



# Uplifting Borders - Taking the GMS to the Last Mile

## Uplifting Borders – Taking the GMS to the Last Mile

A Policy Dialogue Conference

### Background

The conference “*Uplifting Borders — Taking the GMS to the Last Mile*” was jointly organized by the National Economic and Social Development Board (NESDB) – The Royal Thai Government, United Nations Capital Development Fund (UNCDF) and the European Union Delegation to Thailand (EUD-T), being represented through the Policy Dialogue Support Facility (PDSF) project.

The event included presentation of the findings of a UNCDF commissioned study that explored the feasibility of support to Greater Mekong Subregional (GMS) cross-border local economic development. The concept is centered on developing bi-directional economic and social linkages between South East Asian economies and the GMS subregional East-West (GMS-EWEC) and North-South Corridors (GMS-NSEC) in South East Asia. Four countries have been considered: Cambodia; Lao PDR; Myanmar; and Thailand (CLM-T) - given their geographical location and the mandates of the international organizations.

The four country and multi donor stakeholder conference provided a solid foundation for exchange of policy ideas to invigorate the development of the sub regional cross-border areas within and in proximity to GMS-EWEC and GMS-NSEC. Key development partners were able to inform the dialogue and outline their current programmes and future intervention strategies. The feedback received from the conference provided inputs to the upcoming UNCDF regional programme Local Transformative and Uplifting Solutions (LoTUS) and the identification of future pathways for its implementation.

### South-South Cooperation

*The international policy dialogue conference was developed to support the CLM-T countries explore new policy options to invigorate growth of border areas that lie within or are in proximity to the GMS economic corridors.*

*The conference brought together government institutions from Cambodia, Lao PDR, Myanmar and Thailand with private sector Representatives, policy research bodies and international development agencies.*

*Policy level discussions reflecting national, ASEAN and GMS strategies, resulted in a set of complimentary actions being agreed to so as to compliment the broader and deeper development of the GMS economic corridors in South East Asia.*

### Conference Organizers



National Economic and Social Development Board (NESDB)  
Thai Royal Government



Delegation of the European Union to Thailand (PDSF Project)



UN Capital Development Fund  
Local Transformative and Uplifting Solutions

## Objective and Outcomes

The conference objective and intended outcomes framed the event and were achieved through country delegation presentations and panel discussions.



To facilitate policy dialogue for transformative solutions to develop CLM-T border municipalities.



To reach consensus on forward pathways to support border municipal investments and development.



To facilitate dialogue for harmonized trade frameworks that can expedite investments and intra-regional trade that align to the EU and global practices.



To identify pilot initiatives from the presentations to pilot development finance, strategies and forge new partnerships to deepen the GMS.



To develop a CLM-T border-development concept for the uplifting of border communities - taking the GMS to the “last mile”



To initiate a conversation about “Last Mile” financing in the lagging economies of the region

## Participants and Contributors

A purpose of the conference was to bring together a broad coalition of stakeholders that are actively involved with the GMS programme and subregional investments. It attracted senior level participation from; (1) the Government of Cambodia, (2) the Government of Lao PDR, (3) the Government of Myanmar, (4) the Chambers of Commerce of the CLM-T countries, (5) private sector investors, (6) research institutions, (7) European Union, Luxembourg, France, Australia and other development partners and (8) United Nations agencies.

Contribution in the form of presentations and membership of the four panel sessions covering the following key topic areas was provided by the CLM-T and DPs: -

Topic Area	Presentations	Panel
Investment and Frameworks	Policies Government of Cambodia Government of Myanmar European Union Delegation to Thailand	CDC Cambodia Cambodia Investment Board Investment Promotion Lao PDR DICA Myanmar Chair – H.E. Bounthavy (MoPI Lao PDR)
Blending finance for development	UNCDF European Union Delegation to Thailand	NCDD Cambodia Myanmar Private Sector NESDB UNCDF European Union Delegation to Thailand Chair – H.E. Viphingxay (MoHA Lao PDR)
Priority cross border developments	Thailand Chamber of Commerce NEDA Government of Cambodia Government of Lao PDR Government of Myanmar	Chamber of Commerce Lao PDR MoPF Myanmar GMS Business Forum ADB UNESCAP NEDA
Cross-border financing (project focus)	UNCDF Scoping Study Team	Thailand Chamber of Commerce GMS Business Forum Cambodia Investment Board DICA Myanmar UNCDF Chair - UMFCCI Myanmar

## Conference Attendance

Over 100 persons attended the main conference (31st May 2016) followed by the attendance of 40 persons to the technical sessions held on the following day (June 1st).

## Conference Day 1

The open conference sessions and panel-led policy dialogues were completed during day 1 of the event (31st May 2016). This delivered a common understanding and consensus about synergies in cross-border spatial (rural communities) development and investment within the GMS economic corridors. The following outline of each session illustrates the flow of policy dialogues in alignment to the objective and intended outcomes of the conference.

### Welcoming Remarks and Addresses

The conference was opened with welcoming remarks being made by;

- \* *H.E. Mr. Jesús Miguel Sanz, Ambassador of the EU Delegation to Thailand;*
- \* *Mr. David Jackson, Director of Local Development Finance Practice, UN Capital Development Fund, from New York;*
- \* *Mr. Kalin Sarasin, Deputy Secretary-General Thai Chamber of Commerce.*

NESDB provided a brief outline of the conference stating that

*"...Strong public and private sector interest in cross-border economic linkages between Cambodia, Lao PDR, Myanmar with Thailand (CLM-T) may be used to provide key municipal infrastructure for GMS border area communities to support local, national and sub-regional development. The objective of this conference is to facilitate policy dialogue to develop complimentary transformative solutions to develop CLM-T border municipalities within the frame of the GMS."*

### Session 2 – Investment policy and frameworks

The session examined the roles of aligned national investment policy and frameworks to expedite cross-border trade and facilitate the development of the cross border economic areas. Explicitly, for the AEC the CLM-T trade policies and frameworks must be complimentary and be in alignment to commitments of the ASEAN member states but also be compliant to international standards and conventions.

Within the CLM-T sub region of ASEAN, efforts are being placed to develop new policies and frameworks to address these issues and to further South-South cooperation.

Session 2 provided a suitable point from where to start the conference, a dialogue about investment policy and investment frameworks. Setting the foundation for all cross-border development. Key note presentations were provided by Cambodia and Myanmar who are developing and implementing new policy and frameworks. The EU provided a European and global perspective of investment policy and frameworks, placing emphasis upon the emerging roles of the judiciary in the context of arbitration and settlements.

The following panel produced lively discussion especially related to the role of the judiciary in the new European models and also the requirement for harmonization of frameworks and legislation across the CLM-T countries.



H.E. Mr. Jesús Miguel Sanz



Mr. Kalin Sarasin

### Session 3 – Blending finance for cross-border development

Cross-border development within the CLM-T will require that municipal authorities cooperate and use factor endowments to create investable climates that can attract private sector collaboration and partnerships. Essential for enhancing cross-border development is the construction of productive local infrastructures that link local economic territories to the GMS economic corridors. These smaller scale investment activities that are commonly outside the funding of the “*mega projects*” will create and maintain the backwards economic linkages to incubate broader local investments and mobilize local and regional finance providing access to border communities to the opportunities offered by the GMS economic corridors.

Two presentations directly related to the mobilization of financing solutions to de-risk and facilitate such investments were made. Both presentations illustrated a core feature of the work and support of the EU and UNCDF in the region. Mrs Sutthiya Chantawarangul from the EU provided a over-view of the EU’s Asia Investment Facility (AIF). Mr David Hugh Jackson outlined UNCDF’s unique blending solutions for local infrastructure development and its impact measurement tool for local economic development in cross border regions.



Mr. David Hugh Jackson

### Session 4 – Leveraging cross-border linkages

Session 4 brought together research undertaken by UNESCAP, the UNCDF LoTUS scoping study related to CLM-T cross border development and the new ADB strategy related to their GMS Urban Development Initiative. As described by previous presenters and panel discussion local infrastructure development will act as a catalyst to invigorate investment into the CLM-T border areas.

Dr. Masato Abe from UNESCAP gave a presentation related to value chains and fragmented production networks providing a policy focus for cross-border development. Using analysis undertaken by UNESCAP Dr. Abe visited the three CLM-T borders offering insight to strategically prioritize sector investment taking advantage of localized and national conditions.

Ms. Pinsuda Alexander from ADB gave a presentation of the ADB strategy that addresses the limited local benefits of the GMS economic corridors which will deepen the reach of the GMS. “*The Urban Development Initiative*” aims to reduce disparities of the corridor developments by supporting inclusive engagement of local communities to provide inclusive socio-economic opportunities.

The session was concluded by Dr. George Abonyi (UNCDF) who presented the preliminary results of the UNCDF LoTUS scoping study. The study, in particular, identified some investable project pipelines (local infrastructure and local services) that can be used to compliment on-going GMS programme, linked to the approach outlined by David Jackson earlier.

*The discussion revealed the availability of supply side finance and the demand side requirements for finance. Bottlenecks associated with the formulation of bankable proposals were cited as being one of the main constraints to secure investments for smaller scale local infrastructure projects that compliment the GMS mega projects.*

## Session 5 – Approaching and prioritizing border area development

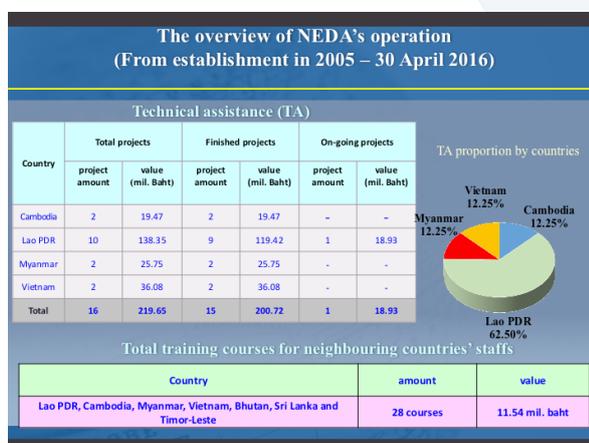
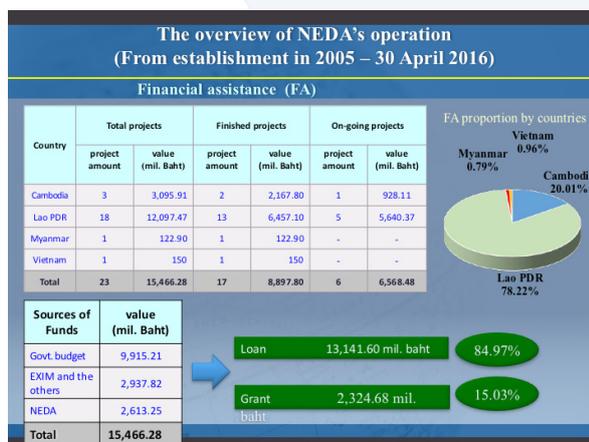
Session 5 was purposefully designed to encourage triangular discussion between governments, the private sector (investors) and non-government organisations related to prioritized investments that carry the potential to quicken border area development and act as a catalyst for South-South cooperation. The session facilitated the sharing of the perceptions of the private sector. Presenting an overview of the strategic approaches that are being adopted by the private sector which highlighted the bottlenecks that restrict cross border investment.

Mr. Newin Sinsiri, Chairman of NEDA provided an outline of the current investments that are being made by NEDA in the CLM countries to support economic development. The concrete examples of investments made by the Royal Thai government in Cambodia, Lao PDR and Myanmar can provide an opportunity for “value-added” smaller-scale investments that localize these larger NEDA-funded projects (mega projects).

Presentations detailing the prioritizing of projects in the border areas were made by the delegations from Cambodia, Lao PDR and Myanmar respectively. The country presentations suggested the national priorities in the context of cross border linkages and investments and subregional cooperation to support South South investment to expedite the economic development of the CLM-T cross border areas.

A panel-led discussion allowed for deeper consideration of national and subregional priorities to be discussed. In general, the need to complement the existing larger-scale investments (mega projects) with smaller-scale localized projects built a consensus on the pathways forward. These smaller projects acting as a catalyst for local development can provide a much-needed boost to local economies offering new possibilities for joint public and private sector investments. It was concluded that such interventions would promote the deepening of the GMS economic corridors via extending their reach and integration of rural and border area communities.

*NEDA provides financial support to Cambodia, Lao PDR and Myanmar to support economic development. NEDA has supported 18 projects in Lao PDR, 3 in Cambodia, and 1 in Myanmar. NEDA investments plays a vital role in supporting sub regional energy, transport, and logistics connectivity boosting trade and tourism.*



NEDA Sampled Presentation Slides

## Session 6 – From concept to project investments

This final session of the first day of the conference (Day 1) brought together the presentations to help to develop critical pathways to expedite the development of the CLM-T border areas using a “*project base*” as a definitive focus. The UNCDF LoTUS scoping study examined the following border areas identifying potential projects for early investment and policy impact.

Cambodia - Thailand	Lao PDR - Thailand	Myanmar - Thailand
Poi-pet / Aranyaprathet Koh Kong / Khlong Yai	Vientiane / Nong Khai Khanthabouly (Savannakhet) / Mukadahan	Mywaddy / Mae Sot

The presentations were followed by a panel discussion that concluded with a consensus that LoTUS will provide a project based approach to CLM-T border area development acting as a complementary set of interventions that utilize the GMS subregional investment frameworks for the CLM countries. LoTUS will seek to promote those catalytic projects that accelerate local economic development in selected cross border regions. LoTUS will leverage local government investments and (primarily) private domestic capital to achieve this objective..

Day 1 of the conference was closed by H.E Arkhom Termpittayapisith, Minister of Transport of the Royal Thai Government, who delivered a substantial speech related to the development of the border areas and the deepening of the GMS-EWEC and GMS-NSEC. The latter allowing for the spatial development of the GMS economic corridors by extending new opportunities for border communities residing with the corridors but geographically positioned outside of the GMS related production centers.



H.E. Mr. Arkhom Termpittayapisith



Conference Attendees

## Day 2 – Technical Dialogue

The second day of the conference, 1st June 2016, supported the CLM-T technical dialogue intending to;

- \* *Draw-out general consensus amongst the stakeholders of the priority border locations for development;*
- \* *Develop a subregional, national and local consensus and perspective of “what needs to be done” in the context of;*
  - Development actions
  - Legislative actions
  - Policy actions
  - Access to finance
  - Partnerships and synergies
- \* *and; inform the development of the UNCDF LoTUS programme and shape a consensus of priority, intent and collaboration between all actors.*

The session attempted to answer the following in terms of the UNCDF LoTUS programme (1) its contextual fit into the larger GMS programme, (2) the opportunities and (3) the response. The session allowed for a deeper discussion related to the LoTUS enablers for cross-border development that included (1) access to finance, (2) blending finance solutions, (3) partnerships and synergies and (4) the LoTUS intervention logic.

The output of the second session was to provide an outline of actionable sets of pathways which may be utilized by governments, the private sector and development partners to inform border area policy-making processes. Additionally, the session was utilized to assist UNCDF and ADB to inform their strategic directions in the context of the UNCDF LoTUS programme and its complementaries to the ADB “Urban Development Initiative” respectively.

The opening exercise (Session 1) allowed for a substantive discussion led by the CLM country delegations related to the “fit” of the UNCDF LoTUS programme into the GMS programme and its linkage to the GMS subregional investment frameworks. In this context, it was agreed that UNCDF develop an outcome summary of the conference that can be distributed to CLM countries and NESDB for feedback and integration into the LoTUS programme strategy.

A recap of the main findings of the first day of the conference enabled the latter formulation of consensus to develop the UNCDF LoTUS pathways forward. Focus was placed on reaching of strategic policy consensus on “what needs to be done” to make the GMS economic corridors more inclusive especially for remote rural communities and more attractive in terms of the riskier investments often associated with the border areas.

## Concluding Actions

The Day 2 technical dialogue provided a platform for the CLM-T countries to firm up and promote their strategic aims for border development and the broader integration of rural and border communities within the GMS economic corridors. Each participating delegation provide a synopsis of their national strategic prospectus related to cross-border development and the growth of cross-border SEZs and designated industrial zones.

The following questions to develop the LoTUS programme and provide additional inputs to modify the associated Theory of Change (ToC) mapping were formulated.

During the final session clarifications were made about the mechanisms that would be introduced through the LoTUS programme. These will include three UNCDF initiatives: the Local Investment Finance Facility (LIFE) and the Local Climate Adaptive Living Facility (LoCAL) and the Municipal Investment Finance programme (MIF). All will be coordinated and applied to GMS cross border regions under the direction of LoTUS, whose steering committee will be driven by the partner countries: Cambodia, Myanmar, Lao PDR and Thailand. Regional ownership will be critical to the success of the programme. Partnerships also evolved as a salient discussion point with ADB providing a clear overview of the GMS programme and the associated investment frameworks. ADB suggested that the “strategic fit” of the UNCDF LoTUS programme is to provide a blended financing solution to support localised investments and the freeing up of regional and domestic finance. The CLM delegations suggested that the key strategic aim for the LoTUS programme is its need be “project focused” providing demonstrations of effective blended finance solutions and local project development.

Financing mechanisms and the role of Public Private Partnerships (PPPs) were discussed and the approach UNCDF offers in terms of blending finance using LIFE, LoCAL and MIF.

Additionally, the delegations indicated that PPPs for local developments should factor in social and environmental dimensions. This to ensure that the border and rural communities receive the benefits associated with such development in the context of economic opportunity and access to improved public services.

To finalize the Day 2 technical session, the following actions were agreed

1. UNCDF to develop and share a summary report with all country delegations and DP stakeholders;
2. UNCDF LoTUS programme strategy to be project focused with accompanying actions that link to the DP interventions, this is especially important in relation to the regional DFAT support for transport and trade. Identified characteristics of the LoTUS programme being:
  - \* *The programme acts as a complementary and does not replicate GMS programme activities;*
  - \* *LoTUS should develop hardware and software solutions to develop the border areas, with emphasis being placed on the hardware (project component);*
  - \* *The LoTUS programme can strategically consider the “twin cities” approach that straddle the border areas, examining mutually beneficial actions;*
  - \* *The LoTUS programme needs to facilitate the concepts of cooperation as opposed to competition;*
3. As a second phase, LoTUS will seek to attract finance to expand upon the scoping study work. The scoping study will develop a clear project prospectus for interventions within the identified target areas referencing the GMS investment frameworks;
4. The country delegations suggested and will promote that UNCDF LoTUS attend and participate in GMS associated meetings and the GMS Business Forum;
5. Initial follow up missions will be conducted by UNCDF to the CLM-T partner organizations by the end of June 2016.

# Conference Agenda

Time	Session Description	Presenter
07:00 to 08:20	Registration	
08:20 to 09:00	Conference Opening Remarks Secretary-General, NESDB, Thailand Ambassador - Head of EU Delegation to Thailand UNCDF Director, Local Development Finance Practice Vice Chairman, Thailand Chambers of Commerce	Dr. Pormatee Vimolsiri H.E. Jesús Miguel SANZ Mr David Hugh Jackson Mr. Kalin Sarasin
09:00 to 09:15	Media break and morning refreshments	
Session 2	Investment Policies ASEAN / EU	
09:15 to 09:25	Presenting an investment policy and framework for Myanmar	Mr. Thang Aung Kyaw (DICA)
09:25 to 09:35	Presenting an investment policy and framework for Cambodia	H.E. Nut Unvoanra (CDC)
09:35 to 09:45	Presenting an investment policy and framework - European Union	Mr. Philipp Dupuis,
09:45 to 10:15	Policy discussion panel session (questions and answers)	Panel Led Discussion
Session 3	Mobilizing Finance for Local Development and Productive Infrastructure	
10:20 to 10:35	UNCDF financing for local productive infrastructures - unique blending solutions	Mr. David Hugh Jackson
10:35 to 10:45	EU blending instrument - Asia Investment Facility (AIF)	Mrs Sutthiya Chantawarangul
10:45 to 11:15	Policy discussion - blending finance for development - panel led	Panel Led Discussion
Session 4	Leveraging Cross Border Linkages for Local Development	
11:20 to 11:40	GMS cross-border value chains and their implications	Dr. Masato Abe (UNESCAP)
11:40 to 12:00	GMS programme and developing the economic corridors - Urban Development Initiative	Ms. Pinsuda Alexander (ADB)
12:00 - 12:30	UNCDF LoTUS - scoping study preliminary results	Dr. George Abonyi (UNCDF)
Lunch		
Session 5	Approaching and Prioritizing Border Area Development	
13:30 to 13:45	Private sector strategic approach, potential roles and bottlenecks,	Dr. Jingjai Hanchanlash
13:45 to 14:00	Neighboring countries economic development projects	Mr. Newin Sinsiri
14:00 to 14:15	Priorities in cross-border linkages / sub regional cooperation - Cambodia	H.E Cheam Pe A
14:15 to 14:30	Priorities in cross-border linkages / sub regional cooperation - Lao PDR	H.E Bounthavy Souphantong
14:30 to 14:45	Priorities in cross-border linkages / sub regional cooperation - Myanmar	Dr. Moh Moh Naing
14:45 to 15:00	Priorities in cross-border linkages / sub regional cooperation - Thailand	Dr. Pattama Teanravisitsagool
15:00 to 15:45	Policy discussion - priority cross-border developments - panel led	Panel Led Discussion
Session 6	From Concept to Project Investments	
15:45 to 16:15	UNCDF LoTUS framework and indicative CLM-T project ideas	Dr. George Abonyi
16:15 to 17:15	Border project financing round table forum	Panel Led Discussion
Working Refreshments (to be taken into the event area)		
17:30 to 18:00	"ASEAN LDCs Forward" - strategic pathways - conference statement	CLM-T Countries
18:00 to 18:30	Closing address - Minister of Transport (Royal Thai Government)	H.E. Arkhom Tempittayapaisith
Official Cocktails		
19:00 to 21:00	Cocktails and networking	NESDB EU UNCDF

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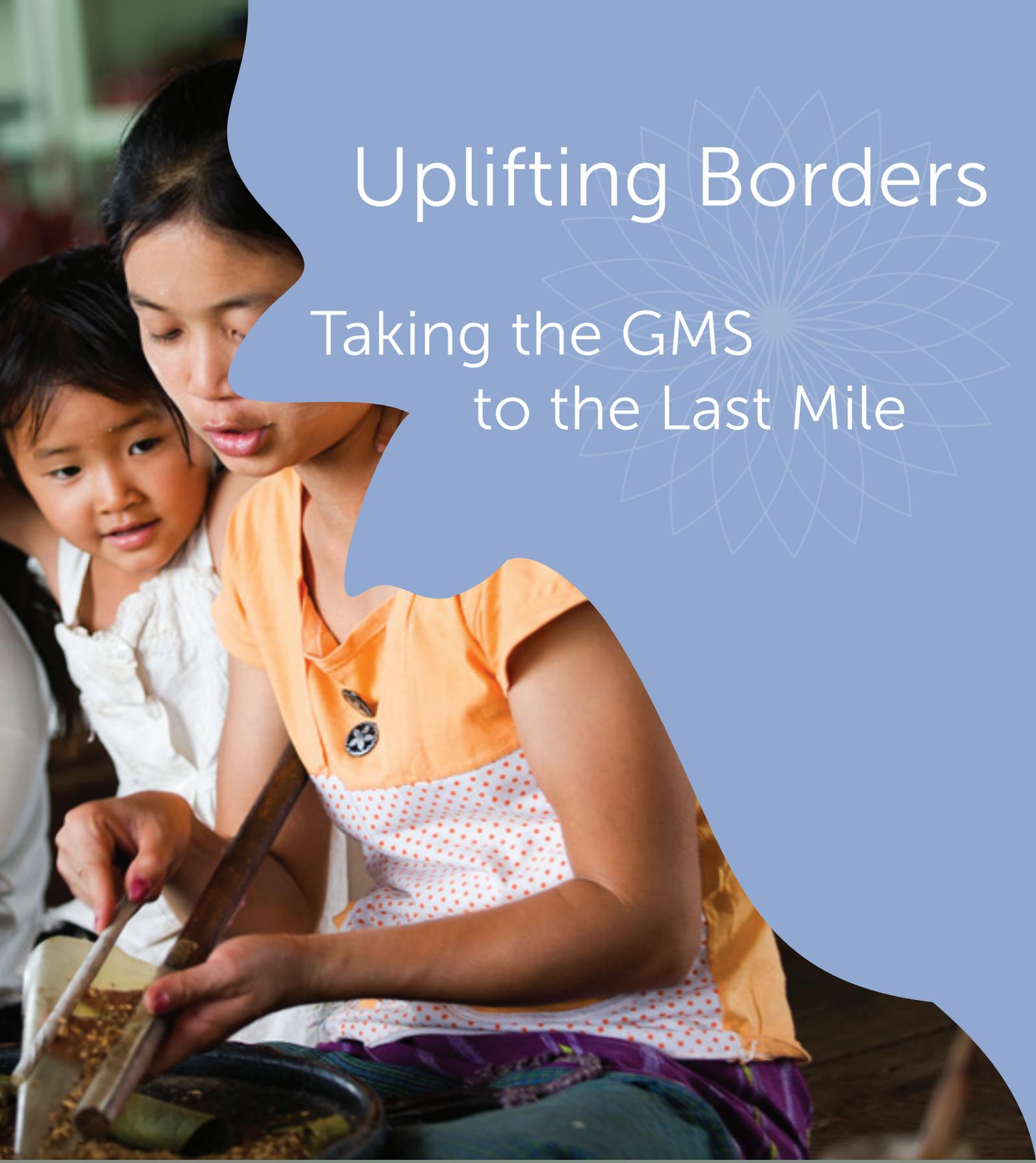
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# Uplifting Borders

## Taking the GMS to the Last Mile



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