

**MINUTES OF THE EIGHTEENTH MEETING OF
THE MRC COUNCIL
(SESSION 1)**

**MEKONG RIVER COMMISSION
8 December 2011 in Siem Reap, Cambodia**

GENERAL

1. The MRC Council held its Eighteenth Meeting (hereinafter referred to as “The Meeting”) on 8 December 2011 in Siem Reap, Cambodia. The proposed Programme and Agenda covered the following items:

- Approval of the Operating Expenses Budget for 2012
- Consideration on the Prior Consultation process of the proposed Xayaburi Hydropower Project

2. Session 1 of the Meeting was followed by a Session of the MRC Council with the Development Partners’ Consultative Group on 9 December 2011, at which strategic matters were discussed and a policy dialogue on donor harmonization was held. A separate Summary Record will be prepared for Session 2, the Joint Meeting with the MRC Development Partners Consultative Group.

3. The Meeting was opened and chaired by H.E. Mr. Lim Kean Hor, Minister of Water Resources and Meteorology, Chairman of Cambodia National Mekong Committee and Chairman of the MRC Council for 2011/2012. The Meeting was attended by 92 participants, including Delegates from Cambodia, Lao PDR, Thailand and Viet Nam and professional and support staff from the MRC Secretariat (Appendix No. 1.2: List of Participants).

4. On 7 December 2011, Members of the MRC Joint Committee held a Preparatory Meeting to review the draft agenda and discuss issues of mutual concern prior to the Eighteenth Meeting of the MRC Council on 8-9 December 2011. On the morning of 8 December, the Council held a Private Session to discuss matters of mutual interest prior to the plenary session.

5. The MRC Secretariat with the assistance of the Cambodia National Mekong Committee Secretariat (CNMCS) provided logistical and other related support to the Eighteenth Meeting of the MRC Council.

A. STATEMENT OF THE CHAIRPERSON OF THE MRC COUNCIL FOR 2010/2011

6. H.E. Mr Nguyen Minh Quang, Minister of Natural Resources and Environment, Chairman of Viet Nam National Mekong Committee, Chairperson of the MRC Council for 2010/2011, thanked the Meeting for the warm welcome, (Appendix No.1.3).

7. H.E. Mr. Quang expressed that Viet Nam was honoured to hold the Chair of the MRC Council for 2010/2011 and then highlighted the MRC achievements in the past year. This includes the adoption of the Procedures for Water Quality, the Integrated Water Resources Management-based Basin Development Strategy and the MRC Strategic Plan 2011-2015. He is pleased to see that the MRC Member Countries are looking forward to taking greater ownership of the MRC through the Strategic Plan 2011-2015. With a target of decentralisation of core functions and financing to the Member Countries, the MRC will gradually reach a matured stage of ownership and responsibility.

8. In closing, he extended further thanks to Member Countries and Development Partners for the tremendous support to the work of the MRC. Finally, H.E. Mr Nguyen Minh Quang handed over the chairmanship for 2011/2012 to H.E. Mr. Lim Kean Hor, Minister of Water Resources and Meteorology of Cambodia.

B. WELCOME ADDRESS BY THE CHAIRPERSON OF THE MRC COUNCIL FOR 2011/2012

9. H.E. Mr. Lim Kean Hor extended his warm welcome to all distinguished Delegates to the Eighteenth Council Meeting and to Siem Reap, where delegations could explore some historical sites in this ancient city. He then thanked Viet Nam for the chairmanship of the MRC Council over the past year, (Appendix No.1.4).

10. In introducing the programme of the Meeting, H.E. Mr. Lim Kean Hor acknowledged the efforts of the MRC Member Countries throughout the consultation of the proposed use of the Mekong mainstream for the Procedures for Notification, Prior Consultation and Agreement. Even though the consultation of the first proposed use of water on the Mekong mainstream has proved to be a challenging one, it has struck a chord that demonstrates why regional cooperation is crucial.

11. In conclusion, he expressed his appreciation to all Delegates for their presence and participation and then declared the Meeting open.

C. ADOPTION OF THE AGENDA

12. The Agenda was adopted as proposed, (Appendix No.1.1: Agenda).

D. MANAGEMENT AND FINANCIAL MATTERS

D.1 APPROVAL OF THE OPERATING EXPENSES BUDGET FOR 2012

13. The Chairperson of the MRC Joint Committee for 2010/2011 invited the CEO of the MRCS to brief the Meeting on the outcomes of the discussion of the Preparatory Meeting of the Joint Committee on the Operating Expenses Budget for 2012. The Chief of Finance and Administration Section provided more detailed information on the agenda item, (Appendix No. 1.5).

14. The total estimated revenue is US\$ 3,619,346. Compared with the approved 2011 OEB, the budget for the year 2012 reflects an expected increase of 5% in revenue mainly thanks to the increase in contributions from the Member Countries and in Treasury Management. The contributions from the riparian Governments in 2012 will be increased to US\$ 1,827,076 in accordance with the decision made by the Council in October 2000 whilst income on the Management and Administration Fee (MAF) is estimated at US\$1,710,000 (0.4% higher than in the budgeted MAF in 2011). The estimate of income from treasury management is based on interest rates of the existing banks currently used by MRCS. The interest earning from these banks is estimated at \$77,270, an expected increase of nearly 55% compared to 2011 due to their attractive interest rates and the increased Administrative Reserve Fund. Total expenditure is estimated at US\$3,562,093 which is 3.4% higher than in 2011. This led to a 2012 surplus of US\$57,253 and accumulated surplus of US\$3,297,699.

15. The Meeting was also briefly presented on the changes in the 2012 OEB staff list. These changes include an International CEO instead of a riparian CEO, and some positions previously funded by development partners' institutional support are now fully budgeted under the OEB.

16. The Meeting approved the proposed Operating Expenses Budget for 2012 including the 2012 staff list.

E. MEKONG RIVER COMMISSION MATTERS

E.1 CONSIDERATION ON THE PRIOR CONSULTATION PROCESS OF THE PROPOSED XAYABURI HYDROPOWER PROJECT

17. The Chairperson of the MRC Council for 2011/2012 informed the Meeting on the latest development of the proposed Xayaburi project. Since this is a very sensitive matter it was discussed several times among the MRC Council Members since the night of 7 December and again at the Informal Meeting of the Council in the morning of 8 December before the Eighteenth Meeting of the MRC Council. The Chairperson then invited the MRC Secretariat to provide more information on the agenda item. The CEO of the MRC Secretariat, with the support from the Chief of the International Cooperation and Communication Section, presented background information on the consultation process of the proposed Xayaburi project, (Appendix No. 1.6).

18. The Meeting was reported on the mechanisms and activities set up after the submission of the proposed Xayaburi hydropower project. Those mechanisms include a MRC Secretariat Task Group, the PNPCA Joint Committee Working Group (JC WG), and Expert Groups. Three meetings were held by the JC WG on PNPCA and several meetings were convened amongst MRC programmes and experts to discuss and review the proposed project on technical aspects. As a result of these teams' work, a Prior Consultation Technical Review Report was finalised and submitted to the Joint Committee at its Thirty-third Meeting which agreed that this Technical Review Report by the MRCS could be disclosed and published on the MRC Website.

19. At the national level there were also national consultative or public participation meetings organised with an aim to allow different stakeholders, especially communities which could possibly be affected from the proposed project, to provide their views on the project.

20. The Secretariat also briefly summarised the outcome of the Special Session of the MRC Joint Committee on 19 April 2011 that the proposed Xayaburi project should be referred to each respective government and the Council for further consideration.

21. The Council of the Mekong River Commission agreed in principle to implement the outcome of the verbal discussion by the Member Countries' Prime Ministers at the 3rd Mekong-Japan Summit in Bali, Indonesia, in November 2011, to approach the Government of Japan to support the conduct of a study on sustainable management and development of the Mekong river including impacts by mainstream hydropower projects. Some Member Countries require an additional national approval process and thus agreed to bring this matter back to their respective governments for their internal discussion and necessary actions.

22. Other development partners may consider providing support to MRC in this regard.

OTHER BUSINESS

23. The Council, recognising pressing issues facing the LMB, agreed in principle with the proposal of Viet Nam to convene an informal MRC Summit on the occasion of the 20th ASEAN Summit in Cambodia tentatively scheduled for April 2012. The Council instructed the Joint Committee and MRC Secretariat to prepare a concept note, including the objectives, expected outcomes and agenda for this upcoming Summit and report back to the Council at the earliest date.

K. ADOPTION AND SIGNING OF THE MINUTES OF THE EIGHTEENTH MEETING OF THE MRC COUNCIL

24. The MRC Council expressed its appreciation to the Royal Government of Cambodia and adopted the Minutes of the first Session of the Eighteenth Meeting of the MRC Council on 8 December 2011 in Siem Reap, Cambodia, which reflect mutual will of the Member Countries.



H.E. Mr. Sin Niny
Alternate Member of the MRC Council for the Kingdom of Cambodia



H.E. Mr. Noulinh Sinbandhit
Member of the MRC Council for the Lao People's Democratic Republic



H.E. Mr. Preecha Rengsomboonsuk
Member of the MRC Council for the Kingdom of Thailand



H.E. Dr. Nguyen Thai Lai
Alternate Member of the MRC Council for the Socialist Republic of Viet Nam



H.E. Mr. Lim Kean Hor
Chairman of the MRC Council for 2011-2012

L. CLOSING STATEMENT OF THE CHAIRMAN OF THE MRC COUNCIL 2011-2012

After adoption of the Minutes, the Chairman delivered the closing statement and the Meeting thanked the host country and the MRC Secretariat for successful preparation of the Meeting, (Appendix No. 1.10)