMS. MI also signed an MOU signing with the Khon Kaen Provincial Government and the Thailand Convention and Exhibition Bureau - Meeting Incentive and Conference Exhibition (TCEB - MICE) to help promote and increase trade in the region.



Dr. Suchat Katima

Director
Mekong Institute

Ongoing programs such as the *Young GMS (YGMS) Professional Program*, *MI-New Zealand Ambassador Scholarship (MINZAS)*, and the *Youth Camp on Modern Farming Systems* have continued to grow, helping develop vital linkages and relationships to support regional cooperation and collaboration in the future.

Of particular significance in 2013 has been the approved plans for MI's expansion and renovation, in addition to the construction of a new training centre. With all these accomplishments, we are truly grateful to our development partners for their dedicated and unwavering support of our institution as we stay committed to our mission, and I am simultaneously sad to say farewell to the institute I have been with for seven years, and strongly optimistic that MI will continue to grow to develop as a central institute in the region's development.

2013 Picture Highlights



RURAL DEVELOPMENT PROGRAM

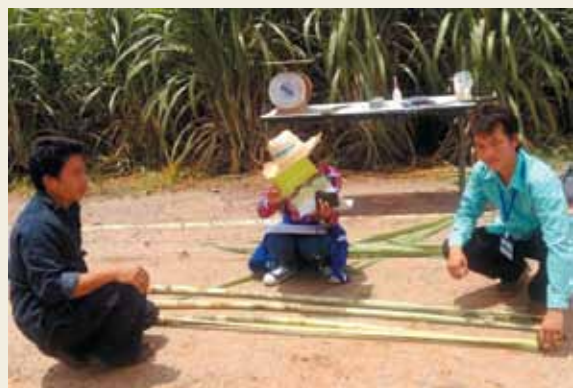
Youth Camp: Modern Farming Systems,

July 1 – 27, 2013

MI successfully conducted its third 'GMS Youth Camp on Modern Farming Systems.' Building on its previous successes, this initiative promotes capacity strengthening, participation and knowledge sharing amongst the region's next generation of leaders.

Unlike previous camps, the 2013 GMS Youth Camp on Modern Farming Systems incorporated not only students, but also teachers from the agricultural faculties of different universities from CLMV. In total, 34 students and four teachers from these four countries participated in the program. Four host companies contributed to the design and delivery of the course, namely: Betagro Group, Mitr Phol Group, SF KhonKaen and the Swift Company.

The 2013 Youth Camp was designed and delivered using MI's modular training approach which focuses on conveying and disseminating conceptual and practical aspects of modern agricultural farming techniques. Participants underwent three progressive stages of MI's modular approach: 1) 'Learn to do' – participants were provided with knowledge of the basic principles of modern farming systems via the introductory session at the MI Residential Training Centre in Khon Kaen, as well as exposure to Khon Kaen University (KKU)'s Modern Technology Agriculture Demonstration Farm; 2) 'Do to learn' – participants were provided with practical learning experiences with their respective host companies in poultry farming in Khon Kaen, sugarcane production in Chaiyaphum and vegetable growing in Nakhon Pathom, Petchaboon and Rajchaburi provinces; and 3) 'Share to learn' – participants received an opportunity to present their group work findings and share their experiences during the reflection and way forward session in the final day of the program. The one-month long program, in its third consecutive year, represents one part of MI's goal to improve the knowledge and skills of the region's next generation of business leaders, who through this initiative, will be more capable of fostering and promoting regional cooperation and integration in the build-up to, and conception of the AEC in 2015. The experiences, lessons and knowledge shared through these academic and cultural exchanges among students and teachers participating in the 'GMS Youth Camp on Modern Farming Systems,' added significantly to the broader body of knowledge and to the skills of each individual participant. As a result, they are able to contribute more effectively to the development of agricultural production in the CLMV region. Mr. Nguyen Van Cong from the Hue University of Agriculture and Forestry, Vietnam, stated, "I think that the internship program in Thailand organized by MI is a useful experience for me to get a job as a supervisor at the British American Company in Dong Nai Province."



Regional Training: Agriculture Sector Value Chain Analysis and Promotion,

August 19-30, 2013

The Agriculture Sector Value Chain Analysis and Promotion training was jointly sponsored by NZ-MFAT and the TICA. This training module aimed to broaden participants' understanding of the characteristics and benefits of value chain approaches. The course promoted the utilization of these approaches in the GMS with the aim of enhancing local, regional, and national economic development.

SLVs were undertaken at a range of sites in Thailand. These included the KC Rungruang Rice Mill, the Community Rice Seed Production and Promotion Center, the Central Agricultural Market (under the Bank of Agriculture and Agricultural Cooperatives (BAAC), and the Sum Sung Non-Chemical Vegetable Cooperative. The SLVs reinforced the conceptual course modules covering entrepreneurship styles and strategies from SMEs to large-scale organizations. Detailed examples and case studies of best practices from New Zealand and Thailand were utilized throughout the visits to provide participants with clear, applicable strategies for value chain management and value-adding activities. The training involved 22 government officials from CLMTV countries and one from Afghanistan. Private sector representatives and academic-sector professionals involved in agricultural value chain development/research activities were also in attendance.



Postharvest Practices: Experiences and Best Practices in New Zealand and Thailand,

October 14-25, 2013

MI organized a two-week regional training course on 'Postharvest Practices: Experiences and Best Practices from New Zealand and Thailand,' which was jointly sponsored by the NZAP and the TICA. This training aimed to promote the development of modern postharvest practices in CLMTV which targets the full range of agricultural value chain actors, including relevant government officials, private sector representatives, and academics involved in related development/ research activities.



Participants from CLMTV gained concepts of postharvest handling systems during the class at MI and experienced the practical application through the SLVs. These visits included the Tesco Lotus Shopping Centre in Khon Kaen, the SWIFT Fruit and Vegetable Processing Company, the Postharvest Technology Centre in Nakhon Pathom Province, and the Talaad Thai Market in Pathumthani Province.

Validation Workshop: Preliminary Findings of Maize and Longan Value Chain in Pailin, Cambodia,

August 26-27, 2013

In collaboration with the Pailin Provincial Governor's Office and the Provincial Department of Agriculture, MI conducted a validation workshop which presented and discussed the findings of its maize and longan value chain studies with various value

chain actors and service providers. The workshop brought together a range of stakeholders; 26 maize and 21 longan value chain public and private stakeholders, including the Pailin Provincial Department of Commerce, the Customs Office, various farmers' associations and agricultural companies. The workshop provided an opportunity for the MI team to engage more closely with these actors and better understand the constraints and difficulties encountered at various different stages of the value chains.

TRADE AND INVESTMENT FACILITATION PROGRAM

Promoting SME Clusters and Enhancing Utilization of FTA by SMEs

Promotion of new small and medium sized enterprise (SME) clusters and development of existing ones are important for overall development of the economy of a country. Policy support to ensure development of SMEs in the form of cluster creation can go a long way in improving their competitiveness by ensuring dynamic linkages to generate opportunities. SME cluster development is an effective method to support SME growth and increase export



markets. The cluster development approach enables the build-up of synergies between providers of business development services (BDS) and SMEs in the clusters, while facilitating the industry in improving its competitiveness.

With the aim to enhance capacities of SMEs in CLMV for seamless integration into the regional and global markets, the Trade and Investment Facilitation Department (TIF) with support from the NZAP implemented the second year of the three year project on "Capacity Development Programme for Integrating CLMV economies into AEC 2015."

Under this project, the TIF department implemented the components on SME clusters and export consortia formation and utilization of free trade agreements (FTAs). To meet with the project goals, the TIF department conducted a series of



capacity building activities during 2013 to promote SME product clusters. Through a modular training approach, the project promoted seven SME product clusters, namely: an organic vegetable and mango cluster in Cambodia; a macadamia cluster in Myanmar; an organic rice and vegetable cluster in Lao PDR; and a handicraft and silk cluster in Vietnam. Through this effort, a pool of national trainers have been promoted in the CLMV countries to provide necessary coaching to form and assist SME export consortia to integrate into the regional production networks through participation in the 2014 investor forum. In order to develop capacities in trade negotiations, trade policy development and enhance the utilization FTAs by SMEs, the TIF department conducted training modules for the officials engaged in trade and investment activities in the CLMV countries. The training programs focused on understanding the status of trade policies in the CLMV countries while incorporating the AEC framework. The training on FTAs was aimed to develop the capacity of SMEs and representatives



from private sector bodies, namely: chambers of commerce and industry, business associations, exporters and importers in the GMS. As part of the training, participants developed group action-plans for localizing the training packages in order to effectively transfer this knowledge in their respective countries.

Promoting Business Information Networks in GMS

Recessionary trends in major economies of the USA and EU leading to contraction in demand in these traditional markets have made it essential for exporters in many countries to take initiative to diversify their export products in emerging markets. For the GMS, these markets could be Latin America, Commonwealth of Independent States (CIS) countries, the Middle East, and ASEAN. However, this shift from traditional products/markets to newer products/markets requires a systematic process. Towards understanding this diversification process, the Trade and Investment Facilitation Department of MI developed Product Market Intelligence (PMI) application software. This software helps exporters in the GMS find countries with the largest and fastest growing markets for their exports and also helps determine which foreign markets will be the most penetrable and profitable. The application runs through a step by step process of identification of the right product-market mix, i.e. deciding which product to sell in which market through using competitive indicators and analytical tools. The PMI Portal Application software is developed for 60 selected products (10 each from Yunnan Province, P. R. China, Cambodia, Lao PDR, Myanmar, Thailand and Vietnam). These analytical indicators identify the top 10 markets for each of the products with the following features: A Harmonized System (HS) code, individual export trends for each product, identification of the most suitable product based on RCA trends, identification of the right target export market, Trade Intensity Index (TII), Tariff and Non-Tariff Barriers, Quotas & Licensing, FTAs, Preferential Trade Arrangements (PTA), and System Generated Dynamic Graphs and Reports. A dissemination workshop was organized to share the software and elicit feedback from the project stakeholders. The activity is part of the three-year project "Capacity Development Program for Integrating CLMV economies into the AEC" funded under NZAP.

To consistently enhance the competitiveness of the GMS SMEs to access and participate in the regional and global value chain (RVC & GVC), the TIF department has been working on business information products to promote business networking among SMEs in the GMS. With support from the People's Government of Yunnan Province, PR China, the TIF department implemented a one-year project on 'Business Database Development along NSEC.' The project aimed: 1) to develop



basic skills of participants to conduct business and trade research, 2) to analyse results of business research for development of provincial & city business profiles and organization members' profiles and, 3) to facilitate development of business and trade databases to provide an opportunity to conduct trade and investment in the NSEC. As part of the project outcome, the North South Economic Corridor (NSEC) business database has been created for information sharing among the members of chambers of commerce and business associations. The database is comprised of business related information in the form of provincial profiles and company profiles of Chamber of Commerce and

Industry (CCI) members and other business associations (BAs) in the NSEC. The database includes around 800 company profiles and provincial profiles of 5 provinces and 9 cities and towns along NSEC in Yunnan Province, P.R.China, Lao PDR and Thailand. The website can be accessed at www.nsecbiz.com. The NSEC database will eventually be linked with the EWEC database (www.ewecbiz.com) developed in 2012 by MI with the support from the Japan ASEAN Integration Fund (JAIF). The aim is to create a comprehensive business database of the economic corridors in GMS countries by 2015.

Industrial Cluster Promotion in GMS



In order to promote the standardization of industrial clusters and enhance attractiveness of industrial estates and Special Economic Zones (SEZs) through networking cooperation

amongst sister clusters in the GMS countries, the Ministry of Economy, Trade and Industry (METI), Japan launched the Otagai project. Nikkei BP, the implementing agency of the Otagai business platform, has partnered with MI to implement a series of activities in the GMS countries. This is achieved through workshops, research and policy dialogues on 'Otagai' industrial cluster development. As part of the business platform, the joint team organized three workshops in Danang and Dong Ha, Vietnam and Savanakheth, Lao PDR during October 7, 8 and 9. The workshops introduced the concept of Otagai with the goal of integrating industrial planning activities in industrial estates and SEZs in these countries. At the invitation of METI, Mr. Madhurjya Kumar Dutta, Program Manager of TIF, delivered the keynote address at the 3rd Otagai Conclave held in Osaka on October 2, 2013.

Standards and Standardization: Linkages to Regional Integration and Trade Promotion

Standards and standardization have a crucial role in regional integration. The ASEAN, in its blueprint (1967) towards building a future economic community, has recognized that "systems of standards, quality assurance, accreditation, and measurement are crucial for promoting greater efficiency and enhancing cost effectiveness of production of intra-regional imports/exports." This is essential to ensure the free flow of goods and services across borders in the region and will contribute greatly towards turning all the 10 member states of ASEAN into a single market that is production based. In collaboration with Swedish Standard Institute (SIS), Stockholm, CUTS International and Hanoi Resource Centre (HRC), the TIF department organized a two-day international seminar for representatives of the Ministry of Commerce and Industry, CCIs and selected enterprises in ASEAN. The objective of the seminar was to raise awareness and understanding of the significance of standards and the standardization process and their possible impacts on regional integration and trade promotion. The seminar helped



inform participants and institutions about the preparation for future trade within and beyond the ASEAN. The seminar also provided feedback towards national, sub-regional, regional, and international institutions for a more inclusive and effective standardization process at all levels. The seminar was attended by 40 participants representing NSB, MoCI and CCIs from Cambodia, Indonesia, Lao PDR, Myanmar, Singapore, Thailand, and Vietnam.

Research and Publications

The TIF department conducted action research to document the process of SME product cluster formation and integration into regional and global value chains. The research was undertaken in different product categories, namely silk and rattan in Cambodia, silk and furniture in Laos, mango and fishery products in Myanmar and tea and ceramics in Vietnam. It looked at the aspects of SME agglomeration in these countries to shed light on issues that need to be addressed on a priority basis. As an outcome of this research, the TIF department published five action research reports as part of an MI professional series on SME cluster development in Laos (silk), Cambodia (rattan and silk), Myanmar (mango and fishery) and Vietnam (tea and ceramic) as well as one comprehensive report on action research findings.



Some Training Resource Materials of Training Packages in 2013

MEKONG DEVELOPMENT PROGRAM

Policy Brief on Facilitating Freer Cross-border Labour Movement and Better Mutual Skill Recognition,

July 11-12, 2013

As a part of the Mekong Forum 2013, which was held by MI and the International Institute for Trade and Development in Khon Kaen, Thailand, a small group discussion on “Facilitating Freer Cross-border Labour Movement and Better Mutual Skill Recognition” was conducted. This multi-stakeholders’ meeting aimed to increase understanding of the current situations and challenges on cross-border labour migration management and the status of mutual skill recognition to ensure inclusive and equitable growth in terms of human resource management among GMS countries. It also aimed to appreciate the good practices of existing mechanisms and actions of related organizations, to solicit input and recommendations on how to collectively push forward and effectively manage and facilitate labour movement and enhance mutual skills recognition. Twenty-six participants from government, UN agencies, the embassies, funding organizations, and civil society advocating agencies attended this small group discussion and contributed their ideas on ‘Labour Migration Management’ and ‘Mutual Skills Recognition Management.’



Mr. Max Tunon
Coordinator
GMS TRIANGLE Project
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Strengthening Coordinated Cross-Border Systems in CLMV,

September 2-11, 2013

In 2005, the ASEAN member states signed an agreement to establish the ASEAN Single Window (ASW) to facilitate trade transactions and management, with which the National Single Windows (NSWs) of member countries can operate in a harmonized and integrated way. The ASW system seeks to simplify, standardize and modernize procedures, practices and information protocols mainly in relation to customs and cargo clearances. Significant progress was achieved in the implementation of the AEC. At the same time, it still needs to intensify efforts on a time-bound basis for the actualization of the AEC as the 2015 target date draws near.

To enhance the cross border officials' learning and appreciation of the urgency to facilitate ASW and improve their knowledge and skills on coordinated cross-border management in an interactive and shared learning environment, MI held the training of "Strengthening Coordinated Cross-Border Systems in CLMV" at the MI Residential and Training Centre. Twenty-five senior and mid-level officials from these four countries, who are involved in cross border management, specifically from immigration, customs, agriculture, and border police agencies, participated in this training.



The two-week intensive learning program provided an overview of NSW situations, cross-border transport agreements in GMS and best practices from Singapore. During the training, participants were encouraged to explore and exchange all aspects of cross-border procedures including immigration, customs and phyto-sanitary management. The learning program also equipped participants with theory, best practices during input sessions, and provided opportunities to incorporate and monitor what they learnt via the field visits at the Nongkhai-Vientiane border. Additionally, participants were able to examine options and possible actions to improve cross-border procedure management of their respective countries and recommendations for common priority actions for collaboration at the GMS level. Through the training, participants developed a deeper understanding of the significance of ASW in relation to AEC framework requirements.



Capacity Building through SLVs,

November 4-8, 2013

The program for "Capacity Building through SLVs" was requested by the Local Governance Initiative Network (LOGIN) Asia to enable their members to learn the methodology of SLVs which was developed by MI to promote experiential learning. This training methodology is widely applied by the institute to facilitate learning amongst a range of stakeholders on various topics.

The program taught participants how to design, conduct and use MI's Modular Learning Methodology and SLVs. During the training, the participants learned the concepts of modular learning and explored the strengths and challenges of the method. At the end of the training, participants developed individual action plans in which they would subsequently apply their acquired knowledge and skills in capacity building programs in their respective jobs within 6 months.

Ten LOGIN members from different sectors such as Government, INGOs, and non-profit training institutes from Bangladesh, Bhutan, India, Lao PDR, Mongolia, and Nepal participated in the program.



East-West Economic Corridor (EWEC) Project



Mou Signing Ceremony between SDC and MI at MI Presidential Training Center on March 19, 2013

The Swiss Agency for Development and Cooperation (SDC) and MI officially entered into an agreement to implement the six-year project “Capacity building for a more inclusive and equitable growth in the Greater Mekong Sub-region”. This is the first project for MI to change its approach of capacity building to work with and through local partners at different project sites.

The project aims to contribute to local economic development for equitable and inclusive growth in the GMS through promoting agricultural market development in countries along the EWEC. This is achieved through strengthening capacity to transform agricultural value chain actors—smallholder farmers, SMEs, government agencies who regulate the sectors and BDS providers – to improve the market system. In addition to improving the market system, it also helps create a more inclusive and equitable environment for economic growth, contributing to poverty alleviation.

In the pilot phase (2013-2015), the project will be implemented in three sites along the EWEC, including: Khammouane and Savannakhet, Lao PDR; Nakhon Phanom and Tak, Thailand; Quang Tri, Vietnam; and the Kayin State of Myanmar. In the second phase (2016-2018), the project will scale up the interventions that have proven effective in other locations along the EWEC. The first year is the preparatory phase, including the completion of agricultural value-chain identification and analyses in three pilot sites along EWEC provinces. Furthermore, the establishment of local offices and local project team recruitment, partner identification, executing a capacity development needs assessment and a capacity building package for local partners, and establishing a baseline survey and revision of logical framework. In the first 9 months of project implementation, the project team made some significant achievements. Value chain prioritizing and value chain studies were conducted in three project pilot sites by a project team and a local researcher from January to March 2013. During the value chain prioritization and value chain mapping studies in the three sites, three commodities were identified and will be used as points of entry of MI development interventions—Catimor Arabica

coffee in Quang Tri, Vietnam; rice in Khammouane, Lao PDR; and maize in Kayin State, Myanmar. Three field offices at these project sites were established in order to work closely with local partners for project implementation.

Value Chain Identification and Prioritization,

January 27-February 3, 2013

Baseline surveys were conducted in Quang Tri, Vietnam and Khammouane, Lao PDR from January 27 - February 3, 2013, then in Myanmar from March 23-27, 2013. The objective was to understand the current situation of agricultural crops in this area that can be promoted through EWEC. During the surveys, the team conducted individual interviews with officials from relevant provincial departments as well as leaders of one private agricultural product company. A focus group workshop was organized with the participation of various departments to discuss and select an agricultural value chain for further study as well as its mapping. The team also visited farm plantations to understand the potential of the selected crops through farmers' perspectives. After these surveys, one crop was chosen for each pilot site.



- ◆ In Vietnam, coffee was selected as an entry point to work in Quang Tri Province. Coffee has great potential for poverty reduction in the province since it involves thousands of poor and ethnic producers and creates mass employment during the harvest season.
- ◆ In Lao PDR, the pilot project looked at the rice value chain in three districts of Khammouane Province: Thakhek, Nongbok, and Xebangfai.
- ◆ In Myanmar, maize was selected as the value chain to be promoted in Hpa-an, Kayin State. After internal conflict of more than 50 years, the agricultural market has been under-developed and incomplete – only few local value chain actors actually exist. Very few alternative crops have been able to generate income for poor communities within the state. This project will greatly contribute to the process of poverty alleviation and peace building across the Kayin State.



Value Chain Mapping and Analyses,

March – April 2013

Further studies were conducted which assessed the current status and requirements for value chain strengthening. The study's main objective is for stakeholders to expand their understanding about the coffee value chain and how they relate to it. The study's secondary focus emphasized education about product information and knowledge flow, cost and profit patterns of value chain actors, and factors that affect the chain such as input and logistic services, and infrastructure and technology. Additionally, socio-economic factors (i.e. gender, ethnicity and poverty) were also addressed. The study served to provide information and interventions relevant to the project's design.

Structured interviews were conducted with value chain actors (i.e. exporters, processors, collectors and farmers) on such issues as cost and profit information, productivity, resource access, marketing, policy and regulations as well as problems and constraints. In-depth interviews were carried out with the participants to understand their functions, roles and responsibilities. Focal group discussions were used to understand the role of gender in agricultural production, such as division of labour, livelihood strategies, financial decision-making and constraints and issues in farming production as it relates to different social groups. The findings were validated with various local stakeholders in the three selected provinces from July – August.

Recruitment of RLED-EWEC Project Team and Establishment of Project Field Offices

A Project Manager, a Monitoring and Evaluation (M&E) Coordinator, a Project Facilitator and a Project Finance Officer are currently in place at the RLED-EWEC office in Khon Kaen since January 2013. At the end of June, 2013, nine staff members were deployed to three field offices in Lao PDR, Myanmar and Vietnam. Each field office includes one Project Coordinator, one Project Field Facilitator and one Project Assistant.

Field offices have been arranged in coordination with the Provincial Agriculture and Forestry Office (PAFO) and Department of Industry and Trade (DOIT) for Laos and Vietnam respectively. All field offices, including the one in the Kayin State of Myanmar received approvals from the relevant authorities and opened in August 2013. Additionally, three project vehicles have been procured and one was deployed to the field office in Khammouane Province.

Inception Workshops and MoU Commencements



Vietnam, September 9

The Quang Tri MoU commencement ceremony marked the day the Quang Tri Provincial People's Committee and MI signed a three-year MoU as a framework for project implementation. Representatives from both public and private sectors, including provincial and district authorities, local partners, relevant coffee value chain stakeholders and actors as well as media agencies attended the ceremony. Dr. Suchat Katima stated "it was a great opportunity to introduce the overall project strategy, approaches, objectives and specific planning of Quang Tri project site activities."



Lao PDR, September 10

In Lao PDR, the inception workshop was conducted at the Riveria Hotel, Thakhek City in the Khammouane Province. Local partners from the public and private sectors, as well as development agencies from Nakhon Phanom, Thailand and Khammouane, Lao PDR participated. During the initial workshops, project sites were established in an initial plan for 2014-2015.



Myanmar, October 8

In Myanmar, the project launching workshop was facilitated in Hpa-An, Kayin State. Almost 20 participants, including local authorities and the C.P. Company attended this workshop. In the workshop these participants and MI's representatives explored and identified areas to be considered for further collaboration in order to support farmers and government to promote district maize products and markets.

Capacity Needs Assessment

A Capacity Needs Assessment for SMEs and BDSs was commissioned by the MI TIF department. During the assessment, surveys were conducted at the three project sites to examine the current status of SMEs and BDSs in regard to their respective value chains and to identify their capacity building needs. Capacity needs assessments for effective agricultural extension and farmer group formation and management was initiated by external consultants with the support of MI's Department of Rural Development and Local Economic Development for each pilot site. During December 2013 and February 2014, international and national consultants assessed current policies, practices and capacity development needs of each country.

Baseline Study

A logical project framework was formulated for the pilot phase. Project field officers in the three sites started to look for secondary data sources and baseline information to develop the indicators according to the designed framework.

With consultation with SDC, an M&E expert, who has experience in results-based M&E from Germany, was recruited as a consultant for the EWEC team. The M&E coordinator of EWEC, with the support from the M&E consultant, field office staff, local partners and local research assistants, conducted baseline surveys. Following this, together with the M&E expert, the EWEC team will review the intervention designs and project result chains as well as design, organize and fill in baseline values according to their revised logical framework.

The SDC Mekong Learning Workshop on Project Cycle Management, Gender Equality, and Social Inclusion,

August 26-30, 2013

MI worked closely with SDC to launch the Project Cycle Management (PCM) Gender Equality and Social Inclusion workshop at MI in Khon Kaen, Thailand. The aims of the workshop were three fold; 1) Strengthen knowledge of how, when and why to use the SDC's Project Cycle Management systems and tools; 2) Deepen understanding of what social exclusion means, what social inclusion does, and why SDC is determined to advance the status and participation of women and minorities; and 3) Build a toolkit of human and technical skills to infuse SDC program management with robust social inclusion values, guided by the rigor of PCM. This workshop was attended by 32 SDC staff.



Capacity Building for MI on Market for the Poor Approach,

November 3-15, 2013



Five MI staff composed of the Director, RLED-EWEC Project Manager, and three Field Coordinators, attended a training course on Market for Poor (M4P) organized by the Springfield Centre in Bangkok, Thailand. This approach, which is also called a market system development approach, aims to effectively and sustainably improve the lives of poor people by understanding and influencing market systems through focusing on systematic analysis and actions. According to Mr. Aryuwath Pratumsa, Manager of the EWEC Project, who was one of the participants, compared to other development approaches, M4P is more effective. By using the market potential as a driving force, it has potential

to reach larger numbers of poor people. For long term and sustainable development, the development staff should play a role as market development facilitators. This development approach can help the development project staff to identify the place or point that market systems fail as well as identifying the root causes of that failure and the attributes to unequal access to the benefits in the market. Therefore, the development team's understanding of market dynamics is increased. Based on these understandings, the development team in the project will take corrective actions to address the market failures. Thus, applying this approach, the development agencies and governments that work in economic and social development will be able to ensure systematic analysis and design of interventions that have a long term and sustainable impact.

SPECIAL PROJECTS

YGMS Professional Program



This year, 2013, marks the eighth and final year of the NZAP-MI partnership in training of Young Professionals from GMS countries. Nine young professionals from Cambodia, China, Myanmar, Thailand, and Vietnam were recruited for the program. The Young GMS Professional Program (YGMS) is a six-month semi-structured learning program based at MI headquarters in Khon Kaen, Thailand. It is open opportunities to young professionals in involved in regional development. The program emphasizes developing the region's human resources in both private and public sectors.

Throughout the program's cycle, nine YGMS professionals have gone through a series of training programs provided by MI on facilitation skills, regional cooperation, and research methodology. These courses have equipped them with skills and competencies that directly relate to workplace and research settings in the realm of regional cooperation and integration.

The YGMS professionals completed their research and learning projects as well as on-the-job training in MI's three program departments.

MINZAS Program, *March 4 - 28, 2013*

2013 marks the second year of the MINZAS program where 12 Master's Degree students from Cambodia, Lao PDR, Myanmar, and Thailand received research scholarships from the New Zealand Ambassador in Bangkok.

As part of the scholarship, a series of training courses and consultations on research methodologies, prior to the research commencement, were also provided by MI. After 6 months of conducting research in their home countries, MI organized the MINZAS Roundtable Meeting as an opportunity for the scholars to present and share their research results from September 2-3, 2013. The meeting also created a platform for deliberating and validating their research findings among experts.

As part of the scholarship program's benefits, the students' research papers have been published in MI's Working Paper Series which were distributed widely among GMS research institutions, universities, academic libraries, and other development stakeholders.



The Mekong Forum 2013

To support the GMS Economic Cooperation Program's (ECP) vision for more integrated, prosperous, and equitable growth in the GMS, the International Institute for Trade and Development (ITD) and MI organized the Mekong Forum from July 11-12 in Khon Kaen, Thailand.

The Mekong Forum 2013 brought together senior policy makers, business and civic leaders, academic experts and development practitioners interested and involved in the ECP and AEC. The aim was to work together to examine the social and ecological implications of rapid economic development and integration. During the day-and-a-half-long event, participants sought to define appropriate measures and strategies to support the positive accomplishments made by regional economic growth and social development programs and projects. Additionally, forum participants discussed how to avoid, minimize and mitigate the negative consequences and development disparities within Mekong countries.





The event served as a foundation for participants to present and receive updates on the latest developments in the GMS as well as identify areas of collaboration that could synergize GMS Human Resource Development (HRD)/capacity building initiatives and AEC regional integration and cooperation frameworks. Participants were also able to share success stories, lessons learned, and innovative ideas to enhance regional cooperation and integra-

tion while promoting more inclusive and equitable growth in the GMS. Furthermore, participants focused on exploring potential partnerships in the hope of strengthening the efficient use of resources. Ultimately, these forum discussions and collaborations will bring about a positive impact on capacity development initiatives, formulate policy recommendations for the GMS governments, and close the gap between development disparities.

SPECIAL FEATURE:

East-West Economic Corridors (EWEC) Field Offices

Lao PDR

The EWEC Lao field office has set its own norms which prioritize punctuality and effective communication with colleagues and project partners. They mainly work with and through local project partners with the goal of creating a sustainable environment after the project has ended. With this goal in mind, EWEC is focusing on improving local partners' ability to carry out capacity building development activities more effectively and efficiently.

In particular, Lao PDR is proud of their organic rice promotion programs. This field office communicates mainly by hosting quarterly meetings, direct feedback, and project partners. Local people and project participants have conveyed their excitement about the prospects of linking local rice products to regional and global value chains. The Khammouane team is focusing on pilot projects that localize capacity development packages at the project site with close monitoring and support for local project partners. Because of this, MI has been able to cultivate stronger relationships with local Lao PDR authorities and partners while contributing to positive regional cooperation and integration.



First RLED-EWEC Project key partners meeting.



SDC field visit Meeting with partner from DIC



First Local Economic Development (LED) Workshop



Organic rice farmer group formation

Myanmar

The EWEC field office in Myanmar offers diverse expertise and maintains a collective organizational vision by openly discussing and sharing knowledge, ideas and opinions. They reach out to their target population in a participatory manner through positive collaboration, well thought out agreements and by clearly defining roles and responsibilities.

Participants have been pro-active and have eagerly taken full responsibility for tasks at hand, while the field officers are keen to share expertise and training based on the participants' needs.



The LED compass workshop in Kayin, Myanmar



National Consultant team visited 8 Government Departments, SME Bank, 2 NGOs, and Cooperations (KSD & CCI)



Senior associate consultant and researcher from Peace Nexus visited EWEC field office, Myanmar.



Dr. Suchat Katima giving speech at the Inception Workshop in September 2013



Field visit in Khe Sanh, Huang Hoa, September 2013



Meeting with Quang Tri PPC in August 2013

Vietnam

Having new field offices in three different countries, MI is now able to more deeply understand the context of local communities. These field offices will help MI strengthen its internationalization strategy while simultaneously extending its localization approach, ultimately developing and reinforcing the trust and credibility of MI to its local partners. Vietnam's EWEC field office is where cultural factors affect most discussions and opinions. Every staff member has an opportunity to express their ideas in an open forum, which sometimes brings about conflicting opinions. At the same time, participants are fully aware that the bottom-line is to reach a practical solution. They consider the RLED-EWEC development project to be a promising one because it creates opportunities to adjust and review current organizational practices.



MoU signing ceremony between MI and Quang Tri PPC



Dr. Suchat Katima with Mr. Mai Thuc (Vice-chairman of Quang Tri PPC)

2013 MEKONG INSTITUTE ACTIVITIES

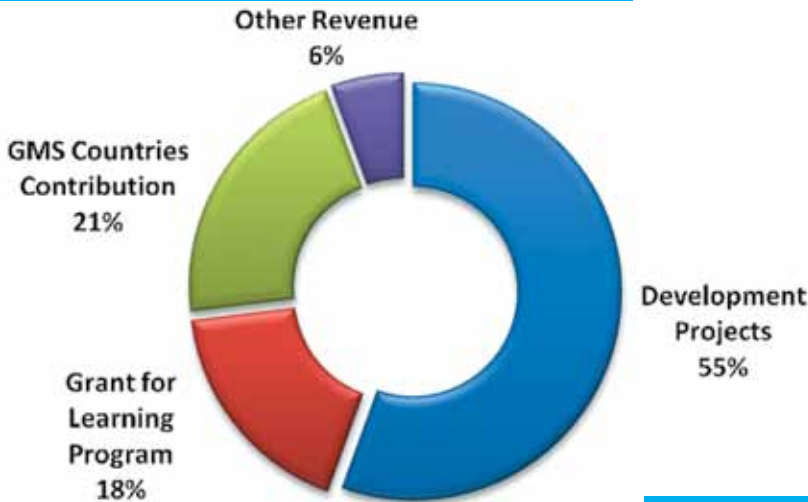
No.	Activity	Date	Development Partner	Country							Gender		Sector		
				Cambodia	China	Laos	Myanmar	Thailand	Vietnam	Others	F	M	Public	Private	
Trainings															
1	Research Methodology for Master's Degree Students from CLMT countries	2-29 Feb	NZAP	3	0	3	5	1	0	0	0	5	7	12	0
2	Basic Cambodian Course for Ministry of Health, Thailand	3-7 June	Ministry of Health, Thailand	0	0	0	0	23	0	0	0	19	4	23	0
3	Basic Facilitation for YGMS	15-22 Nov	NZAP	2	2	0	1	2	2	0	0	7	2	9	0
4	IWRM Training, Batch 8	14-25 Jan	MRC	4	0	3	1	3	3	0	0	4	10	11	3
5	Modular Training on Gap & PH Practices	20-31 May	NZAP	6	2	6	6	1	6	0	0	13	14	23	4
6	Youth Camp	1-27 Jul	NZAP	11	0	11	5	0	11	0	0	14	24	38	0
7	Agriculture Sector Value Chain Analysis and Promotion	19-30 Aug	TICA, NZAP	2	0	3	11	4	2	1	1	10	13	23	0
8	Postharvest Practices	14-25 Oct	TICA, NZAP	3	0	4	3	3	2	0	0	9	6	15	0
9	Value Chain Identification Training (with RD)	10-12 Jan	NZAP	3	0	1	0	5	1	1	4	7	1	10	0
10	Value Chain Mapping Training (with RD)	4-6 Mar	NZA	2	0	2	2	4	2	3	6	9	2	13	0
11	Cross-border Agriculture Value Chain	20-22 Mar	SDC	3	0	2	3	4	2	3	10	7	0	17	0
12	Result-based Monitoring and Evaluation Exchange Workshop	11-12 Jul	SDC	3	1	1	3	6	3	3	12	8	0	20	0
13	Project Cycle Management, Gender Equality and Social Inclusion Mainstreaming workshop	26-30 Aug	SDC	2	0	9	4	0	1	16	17	15	0	32	0
14	Facilitation Skill for Agricultural Extension Workers in Myanmar		SDC	0	0	0	10	0	0	0	0	2	8	8	2
15	Business Research and Database Development for Chambers of Commerce and Industry along North South Economic Corridor (NSEC)	25-29 Mar	People's Government of Yunnan Province, P.R. China	0	13	9	0	5	0	0	0	9	18	24	3
16	Product Market Identification for GMS	29 April – 3 May	NZAP	5	4	6	6	3	6	0	0	12	18	19	11
17	SME Cluster Development and Export Consortia	20-31 May	NZAP	5	0	6	10	0	6	0	0	10	17	21	6
18	Enhancing the Utilization of FTAs by SMEs	17-21 June	NZAP	5	5	6	6	0	6	0	0	16	12	17	11
19	Trade Negotiation and Trade Policy Development	5-9 Aug	NZAP	6	1	4	4	0	6	0	0	7	14	21	0
20	Project Monitoring and Evaluation	6-17 May	ADB	5	3	4	6	2	5	0	0	11	14	25	0
21	Agricultural Productivity and Natural Resources Management	18-22 Feb	ADB	7	0	9	10	6	0	0	0	8	24	26	6
22	Strengthening Coordinated Cross Border Systems in CLMV	2-11 Sept	TICA	7	0	7	5	0	6	0	0	22	3	25	0
Total No. of Participants for Trainings				84	31	96	101	72	70	27	227	254	343	138	
Workshops/Seminars/Policy Dialogues															
23	Mekong Forum 2013	11-12 Jul	NZAP/ITD	6	6	18	6	133	4	6	100	79	84	95	
24	MINZAS Round Table Meeting 2013	2-3 Sept	NZAP	6	0	6	8	4	0	1	7	18	25	0	
25	Preparatory Workshop for Youth Camp 2013	21-22 Mar	NZAP	2	0	2	0	0	2	0	1	5	6	0	
26	Value Chain Validation Workshop on Maize	26 Aug	NZAP	26	0	0	0	0	0	0	2	24	10	16	
27	Value Chain Validation Workshop on Longan	27 Aug	NZAP	21	0	0	0	0	0	0	3	18	10	11	

No.	Activity	Date	Development Partner	Country						Gender			Sector		
				Cambodia	China	Laos	Myanmar	Thailand	Vietnam	Others	F	M	Public	Private	
28	S&E GAP	20-22 Nov	NZAP	27	0	0	0	0	0	0	0	13	14	27	0
29	Round Table Meeting, Action Research Findings Presentation on SME Clusters and Value Chain Integration in CLMVT	31 Jan - 1 Feb	NZAP	2	0	1	2	1	2	8	6	10	15	15	1
30	National Workshop to Disseminate Action Research Findings on SME Clusters in CLMVT	19 Feb - 6 Mar	NZAP	15	0	31	34	0	20	0	41	59	41	59	0
31	NSEC Synthesis and Evaluation Workshop	11-Sep	Yunnan Government, China	0	12	3	0	3	0	0	9	9	18	0	0
32	Workshop on Otagai Project	7-9 Oct	JICA	0	0	25	0	0	50	0	45	30	55	20	0
33	S&E Workshop on SME and Market Intelligence and E-marketing	15-16 Oct	NZAP	12	0	4	4	0	4	0	16	8	12	12	0
34	NW on Trade Negotiation in Myanmar, Lao PDR, and Cambodia	Nov-7,12, 14	NZAP	25	0	25	25	0	25	0	50	50	80	20	0
35	Regional Seminar cum Business Matching on Mekong Silk Road	27-28 Nov	JAIF	0	0	6	12	30	18	0	40	26	30	36	0
36	Synthesis and Evaluation Workshop on utilization of FTA + Trade Negotiation	17 Dec	NZAP	4	0	12	4	0	4	0	12	12	12	12	0
37	Seminar on Standards and Trade Promotion	18-19 Dec	CUTS International	10	0	10	10	10	10	0	25	25	25	25	0
38	Synthesis and Evaluation Workshop for PSR Project	30-31 May	SDC	0	0	0	26	0	0	0	11	15	26	0	0
Total No. of Participants for Workshops/Seminars				156	18	143	131	181	139	15	381	402	476	307	0
SLVs															
39	SLV on Trade, Investment, Tourism and Service Business Opportunities in Andaman Provincial Strategic Group with particular focus in 'Phuket'	15-17 June	Nong Khai Provincial Government, Thailand	0	0	0	0	45	0	0	13	32	28	17	0
40	SLV on Farmer-led Community Enterprises	9-13 Jan	Esan	35	0	0	0	0	0	0	11	24	6	29	0
41	SLV Contract Farming	28 Oct - 2 Nov	NZAP	20	0	0	0	0	0	0	10	10	20	0	0
42	Working Group Orientation from EWEC Project on Agricultural Value Chain	Dates not set	SDC	0	0	5	5	0	5	0	5	10	10	5	0
43	Project Catalyst Visits by Swiss Contacts regarding Best Practices in NE Thailand	27 Oct - 1 Nov	SDC	0	0	0	0	0	0	3	0	3	0	3	0
44	SLV on Technology, Trade and Investment in GMS countries	24-27 June	China-CA	0	6	0	0	0	0	0	3	3	4	2	0
45	Enhancing Capacity Building through Leveraging "SLV"	4-8 Nov	LOGIN,SDC	2	0	2	0	2	2	7	7	8	15	0	0
Total No. of Participants for SLVs				57	6	7	5	47	7	10	49	90	83	56	0
Total number of participants for training, workshops/seminars and SLVs				297	55	246	237	300	216	52	657	746	902	501	0
Total number of participants				1403											

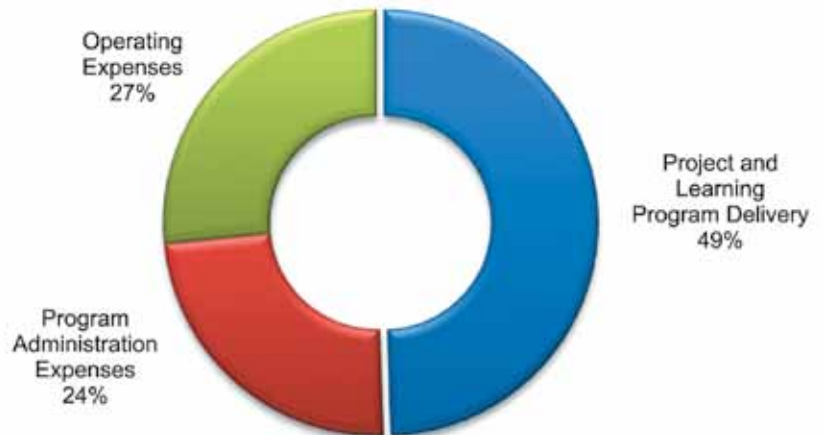
REVENUE AND EXPENSES REPORT JANUARY – DECEMBER 2013 & 2012

REVENUE (USD)	2013	2012
Development Projects		
New Zealand Aid Programme (NZAP)	776,119	867,265
Swiss Agency for Development and Cooperation (SDC)	556,066	-
Japan-ASEAN Integration Fund (JAIF)	85,225	243,646
Sub total	1,417,409	1,110,911
Grant for Learning Program		
Thailand International Development Cooperation Agency (TICA)	88,134	42,999
Foreign Affairs Office of Yunnan Provincial Government of People's Republic of China (FAOYN)	76,926	17,672
Asian Development Bank (ADB)	60,915	113,394
New Zealand Ministry of Foreign Affairs and Trade (NZ MFAT)	40,224	-
Swiss Agency for Development and Cooperation (SDC)	33,114	61,484
Deutsche Gesellschaft for Internationale Zusammenarbeit (GIZ)	24,211	42,147
Nong Khai Provincial Government	29,417	-
ASEAN Sectarian	28,433	-
Asian Development Bank Institute (ADBI)	10,886	23,690
The People's Republic of China	-	153,861
International Institute for Trade and Development (ITD)	-	111,153
Other	55,384	163,191
Sub total	447,645	729,591
GMS Countries Contribution		
Royal Thai Government	304,136	176,240
Chinese Government	200,000	150,000
Cambodia Government	10,000	10,000
Lao P.D.R. Government	10,000	10,000
Vietnam Government	20,000	20,000
Sub total	544,136	366,240
Other Revenue	143,383	86,182
Total Revenue	2,552,573	2,292,924
EXPENSES (USD)		
	2013	2012
Project and Learning Program Delivery	1,181,938	761,369
Program Administration Expenses	571,683	780,061
Operating Expenses	634,744	561,168
Total Expenses	2,388,366	2,102,598
Revenue over (under) Expenses	164,207	190,327

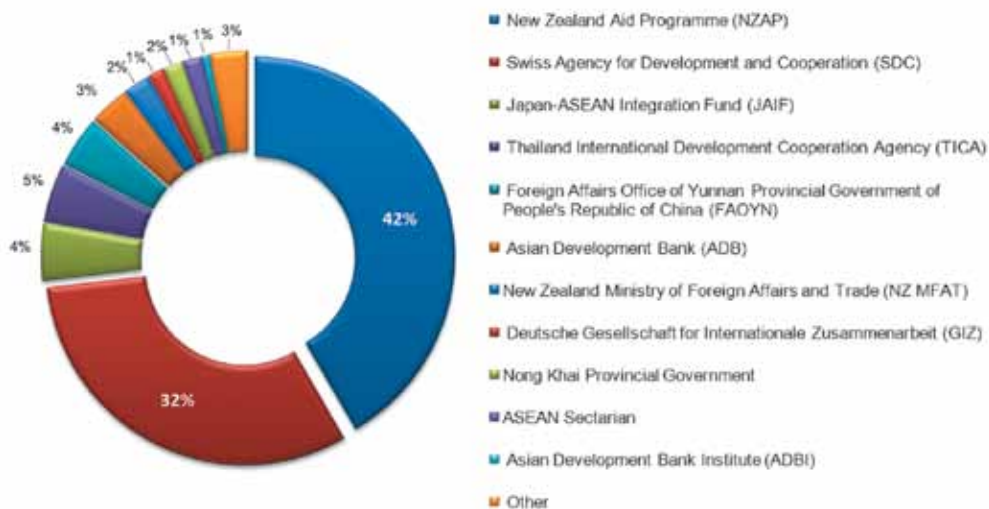
Graph of 2013 Revenue



Graph of 2013 Expense



Graph of Source of Funds (Grant for Learning Program and Project Activities)



2014 GOALS and CHALLENGES

Building upon the organizational development work foundation that took place in 2013, 2014 will bring about the start of MI's three-year capacity development plan for all staff, the implementation of a results based monitoring and evaluation framework and the continuation of partnership collaboration and exchange. MI's reputation is becoming increasingly visible. As such, the operational landscape can change on a monthly, and sometimes weekly basis. The challenge in 2014 is to orchestrate opportunities and weave them into a channel that continuously moves towards our strategic goals. 2014 milestones (operational objectives) have been set with the intent of focusing on the end goal and ensuring the Mekong Institute stays on track. These operational objectives build upon what was established in 2013, fall within the framework of the Balanced Scorecard, and fully support MI's 2013-2015 Business Plan. The operational objectives are:

1. Intensify MI's multi-year development project activities by performance on existing projects and securing future business
2. Cultivate Mekong Development programs and services in a way that delivers Human Resource Development programs and services according to the Mekong Development program cross cutting areas
3. Ensure the development and effective documentation of MI products and services as well as build our capacity in policy dialogues, research and consultancy services
4. Improve MI's internal processes and systems and organizational learning and growth while emphasizing capacity development, working with and through partners, and monitoring and evaluation
5. Ensure that our Balanced Scorecard performance indicators are met.

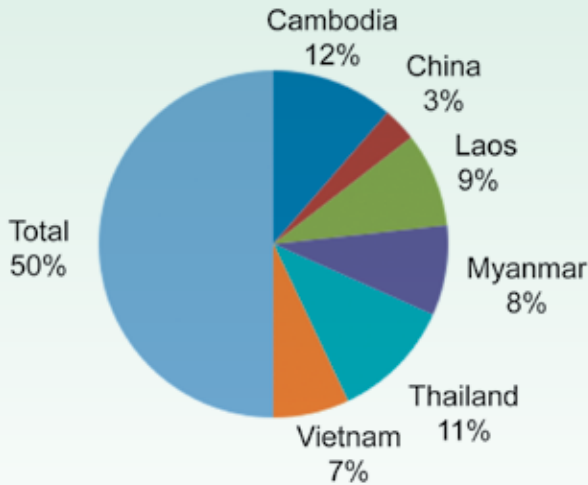
The Mekong Institute is enjoying a high rate of success as indicated by the number of work opportunities being requested by multiple donors. Activity levels are high and the implementation of and continued focus on results-based monitoring and evaluation will be instrumental for future success. A mid-year review will be implemented in June to formally assess progress and make any adjustments to program plans if required. Four critical success factors (CSFs) exist to sustain this high activity:

1. **BUSINESS GENERATION:** The ability to identify, create and close business; it is necessary for program staff to develop a strong competency in identifying opportunities, selling our products and services, and effectively promoting and positioning MI.
2. **CROSS-CUTTING THEMES:** The ability to fully develop and utilize our Mekong Development services; many opportunities are developing within our cross-cutting theme department, therefore, we need to ensure its continued growth and support.
3. **CRITICAL BACKROOM ACTIVITIES:** The ability to create space to do 'backroom' support activities such as marketing and effective results based monitoring and evaluation; special emphasis will be placed on effective development, documentation and packaging of our products and services.
4. **BALANCE:** The ability to balance our strengths and contributions: Mekong Institute has developed a strong reputation in training, but now is the time to also develop strong competency in research, consulting and facilitation of policy dialogues.

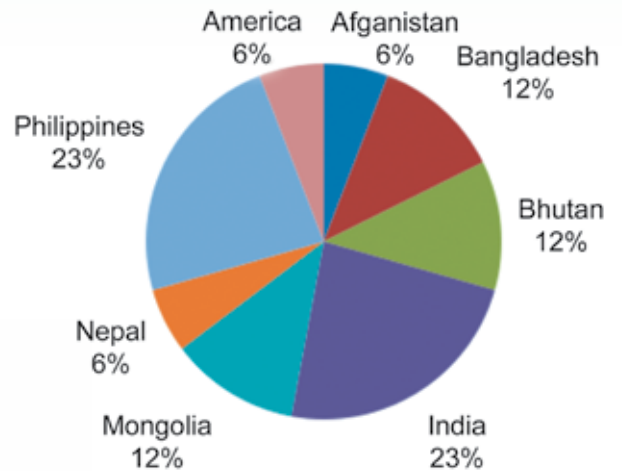
Furthermore, 2014 will initiate and guide the design of the subsequent Strategic Plan. It is crucial that the Council will actively engage in this process mid-year and that stakeholder consultation meetings will take place. A proposal has been developed for this and a project will be established to successfully review its implementation.

The Mekong Institute budgeted expenditure for 2014 is projected at USD 4.15 million for its program delivery and USD1.1 million for all expenditures under our Operating Expense Budget. The 2014 income is estimated at USD 5.4 million. The objectives' success and effectiveness will be measured throughout the year by continuously evaluating the Balanced Scorecard performance indicators. This will be supported by a mid-year review in June, 2014. The objectives, monitoring and evaluation will provide a clear focus for programs and support services alike. It is acknowledged that these targets are 'output' indicators. MI is currently developing 'outcome' indicators which will be implemented throughout MI during the course of 2014 and will run concurrently with the Balanced Scorecard output indicators. MI intends to apply this organizational shift throughout 2014, eventually replacing its output indicators with outcome indicators by the beginning of 2015.

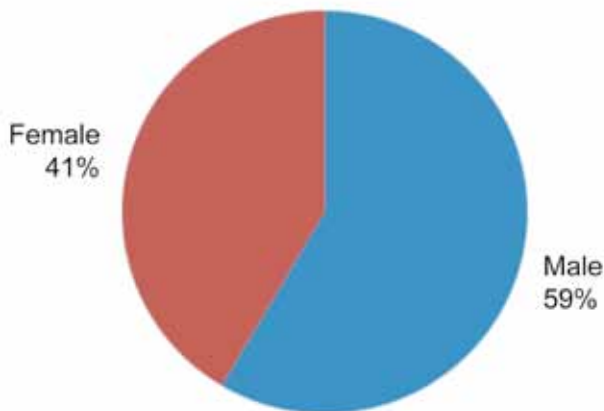
Participants by GMS Country



Participants by Non-GMS Participants



Participants by Gender



MI Alumni

As of 2013, 4,893 have attended MI's learning programs.

Country Representatives

(Coordinating Agencies)



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