CAMBODIA IN THE CONTEXT OF MEKONG-LANCANG COOPERATION (MLC):
PROGRESS AND WAYS FORWARD

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As this year’s co-chair of the Mekong-Lancang Cooperation (MLC), Cambodia positions itself prominently in steering the wheels forward. Although MLC on its own is relatively new in nature in term of its establishment, institutional-wise, it has progressed in a full-speed with remarkable political wills and commitment to forge ahead. Hence, the preliminary thought of this project was to try to assess the progress and challenges of Cambodia in the context of MLC framework vis-à-vis the ways forward.

The author wishes to express her sincere appreciation to Konrad-Adeneur-Stiftung (KAS) in Cambodia for their generous research grant and support along the way to have this project realized and making the finding available for public consumption at large. It is also in the hope that this project could partially assist the Cambodian government in pursuing relevant policies and implementing the proposed projects effectively.

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The opinions and findings expressed herein are those of the author and does not necessarily reflect one’s affiliation or the funding institution. The views elaborated do not represent the official policies of any organizations or governments.
Despite being the newcomer with its concrete inception only came in 2016, the Mekong – Lancang Cooperation (MLC) does have significant influence on the Mekong sub-region, be it economically and/or strategically. It is thus with great importance that there is a need to have frank, balanced and constructive discussions and discourses on MLC vis-à-vis within the country’s context.

It can be observed that the majority within the academic community does not seem to have favorable views on the MLC. Some asserted that the creation paves the way for China to dominate the region. Some are skeptical of China’s goodwill acts and motives behind this emerging multilateral framework. Some stressed that China’s move to have the MLC established was in response to the increasing power competition in the region, particularly with the presence of other existing Mekong mechanisms.

There is a need to look into a plausible cooperation mechanism between China, the five Mekong member states, and the external partners for collective efforts and mutual developments. By having strong political wills and economic resources available as well as shared objectives for spurring regional development whilst some other existing Mekong mechanisms have encountered resource constraints, MLC, the Chinese-backed mechanism should be welcomed with open arms as complementarities rather than being perceived as competition. More concrete and sincere determinations on the aspect of coordination between the MLC and Mekong existing mechanisms are needed. The establishment of coordination plans, fostering institutional collaborations, creating information-sharing platforms, joint special fund between the MLC and other Mekong existing mechanisms as well as jointly-hosting of Mekong Plus Summit ought to be considered.

MLC’s key priority areas align very well with the Cambodia’s National Development Strategies including the Rectangular Strategy and Industrial Development Policy (2015-2025). Some key achievements and notable progresses of MLC in Cambodia including the rapid institutionalization as well as project implementation and fund availability. Nevertheless, some drawbacks and challenges are needed to be taken seriously into considerations including the relatively-juvenile stage of the MLC; its unequal project distribution; limited information and engagement; the blurry distinction between bilateral deals, the MLC and the BRI; fear of unsustainable investment; and concern over a potential debt-burden and hence, debt-trap diplomacy.
Key recommendations can be summarized as follow:

- “Cultural and People-to-People Exchanges”, the third pillar of the MLC, should be mainly prioritized
- The MLC should increase more grants than loans, especially in the aspect of human resources and production capacity development
- More careful socioeconomic assessments should be made by the MLC donors and investors
- Accurate information on the specifications of each project should be publicized
- Relevant ministerial stakeholders should intensify their effort to create a comprehensive MLC website to serve as an information-sharing platform for public consumption
- Higher emphasis should be placed on the coordination effort between GCMS – Cambodia Center and relevant governmental agencies and departments, working on the Mekong issues.
INTRODUCTION

During the 17th ASEAN-China Summit held in Myanmar in 2014, Chinese Premier Li Keqiang put forward an initiative on establishing the Lancang-Mekong Cooperation (LMC) framework. As a follow-up, the First and Second LMC Senior Officials’ Meetings then successfully commenced in April and August 2015, respectively. Further commitments were realized at the First LMC Foreign Ministers’ Meeting which was held in Jinghong City, Yunnan Province of China, on 12 November 2015.

The Mekong-Lancang Cooperation (MLC) framework was then formally launched at the First LMC Leaders’ Meeting in Sanya, China on 23 March 2016 with the participation of leaders from Cambodia, China, Laos, Myanmar, Thailand, and Vietnam – officially formulated the Sanya Declaration, under the benchmark of “A Community of Shared Future of Peace and Prosperity among Lancang-Mekong Countries”. On 10 January 2018, the Second MLC Leaders’ Meeting was held in Phnom Penh under the theme of “Our River of Peace and Sustainable Development”, formulating the Phnom Penh Declaration. Institutionally speaking, in less than three years, MLC could be labelled as one of the most successful regional cooperation frameworks compared to other existing Mekong mechanisms, addressing a broader set of issues and taking a much more comprehensive approach to the development challenges confronting the region as a whole as well as the particular needs of the various member states.

The MLC framework focuses on three main pillars: (i) public policy and security cooperation, (ii) economic and sustainable development cooperation, and (iii) social, cultural, and people-to-people exchanges. These three pillars directly parallel ASEAN’s pillars as institutionalized through the ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC). This approach to MLC serves as a symbolic gesture attempting to illustrate how MLC attempts to further drive the Mekong states forward and therefore, contributing to the advancement of ASEAN regional integration as a whole. Currently, five key areas are being prioritized at the initial stage of the [MLC] cooperation: connectivity, production capacity, cross-border economic cooperation, water resources, and agriculture. Collectively, these facilitate are designed to support the diverse needs of the region’s development.

1 Throughout this paper, LMC and MLC will be used interchangeably, i.e. if the meeting was held in any of the five Mekong countries, MLC is used. Likewise, if the meetings were held or the documents were signed in China, LMC is used. On a side note, MLC is mainly used therein unless otherwise stated.
As Cambodia is a direct state-level stakeholder involved in this relatively new framework, there is a need to look more constructively into the cooperation mechanism and to analyze it in the Cambodian context. This paper also serves to draw more attention as to how the MLC has and might contribute to geographical, environmental, political, societal, security, and economic implications of the Mekong region as a whole and Cambodia in particular. It also strives to stimulate wider debate among the academic community in a domestic and regional context. Although the MLC has achieved remarkable success at the institutional level, in part due to strong political will and commitment among all member states, the comprehensive detail of the project implementation is quite limited with certain restraints that leave the public with doubts and suspicion.

Hence, this project was undertaken with three objectives in mind. First, it intends to set out how analysts and scholars within the region view MLC and the conclusions that they have drawn as regards to its implications for the region as a whole. Second, it provides a deeper understanding as to Chinese perspectives on the MLC and its likely development in the short to medium term. Third, it intends to bridge the gap of misunderstanding and doubts such that the MLC mechanism can be meaningfully prospered.

The paper is divided into three main sections. The first begins by setting out an overview of the Mekong-Lancang Cooperation. This is followed by a discussion, as noted above, as to perspectives regarding the MLC in China and across the other member states in order to provide a more balanced view than that currently available in the secondary literature and to facilitate a better understanding of the realities on the ground at present. It also examines the MLC model in comparison to other existing Mekong mechanisms and explores whether the MLC will be either a strategic competitor or a strategic partner for existing sub-regional institutions. The second section examines to what extent the MLC’s key pillars and priority areas complement Cambodia’s national development policies, followed by an assessment of the progress and challenges of the MLC mechanism in the Cambodian context. The final section provides a set of recommendations and a discussion of the diverse policy implications derivative from the development of MLC for Cambodia.
MEKONG-LANCANG COOPERATION (MLC): AN OVERVIEW

During the First LMC Foreign Ministers’ Meeting in November 2015 in Yunnan, China endorsed the concept paper, which essentially proclaims that the MLC will adhere to the spirit of openness and inclusiveness. It is complementary with the priority areas of ASEAN Community-building, the ASEAN-China Cooperation, and in synergy with several existing sub-regional cooperation frameworks, such as the Greater Mekong Sub-region (GMS) Economic Cooperation Program, ASEAN Mekong Basin Development Cooperation (AMBDC), and the Mekong River Commission (MRC). The cooperation is based on the principles of consensus, equality, mutual consultation and coordination, voluntarism, common contribution, shared benefits, and respect for the United Nations Charter and International Laws.

The MLC is structured around a framework whereby national government take the leading role in determining the extent of their participation as well as defining the priority areas whereby cooperation within the MLC will serve the development and security needs of their respective states. Coordination and collaboration through roundtable meetings of member governments utilized a project-oriented model.

The heads of state/government of China and the five Mekong countries – CLMTV (Cambodia, Laos, Myanmar, Thailand, and Vietnam) reaffirmed their shared vision that the MLC would contribute to the economic and social development of the sub-regional countries, enhance the well-being of the people, narrow the development gap among regional countries, and support ASEAN Community-building as well as promoting the implementation of the UN 2030 Agenda for Sustainable Development and advancing South - South cooperation. The initiative was also driven by the desire of MLC members to institutionalize cooperation among the six countries to help maintain regional peace and stability, to take advantage of economic complementarities across national markets, and provide greater support for the region’s social and economic development.2

Since its inception, there have been three fundamental documents that provide the framework of MLC: (i) the Sanya Declaration, (ii) the Phnom Penh Declaration, and (iii) the Five-Year Plan of Action on Lancang-Mekong Cooperation (2018-2022). In order to

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2 Opening Remark by Ambassador Pou Sothirak, Executive Director of the Cambodian Institute for Cooperation and Peace (CICP), during the Launching Ceremony of the Global Center for Mekong Studies (GCMS) – Cambodia Center on June 08, 2018 in Phnom Penh.
grasp the development of the LMC since its inception, it is necessary to examine these texts in detail as they set out how MLC will develop and the process through which cooperation will be institutionalized.

**THE SANYA DECLARATION**

The *Sanya Declaration* was adopted during the First LMC Leaders’ Meeting on 23 March 2016 in Sanya, China. The document sets out 26 concrete measures, which address the foundation, the nature, the framework and objectives of the MLC. It reaffirms the members’ commitment to strengthen and expand the scale of cooperation in accordance with the three existing pillars as agreed upon during the First LMC Foreign Ministers’ Meeting.

For the political-security pillar, the leaders agreed to promote high-level exchanges, dialogue and cooperation whilst encouraging relevant stakeholders to participate in these exchanges. They also agreed to deepen law enforcement and security cooperation as well as to improve collaboration against non-traditional security threats such as terrorism, transnational crimes, and natural disasters. Moreover, MLC leaders agreed to promote cooperation in addressing climate change impacts, humanitarian assistance, and food, water and energy security.

In terms of economic and sustainable development cooperation, member countries agreed to step up both, hardware and software connectivity. Regarding hardware connectivity, they agreed to push forward key infrastructure projects to build a comprehensive connectivity network of highways, railways, and waterways across the sub-region in support of the development of new economic corridors facilitating deeper economic integration. Apropos of software connectivity cooperation, they pledged to accelerate the implementation of trade and investment facilitation measures as well as the construction of power grid and telecommunication networks. Concomitantly, member states pledged to strengthen cooperation in other areas such as industry, agriculture, finance, poverty alleviation, and water resource management while at the same time promoting sustainable and green development.

With regards to social, cultural and people-to-people exchanges, the MLC governments agreed to promote a diverse set of cooperation initiatives in various fields, including: culture, science and technology, public health, human resource development, education, tourism, media, and academia/think tanks. The third pillar

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illustrates the MLC leaders’ acknowledgement that a participatory, bottom-up approach is at the core of the MLC, rather than a model that will be driven by a centralized MLC under the guidance of one member. However, the extent of civil society participation in the MLC still remains unclear and has been a point of concern within some member states with fears expresses that the MLC will remain, essentially, a government-to-government initiative with minimal opportunities for input from non-governmental entities.

**THE PHNOM PENH DECLARATION**

The *Phnom Penh Declaration* was a result of the Second MLC Leaders’ Meeting on 10 January 2018. It further concretizes the commitments set out in the founding document by setting out additional mechanisms and a more thorough discussion of the meaning of each of the main pillars. A diversity of programmatic activities were highlighted as being of particular relevance, e.g. capacity building and environmental protection, with pledges to formulate specific initiatives in these areas.

In the Political and Security Cooperation pillar, the MLC leaders reiterated the *Sanya Declaration*’s points of promoting high-level exchanges and dialogues as well as improving and expanding cooperation on non-traditional security issues. In addition, they agreed to strengthen cooperation to safeguard sub-regional peace and stability, whilst upholding the principle of non-interference in other countries’ internal affairs.

Under the Economic and Sustainable Development Cooperation pillar, the MLC countries agreed to promote and strengthen cooperation in specific areas: cross border economic cooperation, water resources management and utilization, financial sector, green and sustainable development, and agriculture. In the Declaration, each member state also agreed to formulate a “Plan of Action on Production Capacity Cooperation among Lancang-Mekong countries” and a “Lancang-Mekong Environmental Cooperation Strategy”. They also agreed to establish the Lancang-Mekong Agricultural Cooperation Center in China as a platform for member states to enhance cooperation in the agricultural sector. The possibility that the MLC countries would establish an economic corridor in the sub-region was also discussed in the Declaration.

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In the Socio-Cultural pillar, the MLC countries agreed to promote cooperation and support engagement from relevant stakeholders in people-to-people connectivity initiatives such as exchanges related to human resource development, education and culture. For tourism cooperation, a Mekong-Lancang Tourist Cities Cooperation Alliance will be established. Each member also agrees to explore an intellectual cooperation exchange which involves government, business, academia and think tanks, media, women and youth to contribute ideas on the development prospect of the MLC.

**FIVE-YEAR PLAN OF ACTION ON LANCANG-MEKONG COOPERATION (2018-2022)**

The *Five-Year Plan of Action on LMC (2018-2022)* is another document that was adopted at the same time as the Phnom Penh Declaration. The document describes the MLC’s working structure, practical cooperation, and support system, serving as a guideline to further institutionalizing the framework.

Regarding the working structure, the MLC will work under a multi-layer framework comprise of the Leaders’ Meeting, the Foreign Ministers’ Meeting (FMM), the Senior Officials’ Meeting (SOM) and the Diplomatic and Sectoral Joint Working Group Meeting.

For practical cooperation, the document lists a series of action plans for each of the three pillars which the MLC countries aim to achieve within the next five years. Within the Political and Security Cooperation pillar, maintaining high-level exchanges, strengthening political dialogue and cooperation, exchanges among political parties, and non-traditional security cooperation are the key components. In the Economy and Sustainable Development pillar, the MLC countries will work closely on connectivity, production capacity, economy and trade, finance, water resources, agriculture, poverty reduction, forestry, environmental protection, as well as customs and quality inspection. In the Socio-Cultural pillar, the main components of the action plans are in the areas of culture, tourism, education, health, media, people-to-people exchanges and local/regional government cooperation.

As regards the development of the supporting system, specifically funding support, the MLC encourages its members to make a deeper financial commitment and to

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expand resources available. It will also seek support from financial institutions such as the AIIB, the Silk Road Fund and the ADB. Regarding the intellectual support, the MLC will also explore a cooperation model that involves government, business and academia in order to establish the Global Center for Mekong Studies, forming a Track II think-tank network, i.e., forums for the discussion of issues of concern in the region bringing in policy analysts from across the region who are outside of formal diplomatic channels and national line ministries.

This action plan is divided into two phases. First, 2018 and 2019 will be the “foundation-laying” stage which focuses on enhancing sectoral cooperation and implementing small and medium-sized cooperation projects. Second, the years 2020-2022 will be the “consolidation and expansion” stage. In this stage, member states are expected to further strengthen the cooperation in the five priority areas and may explore new areas of cooperation that will help respond to the development needs of the MLC countries, optimize cooperation, and gradually explore cooperation on large projects. During the foundation laying stage, the 45 early-harvest and 132 first-batch projects can be all deemed as “small” or “medium” scale, although the former’s details have so far remained undisclosed.

Having examined the governing documents that established the MLC and having set out the basis for the institution and its development over the medium term, the question as to the role of the MLC within the broader sub-regional context naturally presents itself. In light of concerns expresses that the MLC seeks to supplant existing institutions in the Greater Mekong Subregion, it is necessary to recognize that it does not operate in a vacuum – rather, this new institution has been added to an already diverse and vibrant set of institutions that govern inter-state cooperation in the sub-region.

**MLC in the Regional Context and its “Connotations”**

Despite strong political will and the commitments made by each member government in support of the MLC, many regional scholars within the academic community perceive it as – essentially - Chinese assertiveness/expansionism seeking to compete with other major powers (the United States, Japan) and to project Beijing’s influence in the Mekong sub-region as well as Southeast Asia as a whole. One should not overlook the criticism made by experts who closely watch the development and implication of the MLC framework; it is just as important to

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6 Personal consultation with relevant stakeholders.
balance responses from the Chinese as well. This section of the paper serves both purposes.

While welcoming China’s increasing interest in the Mekong region as something that will further fuel regional growth and development, the MLC is being seen as “a new strategic frontier” and as a Sinocentric regional architecture aiming to manage regional agendas in the wake of its increased geopolitical competition with the US. China is viewed as playing by its own rule – acting as a “revisionist power” - as it builds dams in the upstream part of the river in Yunnan province. Thus, a fait accompli is presented for the downstream countries and Beijing is thereby able to impose its own institution as a rejection of the Mekong River Commission (MRC).

Through this mechanism, China is able to “legitimize” its dam construction activities and to have state-associated companies engaged in building dams in the Mekong downstream countries.

Analysts are also skeptical of the purported benign, benevolent nature of MLC. Conversely, many analysts sees a hidden agenda seeking to neutralize mainland Southeast Asia’s position in the South China Sea dispute, which would negatively impact ASEAN unity and centrality. Others have even asserted that the Mekong issue could potentially become the largest ASEAN-China conflict after the long-running South China Sea dispute. Others have gone even further, stating that Beijing’s strategic objective is exerting control over both the Mekong River and the riparian countries’ development in order to accelerate its rise and to facilitate its “exportation of influence” into ASEAN.

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11 Catherine Wong (02 January 2018). “Is Mekong River set to become the new South China Sea for regional disputes?”. South China Morning Post.

12 Ibid.
Poowin Bunyavejchewin, for example, argued that the MLC is China’s way to create a role for itself as a regional leader in a way that excludes Japan. He demonstrated the “potential regional leader theory”, asserting that a leader in regional cooperation can be best described as a state that seeks to establish its own set of rules and through the creation of a new rule-based system to provide for itself the leading position in the framework. This can be done through control over membership, i.e., a regional leader can determine who is or is not permitted to join the mechanism. In this regard, China is a newcomer compared to Japan. The latter has institutionalized its interests in the sub-region since the 1980s through the creation of the Greater Mekong Subregion (GMS), which was supported by the Japan-oriented ADB in 1992, and of the MRC, which was backed by Japan and Western countries three years later.

Although China is also part of the GMS and has exerted some influence in it, Bunyavejchewin argues that it is Japan who has the final say in this regional cooperation initiative. Hence, it could be argued that China established the MLC to become a leader by itself and to exclude Japan. He presented an interesting claim that even the name of the institution “Lancang-Mekong Cooperation” acts an exclusionary, diplomatic symbol, i.e., only the six riparian countries can be members, discouraging Japan from potentially attempting to join the MLC.

In addition to the deep suspicion of China’s goodwill as set out by the preceding analyst, others have also expressed their doubts concerning the effectiveness of the MLC in addressing various salient issues, including human and water security which are indeed mentioned in many of the MLC’s key declarations. Such issues are under the purview of the MRC of which China is only a dialogue partner. The MLC is seen as a “short-term and aid cash-grab platform” for the downstream countries in return for their support of China’s dams, trade corridors and transportation connectivity to expand its presence in the Mekong region. Some environmental experts also stated that by controlling the water, an upstream state such as China inherently maintains the upper hand. Although acknowledging that electricity will


be improved in the future, the downstream countries are branded as “losers” given that the costs associated with it outweighs the benefits gained.\(^{15}\)

Some regional scholars went on to identify China’s motives behind the active push for the initiation of the MLC. In his working paper, Nguyen Dinh Sach explicitly identifies China’s four main motives behind this initiative: (i) promoting the development of its Western territory, (ii) expanding its market to solve its excessive capacity issues and internationalize the Yuan, (iii) complementing the Belt and Road Initiative (BRI) and (iv) repairing China’s increasing negative public image in Southeast Asia.\(^{16}\) He explained that China’s recent moves have undermined its “Neighborhood Diplomacy” and its image on the international stage. Hence, the MLC serves to provide a platform for China to project a better image of itself in the regional context. Nevertheless, he warned that the MLC can potentially lead to three main risks: economic overdependence, socio-environmental issues, and the unaddressed aspect of water governance. In his recommendation section, Nguyen proposes that the downstream Mekong countries should more proactively participate in deciding the implementation of the MLC projects and promote cooperation in water use (implying that at present it is Beijing that ultimately decides on the direction of the MLC and which projects will be funded, contrary to the shared governance model set out in the preceding declarations). Nguyen also urges the MLC countries to adopt a “gradual, multi-stakeholder” approach to promote genuine inclusiveness and sustainability.

The MLC is also being perceived as a model of multilateral institutionalization created by China to prove that it does not seek to become a hegemon.\(^{17}\) Some look to the MLC as a tool to weaken the perception of China as an actor lacking in multilateral engagement in the South China Sea dispute and to shift attention away from it.\(^{18}\)

While Nguyen sees the MLC as a mechanism to expand the Chinese market for its excess production capacity, others argue that the significance of the MLC is not simply an entity facilitating China’s investment in the Mekong riparian states. The scale of that investment is relatively small by Chinese standards. Rather, they see the MLC as serving an alternative goal, i.e., as the “first Chinese-built Southeast Asian institution” to further project China’s rising superpower status.\(^{19}\) Due to the lack of transparency concerning the agreed projects – i.e., the fact that these projects have not been publicly announced - including the 45 early-harvest projects and 132 first batch projects, it is suspected that the projects are “subject to bilateral agreements”.\(^{20}\)

Nguyen Khac Giang elucidates a word of caution on three points: (i) China’s “carrot and stick” approach regarding the distribution of major infrastructure projects, which all neglect Vietnam due to the country’s strong resistance stance in the South China Sea, (ii) the possible debt trap, and (iii) China “will have an upper hand in any negotiation on the details” owing to the fact that MLC frameworks are neither transparent, nor binding and subject to continuing re-interpretation.\(^{21}\)

An additional aspect has been at the center of the debate on the future of MLC has been the question of power rivalry and regional power competition. Among the five downstream Mekong countries, Myanmar, Vietnam, and Laos all share a land border with China. Owing to this geographic reality, China perceives the sub-region as an important security belt; the creation of the MLC partly reflects that.\(^{22}\) It is no coincidence that, geopolitically speaking, the US and its allies, as well as its strategic partners, chose to strongly engage in the Mekong area. As noted above, the Greater Mekong Sub-region was initiated in 1992 by the Japan-led ADB while the Western-backed Mekong River Commission was established in 1995. In 2000, India and the Mekong countries set up the Mekong-Ganga Cooperation. Seven years later, the Mekong-Japan Cooperation came into existence. The United States initiated the Lower Mekong Initiative in 2009 and two years later, South Korea, another US ally, created ROK-Mekong Cooperation.

\(^{19}\) Nguyen Khac Giang (19 May 2018). “China is making Mekong friends”. East Asia Forum. Available at: <http://www.eastasiaforum.org/2018/05/19/china-is-making-mekong-friends/>

\(^{20}\) Ibid.

\(^{21}\) Ibid.

\(^{22}\) Myanmar shares 2,185km; Vietnam shares 1,300km; Laos shares 505km border with China. See Wenwen Shen (01 March 2012). “China and its Neighbours: troubled relations”. EU-ASIA Centre. Available at: <http://www.eu-asiacentre.eu/pub_details.php?pub_id=46>
In addition to these trends, the US launched the “Asia Pivot” strategy in 2011 – a hallmark of the Obama administration’s foreign policy - which in light of the redeployment of US security resources to Asia has been viewed by many as an attempt by Washington to contain China. In the wake of this series of events, rather than solely focusing on resource-driven and power-projected agendas, the creation of the MLC, which came to concrete existence only in 2016, is also perceived as a part of China’s geopolitical strategy and as a natural reaction in response to Washington’s hostile actions towards Beijing.

China might also see the MLC as a tool to further popularize the newly-created Asian Infrastructure Investment Bank (AIIB), led by China itself. In the 14th point of the Sanya Declaration, the AIIB is listed as an institution that seeks to support LMC initiatives financially. First, China wanted to further promote its grand-scale bank to the Mekong sub-region. Only two Mekong countries, Myanmar and Laos, were regional members when the bank was officially launched in January 2016, two months prior to the MLC First Leaders’ Summit took place. After the adoption of the Sanya Declaration, the other three member countries followed suit. Vietnam was the third Mekong state to join the AIIB on 11 April 2016, Cambodia joined a month later, and Thailand became a regional member on 20 June 2016. Hence, the MLC is one of the main catalysts encouraging the Mekong countries to become part of the China-led bank. Second, the mention of the AIIB also symbolizes that rather than being kept in check by existing international institutions, China is ready to play an important – indeed a path-altering role in the global financial system. China has been vocal in opposing existing, Western-dominated mechanisms, such as the World Bank, the IMF and the ADB, and has voiced demands for structural reform in these institutions. This is not surprising, if one compares the US’ and Japan’s voting shares in those institutions with that of China. In that regard, China is far less significant. In this context, the AIIB allows China to impose its own financial rules. As of 2017, its voting power was at about 27%.

23 Sanya Declaration of the First Lancang-Mekong Cooperation (LMC) Leaders’ Meeting.
As the MLC involves six states, all states’ interests in relation to Mekong affairs should be mentioned as well. Susanne Schmeier is among the few experts who explicitly analyze the interests of each riparian state in the Mekong with regard to regional cooperation. As the most upstream state, China’s vulnerability and salience caused by the river is the lowest, compared to the other five states located downstream. With this geographic advantage, China sees the sub-region as a foreign policy means to further project its influence and does not want to be constraint by any binding rules imposed by the downstream states. Owing to this, China opted out of becoming a member of the Western-backed MRC.

Concerning Myanmar, as of 2009, it had shown little interest in developing its Mekong River area due to its limited development capacity as well as the location of the river. The Mekong is a border river for the country, making it less significant compared to its main rivers such as Irrawaddy and Salaween. This partly explains why Myanmar also was not a full member of the MRC.

Historically speaking, the Mekong River has played a less significant role than the Chao Praya for Thailand. However, this stance has shifted as the country began to see the river as a potential resource to further develop its relatively stagnant Northeast region. Moreover, in search of new economic gains, Thailand views the Mekong as a “gateway to Indochina”. In addition, with its relative upstream position, the country does not want binding regulations regarding the development of the river.

Laos has 95% of its territory in the Mekong basin. As such, its vulnerability status is high as the river plays an important role in the country’s agriculture and fisheries. As it strives to become “the battery of Southeast Asia” while at the same time attempting to diversity its economy, many hydroelectric dams have been

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constructed and planned, which not only affect the livelihood of Laos’ population but also its downstream neighbors.

Located in the most downstream part of the river, which plays a huge role in the respective countries’ national development, Cambodia and Vietnam are most vulnerable to any Mekong dam developments by the upstream countries. Owing to this reality, they aim for the creation of a joint river basin management. Although some of the stances of the riparian countries have been altered due to their shift of foreign policies, Schmeier’s analysis of their interests are still applicable in explaining why “the community of shared future” is a significantly challenging construct in the Mekong sub-region.

Nevertheless, one should frame the MLC in a different context and look more towards more positive aspects. As expressed by a Chinese expert on the region, it was clearly stated that when leaders of the five Mekong countries agreed on the proposed mechanism, it was intended that the MLC would be “different” from existing institutions. It was different from the existing frameworks in the sense that all the six riparian states put forward this initiative together and reaffirmed their commitment toward concrete projects and actions rather than merely serving as a ‘talking shop’. As a rising power, both politically and economically, China is ready to assist its neighboring countries in order to foster inclusive growth and development. Therefore, the MLC should not be perceived as a competitor or as a substitute to the existing Mekong mechanisms but rather as complementary to them and to seek room for better synergies among the member states. After all, the goal of the LMC as elucidated in the founding documents is cooperation for the betterment of the Mekong countries’ development and for their partnering countries. Looking at the structure of the MLC, it is meant to incorporate the existing mechanisms through its “3+5+X” vision – i.e. 3 pillars, 5 priority areas, and a better synergized mechanism with Chinese characteristics.

There are arguments – often discussed sotto voce in the region - that the MLC was primarily meant to foster the development of China’s western territory, especially

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32 Personal interview with Dr. Rong Ying, Director of Global Center for Mekong Studies (GCMS) – China Center and Vice President of China Institute for International Studies (CIIS) on August 10, 2018 in Beijing.

33 Ibid.

34 Ibid.
Yunnan Province\textsuperscript{35}, but Dr. Rong Ying of the CIIS stressed that the MLC was meant for the development of China as a whole, not just for Yunnan Province. Hence, the cooperation framework is more national than local, and does not simply serve as a localized variant of Beijing’s earlier “Great Western Development Plan” set out during the Jiang Zemin era. The MLC has been integrated into China’s development strategy as a whole. The intention is also, of course, to look into the possibility of further expansion into the Southern corridors.

**PROPOSED SCHEMES UNDER THE MLC MECHANISM**

While the MLC itself has caused concern among analysts of the region, it is important to note that just as it confronts a region where diverse institutions for cooperation already exist, the MLC itself is also connected to a myriad of proposed new, Beijing-mooted institutions. Other proposed schemes under the MLC mechanism, though still at their embryonic stage, include MLC Economic Corridors, MLC Economic Development Belts, MLC Community Building, and an International LMC Secretariat.

During this year Senior Official’s Meeting (SOM), Premier Li Keqiang mentioned the MLC Economic Development Belts, aiming to synergize with BRI and ASEAN Connectivity but also to serve as a benchmark for the Silk Road Development Belts. It was understood that this framework would be more substantive, under the banner of BRI. The BRI itself is comprised of six corridors, one of which is Indochina, which is where the MLC Economic Corridor would fit in.

MLC Community Building aims to further connect Chinese development to the development of the Mekong, to form a new international relationship between the two sides, as well as to synergize with that of the ASEAN Community-building aspirations. The ultimate goal and vision is to use the MLC as a ‘test ground’ for common developments and to then achieve the aspired to “Community of Shared Future of Mankind”, making it a highly political-significant arena.

\textsuperscript{35} The citing example was due to China State Council’s announcement of the “Western Development Strategy” back in 2000 aimed to boost economic development and to raise living standard of the people. On top of that, Premier Li Keqiang’s announcement of the “Five-Year Action Plan for 2016-2020” also deliberated the development prospects of the western region through innovation, reform, and opening-up. Naina Singh, for example, emphasized that China sees Yunnan province as a strategic gateway to Southeast Asia and South Asia to promote cross-border activities, hence, making it a crucial platform in realizing China’s opening-up strategy for its western region. See Naina Singh, “Yunnan: China’s Bridge to South and Southeast Asia,” The Diplomat. Available at: <http://thediplomat.com/2016/08/ yunnan-chinas-bridge-to-south-and-southeast-asia/>
So far, there has been an ongoing debate and discussion as to the probability and ‘necessity’ of establishing an International LMC Secretariat. Of course, institutional deepening would certainly be necessitated when more and more collaborative programming is anticipated, provided that all member states would agree to this proposition. However, the question for now is what would be the roles and responsibilities as well as the ‘mandate’ that the International Secretariat should hold if it is created? First of all, moving at a break neck speed by having all of the MLC National Secretariats as well as the GCMS Track II network established in each riparian state has already been considered to be a huge institutional success. Perhaps, the next thing to consider is the amelioration of coordination mechanisms between all six of the National Secretariats to ensure a smooth workflow and a good exchange of information related to the MLC framework. It is no less important to seek more room to strengthen collaboration between Track I and Track II level, i.e. the MLC National Secretariats and the GCMS National Centers, so as to inject fresh ideas in this relatively new mechanism.

Secondly, if the International Secretariat is to be set up, most likely it would be based in China (as the permanent co-chair of the MLC and the main sponsor) rather than any of the other five Mekong countries. This could in turn create a negative perception within the other member states, greater backlash, and more misunderstanding of Chinese motives. Therefore, the question goes back to whether or not it is a ‘necessity’ given all of the above implications.

From the Chinese side, it is acknowledged that they have not made themselves sufficiently clear as to where different and new arising mechanisms could potentially fit in and how that would benefit the stakeholders involved. There are also different arguments deriving from the public that BRI is not ‘clear’ and hence has spurred significant doubt in the process of its establishment and initial development. The MLC, though, is more focused particularly on the Mekong sub-region. And as mentioned above, the MLC fits vividly within the context of BRI as well as the Maritime Silk Road Initiative. Throughout the key MLC documents, it has been mentioned that the MLC will be complementary to the existing mechanisms on the Mekong – as noted previously. However, little was mentioned as to how it is related to other emerging Chinese initiatives in the past few years, if at all. It has in turn created more downturn recently as misunderstandings grow and vague assumptions become the norm.

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36 Personal interview with Dr. Rong Ying of CIIS on August 10, 2018 in Beijing. Many Chinese scholars also raised the same sentiment during the sidelined informal talks at different LMC Workshop held in China.
The subsequent section of the paper aims to bridge the gap of misunderstanding between China and other relevant stakeholders. The following section illustrates the model of MLC in comparison to other existing Mekong mechanisms and to seek out room for better inter-state synergies and collaboration in future. Cambodia is a member of all these mechanisms. Improved synergy naturally implies that Cambodia and the region would receive greater benefits that would facilitate development and national prosperity.
MLC VERSUS OTHER EXISTING [MEKONG] COOPERATIVE MECHANISMS: ROOM TO SYNERGIZE?

THE MODEL OF MEKONG-LANCANG COOPERATION

Vision

As stated in the Sanya Declaration, the MLC strives to be a platform that would contribute to economic and social developments, enhance people well-being, narrowing the development gap, support the building of the ASEAN Community, promote the implementation of the UN 2030 Agenda for Sustainable Development and advance the South-South Cooperation. The cooperation also aims to build a “Community of Shared Future of Peace and Prosperity” featuring win-win cooperation. In the Phnom Penh Declaration, these two statements have been reiterated.

Structure

In the First Joint LMC Ministerial Statement, it is highlighted that the projects of cooperation “shall be agreed upon by the Government concerned”.

In the 11th preamble clause of the declaration, it is stated that the MLC shall operate within a framework that mainly features “leaders’ guidance” with adherence to a “government-guided” and “project-oriented” model.

Within these contexts, the cooperation has been intensified and evolved mainly through the government-to-government framework. As of 2018, there were six senior officials’, three foreign ministers’ and two leaders’ meetings. The MLC Secretariat in each respective member state had already been set up and the six joint working groups on the five-priority areas were also established. Three main mechanisms are put in place: 3+5 Cooperation Framework, High-Level Meetings, and Joint Working Groups in Priority Areas. The High-Level Meetings are divided

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38 “Sanya Declaration of the First Lancang-Mekong Cooperation (LMC) Leaders’ Meeting.”

39 For the 3+5 Cooperation Framework, 3 refers to the three pillars of the MLC whilst 5 refers to five key priority areas as identified in the Sanya Declaration.
into four different levels: Diplomatic Working Group Meetings, Senior Officials’ Meetings, Foreign Ministers’ Meetings and Leaders’ Meetings. It was denoted that this four-level meeting mechanism is intended to “smooth out disagreement or potential conflicts”. The six Joint Working Groups on Priority Areas are another mechanism of the MLC which is currently under “consideration to upgrade” into a higher decision-making stage.

**Project Funding**

Given that any MLC projects are to be consulted through the governments concerned, the project funding also follows a similar pattern. However, each member repeatedly echoes for support by other financial mechanisms and international institutions.

Listed in the *Sanya Declaration*, only the AIIB and the LMC Special Fund would be the main financial supporters for the cooperation projects. However, this stance tends to shift in the *Phnom Penh Declaration* and in The Five-Year Plan of the MLC. In the *Phnom Penh Declaration*, the cooperation is also open to the assistance of other financial resources from the governments, business sector as well as international financial institutions. The *Five-Year Plan* of the MLC reemphasizes the statement and further mentions three main financial institutions that the cooperation actively seeks support from: the AIIB, the Silk Road Fund and the ADB.

Regarding the funding, so far China has been the most active actor among the MLC member states. The emphasis on the $300 million LMC Special Fund, the AIIB and the Silk Road Fund in various MLC documents solidify its role in streamlining the rapid pace of cooperation. In addition to the three financial sources, China has also provided combined government loans of $17.62 billion within the MLC framework, which mainly touch on infrastructure, production capacity and industry projects. However, the cooperation also encourages financial and resource contribution from the other five riparian states.

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Publicity

In the MLC Five-Year Plan of Action, one clause enshrines that member states encourage foreign ministries to set up the Lancang-Mekong Cooperation official websites or to provide official information about the MLC on their websites and use social media as basic platforms to publish information and handle public affairs as deemed appropriate.44

With effort to disseminate information on the MLC, the Ministry of Foreign Affairs and International Cooperation of Cambodia is seen to have used the Ministry’s official Facebook page and website to do so. Important document resources such as the Phnom Penh Declaration and the LMC Five-Year Plan of Action are available for public consumption.

OTHER MEKONG COOPERATIVE MECHANISMS

As a new comer to the playground, MLC has faced major critical challenges, in part due to the deep allegation that MLC is the new Chinese strategic frontier for projecting its power influence in the region as a response to the other existing Mekong mechanisms. The attempt here is to elaborate further in detail of what other mechanisms entail so as to seek room for synergy with that of MLC. MLC should not be perceived as a competitor or a substitution but rather as a complement to what has been lacking such that the Mekong sub-region can fully benefit from all mechanisms combined.

GREATER MEKONG SUB-REGION

The Greater Mekong Subregion (GMS) Economic Cooperation Program has been in place since 1992 with the assistance from the ADB. Members are comprised of Cambodia, China (specifically Yunnan Province and Guangxi Zhuang Autonomous Region), Laos, Myanmar, Thailand and Vietnam. The vision of the GMS Program is to develop the sub-region to become “prosperous, integrated, and harmonious”. To realize this vision, the program has three main strategies: (1) increasing connectivity through sustainable development of physical infrastructure and the transformation

44 Ibid.
of transport corridors into transnational economic corridors; (2) improving competitiveness through efficient facilitation of cross-border movement of people and goods and the integration of markets, production processes, and value chains; (3) building a greater sense of community through projects and programs that address shared social and environmental concerns.45

The GMS Program’s high-priority projects focus on eight areas: agriculture, energy, environment, health and human resource development, information and communication technology, tourism, transport and trade facilitation and urban development. Since 1992, investments worth of $20 million were channeled through this program.46

**MEKONG RIVER COMMISSION**

The Mekong River Commission (MRC) was established in 1995. Members are Cambodia, Laos, Thailand and Vietnam. Its vision is to become “a world-class, financially-secure International River Basin Organization serving the Mekong countries to achieve an economically prosperous, socially just and environmentally sound Mekong River Basin”.47 The MRC’s mission is “to promote and coordinate sustainable management and development of water and related resources for the countries’ mutual benefits and the people’s well-being”.48 This body is the only inter-governmental organization that works directly with the four member states governments to jointly manage the shared water resources and the sustainable development of the Mekong River.49

In the 1995 *Mekong Agreement*, MRC comprises of three bodies: the Council, the Joint Committee and the Secretariat. The Council is the decision-making body whilst the Joint Committee tends to play a coordinating role and the Secretariat renders technical and administrative services to the Council and the Joint Committee.50

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45 “Overview of the Greater Mekong Subregion Economic Cooperation Program” (2018). Available at: <https://greatermekong.org/overview>
46 Ibid.
48 Ibid
49 Mekong River Commission. “About MRC”. Available at: <http://www.mrcmekong.org/about-mrc/>
The MRC’s main source of funding comes from contributions of the four riparian member states as well as other development partners such as the ADB, the World Bank and some Western countries and organizations.

**MEKONG-GANGA COOPERATION**

The Mekong-Ganga Cooperation (MGC) was launched in 2000 by India and the five Mekong countries. The MGC Initiative aims to “facilitate closer contacts among the people inhabiting the civilizational Mekong and Ganga Rivers”.\(^{51}\) It is also “indicative of the cultural and commercial linkages” among the six countries. Its four traditional areas of cooperation are tourism, culture, transport, and communications. Several new cooperation areas have been agreed upon, including Small and Medium Enterprises (SME) Cooperation, conservation of Rice Germplasm, and establishment of a working group on health.\(^{52}\)

Institutionally speaking, the MGC has yet to progress to a comprehensive cooperation. Despite being established in 2000, only eight Ministerial Meetings have been held.\(^{53}\) There have been no Leaders’ Summits in this initiative yet.

**AYEYAWADY - CHAO PRAYA MEKONG ECONOMIC COOPERATION STRATEGY (ACMECS)**

The Ayeyawady–Chao Praya – Mekong Economic Cooperation Strategy was established in 2003 under Thailand’s initiative.\(^{54}\) At first, the members were comprised of Cambodia, Laos, Myanmar and Thailand. In 2004, Vietnam formally joined the cooperation framework. The objectives of ACMECS are to bridge the economic gap and to promote prosperity in the sub-region in a sustainable manner. It puts high emphasis on “self-help” and “partnership”.\(^{55}\) There are eight areas of cooperation that ACMECS focuses on: (1) Trade and Investment Facilitation, (2)

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\(^{52}\) Ibid.

\(^{53}\) Ibid.

\(^{54}\) “About the Summit “Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy”” (2018). Available at: <https://www.acmecs2018.org/about/summit>

\(^{55}\) Ibid.

During the 8th ACMECS Summit, Thailand proposed to establish an ACMECS Fund as an “innovative financing mechanism” to address the need for funding of projects under the ACMECS Master Plan.57 The details of the fund will be explored in the next ACMECS Summit. The fund shall be on a voluntary basis. ACMECS member states, development partners, regional and international organizations as well as international financial institutions are “strongly” encouraged to set up the Fund.58

MEKONG-JAPAN COOPERATION (MJC)

The Mekong-Japan Cooperation was launched in 2008. Members include Cambodia, Japan, Laos, Myanmar, Thailand, and Vietnam. The vision of the MJC is to develop the Mekong region to become a “Region of Hope and Development”. In the first MJC First Foreign Ministerial Meeting, all member states emphasized “the importance of inter- and intra-regional cooperation in seizing common opportunities and in addressing common challenges”.59

In the MJC New Tokyo Strategy 2015, there are four main pillars. The first pillar is “Hard Efforts” which mainly focuses on the development of hard infrastructure and connectivity.60 The second one is “Soft Efforts” which touches upon the development of human resources, industrial structures, and strengthening soft connectivity, i.e. institutional, economic and people-to-people connectivity. The third pillar focuses on “Sustainable development” towards the realization of a Green Mekong and the last pillar emphasizes the essence of “Coordination” with various stakeholders.61

56 Ibid.
58 Ibid.
61 Ibid.
There are two frequent levels of meetings of the MJC such as the Summit Meeting and the Foreign Ministers’ Meeting. So far, there have been 9 MJC Summits and 10 Foreign Ministerial Meetings. Apart from the two types of meetings, the six member states also participate in various meetings, including Friends of the Lower Mekong (FLM) Ministerial Meeting, Meeting of the Japan-China Policy Dialogue on the Mekong Region, Public-Private Cooperation in the Mekong Region and the Green Mekong Forum.

Japan is the main source of funding for the MJC. In the 2012 Tokyo Strategy, Japan committed to providing 600 billion JPY (approximately 5.4 billion USD). Three years later, in the New Tokyo Strategy 2015, Japan pledged another 750 billion JPY (approximately 6.7 billion USD).

**LOWER MEKONG INITIATIVE (LMI)**

The Lower Mekong Initiative (LMI) was created in 2009 by the US, Cambodia, Laos, Thailand and Vietnam. Myanmar formally joined the initiative in 2012. Its goal is to “deliver equitable, sustainable, and inclusive economic growth among the five [original] LMI partner countries by promoting connectivity and collaboratively addressing regional trans-boundary development and policy challenges”. The LMI has six pillars; (1) Environment and Water, (2) Energy Security, (3) Education, (4) Health, (5) Connectivity, and (6) Agriculture and Food Security. It also focuses on cross-cutting issues, such as women’s empowerment and gender equality.

In partnership with the LMI, the Friends of Lower Mekong (FLM) is an important convening platform and mechanism to improve donor coordination in programming development assistance in the Mekong sub-region. It serves as a consortium of US

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63 Ibid.

64 U.S. Department of State. “Lower Mekong Initiative”. Available at: <https://www.state.gov/p/eap/mekong/>

65 Ibid.

66 Lower Mekong Initiative. “The Lower Mekong Initiative (LMI)”. Available at: <https://www.lowermekong.org/about/lower-mekong-initiative-lmi>


68 Lower Mekong Initiative. “FAQs”. Available at: <https://www.lowermekong.org/about/faqs>
and like-minded donors, who are actively engaged in regional development, international policy coordination, and multinational private sector engagement. FLM members include Australia, Japan, South Korea, New Zealand, the European Union, the Asian Development Bank and the World Bank. In 2012, the US pledged to spend $50 million over the next three years in supporting the expansion of LMI.

**MEKONG – REPUBLIC OF KOREA COOPERATION**

The Mekong – Republic of Korea Cooperation was launched in 2011 by the Republic of Korea and the other five Mekong countries. The *Han River Declaration* indicates that this mechanism aims to “promote friendship and cooperation between the Mekong region countries and the ROK in a wide range of areas”. It has six priority areas: (1) Infrastructure, (2) Information and Communication Technology (ICT), (3) Green Growth, (4) Water Resource Development, (5) Agriculture and Rural Development, and (6) Human Resource Development.

The Mekong – ROK Cooperation has not been elevated to the Summit level yet.

The Mekong – ROK Cooperation Fund (MRCF) was established in 2013 to encourage and support cooperation in six priority areas outlined in the 2011 *Han River Declaration*. The fund will be financed through an annual contribution from South Korea to the Mekong Institute (MI) and will be managed by the MI in conformity to the Terms of Reference adopted during the 3rd ROK – Mekong Foreign Ministerial Meeting in 2013. In 2015, the MI was tasked to serve as coordinator for the Mekong – ROK Cooperation Fund. The fund was 1 million USD in 2015.

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70 Lower Mekong Initiative. “The Lower Mekong Initiative (LMI)”.

71 Ibid

72 Lower Mekong Initiative. “FAQs”.

73 Ministry of Foreign Affairs, Republic of Korea. (15 March 2012). “Han-River Declaration of Establishment the Mekong-ROK Comprehensive Partnership for Mutual Prosperity”. Available at: <http://www.mofa.go.kr/eng/brd/m_5467/view.do?seq=341589&amp;srchFr=&amp;srchTo=&amp;srchWord=&amp;srchTp=&amp;multi_itm_seq=0&amp;itm_seq_1=0&amp;itm_seq_2=0&amp;company_cd=&amp;company_nm=>


75 Ibid.
THE COMPLEMENTARITY OF MLC AND OTHER EXISTING MEKONG MECHANISMS

Despite the fact that other existing Mekong mechanisms have different levels of political will, funding support, and areas of cooperation and focus, all Mekong mechanisms echo the word development of the Mekong sub-region in their vision, goals and objectives. Within this context, the emergence of the MLC, a mechanism that has strong political will and concrete foundation of funding, should be embraced with open arms by other Mekong mechanisms given that this new framework also shares the same motive.

Moreover, the MLC priority areas and pillars are to strengthen connectivity, promote economic cooperation, develop physical infrastructure and human resources, which could also be seen as complementarity to most Mekong mechanisms’ areas of focus.

Some Mekong cooperation frameworks have also encountered challenges, such as limited or uncertain sources of funding and political will. Hence, the MLC emerges as an alternative for those mechanisms to seek development partnerships under their own frameworks. The MLC thus should not be deemed as a rival or substitution, but rather as a complement to the existing mechanisms.

However, words are easier said than done. It is undeniable that there have not been any concrete efforts made by the MLC to illustrate the coordination strategies in order to synergize with the existing Mekong sub-region mechanisms. Until now, there have only been loose statements about the willingness of the MLC to embrace synergies in accordance to the spirit of openness and inclusiveness. In fact, among its past documents, only the Joint Communiqué of the First Lancang-Mekong Cooperation Foreign Ministers’ Meeting held on 12 November 2015 mentioned loosely about synergizing with the GMS, ASEAN Mekong Basin Development

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Cooperation (AMBDC) and the MRC. In the *LMC Five-Year Action Plan*, there was also no focus on creating potential strategies or plans to cooperate with other existing mechanisms.

In order to brand the MLC to be viewed as being complementary rather than competition, the following proposals should be considered:

- Specific plans and strategies of possible coordination efforts with other mechanisms should be formulated. During the formulation process, there should be an inclusive engagement and participation from all parties from other mechanisms. The documents should be precise on the rules of engagement to each mechanism as well as scope and limitation of the synergies.

- To ensure institutional and administrative effectiveness, specialized centers or agencies in charge of coordinating and communicating from all active Mekong existing mechanisms should be established in order to facilitate the process. A hotline communication should be created. These measures will encourage regular contact among them that would lead to prospective collaboration on joint research, risk assessment studies, as well as joint project implementations. The collaboration process and partners should vary in accordance to the respective mechanisms’ strengths and agendas. For instance, since the MRC is more specialized in water governance any water-related projects should also engage them in the discussion. And since the MJC is a multifaceted mechanism, it should then be invited to meetings when it comes to multifaceted project proposals.

- Information-sharing should become a routine among the Mekong sub-region mechanisms. When one mechanism is able to conclude a finding, its work should be disseminated to others as well. This can help to avoid suspicions between one another as well as to enhance more trust and confidence-building measures. It also promotes regular contact and explores more possibilities in conducting joint operations.

- More jointly-hosted public competitions, forums, conferences, seminars and events on Mekong developments should be promoted. Not only can these create contact and a sense of commonalities among each mechanism, they can also accommodate more public participation which can lead to better public awareness on the Mekong sub-region mechanisms.

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The MLC and other active Mekong sub-region mechanisms should launch a special fund, reserved solely for sustaining and facilitating joint collaboration activities.

Projects proposed by mechanisms with limited capacity should be considered and encouraged. As a platform with political commitment, leadership and fund availability, the MLC should explore whether there are projects, which were proposed by other Mekong mechanisms but have been stuck for various reasons (such as limited fund capacity). Such projects should be included in the planning phase with a possible joint operation between MLC and the proposed mechanism. This will enhance inclusiveness and openness of the MLC towards other sub-regional mechanisms. The special fund reserved (as mentioned above) could also be used to facilitate this process.

There should be an annual “Mekong Plus Summit”, whereby high representatives of the government of the five Mekong countries and the external partners of other Mekong mechanisms shall be taking part to discuss the progresses, challenges and ways forward in relations to each respective mechanism. Other relevant stakeholders (particularly those at the Track II level) involved in the Mekong-related aspects should be invited to participate as observers and/or expert group. Such initiative would enable an experience-sharing platform as well as an open dialogue to understand the differences and similarities so as to put higher emphasis on synergizing efforts with other mechanisms, especially in joint projects and operations. The Summit should be co-funded by all existing Mekong sub-region mechanisms in accordance to their scale of cooperation.
MLC AND THE NATIONAL DEVELOPMENT POLICIES OF CAMBODIA

Cambodia has undertaken its national development in accordance to The Rectangular Strategy for Growth, Employment, Equity and Efficiency for the last three phases. The government has set out four strategic objectives and four priority areas in the Rectangular Strategy – Phase III which was adopted in 2013.\(^7^8\)

The Four Strategic Objectives are as follow:

1. Ensuring an average annual economic growth of 7%. This growth should be sustainable, inclusive, equitable and resilient to shocks through diversifying the economic base in order to achieve a more broad-based and competitive structure with low and manageable inflation, a stable exchange rate, and a steady growth in the international reserves.

2. Creating more jobs for the people, especially youth, through further improvement in Cambodia’s competitiveness to attract and encourage both domestic and foreign investments.

3. Achieving more than 1 percentage point reduction in poverty alleviation annually, including the realization of other Cambodia Millennium Development Goals (CMDG) targets, while placing higher priority on the development of human resources and sustainable use and management of environmental and natural resources.

4. Further strengthening institutional capacity and governance, at both national and sub-national levels, and ensuring the effectiveness and efficiency of public services to better serve the people.

The Four Priority Areas that the Cambodia’s government focuses on are as follows:

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\(^7^9\) The latest phase, Rectangular Strategy - Phase IV, has been recently adopted in September 2018 after the sixth legislative national election. The assessment of this context still referred to Phase III due to the unavailability of Phase IV official document by the time of analysis.
Development of human resources to enhance the competitiveness in an increasingly open regional labor market through: (1) training of skilled and productive labor in order to meet market demand and increase added value; (2) developing regulatory frameworks, and building educational and vocational training institutions; (3) encouraging private sector participation; and (4) strengthening the quality of education and promoting scientific research, technology development and innovation.

Continue the investment in transport infrastructure and improving trade facilitation to develop a vibrant logistics system. This shall be done through the development of a multi-modal transport network system to ensure connectivity within the country and with other countries in the region as well as the rest of the world, and to respond to the urban development. The outcomes will include: lower logistics costs, enhance reliability and effectiveness, the improvement in its competitiveness, and an increase in investment and trade. In addition, the Government will continue to give high priority to the expansion of a low-cost energy production, supply, and distribution network, aiming to ensure energy security, reliability and affordability to meet the development needs.

Further development of and increasing value added in agricultural sector in particular through: (1) enhancing the added value of milled rice production and export, especially fragrant and organic rice and other high value agricultural products including rubber, cashew nuts, corn, mung bean, soy bean, sesame, pepper, silk, fruits, coffee, vegetables and flowers; (2) promoting livestock production and aquaculture to meet the market demand such as meat, fish and dairy products; (3) encouraging investments in agro-industry; and (4) enhancing agricultural productivity, modernization and commercialization.

Strengthening governance and capacities of public institutions in order to improve the efficiency of public service delivery and investment climate by: (1) continuing the reform of legal and judicial sectors to ensure social justice and to promote the rights of the people along with integrity, transparency and accountability of the civil service; (2) continuing reforms of public administration including decentralization and deconcentration and strengthening oversight institutions to bring public services closer to the people, to promote democratic processes at a sub-national level and to ensure checks-and-balances in the exercise of power; (3) continuing public financial management reforms to ensure efficiency in budget allocation and the use of
funds and (4) increasing the attractiveness of investment through reducing the cost of doing business and lowering entry barriers, reviewing and reforming the incentive system, strengthening business confidence and predictability of government decision-making, as well as focusing on the effective functioning of Special Economic Zones.

The Rectangular has four strategic rectangles, and each rectangle has its own four sides as follow:

“Rectangular Strategy” for Growth, Employment, Equity and Efficiency (Phase III) of the Royal Government of Cambodia of the Fifth Legislature of the National Assembly

Rectangle 1: Promotion of Agriculture
- Improved Productivity, Diversification and Commercialization
- Promotion of Livestock Farming and Aquaculture
- Land Reform and Clearance of Mines and UXOs
- Sustainable Management of National Resources

Rectangle 2: The Development of Physical Infrastructure
- The Development of Transport and Urban Infrastructure
- Water Resources and Irrigation System Management
- Electrical Power Development

Development of Information and Communication Technology

Rectangle 3: Private Sector Development and Employment

- Strengthening the Private Sector and Promoting Investment and Business
- Development of Industry and Small and Medium Enterprises (SMEs)
- Development of the Labor Market
- Banking and Financial Sector Development

Rectangle 4: Capacity Building and Human Resource Development

- Strengthening and Enhancing Education, Science and Technology, and Technical Training
- Promotion of Health and Nutrition
- Development of Social Protection System
- Enhanced Implementation of Population Policy and Gender Equity

To recall, the MLC first started off with three priority areas – (1) Political and Security, (2) Economic and Sustainable Development, and (3) Social, Cultural, and People-to-People Exchanges. However, when the Sanya Declaration was later adopted in 2016, the MLC member states decided to transform the three aforementioned areas into cooperation pillars and to instead narrow down and specify the scope of priority areas into the following five during the initial stage of cooperation namely: (1) connectivity, (2) production capacity, (3) cross-border economic cooperation, (4) water resources and agriculture and (5) poverty reduction. The five priority areas have remained consistent since then, as evident in various MLC documents such as the Phnom Penh Declaration and the Five-Years Plan of Action on LMC (2018-2022).

In this regard, as Cambodia strives to become an upper-middle income country by 2030 and high-income country by 2050, the MLC’s five priority areas are indeed parallel with the country’s national development strategy.

Apart from the Rectangular Strategy, the MLC priority areas also complement to some of the objectives aspired in the Industrial Development Policy (IDP) 2015-2025 of Cambodia. The document’s vision is to transform Cambodia from a labor-

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intensive to a skill-driven industry, through participating closely in the global value chain and moving towards a technology-driven and knowledge-based modern industry. With this, the government sets out three main targets: (1) continue to develop the industrial sector in order to increase its GDP share to 30% by 2025 and up to 20% for manufacturing sector (up from 24.1% for industrial sector and 15.5% for manufacturing sector in 2013); (2) diversifying exports by increasing the export of non-textile to reach 15% (from 1% in 2013) and promoting the export of processed agricultural products to reach 12% (from 7.9% in 2013) of all exports by 2025; and (3) encouraging the formal registration of 80% (from 37% in 2010) of small enterprises and 95% (from 72% in 2010) of medium enterprises whilst ensuring that 50% (from 4% in 2010) of the former and 70% (from 24% in 2010) of the latter have proper accounts and balance sheets.

The IDP has four strategies: (1) attracting foreign and domestic investments, (2) modernizing and developing the SMEs, (3) revisiting the regulatory environment to strengthen the country’s competitiveness, and (4) coordinating policies including the development of human resources and infrastructure. The priority industries include pharmaceutical drugs, construction and packaging materials, agro-industrial products, and other supporting enterprises such as agriculture, textile and tourism. These industries will be part of the regional production line and global value chain and such would imply a prospective strategic importance.

With these targets, the MLC’s priority area, specifically the cooperation of production capacity, emerges in as a major component to assist the implementation of Cambodia’s IDP. In the Joint Statement on Production Capacity Cooperation among Lancang-Mekong Countries83 released in 2016 along with the Sanya Declaration, the MLC leaders agree that their focus will be on “jointly promoting economic development and industrial transformation and upgrading”. The priority sectors are electric power, power grids, automobile industry, metallurgy, production of building materials, supporting industries, light industry, textile industry, medical equipment, information and communication, rail transport, water transport, air transport, equipment, manufacturing, renewable energy, agriculture and aquaculture processing. Apart from this, the prospects of establishing the Lancang-Mekong Business Council and exploring the development of a service alliance for SMEs as incorporated in the Five-Years Plan of Actions on LMC fit dramatically to the objectives of Cambodia’s IDP. If the two ideas can be put into practice in a timely manner, they will expedite the rapid creation and development of the kingdom’s SMEs.

PROGRESS OF PROJECT IMPLEMENTATION
IN CAMBODIA UNDER THE FRAMEWORK OF MLC

The key priority areas of MLC mechanism align very well with the Cambodia’s national development strategy and policies and such have seen major progress and achievement of project implementation in the country. Two major aspects to look into is the speed of institutionalization of MLC mechanism, including both national level as well as at the Track II diplomatic channel, and the pace of project implementations in the country mainly due to the backing-fund availability.

RAPID INSTITUTIONALIZATION

The primary achievement since its creation has been the rapid institutionalization of the MLC. In the third years since its official inauguration in 2015, six senior officials’, three foreign ministers’ and two leaders’ meetings have been held. The National MLC Secretariat has already been launched in each member state while joint working groups responsible for the five main priority areas were also established.84 The National Secretariat of Cambodia for the Mekong-Lancang Cooperation (henceforth NSC-MLC), established under the Ministry of Foreign Affairs and International Cooperation (MOFAIC), was officially launched and presided over by H.E. Senior Minister Prak Sokhonn on 10 October 2017.85 The Cambodian National Secretariat has 22 member institutions and it is expected to play a driving role as a “thought-leader” contributing to the MLC policy formulation process; as a capacity building platform for Cambodia’s governmental officials; as well as to enhance advocacy and awareness of the MLC cooperation framework itself.86

84 MOFAIC (17 December 2017). “PRESS RELEASE on the Outcomes of the Third Lancang-Mekong Cooperation Foreign Ministers’ Meeting (Dali, 15 December 2017”). Available at: <https://www.mfaic.gov.kh/site/detail/16002>

85 MOFAIC (10 October 2017). “H.E. Senior Minister Prak Sokhonn presided over the launching ceremony of the National Secretariat of Cambodia for Mekong-Lancang Cooperation (NSC-MLC), at the Ministry. Available at: <https://www.mfaic.gov.kh/site/detail/14318>

In addition, three cooperation centers have been set up in support of the MLC including Water Resources Cooperation Center, Environmental Cooperation Center and the Global Center for Mekong Studies.

During the 2nd MLC Foreign Ministers’ Meeting in Siem Reap in 2016, the idea of creating a Track II institution for the relevant countries was proposed. On 28 September 2017, the Global Center for Mekong Studies (GCMS) was launched in Phnom Penh with representatives from all MLC member countries. Our institute, the CICP, has been selected as the national Track II institution taking part in the GCMS network. The founding members of the network are the Cambodian Institute of Cooperation and Peace (CICP), the China Institute of International Studies (CIIS), the Institute of Foreign Affairs of the Ministry of Foreign Affairs of Lao PDR (IFA-Laos), the Myanmar Institute of Strategic and International Studies (MISIS), the Devawongse Varopakarm Institute of Foreign Affairs of the Ministry of Foreign Affairs of the Kingdom of Thailand (DVIFA), and the Diplomatic Academy of Vietnam (DAV). The GCMS – Cambodia Center was officially opened on 8 June 2018 with government officials, members of the diplomatic corps, civil society and NGOs representatives, academia, and university students in attendance.

The main tasks of the GCMS-Cambodia Center are as follows:

1. Provide coordination and collective support in the overall establishment of the six founding members of the GCMS think tank network.

2. Aim to undertake appropriate research projects and relevant academic exchanges as well as other important cooperative activities with the intent of providing intellectual support and injecting fresh ideas to the Mekong-Lancang Cooperation initiative as a Track II institution.

3. Serve as the focal point/center to coordinate wider participation of other interested institutes and facilitate communication among government agencies, civil society, and relevant academic institutions in Cambodia. The focal point should work towards putting in place a sound development plan for the six Mekong countries, with a view to promote broader participation and partnership with other competent regional and international institutes and organizations working on pertinent issues related to the Mekong region and the MLC. In order to carry out these duties, individuals at CICP have been tasked with certain roles within the new GCMS network.

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For the management board of GCMS – Cambodia Center, Ambassador Pou Sothirak, Executive Director of CICP, is serving as the Director, and myself as the Coordinator. The role and responsibility of the Director is to manage the overall operational aspect of the Center in conformity with the abovementioned tasks. The Coordinator assists the Director in performing duties and to serve as a facilitator to ensure smooth coordination with other relevant stakeholders.

GCMS – Cambodia Center is comprised of nine members at the advisory committee level. They represent a pool of selected individuals with appropriate knowledge and experience, whose roles are to provide sound advice and suitable recommendations to the Director and the Coordinator in performing their duties at the Centre.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H.E. Dr. Sok Siphana</strong></td>
<td>Advisor to the Royal Government of Cambodia and Chair of the National Secretariat of Cambodia for Mekong-Lancang Cooperation (NSC-MLC) under the Ministry of Foreign Affairs and International Cooperation of Cambodia</td>
</tr>
<tr>
<td><strong>Dr. Milton Osborne</strong></td>
<td>Author and Consultant on Southeast Asia affairs</td>
</tr>
<tr>
<td><strong>H.E. Mr. Watt Botkosal</strong></td>
<td>Deputy Secretary General Cambodia National Mekong Committee</td>
</tr>
<tr>
<td><strong>Mr. Ou Virak</strong></td>
<td>Founder &amp; Chairperson of The Future Forum</td>
</tr>
<tr>
<td><strong>Dr. Han Phoumin</strong></td>
<td>Energy Economist, Economic Research Institute for ASEAN and East Asia (ERIA)</td>
</tr>
<tr>
<td><strong>Dr. Chheang Vannarith</strong></td>
<td>Board Member and Senior Fellow, CICP</td>
</tr>
<tr>
<td><strong>Dr. Deth Sok Udom</strong></td>
<td>Rector, Zaman University</td>
</tr>
<tr>
<td><strong>Dr. Heng Pheakdey</strong></td>
<td>Chairman, Enrich Institute for Sustainable Development (EISD)</td>
</tr>
<tr>
<td><strong>Dr. Mak Sithirith</strong></td>
<td>Senior Lecturer, Faculty of Development Studies Royal University of Phnom Penh</td>
</tr>
<tr>
<td><strong>Mr. Hing Vutha</strong></td>
<td>Research Fellow, Cambodia Development Research Institute (CDRI)</td>
</tr>
<tr>
<td><strong>Mr. Thy Try</strong></td>
<td>Executive Director, Open Development Cambodia</td>
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</tbody>
</table>
PROJECT IMPLEMENTATION AND FUND AVAILABILITY

Among the 132 first-batch projects developed with the support of the $300 million-MLC Special Fund, 16 projects are geared towards Cambodia, amounting to $7.3 million in funding.88 Those 16 projects are: 89

1. The Buddhist Development Program of Cooperation and workshop on effectivenes of Management of Theravada Buddhism in the countries along Mekong River
2. Lancang-Mekong Training-of-Trainers (TOT) Workshop and Publication of the ASEAN Community-Based Tourism (CBT) Standards
3. Addressing Land Degradation and Improving Local Livelihoods through Sustainable Land Management
4. Forest Restoration and Promotion of Sustainable Forest Use in Southeast Asia
5. Promoting an Effective Regional Strategy for Combatting Illegal, Unreported and Unregistered (IUU) Fishing in the Mekong countries for Sustainable Fishery Management in the Mekong Region
6. Mekong-Lancang ICT Volunteer
7. Air Connectivity Enhancement Study in Cambodia-Lao, Myanmar and China
8. Enhancing Research and Dialogue on Contract Farming in Lancang-Mekong Countries
9. Integrated Community Development Along Mekong River
10. Poverty Reduction through Rural Economic Development in Cambodia
11. The Lancang-Mekong Symposium on Small and Medium Cultural Enterprises (SMCEs)
12. Preventing the theft, clandestine excavation, illicit import and export of Cultural Property throughout the Lancang-Mekong Region

88 MOFAIC (20 December 2017). “Press Release”. Available at: <https://www.mfaic.gov.kh/site/detail/16116>

89 Ibid.
13. Water quality monitoring system at Mekong mainstream and information center installation

14. Joint research and technology development in the risk evaluation, monitoring and early-warning of the three typical vector-borne tropical diseases; dengue, schistosomiasis and angiotrornylosis in Cambodia

15. Enhancing China-Mekong Research and Policy Dialogue Program

16. Support Program for Scholarship Opportunities to Poor Students to Study in the Field of Science and Technology in China.

The projects set out above mainly focus on research and development in the MLC’s priority areas including public healthcare, tourism, water management and capacity building. These will serve as a stepping stone as MLC moves into the coordination phase of the five-year action plan (2020-2022).

Apart from the first-batch projects, another list of 214 projects of the MLC Special Fund has been submitted for evaluation. During the 2nd MLC Leaders’ Summit, the six leaders also took note of the 2nd Batch of Projects to be supported by the MLC Special Fund 2018 and the Progress Report of the six Joint Working Groups on key priority areas. A total of 132 projects have been approved as the First Batch of Projects of the MLC Special Fund 2017. These additional projects are geared towards the framing of MLC as an institution with a focus on concrete projects rather than as a “talking shop,” i.e. as a project oriented institution, with special funds allocated to ensure the realization of the projects. Placing the MLC in the context of Beijing’s overall regional policy, China has increased its commitment to the South-South Cooperation aid fund of $200 million with prioritization of the Mekong area.

Most of the 45 first round projects (discussed above) and China’s 13 initiatives, which were agreed upon during the 2nd MLC Foreign Ministers’ Meeting, have either made substantial or progress or have already been implemented. Two-third

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90 “Opening Remarks Samdech Akka Moha Sena Padei Techo HUN SEN Prime Minister of the Kingdom of Cambodia and Co-Chair of the 2nd MLC Leaders’ Meeting” (10 January 2018). Available at: <http://pressocm.gov.kh/en/archives/22449>

91 Opening Remark by Ambassador Pou Sothirak, Executive Director of the Cambodian Institute for Cooperation and Peace (CICP), during the Launching Ceremony of the Global Center for Mekong Studies (GCMS) – Cambodia Center on June 08, 2018 in Phnom Penh.


93 H.E. Senior Minister Prak Sokhonn (11 January 2018). “Mekong-Lancang: Building Peace and Prosperity in the Greater Mekong Sub-Region”. CISS Special Interview. Available at:
of the $1.54 billions of concessional loans pledged in 2016 has been utilized while the
erother $10 billion preferential loans for infrastructure and capacity building have
been largely implemented.\footnote{Lyu Jian (02 February 2018). “Increase cooperation ‘will benefit Lancang-Mekong inhabitants’. \textit{The Nation}. Available at: <http://www.nationmultimedia.com/detail/opinion/30337771>}
In Phnom Penh early this year, under the MLC framework, China pledged $1.08 billion in concessional loan and another $5 billion in lines of credit to support production capacity and equipment manufacturing cooperation.

So far, the details of the 45 early-harvest projects have remained undisclosed by the
governments of the various member states. However, a Chinese scholar claimed that
some of those projects are “pre-established” and “of local livelihood concerned,”
while others are existing infrastructure projects such as the China-Laos cross-border
railroad or local power plant construction.\footnote{NewsChina (06 March 2018). “Breaking the Deadlock”. \textit{NewsChina}. Available at: <http://www.newschinamag.com/newchina/articleDetail.do?article_id=3286&section_id=34&m...>}
Some of the MLC’s signature projects including the Bangkok-Kunming, China-Laos Railway, and Siem Reap airport construction are also within the Belt and Road Initiative framework.\footnote{Lyu Jian (02 February 2018). “Increase cooperation ‘will benefit Lancang-Mekong inhabitants’. \textit{The Nation}. Available at: <http://www.nationmultimedia.com/detail/opinion/30337771>}

In addition to these areas, with regard to education cooperation, more than 12,000
students from the Mekong countries have pursued tertiary education in China since
2016 and about 3,000 officials have attended seminars or training sessions there. In
addition, the Lancang-Mekong Vocational Education Base opened in Yunnan
welcomed about 10,000 professionals from their Mekong counterparts.

In 2018, China will provide the Mekong countries with 2,000 opportunities for short-
term workshops and on-the-job education with degrees or diplomas and 100
scholarships for four-year undergraduate studies.\footnote{Lyu Jian (02 February 2018). “Increase cooperation ‘will benefit Lancang-Mekong inhabitants’. \textit{The Nation}. Available at: <http://www.nationmultimedia.com/detail/opinion/30337771>}

In terms of healthcare collaboration, through the China-initiated “Brightness Action”
scheme, about 800 patients with cataracts in Cambodia, Laos and Myanmar have
had their eyesight restored. In early 2018, China pledged to provide 100 Cambodian
children with heart diseases to have free surgery under the program called “China-
Cambodia Love Heart Journey”.


\footnote{94 Lyu Jian (02 February 2018). “Increase cooperation ‘will benefit Lancang-Mekong inhabitants’. \textit{The Nation}. Available at: <http://www.nationmultimedia.com/detail/opinion/30337771>}
\footnote{95 NewsChina (06 March 2018). “Breaking the Deadlock”. \textit{NewsChina}. Available at: <http://www.newschinamag.com/newchina/articleDetail.do?article_id=3286&section_id=34&m...>}
\footnote{96 Lyu Jian (02 February 2018). “Increase cooperation ‘will benefit Lancang-Mekong inhabitants’. \textit{The Nation}. Available at: <http://www.nationmultimedia.com/detail/opinion/30337771>}
\footnote{97 Ibid.}
The relatively-new in nature of the MLC

Although the incredible progresses of the MLC are undeniable, there are some challenges that need to be addressed. MLC is still new and young in nature. Until now, there has been no clear-cut framework. The three main publicized MLC documents such as the *Sanya Declaration* of the First LMC Leaders’ Meeting, the *Phnom Penh Declaration* of the Second MLC Leaders’ Meeting, and the *Five-Year Plan of Action on LMC (2018-2022)*, all serve as guidelines rather than concrete plans. Some plans, including the MLC Connectivity Plan, Action Plans on Production Capacity, Water Resources Cooperation, Sustainable Poverty Reduction, Lancang-Mekong Environmental Cooperation Strategy and Green Lancang-Mekong Plan, are still being formulated. In fact, in the 5-year Action Plan explicitly mentioned that 2018-2019 will be the foundation year of the cooperation, in which strengthening sectorial cooperation is a priority. In other words, the first phase can be considered as the ‘institutionalization-year’ of the MLC. The actual major projects are expected to be implemented during Phase II (2020-2022).

Unequal Distribution of Projects

Another challenge is that there is an unequal distribution of projects. Among the 132 first-batch projects, Cambodia got only 16 projects or 12% account for $7.3 million or about 2% of the total $300 million LMC Special Fund. This can lead to a dysfunction of the mechanism, due to potential mistrust and misunderstanding. It can be viewed as alleged favoritism toward certain member states. This would be in stark contrast to the MLC spirit; one of its main principles clearly states in the *Sanya Declaration* that the MLC is based on equality.

Limited Information and Engagement

The awareness of the MLC is very low due to the limited amount of information that has been disclosed. The in-depth project specifications remain unknown. The details of the 45 early-harvest projects have not been exposed, leading to misinformation and suspicion. Although in the *Five-Year Plan of Action*, there is an attempt to create the MLC website so that information can be shared with the public, commitment is rather loose given the non-binding language used.; relevant ministerial stakeholders of the MLC countries are only encouraged to do so. Limited information can lead to
further suspicion among stakeholders and the public at large. It will also add more fuel to some members’ already infamous reputation as not being transparent. Despite the fact that GCMS – Cambodia Center is established under the coordination of CICP, the collaboration mechanism with the Track I level, precisely the Mekong Department and the NSC-MLC of MOFAIC in Cambodia, is still limited with much restraint. Notwithstanding the moral support and encouragement that has been given, much collaborative effort and commitment is needed if we all want to stand firmly on the same goal, to elevate the prospect of the MLC further.

On a personal capacity, the Track I counterpart has been helpful and of strong will to collaborate in the future, should the opportunity permit. This indeed signifies a positive direction towards a substantive, structural, and systematic collaborative mechanism between Track I and Track II on this particular MLC aspect. Dual-track diplomacy ought to be cherished and embraced so that the MLC will be a more effective framework of sustainable cooperation and development.

**THE BLURRY DISTINCTION BETWEEN BILATERAL DEALS, THE MLC AND THE BRI**

There is no clear-cut distinction between projects listed under the [Sino-Cambodia] bilateral deals, the MLC and the Belt and Road Initiative (BRI) in projects such as China-invested airports in Siem Reap, Koh Kong and Phnom Penh, making it difficult to undergo a cost-benefit analysis and risk assessments. It also makes it confusing for governmental departments and relevant agencies to provide pragmatic coordination in order to facilitate these project implementations. If the current condition continues, this might not only slow the implementation process but also trigger potential bureaucratic competition for projects. Under the Cambodia’ Foreign Ministry, there are two separate departments dealing with the BRI and the MLC. Without a clear distinction, it is difficult for directly-impacted communities to determine who they are going to approach when issues arise.

**FEAR OF UNSUSTAINABLE INVESTMENT**

One major public concern is the unsustainability of Chinese investment without proper socioeconomic assessment and compensation. China has already gained a very bad reputation in Sihanoukville, leading to public discontent and social unrest. In January 2018, the governor of Sihanoukville wrote a three-page report to the Ministry of Interior addressing the ongoing problems over the increasing presence of
Chinese population in the province.\textsuperscript{98} The report stressed that there are economic grievances, including the rise of rental prices, discriminative acts of some Chinese restaurants and hotels in providing services, and the prospect of Chinese investment outcompeting small local businesses. The governor also added that the behavioral misconduct, including drunk fights and potential criminal acts, have had a huge impact on public disorder in the province. Even the Chinese Ambassador to Cambodia acknowledged that such incidents happened and called for Cambodia’s government to take more serious actions against Chinese nationals who violated the country’s law.\textsuperscript{99}

**CONCERN OVER A POTENTIAL DEBT-BURDEN / DEBT-TRAP DIPLOMACY**

Cambodia is at risk of being in a debt burden which can lead to irrational concession. The large majority of the MLC’s financial assistance is under the heading of concessional and preferential loans, rather than grants. According to the Ministry of Economy and Finance, Cambodia’s total foreign debt was $9.685 billion in late 2017, of which $6.377 billion was the amount that the government borrowed from other countries on a bilateral basis.\textsuperscript{100} Among the bilateral debt, China alone owned $4.052 billion, or around 63\%.\textsuperscript{101} Although the debt remains healthy comparing to the country’s $20 billion GDP last year, this striking figure can have a serious implication for Cambodia’s foreign policy and territorial integrity. The recent handover of Sri Lanka’s strategic Hambantota Port in a 99-year lease to China in exchange for $1.12 billion debt repayment has raised many debates and lessons for many loan recipients to take into consideration.\textsuperscript{102}


\textsuperscript{101} Ibid.

RECOMMENDATIONS AND POLICY IMPLICATIONS

In order to drive the MLC to become a sub-regional platform that can fuel further growth, build more trust and confidence among its member states, and to deliberate more positive signals of comfortable coexistent with other Mekong mechanisms, the following proposals should be considered:

- The third pillar of the MLC framework on “Cultural and People-to-People Exchanges” should be mainly prioritized. Although a wide range of relevant stakeholders including youth, women, academics and think tanks were mentioned, the cooperation mechanism tends to be within the government-to-government scope as there are not many public forums or wider discussions on this particular topic yet. To increase more public awareness on the MLC, more public dialogue and wider stakeholder engagement should be among the first major steps to encourage broader participation.

- The MLC should increase more assistance in the form of grant rather than loans, especially in the field of human resources and production capacity development.

- The MLC Donors/Investors should do more careful socioeconomic assessments when there are projects undertaken. Investments aim to gain profits back, however, without proper public acceptance, investor’s capital is being put at risk as a result of social discontent.

- Accurate information on the specifications of each project should be released and publicized. This would minimize the negative perception of China as the MLC’s main donor and would enhance its transparency image. It would also help directly-impacted communities to have adequate awareness about the projects and know who the relevant departments and agencies in charge are.

- The relevant ministerial stakeholders should intensify their effort to create a comprehensive MLC website, to serve as an information-sharing platform to various communities including think-tanks, academics as well as the public at large. The website should provide background about the MLC, all key documents and specifications of projects including the starting date, both direct and indirect actors responsible for coordinating the projects, progresses, cost, impacts and possible ending dates. This information will develop a clearer image for other stakeholders. It would also produce a more conducive environment for them to participate in,
including doing risk assessments and providing recommendations to improve the MLC even more in the future.

- Emphasis should be placed on the coordination between the GCMS – Cambodia Center and the governmental agencies and departments. The Center has been structured and consistently echoed under the official framework of the MLC. We therefore urge for closer collaboration and to identify a set of themes of engagement to be jointly established between the Center and relevant MLC departments in order to foster closer cooperation. The culture of information-sharing and exchanges of views among actors, who are in charge of coordinating the MLC from each side, should be embraced. Further, regular contact should be retained and joint meetings should be conducted.
CONCLUSION

To recapitulate, in the timespan of three years, the MLC has noticeably and significantly progressed to emerge as one of the most important regional cooperation frameworks in the Mekong region. Despite some mixed perceptions within the academic community, it is undeniable that the MLC is going to play an important role in the region in the foreseeable future.

With strong political will and concrete funding availability, the MLC should be welcomed with open arms by other mechanisms to further the prospect of development of the Mekong sub-region.

In the context of Cambodia, the MLC’s priority areas and pillars fit dramatically well with the core parts of Cambodia’s National Development Strategies, including the Rectangular Strategy – Phase III and Industrial Development Policy. Those areas and pillars will both directly and indirectly fuel further economic development of Cambodia, should the right initiatives be in place and be properly implemented.

There are also many major progresses under the MLC which can be visibly seen in Cambodia. Rapid institutionalization and funding availability of the mechanism cannot be ignored. The establishment of the National Secretariat of Cambodia on Mekong-Lancang Cooperation (NSC-MLC) and the Track II Global Center for Mekong Studies (GCMS) – Cambodia Center serve as a good example of how the MLC institutions have rapidly been progressed.

However, there are still many persisting challenges which remain to be adequately addressed. Due to its juvenile nature, the MLC still lacks substantive and concrete plans on its pillars and priority areas. Unequal distribution of projects needs to be seriously put on spot to avoid potential discontent among the MLC member states. The degree of public awareness remains relatively low due to the limitation of information available at large as well as certain restraint on possible engagements. The blurred line between the MLC and other Chinese initiatives explicitly creates difficulties for relevant stakeholders to properly assess and monitor the project implementations. Fears of unsustainable investments and concerns on the debt-burden are another main challenge that the MLC needs to properly address and tackle.

To further drive the MLC to become a regional mechanism that can ensure healthier growth and build more trust among its member states, it needs to pay considerably
more attention to the third pillar of cooperation, “Cultural and People-to-People Exchanges”. More grants rather than loans should be injected under the MLC banner on this prospect of collaboration. Furthermore, proper and careful socioeconomic assessments need to be done for MLC projects and investments. Coordination between concerned stakeholders needs to be further intensified. Public awareness with open and frank dialogue needs to be built through jointly hosting relevant workshops and seminars on the MLC. In this context, the GCMS – Cambodia Center can certainly play a role and serve as a platform for interested participants and stakeholders alike.

This research paper does encounter certain restraints which would then open up for further analysis and assessment for future project on MLC. The project was undertaken since early this year. In this regard, the *Rectangular Strategy Phase III* (which was adopted in 2013 and had since been the core national development strategy for Cambodia’s fifth legislative government) was used as a reference to assess the alignment of MLC and the country’s national policies. However, in September this year, the *Rectangular Strategy Phase IV* was adopted after the formation of the sixth mandate. Due to time constraints, appropriate revision could not be undertaken in relations to the *Rectangular Strategy Phase IV*.

Also, as elaborated in details in the above section, only the first phase projects were listed. The second phase project approval only came about after the fourth MLC Foreign Ministerial Meeting which was held in Laos from 16th to 17th December 2018. It should be noted that Cambodia got another 19 projects approved (see in the appendix below), worth around USD 8 million.
## Appendix

### List of 16 Cambodian Projects of Mekong-Lancang Cooperation of Cambodia Supported by LMC Special Fund (2017)

<table>
<thead>
<tr>
<th>No.</th>
<th>Projects</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buddhist Development Program of Cooperation and workshop on effectiveness of Management of Theravada Buddhism in the countries along Mekong River</td>
<td>Ministry of Cult and Religion</td>
</tr>
<tr>
<td>2</td>
<td>Lancang-Mekong Training-of-Trainers (TOT) Workshop and Publication of the ASEAN Community-Based Tourism (CBT) Standards</td>
<td>Ministry of Tourism</td>
</tr>
<tr>
<td>3</td>
<td>Addressing Land Degradation and Improving Local Livelihoods through Sustainable Land Management</td>
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<tr>
<td>4</td>
<td>Forest Restoration and Promotion of Sustainable Forest Use in Southeast Asia</td>
<td>Ministry of Agriculture, Forestry and Fisheries</td>
</tr>
<tr>
<td>5</td>
<td>Promoting an Effective Regional Strategy for Combating Illegal, Unreported and Unregistered (IUU) Fishing in the Mekong Countries for Sustainable Fisheries Management in the Mekong Region</td>
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</tr>
<tr>
<td>6</td>
<td>Mekong-Lancang ICT Volunteer</td>
<td>Ministry of Posts and Telecommunications</td>
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<tr>
<td>7</td>
<td>Air Connectivity Enhancement Study in Cambodia-Lao, Myanmar and China</td>
<td>State Secretariat of Civil Aviation of Cambodia</td>
</tr>
<tr>
<td>8</td>
<td>Enhancing Research and Dialogue on Contract Farming in Lancang-Mekong Countries</td>
<td>Cambodia Development Resource Institute (CDRI)</td>
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<tr>
<td>9</td>
<td>Enhance China-Mekong Research and Policy Dialogue Program</td>
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<tr>
<td>10</td>
<td>Integrated Community Development Along Mekong River</td>
<td>Ministry of Rural Development</td>
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<tr>
<td>No.</td>
<td>Projects</td>
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<tr>
<td>11</td>
<td>Poverty Reduction through Rural Economic Development in Cambodia</td>
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<tr>
<td>12</td>
<td>The Lancang-Mekong Symposium on SMCES</td>
<td>Ministry of Culture and Fine Arts</td>
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<td>Preventing the theft, clandestine excavation, illicit import and export of Cultural Property through Lancang-Mekong Region</td>
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<td>14</td>
<td>Water Quality Monitoring System at Mekong Mainstream and Information Center Installation</td>
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<td>15</td>
<td>Joint Research and Technology Development in the Risk Evaluation, Monitoring and Early-warning of the Three Typical Vector-borne Tropical Diseases, namely Dengue, Schistosomiasis and Angiostrongylis in Cambodia</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>16</td>
<td>Supporting Program for Scholarship Opportunities to Poor Students to Study in the Field of Science and Technology in China</td>
<td>Ministry of Foreign Affairs and International Cooperation</td>
</tr>
</tbody>
</table>

**List of 19 Cambodian Projects of Mekong-Lancang Cooperation of Cambodia Supported by LMC Special Fund (2018)**

<table>
<thead>
<tr>
<th>No.</th>
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</tr>
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<tbody>
<tr>
<td>1</td>
<td>Supporting Program for Scholarship Opportunities to Poor Students to Study in the Field of Telecommunication Engineering in China</td>
</tr>
<tr>
<td>2</td>
<td>The MLC Training Program on Project Management and Sectoral Development of Key Priority Areas</td>
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<tr>
<td>3</td>
<td>Poverty Reduction through Rural Economic Development in Cambodia Phase II</td>
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<tr>
<td>4</td>
<td>Integrated Community Development along the Mekong River (Phase II)</td>
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<tr>
<td>5</td>
<td>Interfaith Dialogue on Sustainable Peace and Development in the Countries along Mekong River (Mekong-Lancang Cooperation)</td>
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<td>6</td>
<td>Mekong-Lancang on Interpreting Natural and Cultural Heritage towards Quality Guiding and Satisfied Tourists-Level I</td>
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<tr>
<td>7</td>
<td>Accident Prevention through Cooperation Enhancement in Lancang Mekong Countries</td>
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<tr>
<td>8</td>
<td>Capacity Building for Implementing the National Qualifications Framework (NQF) and Quality Assurance (QA) in Higher Education in Cambodia, Lao PDR, Myanmar and Viet Nam</td>
</tr>
<tr>
<td>9</td>
<td>Enhancement Capacity Building for Implementing National Protected Area Strategic Management Plan and REDD+ Framework in the Lancang-Mekong Sub Region Countries</td>
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<tr>
<td>10</td>
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PICH Charadine currently serves as the Coordinator of the Global Center for Mekong Studies (GCMS) – Cambodia Center and concurrently the Senior Research Fellow of the Cambodian Institute for Cooperation and Peace (CICP). She was the adjunct lecturer of ASEAN Studies in the Department of Political Science and International Relations of Zaman University, Cambodia. She had been working with several civil society organizations and had also jointly conducted numerous research projects, prior to her current affiliation.

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She has written on various issues concerning Cambodia’s political development and its subsequent foreign policy implications. Her scope of focus/research areas are Sino-Cambodia relations (particularly on political economy dilemma, foreign aid policy, and economic statecraft), ASEAN affairs (mostly on ASEAN-China context), as well as Cambodia’s politics and foreign relations. As a Coordinator of the GCMS – Cambodia Center, she also watches closely on the development of the Mekong-Lancang Cooperation and other related aspects.

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