



Brunei Darussalam-Indonesia-Malaysia-Philippines
East ASEAN Growth Area
(BIMP-EAGA)

BIMP-EAGA VISION 2025



**BIMP-EAGA
VISION
2025**



CONTENTS

Figures and Boxes	vi
Abbreviations	viii
Executive Summary	xi
Chapter 1: Introduction and Development Context: Shared History, Shared Future	1
Introduction	1
Unique Features	2
First Decade of Cooperation	2
<i>Revitalizing Subregional Cooperation</i>	3
<i>High-Level Ownership and Political Commitment</i>	3
Roadmap to Development 2006-2010	3
Implementation Blueprint 2012-2016	5
Lessons that Shaped BIMP-EAGA Cooperation	6
Forging Ahead: 2017-2025	7
Chapter 2: Vision 2025: R.I.S.E. BIMP-EAGA to Narrow Development Gap	10
BIMP-EAGA Aspirations for 2025	10
BEV 2025 Guiding Framework	10
<i>Assets, Drivers and Challenges</i>	10
<i>Key Features</i>	10
Making the Vision a Reality	13
Chapter 3: BIMP-EAGA's Development Path 2025 (Sector Strategies)	15
<i>Connectivity Pillar</i>	15
Transport Sector Strategy: Interconnected, Seamless And Safe Multi-Modal Transport	15
Transport Sector Development Context	15
Transport Sector Strategic Issues and Challenges	16
Transport Sector Strategy	17

Connectivity Pillar	19
Trade and Investment Facilitation Sector Strategy: Viable Cross-border Trading and Conducive Investment Environment	19
Trade and Investment Facilitation Development Context	19
Trade and Investment Facilitation Strategic Issues and Challenges	20
Trade and Investment Facilitation Sector Strategy	21
Power and Energy Infrastructure Sector Strategy: Resilient and Secure Energy Sector	24
Power and Energy Infrastructure Sector Development Context	25
Power and Energy Infrastructure Issues and Challenges	25
Power and Energy Infrastructure Sector Strategy	25
Information and Communication Technology (ICT) Sector Strategy: BIMP-EAGA as an ICT Enabled Community	28
ICT Development Context	28
ICT Strategic Issues and Challenges	28
ICT Sector Strategy	29
Food Basket Pillar	32
Agribusiness Sector Strategy: Competitive and Climate Resilient Agro-industry and Fisheries	32
Agribusiness Sector Development Context	32
Agribusiness Sector Strategic Issues and Challenges	33
Agribusiness (Agro-industry and Fisheries) Sector Strategy	34
Tourism Pillar	37
Tourism Sector Strategy: Sustainable and Inclusive Tourism Destination in Asia and the Pacific	37
Tourism Sector Development Context	37
Tourism Sector Strategic Issues and Challenges	38
Tourism Sector Strategy	39
Environment Pillar	41
Environment Sector Strategy: Sustainable Management Approaches in BIMP-EAGA Ecosystems	41
Environment Sector Development Context	41
Environment Sector Strategic Issues and Challenges	42
Environment Sector Strategy	42
Socio-cultural and Education Pillar	45
Socio-cultural and Education Sector Strategy: People-to-People Connectivity and Cultural Exchanges	45
Socio-cultural and Education Development Context	45
Socio-cultural Development and Education Strategic Issues and Challenges	46
Socio-cultural and Education Sector Strategies	46

Chapter 4: Institutional Mechanisms and Operating Processes	49
High-Level Policy and Strategic Guidance	50
Subregional Coordination	50
National (In-Country) Coordination	50
Operational Level	51
Local Government Participation	51
Private Sector Engagement	51
Cooperation with Partners	52
Review and Improvements in Institutional Mechanisms and Operating Processes	52
Chapter 5: Implementing BEV 2025	54
Improving Project Management	54
Convergence Initiatives	55
Strengthening Public Awareness	56
Establishing Knowledge Platforms and Building Capacities	57
Expanding Strategic Alliances and Partnerships	57
Chapter 6: Results-based Monitoring and Evaluation	58
Measuring BIMP-EAGA Success	58
Results-Based Monitoring and Evaluation	58
Developing the Framework	58
A Work in Progress	59
Phased Approach	59
Executing the RBME	60
BIMP-EAGA Program Results Framework	60
Appendices	
Priority Infrastructure Projects (PIPs)	62
BEV 2025 Project List by Sector and by Strategic Priorities (2017–2025)	64
BIMP-EAGA At A Glance: A Statistical Information Brief	83
Acknowledgements	93

FIGURES AND BOXES

Figures

1	Map of BIMP-EAGA	1
2	Vision 2025: R.I.S.E BIMP-EAGA	10
3	BIMP-EAGA Assets, Drivers and Challenges	10
4	BEV 2025 Guiding Framework Features	11
5	BEV 2025 Guiding Framework	11
6	Road Map and Implementation Blueprint Influence on BEV 2025 Guiding Framework	12
7	BIMP EAGA Priority Economic Corridors Routes and Strategy	13
8	BEV 2025 Goals (Outcomes)	14
9	Transport Assets, Drivers, Challenges and Bottlenecks	16
10	Transport Sector Strategy Outcome, Outputs and Metrics	17
11	TIF Assets, Drivers, Challenges and Bottlenecks	19
12	TIF Sector Strategy Outcomes, Outputs and Metrics	22
13	Power and Energy Infrastructure Assets, Drivers, Challenges and Bottlenecks	25
14	Power and Energy Infrastructure Sector Strategy Outcome, Outputs and Metrics	26
15	ICT Assets, Drivers, Challenges and Bottlenecks	29
16	ICT Sector Strategy Outcome, Outputs and Metrics	30
17	Agribusiness Assets, Drivers, Challenges and Bottlenecks	32
18	Agribusiness Sector Strategy Outcome, Outputs and Metrics	35
19	Tourism Assets, Drivers, Challenges and Bottlenecks	37
20	Tourism Sector Strategy Outcome, Outputs and Metrics	39
21	Environment Assets, Drivers, Challenges and Bottlenecks	41
22	Environment Sector Strategy Outcome, Outputs and Metrics	43
23	SCE Assets, Drivers, Challenges and Bottlenecks	45
24	SCE Sector Strategy Outcomes, Outputs and Metrics	47
25	BIMP-EAGA Institutional Structure	49
26	The BIMP-EAGA Project Cycle	55
27	Three Levels of BEV 2025 RBME	58
28	RBME in the BIMP-EAGA Institutional Structure	59
29	BIMP-EAGA Overall Program Results Framework	61

Boxes

1	BIMP-EAGA Road Map Objectives	4
2	The Pandaruan Bridge Project	5
3	The Trans Borneo Power Grid Sarawak-West Kalimantan Interconnection Project	6
4	Lessons that Shaped BIMP-EAGA Cooperation	6
5	BEV 2025 Criteria for Project(s) Selection	54

ABBREVIATIONS

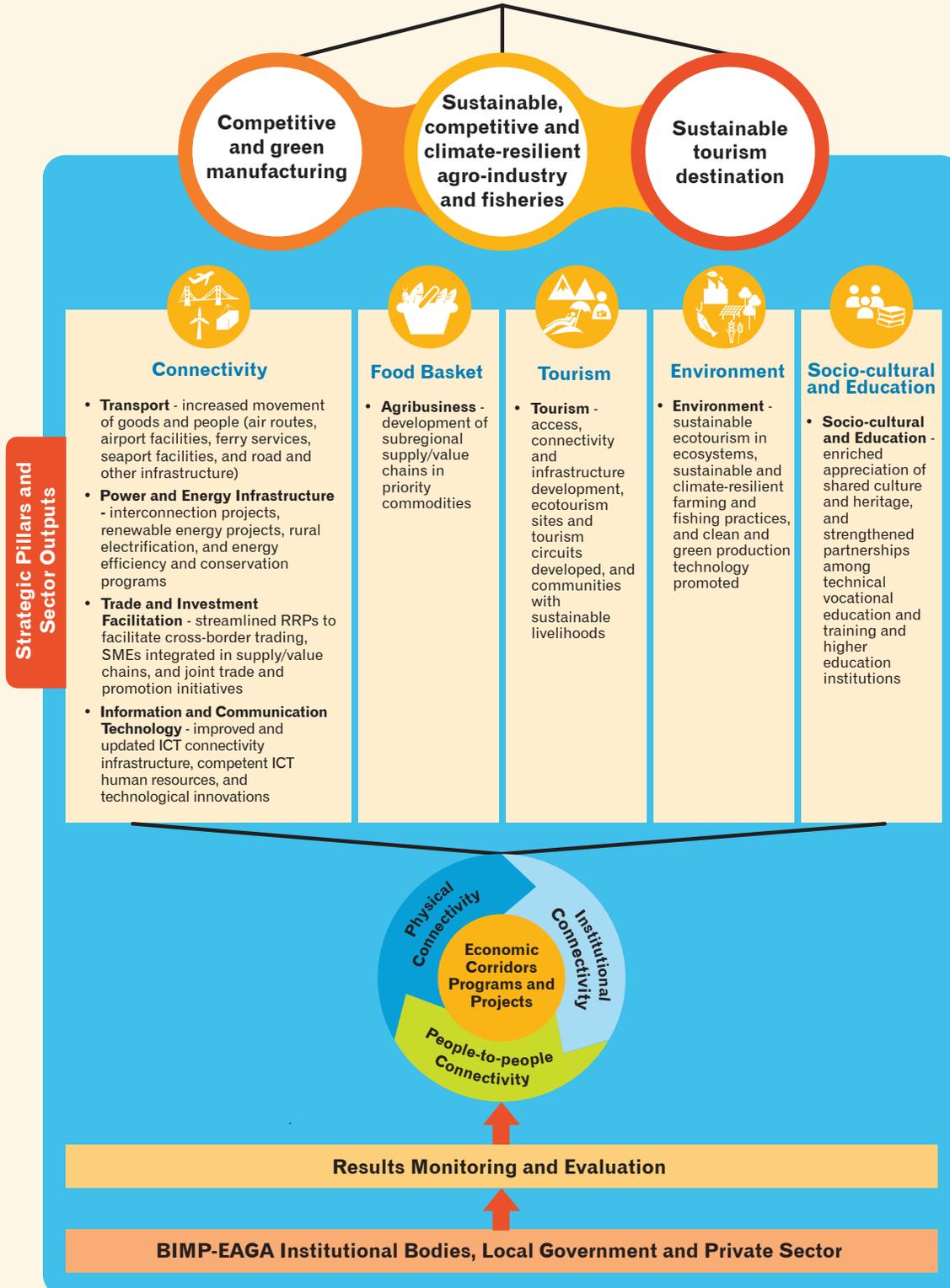
ADB	Asian Development Bank
ACTS	ASEAN Customs Transit System
AEC	ASEAN Economic Community
AEO	Authorized Economic Operator
AFTA	ASEAN Free Trade Area
APGCC	ASEAN Power Grid Consultative Committee
AQRF	ASEAN Qualifications Reference Framework
ASEAN	Association of Southeast Asian Nations
BIMP-EAGA	Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area
BEBC	BIMP-EAGA Business Council
BEMCA	BIMP-EAGA Media and Communicators Association
BEST	BIMP-EAGA Submarine Terrestrial Cable System
BEV 2025	BIMP-EAGA Vision 2025
BIMP-FC	BIMP-EAGA Facilitation Center
CBET	community-based ecotourism
CIQS	customs, immigration, quarantine and security
CTI	Coral Triangle Initiative
CWGs	clusters and working groups
DPs	development partners
FBS	Food Basket Strategy
GCAP	Green City Action Plan
GCI	Green Cities Initiative
GHG	greenhouse gas
GSSC	Greater Sulu-Sulawesi Corridor
HAPUA	Heads of ASEAN Power Utilities and Authorities
HEI	higher education institutions
HOB	Heart of Borneo
HRD	human resources development
IB	Implementation Blueprint
ICMU	Infrastructure and Connectivity Monitoring Unit
ICT	information and communication technology
IMT-GT	Indonesia-Malaysia-Thailand Growth Triangle
LGF	Local Government Forum

LTWG	Land Transport Working Group
MOU	Memorandum of Understanding
MM	Ministerial Meeting
MPAC 2025	Master Plan on ASEAN Connectivity 2025
MRA	Mutual Recognition Arrangement
MSME	micro, small and medium-sized enterprise
MTR	mid-term review
NS	National Secretariat
NSO	National Statistics Office
NT	Northern Territory (Australia)
NCSS	Non-Convention Sized Ships
PP	project proponent
PAC	Project Appraisal Committee
PIP	priority infrastructure projects
PPP	public-private sector partnerships
PIT	Project Implementation Team
QF	Qualifications Framework
RDA	Regional Development Advisor
RoRo	Roll-on-Roll-off
RRP	rules, regulations and procedures
SCD	socio-cultural development
SCE	socio-cultural and education
SME	small and medium-sized enterprise
SMED	SME development
SSME	Sulu-Sulawesi Marine Ecoregion
SOM	Senior Officials Meeting
SPM	strategic planning meeting
TIF	Trade and Investment Facilitation
TVET	technical, vocational education and training
WBEC	West Borneo Economic Corridor
WG	Working Group
WTO	World Trade Organization
RBME	results-based monitoring and evaluation
R.I.S.E.	resilient, inclusive, sustainable and economically competitive
UNESCO	United Nations Educational, Scientific and Cultural Organization

Note: In this report, “\$” refers to US dollars unless otherwise stated

BIMP-EAGA VISION 2025

Resilient, Inclusive, Sustainable and Economically competitive (R.I.S.E.)
BIMP-EAGA to narrow development gap



EXECUTIVE SUMMARY

The Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) initiative was established in 1994 by the four countries as a shared strategy to accelerate socioeconomic development of the less developed and geographically remote areas in the member countries. From its inception, the cooperation program adopted a public-private approach to development, with the private sector serving as the engine of growth and the public sector taking on an enabling role. BIMP-EAGA covers the entire sultanate of Brunei Darussalam; the provinces in Kalimantan, Sulawesi, Maluku and Papua in Indonesia; the states of Sabah and Sarawak and the federal territory of Labuan in Malaysia; and the entire island of Mindanao and the island province of Palawan in the Philippines. The strong sense of ownership by the member countries and their commitment to this initiative enabled BIMP-EAGA to achieve noteworthy successes in the last 20 years. Despite many challenges, member countries engaged in significant efforts directed at sustaining BIMP-EAGA cooperation to address common development challenges and issues. BIMP-EAGA continues to be highly relevant as: (i) an established program for cooperation; (ii) a platform for synergies and complementarities in the development priorities of the focus areas; and (iii) an effective vehicle for contributing to ASEAN's regional integration agenda.

The BIMP-EAGA Vision 2025 (BEV 2025) was formulated to ensure that member countries are attuned to regional and global development trends, opportunities and challenges that would influence the future of economic cooperation. BEV 2025 builds on the successes and progress achieved by BIMP-EAGA thus far. It is grounded in the commitments made by member countries through their national and local development plans to promote subregional cooperation. National consultations and sector planning workshops were conducted to ensure the greatest possible participation by BIMP-EAGA stakeholders (national and local governments, sector cluster and working groups, and the private sector) in the formulation of BEV 2025. In light of the fact that the BIMP-EAGA initiative is considered a building block of ASEAN economic integration, the BIMP-EAGA Senior Officials Meeting agreed to align the period of this strategic plan with that of ASEAN Vision 2025: Forging Ahead Together.

The BIMP-EAGA Vision for 2025 is “Resilient, Inclusive, Sustainable and Economically competitive (R.I.S.E.) BIMP-EAGA to narrow development gap.” BIMP-EAGA aspires to achieve a level of resilience in its development that would cushion the subregion from the impact of external shocks and hasten recovery. It intends to foster inclusivity by narrowing development gaps within each country, and between the subregion and ASEAN. All BIMP-EAGA initiatives will consider environmental impacts and seek the sustainable management of natural resources. Lastly, BIMP-EAGA development efforts will be directed at growing industries where BIMP-EAGA already has, or could easily develop, a competitive advantage.

BEV 2025 focuses on delivering three main outcomes: (i) a competitive and green manufacturing sector aiming to transition from resource extraction into higher levels of processing and value-added production; (ii) sustainable, competitive and climate-resilient agro-industry and fisheries to ensure food security, export development and livelihoods; and (iii) BIMP-EAGA as a sustainable, well-developed and connected multi-country tourism destination, to benefit less developed areas.

Given that connectivity is vital for the seamless movement of goods and people across BIMP-EAGA, and for its integration in ASEAN and the rest of the world, the West Borneo Economic Corridor, Greater Sulu-Sulawesi Economic Corridor and other economic corridors provide a spatial focus to the physical, institutional and people-to-people connectivity being pursued. The BIMP-EAGA development approach is to mobilize the private sector as an engine of growth, with governments (particularly at subnational levels) providing a facilitative and conducive environment that promotes and supports private sector investment. The BEV 2025 key enablers are active and supportive local governments, and an engaged and empowered private sector.

The BIMP-EAGA development path to 2025 is guided by the long-term strategic thrusts of enhancing connectivity within and outside BIMP-EAGA, establishing the subregion as a food basket in ASEAN and the rest of Asia, promoting BIMP-EAGA as a premier tourism destination, ensuring the sustainable management of natural resources, and promoting people-to-people connectivity through socio-cultural understanding and increasing mobility. The highlights of the sector strategies outcomes and outputs are summarized below:

- **Transport.** A subregion inter-connected by seamless, safe multimodal transport. *Outputs:* increased movement of goods and people, with deliverables per subsector (i.e. air, sea and land); intra-EAGA air routes and airport facilities; ferry services and seaport facilities; and road and other infrastructure facilities.
- **Trade and Investment Facilitation.** Sustainable and competitive cross-border trade within the subregion (intra-EAGA trade) and with the rest of the world (extra-EAGA) and a conducive investment environment within the subregion. *Outputs:* streamlined rules, regulations and procedures to facilitate cross-border trading; SMEs integrated in supply/value chains; and joint trade and promotion initiatives.
- **Power and Energy Infrastructure.** A resilient and improved energy sector for sustainable development. *Outputs:* interconnection projects; renewable energy projects; rural electrification; and energy efficiency and conservation programs.
- **Information and Communication Technology.** BIMP-EAGA as a single ICT-enabled community with high-quality infrastructure, improved accessibility, competent human resources, and technological innovation. *Outputs:* improved and updated ICT connectivity and infrastructure (hard and soft); competent ICT human resources; and technological innovations.
- **Agribusiness.** Sustainable, competitive and climate-resilient agro-industry and fisheries. *Main output:* the development of subregional supply/value chains for priority commodities with highest perceived potential for intra-EAGA and extra-EAGA trade and processing.
- **Tourism.** BIMP-EAGA as an ecotourism destination of choice in Asia and the Pacific. *Outputs:* enhanced tourism access, connectivity and infrastructure; ecotourism sites developed and promoted; tourism circuits involving at least two countries; and communities to adopt sustainable livelihoods and ecotourism based on ASEAN standards.
- **Environment.** Mainstreamed sustainable management approaches in BIMP-EAGA ecosystems. *Outputs:* sustainable ecotourism in ecosystems; sustainable and climate-resilient farming and fishing practices; and clean and green production technology promoted.
- **Socio-cultural and Education.** Enhanced people-to-people connectivity and knowledge exchange, and the development of highly competent human resources. *Outputs:* enriched appreciation of BIMP-EAGA shared culture and heritage; and strengthened partnerships among institutions providing technical vocational education and training, and institutions of higher education.

The BIMP-EAGA institutional structure has been adequate in facilitating consultations and dialogue between and among the member countries at both national and subregional levels. The present institutional structure is simple, sufficiently flexible and generally effective in supporting the project-based and activity-driven approach of BIMP-EAGA cooperation. BIMP-EAGA will continue to regularly review its institutional mechanisms and cooperation processes, led by the BIMP-EAGA-Facilitation Center at the subregional level and the National Secretariats at in-country level, to ensure they remain responsive to the requirements of the subregion.

While there will be no fundamental changes in the organization and cooperation arrangements in BIMP-EAGA, implementation arrangements will be greatly strengthened by a more disciplined process of project planning, implementation, monitoring and evaluation, in order to ensure quality delivery and greater accountability.

The Project Appraisal Committee will be activated to periodically assess compliance with the requirements of a subregional project, as defined in the BIMP-EAGA Project Manual. Project Implementation Teams will be established to oversee project implementation, report on progress, and monitor and track project level targets and indicators. Convergence initiatives, which are essentially multi-sectoral approaches to project development, will be pursued to ensure linkages across sector strategies and to strengthen project implementation through joint identification, formulation, and implementation of multisector interventions.

Strong communications support to raise public awareness on BIMP-EAGA will be put in place, that would include multisectoral cooperation events, digital and internet campaigns, institutional support through the revival of the BIMP-EAGA Media and Communicators Association, regular updating of the BIMP-EAGA database, and promotion of its use among economic researchers and media groups. Knowledge partnerships will be developed to generate demand-driven knowledge products and services, such as training and research for BIMP-EAGA stakeholders. Training events, workshops and other capacity-building activities will be continued in partnership with governments, the private sector, academe and development partners.

BIMP-EAGA will continue working with ASEAN and with other subregional initiatives (i.e. Heart of Borneo and Coral Triangle Initiative) to pursue cooperation in areas of mutual interest. Other external partners will be sought for their potential as financiers, providers of technical assistance, knowledge partners, and value-adding contributors to the realization of the BIMP-EAGA vision.

Under BEV 2025, the results-based monitoring and evaluation system is designed to assess the overall development effectiveness of BIMP-EAGA at macro, sector and project levels. Broad development results towards achieving the overall BIMP-EAGA outcomes of competitive and green manufacturing; sustainable, competitive and climate-resilient agro-industry and fisheries; and the establishment of the subregion as a sustainable tourism destination will be measured based on macro-economic data. At the sector level, the achievement of sector outcomes and outputs based on defined targets and indicators will be measured. These will be aggregated to assess sector contributions to the overall BIMP-EAGA outcomes. Project level indicators will be monitored and aggregated to assess contributions to sector strategies, as part of the shift to a more results-focused program. BEV 2025 is seen as a living document, and as such will periodically be revisited and enhanced in the course of its implementation from 2017 to 2025.

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INTRODUCTION AND DEVELOPMENT CONTEXT

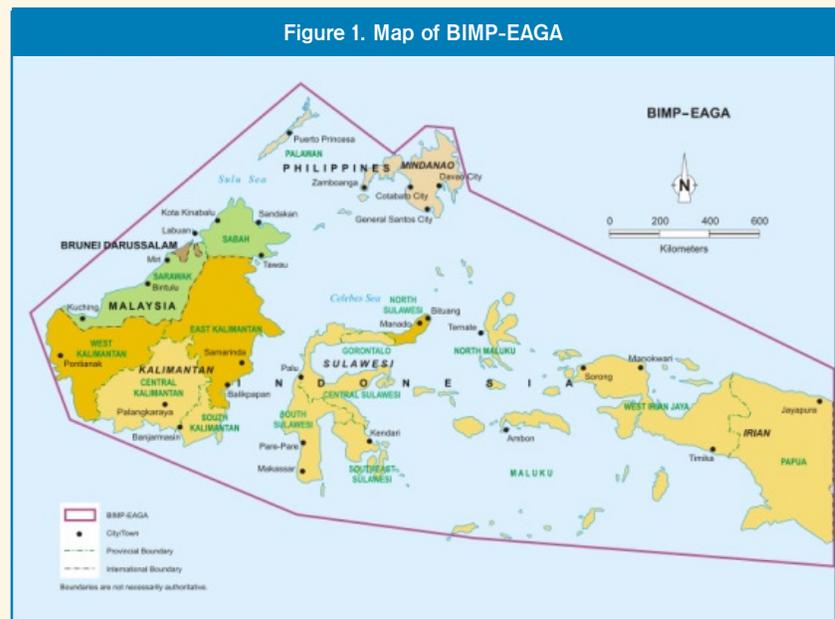
SHARED HISTORY, SHARED FUTURE

Introduction

Established in 1994 by its four member nations, the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) initiative aspires to accelerate the socioeconomic development of the less developed and geographically remote areas in these four countries. BIMP-EAGA was conceptualized and initiated during an economic boom. The economic stability of the time, optimistic forecasts of higher and sustained growth, and the trend towards regional economic integration in the Association of Southeast Asian Nations (ASEAN) prompted the four governments to focus on bringing their respective underdeveloped, marginalized and remote areas into the mainstream of development.

The creation of BIMP-EAGA was a shared strategy to generate balanced and inclusive growth within the participating countries and contribute to regional economic integration. This subregional cooperation initiative is part of a broader goal to narrow development gaps—within each country, across the subregion, and among the ASEAN member states.

BIMP-EAGA covers the entire sultanate of Brunei Darussalam; the provinces of Kalimantan, Sulawesi, Maluku and Papua in Indonesia; the states of Sabah and Sarawak and the federal territory of Labuan in Malaysia; and the entire island of Mindanao and the island province of Palawan in the Philippines. In 1994, with the exception of Brunei Darussalam, these areas were among the least developed in their respective countries; they were linked by a centuries-old tradition of trade and economic relations, with barter as a major form of trade until just a few decades ago. This subregion encompasses a total land area of 1.6 million square kilometres, with an estimated population of 73 million.



Unique Features

BIMP-EAGA has unique features as an inter-governmental economic cooperation program. It is subnational in scope (with the exception of Brunei Darussalam) focusing on the less developed regions of the four member countries. From its inception, BIMP-EAGA was centered on public-private partnership as a foundation for development, with the private sector serving as the engine of growth and the public sector taking on an enabling role. The private sector mobilizes trade and investments while the public sector, both at the national and local government levels, provides a conducive policy and regulatory environment that promotes and facilitates private sector economic initiatives. The short-to-medium-term goal of BIMP-EAGA is to integrate the economies of the subregion through increased intra-EAGA trade, tourism and investment. The long-term goal is to change the economy of BIMP-EAGA from one based on resource extraction to one based on value-added processing and non-resource-based activities. Since its inception, BIMP-EAGA has achieved noteworthy success, with strong ownership and commitment, as demonstrated by the financial, human and technical resources put in by the member governments. Majority of the projects and activities are fully funded by the governments, and significant efforts have been directed at sustaining BIMP-EAGA despite some challenges. BIMP-EAGA continues to be highly relevant as an established program for cooperation on a range of issues. It is a platform for synergies and complementarities with ASEAN, and serves as an effective vehicle for delivering results on a smaller scale, with more focused results, at the subregional level.

First Decade of Cooperation (1994–2005)

Within its first two years, BIMP-EAGA quickly achieved gains due to the strong commitment of the leaders of the participating governments. National development strategies in support of the cooperation initiative were drawn; national policies were modified, cooperative agreements facilitated, and cross-border arrangements explored. Policies liberalizing the transport sector, in particular, enhanced the movement of people and goods. New commercial air and sea linkages were established between major urban areas. Of the productive sectors in BIMP-EAGA, tourism benefited the most with substantial new investments in hotels and other tourism-related facilities. By the end of 1996, BIMP-EAGA was on the verge of a successful take-off.

But then a series of reverses set off by the 1997 Asian financial crisis significantly slowed down cooperation development in BIMP-EAGA. As the economic environment in Southeast Asia generally weakened, governments reverted attention to national issues, especially those affecting their traditional financial and industrial centers. The El Niño and La Niña weather phenomena that followed in 1998—the worst on record—had a particularly devastating effect on BIMP-EAGA economies that were most dependent on agriculture, resulting in productivity losses and increasing incidence of poverty. However, emerging peace and order problems and their strong links to the growing widespread poverty in parts of the subregion influenced the leaders of the BIMP-EAGA member countries to revitalize the cooperation initiative. By 2001, with the member countries bouncing back from the 1997 crises, opportunities for regional development opened anew.

Revitalizing Subregional Cooperation

Among the first activities undertaken to revitalize BIMP-EAGA cooperation was an assessment of its institutional structures and cooperation mechanisms. Key issues, constraints and gaps were identified, and changes were made to the existing institutional framework. The creation of the BIMP-EAGA Facilitation Center (BIMP-FC) proved to be one of the most important institutional developments. BIMP-FC provided the means for strengthening coordination among various subregional institutions. It has served as an effective mechanism for facilitating the implementation of projects and rationalizing the Senior Officials Meeting (SOM) and Ministerial Meeting (MM) agenda. Through its efficient preparations for these events, BIMP-FC has helped to ensure their success both in terms of substance and logistics. BIMP-FC also serves as

the institutional gateway for more structured engagement with BIMP-EAGA's development partners, and coordinates the implementation of development partners' assistance programs and activities.

Participation by local government was addressed through the formalization of the Local Government Forum (LGF). The LGF is the venue for dialogue among local executives of the participating states and provinces on common economic development agenda. However, there has yet to be an LGF meeting where a majority of the local BIMP-EAGA executives participate. So far, the LGF is attended only by a small number of local executives and participation has continued to be irregular.

Also during this period, cooperation in trade facilitation was bolstered with the creation of the Customs, Immigration, Quarantine and Security (CIQS) Task Force (TF). The activities of the TF revolved around the following priorities: (i) simplifying and standardizing local CIQS processes; (ii) enhancing local capacity to implement international standards; (iii) strengthening inter-agency coordination; and (iv) promoting better private sector compliance with rules and procedures. The participating governments adopted a pragmatic approach to bridging gaps between national progress and sub-national challenges in complying with international trade facilitation standards and guidelines from international bodies, including ASEAN, World Trade Organization, World Customs Organization, World Health Organization, International Organization for Migration, and International Maritime Organization, among others. The BIMP-EAGA countries' compliance with international commitments was strengthened through extensive policy consultations and capacity building.

High-Level Ownership and Political Commitment

The most significant innovation was the establishment of the annual BIMP-EAGA Leaders Summit, which has served as a platform to reaffirm and demonstrate a continued commitment to the BIMP-EAGA cooperation initiative at the highest political levels. The summit was initiated in 2003 and has yearly been held back-to-back with the ASEAN Summit. The joint statements issued at every summit contain directives from the leaders that strengthen the focus and implementation of BIMP-EAGA programs and projects. The summit gives BIMP-EAGA heightened visibility at the regional/ASEAN level and prominence within the respective national bureaucracies. The Leaders Summit has also encouraged the conduct of sector ministerial and high-level meetings (e.g., on transport, agriculture and fisheries, ICT and customs) that provide sector-specific guidance and directions.

The creation of these various subregional platforms strengthened decision-making and integration, in addition to optimizing existing mechanisms. This resulted in clearer orientations and directions for BIMP-EAGA's future development. To sustain the momentum, the 9th BIMP-EAGA Ministerial Meeting held in Balikpapan, Indonesia in November 2004 called for the formulation of the BIMP-EAGA Roadmap to Development 2006–2010.

Roadmap to Development (2006–2010)

The BIMP-EAGA Roadmap to Development 2006-2010 (Roadmap) identified broad strategic thrusts and cluster/sector-specific goals and targets to guide project implementation. The Roadmap expanded the original goal of promoting intra-EAGA trade, to developing the subregion's competitive advantage in regional and global markets by promoting cross-border complementation, productive industries and value chains. Within this development strategy, four objectives were identified (Box 1) and targets were set to increase intra-EAGA trade by 10%, investments by 10%, and tourism by 20%.

Box 1. BIMP-EAGA Roadmap to Development 2006–2010

Objectives

- Promote intra- and extra-EAGA trade and investments in selected priority sectors: agro-industry and natural resources, tourism, transport, infrastructure and ICT, with particular emphasis on SME development in these sectors
- Coordinate management of natural resources for sustainable development of the subregion
- Coordinate planning and implementation of infrastructure support to economic integration, with active participation of the private sector
- Strengthen the BIMP-EAGA structures and mechanisms for effective implementation of the Roadmap

A major accomplishment under the Roadmap was the signing in 2007 of separate Memorandums of Understanding (MOU) for the development of air, sea and land transport to bolster transport connectivity in BIMP-EAGA. These transport-related MOUs were considered landmark documents, even in the broader ASEAN context, as they pursued the implementation, on a test-bed basis, of various ASEAN agreements including the AFAFIST,¹ AFAGIT and AFAMT. Spurred by these MOUs, Brunei Darussalam, Indonesia and Malaysia liberalized land transport regulations and licensing protocols to allow for the cross-border movement of buses and coaches within Borneo Island. Under the air links MOU, designated airports were accorded fifth freedom traffic rights that subsequently encouraged airlines to launch new intra-EAGA air services. Seaports were designated as priority ports of entry for subregional trade under the MOU on sea linkages, and upgrading of most of these ports was undertaken.

To provide a more coherent spatial focus to the Roadmap's connectivity strategy, the 4th BIMP-EAGA Leaders Summit held in Singapore in November 2007 endorsed the development of economic corridors to direct infrastructure investments to well-defined geographic spaces in the subregion. Two economic corridors were designated as priorities for development, i.e. the West Borneo Economic Corridor (WBEC) and the Greater Sulu-Sulawesi Corridor (GSSC). The WBEC is comprised of Brunei Darussalam, West Kalimantan in Indonesia, and Sarawak and Sabah in Malaysia. It has a fairly well-established transport infrastructure and linkages from Pontianak in West Kalimantan to Kuching in Malaysia and Brunei Darussalam. Trade and investment within the corridor through traditional border crossing points are also well established. The GSSC, on the other hand, is a maritime corridor mainly determined by the geography of the Sulu-Sulawesi seas, and covers North Sulawesi in Indonesia, Sabah in Malaysia, and Mindanao and Palawan in the Philippines. Very strong historical trade links characterize the corridor, with trade concentrated between North Sulawesi and Mindanao, and between Sabah and Mindanao. GSSC is also the nerve center of barter trade in BIMP-EAGA, where the trade in agriculture and aquaculture products is fairly advanced. Transport connectivity in GSSC consists of port-to-port trade flows and shipping services within the Sulu-Sulawesi seas.

Trade facilitation initiatives were launched during the Roadmap period, with border crossing formalities streamlined through the capacity building of customs, immigration, quarantine and security (CIQS) officials from selected ports. More than 300 local CIQS officials received training that strengthened risk management and trade-based post clearance systems at entry points. Various diagnostic studies, situation analyses and time release studies were conducted that provided the basis for streamlining and simplifying processes that in turn led to better operational performance. A post-training assessment showed significant progress in enhancing local CIQS capacity, accelerating institutional and policy reform processes, enabling informed decision-making, and increasing clarity and transparency in cross-border formalities through broader information sharing between border officials and traders.

¹ AFAFIST=ASEAN Framework Agreement on the Facilitation of Inter-State Transport; AFAGIT=ASEAN Framework Agreement on the Facilitation of Goods In Transit; AFAMT=ASEAN Framework Agreement on Multimodal Transport

In 2008, the BIMP-EAGA countries agreed to prioritize community-based ecotourism (CBET) for poverty alleviation as the main focus of tourism development. The vision of the CBET strategy is to make BIMP-EAGA a globally competitive, well-developed, and connected multi-country ecotourism destination, with circuits and sites where communities are able to enjoy socioeconomic benefits through participation in CBET activities. Four CBET pilot sites, one each per member country, were immediately prioritized and development of these sites pursued by the individual countries. By 2011, all the four pilot sites were ready for marketing and promotion as full blown tourist destinations.

Midterm and final assessments conducted in 2008 and 2010, respectively, concluded that the Roadmap had achieved modest progress and that project implementation was uneven. Several projects were not directly linked to the strategies, had weak design and implementation, and had no established monitoring and evaluation system. In October 2010, the 15th BIMP-EAGA Ministerial Meeting decided that the Roadmap strategies, while remaining valid and relevant, needed a successor document that would focus on more effective project implementation.

Implementation Blueprint (2012–2016)

The Implementation Blueprint 2012-2016 (IB) was designed to enhance implementation of the strategic thrusts and strengthen project preparation and implementation. While the IB retained strategic thrusts from the Roadmap, some refinements and new elements were added and grouped initially into four strategic pillars—Connectivity, Food Basket, Tourism and Environment—with a fifth, the Socio-Cultural and Education Pillar, created in 2015.

The Connectivity pillar included identification of critical infrastructure needed to complete “missing links” within the two BIMP-EAGA priority economic corridors, WBEC and GSSC. The list of Priority Infrastructure Projects (PIPs) developed in 2009 is part of the BIMP-EAGA member countries’ commitment to upscale infrastructure development efforts. Two of the most notable subregional PIPs completed under the IB were the (i) Pandaruan Bridge project and (ii) Trans-Borneo Power Grid Sarawak-West Kalimantan Interconnection Project (with details in Boxes 2 and 3). Under the PIPs, various in-country road development and upgrading projects were implemented, particularly in Kalimantan, Indonesia and in Mindanao, Philippines. The road projects aimed to connect production areas in the hinterlands to the major ports. Alongside the road projects, several airports and seaports were upgraded during the period of the IB.

Box 2. The Pandaruan Bridge Project

One of the PIPs under the IB, the Pandaruan Bridge (Brunei Darussalam-Malaysia Friendship Bridge) project was completed in 2013 with an estimated cost of \$9 million. The toll-free bridge connects designated areas linking Brunei Darussalam and Sarawak, Malaysia. Besides the construction of the bridge, a 700 meter road from the Pandaruan Bridge to the Pandaruan Immigration Depot was also upgraded at a cost of \$10 million. The opening of the bridge significantly reduced the travel time from almost five hours via ferry services on the Pandaruan River to less than one hour, and helped to facilitate movement by land to increase trade, commerce and tourism between both countries. Its maintenance is being jointly carried out by the Government of both countries via the agreement relating to the management, maintenance and use of the bridge.

Box 3. The Trans Borneo Power Grid Sarawak-West Kalimantan Interconnection Project

The Trans Borneo Power Grid Sarawak-West Kalimantan interconnection project is the first ever between Indonesia and Malaysia. The project, listed as a priority under the ASEAN Power Grid (APG) and the Master Plan on ASEAN Connectivity, involves a 275 kV grid-to-grid connection between Sarawak and West Kalimantan. The project has significant impacts. For Sarawak, it is the first time it will export hydropower, and for West Kalimantan, it gets renewable energy and will have the ability to exchange power. The power interconnection project moves the region closer to establishing a regional power transmission link that crosses Brunei Darussalam, Indonesia and Malaysia. Perusahaan Listrik Negara (PLN), the Indonesia state-owned electricity company, currently uses oil for power generation in West Kalimantan, which has pushed the cost up to \$0.25 per kilowatt-hour (kWh). Under the power exchange agreement signed with Sarawak, the cost of power in West Kalimantan could be cut to \$0.18/kWh, while carbon dioxide emissions from fossil fuel-based generation could be cut by 400,000 tons each year by 2020. An estimated 230 megawatt hour of power could be exchanged every hour between the West Kalimantan and Sarawak systems. This power interconnection project launches a long-term relationship among Borneo states and is a step forward to making the APG interconnection a reality. The social development benefits are likewise significant. An estimated 8,000 households will benefit from energy efficiency, provision of energy-efficient lighting, and improved community centers, such as hospitals and schools, which will have access to a reliable power source. The project is estimated to cost \$102 million. The power grid project has further encouraged the assessment of other viable power grid interconnections in the subregion. It was commissioned and energised on 16 January 2016.

Lessons that Shaped BIMP-EAGA Cooperation

The continued interest in the BIMP-EAGA subregional cooperation initiative is partly in support of ASEAN's goal of regional economic integration but mostly in recognition of the vital role that cooperation has played in accelerating economic growth in the BIMP-EAGA focus areas. The weakening global economy, a decline in foreign direct investments flowing into developing countries, and the growing competition from new regional and global economic players prompted BIMP-EAGA to reassess its development strategy and take stock of lessons learned in its pursuit of economic cooperation development for more than twenty years.

Box 4. Lessons that shaped BIMP-EAGA Cooperation

- Consistent and more focused government intervention
- Private sector crucial to the success of subregional cooperation
- Important role of the local governments
- Strong subregional secretariat
- Institutional links to the ASEAN Secretariat

Some of the important lessons learned and used to shape plans for future cooperation include the following:

- **Consistent and more focused government intervention.** While market-driven and private sector-led growth remains a primary goal, government actions to address the basic problems of the growth area should first pave the way for private sector investments and activities. The lack of adequate physical infrastructure remains a major challenge, along with connectivity in terms of transport, power, and ICT. These are areas where government intervention is most appropriate, whether in filling the infrastructure gaps or providing the policy and regulatory environment for public-private partnerships in relevant projects. Governments also play a significant role in resolving such issues as transport facilitation, cross-border trade facilitation, elimination of non-tariff barriers and measures, and streamlining of CIQS rules, regulations and procedures. National governments have progressively

addressed policy issues and development challenges under the Roadmap and the IB, including infrastructure development. Airport and seaport development and upgrading, as well as the building of road networks linking hinterlands to the ports, have been aggressively pursued, while transport and trade facilitation measures continue to be discussed and negotiated.

- **Private sector crucial to the success of subregional cooperation.** BIMP-EAGA recognizes the central role of the private sector as one of the subregion's engines of growth. More than 90 percent of the subregion's private sector belongs in the small-and medium-sized enterprise (SME) category. To support the subregion's economic backbone, BIMP-EAGA institutionalized the SME development agenda, with a working group dedicated to identifying and addressing the constraints to SME development.
- **Important role of the local governments.** National or central governments play a proactive role in BIMP-EAGA even as local communities are the direct beneficiaries of the outcomes of cooperation development. To ensure the effectiveness of cooperation, the subregional development agenda and priorities should be strongly aligned with the social and economic development priorities of local governments, and should directly contribute to the realization of local communities' aspirations. This alignment also depends on the active engagement of local executives in the formulation, implementation, and monitoring of priority projects and activities. Although local governments have limited power to undertake policy and regulatory reforms, local executives play a crucial role in creating a conducive local business environment in their respective areas, where they can, for example, top up national investment incentives with local incentives. Another important area of local government influence is SME development, which requires such support as providing access to information on potential markets for locally produced goods, helping to improve and market community-based tourism related services and facilities, and strengthening last-mile infrastructure, among others.
- **Strong subregional secretariat.** The decentralized institutional mechanism adopted by BIMP-EAGA in its early years provided the operational flexibility needed by a new cooperation scheme. However, once the in-country institutions had been established, this should have been immediately followed by a BIMP-EAGA-wide organization tasked with coordinating projects and activities at the subregional level. The BIMP-FC, created only in 2003, has since provided a wide range of coordinative functions across the different subregional institutions.
- **Institutional links to the ASEAN Secretariat.** BIMP-EAGA is one of ASEAN's building blocks in regional integration, and serves as a laboratory for testing ASEAN's economic integration strategies on a smaller and more manageable scale. The experiences of BIMP-EAGA in implementing regional agreements and protocols provide ASEAN with lessons and a better perspective on the issues and requirements for ASEAN-wide implementation of these agreements and protocols. Closer institutional links between the ASEAN Secretariat and the BIMP-FC help to keep BIMP-EAGA abreast of developments in the different areas of regional cooperation, including the implementation of the ASEAN Economic Community (AEC) and Master Plan on ASEAN Connectivity (MPAC) and their protocols and action plans. The ASEAN Secretariat also opens up opportunities for broadening BIMP-EAGA's partnerships with ASEAN's strategic partners.

Forging Ahead (2017-2025)

In formulating BIMP-EAGA Vision 2025 (BEV 2025), the member countries are attuned to regional and global development trends, opportunities and challenges that would influence the future of economic cooperation. For BIMP-EAGA to remain relevant in the long term, it must respond to the trends, seize opportunities and mitigate the potential negative effects of the challenges.

Economic progress in BIMP-EAGA is seen to have improved progressively, but development gaps persist within and across countries and in ASEAN as a whole. Gross domestic product (GDP) per capita in BIMP-

EAGA, although increasing, continues to be lower than national and regional averages. Poverty incidence has improved significantly but is still higher than the member countries' national averages. While the BIMP-EAGA countries have rebounded from the great recession at a better pace relative to Asia and the rest of the world, the strength of its economic performance depends on maintaining its resilience and competitiveness.

BIMP-EAGA is perceived as having the potential to contribute to the realization of a single ASEAN production base, provided supply and value chains are firmly established and the active inclusion and participation of SMEs is promoted. SMEs are central to achieving sustainable private sector development, economic growth and poverty reduction in BIMP-EAGA. They provide the seedbed for fostering entrepreneurial skills, generate employment, broaden participation in productive sectors of the economy, fill domestic demand for low-cost goods and services, and serve as technology incubators. Enhancing the mobility of people and goods requires reliable multimodal transport—air, land and maritime—combined with an efficient logistics and services industry. Measures to improve the seamless flow of goods across borders through dynamic trade facilitation and infrastructure development are likewise needed. Increasing the productivity of agriculture in BIMP-EAGA is vital not only for ensuring the subregion's food security and providing livelihood, but also for sustaining exports in the regional and global markets. The resilience and sustainability of the agriculture sector requires paying greater attention to addressing the impacts and mitigating the risks of climate change, and addressing natural resource depletion. Policies and measures must be set in place to build the capacity of smallholder producers to adapt to climate change and sustainably manage critical ecosystems.

Accelerating BIMP-EAGA growth requires transitioning from resource extraction into higher levels of processing and value-added production, consistent with the need to conserve and protect the environment through the deliberate choice of industries that adopt clean and green technologies. As a consequence of economic growth, BIMP-EAGA energy demand is expected to surge. Massive infrastructure investments will be required for power generation, transmission and distribution, along with the need to diversify and optimize energy resources and adopt energy alternatives oriented towards green growth. Energy connectivity also needs to be made more inclusive, given that many rural areas still have no access to electricity.

The trend towards rapid urbanization is seen as likely to continue, which can potentially lead to growing inequality in the BIMP-EAGA areas. However, integrated and environmental planning, which includes aligning the BIMP-EAGA subregional strategies with subnational development plans, can help areas lagging in economic growth, through economic corridor approaches to urban and rural development planning. BIMP-EAGA could pursue the development of more sustainable and livable cities in response to rapid urbanization and its associated challenges of degrading environmental quality, inefficient resource consumption and inequitable growth, while seizing opportunities to design innovative investments with technology options and low carbon growth.

Current forecasts indicate that foreign and domestic tourist arrivals in BIMP-EAGA will grow, with a corresponding increase in tourism receipts. The subregion enjoys marine and terrestrial biodiversity, and has an abundance of cultural attractions. It has the potential to become a world-class ecotourism destination with multi-country tourism circuits that attract high-yield markets, where communities in partnership with the private sector can directly benefit from tourism activities that help protect the subregion's rich natural and cultural heritage.

Information and communication technology (ICT) is expected to play a significant role in supporting trade, improving literacy, increasing investments, and enlarging markets. Developments in ICT are expected to facilitate information exchange, connect people, and reduce the cost of business and trade-related transactions. Improved access to information in the least developed and marginalized areas of BIMP-EAGA can narrow the development gap and facilitate pro-poor market development. Local ICT service industries with the potential for linkage to other BIMP-EAGA areas are expected to create jobs, especially for women and youth, and promote trade and competitiveness through exports. The ICT sector can also help foster innovations across the economy and improve productivity.

BIMP-EAGA aims to strengthen people-to-people connectivity by promoting deeper intra-EAGA social and cultural understanding and increasing intra-EAGA mobility. BIMP-EAGA's long, rich history of socio-cultural exchanges is a strong foundation for economic cooperation and long-term sustainability. Harnessing social capital will help to form a cadre of highly skilled people who will competently pursue and support the subregion's development initiatives.

BEV 2025 builds on the noteworthy successes and progress achieved by BIMP-EAGA thus far. It is grounded in the commitments made by member countries through their national and local development plans to promote subregional cooperation. National consultations and sector planning workshops were conducted to ensure the greatest possible participation by BIMP-EAGA stakeholders (national and local governments, sector cluster and working groups, and private sector) in the formulation of BEV 2025. In light of the fact that the BIMP-EAGA initiative is considered a building block of ASEAN economic integration, the BIMP-EAGA MM agreed to align the period of this strategic plan with that of ASEAN Vision 2025: Forging Ahead Together.

This participatory approach complements the top-down directions set by BIMP-EAGA Leaders, Ministers and Senior Officials. The workshops and consultations determined that: (i) BIMP-EAGA has the resources (natural and human) necessary for economic development; (ii) the subregion's economies have been improving and household incomes have been increasing in most states and provinces; and (iii) there is a need to address and strengthen connectivity in all its forms—physical, institutional and people-to-people. Stakeholders validated the BIMP-EAGA long-term priorities of developing into a regional food basket and premier tourism destination with the proviso that natural resources are sustainably managed and connectivity enhanced within and outside BIMP-EAGA. Stakeholders also agreed on the need to aggressively pursue one of the original goals of the cooperation development, which is to transition from an economy based on resource extraction into an economy engaged in higher-level processing or manufacturing.

BEV 2025 was conceived as the successor document to both the Roadmap and the IB. It builds on all previous BIMP-EAGA strategy documents, frameworks and directives, and was designed to effectively address the critical challenges in BIMP-EAGA identified by the stakeholders: (i) weak private sector and local government participation; (ii) weak coordination; (iii) slow project implementation; (iv) lack of coherence/clarity in terms of the broad BIMP-EAGA development goals and the sector initiatives; (v) need for convergence (multi-sectoral); and (vi) need for value-adding sub-regional projects guided by clear sector strategies.

BIMP-EAGA stakeholders also noted that even with steady progress and considerable accomplishments in implementing both the Roadmap and the IB, it is difficult to precisely gauge the degree to which the four countries have succeeded in achieving BIMP-EAGA goals. The stakeholders identified the need for better monitoring and evaluation, and for multi-sectoral coordination to maximize results. An important requisite is for BIMP-EAGA to determine what tangible and realistic results can be delivered within the 2017-2025 timeframe. Lastly, it was determined that BIMP-EAGA, as a subset of ASEAN, must be more proactive in contributing to the realization of regional integration, consistent with ASEAN Vision 2025.

2

VISION 2025: R.I.S.E BIMP-EAGA TO NARROW DEVELOPMENT GAP

BIMP-EAGA Aspirations for 2025

The BIMP-EAGA Vision 2025 is “Resilient, Inclusive, Sustainable and Economically competitive (R.I.S.E.) BIMP-EAGA to narrow development gap.” R.I.S.E refers to the subregion’s prime qualities (Figure 2).

BEV 2025 Guiding Framework

The BEV 2025 guiding framework is a result of participatory consultations with BIMP-EAGA stakeholders. The participatory process provides a bottom-up approach to complement top-down directions. It emphasizes strong ownership by stakeholders, with the private sector and local governments as key enablers.

Assets, Drivers and Challenges

Stakeholders in the national and sector planning consultations identified assets, drivers and challenges to determine future directions of BIMP-EAGA (Figure 3). Stakeholders’ consultations validated BIMP-EAGA’s long term priorities (as stated by the Leaders, Ministers and Senior Officials) of becoming a *regional food basket* and *premier tourism destination* provided natural resources are *sustainably managed* and *connectivity* is enhanced within and outside of BIMP-EAGA.

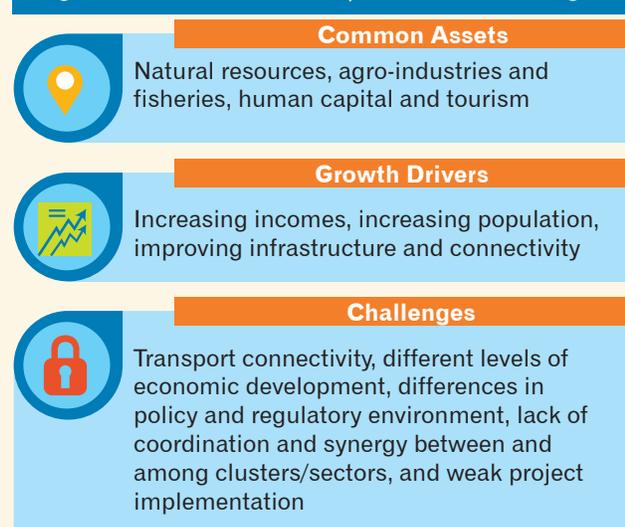
Key Features

The BEV 2025 guiding framework is designed for the greater **selectivity, clarity** and **focus** of the sector initiatives and projects, to ensure convergence and synergies, and to identify BIMP-EAGA tangible and

Figure 2. Vision 2025: R.I.S.E. BIMP-EAGA

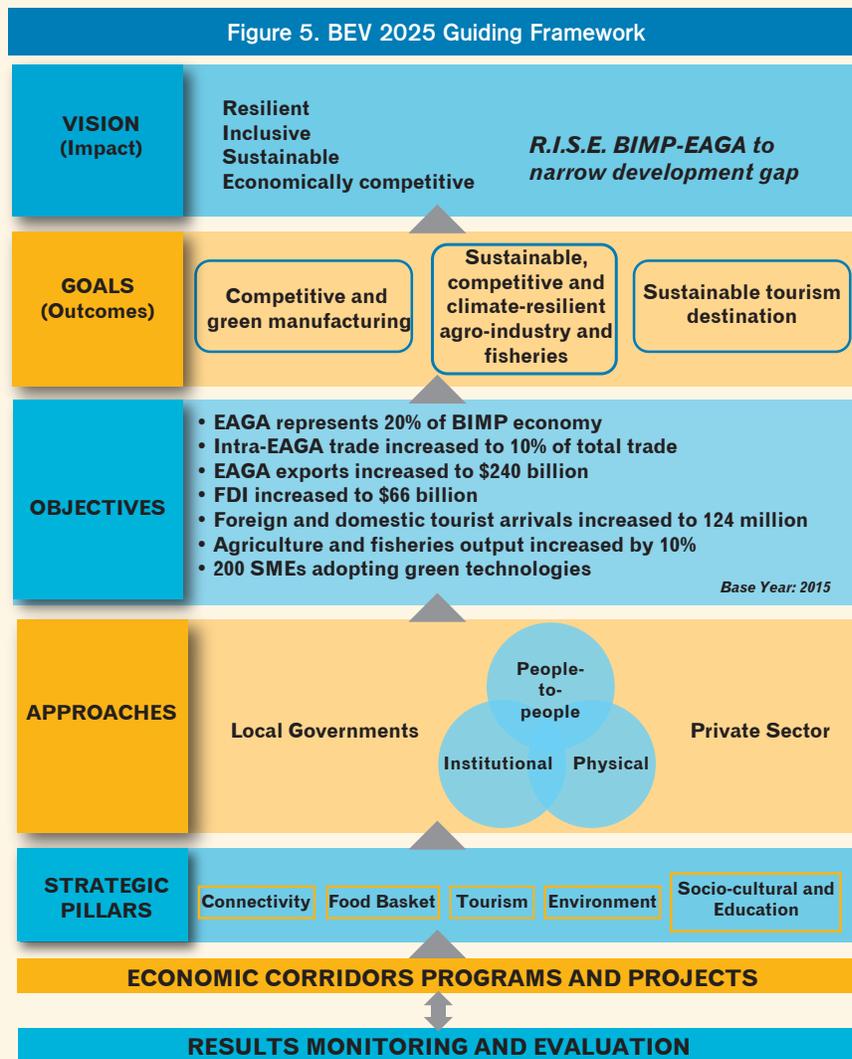


Figure 3. BIMP-EAGA Assets, Drivers and Challenges



realistic results covering the period 2017–2025. It coherently integrates different elements of the BIMP-EAGA strategy as summarized in Figure 4. The BEV 2025 guiding framework is presented in Figure 5.

Figure 4. BEV 2025 Guiding Framework Features	
Vertical Linkages	<ul style="list-style-type: none"> • Objectives → Goals (Outcomes) → Vision (Impact) • Projects → Sectors → Strategic Pillars
Horizontal Linkages	Integration across sectors (multi-sectoral)
Geographic Integration	Spatial focus on BIMP-EAGA corridors
ASEAN Link	BIMP-EAGA as a subset of ASEAN
Results orientation	From activities and outputs to outcomes



The BIMP-EAGA Vision 2025 Guiding Framework

The BEV 2025 guiding framework ensures greater *selectivity, clarity and focus* in all BIMP-EAGA initiatives. It helps prioritize investments, identify projects that directly contribute to achieving the overall strategic goals, facilitate coordination across sectors, and concentrate efforts in the BIMP-EAGA economic corridors.

It focuses on delivering three outcomes or results: (i) competitive and green manufacturing; (ii) sustainable, competitive and climate-resilient agro-industry and fisheries; and (iii) sustainable tourism, all leading to attainment of the vision (impact). It is guided by the long-term strategic thrusts set out in the Road Map (2006–2010) and IB (2012–2016) as summarized in Figure 6.

Figure 6. Roadmap and Implementation Blueprint Influence on BEV 2025 Guiding Framework

	Roadmap (2006-2010) Implementation Blueprint (2012–2016)	BIMP-EAGA Vision 2025 (2017–2025)
Vision (Impact)	A subregion with a socially acceptable and sustainable economic development and fully participating in the ASEAN development process	Resilient, Inclusive, Sustainable and Economically competitive (R.I.S.E.) BIMP-EAGA to narrow development gap
Mission	To accelerate economic development, improve export competitiveness and enhance the attractiveness of the subregion to local and foreign investors	Same
Goal (Outcomes or Results)	<ul style="list-style-type: none"> a) Facilitate freer movement of people, goods and services b) Rationalize the development of vital infrastructure c) Coordinate the management of ecosystems and common resources to ensure sustainable development 	<ul style="list-style-type: none"> a) Competitive and green manufacturing b) Sustainable, competitive and climate-resilient agro-industry and fisheries c) Sustainable tourism destination
Objectives (SMART)	<ul style="list-style-type: none"> a) Increase intra- and extra-EAGA trade by 10% b) Increase investments by 10% c) Increase intra- and extra-EAGA tourist arrivals by 20% 	<ul style="list-style-type: none"> a) EAGA represents 20% of BIMP economy b) Intra-EAGA trade increased to 10% of total trade c) BIMP-EAGA exports increased to \$240 billion d) FDI increased to \$66 billion e) Foreign and domestic tourist arrivals increased to 124 million f) Agriculture and fisheries output increased by 10% g) 200 SMEs adopting green technologies
Strategic Pillars	<ul style="list-style-type: none"> a) Enhancing connectivity within BIMP-EAGA as well as the other regions outside b) Establishing BIMP-EAGA as a food basket of ASEAN and the rest of Asia c) Promoting BIMP-EAGA as a premier regional tourism destination d) Ensuring sustainable management of resources e) Promoting socio-cultural development and education 	Same

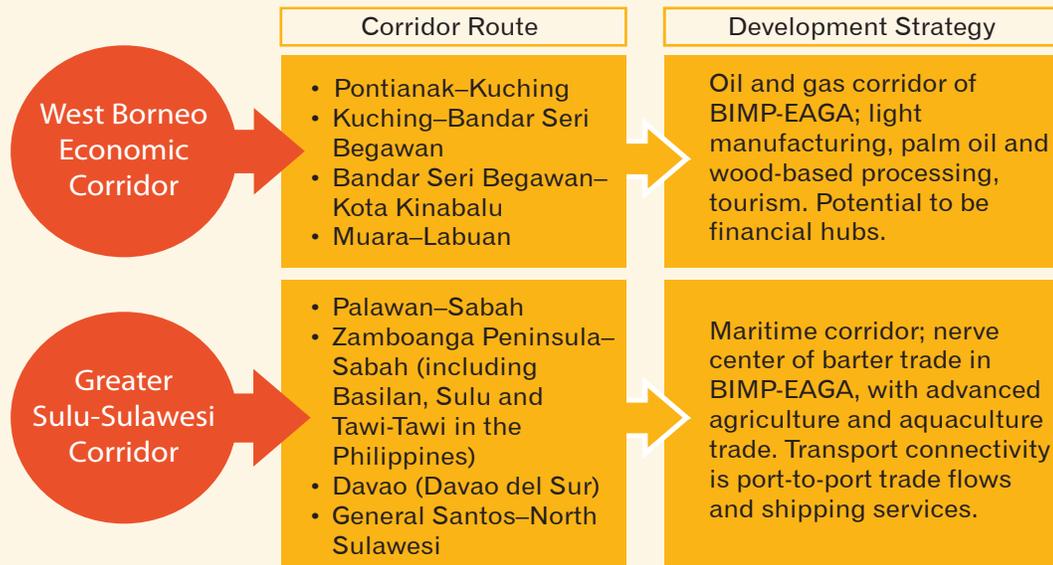
Making the Vision a Reality

In Figure 5, the arrows indicate the linkages and integration of various elements of the BEV 2025 guiding framework.

From bottom to top:

- **Economic Corridors** provide a spatial focus to the connectivity approaches. Well-defined geographic spaces direct infrastructure investments and development. The focus is expected to facilitate cross-border movement of the factors of production that stimulate trade, investment, tourism and other economic activities. Economic corridors enhance BIMP-EAGA's competitiveness by linking production with supply chains and providing opportunities for SMEs. The current configuration of the WBEC and the GSSC will be assessed to expand the corridors to new areas or develop new economic corridors. The coverage of participating BIMP-EAGA provinces in the priority economic corridors will be expanded. Most programs and projects in 2017–2025 will be concentrated in sections and subsections of the priority economic corridors and/or newly defined corridors.

Figure 7. BIMP EAGA Priority Economic Corridors Routes and Strategy



Strategic pillars based on the IB, with the addition of socio-cultural development and education. The five pillars of connectivity, food basket, tourism, environment and socio-cultural development and education emphasize strategic priorities with well-defined areas of cooperation.

Connectivity approaches or the intersections of physical (hard infrastructure), people-to-people, and institutional (soft infrastructure, including institutions, mechanisms and processes) approaches reinforce the need for convergence or multi-sectoral initiatives. Improvement in connectivity is vital for the seamless movement of goods and people across BIMP-EAGA and for its integration with ASEAN and the rest of the world.

Vision, Goals and Objectives include the vision (desired impact) of R.I.S.E. BIMP-EAGA to narrow the development gap over the long term up to 2025. The goals (outcomes or intended results) are in Figure 8.

The BEV 2025 objectives have clear targets and indicators (2015, baseline):

- (i) EAGA represents 20% of BIMP economy
- (ii) Intra-EAGA trade increased to 10% of total trade
- (iii) BIMP-EAGA exports increased to \$240 billion
- (iv) FDI increased to \$66 billion
- (v) Foreign and domestic tourist arrivals increased to 124 million
- (vi) Agriculture and fisheries output increased by 10%
- (vii) 200 SMEs adopting green technologies

Figure 8. BEV 2025 Goals (Outcomes)



Enablers are key actors that will help realize the vision, goals and objectives of BIMP-EAGA. As it is an inter-governmental subregional economic cooperation program, the role of the national government is a given. The BIMP-EAGA development approach is to mobilize the private sector as an engine of growth, with governments (especially at subnational levels) providing a facilitative and conducive environment that promotes and supports private sector investment. The key enablers are *active and supportive local governments* and an *engaged and empowered private sector*.

Results Monitoring and Evaluation is indicated by a two-way arrow, as the BIMP-EAGA initiative requires constant tracking and recalibration in order to remain relevant as it works towards attaining its vision. The results monitoring and evaluation framework is included to assess the progress of priority initiatives, at macro, sector and project levels.

3

BIMP-EAGA'S DEVELOPMENT PATH 2025: SECTOR STRATEGIES

Connectivity Pillar

TRANSPORT SECTOR STRATEGY

INTERCONNECTED, SEAMLESS AND SAFE MULTIMODAL TRANSPORT

Transport Sector Development Context

Transport connectivity has been a cornerstone of cooperation development in BIMP-EAGA. The subregion is archipelagic, and therefore an efficient, secure and integrated transport network is vital for optimizing subregional economic integration. Transport connectivity enhances the region's attractiveness as a single production, manufacturing, tourism and investment destination, and enriches the potential for intra-EAGA trade, tourism and investment. An integrated transport network narrows development gaps by providing poor rural communities, where production areas are located, with access to markets. Improved transport facilitation can also accelerate the development of a logistics system and a multimodal transport network necessary for the seamless movement of goods and people.

Since the launch of BIMP-EAGA in 1994, improvements have been made in transport connectivity, particularly under the Roadmap and IB. These improvements consist of physical infrastructure (i.e. roads and ports development/improvement projects) and transport facilitation initiatives (e.g. MOUs on transport). Most of the physical infrastructure projects, however, appear to be stand-alone projects that show benefits at the national level but fail to clearly demonstrate subregional impacts. Only a few projects have accounted for the need to link the two priority economic corridors (i.e. WBEC and GSSC). There remains a pressing need to directly contribute to the development of corridor supply/value chains and logistics.

At the transport sector consultations in 2015, stakeholders identified assets, growth drivers, challenges and implementation bottlenecks for the sector (Figure 9). The stakeholders acknowledged that infrastructure, human resources, natural resources and geographic proximity are the subregion's key transport-related assets. In terms of infrastructure, BIMP-EAGA has strategically located seaports and airports that are supported by road networks. The subregion also has competent human resources for developing the transport and logistics industries, among others. Natural resources are abundant, and BIMP-EAGA is a major exporter of some of the most important agriculture and fisheries commodities in ASEAN. To realize BIMP-EAGA's goal of becoming a regional food basket, good infrastructure and efficient transport and logistics services are critical components of the supply chain. Geographic proximity is both an asset and a challenge in the transport sector. BIMP-EAGA

areas are closer to each other than they are to their respective national capitals, and this is an advantage in subregional transport connectivity. However, BIMP-EAGA's archipelagic topography, encompassing several island economies, makes connectivity more of a challenge.

Several interrelated growth drivers were also identified. Because BIMP-EAGA areas are developing regions, there is potential for the further development of transport infrastructure, transport services and logistics. Since 2007, BIMP-EAGA has signed MOUs to improve air, land and sea transport. The implementation of these subregional agreements has been significant and progressive, resulting in increased collective action to enhance transport connectivity. Despite implementation constraints, member countries have committed to refining the process of negotiation and fast-tracking MOU implementation. With this sustained emphasis on transport facilitation, land transport and ferry services have seen notable improvements within Borneo Island. A related growth driver is the increasing population within the subregion, which has resulted in greater demand for transport connectivity and services.

Figure 9. Transport Assets, Drivers, Challenges and Bottlenecks



Transport Sector Strategic Issues and Challenges

Poor subregional transport connectivity is one of the major challenges faced by the BIMP-EAGA economies. Within the transport sector, uneven levels of development across the economies pose another challenge, as this has resulted in: (i) differing development priorities and agenda, such as infrastructure priorities, (ii) disparities in technical, safety, environment and administrative standards in the transport sector, and (iii) divergent policies and regulations related to transport and transport facilitation, as well as logistics development. Another identified problem is the lack of effective promotion on BIMP-EAGA trade, tourism and investment opportunities, both within and outside the subregion. This has had a negative impact on trade development, which in turn has led to the under-utilization of hardware infrastructure, particularly ports.

The transport sector likewise noted institutional issues that weigh down effective cooperation, identifying lack of coordination and convergence across sectors as the biggest challenge. Convergence at the strategic level appears to be sufficient, with sector strategies clearly supporting common subregional goals and objectives. Synergy at the project level, however, remains weak. Each sector generally identifies and prioritizes projects independent of other sectors, thereby missing opportunities to have a more substantive impact through integrated, multi-sector projects.

The role of the transport cluster, and its air, sea and land working groups, is to translate these challenges into opportunities by directly addressing the issues and by supporting the initiatives of other clusters and working groups (CWGs) that aim to create similar opportunities.

Transport Sector Strategy

The transport sector aims to establish a subregion inter-connected by seamless, safe multimodal transport. The intended sector output is the increased movement of goods and people in the subregion, with deliverables per subsector (i.e. air, sea and land) as follows: (i) intra-EAGA air routes and airport facilities; (ii) ferry services and seaport facilities; (iii) road and other infrastructure facilities. The sector outcome, output and indicators and targets (metrics) are summarized in Figure 10.

Transportation development and connectivity as a support sector provides only the means for moving people and goods across the subregion. The agribusiness and tourism sectors are better positioned to ensure that load factors are sufficient to make transport operations viable. In order to achieve BEV 2025 goals, the transport sector seeks to strengthen convergence with the agribusiness, trade and investment facilitation (TIF) and tourism sectors to ensure that transportation directly address their connectivity needs. Joint prioritization and project implementation with the agribusiness, TIF and tourism sectors ensure that agenda priorities are synchronized in resolving challenges related to people and goods mobility.

The transport sector has four strategic priorities:

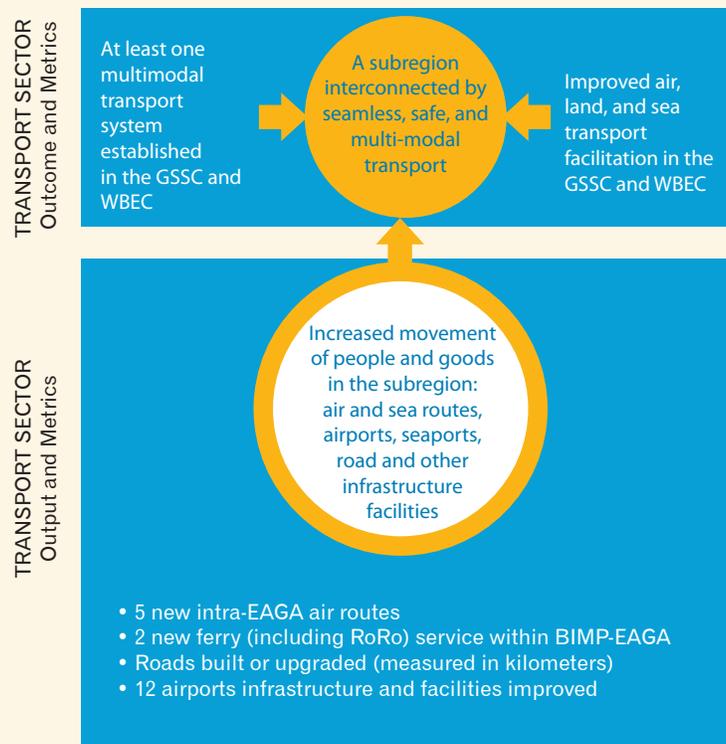
Strategic Priority 1: Increased multimodal (air, land and sea) transport connectivity, as appropriate, within and between the priority economic corridors of GSSC and WBEC.

A corridor-wide approach to transport planning will be pursued, both in terms of physical infrastructure and transport facilitation in the priority economic corridors (with proposed expansions) and/or in any other new economic corridors to be established. Enhanced connectivity between and within the priority economic corridors will support the development of subregional supply/value chains and serve as the platform for developing a multimodal transport system. Such a system build on existing air, sea, and land transport links which, though limited, have served the needs of stakeholders. Establishment and revival of intra-EAGA air and sea routes and cruise shipping routes will be implemented by the private sector.

Strategic Priority 2: Improved transport

facilitation. The MOUs on land, air and sea transport, which are based on the ASEAN agreements, guide the implementation of transport facilitation in BIMP-EAGA. Although implementation of the MOUs has been progressive, the transport sector will continue to enhance the scope and substance of the agreement and ensure that all provisions are fully implemented. The transport cluster has concluded the Protocol to Amend the MOU on the Expansion of Air Linkages, which provide for more flexible approaches to facilitate the sustainability of services on existing routes and the entry of new routes. As to the way forward on the Non-Convention Sized Ships (NCSS), and to facilitate and promote maritime trade within the subregion, BIMP-EAGA will adopt a bilateral approach to the negotiations and agreements related to the safe operations of

Figure 10. Transport Sector Strategy Outcome, Outputs and Metrics



NCSS across BIMP-EAGA waters. On land transport, the Land Transport Working Group (LTWG) will promote various transport facilitation initiatives. This could include: (i) adopting a common permit scheme for the issuance of licenses to operate buses and coaches across borders in Borneo Island, and (ii) accelerating discussions on the establishment of a subregional third party vehicle insurance system. The transport cluster will work closely with the CIQS Working Group on the possible implementation of specific and relevant provisions of the ASEAN Customs Transit System (ACTS) which will be pilot tested in Malaysia, Singapore and Thailand in 2017. Depending on the outcomes of the pilot initiative, BIMP-EAGA may consider adopting said scheme. The LTWG will also work closely with the CIQS WG under the Trade and Investment Facilitation (TIF) Cluster to note progress, implications, and potential for possible implementation in the subregion of the Authorized Economic Operator (AEO) and other customs transit mechanisms. To sustain BIMP-EAGA as an important component of the ASEAN economic integration efforts, the transport sector will likewise ensure that subregional transport initiatives continue to complement regional efforts on connectivity. The MPAC 2025 provides guidance on initiatives that can be implemented by the transport sector in BIMP-EAGA.

Strategic Priority 3: Improved infrastructure and facilities at designated priority seaports, airports and land routes. An important agenda for the transport sector is the completion of vital physical infrastructure and facilities such as the improvement of (i) designated priority airports and seaports and their related facilities, and (ii) roads leading to these ports from production areas, including from the hinterlands. The list of PIPs related to the transport sector will be reviewed and revalidated to clearly determine specific subregional impacts of these priority projects. Since the majority of the PIPs are currently public-sector driven, confirmation will be made of alignment with member countries' priority development plans as well as committed financing vis-à-vis project budgets. The transport sector will consult with the private sector and the local governments to ensure that their infrastructure requirements are included in the second generation of PIPs.

Strategic Priority 4: Strengthen project level convergence with the agribusiness, tourism, CIQS and trade and investment sectors in the development of subregional supply/value chains and logistics services and tourism-related transport connectivity. The transport sector will prioritize addressing the connectivity requirements of the tourism, trade and investment, and agribusiness sectors. Although convergence at the strategic level has been achieved, the next step is to ensure that synergies are realized at the project level. The transport sector aims to undertake joint prioritization and implementation of projects with CIQS as well as the trade and investment, tourism and agribusiness sectors and aims to fill the transport-related gaps within the supply/value chains of these sectors. In the case of tourism, the transport sector will support and facilitate the development of destination routes and provide support to increase the load factors of air, sea and land transport services.

Connectivity Pillar

TRADE AND INVESTMENT FACILITATION SECTOR STRATEGY

VIABLE CROSS-BORDER TRADING AND CONDUCTIVE INVESTMENT ENVIRONMENT

Trade and Investment Facilitation Development Context

Early on, member countries, and especially their local business communities, recognized the importance of trade and investment facilitation (TIF) in accelerating economic growth and sustaining poverty reduction in the subregion. TIF is seen as a pillar of economic growth in BIMP-EAGA and a stimulus for the agribusiness, manufacturing and tourism sectors. Trade facilitation is particularly crucial in helping to reduce trade transaction costs; is designed to benefit businesses, particularly SMEs; and is considered important to trade liberalization, which in turn fosters greater economic integration.

While investments in transport infrastructure in the BIMP-EAGA areas have led to physical connectivity, the ease of moving goods and people across borders remains a challenge on account of existing policy, regulatory and procedural impediments. Efforts at trade facilitation have been coursed through the CIQS initiative whose intended result is to align CIQS rules, regulations and procedures at BIMP-EAGA ports and land border crossings.

At the sector consultations in 2015, stakeholders identified assets, drivers, challenges and implementation bottlenecks of the TIF sector

(Figure 11). The assets include infrastructure such as airports, seaports and roads, at least in the major cities of BIMP-EAGA, which are sufficient to support select trade activities. Skilled and educated human resources are also in abundance in the subregion. The most important asset consists of BIMP-EAGA's natural resources which are used to produce a wide variety of commodities, both fresh and processed. Some of these commodities are produced in common by the BIMP-EAGA areas—including rice, vegetables, coconut, fish and aquaculture products, among others—and this is an advantage in achieving economies of scale.

Figure 11. TIF Assets, Drivers, Challenges and Bottlenecks



Economic and industrial zones hosted by different states and provinces in BIMP-EAGA are ideal locations for processing and manufacturing, and offer tax and non-tax incentives. Increasing household incomes is one of the main drivers of growth in BIMP-EAGA. This leads to higher demand for and consumption of local and imported products. Increasing incomes also result in greater entrepreneurship opportunities, particularly for SMEs, as more disposable income can be directed toward business start-ups. The wider use of technology in business and industries is creating efficiencies, not just in production, but also in marketing and promotion, through the increased use of social media. The enabling environment for business is improving in nearly all the areas covered by BIMP-EAGA, and this has given rise to business-to-business opportunities. Global market trends such as those under the WTO regimes and the ASEAN economic integration schemes are opening new and bigger markets for BIMP-EAGA producers and manufacturers. A critical driver of growth in trade and investments are SMEs. Although the value of individual investments maybe small, their combined total investments are substantial, since they comprise the majority of enterprises in the subregion. SMEs also comprise the majority of traders doing cross-border business and could be seen as the backbone of the BIMP-EAGA trade sector.

Trade and Investment Facilitation Strategic Issues and Challenges

The BIMP-EAGA trade and investment sector is faced with many challenges and implementation bottlenecks, as follows:

- (i) **Lack of infrastructure and poor transport connectivity and logistics services.** Lack of appropriate infrastructure within the member countries has long been identified as affecting the internal mobility of goods, particularly from production areas to ports and markets. Poor transport connectivity and lack of efficient subregional logistics services have had negative impacts, especially on the development of intra-regional trade and subregional supply/value chains.
- (ii) **Weak information exchange on business opportunities and on doing business in BIMP-EAGA.** This is due to lack of effective mechanisms for collecting and disseminating information on business opportunities and regulatory environments. The private sector network is currently limited to focal organizations comprising the BIMP-EAGA Business Council (BEBC), which in many cases excluded other private sector organizations, such as chambers of commerce, industry associations and related groupings.
- (iii) **Lack of transparency and cumbersome cross-border trade and CIQS rules, regulations and procedures (RRPs).** This is probably the most referenced challenge by the private sector, in particular the cross-border traders. Actions have been initiated in the past through the CIQS initiative to streamline and simplify RRP in selected border crossings and ports, including improving the timely release of low risk goods.
- (iv) **Lack of common investment incentives.** This has reportedly constrained cross-border investments. A common investment incentive across the subregion may be difficult to achieve, as investment incentives are decided at the national level. At the subnational level, local governments are able to upgrade national incentives, but these are usually administrative rather than tariff-related incentives.
- (v) **Lack of funding sources (capital and credit).** This is another challenge that may be difficult to address at the subnational, bilateral or subregional level. Disparities exist in national banking and finance-related policies and regulations that limit credit and banking services to in-country enterprises. Attempts have been made in the past to establish a BIMP-EAGA venture capital fund, but this had no takers. In recent years, however, there has been a growing number of creative online fund sources,

known as crowdfunding, directed specifically at MSMEs. This may provide a viable alternative to traditional bank credits.

- (vi) **Poor coordination across sectors and between national and local governments.** Coordination has improved significantly over the last five years, although mainly at the strategic level rather than project level. The result is stand-alone projects that have little impact on long-term gains.

Trade and Investment Facilitation Sector Strategy

The TIF cluster is composed of three working groups (WGs)—SME Development (SMED), CIQS and Statistics—each with a different focus of intervention. The SMED WG weighs heavily on the growth in trade and investment, while the CIQS WG largely defines the cross-border trade facilitation environment. For its part, the Statistics WG prepares critical statistical information and databases on trade, investment, tourism and other crucial development information. The TIF cluster ensured that working groups' strategic priorities are properly represented in the sector strategy.

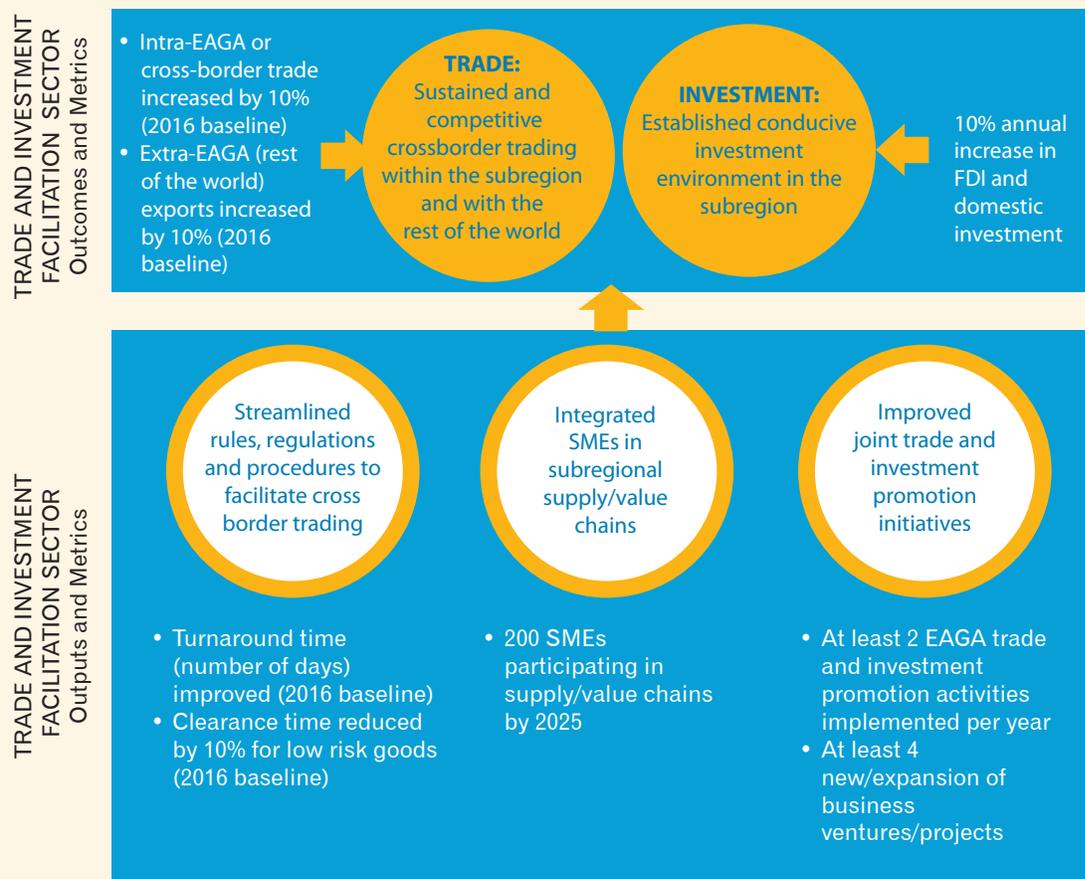
The private sector in BIMP-EAGA is comprised mostly of SMEs, which operate in all economic sectors. As such, SME sector performance significantly affects the economies of member countries, particularly in terms of achieving equitable growth and sustainable development in the subregion. Improving SME participation in cross-border initiatives directly and positively affects subregional trade and investment. As the majority of cross-border traders are SMEs, their businesses will benefit most from the streamlining of cross-border CIQS RRP.

The TIF sector's strategy supports and is consistent with the goals of BEV 2025 and seeks to address the challenges and issues in developing trade and investment in the subregion. The TIF sector identified two goals (outcomes), aiming to establish: (i) sustainable and competitive cross-border trade within the subregion (intra-EAGA trade) and with the rest of the world (extra-EAGA), and (ii) a conducive investment environment within the subregion. The TIF sector outputs to be delivered include streamlined RRP to facilitate cross-border trading, SMEs integrated in supply/value chains, and joint trade and promotion initiatives. The outcomes, outputs, and targets and indicators (metrics) are summarized in Figure 12.

The TIF sector strategy has four strategic priorities presented below. These priorities recognize that project level convergence with the other sectors is required for the TIF sector's success.

Strategic Priority 1: Streamlining of RRP and facilitation of cross-border trade (imports and exports). Trade RRP in selected trading posts (e.g., the most active border crossings and partner ports) will be simplified and/or streamlined to facilitate the growth of cross-border trade. Reforms in trade RRP at the country level will be aimed at improving the cross-border trade environment for SMEs by focusing on their needs and addressing bottlenecks. Lessons from previous implementation experience related to CIQS efforts in streamlining RRP at cross-border points and partner ports will be taken into account. Increasing the number of pilot cross-border points will be considered, based on trade activities at these points. An important reform measure is the improvement of transparency by adopting streamlined RRP as well as disseminating information on these among traders and SMEs. Improving the time release of goods is also an important target for the CIQS WG, which would require evaluating both customs and quarantine RRP, given that fresh and processed agricultural products are the most heavily traded across borders. Other trade facilitation measures will be evaluated for implementation in convergence with relevant sectors including, but not limited to, the AEO scheme with the transport sector.

Figure 12. TIF Sector Strategy Outcomes, Outputs and Metrics



Strategic Priority 2: Identification and promotion of investment opportunities within the supply/value chains along the priority economic corridors. TIF will select industries within the economic corridors that will be given priority for establishing the subregional supply/value chains where both challenges and gaps will be identified. In filling the gaps within the industry chains, the TIF will seek to translate challenges into investment opportunities. An investment portfolio with investment profiles will be developed and actively promoted and marketed. The TIF will also review and enhance, where appropriate, investment incentives in collaboration with local governments and the private sector. Establishment of new or strengthening existing special economic zones located in the economic corridors will form part of this strategic priority.

Strategic Priority 3: Increased participation of SMEs in the corridor supply/value chains. As the backbone of the BIMP-EAGA economies, SMEs heavily influence the growth of trade, investment and tourism. SMEs across BIMP-EAGA face similar challenges, including limitations posed by the size of the enterprise, poor management skills, and lack of access to information, technology, financing and markets. Through the development of subregional supply/value chains, the TIF will progressively address challenges and facilitate SME trade and investment. The economic corridors will provide the platform for harnessing the capacity of SMEs to undertake cross-border trade and investment, in preparation for engaging the wider regional and

international markets. Measures will focus on improving SME access to financing, technology, and markets at the in-country level.

Strategic Priority 4: Improved joint public-private sector trade and investment promotion initiatives. This involves organizing joint public-private sector trade and investment promotion initiatives both within the subregion and in targeted extra-EAGA markets, as well as collaboration between the private sector and local governments, and engagement with chambers of commerce, industry associations and other private sector groups through the BEBC and the clusters and working groups. TIF will also improve the use of digital technology in promoting trade and investment, including but not limited to developing an e-commerce facility.

Connectivity Pillar

POWER AND ENERGY INFRASTRUCTURE SECTOR STRATEGY

RESILIENT AND SECURE ENERGY SECTOR

Power and Energy Infrastructure Sector Development Context

Reliable access to sustainable sources of energy is a key prerequisite for economic growth. The countries within BIMP-EAGA are moving away from reliance on oil, towards coal and natural gas. Heightened reliance on coal and gas by select countries has negative implications for the subregion's national greenhouse gas emissions profiles, as well as global climate change. However, countries within the subregion are also exploring ways to tap into domestic sources of renewable energy, as globally the cost of renewable energy sources continue to decline, and renewable energy now attracts more investment than fossil-fuel sources.

BIMP-EAGA has abundant energy resources both in terms of conventional and renewable energy, including natural gas, coal, hydropower, solar, biomass, wind, and geothermal sources, all of which have potential for development in many areas of the subregion. In addition to these existing and potential sources of energy, the need to optimize the sustainable use of resources is driving sector growth. Improving power infrastructure in individual parts of the subregion is also encouraging further development. The Trans Borneo Power Grid Sarawak-West Kalimantan interconnection project, for example, has given rise to the identification and possible implementation of other bilateral interconnection projects. Currently in discussion is the possibility of a Sarawak-Brunei interconnection. Potential power interconnection pipeline projects are being identified based on the pre-feasibility study conducted by the Asian Development Bank (ADB) on priority power enclaves.

While BIMP-EAGA has abundant conventional and renewable energy resources, many areas in the subregion still have limited or no access to reliable, sufficient and affordable power and electricity; this has slowed development, especially in the rural areas. Fulfilment of BEV 2025 goals, to a large extent, can result in marginalized and poor rural areas gaining greater access to power and energy infrastructure and services.

Power and Energy Infrastructure Strategic Issues and Challenges

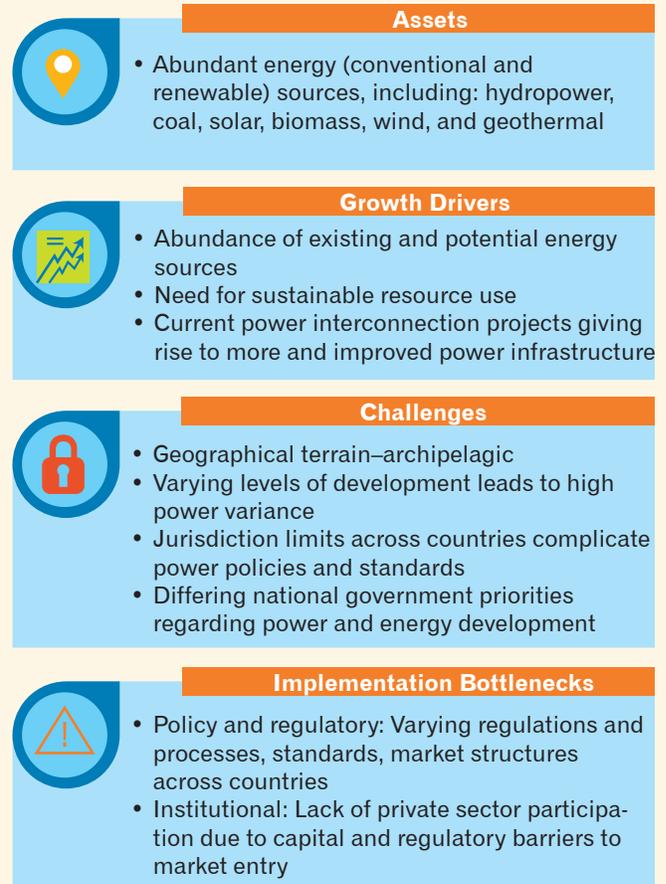
At the sector consultations held in 2015, the stakeholders identified assets, drivers, challenges and implementation bottlenecks in the power and energy sector, summarized in Figure 13. They identified power grid interconnection to potentially address problems of access, with some areas in BIMP-EAGA taking advantage of the excess power produced in other areas of the subregion. This interconnection will not be an easy task, given the geographical configuration of BIMP-EAGA. The subregion is largely archipelagic, and this poses challenges to establishing a fully integrated subregional power grid—hence the failure to take advantage of cheaper sources from neighboring countries. The disparate levels of economic development across the region had to be considered, given that demand for power is highly dependent on levels of industrial development. Other complications include jurisdiction limits between countries. Interconnections across borders lead to difficult negotiations because of differences not just in policies but also in the structure of the power markets and technical standards, among others.

One perception is that BIMP-EAGA is duplicating ASEAN's efforts on regional initiatives for power grid interconnection. This gives rise to differing priorities among national governments vis-à-vis development of the power and energy sector at the level of states, provinces and local governments.

The main issues arising in the policy and regulatory environment related to power and energy are brought about by differences among BIMP-EAGA member countries in regulations, technical standards, and market structures, as well as regulatory approvals and processes. The success of the Trans Borneo Power Grid Sarawak-West Kalimantan interconnection project and the power trading regime that is being implemented can provide the model for future power grid interconnections in the subregion and could possibly initiate harmonization of the policy environment. Efforts of the ASEAN in establishing an ASEAN Power Grid will also be considered.

One of the institutional issues identified was limited private sector participation, due to the huge capital investment required in this sector and regulatory approvals of energy projects. Governments still have a preference for local contractors. The current incentives and tariff rates seem to be attractive enough for private sector participation. On the positive side, in terms of cooperation development in BIMP-EAGA in general, the necessary institutions are in place, including the BIMP-EAGA structure at the subregional level. At the regional level, institutions such as the Heads of ASEAN Power Utilities and Authorities (HAPUA) and the ASEAN Power Grid Consultative Committee (APGCC) are looking at harmonizing both the policy and regulatory environments for power and energy development. BIMP-EAGA, however, will have to strengthen its institutional linkages and coordination with these ASEAN bodies. The stakeholders also noted that funding sources for power and energy projects are available from different funding institutions such as the member countries themselves, ADB, Japan International Cooperation Agency, and Japan Bank for International Cooperation.

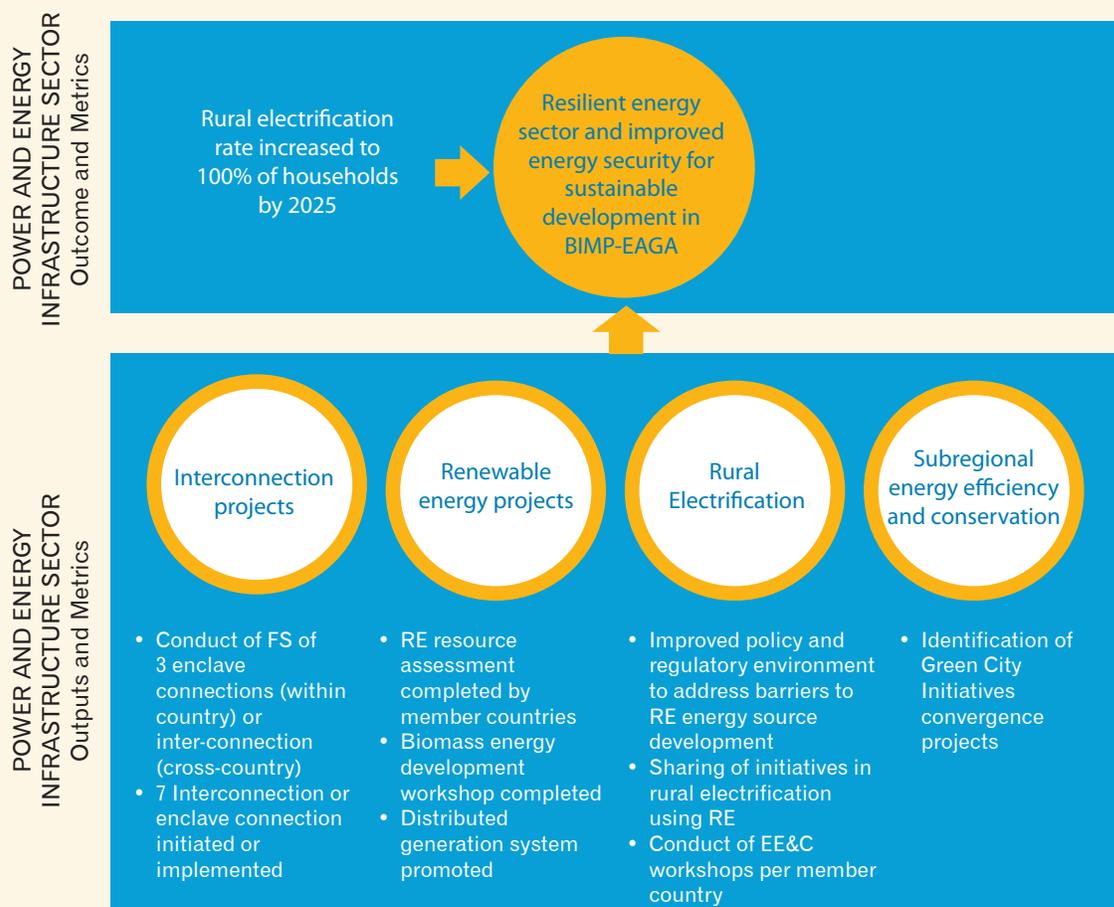
Figure 13. Power and Energy Infrastructure Assets, Drivers, Challenges and Bottlenecks



Power and Energy Infrastructure Sector Strategy

The strategy is centered on promoting the optimum use of subregional energy resources to increase energy access especially in rural areas, optimize use of domestic energy resources, and improve regional energy security. The intended goal (outcome) is a resilient and improved energy sector for sustainable development, with electrification rate as indicator and target (metrics). The objective (outputs) to be delivered are: (i) interconnection projects and studies; (ii) renewable energy projects; (iii) rural electrification; and (iv) energy efficiency and conservation programs with corresponding indicators and targets (Figure 14).

Figure 14. Power and Energy Infrastructure Sector Strategy Outcome, Outputs and Metrics



The power and energy sector strategic priorities (focus areas) are:

Strategic Priority 1: Develop approaches to intensify involvement of the local governments, power utilities and private sector. This would focus on the promotion of investment opportunities within BIMP-EAGA in power generation, and transmission (cross-country interconnections and within-country enclaved connections), and large or small renewable projects. These investment opportunities could yield concrete interconnection projects to be implemented by power utilities (state-owned or private sector). The ADB scoping study can serve as a guide in identifying three potential cross-country power enclaves: the West Kalimantan-South Kalimantan link, the eastern backbone connection from Kalimantan to Banjarmasin to Bontang, and the North Kalimantan-Sabah interconnection.

Strategic Priority 2: Provide a conducive environment to encourage energy-related investments by the national government. Alignment with ASEAN regional grid infrastructure will help improve reliability of supply since energy sector development in BIMP-EAGA is uneven. Improvement of policy regimes and harmonization of regulatory frameworks will be pursued in line with the ASEAN efforts related to technical standards, operating procedures, and regulatory frameworks among member states. Under this strategic priority, cooperation and collaboration between and among national and regional energy institutions (such as HAPUA, ASEAN Centre for Energy and APGCC) in energy policy, planning and supply security information sharing will be pursued.

Strategic Priority 3: Enhance cooperation and strengthen implementation of renewable energy development and improve energy access in rural areas. Joint research and technology development in the field of renewable energy will be actively pursued. Partnerships and collaborations with renewable energy technology providers will be a cornerstone of this strategic thrust. Development of a coherent renewable energy cooperation framework which can include sharing of experiences on policy formulation and implementation, and expansion of markets may be considered. Capacity building for stakeholders (government, private sector, financial institutions, and developers, among others) can be conducted. Under this strategic priority, the regional grid infrastructure pursued in the ASEAN framework will be considered. Power interconnections through a regional grid can help improve reliability of supply since energy sector development in the BIMP-EAGA areas is uneven. Select BIMP-EAGA areas rely on importing expensive fossil fuels and require additional generation capacity, while others have power surpluses which could be traded across borders. Development of off-grid decentralized and/or distributed energy systems for isolated areas particularly for renewable energy can be explored. Effective rural electrification schemes in the BIMP-EAGA areas will be implemented.

Strategic Priority 4: Promote energy efficiency and conservation. As a strategic priority, this would entail increasing energy efficiency and conservation at both demand and supply sides. Energy efficiency and conservation programs will be promoted in the BIMP-EAGA areas. Knowledge and experience sharing will be conducted. Pilot projects in energy efficiency and conservation may be implemented specifically under the BIMP-EAGA Green Cities Initiative in partnership with the environment sector. At the subregional level, promoting common standards, such as Minimum Energy Performance Standards (MEPS) for household and commercial appliances, may be explored. Promoting common standards, and “test once and sell anywhere” are initiatives which can be considered under the BIMP-EAGA framework. BIMP-EAGA countries have ongoing efforts to develop MEPS for a range of appliances.

Connectivity Pillar

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SECTOR STRATEGY

BIMP-EAGA AS AN ICT ENABLED COMMUNITY

ICT Development Context

Information and communication technology (ICT) has an important role in supporting trade, improving literacy, increasing investments, and enlarging markets through its ability to develop new products and services, facilitate information exchange, connect people, and reduce the cost of business and trade-related transactions. The growth of the ICT sector—infrastructure, networks, ICT products and service industries, and media—can help reduce poverty (directly and/or indirectly), increase productivity and boost economic growth. In the context of BIMP-EAGA, improvement in ICT facilities and services as well as development of telecommunications infrastructure are expected to increase access to voice, data, and internet services especially in remote areas. Providing access to information especially in the marginalized and least developed areas of BIMP-EAGA can narrow development gaps by equalizing opportunities and allowing pro-poor market development, such as micro-finance and the use of ICT tools to address poverty. Local ICT service industries with potential linkages to other BIMP-EAGA areas are expected to create jobs, especially for women and youth, and promote trade and competitiveness through exports. The ICT sector helps foster innovations across the economy and greatly improves productivity. ICT can also play an important role in supporting other sectors, e.g. modernizing customs for better trade facilitation.

The strengths of the ICT sector in BIMP-EAGA includes trained and highly skilled human capital, improving infrastructure and other ICT-related investments, and strong partnerships between and among governments, academe and the private sector. All these key assets contribute to the fast-paced development of the ICT sector in BIMP-EAGA. In addition, the ICT sector is where private sector leadership and participation is strongest among BIMP-EAGA sectors and clusters. The ICT CEO Forum has played a very active role in identifying, prioritizing and ensuring the implementation of the various ICT projects and initiatives. It provides a model mechanism to strengthen the participation of the private sector and industry players in the development of other BIMP-EAGA sectors. Majority of the projects are private sector-led including the BIMP-EAGA Submarine Terrestrial (BEST) Cable System project designed to contribute to the ASEAN Broadband Corridor under MPAC 2025. The enhanced ICT connectivity is expected to positively influence telecommunications tariff, address digital divides, make the subregion an attractive investment hub, and provide the necessary platforms for enhanced supply chain development for SMEs in agriculture, fisheries and tourism, among others.

ICT Strategic Issues and Challenges

BIMP-EAGA countries are at different stages and pace of revamping regulations and opening their telecommunications markets to competition, while embarking on liberalization and privatization to attract greater private sector investments and expand reach and access. ICT market reforms have considerable impacts. Deep penetration of mobile networks, text messaging and internet-enabled networks and devices have created opportunities for governments and entrepreneurs to interact directly with households and businesses, and to deliver services with expanded reach and greater efficiency. Governments are updating

regulatory frameworks, structuring public-private partnerships, and working to improve business environments. All these trends provide opportunities for collaboration at the subregional level given the proper legal and regulatory environments.

At the sector consultations held in 2015, stakeholders identified assets, drivers, challenges and bottlenecks as summarized in Figure 15. The key strategic issues and challenges identified were: outdated policies; legal impediments; and competition among service providers, which affects access, affordability and quality of the services. Lack of awareness on the use of ICT and its benefits as well as ICT development gaps among the BIMP-EAGA areas were also considered long-term issues affecting the growth of the sector. ICT stakeholders also pointed out that rather than adopting “direct intervention,” BIMP-EAGA governments should focus on “enabling interventions” such as promoting private sector use in ICT (especially SMEs), continuous development of a skilled ICT workforce, implementing innovation policies, promoting ICT entrepreneurship, and facilitating a bottom-up approach (to complement top-down directions) to ICT innovations.

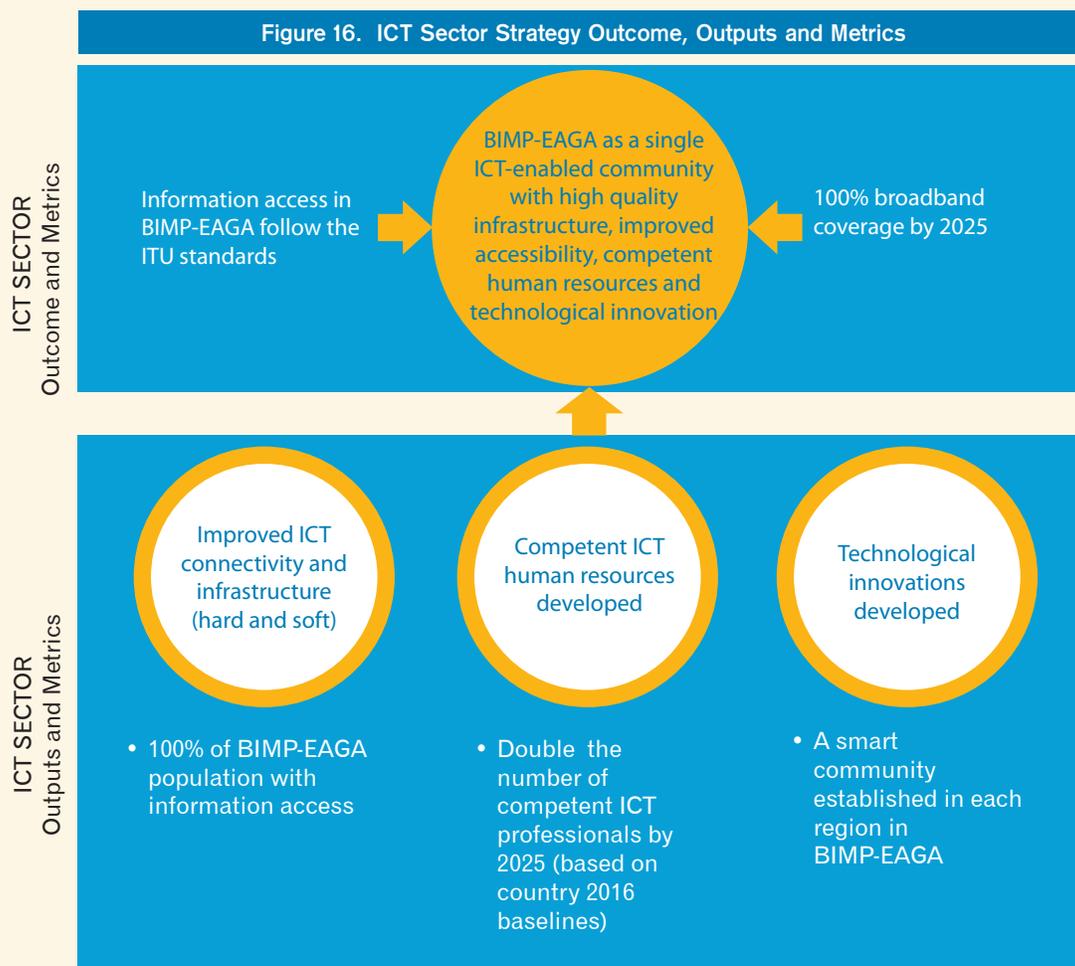
Figure 15. ICT Assets, Drivers, Challenges and Bottlenecks



ICT Sector Strategy

To address policy constraints and other long-term challenges, an MOU for Governance and Development Cooperation in the Field of ICT and multi-media has been finalized. The scope of cooperation will include promotion of ICT policies and frameworks that will assist harmonization of regulators, private sectors and communities to ensure expeditious implementation of the ICT and multi-media initiatives in the participating countries. The MOU also includes other cooperation areas such as: (i) capacity-building for soft and hard ICT infrastructure and in multi-media and digital creative industries; (ii) upgrading skills of ICT professionals; and (iii) development of ICT and multi-media and digital creative products and services which provides an overarching framework in the ICT sector strategy under BEV 2025.

Recognizing that ICT is a fast-changing sector, the sector strategy outlined under BEV 2025 will be reviewed and revised as appropriate over time. The rationale for adopting a cohesive, strategic and subregional approach to BIMP-EAGA ICT sector development is in line with the BEV 2025 long term goals, given that ICT is considered an enabler, engine of growth and enhancer of the quality of life of the people in BIMP-EAGA. The broad ICT sector goal (outcome) is for the BIMP-EAGA to become a single ICT-enabled community with high quality infrastructure, improved accessibility, competent human resources and technological innovation. The objectives (outputs) are: (i) improved and updated ICT connectivity and infrastructure (hard and soft); (ii) competent ICT human resources; and (iii) technological innovations. These will be measured using the following target and indicators (metrics): improved information access especially in rural areas, broadband



penetration, competent ICT professionals trained, number of innovations, and “technopreneurs” and SMEs supported (Figure 16).

The ICT sector strategic priorities (focus areas) are:

Strategic Priority 1: ICT hard and soft infrastructure developed and updated. ICT infrastructure (such as the BEST Cable System) will be developed to improve connectivity, expand reach and access especially in rural areas. Given the value of high speed internet for BIMP-EAGA development, and the need for low costs of extending coverage, the BIMP-EAGA governments may consider reviewing and synchronizing sound policies that can attract investment and keep prices low. Under this strategic priority (and guided by the MOU which serves as the over-arching framework), BIMP-EAGA countries need to continuously improve their policy and regulatory frameworks to cope with rapid changes in the ICT sector and with business models. It has been acknowledged that connectivity is a critical issue to be addressed, and a number of subregional problems require e-solutions. Select ICT applications can be pilot tested such as: (i) open/big data; (ii) setting up an ICT system for coordinated border management in select borders in the GSSC and WBEC; (iii) web-based portal of BIMP-EAGA SMEs to facilitate e-commerce which can include use of electronic payments with security features and consumer protection (see related Strategic Priority 2 on e-commerce development); and (iv) agro-industry and tourism applications.

Strategic Priority 2: Promote e-commerce at subregional level. BIMP-EAGA e-commerce cooperation framework to be developed, including: (i) reliable and affordable ICT infrastructure and services; (ii) logistics and trade facilitation; (iii) e-commerce education and awareness; (iv) capacity development; (v) policy support, advocacy, and coordination; and (vi) information sharing, among others.

Strategic Priority 3: Human Resource Development in ICT. ICT needs in terms of human resource development (HRD) and in both hard and soft infrastructure in other BIMP-EAGA sectors (e.g., socio-cultural education, agriculture, trade facilitation and tourism) will be identified. Where feasible, an ICT skills standards accreditation scheme at the BIMP-EAGA level (i.e. BIMP-EAGA ICT Professional Certification and Institutional Accreditation, aligned with ASEAN) can be developed and piloted in select industries supporting the BEV 2025 outcomes in manufacturing, agro-industry, fisheries and tourism. This will require having a registration system for BIMP-EAGA ICT professionals, identifying skills standards, mapping competency levels and having standard definitions. All capacity development activities related to developing a highly skilled BIMP-EAGA ICT work force, improving the ICT literacy of rural people and entrepreneurs (particularly the youth and women), creating a metric system such as a balance scorecard for a BIMP-EAGA-wide and local talent capacity and availability and supporting local ICT industries will form part of this strategic priority. Other capacity development activities based on the MOU will be identified and implemented as the needs arise. Partnerships between and among government, industries and the academe will be pursued (e.g. research and development, ICT road maps).

Strategic Priority 4: ICT entrepreneurship development and development of ICT products and services. Human capital development (Strategic Priority 3) is an important component in developing and sustaining an ICT-based services industry and in establishing a culture of ICT entrepreneurship. Under this strategic priority, BIMP-EAGA will continue providing support to technopreneurs, start-ups and SMEs to create business incubation systems. The Startupphub@BIMP-EAGA, a private sector project that provides services for start-up technopreneurs, will be strengthened and expanded; such business incubators showcase bankable private sector projects and serve as training hubs for ICT professionals. The recently launched crowdfunding platform will also form part of this strategic priority. Other events which are sources of private sector-initiated projects can be strengthened, including the regular meetings of the regional network of industry leaders under the ICT CEO Forum, as well as other regional ICT events, such as the Philippines' Livelihood Exchange (LIVEX). This strategic priority will also include development of ICT products and services and multi-media products and services, as proposed in the MOU.

Food Basket Pillar

AGRIBUSINESS SECTOR STRATEGY COMPETITIVE AND CLIMATE RESILIENT AGRO-INDUSTRY AND FISHERIES

Agribusiness Sector Development Context

On 26 November 2010, the Agriculture and Fisheries Ministers' Meeting adopted the strategic framework for the food basket initiative for BIMP-EAGA. The food basket strategy (FBS) has since become BIMP-EAGA's overarching policy framework for the sustainable development of the agro-industry and fisheries sectors. The goal of the FBS is to achieve sustainable development and subregional integration of the agro-industries and fisheries sectors in order to ensure food security, sustainable livelihoods and poverty alleviation in BIMP-EAGA. The FBS has four distinctive but mutually reinforcing objectives, to: (i) ensure long-term food security in BIMP-EAGA subregion; (ii) optimize potential of agriculture, livestock, and fisheries products for exports; (iii) promote sustainable livelihoods for farmers and fisherfolk; and (iv) strengthen participation in, and increase awareness of, FBS in both the public and private sectors in the subregion.

At the sector consultations held in 2015, stakeholders identified assets, drivers, challenges and implementation bottlenecks (Figure 17). The key assets include abundant land and maritime natural resources which produce some of the most important agricultural crops, fisheries and aquaculture resources. BIMP-EAGA produces many agricultural and fisheries commodities that when consolidated could result in economies of scale conducive to export development. Despite the declining contribution of agriculture and fisheries to the subregion's GDP, majority of the rural population, where poverty incidence is highest, continues to rely on farming and fishing as the main source of livelihood and family incomes. BIMP-EAGA still has vast areas that can be utilized to expand production of various commodities both for local consumption and for export. Other assets include a substantial labor pool, as BIMP-EAGA is home to a large population with manpower resources—unskilled, skilled, managerial—that can be channeled to develop the agriculture sector. BIMP-EAGA also hosts some

Figure 17. Agribusiness Assets, Drivers, Challenges and Bottlenecks



of the member countries' major seaports and airports connected to domestic and/or regional markets. Road networks are being built or upgraded to link production areas to these seaports and airports, allowing for greater mobility of goods.

Growth drivers influencing the BIMP-EAGA agribusiness sector include the growing population and increasing incomes, which has resulted in higher demand for and consumption of fresh and processed food products. Food production, however, has increased at a slower rate than population—meaning demand is outpacing the supply of food products that in turn create opportunities to expand production. With national governments focusing on reducing the number of people experiencing poverty and hunger, there is even greater pressure on the agriculture sector to produce food that is safe, accessible and affordable. Technology is also pushing productivity upwards even without increasing the area of production, through the use of high-yield varieties and better farm management practices at the production level. Innovative machinery and technologies for food processing, and the increased use of ICT, is having an effect across the distribution chain. Globalization has also opened new markets for agriculture and food products. The halal food industry alone is estimated to have a global market value of more than \$2 trillion. ASEAN economic integration is also considered a major growth driver. As ASEAN comes closer to realizing its single market and production base goal, and as non-tariff barriers are resolved, intra-ASEAN trade in food and agricultural products is anticipated to dramatically increase.

It was widely acknowledged at the consultations that fresh and processed agro-fisheries products account for the largest volume of intra-EAGA trade. Smallholders, who comprise the majority of producers and traders in BIMP-EAGA, find that their productivity is threatened by the effects of climate change coupled with the low capacity of farmers and fisherfolk to mitigate and adapt to climate change.

Agribusiness Sector Strategic Issues and Challenges

Major issues that deter development and the integration of the agriculture and fisheries sectors in BIMP-EAGA include resource depletion, climate change, geography, and transport connectivity. The first two relate directly to the productivity of the sectors and the last two impact on the integration.

Stakeholders have pointed to growing populations, increasing industrialization and rapid urbanization as directly contributing to resource depletion. Changing land use patterns, such as conversion to more lucrative commercial and industrial uses, have resulted in reduced agricultural land areas. Coupled with the slow introduction of more modern production technologies and farm management systems, this has led to a steady decline in agricultural productivity. As lowland farms become commercial and industrial spaces, forest areas have been intruded as alternative areas for large-scale crop plantation. Together with the unsustainable practice of “slash and burn,” forest resources are being depleted at an increasingly alarming pace. On the other hand, threats to the sustainability of marine resources continue to increase despite more regulations and stricter enforcement. Common threats include: unsustainable and damaging fishing practices (e.g., bottom trawling, unreported, illegal and unregulated fishing practices), increasing intensity of fisheries, ocean acidification and coral bleaching. More than 80% of marine pollution is said to originate from land-based sources that include deforestation, poor waste management, rising population and growing coastal development.

Climate change presents yet another challenge. Various studies show that climate change impacts can be roughly divided into two groups. First are biophysical impacts, which include: (i) physiological effects on crops, pasture, forests and livestock (quantity, quality); (ii) changes in quality and quantity of land, soil and water resources; (iii) increased weed and pest challenges; and (iv) changes to ocean salinity and rise in sea level and temperature resulting in changes in fish migration and habitation patterns. Second are socio-economic impacts that include: (i) decline in yields and production; (ii) reduced marginal GDP from

agriculture; (iii) fluctuations in world market prices; (iv) changes in geographical distribution of trade regimes; (v) increased number of people at risk of hunger and food insecurity; and (vi) migration and civil unrest.

Integration of BIMP-EAGA's agriculture and fisheries sector is hindered by its archipelagic geography and lack of efficient and reliable intra-EAGA transport connectivity. The subregion is composed of many almost autarchic small island economies that, although productive, especially in agriculture and fisheries, continue to be delinked from markets. These poor island economies have small populations that make investments even in small-scale trade-related infrastructure (i.e. small ports) economically unviable. The problem is exacerbated by lack of transport connectivity, mainly shipping services, to connect production centers to processing centers and markets. Differences in the policy and regulatory environments (e.g. trade protocols), differences in priorities of the national and subnational areas, weak private sector participation, and limited local government engagement pose challenges to the integration of the BIMP-EAGA agriculture and fisheries sectors.

Agribusiness (Agro-industry and Fisheries) Sector Strategy

Huge potential exists for transforming BIMP-EAGA into a single production base for agro-fisheries, provided that agro-fisheries products are freely traded within the subregion. The agribusiness sector strategy adopted one of the three BEV 2025 goals of achieving a “sustainable, competitive and climate-resilient agro-industry and fisheries” as its intended sector outcome. The main sector output is the development of subregional supply/value chains for at least five (5) priority commodities: (i) shrimp; (ii) rice; (iii) coconut; (iv) cattle; and (v) seaweed—all of which have the highest perceived potential for intra-EAGA and extra-EAGA trade and processing. The indicators and targets (metrics) for the outcome and outputs are illustrated in Figure 18.

The absence of an efficient supply/value chain within the subregion has been a major challenge in developing and integrating the BIMP-EAGA agribusiness sector. Along the supply/value chain, the sector will look at specific constraints to trade and the opportunities for facilitating the flow of goods from farms to processing centers to ports and eventually to markets, considering competitive advantages of the BIMP-EAGA focal areas in terms of cost of production, volumes produced, availability of processing facilities and proximity to markets. The supply/value chain is also expected to identify opportunities for investments mainly to fill the gaps within the commodity chain, including, among others, developing the logistics sector (i.e. storage and warehousing, transport facilities and services, cold chain facilities, packaging, etc.).

Three strategic priorities of the agribusiness sector are:

Strategic Priority 1: Long-term food security in the subregion. Improving implementation of the national food security policies/initiatives in BIMP-EAGA. Ensuring sustainable food production, including increasing productivity and profitability by encouraging cooperation in R&D and technology development; optimizing land and water resources use for agro-fishery production; and improving agriculture, livestock, and fisheries infrastructure. Capacity building for farmers and fisherfolk on increasing production and productivity, and addressing the adverse impact of climate change on food security. This can also include developing food security information systems, ensuring buffer stocks for food emergency assistance, formulating a food security policy framework, and establishing facilitation services to improve access to financing for micro, small and medium-sized enterprises (MSMEs) in the agribusiness and fisheries sectors.

Strategic Priority 2: High quality agro-based and fisheries products for exports. Agro-industry and fisheries products with high potential for intra- and extra-EAGA exports will be identified and prioritized. A long list of commodities has already been identified and each of these commodities will be assessed according to their individual potential to build economies of scale in terms of production, marketing and distribution. Five priority commodities have been initially identified—rice, shrimp, coconut, cattle and seaweed—but can be



changed over the course of BEV 2025 implementation, depending on country policy priorities, market demands and changing development trends. The other priority commodities identified were corn, rubber, palm oil, banana, poultry (chicken and duck), high-value fisheries, tuna and sardines. To enhance its export market, the agribusiness sector will strengthen cooperation in the development of the halal foods industry, which is a growing trillion-dollar global market. This will include streamlining and harmonizing halal accreditation and certification processes in line with national and regional protocols. The production and export of “lifestyle” commodities that cater to the health food market will be pursued, which means increasing productivity in organically grown fruits and vegetables and establishing and/or enhancing BIMP-EAGA’s organic certification processes. Initiatives that promote volume consolidation of produce at the subregional level, either for cross-border trade or for direct export to regional and international destinations, will be actively pursued. Major consolidators are to be found in the capitals, to consolidate products from various parts of the country for regional and international export, taking advantage of the efficient logistics services from the capitals to market destinations. Subregional consolidation of select commodities produced in large volumes within BIMP-EAGA can be exported to the same regional and international markets, provided subregional logistics and transport are developed.

Measures to reduce technical and non-tariff barriers to agriculture and fisheries trade within the subregion will be identified and pursued, including those related to transport and trade facilitation. Where the removal of the barriers to trade does not involve policy reforms, administrative solutions will be identified and implemented, initially at the bilateral level. Cooperation will be extended to include standards-setting by adopting standards aligned with ASEAN frameworks, as well as improving sanitary and phyto-sanitary measures. In combination,

these initiatives will subsequently provide BIMP-EAGA producers with access to the wider ASEAN market initially, and eventually to other international markets. This strategic priority will also include initiatives for joint promotion of trade and investment, as well as for promoting organic and halal products in the agribusiness sector.

Strategic Priority 3: Sustainable livelihoods for fisherfolk and farmers within the subregion. An important initiative under this strategic priority is to promote best practices in sustainable farming and fishing through on-the-ground interventions such as agro-industry and fisheries extension services. Building the capacity of farmers and fisherfolk to mitigate and adapt to climate change is another key initiative. Collaboration with international development organizations that have projects within the geographic coverage of BIMP-EAGA, such as the Coral Triangle Initiative (CTI), the Sulu-Sulawesi Marine Ecoregion (SSME), and other similar programs to take advantage of advancements in technology and research will be explored. Convergence with environment and tourism clusters will likewise be pursued, particularly on capacity building for sustainable livelihoods and on sharing best practices on the sustainable management of vital marine and agriculture ecosystems.

Tourism Pillar

TOURISM SECTOR STRATEGY SUSTAINABLE AND INCLUSIVE TOURISM DESTINATION IN ASIA AND THE PACIFIC

Tourism Sector Development Context

Tourism development has been one of the pillars of BIMP-EAGA economic integration since the initiative was launched in 1994. Tourism was categorized as one of the fast-track sectors for cooperation on account of its potential to contribute to poverty reduction and the narrowing of development gaps within the subregion. Although tourism resources are fairly similar across BIMP-EAGA, each area offers unique experiences to tourists. Many of the ecotourism sites and destinations are located in rural areas with distinct cultures, traditions and lifestyles. The impact of tourism on rural job creation and economic growth is considerable.

At the sector consultations held in 2015, stakeholders identified assets, drivers, challenges and implementation bottlenecks (Figure 19). BIMP-EAGA is known for its rich history, heritage and culture, which are the main attractions for both domestic and foreign tourists. The subregion's abundance of tourism sites is another asset. BIMP-EAGA hosts six World Heritage Sites identified by the United Nations Educational, Scientific and Cultural Organization (UNESCO): Lorentz National Park in Papua, Indonesia; Mt. Kinabalu Park in Sabah, Malaysia; Gunung Mulu National Park in Sarawak, Malaysia; Puerto Princesa Subterranean River in Palawan, Philippines; Tubbataha Reefs National Park, also in Palawan, Philippines; and the Mount Himiguitan Range Wildlife Sanctuary in Davao, Philippines. Complementing these World Heritage Sites are national heritage and cultural sites and nature parks. Other tourism attractions include long stretches of pristine beaches and island getaways. BIMP-EAGA offers a wide range of leisure activities including diving, trekking, mountain climbing, sailing, and golf. The cuisines distinct to the subregion are an added attraction. BIMP-EAGA has a substantial cadre of service providers consisting of experienced tour operators, tour guides and travel agents. These

Figure 19. Tourism Assets, Drivers, Challenges and Bottlenecks



Other tourism attractions include long stretches of pristine beaches and island getaways. BIMP-EAGA offers a wide range of leisure activities including diving, trekking, mountain climbing, sailing, and golf. The cuisines distinct to the subregion are an added attraction. BIMP-EAGA has a substantial cadre of service providers consisting of experienced tour operators, tour guides and travel agents. These

service providers are private sector-led, and are contributing significantly to the promotion and marketing of tourism in the subregion.

Several factors were identified as driving tourism industry growth in BIMP-EAGA. These include improved connectivity in some areas, such as the land transport links and ferry links in Borneo Island. BIMP-EAGA offers a wide range of accommodations, from luxury resorts to budget hotels and comfortable homestays. BIMP-EAGA is therefore able to attract a wide range of tourists, including backpackers, nature-lovers, culture-seekers, and high-end travellers. Tour packages directed at target or niche markets are being developed to enhance the BIMP-EAGA “experience.” Tourism infrastructure and facilities have been upgraded and destinations are becoming more accessible. Promotions, marketing and publicity have likewise been improving, although efforts have been mostly at the country level. Online travel sites and social media in particular have contributed immensely to the marketing of BIMP-EAGA destinations. The main drivers, however, of tourism sector growth are the active participation of the private sector and the substantial investments made in both tourism hardware—hotels, destination development; and software—marketing, promotions and publicity, and tour package development.

Tourism Sector Strategic Issues and Challenges

The tourism sector adopted a strategy around the theme of “Equator Asia,” highlighting the subregion’s competitive edge in ecotourism, in particular community-based ecotourism (CBET). Both public and private sector stakeholders have stepped up the marketing and promotion of BIMP-EAGA as a single ecotourism destination. Despite increased efforts, however, cross-border tourism has not prospered.

The lack of direct intra-EAGA connectivity, particularly its air links, is the most serious challenge to establishing BIMP-EAGA as a single ecotourism destination. Although major airports in the subregion have direct international connections, serviced by both legacy and low cost carriers, mobility from one BIMP-EAGA location to another is limited by the lack of air services. Development of subregional tour packages has been ongoing, but implementation is dependent on the availability of direct transport links. Some successes have been noted, such as the improved land transport connectivity within Borneo Island. An integrated tourism sector remains a goal, but the reality is that without air connectivity, subregional tourism development will be limited. Member countries also face budget constraints in implementing projects especially in terms of joint marketing, publicity and promotion. It should be noted, however, that individual member countries are stepping up the marketing, publicity and promotion of the tourist destinations in their respective BIMP-EAGA areas. Another challenge identified by tourism stakeholders stems from the differences among member countries’ visa policies, which affects the mobility of tourists within the subregion, mainly those coming from outside ASEAN. These tourists are required to obtain visas prior to or upon arrival at BIMP-EAGA ports of entry, not all of which are international ports with visa-on-arrival services.

Despite its unparalleled marine and terrestrial biodiversity, and vibrant cultural resources, BIMP-EAGA has not been able to fully realize its potential to become a single world-class ecotourism destination. Other factors constraining tourism development are: the lack of a coherent, mutually agreed-upon subregional destination and site development framework; underdeveloped gateway, last-mile and community infrastructure; limited private sector investment in ecotourism-related tour products and services; and a lack of knowledge and skills at the local level to exploit livelihood opportunities linked to the tourism sector.

In addition, the subregion’s existing ecotourism products and Equator Asia brand are still not widely known in key source markets, due to a lack of focused marketing and promotion activities.

Tourism Sector Strategy

The rationale for adopting a concerted strategic and subregional approach to BIMP-EAGA tourism development is in line with the BEV 2025 long-term goal (outcome) of becoming a sustainable tourism destination. The strategy aims to protect the subregion's shared natural and cultural heritage, accelerate inclusive economic growth within and across the subregion, and facilitate synchronization of service standards and the replication of best practices. Promoting BIMP-EAGA as a single destination with world-class ecotourism facilities and services will increase the viability of subregional air, sea and land linkages, stimulate demand to scale up the widespread adoption of streamlined CIQS procedures, and encourage investment in infrastructure and services that contribute to value-adding multi-country tourism circuits. The tourism strategy looks at "tourism as a system," which entails working with multiple sectors. It defines ecotourism as a major industry segment that promotes responsible travel that would have an impact on the livelihood of host communities.

The broad tourism sector goal (outcome) is to establish BIMP-EAGA as the ecotourism destination of choice in Asia and the Pacific. The tourism sector strategy outputs are: (i) tourism access, connectivity and infrastructure improved; (ii) ecotourism sites to be developed and promoted, such as UNESCO World Heritage Sites, national heritage and cultural sites, and nature parks, among others; (iii) tourism circuits involving at least two countries to be developed; and (iv) communities to adopt sustainable livelihoods and ecotourism based on ASEAN standards. The sector outcome, outputs and corresponding indicators and targets (metrics) are summarized in Figure 20.



The tourism sector strategic priorities (focus areas) are:

Strategic Priority 1: Tourism access and support infrastructure developed (hard and soft). There will be enhanced project level collaboration with the transport cluster and transport service operators to establish and/or expand intra-EAGA air, land and maritime connectivity. The tourism cluster will determine the demand for different transport services and as such would be identifying the air, sea and land transport routes with the greatest potential for sustainable passenger load. Air connectivity through convergence, targeting connections from each BIMP country to at least one other member country and co-terminalization will be pursued. As intra-EAGA air services continue to face challenges, other transport services will be explored for tourism purposes, including passenger shipping services. Cruise tourism will also be pursued in line with the ASEAN Cruise Tourism Strategy launched in January 2016. The Tourism Cluster will collaborate with the LTWG to further improve tour bus operations in Borneo Island. Differences in immigration policies and the provision of visa-on-arrival facilities will be resolved with the TIF Cluster/CIQS WG. Other administrative actions that would facilitate tourist mobility will be identified.

Strategic Priority 2: Ecotourism Product Development. The establishment of multi-country tourism destinations primarily focused on CBET will be supported by working with local governments, communities and the private sector on: (i) destination and site development; (ii) provision of necessary public infrastructure and facilities to improve connectivity and protect tourism assets; and (iii) measures to increase tourists' comfort and safety. SME investments will be promoted and encouraged in the hospitality, transportation and tour operations. Private sector support will be mobilized for tourism-related value chain interventions, including the provision of financial resources to facilitate tourism-related enterprise development, with a focus on public-private-community partnerships. This strategic priority will include joint marketing and promotions of ecotourism products. Marketing and promotions will be filtered and directed at appropriate segments (niche markets) of the tourism market, while keeping in mind the carrying capacity of facilities at various destinations in BIMP-EAGA. A well-defined niche market allows for greater focus and selectivity in the marketing and promotion initiatives that will be undertaken at the subregional level. The Tourism Cluster will adopt one or two "flagship" projects (e.g. CBET, UNESCO Heritage Sites) to jointly market and promote at the subregional level, in order to facilitate the design and content of common information materials and brochures.

Strategic Priority 3: Human Resource Development in Tourism. Action will be taken to upgrade the skills and capacity of communities, tourism managers, trainers, and tourism education and training institutions in ecotourism development and in complying with ASEAN tourism standards (e.g. for homestays, green hotels, and public toilets), among others. At the ASEAN level, the harmonization of standards and requirements for professionals in the tourism sector is the most advanced, with Mutual Recognition Arrangements (MRAs) already adopted. As a building block of ASEAN, the BIMP-EAGA Tourism Cluster will explore the piloting of select "job titles" under the ASEAN tourism sector MRA to allow for greater intra-EAGA mobility of human resources in tourism. BIMP-EAGA intends to position itself as a center of excellence by piloting the certification of specific tourism job titles under the ASEAN MRAs. In this regard, stronger convergence will be pursued with the Socio-Cultural and Education (SCE) Cluster, which is also looking at MRAs.

Strategic Priority 4: Promote coordinated approaches to nature, culture and heritage management. Knowledge exchanges and experience-sharing on standards and best practices (case studies) of natural and cultural heritage management will be promoted, in order to coordinate approaches to managing the environmental and social impacts of ecotourism. Model sites can be identified and best practices replicated. Convergence with the Environment Cluster will be pursued.

Environment Pillar

ENVIRONMENT SECTOR STRATEGY

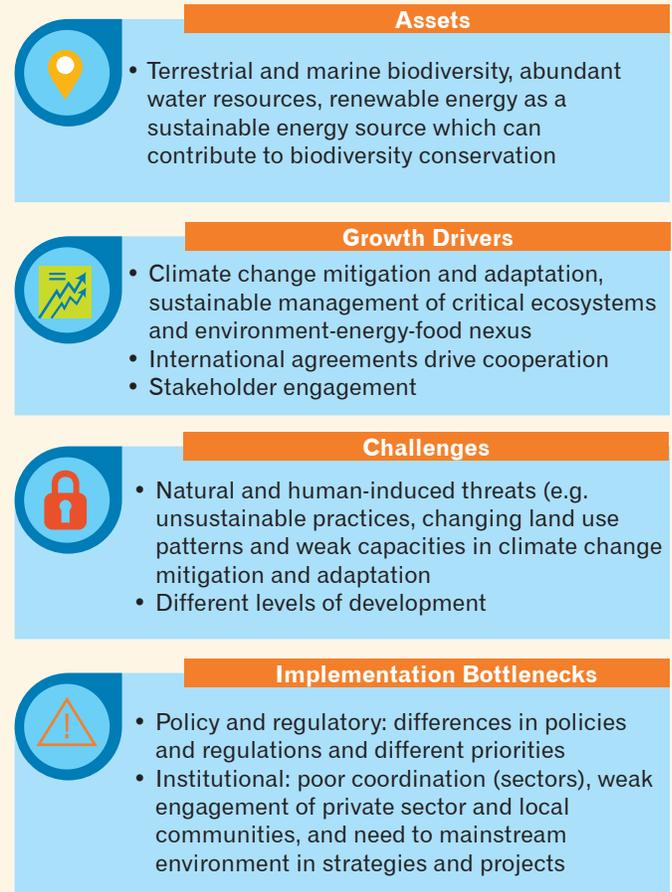
SUSTAINABLE MANAGEMENT APPROACHES IN BIMP-EAGA ECOSYSTEMS

Environment Sector Development Context

The role of the environment sector in achieving sustainable economic development in BIMP-EAGA cannot be overemphasized. The abundant natural resources of the subregion are slowly being decimated as a result of a variety of natural and human-induced environmental threats, including, among others, (i) unsustainable practices in the agriculture, industry, manufacturing and services sectors, (ii) changing land use patterns due to fast urbanization and growing population, (iii) unregulated, unreported illegal fishing, (iv) conversion and/or intrusion into forest lands for plantation development, and (v) lack of capacity, especially among smallholders, to effectively mitigate and adapt to climate change and its effects. Sustainable development is not the concern solely of the environment sector; it is a challenge that must be addressed by all sectors. However, the environment sector is expected to ensure that all sectors are doing their share in protecting and conserving—where appropriate—natural resources and biodiversity in the subregion. This multi-sector approach to sustainable development is evident in the three goals of BEV 2025, where sustainability is key to the development of the manufacturing, agriculture and fisheries, and tourism sectors.

At the sector consultations held in 2015, stakeholders identified assets, drivers, challenges and implementation bottlenecks (Figure 21). The environment sector identified the core strengths of BIMP-EAGA as follows: (i) terrestrial and marine biodiversity; (ii) abundant water resources; and (iii) renewable energy as a sustainable energy source which can contribute to biodiversity conservation and is a potential convergence with the power and energy infrastructure cluster.

Figure 21. Environment Assets, Drivers, Challenges and Bottlenecks



Current global concerns are driving cooperation development in the environment sector. These include (i) climate change mitigation and adaptation, (ii) sustainable management of critical ecosystems, and (iii) the environment-energy-food nexus. BIMP-EAGA countries are signatories and members to various international agreements and programs such as the Heart of Borneo (HOB) project jointly involving Brunei Darussalam, Indonesia and Malaysia; the Coral Triangle Initiative (CTI) participated in by Indonesia, Malaysia and the Philippines (for BIMP-EAGA), along with other countries such as Papua New Guinea, Solomon Islands and Timor Leste (also known as the CT6); and the SSME, which is one of the priority seascapes in CTI. These programs, although implemented outside the BIMP-EAGA framework, with separate institutional and delivery mechanisms, provide opportunities for partnerships and collaboration that could drive subregional environment cooperation. Lastly, although still limited, there is increasing awareness among and engagement of stakeholders (government, private sector and local community) in environment-related initiatives.

Environment Sector Strategic Issues and Challenges

The environment sector is likely to benefit the most from cooperation, given that threats to the environment are not contained by national boundaries. At the same time, the sector poses unique challenges to cooperation, as member countries have differing national policies, regulations and priorities pertaining to sustainable development and environment management. As revealed by stakeholder consultations, there exist discrepancies between national policies—which are often driven by commitment to regional and international agreements and protocols—and the realities and priorities at subnational level. Within the subregion, differences in the levels of economic and social development, as well as difficulties in undertaking policy reforms at the subnational level, further complicate cooperation development.

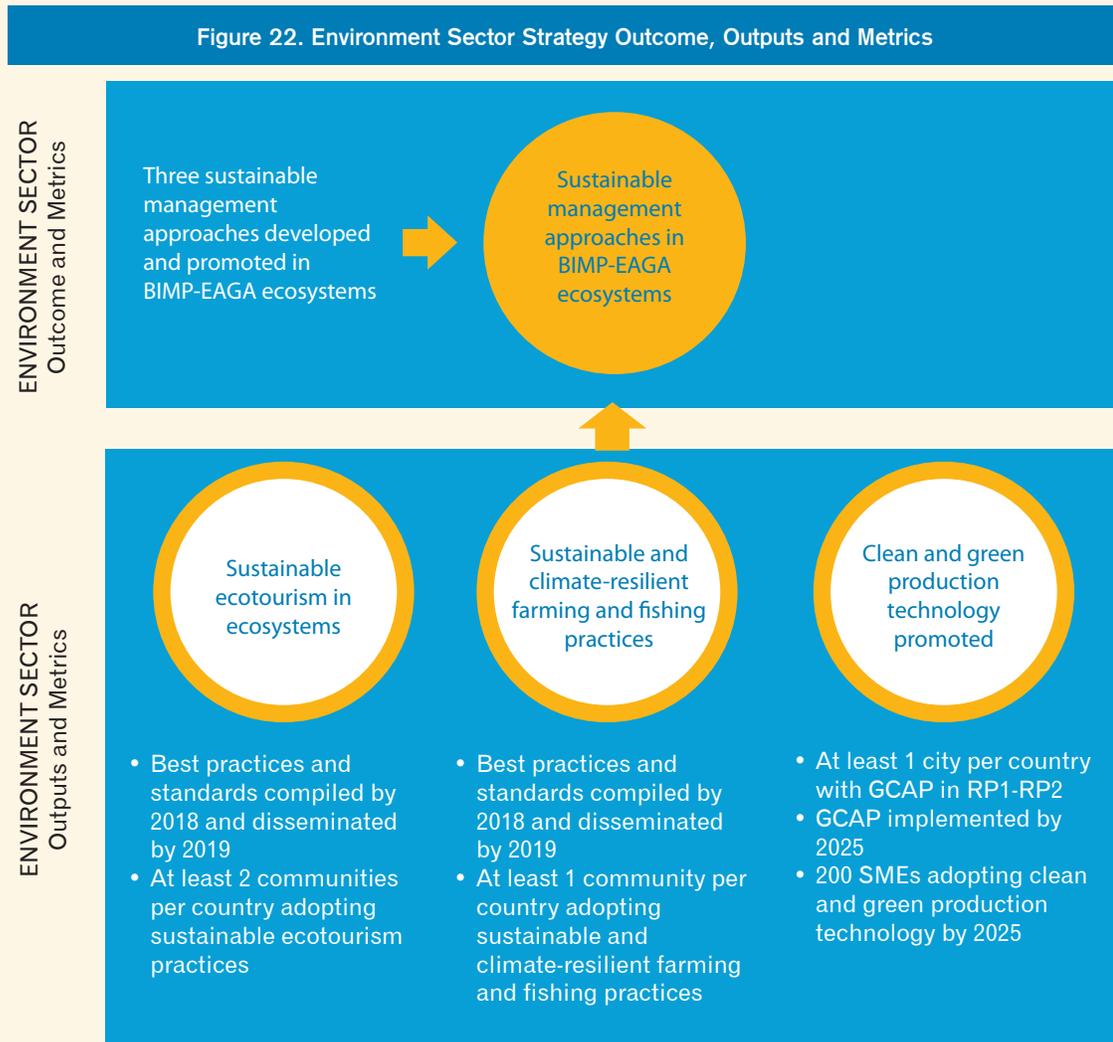
Another major issue is the relatively weak engagement and mobilization of private sector and local community support for the protection of natural resources. While awareness of the impacts of climate change and natural resource depletion is increasing, there is a need to strengthen information dissemination in order to engage the private sector and local communities in environment-related initiatives, and to enhance private sector investments in clean and green technologies.

Some areas in BIMP-EAGA continue to experience power crises or have limited access to reliable power and energy sources. A key challenge in the area of sustainable energy is in the effective application of the ridge-to-reef approach in the management of integrated river basins and watersheds. This ecosystems approach is particularly relevant for transboundary water resources, wherein regional collaboration plays a key role in protecting river and lake basins, ground water and large marine ecosystems.

The need to mainstream the environment sector among the BIMP-EAGA strategic pillars raises the issue of ineffective coordination between and among sectors, which in turn hampers the convergence of cross-sector goals, objectives and strategic priorities. As environment supports all sectors, there is a need to strengthen the environment dimensions in all subregional projects.

Environment Sector Strategy

The goal of the environment sector to mainstream sustainable management approaches in BIMP-EAGA ecosystems not only supports the overall goals of BEV 2025; all three BEV 2025 outcomes have distinct environmental dimensions. The sector objectives appropriately referenced the three main outcomes of BEV 2025, identifying one distinct output per expected overall BEV 2025 outcome. A multi-sector approach to sustainable development is the imperative that will drive the environment sector. The environment sector outcome, outputs and indicators and targets (metrics) are summarized as Figure 22.



The environment sector has four strategic priorities:

Strategic Priority 1: Climate change adaptation and mitigation. Climate change is a pressing issue to be immediately addressed, as it affects the sustainability of natural resources and the livelihoods of farming, fishing and ecotourism communities. Under this strategic thrust, the environment sector will compile best practices in the sustainable development of farming, fishing and ecotourism activities and will provide on-the-ground assistance to select rural communities in adopting best practices to mitigate the risks of and adapt to climate change. On a best efforts basis, data will be compiled on levels of greenhouse gas (GHG) emissions in BIMP-EAGA as a tool for policy decisions and specific actions to be taken to reduce GHG.

Strategic Priority 2: Promotion of clean and green technologies. Collaboration will be pursued with research organizations and the academe to identify appropriate clean and green technologies for adoption by industry. Partnerships with industry and individual firms, particularly with SMEs, will be pursued to promote the use of clean and green processes in their business operations. The establishment of a BIMP-EAGA Green Cities Initiative (GCI) will be pursued with the active involvement of and partnership with local governments towards transforming selected cities into green cities. The GCI aims to promote livable and sustainable cities through a balanced emphasis on the three components of urban development: environment, economic competitiveness

and equity. Green City Action Plans (GCAPs) will be developed using participatory processes. A typical GCAP contains concrete strategies and targets to pursue low carbon growth, improve environmental quality and strengthen economic competitiveness, among others.

Strategic Priority 3: Sustainable management of natural resources and ecosystems. Measures will be taken to promote the sustainable management of natural resources. This will bring together land use planning, water management, biodiversity conservation and the sustainability of industries such as agriculture, fisheries and tourism especially those occurring within ecosystems. Partnerships will be pursued with local governments, local communities, private sector, industries and academe to get them involved, directly contributing to and actively participating in the formulation and implementation of protection and conservation programs and the promotion of environmental services towards green development. This would include exploring payment schemes for environmental services. Collaboration and partnerships will likewise be pursued with relevant organizations and institutions such as, but not limited to, the CTI, SSME and HOB, with the aim of sharing and expanding knowledge resources, experiences and lessons learned, particularly in the area of ecosystems management.

Strategic Priority 4: Promote public awareness and capacity building for relevant stakeholders on environmental sustainability. Public awareness of such issues as climate change, natural resource depletion, and unsustainable industry practices and their impacts on future generations is necessary to promote the involvement and participation of stakeholders in protection and conservation efforts. The Environment Cluster will document experiences and lessons learned from projects that will be implemented. Information and education materials will be disseminated through various modes, such as print and digital publication, including but not limited to websites and the use of social media. The cluster will partner with local governments to reach communities and local business sectors in an effort to increase public participation in environmental sustainability programs. It will also formulate capacity-building programs based on the needs of specific stakeholders. It is anticipated that the capacity-building component of this strategic thrust will be spun-off as the need arises.

Convergence at the project level with the other sectors, such as tourism for ecotourism, energy for renewable energy and energy efficiency, agriculture for climate-friendly farming and fishing practices, and all other sectors for GCI is key to achieving the sector goal of mainstreaming environment across sectors. More important than studies and assessments are projects that promote and strengthen on-the-ground engagement with stakeholders (i.e., private sector and businesses, local communities and local governments). Proactive engagement will be pursued with organizations with similar goals and objectives, and which are operating within the same geographic area, such as the CTI, HOB and the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) for the GCI. Collaboration with academic institutions, research organizations and international environment organizations can expand the sources of knowledge and best practices in environment management in general, and in climate change in particular.

Socio-cultural and Education Pillar

SOCIO-CULTURAL AND EDUCATION SECTOR STRATEGY

PEOPLE-TO-PEOPLE CONNECTIVITY AND CULTURAL EXCHANGES

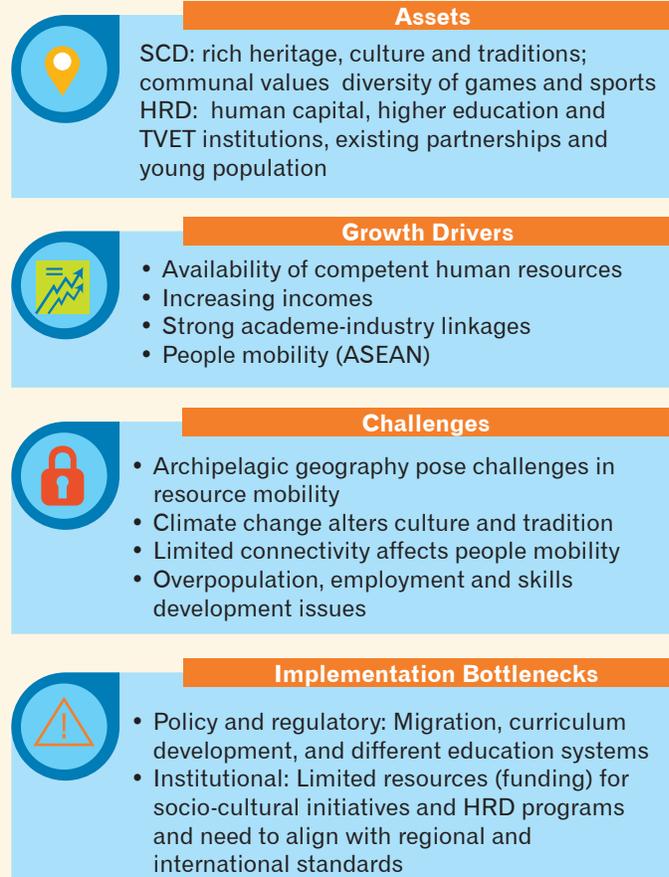
Socio-cultural and Education Development Context

The Socio-cultural and Education (SCE) sector is the newest sector of cooperation in BIMP-EAGA and is responsible for developing people-to-people connectivity and promoting socio-cultural exchanges. The sector has two development components—socio-cultural (SCD) and human resources (HRD)—both of which are driven mainly by the subregion's human resources.

At the sector consultations in 2015, stakeholders identified assets, drivers, challenges and implementation bottlenecks for SCE (Figure 23). The SCD subsector's assets include the subregion's (i) rich heritage, culture and traditions, (ii) unique and communal attitudes and values, and (iii) diversity of games and sports. Alongside human resources are the academic institutions that prepare and harness human capital through appropriate education and skills training. The private and public sectors are strongly engaged and actively involved in human resource development, and public-private sector partnerships are robust and progressive. Individual country strategy plans are in place to provide clear directions for socio-cultural initiatives to potentially serve as the source of a subregional strategic cooperation framework. The development, access and use of technology—particularly ICT—are fueling the need to be more informed on regional and global culture, heritage and history.

Similar to SCD, the HRD subsector also identified human capital as BIMP-EAGA's most important asset. Helping to ensure that human resources become competent and competitive are technical, vocational education and training (TVET) and higher education institutions (HEI), many of which are internationally recognized.

Figure 23. SCE Assets, Drivers, Challenges and Bottlenecks



BIMP-EAGA also hosts research-oriented universities with high-calibre researchers. Complementing research institutes are skills training centers that ensure BIMP-EAGA will have people with the right skills to move industries forward. Even before the HRD working group was formalized, some academic institutions had already begun implementing twinning programs that shared academic programs and learning experiences across institutions. The role of the SCD and HRD subsectors in realizing the goals of BIMP-EAGA cannot be overemphasized. Harnessing human capital ensures that BIMP-EAGA will have a cadre of highly skilled and competent people trained to pursue and support the subregion's development initiatives. Culture, on the other hand, influences behaviors that in turn influence political, social and economic performance. BIMP-EAGA's long history of socio-cultural ties is the very foundation of the subregional economic cooperation; thus, revitalizing socio-cultural relations is a necessary element of the long-term sustainability of BIMP-EAGA.

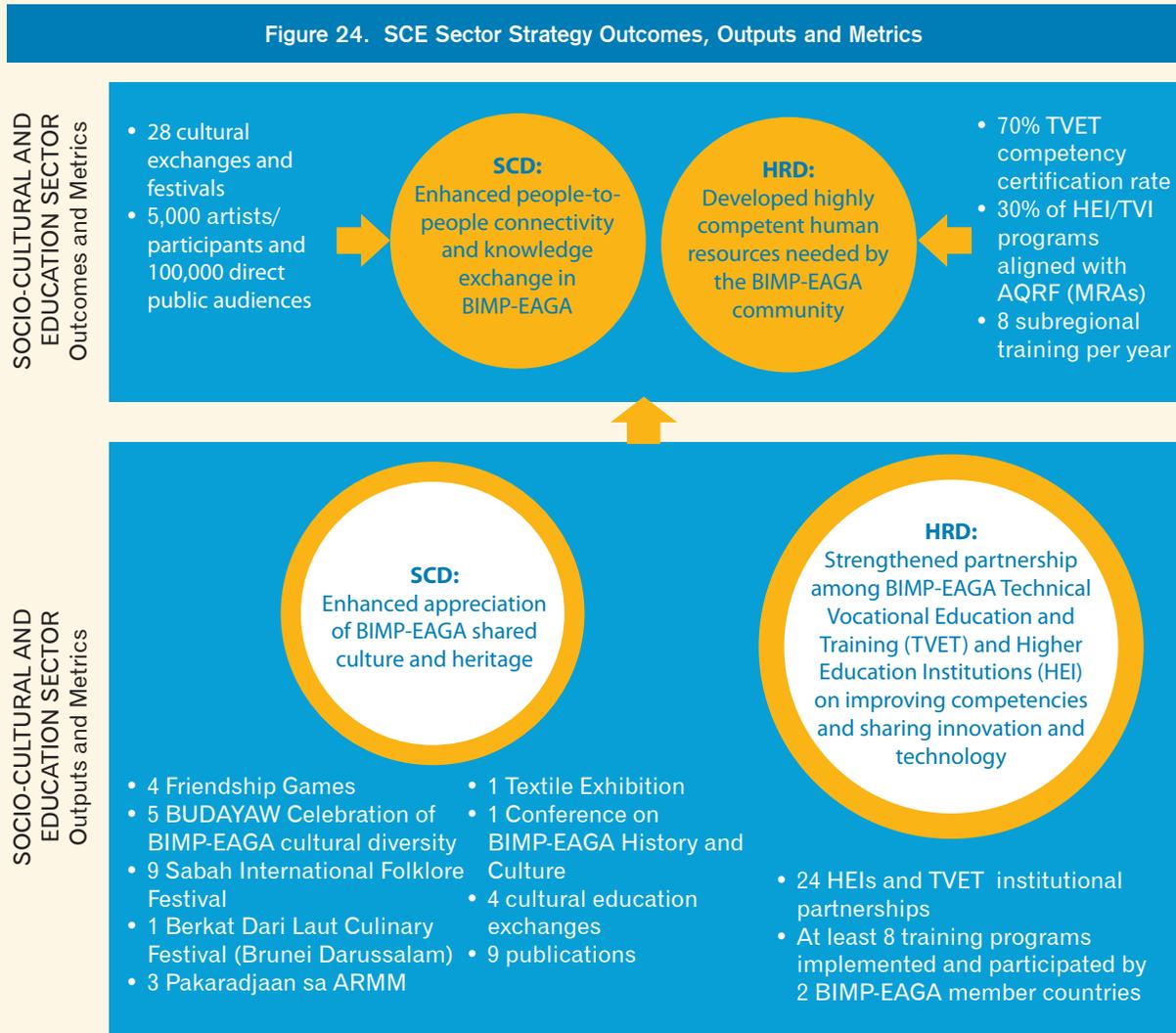
Socio-cultural Development and Education Strategic Issues and Challenges

The SCD identified funding as a major challenge; resources for socio-cultural initiatives are not readily available and BIMP-EAGA's archipelagic geography presents challenges in creating and mobilizing a subregional network of resources. Climate change is not only altering the landscape of BIMP-EAGA and driving the depletion of natural resources; it is also changing people's way of life, and altering cultures and traditions. Politics and differences in government priorities and systems lead to weak support for socio-cultural development activities. Although human capital is an asset and growth driver, certain aspects of human capital can be classified as challenges. These are in the context of overpopulation, employment issues, and skills development, among others. As the population grows, the financial requirements for human capital development also increase.

Similarly, development and integration of the HRD sector in BIMP-EAGA will face many challenges. While industry and the private sector are supportive of HRD initiatives, the commitment of a wider component of stakeholders still needs to be strengthened. Increased government funding and private sector financial support for HRD programs are needed, as most of the enterprises in BIMP-EAGA consist of SMEs that have significant resource constraints. Institutions in BIMP-EAGA need to quickly align with regional and international standards in order to remain relevant and competitive, but limited resources—technical, human and financial—are constraining their ability or capacity to take appropriate actions. Moving towards a common Qualifications Framework (QF) system needs the acceptance by member countries of MRAs in specific professions and sectors. Lack of connectivity within BIMP-EAGA affects potential for exchanging students and faculty among schools in the subregion. Strong political will is needed to guarantee that policy actions are taken to address the issues related to, for example, academic autonomy, transnational education, MRAs, and curriculum development. Finally, even as BIMP-EAGA areas have a shared history and heritage, their diversity with regard to religious expression has, on a few occasions, led to tensions.

Socio-Cultural and Education Sector Strategies

The SCE is a new cluster and is still in the early stages of institutional development, including scanning the socio-cultural and education environment within BIMP-EAGA. The SCE has planned to conduct seminal studies and assessments, and to hold events to gather and consolidate the information needed to refine the sector strategy. Both the SCD and HRD intended outcomes of enhancing people-to-people connectivity and knowledge exchange, and of developing a highly competent work force, are valid and relevant under BEV 2025. The SCE sector outcomes, outputs and indicators and targets (metrics) are summarized in Figure 24.



The SCE sector strategic priorities (focus areas) are:

Strategic Priority 1: Promote, preserve and sustain BIMP-EAGA culture and heritage. The SCD will organize socio-cultural events such as culinary, cultural and sports festivals, visits to cultural and creative industries, and art exhibitions. The rationale for these events is people-to-people contact that will broaden the appreciation of subtle differences in similar cultures of the subregion. To maximize the visibility and impact of these events, SCD will work closely with the tourism sector on key in-country signature cultural events. The SCD will organize the BIMP-EAGA Budayaw Festival and work towards establishing it as a regular bi-annual event (similar to the Friendship Games and the Trade Fair) to be held on a rotational basis in the BIMP-EAGA areas. The Budayaw Festival aims to: (i) showcase the diversity of creative expressions of the cultural masters and artists from the BIMP-EAGA subregion; (ii) raise public awareness and appreciation of the landscapes and aspirations of its peoples; (iii) foster understanding and solidarity; (iv) mainstream a banner event in culture-tourism in the area; (v) mobilize collaboration and convergence among multi-stakeholders (public and private) to promote the contributions of artists and cultural workers to sustainable development; and (vi) locate areas for convergence in expanding people-to-people linkages and exchanges. The SCD also intends to undertake

research on BIMP-EAGA cultures and traditions. Also under this strategic thrust, the publication of a directory of artists, coffee table books, and video documentaries will be pursued, to further promote socio-cultural exchange.

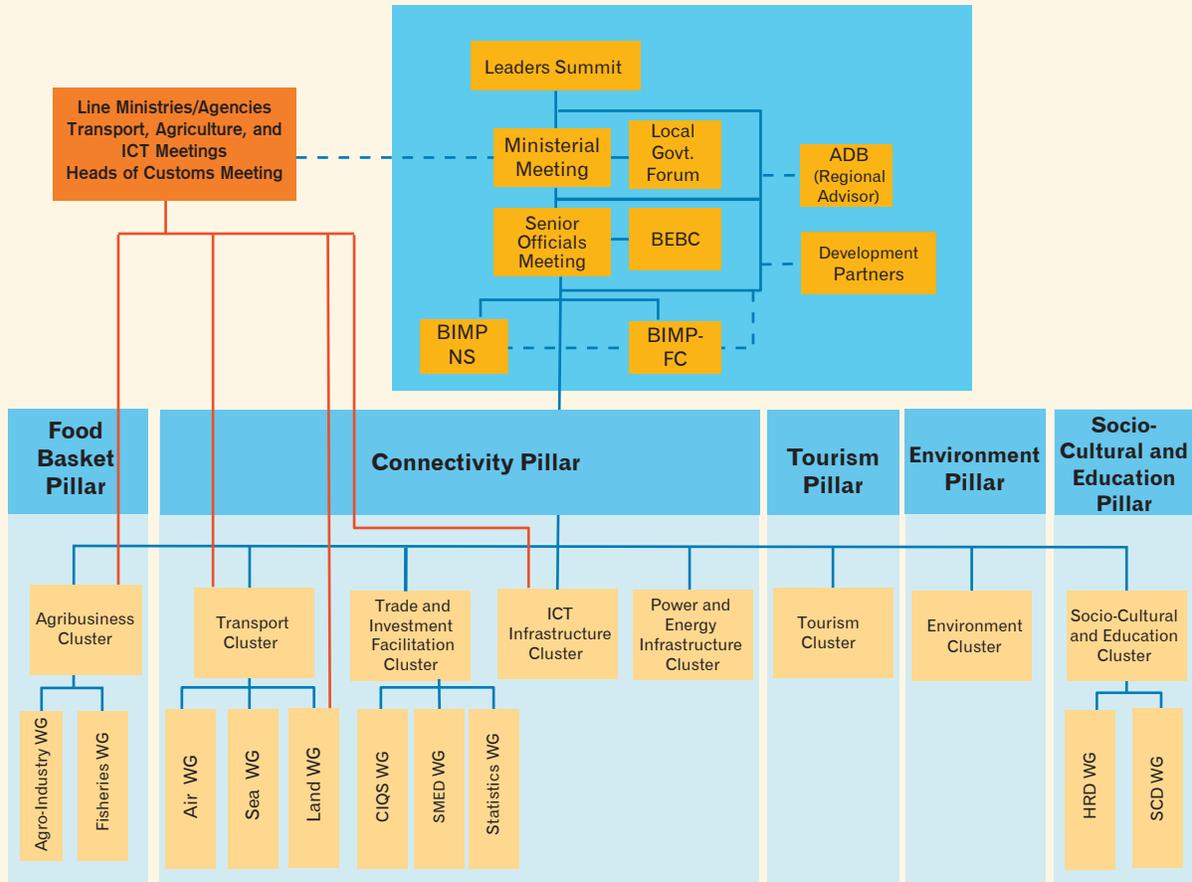
Strategic Priority 2: Pursue multi-sectoral consultation and collaboration. The TVET forum and higher education summits serve as platforms for developing institutional partnerships and networks. The events are aimed at identifying the specific needs of different industries in order to guide the formulation of demand-driven knowledge products and services, such as training and research. Partnerships between the academe and industry will help to ensure that skills developed will be transformed to employment. The mapping of the occupation competencies and references to the ASEAN Qualifications Reference Framework (AQRF) are being pursued under this strategic priority. HRD will work closely with all BIMP-EAGA clusters in identifying critical HRD needs for industries. HRD will also look at promoting the broader ASEAN initiatives on labor mobility in the BIMP-EAGA, including faculty and student exchanges on research, technology and industry, among others.

4

INSTITUTIONAL MECHANISMS AND OPERATING PROCESSES

The BIMP-EAGA institutional structure is modelled after the ASEAN institutional framework, sharing a multi-tiered and hierarchical structure. The BIMP-EAGA structure shown in Figure 25 delineates the roles and responsibilities of the institutional mechanisms. The changes from the IB structure are as follows: (i) a new Statistics Working Group as part of the TIF Cluster, to support and sustain the subregional database; (ii) the Infrastructure and Connectivity Monitoring Unit (ICMU) to be dissolved and its function of monitoring progress of implementation of the PIPs transferred to the CWGs and the National Secretariats (NSs); and (iii) addition of the Socio-cultural and Education Pillar with the corresponding SCE cluster and the working groups for HRD and SCD.

Figure 25. BIMP-EAGA Institutional Structure



High-Level Policy and Strategic Guidance

The Summit, MM and the SOM provide overall policies and strategic directions supported by the NSs and the BIMP-FC, which serves as the subregional secretariat. Coordination at the strategic level with the participating states, provinces and local governments is done by the MM through the LGF participated in by the heads of the provincial governments and states involved in BIMP-EAGA; while coordination with the private sector is done by SOM, through the BIMP-EAGA Business Council (BEBC). Select sectors such as transport, agriculture, and ICT have ministerial level meetings, as with the heads of customs meeting, that provide sector-specific guidance aligned with the broad directions of the BIMP-EAGA Leaders. These meetings involving line ministries/agencies are organized as and when required. The annual strategic planning meeting (SPM) provides opportunities for the alignment of sector strategies with the overall BIMP-EAGA goals and brings together all stakeholders. The SOM provides strategic guidance to the CWGs at the annual SPM and also takes stock of the progress and accomplishments of sector strategies and projects.

Subregional Coordination

The BIMP-FC, established in 2003, is tasked to coordinate the different BIMP-EAGA bodies, including the NSs and the CWGs, through regular meetings and dissemination of reports. The BIMP-FC facilitates implementation of projects by following up on actions required to resolve issues and by organizing critical follow-up meetings. As Secretariat for the SOM and MM, it provides technical and administrative support in preparations for high-level meetings. The BIMP-FC provides regular reports to the SOM on the progress of project implementation. It also serves as the focal point for various development partners such as the governments of the People's Republic of China, Japan, and the Northern Territory (NT) of Australia, as well as for the ASEAN Secretariat, and the Asian Development Bank (ADB), among others.

National (In-Country) Coordination

The in-country structure mirrors the subregional institutional structure. The role of the NS is to coordinate activities of their respective line ministries participating in BIMP-EAGA and of the private sector through the BEBC country focal organizations and other related organizations. The NS serves as the main focal and contact points with the provincial, state and local governments as well as with the BEBC focal organizations. In-country consultation, dialogue, and feedback mechanisms are at the core of the NS activities. The agencies presently designated as NSs in the BIMP-EAGA are the: (i) Ministry of Foreign Affairs and Trade for Brunei Darussalam; (ii) Coordinating Ministry for Economic Affairs for Indonesia; (iii) Federal Economic Planning Unit under the Office of the Prime Minister supported by the state economic planning units of Sabah and Sarawak and the Labuan Corporation for Malaysia; and (iv) Mindanao Development Authority under the Office of the President for the Philippines.

Operational Level

The CWGs, organized under each strategic pillar, are the operating units responsible for translating the sector strategic thrusts into projects that clearly impact the goals of BIMP-EAGA cooperation. The CWGs formulate sector strategies, identify and implement projects, and develop results monitoring systems for projects. An important function of the cluster is to serve as a mechanism for vetting and prioritizing projects to ensure that the highest consideration is given to projects contributing directly to the realization of the subregion's goals.

The CWGs also play a critical role in consolidating and elevating BIMP-EAGA interests and agenda from the provincial, state and local governments, as well as from the private sector, to higher decision-making bodies. In addition, the CWGs work closely with the cluster representatives of the BEBC and other private sector groups in facilitating active private sector participation in cluster activities and projects.

The CWGs are chaired by the four countries on a rotating basis, based on the principle of shared responsibilities especially at the operational level. The roles, responsibilities, and accountabilities of the CWGs chairs are well defined. The Cluster chairs report to the SOM on behalf of all the working groups under the cluster. The Working Group Chairs ensure the effective and timely delivery of the collective outputs of the national project implementers to achieve intended objectives and results. They are responsible for overall coordination of project implementation and delivering project results at the subregional level. Specific responsibilities include: (i) monitoring project progress and reporting these to the SOM; (ii) requesting guidance from SOM on issues and problems related to project implementation which require solutions at subregional level; (iii) convening meetings which include substantive preparations in collaboration with BIMP-FC and the NS; and (iv) providing and facilitating means for national project implementers (project teams) to coordinate in-between regular meetings.

Local Government Participation

The LGF serves as the main platform for BIMP-EAGA's local government leaders i.e. chief ministers of Sabah and Sarawak and the chairman of the Labuan Corporation in Malaysia, and governors of the provinces of Indonesia and the Philippines; Brunei Darussalam is represented by its Ministry of Home Affairs to engage in dialogue and share experiences and lessons learned on development initiatives. The LGF also promotes cooperative activities and opportunities for cross-border trade and investment on a bilateral or multilateral basis. The LGF participates at the MM level.

Private Sector Engagement

The BEBC is the umbrella organization representing BIMP-EAGA's private sector. It has been granted fifth country status and its Chairman enjoys the same rank as Senior Officials, with appropriate representation at the SOM. As a private sector organization, it has an independent structure at both country and subregional levels. The BEBC adopts its own rules and mechanisms regarding representation and participation in subregional meetings, consistent with but independent of the public sector institutional structure. Chairmanship of the BEBC is rotated among the four member countries and comes from one of the country focal organizations. The main task of the BEBC is to consult and dialogue with the private sector regarding issues and challenges related to the sectors of cooperation.

A consolidated list of issues and challenges together with recommendations on how to improve the business environment is presented by the BEBC Chair to the SOM for appropriate actions. An important task of the BEBC is to identify private sector-led projects that support the BIMP-EAGA development agenda. The BEBC also plays a key role in the promotion of trade, tourism and investment both within and outside BIMP-EAGA, by organizing and participating in select trade, tourism and investment fairs and conferences and business matching activities. The CWGs also engage industry players within their sectors. An example of this is the ICT CEO Forum under the ICT Cluster, one of the most active private sector groups.

Cooperation with Partners

In 2002, the ADB agreed to take on the role of BIMP-EAGA Regional Development Advisor (RDA). Since then ADB has provided a wide range of technical assistance and advisory services, including the redefining of strategic directions and priorities, strengthening of institutions and cooperation mechanisms, sector development and mobilizing technical and financial resources in support of project implementation and facilitation. In addition, ADB provides loan facilities to member countries in the development of critical infrastructure that enhances connectivity within the subregion. As the RDA, ADB participates in the Summit, MM, SOM and select cluster meetings.

Since 2004, BIMP-EAGA has attracted the interest of Development Partners (DPs) that at present include the governments of China, Japan and the NT of Australia. The main objective of these partnerships is to strengthen mutually beneficial dialogues, cooperation and engagements such as in the development of trade and investment in various sectors including agriculture and fisheries, tourism, transport and ICT. Other areas of partnerships are in the development of SMEs, knowledge-sharing and capacity-building, including technical assistance in the conduct of seminal studies, sector assessments and technical exchanges. Separate SOMs with China, Japan and NT are held annually, back-to-back with the BIMP-EAGA SOM.

As a subset of ASEAN, BIMP-EAGA initiatives are intended to deepen subregional economic cooperation within the broader ASEAN integration efforts that requires closer cooperation between BIMP-EAGA and ASEAN. The ASEAN Secretariat continues to assist BIMP-EAGA in clearly defining coordination relationships between BIMP-EAGA institutions and the ASEAN Secretariat and various ASEAN bodies. ASEAN also helps BIMP-EAGA build partnerships with its strategic partners, as well as providing assistance in sourcing and mobilizing resources for the implementation of some measures.

Review and Improvements in Institutional Mechanisms and Operating Processes

The BIMP-EAGA institutional structure has been adequate in facilitating consultations and dialogue between and among the member countries at both national and subregional levels. In-country institutional structures are likewise in place and equally adequate for consultations and coordination among the different ministries and agencies, for engaging local governments and private sector, and for establishing convergent country positions on the various agenda items at the BIMP-EAGA level.

The present institutional structure is simple, sufficiently flexible and generally effective in supporting the project-based and activity-driven approach of the BIMP-EAGA cooperation program. The capacity of the NSs and BIMP-FC are being improved and the CWGs are sharpening the effectiveness and focus of their sector work. BIMP-EAGA will continue to regularly review its institutional mechanisms and cooperation processes, led by BIMP-FC at the subregional level and the NS at the in-country level, to ensure they remain responsive to the requirements of the subregion. Under BEV 2025, some areas for improvement have been identified and could be pursued:

- **Private sector.** Private sector involvement in cooperation activities will be strengthened through the engagement at the level of CWGs of industry players and stakeholders within their respective sectors. The ICT CEO Forum is a good model for engaging the private sector which can be replicated in other sectors. Under this approach, the BEBC can help broaden its consultative platform and feedback mechanisms on the issues and challenges faced by the BIMP-EAGA private sector, especially the SMEs.
- **Local Government Forum.** Engagement by local governments will be enhanced with the formal structuring of the LGF, which currently meets under ad hoc arrangements. A convener will be identified

to lead the new LGF structure. Direct participation of local governments in cooperation development and project prioritization and implementation will be strengthened through a dynamic and flexible process. This can include project-specific arrangements such as the GCI, twinning, adopting the sister-city concept, and other mechanisms where state, provincial and local governments can actively participate.

- **Project Appraisal Committee.** Strengthening of the project prioritization process with the activation of the Project Appraisal Committee (PAC). The PAC is tasked with assessing project concepts prior to their inclusion in the list of priority BIMP-EAGA projects. The terms of reference of the PAC will be reviewed to ensure effectiveness in evaluating projects, based on the projects' contribution to BEV 2025 outcomes.
- **Project Implementation Team.** Reinforcing the project implementation process through the creation of a Project Implementation Team (PIT) for each designated priority project. The PIT will be tasked with preparing the detailed implementation and action plans for each priority project that will include, among others, a pragmatic monitoring and evaluation system with project level targets and indicators to measure project performance.
- **BIMP-EAGA Facilitation Center.** Finalization of the institutional arrangements of the establishment of the BIMP-FC and strengthening of the BIMP-EAGA subregional secretariat, to enable the organization to more effectively and sustainably address the growing coordination needs of BIMP-EAGA.
- **Development Partners.** BIMP-EAGA's absorptive capacity for technical assistance and grants flowing from DPs will be strengthened, particularly among the CWGs. Measures to improve project identification and improve capacity to prepare project concepts and proposals will be put in place. A strategy will be developed to encourage partners to fund and/or invest in subregional projects.

5

IMPLEMENTING BEV 2025

To ensure effective implementation of BEV 2025, it will be crucial to address weaknesses in project management, promote convergence initiatives, strengthen public awareness, establish knowledge platforms and build capacities, and expand partnerships. While there will be no fundamental changes in the organization and cooperation arrangements in BIMP-EAGA, implementation arrangements will be greatly strengthened.

Improving Project Management

One of the major improvements under BEV 2025 is the strengthening of project management mechanisms and processes. The CWGs have been an effective mechanism for consultation, dialogue and feedback among the member countries, but its structure and once-a-year meetings do not allow for efficient and effective project preparation, implementation and coordination.

Under BEV 2025, a more disciplined process of project planning, implementation, monitoring and evaluation will be adopted to ensure quality delivery and greater accountability. The PAC will be activated to periodically assess if projects prioritized by the CWGs comply with the requirements of a subregional project as defined in the BIMP-EAGA Project Manual. Projects with well-defined concepts, implementation plans, and using results-based approaches will be considered under BEV 2025. Other considerations include contribution to sector outcomes and outputs and to the overall BIMP-EAGA goals. The indicative criteria for project selection are in Box 5. Approved projects (with timelines, budget, implementation plans, and project owners/implementers) in the local and national pipelines as well as approved public private partnership (PPP) projects covering the BEV 2025 period 2017–2025 will be included. Funding for projects will be from national, state, provincial and local governments, private sector and development partners. In addition, PPP projects will be promoted under BEV 2025.

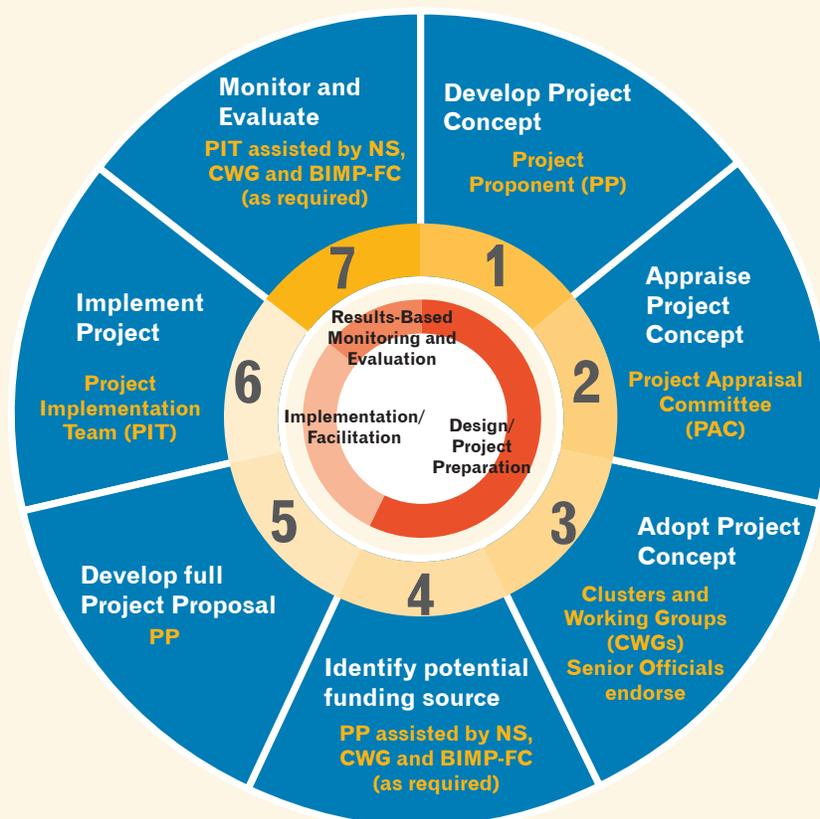
The BIMP-EAGA project cycle with roles is in Figure 26. Each proposed project under BEV 2025 will have project proponents (PP) tasked to prepare the project concept, identify potential funding and develop the full proposal. Each approved project will have a PIT with country leads for accountability in delivering results. The PIT will have primary responsibility for overseeing on-the-ground project implementation, reporting periodically on progress, and monitoring and tracking of project level targets and indicators. The PIT can include as

Box 5. BEV 2025 Criteria for Project(s) Selection

BEV 2025 projects for 2017-2025 should meet any or a combination of the following criteria:

- consistent and complement local and national development plans
- subregional involving at least two (2) countries
- national projects that have subregional implications, or that can benefit from subregional synergies
- have positive social, economic and environmental impacts
- catalyze private sector investments especially SMEs
- requires active local governments
- linked with ASEAN

Figure 26. The BIMP-EAGA Project Cycle



members public or private sector PPs, line ministries and agencies responsible for actual implementation or for overseeing project implementation, as well as other organizations and institutions directly involved or crucial in project delivery. The PIT will have the flexibility to decide on working arrangements appropriate to their project/s. The PIT terms of reference will include identification of project level indicators that measure not only project performance but also contribute to realizing sector and overall BIMP-EAGA goals and objectives.

Convergence Initiatives

Under BEV 2025, convergence initiatives which are essentially multi-sectoral approaches will be pursued. Convergence between and among CWGs will serve as an implementation approach to ensure linkages with sector strategies and to strengthen project implementation through joint identification, formulation, and implementation of multisector interventions. Convergence initiatives are not new to BIMP-EAGA since these were tested by select CWGs under the IB, with limited gains. Several factors worked against effective implementation such as: (i) limited alliance at strategic level among CWGs; (ii) implementation at a late stage of the IB, which made realignment of sector goals, objectives and project priorities difficult; and (iii) no clear convergence implementation mechanisms at operating levels. Convergence was limited to cross-representations in meetings and sharing of information on issues and challenges faced by related CWGs in project implementation. Nonetheless, the information-sharing exercise resulted in recognition by CWGs of

the need to deepen alignment at the strategic level and to strengthen convergence by working together at the project level.

Specifics are important in pilot testing convergence initiatives to guide participating CWGs to work efficiently and effectively within the “who does what, when, where, and how” scheme of things. In the process of preparing BEV 2025 sector strategic priorities, the CWGs identified the requirements from other sectors to enable them to deliver respective projects. These cross-sector requirements determine the level of convergence needed by a project. While CWGs will decide on detailed implementation and operation mechanisms, it is highly recommended that PITs specifically for convergence project(s) and separate from CWGs be established. PIT composition can include appropriate public sector agencies (even if not regular CWGs members) and the private sector.

An example of a convergence initiative is the proposed BIMP-EAGA Green Cities Initiative (GCI), a project under the Environment Cluster that aims to transform selected cities in the subregion into livable cities that are competitive, equitable and environmentally sustainable urban areas. Although the environment is the lead cluster, the components of the project will require convergence, among others, with the transport, agriculture, trade and investment, tourism and energy sectors, whose interventions will have to be synchronized with that of the environment cluster. Another example is the development of CBET sites where Tourism Cluster will take lead and work with the: (i) CIQS Working Group for immigration-related concerns of tourists such as visa-on-arrival facilities at selected air and sea ports; (ii) Transport Cluster, which will facilitate access to destinations through improved air, maritime or land transport services; (iii) SCE Cluster for improving HRD in tourism, including training of tourist guides and communities in adopting ASEAN tourism standards, among others; and (iv) Environment Cluster to ensure sustainable ecotourism practices are adopted by communities, and coordinated approaches in managing the environmental and social impacts of ecotourism.

Strengthening Public Awareness

BEV 2025 requires strong communications support to further raise public awareness of BIMP-EAGA as a subregional cooperation program. In recent years, there has been an increase in brand recognition of BIMP-EAGA by national, state, provincial and local governments, as well as by private sector and development partners. However, and particularly with the new vision statement of “Resilient, Inclusive, Sustainable, and Economically Competitive (R.I.S.E.) BIMP-EAGA to narrow development gap,” there is a need to have a “unified voice and a clear guiding framework” in communicating the subregion’s potential and development agenda. Under BEV 2025, a communications plan will be developed to include:

- **Multi-sectoral cooperation in key events** - Major events (e.g. high-level meetings, BIMP-EAGA signature events including friendship games, Budayaw Festival, the BIMP-EAGA and IMT-GT trade fairs, and other trade fairs) will be maximized as key platforms for multi-sectoral cooperation in broadcasting BIMP-EAGA success stories and development impact. At these events, governments, for example, are able to communicate policies and public investments which facilitate BIMP-EAGA development. For its part, the private sector is able to promote business investment opportunities and successes.
- **Digital and Internet Campaigns** - Websites currently managed by the BIMP-FC, the BEBC, and select CWGs (such as the Equator Asia site, for tourism purposes) will continue to serve as key channels for information on BIMP-EAGA. Significant efforts will be made to revitalize existing sites, strengthen links (particularly with each other), and draw more visitors. A simple e-newsletter to be sent out monthly or fortnightly to specific target audiences drawn from a list of BIMP-EAGA stakeholders can serve to increase traffic to these websites. Social media platforms can also be explored as a means of enhancing information dissemination campaigns on BIMP-EAGA.

- **Institutional Support** - Communications support will be aligned with the existing communications and coordinating activities of the NSs, the CWGs, the BIMP-FC, and the BEBC. These institutional bodies will continue to serve as prime conduits of information and have developed, over time, formal and informal systems of public information exchange and outreach. The BIMP-EAGA Media and Communicators Association (BEMCA) will be revived, given that continued support for BEMCA by local media practitioners and journalists has generated significant media coverage for BIMP-EAGA.
- **BIMP-EAGA Database** - Managed by the BIMP-FC and housed in the BIMP-EAGA website, the database contains trade, tourism and investment statistics and other related development information consolidated by the national statistics offices of the BIMP-EAGA countries. Efforts will be made to promote use of this database among economic researchers and media.

Establishing Knowledge Platforms and Building Capacities

In the coming years, the BIMP-EAGA will move to increasingly complex regional integration issues that require analytical work, consensus building, and other knowledge products and services that can guide key strategic decisions under BEV 2025. In addition, building the capacities of government officials in BIMP-EAGA will be critical to ensure effective implementation of the strategies and projects. The SCE Cluster has set up networks for higher education institutions as well as technical and vocational training institutions. These partnerships are expected to generate demand-driven knowledge products and services such as training and research for BIMP-EAGA stakeholders. Training events, workshops and other capacity building activities, including on sector strategies and project management, will be continued in partnership with governments, the private sector, academe and development partners.

Expanding Strategic Alliances and Partnerships

BIMP-EAGA is committed to ensuring stronger linkages with other regional initiatives outside its current institutional setup. The relationship of BIMP-EAGA with ASEAN as its subset is well established, and has historically helped drive a number of ASEAN initiatives. Under BEV 2025, BIMP-EAGA will continue working with ASEAN and other subregional initiatives such as the HOB program, CTI, and the IMT-GT, to pursue cooperation in areas of mutual interest. Other external partners will be actively pursued given their potential as financiers, providers of technical assistance, knowledge partners and value-adding contributors to the realization of the BIMP-EAGA vision.

6

RESULTS-BASED MONITORING AND EVALUATION

Measuring BIMP-EAGA Success

Under BEV 2025, the BIMP-EAGA monitoring and evaluation systems are more than ancillary functions for preparing reporting deliverables; they are central to project management and are directly aligned with collaborative, learning and adapting methodologies designed to maximize project impact. Regular measurement of project progress will enable BIMP-EAGA to work with project proponents and implementers to make necessary adjustments for optimal project performance. BIMP-EAGA's results monitoring will use a variety of approaches, including quantitative (e.g. project accomplishment reports) and qualitative (e.g. focus group discussions and key informant interviews) methods.

Results-Based Monitoring and Evaluation

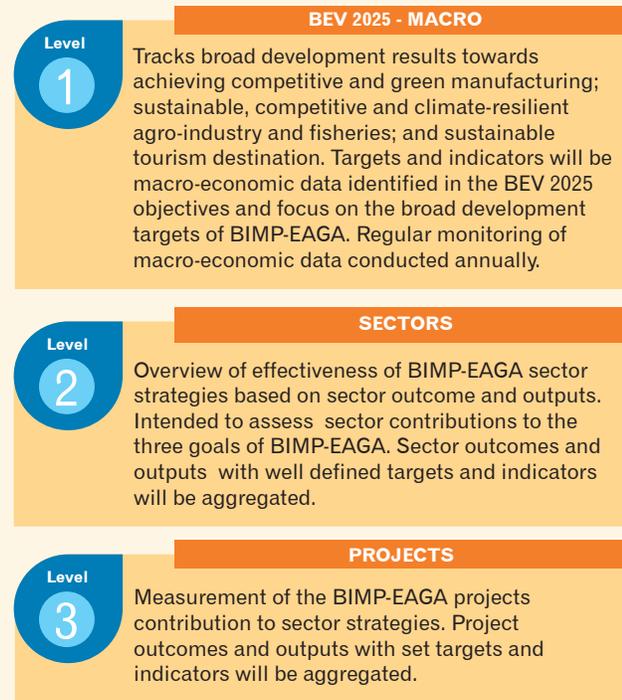
The proposed results-based monitoring and evaluation system (RBME) under BEV 2025 will address the monitoring weaknesses and lack of evaluation observed in both Roadmap and IB implementation. The RBME is aimed at strengthening awareness and ownership of BEV 2025 strategic thrusts and projects. It is designed to assess the overall development effectiveness of BIMP-EAGA as a subregional cooperation program at various levels, a departure from the usual practice of monitoring progress only. It will enable BIMP-EAGA to present to its stakeholders the benefits of its project-based approach.

Under BEV 2025, a comprehensive results-based monitoring and evaluation framework with three levels is proposed (Figure 27).

Developing the Framework

The RBME framework can be developed over time-given baselines, and indicators need to be crafted in a participatory manner so as to generate better awareness and ownership of BIMP-EAGA goals and objectives. Roles and responsibilities will have to be well-defined to ensure accountability and proper management of the

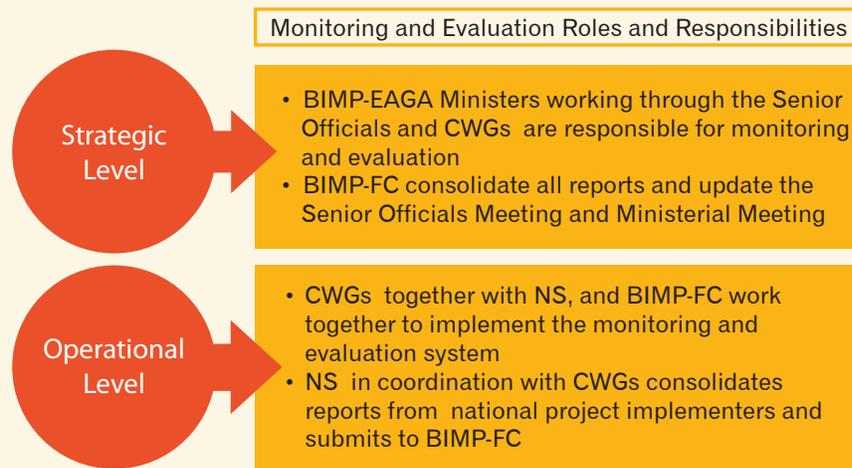
Figure 27. Three Levels of BEV 2025 RBME



RBME process. In terms of projects, the project monitoring and evaluation system (which includes a results framework) as outlined in the BIMP-EAGA Project Manual will be applied.

The CWGs, NSs and BIMP-FC will need to agree on baseline measures, as well as the set of indicators at both strategic and operational levels. Baselines are not easy to identify and sources of data will need to be verified. The overall responsibility of adopting and managing the results framework is incorporated in the BIMP-EAGA institutional arrangements at strategic and operational levels, as summarized in Figure 28.

Figure 28. RBME in the BIMP-EAGA Institutional Structure



A Work in Progress

Given that BEV 2025 is a living document, results monitoring and evaluation will be flexible and can be revisited and adjusted periodically. A mid-term evaluation of BEV 2025 will be conducted after four years of implementation. Periodic reviews will be conducted annually by the senior officials, NS, CWGs and BIMP-FC. The CWGs may include results monitoring and evaluation in the agenda for annual meetings.

Phased Approach

Since targets and indicators take time to develop, a phased approach can be adopted, i.e. the first year will focus on preparation and initial implementation, with the indicators and targets in place by end-2017, and a fully functioning system operational by end-2018. To ensure the greatest possible integration of the monitoring systems, BIMP-FC will coordinate monitoring efforts with project proponents. These project proponents and implementers themselves will be responsible for data collection. RBME reports will be designed to clearly demonstrate the value of accurate and timely performance monitoring. For public sector projects, the BIMP-FC will work closely with the NSs and relevant agencies to take advantage of project management systems already in place and used by the project implementing agency.

Executing the RBME

The following briefly discusses the BIMP-EAGA's plan for: a) indicator selection; b) baseline data collection; and c) reporting in the drafting the initial RBME:

Indicator selection. At the strategic level, preliminary indicators selected by the CWGs will be refined as BEV 2025 is implemented. At the project level, the project proponents and implementers will be given flexibility to select indicators relevant to their projects, but in consultation with the NS and the BIMP-FC. Performance indicators should be able to: (i) credibly measure project performance; (ii) provide useful information for timely management decisions; and (iii) respond to BIMP-EAGA reporting requirements. The data included in the RBME will meet reasonable quality criteria of validity, reliability, timeliness, precision and integrity; and they will be disaggregated as appropriate by gender and other variables of interest, such as ethnicity and age. Indicators selected should be within the manageable interest of the project and should allow the project to measure impacts directly attributed to its efforts.

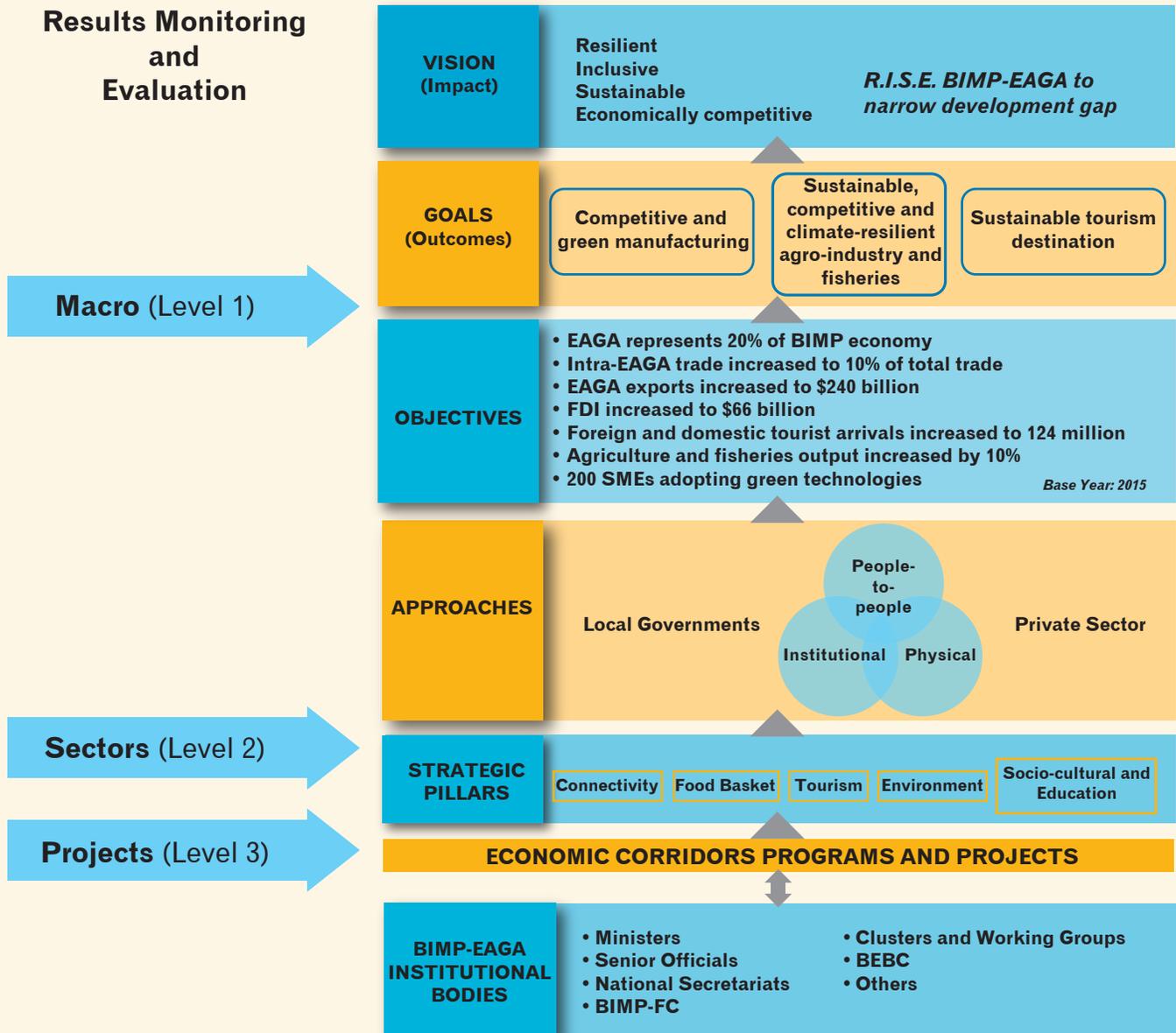
Baseline data collection. Project proponents and implementers will be required to prepare a plan for collecting baseline data which will be submitted together with the final project proposal. The baseline data development process will include a review of available data from various sources, such as data obtained through various NSOs and statistics-collecting agencies; recently completed public (national or local) and private sector surveys; and information available from other organizations, such as development agencies.

Reporting. Project proponents and implementers will submit monitoring and evaluation reports twice a year to the Chairs of the clusters and/or working groups, as appropriate. The reports may include: (i) summaries of accomplishments; (ii) challenges encountered; (iii) intermediate actions taken to resolve challenges, and the results of these actions; (iv) anticipated issues, and actions to be taken to avert escalation of issues, especially actions that require SOM intervention; and (v) indicator progress.

BIMP-EAGA Program Results Framework

The summary BIMP-EAGA program results framework based on the RBME three levels, juxtaposed with the BEV 2025 guiding framework, is illustrated in Figure 29. It serves as an overall guide to ensure that sector strategies and projects contribute to the BIMP-EAGA objectives, goals (outcomes) and vision (impact). The BIMP-EAGA institutional bodies are included to underscore their respective roles in ensuring that BEV 2025 development is carried out and delivers intended results.

Figure 29. BIMP-EAGA Overall Program Results Framework



APPENDIX 1

PRIORITY INFRASTRUCTURE PROJECTS (PIPs)

No	Project Name/Sector	Estimated Project Cost (US\$ Million)	Lead Country
I	ROADS, RAILWAYS AND BRIDGES	12,659	
1	Temburong Bridge	1,000	Brunei Darussalam
2	Tanjungselor to Sabah Border Road	131	Indonesia
3	Pontianak-Entikong Transport Link (Tayan-Serawak Road Rehabilitation)	35	Indonesia
4	Manado-Bitung Link (Toll Road Component)	400	Indonesia
5	Balikpapan-Samarinda (Toll Road, East Kalimantan)	877	Indonesia
6	Railway Makassar-ParePare (South Sulawesi)	492	Indonesia
7	Baland Island Bridge (East Kalimantan)	103	Indonesia
8	Railway Pare-Pare-Mamuju	470	Indonesia
9	Rehabilitation of Balai Karang Entikong Road	32	Indonesia
10	Pan-Borneo Highway (Sarawak and Sabah)	7,000	Malaysia
11	Construction of Kalabakan Road, Serudong (Sabah)	193	Malaysia
12	Limbang Bridge (Sarawak)	50	Malaysia
13	Western Mindanao Development Corridor Roads	209	Philippines
14	TransMindanao High-Speed Railway System	1,000	Philippines
15	Davao-General Santos City Road Improvement	67	Philippines
16	Palawan Highway Expansion	600	Philippines
II	INLAND TRANSPORT SERVICES	23	
17	International Freight Terminal in West Kalimantan (Aruk, Entikong, and Nangabadau)	23	Indonesia
III	AIRPORTS	1,740	
18	Pavement Rehabilitation of Brunei International Airport Runway	57	Brunei Darussalam
19	Mukah Airport	93	Malaysia
20	Puerto Princesa Airport Passenger Terminal	83	Philippines
21	General Santos Airport (Aerotropolis)	21	Philippines
22	Davao International Airport Development	879	Philippines
23	Laguindingan Airport Development	347	Philippines
24	Zamboanga International Airport Development	1	Philippines
25	Sanga-Sanga Airport	3	Philippines
26	San Vicente Regional Airport	10	Philippines
27	Modernization of Busuanga Airport	86	Philippines
28	Southern Palawan International Airport	160	Philippines

No	Project Name/Sector	Estimated Project Cost (US\$ Million)	Lead Country
IV	SEAPORTS	3,776	
29	Manado-Bitung Link (Manado Port Expansion)	350	Indonesia
30	Manado-Bitung Link (Bitung International Port Expansion)	2,615	Indonesia
31	Makassar New Port	98	Indonesia
32	Expansion of Sepangar Bay Container Port	231	Malaysia
33	Lahad Datu Palm Oil Industrial Cluster (Container Port)	201	Malaysia
34	Dredging of Kuching Port	100	Malaysia
35	Dredging of Tawau Port	6	Malaysia
36	Zamboanga Port	3	Philippines
37	Bongao Port	4	Philippines
38	Polloc Freeport and EcoZone	11	Philippines
39	General Santos (Makar Wharf) Port	27	Philippines
40	Brooke's Point Port	12	Philippines
41	Davao (Sasa) Port	82	Philippines
42	Puerto Princesa Integrated Fishport	17	Philippines
43	Puerto Princesa City Cruise Port	15	Philippines
44	Buliluyan RoRo Port	4	Philippines
V	POWER AND ENERGY INFRASTRUCTURE	2,186	
45	North Kalimantan Power Grid Interconnection	82	Indonesia
46	Limbang Hydro Project 1 (Sarawak-Sabah Interconnection)	160	Malaysia
47	Limbang Hydro Project 2 (Sarawak-Sabah Interconnection)	345	Malaysia
48	Limbang Hydro Project 3 (Sarawak-Sabah Interconnection)	487	Malaysia
49	Lawas Hydro Project (Sabah-Sarawak Interconnection)	211	Malaysia
50	Visayas-Mindanao Interconnection Project	900	Philippines
51	Mindanao Transmission Backbone Upgrading	1	Philippines
VI	INFORMATION COMMUNICATION AND TECHNOLOGY (ICT)	150	
52	BIMP-EAGA Submarine Terrestrial (BEST) Cable System Project	150	Private Sector
VII	TRADE FACILITATION (CIQS FACILITIES)	433	
53	Entikong Border Crossing	6	Indonesia
54	Bitung Special Economic Zone	175	Indonesia
55	Zamboanga Special Economic Zone	135	Philippines
56	San Vicente Tourism Enterprise Zone	117	Philippines
VIII	URBAN DEVELOPMENT	400	
57	BIMP-EAGA Green Cities Initiative	400	BIMP
GRAND TOTAL		21,367	

NOTE: This is a preliminary list as of 4 April 2017. Projects and estimated project costs are subject to review and validation by the Member Countries.

APPENDIX 2

BEV 2025 PROJECT LIST

BY SECTOR AND BY STRATEGIC PRIORITIES (2017–2025)

Sector Strategic Priorities	Projects/Activities
Strategic Pillar: ENHANCED CONNECTIVITY	
TRANSPORT	
Strategic Priority 1: Increased multimodal (air, land and sea) transport connectivity, as appropriate, within and between the priority economic corridors of GSSC and WBEC	Air Linkages
	<p>Revival of air routes (convergence with Tourism Cluster)</p> <p>Intra-EAGA air connectivity within BIMP-EAGA is crucial particularly to the growth of subregional tourism and for the development of trade to some extent. Several intra-EAGA air services have been launched in the past, but have subsequently been suspended due, among other reasons, to a low load factor and insufficient marketing and promotion. Two airlines servicing subregional routes, Sriwijaya Air of Indonesia and MASwings of Malaysia, have indicated interest in reviving the suspended routes and are reviewing and renegotiating the following air service routes/destinations:</p> <ul style="list-style-type: none"> • Puerto Princesa -Kota Kinabalu • Mulu-Bandar Seri Begawan • Davao -Manado • Pontianak-Bandar Seri Begawan • Balikpapan-Bandar Seri Begawan
	<p>Full implementation of Protocol on the MOU on Air Linkages (convergence with Tourism Cluster)</p> <p>The Transport Ministers of the BIMP-EAGA member countries signed in 2007 the MOU on Air Linkages which gave fifth freedom traffic rights to selected airports in the subregion. The Protocol to Amend the MOU on the Expansion of Air Linkages aims to provide a more flexible approach to facilitate the sustainability of services on existing air routes and the entry of new routes. Under the protocol, the airports of Makassar, Mulu, Sandakan, Tawau and Cagayan de Oro will be designated as the new BIMP-EAGA points and the airports of Solo (Indonesia), Johore (Malaysia) and Cebu (Philippines), all located outside of BIMP-EAGA, are designated as co-terminalization points. Co-terminalization will allow for inclusion of airports outside BIMP-EAGA as part of the air service loop to improve the sustainability of air services with the inclusion of non-BIMP-EAGA airports with more established traffic. The convergence between the Air Linkages WG and the Tourism Cluster will identify and establish air routes that will support co-terminalization.</p>
	Sea Linkages
	<p>Establish intra-EAGA shipping services (convergence project with the Agribusiness Cluster)</p> <p>In view of its archipelagic geography, maritime services is critical to the development and growth of intra-EAGA. Establishing shipping services between major seaports in BIMP-EAGA will be actively pursued with the following partner port services as priority:</p> <ul style="list-style-type: none"> • Bitung-General Santos/Davao • Bitung-Tahuna-Gensan

Sector Strategic Priorities	Projects/Activities
	<ul style="list-style-type: none"> • Brooke's Point-Sandakan/Kota Kinabalu • Brooke's Point/Bataraza-Kudat • Brooke's Point-Brunei Darussalam • Bongao-Tawi-tawi-Lahad Datu • Bataraza-Kudat
	<p>Develop BIMP-EAGA cruise shipping routes (convergence with Tourism Cluster) Encouraged by the growing number of port calls in recent years by cruise ships in selected ports in BIMP-EAGA, the Tourism Cluster will pursue the development of cruise tourism. As a convergence project with the tourism sector, the Sea Linkages WG will provide support in identifying viable routes and ports of call for cruise tourism in BIMP-EAGA. The support will include, among others, assessment of the technical viability of ports to receive cruise ships, provision of cruise tourism-related facilities at existing ports identified suitable for cruise ships, and/or construction/development of dedicated ports for cruise ships/vessels.</p>
<p>Strategic Priority 2: Improved transport facilitation</p>	<p>Implementation of a common permit scheme Under the MOU on Commercial Buses and Coaches signed in 2007, Brunei, Indonesia and Malaysia have issued permits to operate buses and coaches across borders in Borneo Island. Issues have arisen among operators over differences in the rules, procedures, and requirements in the issuance of permits, as well as their varying terms/time periods. The project will establish a common permit scheme with a common term/time period of validity, and will facilitate and improve transparency in the regulations and processes for issuing the permits.</p> <p>Support implementation of the Authorised Economic Operator (AEO) and Customs Transit Mechanism ASEAN Customs authorities have committed to establishing national AEO programs based on the SAFE Framework of Standards (FoS) developed by the World Customs Organization (WCO), with the objective of enhancing the security of supply chains and facilitating trade. The Transport Cluster will work closely with the CIQS WG on the possible implementation of specific and relevant provisions of the ASEAN Customs Transit System (ACTS) which will be piloted in select countries such as Singapore, Malaysia and Thailand in late 2016 and in early 2017. BIMP-EAGA will consider adopting the scheme based on the outcomes of the pilot activities. The LTWG will also work with the CIQS WG to track the progress, implications, and potential for implementation of the AEO and other customs transit mechanisms.</p> <p>Review of aviation policy (as needed) The objective of the review is to identify appropriate policy, regulatory and administrative reforms in order to further enhance intra-EAGA air connectivity. The review also aims to explore incentive schemes for rationalizing operating costs (e.g., landing and other airport fees) in order to encourage more airlines to ply BIMP-EAGA routes.</p>

Sector Strategic Priorities	Projects/Activities
<p>Strategic Priority 3: Improved infrastructure and facilities at designated priority seaports, airports and land routes</p>	<p><u>Airports Development Projects</u></p> <p>Brunei International Airport The project involves runway pavement rehabilitation.</p> <p>Puerto Princesa Airport Development The upgrading includes construction of a new passenger terminal building, cargo terminal building, apron, connecting taxiways, a new air navigation system, and other support facilities.</p> <p>New Zamboanga International Airport The airport upgrading and rehabilitation will include the asphalt overlay on the runway, the expansion and rehabilitation of the passenger terminal building to include new facilities such as cargo conveyors and two new x-ray scanners, and the construction of a new cargo building.</p> <p>General Santos Airport This rehabilitation and improvement of the airport terminal building will include the addition of a covered walkway and vehicle parking area, provision of new navigation aids, expansion of apron space, construction of sewage treatment facility, and construction of greeter's hall and vehicular security check points, as well as other support facilities.</p> <p>Laguindingan Airport The project will involve redevelopment of the airport air side and land side facilities.</p> <p>Davao International Airport The project will involve redevelopment of the airport air side and land side facilities.</p> <p>Sanga-Sanga Airport The project will involve redevelopment of the airport air side and land side facilities.</p> <p>San Vicente Airport The project will involve redevelopment of the airport air side and land side facilities.</p> <p>Busuanga Airport The project will involve redevelopment of the airport air side and land side facilities.</p> <p>Southern Palawan Airport The project will involve redevelopment of the airport air side and land side facilities.</p> <p>Mukah Airport The project will involve the development of a new airport building.</p>

Sector Strategic Priorities	Projects/Activities
	<p data-bbox="618 331 932 359"><u>Seaports Development Projects</u></p> <p data-bbox="618 390 813 417">Brooke's Point Port</p> <p data-bbox="618 422 1453 558">The second largest port in Palawan will undergo rehabilitation/repair work covering: an RC Pier and Roll-on Roll-off (RoRo) ramp; Philippine Ports Authority (PPA) building; and the RC Pier approach. Subprojects include: relocation of existing breakwater; repair of passenger terminal building; expansion of TMO building; and widening of causeway and pier approach.</p> <p data-bbox="618 590 967 617">General Santos Port (Makar Wharf)</p> <p data-bbox="618 621 1453 732">A component of the Mindanao Ports Program II, the project involves: port expansion and reclamation with open storage (3.4 hectares), construction of a warehouse, installation of Quay Crane Rail, and construction of passenger terminal building. Estimated project cost: \$27 million.</p> <p data-bbox="618 764 786 791">Zamboanga Port</p> <p data-bbox="618 795 1453 846">The project involves the construction of wharf for rail-mounted gantry cranes and the construction of a shore crane wharf. Estimated project cost: \$3 million.</p> <p data-bbox="618 877 1029 905">Upgrading and expansion of Bongao Port</p> <p data-bbox="618 909 1453 1020">Bongao port in Tawi-Tawi is close to the center of BIMP EAGA and has potential as an international gateway. The project includes the upgrading and expansion of Bongao Port through rehabilitation of the existing port, extension of the main wharf, and construction of an additional RoRo ramp and new warehouse. Estimated project cost: \$4 million.</p> <p data-bbox="618 1052 915 1079">Polloc Freeport and Eco Zone</p> <p data-bbox="618 1083 1453 1247">Polloc Freeport is strategically located to serve as a major trading and transshipment point of Mindanao, as well as the Halal hub of the Philippines. The expansion project includes construction of an additional RoRo ramp and Polloc port roads, extension of the main wharf, and installation of additional rubber fenders and mooring bollards. Dredging work is also being planned to allow larger international shipping vessels to dock. Estimated project cost: \$11 million, with completion expected by 4Q 2019.</p> <p data-bbox="618 1278 943 1306">Puerto Princesa City Cruise Port</p> <p data-bbox="618 1310 1453 1390">The project will be the first cruise port to be established in Palawan, dedicated to the growing number of cruise ships making calls at Puerto Princesa. Estimated project cost: \$15 million.</p> <p data-bbox="618 1421 818 1449">Makassar New Port</p> <p data-bbox="618 1453 1453 1650">Makassar New Port will be developed as a container terminal. The development will be undertaken in three phases. Phase 1 will be completed in 2017 (2013-2017), and involves the construction of three new docks with a total length of 750 meters. This phase is prepared for construction of a container terminal with capacity up to 1 million TEUS per year. The construction of an access road, container stacking yard and related building facility is needed for development of this phase. Phase 2 is ongoing (2013-2022), with an estimated project cost of \$98 million.</p> <p data-bbox="618 1682 1045 1709">Expansion of Sepangar Bay Container Port</p> <p data-bbox="618 1713 1453 1906">The port is being positioned as a transshipment hub for BIMP-EAGA. Its long-term expansion plan (up to 2030) will generate investment opportunities for the private sector in the provision of port services and activities as well as throughout the logistic supply chain. Better facilities, and a deeper draft will enable the port to improve its capacity for handling higher throughput from 500,000 TEUs capacity per year to 1.2 million TEUS per year. For the initial phase, the project will involve expanding its berth length from the current 500 meters to 1.2 km, and the stacking area from 15 to 60 hectares.</p>

Sector Strategic Priorities	Projects/Activities
	<p>Road Development Projects</p> <p>Pontianak to Entikong Transport Link The Tayan to Sarawak Road segment, involving improvement of the road link from Pontianak to the border of Sarawak, will shorten the route by 100 km.</p> <p>Tanjungselor to the border of Sabah Located in North Kalimantan, Indonesia, the project involves the construction of about 188.66 km of roads to the border of Sabah. Most of the original road is unpaved and in poor condition, and road alignment involving steep slopes and sharp curves is not suitable for freight transportation. The project consists of four packages: CW-08 (34.80 km), CW-09 (65.30 km), CW-10 (45.15 km), and CW-11 (43.41 km). Progress of the packages is at 61%, 55%, 55% and 22.4%, respectively. Except for CW-11, which is expected to be completed in 2018, the rest is for completion by mid-2017. Total contract price for the project: \$131 million.</p> <p>Manado-Bitung Link Road Enhancement Located in North Sulawesi, Indonesia, the project involves the construction of a toll road between Manado and Bitung, to improve transport synergy and economic growth.</p> <p>Davao-General Santos Road The Davao-General Santos Road is a major land transport facility in the South Central Mindanao Development Corridor. The widening and improvement of the road will help ensure more efficient trade and transport of goods and people between these two rapidly urbanizing cities, which will play crucial roles in inter-EAGA trade with the opening of the Davao-GSC-Bitung shipping route.</p> <p>Road Improvement in Mindanao The project is expected to enhance the efficiency of the movement of goods and people, under the Philippines Development Plan, 2011–2016. The road sections slated for improvement in Mindanao are in the following provinces: Zamboanga del Norte, Misamis Oriental, Agusan del Norte, and North Cotabato. Construction of these road sections is ongoing.</p> <p>Western Mindanao Corridor Roads Preparatory work is being undertaken for a road project that supports the Philippines priorities for improvement of the country's road network and the development of Mindanao. Emphasis will be on improving connectivity in areas of Mindanao with insufficient road infrastructure, and strengthening climate change and disaster resiliency. Key outputs include (i) improvement of roads in Mindanao, (ii) detailed engineering design for road improvement under future projects, and (iii) strengthened institutional capacity of the Department of Public Works and Highways (DPWH).</p> <p>Western Mindanao Development Corridor Project The Western Mindanao Development Corridor is the Philippines' gateway to the BIMP-EAGA. The improvement of the road connecting the municipalities of Gotalac, Baliguian, Siocon, Sirawai, Sibuco, and Zamboanga City; and the road connecting Sindangan, Bayog and Lakewood have been allocated funding in 2017 and beyond to enhance connectivity between production areas and markets.</p>

Sector Strategic Priorities	Projects/Activities
	<p>Palawan Highway Expansion Involves the widening of the 600-km north-south highway into six lanes, inclusive of bike lanes and emergency bays. The project is designed to allow high speed travel between towns in order to cut travel time to tourist destinations in both northern and southern Palawan. The project will complement the Buliluyan (Bataraza) RoRo Port and the other proposed RoRo ports in El Nido to connect to Coron, which will in turn connect to Mindoro along the Philippines' western nautical spine. The expanded highway will become EAGA's connection to Manila via Kudat, and will eventually be submitted for consideration as an ASEAN highway.</p> <p>Pan-Borneo Highway (Borneo Island, Malaysia) The project involves two components, the Sabah and the Sarawak sections of the Pan Borneo Highway (also referred to as the Trans-Borneo Highway). The Pan-Borneo Highway is slated to be the transportation backbone of the states of Sabah and Sarawak, and will play a major role in opening up economic corridors and opportunities. Estimated project cost: \$7 billion – \$3 billion for Sabah; \$4 billion for Sarawak.</p> <p>a) The Sabah Pan-Borneo Highway is a 1,236-km toll-fee dual carriageway from Tawau to Kota Kinabalu. The project is expected to be completed in 2022 and will be implemented in three phases: Sindumin to Tawau, Tamparuli to Ranau, and spanning over Kimanis-Keningau-Tawau.</p> <p>b) The Sarawak Pan-Borneo Highway from Telok Melano to Merapok will span a total distance of 1,089 km when completed in 2022. The project has four components: Nyabau-Bakun Junction, which will have a road length of about 43 km and will include construction of 4 bridges, 26 bus shelters, and 2 pedestrian bridges; Bintangor-Sungai Kua Bridge, which involves 76 km and will be undertaken in three sections (Julau, Sibul and Batang Rajang), to include 2 interchanges, 1 layby, 18 bridges, 79 bus shelters and 7 pedestrian bridges; Telor Melano-Sematan, which involves 33 km of road and 6 bridges; and Serian Roundabout-Pantu Junction, to be constructed in two sections (Serian and Pantu). The project involves 75 km of road, 3 interchanges, 1 layby, 84 bus shelters and 8 pedestrian bridges.</p> <p>Improving Growth Corridors in Mindanao Road Sector Project The project will promote inclusive economic development by improving three roads in the Zamboanga Peninsula in western Mindanao, as well as other roads. The initial three core roads are: Alicia to Malangas, 23.7 km; Tampilisan to Sandayong, 17.1 km; and Lutiman-Guicam-Olutunga, 37.5 km.</p> <p>Establishment of Rest and Recreation Centres along BIMP-EAGA Bus Routes The project involves the continuous construction and improvement of rest and recreation centers at selected points along the Pan-Borneo Highway. The rest and recreation centers along bus routes include food courts, convenience stores, surau, fuel kiosks, toilets, parking for vehicles, travelers' information centers, and signs to direct motorists.</p>

Sector Strategic Priorities	Projects/Activities
	<p>Limbang Bridge (Sarawak, Malaysia) The project involves construction of Sungai Limbang Bridge together with the Sungai Bunut Bridge No. 2 and connecting roads.</p> <p>Kalabakan Road (Serudong, Sabah, Malaysia-Federal) This project involves construction of a single carriageway between Kalabakan to Serudong in Sabah.</p> <p>Entikong International Freight Terminal This project involves the following: formulation of traffic impact analysis; land acquisition; and construction of terminal facilities.</p>
<p>Strategic Priority 4: Strengthen convergence at the project level with the agribusiness and tourism sectors in the development of subregional supply value chains and logistics services and tourism-related transport connectivity</p>	<p>Develop and implement convergence projects with the tourism and agribusiness sectors Enhancing transport connectivity remains one of the imperatives for BIMP-EAGA due to its influence on the development and growth of subregional tourism and trade. As a support and service sector, transport cannot by itself achieve the goals and objectives of BIMP-EAGA. To maximize the contribution of the transport sector in the attainment of the BIMP-EAGA vision, convergence with the agribusiness, tourism and trade and investment clusters will be aggressively pursued. Among others, the transport sector will support the tourism sector in the development of destination routes and assist in increasing load factors of air, sea, and land transportation services.</p>
TRADE AND INVESTMENT FACILITATION	
<p>Strategic Priority 1: Streamlining of rules, regulations and procedures and facilitation of cross-border trade (imports and exports)</p>	<p>Capacity-building program The TIF Cluster will set up a program focused on upgrading the technical capacities of border officials to facilitate border processes. Training and workshops would include: capacity-building for Authorized Economic Operators (AEOs); enhancing training of trainers (TOT) in detecting fraudulent documents and impostors; capacity-building in risk management in BIMP-EAGA; and a technical seminar on emerging zoonotic diseases, such as the avian flu. Additional training and workshops will be organized depending on need.</p> <p>Establishment and improvement/upgrading of facilities The project aims to reduce travel time and enhance convenience for road users and to improve connectivity in BIMP-EAGA with the upgrading of facilities and/or the establishment of proper CIQS offices in selected areas. This would include: establishment of CIQS facilities in Bantul, District Nabawan, Sabah, Malaysia, and in Malinau, North Kalimantan, Indonesia; the Kuala Lurah Border Crossing (Brunei); and the Entikong Border Crossing (Indonesia).</p>
	<p>Protection of Borneo Island from quarantine pests towards a “One Borneo SPS System” The project aims to develop a cooperation strategy for the protection of Borneo from the incursion of quarantine pests and diseases. The objectives are to build inter/intra cooperation among the quarantine agencies of member countries for the protection of Borneo from pests and diseases, as well as invasive species which may threaten human, animal, plant health and the overall environment; and to protect and facilitate the safe and secure movement of goods and people through the national points of entry into, and exit from, the Borneo islands. Key principles for the strategy include achieving or maintaining consistently high standards of animal health and welfare; the improvement of public health; strengthening capacity to deal with emergencies within a policy framework that is based on sound veterinary and scientific evidence; reduction of the regulatory burden where possible; facilitation of joint activities between the respective veterinary services and associated enforcement agencies of each country; and high-level monitoring arrangements.</p>

Sector Strategic Priorities	Projects/Activities
	<p>Time release study (TRS) in BIMP-EAGA ports</p> <p>Globalization has brought about a dramatic increase in cross-border trading. As a result greater attention is being focused on trade and regulatory processes conducted at the border. The speedy, efficient delivery of goods has grown in importance and provides significant benefits to all involved in the supply chain. Customs administrations have been making efforts to streamline interagency procedures at borders. To ensure that facilitation measures are being applied effectively, a time release study (TRS) has been used to improve the performance of the function being measured. BIMP-EAGA has conducted TRSs in selected ports and border crossings, resulting in improved performance at those points. This project will enable TIF Cluster and CIQS Working Group to expand TRS coverage among other ports and border crossings with significant people and goods mobility, in order to identify procedural and/or administrative reforms for improving border processes.</p>
<p>Strategic Priority 2: Identification and promotion of investment opportunities within supply/value chains along the priority economic corridors</p>	<p>Development of supply/value chains for priority commodities</p> <p>Increasingly, global and regional value chains are influencing economic growth, future trade, foreign direct investment (FDI) patterns, job creation and distribution of value-added along the global value chains (GVCs). BIMP-EAGA stands to benefit from enhanced understanding of subregional supply and value chains for commodities with potential for further processing and export. In-depth assessment of the supply/value chains of specific commodities will help governments and industries in value chain development, which would include improving infrastructure and connectivity, fostering a business-friendly environment, ensuring flexible labor markets, ease of access to credit, innovation, macroeconomic stability, and improved services sector efficiency. The overall environment may also include social policies and competition policies, as well as policies for investment in education, skills, technology and strategic infrastructure. This project will be undertaken in convergence with the agribusiness and transport clusters primarily, and also with the environment and socio-cultural and education clusters.</p> <p>Establishment of the Tebedu-Entikong Special Economic Zone</p> <p>The Tebedu (Malaysia)-Entikong (Indonesia) Special Economic Zone (SEZ) is designed to: promote viable cross border trade; develop a conducive investment environment that utilizes and maximizes the subregion's competitive advantage by leveraging the collective resources and strengths of both Malaysia and Indonesia; create economic drives specifically in manufacturing and services; and enhance transport connectivity in the region. The SEZ will have the following components: implementation of international trade through the Tebedu-Entikong Gateway, which will require upgrading the Entikong CIQS Facilities, establishing an Entikong Dryport to complement Tebedu Inland Port, and nominating Entikong as a port recognized by Indonesia for the import of 7 categories of Restricted Items (Impor Tertentu); improvement of logistics infrastructure and transport connectivity projects in Sarawak, such as the Tebedu-Serian Road Project, wherein Malaysia is proposing the upgrade of Tebedu-Serian Road to a dual carriageway in Pan Borneo Highway Phase II and enhancement projects for Senari Container Terminal; organizing joint study teams and establishing the SEZ; supporting industrial activities; and establishing human resource arrangements which will include labor mobility.</p>

Sector Strategic Priorities	Projects/Activities
<p>Strategic Priority 3: Increased participation of SMEs in corridor supply/ value chains</p>	<p>Implementation of corridor supply/value chains for priority industries The experience of developed economies indicate that SMEs play a pivotal role in industrial transformation and overall industrial development of countries. As catalysts for increased economic activity in rural areas, SMEs are important in addressing rural poverty and narrowing development gaps. In BIMP-EAGA, SMEs comprise the vast majority of the private sector and they operate in all sectors of the economy. The performance of SMEs will considerably impact on the economies of the BIMP-EAGA focus areas, particularly in terms of equitable and inclusive growth and sustained development in the subregion. To ensure the active participation of SMEs in the corridor supply/value chains, the project will identify a portfolio of potential SME investments (to be developed by the TIF Cluster) that provides information on specific investments including regulatory, procedural and legal requirements</p>
<p>Strategic Priority 4: Improved joint public-private sector trade and investment promotion initiatives</p>	<p>Trade and investment promotion This involves organizing joint public-private sector trade and investment promotion initiatives both within the subregion and in targeted extra-EAGA markets, as well as collaboration between the private sector and local governments, and engagement with chambers of commerce, industry associations and other private sector groups through the BEBC and the clusters and working groups. TIF will also improve the use of digital technology in promoting trade and investment, including but not limited to developing an e-commerce facility.</p>
<p>POWER AND ENERGY INFRASTRUCTURE</p>	
<p>Strategic Priority 1: Develop approaches to intensify involvement of the local governments and private sector</p>	<p>Feasibility/technical studies on power enclaves and/or grid interconnection Promoting investments in the power sector, whether in generation, interconnection or distribution, requires comprehensive and up-to-date information on the needs and requirements of specific locations. A few seminal studies on power grid interconnection have been completed, which have identified potential power grid interconnections within Borneo Island. The Power and Energy Infrastructure Cluster will encourage the conduct of strategic feasibility and technical studies to determine which investments will be prioritized and appropriate, especially for local government and private sector involvement. An example is the study by the Philippines for the power grid interconnection between Mindanao and Visayas. Although a national project, this could have a major impact on the interconnection between Borneo Island and Mindanao, by expanding the demand base of the latter for electricity.</p> <p>Brunei Darussalam-Sarawak interconnection The project involves three components: Project 1, consisting of 275kV from Tudan, Sarawak to Lumut, Brunei Darussalam (earliest completion target: 2017); Project 2, consisting of 132kV from Bangar, Brunei Darussalam to Lawas, Sarawak (earliest completion target: 2019); and Project 3, consisting of 275kV from Lawas, Sarawak to Sipitang, Sabah (earliest completion target: 2023). The interconnection projects' preliminary technical requirements, potential routes and principles have been developed by the joint technical teams, including project duration and initial budget estimates.</p>

Sector Strategic Priorities	Projects/Activities
	<p>North Kalimantan-Sabah Power Grid Interconnection</p> <p>The primary objective of interconnection between countries is to reduce overall combined economic cost of electrical service through exchange of more efficient resources. Energy trading can provide significant economic and social benefits but will require a significant financial outlay for the required energy infrastructure. Energy pricing requires careful consideration, with the associated details shared between the project partners to ensure that the required economic and financial structures are in place before an interconnection begins operations. PLN and Sabah Energy Berhad (SEB) signed an MOU in 2014/15 to explore the feasibility of building a 200MW coal or hydro plant in North Kalimantan and exporting the power to Sabah. This is meant to be an enclave project, with all power for Sabah. ADB has completed studies on power interconnections in Borneo. A model was developed to assume interconnection would be a 150-km, 275 kV line between Malinau (North Kalimantan) and Kalabakan (Sabah). This Sabah connection is represented in the models as a 200 MW load which will be constant for all 24 periods. A new coal generator is also added to the model at Malinau to represent a potential new generator project. WEST-SCEN interconnected and non-interconnected cases of 2030 and 2035 were studied. The interconnected scenario was found to have a cost benefit of \$1.263 billion over the period 2025-2040, compared to the non-interconnected. A follow-up study on the feasibility of the North Kalimantan and Sabah Power Grid Interconnection is being proposed, to undertake the engineering (power flow) and economic analysis.</p>
<p>Strategic Priority 2: Provide a conducive environment to encourage energy-related investments by the national government</p>	<p>Information sharing on energy policy, regulatory frameworks and technical standards with regional energy institutions (e.g. HAPUA, APGCC, ACE)</p> <p>One of the priorities in ASEAN's power sector as provided in the MPAC is the establishment of a regional power grid infrastructure. Improvements in the policy regimes and regulatory frameworks as well as the harmonization of technical standards and operating procedures are already being pursued at the ASEAN level. BIMP-EAGA will strengthen institutional linkages, cooperation and collaboration with regional institutions that include the Heads of ASEAN Power Utilities Authorities (HAPUA), ASEAN Power Grid Consultative Committee (APGCC) and the ASEAN Centre for Energy (ACE) to improve information-sharing in such areas as energy planning, supply and security.</p>
<p>Strategic Priority 3: Enhance cooperation and strengthen implementation of renewable energy development and improve energy access in rural areas</p>	<p>Renewable energy</p> <p>Joint research and technology development in the field of renewable energy will be actively pursued as well as partnerships and collaboration with renewable energy technology providers. Development of a coherent renewable energy cooperation framework including the sharing of experiences on policy formulation and implementation, and expansion of markets are among the priorities. The project will also look into the development of off-grid decentralized and/or distributed energy systems using renewable energy technologies to cater to the needs of many island economies in the subregion.</p> <p>Rural electrification</p> <p>Electricity alone may not be able to create all the conditions for economic growth, but in this day and age it is essential for basic human needs and economic activities. In rural areas, the lack of access to electricity is one of the major impediments to economic development. Rural electrification can be provided through a grid or through decentralized generation that often is based on renewable energy. BIMP-EAGA is made up many small island communities that are largely off-grid and the debate on the cost and benefits of energizing these areas is ongoing. The objectives of the project include providing electricity in the rural areas and sharing knowledge, experience and lessons learned by the member countries on rural electrification, including the effectiveness of various ways to implement rural electrification for development. The expected outcomes of the project are more acceptable or rationalized policies and regulations to address rural electrification in BIMP-EAGA.</p>

Sector Strategic Priorities	Projects/Activities
<p>Strategic Priority 4: Promote energy efficiency and conservation</p>	<p>Compilation and sharing of energy efficiency and energy conservation best practices Energy efficiency and energy conservation benefit individuals, industries, and entire communities, by reducing the amount and costs of energy consumed. Benefits include safeguards against rising costs of energy and less demand for conventional fossil-fueled power plants. This can translate into a cleaner environment and address climate change concerns, as well as reduce and/or avoid additional resource extraction (e.g. oil and gas drilling, coal mining). Energy efficiency is the use of technology that requires less energy to perform the same function. Examples of energy efficiency include using compact fluorescent light (CFL) bulbs or LED lights instead of incandescent bulbs and/or using star-rated appliances that use less energy. Energy conservation is achieved through behavioral changes entailing no additional cost, such as turning off lights or unplugging computers and other electronics when these are not in use. The Power and Energy Infrastructure Cluster (PEIC) will compile energy efficiency and energy conservation best practices and disseminate these through the BIMP-EAGA website, social media and other information channels. PEIC will also collaborate with the Environment Cluster in the development of the BIMP-EAGA Green Cities Initiative to ensure that energy efficiency and energy conservation are priority activities. Promoting common standards, and “test once and sell anywhere” are initiatives which can be considered under the BIMP-EAGA framework. BIMP-EAGA countries are in the process of setting Minimum Energy Performance Standards (MEPS) for household and commercial appliances. In-country best practices and lessons learned can be compiled and shared at subregional level.</p>
INFORMATION AND COMMUNICATION TECHNOLOGY	
<p>Strategic Priority 1: Develop ICT hard and soft infrastructure</p>	<p>Open/Big Data Big data consists of very large, complex and rapidly changing datasets. Examples of big data include datasets gathered by government agencies (e.g., weather, census, healthcare); non-public data for marketing, business, analysis; and scientific research, academic research and social media. Open data, on the other hand, is defined by its use. All definitions of open data include two basic features: the data must be publicly available for anyone to use, and it must be licensed in a way that allows for reuse. There is also general agreement that open data should be easy to use and free of charge. Even modest amounts of data, when made public, can have a big impact on citizens. An example would be local governments making available maps on land use planning, or making available street maps for devising apps to help people navigate public transport. The ICT Cluster intends to provide the platform for consolidating relevant amounts of datasets from various sources and making them available and accessible. An initial/pilot initiative is the online registration of SMEs in the Philippines by unlocking SME registration data from five units in Davao City. The proof of concept, which will identify what policies are needed to implement the project, is under development. When completed, a platform for comparable and sharable information will be generated, and eventually a mobile platform will be developed for this purpose.</p>
	<p>BIMP-EAGA Submarine and Terrestrial (BEST) Cable system The project will link all BIMP-EAGA member countries using a hybrid communications platform either through sub-sea cable, satellite, or terrestrial systems. The project has a potential high impact to support various priority initiatives under the BIMP-EAGA, specifically ecotourism and e-commerce, and can also potentially contribute to the planned establishment of the ASEAN Broadband Corridor. The implementation of this project can address the digital divide and can positively influence telecommunication tariffs to make BIMP-EAGA a more competitive region for food basket linkages and ecotourism. The project is private sector-led and will involve the participation of private sector from all BIMP-EAGA member countries. The project will provide high-speed, state-of-the-art technology and connectivity in and beyond BIMP-EAGA.</p>

Sector Strategic Priorities	Projects/Activities
<p>Strategic Priority 2: Promote e-commerce at subregional level</p>	<p>Internet of things (IOT) and e-Commerce: ICT Rural Outreach Program (IROP) II (Version 2.0)</p> <p>This is a project integrating ICT technology and agriculture through an e-commerce platform and IOT technology to further develop iROP (ICT Rural Outreach Program). This project aims to overcome the digital divide that exists between the rural areas in BIMP-EAGA. It will equip people with ICT knowledge and skills in order to be self-sustainable; create a knowledge society; spur the agriculture industry; and contribute towards diversification and development of the economy through the development of the ICT industry in the subregion. An integrated platform for sharing information and cross-selling products for farmers can help to diversify and sustain economic growth, with support from the private sector through the BEBC and the respective central and local government agencies. IROP II will create an e-commerce platform through which; farmers are expected to improve yields by exchanging vital farming information on such matters as soil types, cultivation of soils to enrich farming, weather forecasts and types of crops; students from agriculture universities and colleges will benefit from skills transfer and develop capacities; government agriculture units will have up-to-date information using a common platform; and consumers will be provided with improved access to agriculture products. A network of experts will be developed and tapped to provide agriculture expertise. Policy and regulatory recommendations using IOT in agriculture in BIMP-EAGA will be identified as part of the project outputs.</p> <p>E-commerce</p> <p>Electronic commerce, commonly known as e-commerce or eCommerce, is the trading or facilitation of trading in products or services using computer networks, such as the Internet or online social media networks. The biggest advantage of e-commerce is being able to override geographical limitations, as buyers and sellers can complete trade transactions from different parts of the world. E-commerce would allow, for example, buyers from Sabah to locate sellers in Mindanao. The ICT Cluster in convergence with the TIF Cluster will establish a platform for the development of e-commerce in the subregion. The project aims to develop an e-commerce cooperation framework that will include: reliable and affordable ICT infrastructure and services; logistics and trade facilitation; e-commerce education and awareness; capacity development; policy support, advocacy, and coordination; and information sharing, among others. The project will present an assessment of the adoption of e-commerce in the subregion's member countries, in order to identify and maximize the opportunities and address the challenges in E-commerce implementation. This project aims to formulate a comprehensive BIMP-EAGA E-Commerce Roadmap 2017-2025. BIMP-EAGA e-Commerce platforms shall be developed and implemented for sharing information and the cross-selling and buying of products and services among MSMEs and companies.</p>
<p>Strategic Priority 3: Human Resource Development in ICT</p>	<p>University and industry linkages</p> <p>An ICT skills standards accreditation scheme at the BIMP-EAGA level but aligned with ASEAN will be pursued and piloted in select industries supporting the BEV 2025 outcomes in manufacturing, agro-industry, fisheries and tourism. A registration system will be explored for BIMP-EAGA ICT professionals, identifying skills standards, mapping competency levels and having standard definitions. All capacity development activities related to developing a highly skilled BIMP-EAGA ICT work force, improving the ICT literacy of rural people and entrepreneurs especially youth and women, and supporting local ICT industries will form part of the project activities. Other capacity development activities will be identified and implemented as the needs arise. Partnerships between and among government, industries and the academe will be pursued (e.g. research).</p>

Sector Strategic Priorities	Projects/Activities
<p>Strategic Priority 4: ICT entrepreneurship development and development of ICT products and services</p>	<p>Startuphubs@BIMP-EAGA The project aims to establish a network of startup hubs or Technology Business Incubators in BIMP-EAGA that will facilitate exchanges of knowledge and resources. It will complement existing and future startup hubs such as BizStart@BIMP-EAGA. Project components and activities include: capacity building and training activities; identification of policy and regulatory recommendations for BIMP-EAGA; establishment of 6 to 15 startup hubs; knowledge and experience sharing at national and subregional levels; and promotion of multisectoral partnerships. The project will provide comprehensive development support for the startup community in BIMP-EAGA. Common challenges faced by startups in BIMP-EAGA include inadequate support and difficulty in accessing services related to incubation, markets, technology and government support. The project can significantly accelerate the level of operations of startups and provide a venue of collaboration for mutual advancements of all startups in the region.</p> <p>Innovation@BIMPEAGA Innovation@BIMP-EAGA is a project that provides linkages across sectors, as well as opportunities in business, trade and investments. It is inclusive of the major components that make an ICT ecosystem, but highly focused on human capital. As an annual event centered on BIMP-EAGA, it highlights local innovation (pitching + hackathon) through coordinated events organized in each country, tackling specific issues and the target projects of priority clusters, i.e. trade and investment facilitation, agribusiness, tourism, environment, socio cultural and education, transport, power and energy.</p>
Strategic Pillar: FOOD BASKET	
AGRIBUSINESS	
<p>Strategic Priority 1: Long-term food security in the subregion</p>	<p>BIMP-EAGA rice project Rice is a staple within BIMP-EAGA and is a leading agricultural product in the subregion, but there are pressing concerns that need to be addressed, including: the effects of climate change in the rice sector, fragmented information on the rice industry, and barriers on rice industry trading. The components of the project include: Hybrid Varietal Testing and Seed Production (2017); Climate Change Farming Technologies (2017-2025); Development of GAP Manual for Rice (2017-2025); CIQS Protocols (2017-2019); and Trade and Promotion (2017-2025).</p>
<p>Strategic Priority 2: High quality agro-based and fisheries products for exports</p>	<p>Production of high-quality marine shrimp for export in BIMP-EAGA The project is aimed at strengthening the competitiveness of the marine shrimp Industry by improving the quality of shrimp culture and increasing production, particularly for the export market. Brunei, Malaysia and the Philippines currently have a combined production of about 24,000 metric tons of different varieties of marine shrimp. The objective is to increase the volume of production of shrimps by 20-30% by 2020.</p> <p>Integration of cattle farming with oil palm production The project focuses on the integration of cattle production in oil palm plantations, as a means of maximizing land being used for industrial crop production and food production. Berdikari PT (Persero), whose main business is cattle breeding, will carry out a study to assess the technical and financial feasibility of the project and infrastructure requirements for integrated cattle and oil palm farming, including installation of irrigation systems and paddock construction.</p>

Sector Strategic Priorities	Projects/Activities
	<p>Development of halal industry in BIMP-EAGA Halal is a crucial industry that needs further development, specifically in the Philippines. This project is aimed at providing guidance in developing a competitive halal industry producing market-compliant halal products and services for local and global markets. The project is expected to strengthen harmonization of the halal industry among the EAGA member countries, specifically their agro-industry and fisheries sectors. This would include development of halal standards for food and non-food commodities, human resource development, infrastructure development, and product development and technology transfer.</p>
<p>Strategic Priority 3: Sustainable livelihoods for fisher folks and farmers within the subregion</p>	<p>Developing and enhancing the participation of MSMEs in the seaweed industry supply chain in BIMP-EAGA Seaweed production and processing is an important industry in BIMP-EAGA not only for its potential for export but also because a significant number of coastal farmers depend solely on seaweed production as a micro enterprise for their livelihood. The project involves sharing of research on production technologies and good aquaculture practices, joint product development, and the conduct of joint training and workshops to improve farm management and productivity.</p> <p>Integrated coconut production of smallhold farmers in BIMP-EAGA BIMP-EAGA's coconut industry is still dominated by low-value-added products produced by smallhold farms. In order to accelerate growth, the coconut industry needs to improve its competitiveness through product expansion and market-led product diversification. In addition to coconut oil and copra for export, the industry should also consider shifting focus from vegetable oil to oleochemical products for food, nutraceutical products and other value-added products. The Agribusiness Cluster will identify specific coconut products and the requirements for the further development of these products for the domestic and export markets. The Cluster will also identify the technical, infrastructure, and institutional support needed to encourage more coconut farmers to engage in product diversification and high-value processing.</p> <p>Business partnership on oil palm production expansion (Philippines with Malaysia) Following Malaysia and Indonesia, the Philippines is developing its oil palm industry. In 2015, Bali Oil Palm signed an MoU with FGV/FASSB to collaborate on: the supply and distribution of ML 161 germinated seed and other FASSB products; the supply and distribution of Felda fertilizers; technical assistance in terms of best practices in plantation design, management and maintenance, pest and insect management; and technical training, laboratory services and R&D.</p>

Sector Strategic Priorities	Projects/Activities
Strategic Pillar: TOURISM DEVELOPMENT	
TOURISM	
<p>Strategic Priority 1: Tourism access and support infrastructure developed (hard and soft)</p>	<p>Air connectivity (convergence with Transport Cluster) The lack of direct intra-EAGA connectivity, particularly its air links, is the most serious challenge to establishing BIMP-EAGA as a single ecotourism destination. Although major airports in the subregion have direct international connections, serviced by both legacy and low-cost carriers, mobility from one BIMP-EAGA location to another is limited by the lack of air services. Development of subregional tour packages has been ongoing, but implementation is dependent on the availability of direct transport links. Air connectivity through convergence with the Transport Cluster, targeting connections from each BIMP country to at least one other member country and co-terminalization will be pursued. The Tourism and Transport Clusters will jointly plan destination routes and will synchronize the development of air service schedules and marketing and promotion activities to ensure that airline services are matched with appropriate tour packages.</p>
	<p>Development of BIMP-EAGA cruise tourism (convergence with Transport Cluster) Under this project, the Tourism Cluster will identify/profile ports of call that have existing basic facilities for receiving cruise vessels, identify facilities that need upgrading, submit funding to respective governments, engage cruise liners and ground handlers and develop packages for promotion and marketing that include visits to CBET sites.</p>
<p>Strategic Priority 2: Ecotourism product development</p>	<p>Community Based Eco-Tourism (CBET) sites In 2008, the BIMP-EAGA countries agreed to prioritize CBET for poverty alleviation as the main focus of tourism development. The vision of the CBET strategy is to make BIMP-EAGA a globally competitive, well-developed, and connected multi-country ecotourism destination, with circuits and sites where communities are able to enjoy socioeconomic benefits through participation in CBET activities. Four CBET pilot sites, one each per member country, were immediately prioritized and development of these sites pursued by the individual countries. By 2011, all the four pilot sites were ready for marketing and promotion as full-blown tourist destinations. Additional CBET sites for development will be identified and actively promoted.</p> <p>UNESCO World Heritage Sites BIMP-EAGA is home to six UNESCO World Heritage Sites (WHSs): Gunung Mulu National Park in Sarawak and the Kinabalu Park in Sabah (Malaysia); Lorentz National Park in Papua (Indonesia); Tubatahha Reefs National Park and the Puerto Princesa Subterranean National Park, both in Palawan, and Mt. Hamiguitan Range Wildlife Sanctuary in Mindanao (Philippines). The objective of the project is to establish and jointly promote and market tourism loops involving the WHSs.</p> <p>National and marine parks In addition to the UNESCO WHSs, the member countries have numerous national and marine parks that are world-class destinations. The project involves packaging these national and marine parks as a tourism loop. The Tourism Cluster will develop collective information materials and brochures and will conduct joint promotion and marketing activities in jointly identified niche markets.</p> <p>Signature events The project aims to promote the different signature events of the subregion's focal areas as an integral part of the strategy to promote and market BIMP-EAGA as a single destination. Each member country identifies five signature events that will be jointly promoted within BIMP-EAGA and external markets through brochures and other collateral and promotion materials.</p>

Sector Strategic Priorities	Projects/Activities
	<p>Halal tourism</p> <p>Halal tourism has been a growing segment or niche market in view of the increasing number of Muslim travelers in search of family-friendly destination. As a niche market, halal-friendly tourism includes halal hotels, halal transport (halal airlines), halal restaurants, and halal tour packages that are particularly designed to cater to Muslim considerations and address Muslim needs. The Tourism Cluster will compile information on the requirements for halal tourism and share best practices with tourism service providers, including but not limited to hotels, restaurants, travel agents, and tour operators. An accreditation process for halal tourism will also be considered.</p>
<p>Strategic Priority 3: Human Resource Development in Tourism</p>	<p>Capacity-building (convergence with SCE cluster)</p> <p>Action will be taken to upgrade the skills and capacity of communities, tourism managers, trainers, and tourism education and training institutions in ecotourism development and in complying with ASEAN tourism standards (e.g. for homestays, green hotels, and public toilets), among others. At the ASEAN level, the harmonization of standards and requirements for professionals in the tourism sector is the most advanced, with Mutual Recognition Arrangements (MRAs) already adopted. The BIMP-EAGA Tourism Cluster will explore the piloting of select “job titles” under the ASEAN tourism sector MRA to allow for greater intra-EAGA mobility of human resources in tourism. BIMP-EAGA intends to position itself as a center of excellence by piloting the certification of manpower for specific tourism job titles under the ASEAN MRAs. In this regard, stronger convergence will be pursued with the Socio-Cultural and Education (SCE) Cluster, which is also looking at MRAs.</p>
<p>Strategic Priority 4: Promote coordinated approaches to nature, culture and heritage management</p>	<p>Standards and best practices/case studies info sharing platform or regular fora for ecotourism stakeholders (convergence with Environment Cluster)</p> <p>The project involves the compilation of best practices and conduct of select case studies to showcase successful approaches to the management of nature, culture and heritage. The best practices and case studies will be shared with stakeholders through publications and other fora on ecotourism development. The objective is to encourage tourism stakeholders to adopt the best practices in their respective areas of concern and also adopt a coordinated approach to the management and mitigation of the social and environmental impacts of ecotourism. Model sites will be identified where the best practices can be replicated. The project will be undertaken in convergence with the Environment Cluster.</p> <p>Joint Promotion and Marketing (collateral materials, Equator Asia website, social media, traditional media)</p> <p>The tourism sector adopted a strategy around the theme of “Equator Asia,” highlighting the subregion’s competitive edge in ecotourism, in particular CBET. Both public and private sector stakeholders have stepped up the marketing and promotion of BIMP-EAGA as a single ecotourism destination. Despite increased efforts, however, cross-border tourism has not prospered. The objective of the joint promotion and marketing is to generate wider awareness on BIMP-EAGA’s Equator Asia brand through enhanced collateral materials, increased publicity via traditional media, greater use of social media, and regularly updated Equator Asia website.</p>

Sector Strategic Priorities	Projects/Activities
Strategic Pillar: ENVIRONMENTMANAGEMENT	
ENVIRONMENT	
Strategic Priority 1: Climate change adaptation and mitigation	Inventory of GHG emission The project, based on the principle that “you can’t cut what you don’t count,” aims to identify the sources of emissions and provide measurement. The inventory of the GHG emissions will aid in determining standards and tools needed to measure emissions, build more effective emissions reduction strategies, set measurable and more ambitious emission reduction goals, and track progress more accurately and comprehensively.
Strategic Priority 2: Promotion of clean and green technologies	Promotion of renewable energy (convergence with Power and Energy Infrastructure Cluster) Joint research and technology development in the field of renewable energy and other clean and green technologies will be actively pursued. The project will promote partnerships and collaboration with renewable energy technology providers and other institutions promoting clean and green technology.
	BIMP EAGA Green Cities Initiative (convergence with other Clusters) The scale of urbanization today is unprecedented, including the growth of Asia’s urban population and the number of densely populated megacities. The project aims to provide local governments with practical ways on engaging urban managers, development practitioners, businesses, and citizens to make more cities more livable by building on the unique physical, social, cultural, economic and human resources assets of each city. A Green City Action Plan (GCAP) will be developed for selected pilot cities in BIMP-EAGA, based on the experiences of cities where GCAPs of varying technical scopes and levels of institutional engagement were conducted. The GCAP consists of a shared development vision, and prioritized investment programs and actions for improving environmental quality and achieving competitive, inclusive and resilient growth in the selected model cities.
Strategic Priority 3: Sustainable management of natural resources and ecosystems	Promotion of sustainable environmental management in ecosystems Measures will be taken to promote the sustainable management of natural resources. This will bring together land use planning, water management, biodiversity conservation and the sustainability of industries such as agriculture, fisheries and tourism especially those occurring within critical ecosystems. Partnerships will be pursued with local governments, local communities, private sector, industries and academe to get them involved, directly contributing to and actively participating in the formulation and implementation of protection and conservation programs and the promotion of environmental services towards green development. This would include exploring payment schemes for environmental services, as well as collaboration and partnerships with relevant organizations and institutions such as, but not limited to, the CTI, SSME and HOB, with the aim of sharing and expanding knowledge resources, experiences and lessons learned, particularly in the area of critical ecosystems management.
Strategic Priority 4: Promote public awareness and capacity-building for relevant stakeholders on environmental sustainability	Development of information education materials Extensive information dissemination is key to creating awareness and encouraging greater involvement and participation of a broader base of stakeholders in the efforts to protect and conserve natural resources and sustain the integrity of the environment. Under this project, various education materials and tools for raising public awareness will be developed. Initial list of projects includes: development of an environmental education module and board games on the marine environment, for communities in Sabah, Malaysia; Mantanani Island-Integrated Low Carbon Island; and a low-carbon cities framework and assessment system. Education materials and their modes of dissemination, as well as capacity-building activities will be decided based on the needs of specific local communities.

Sector Strategic Priorities	Projects/Activities
Strategic Pillar: SOCIO-CULTURAL AND EDUCATION	
SOCIO-CULTURAL AND EDUCATION	
<p>Strategic Priority 1: Promote, preserve and sustain BIMP-EAGA culture and heritage</p>	<p>BIMP-EAGA signature events (convergence with Tourism Cluster) The SCE Cluster, specifically the Socio-Cultural Development (SCD) Working Group, will support the conduct of various events aimed at promoting and showcasing the diversity yet similarity of the culture and heritage of BIMP-EAGA, and as a means for enhancing people-to-people connectivity in the subregion. Signature events include cultural festivals and exhibits, cultural exchanges and visits, sports events, culinary festivals and similar events. To maximize the visibility and impact of these events, SCD will work closely with the Tourism Cluster on in-country signature cultural events, including: Friendship Games, Sabah International Folklore Festival, Berkas dari Laut Culinary Festival, Pakaradjaan sa ARMM, Textile Exhibition, and Conference on BIMP-EAGA History and Culture.</p>
	<p>Inventory/mapping of cultural industries in BIMP-EAGA UNESCO defines cultural and creative industries (CCI) as activities “whose principal purpose is production or reproduction, promotion, distribution, or commercialization of goods, services and activities of a cultural, artistic or heritage-related nature.” Culture and creativity have long been considered catalysts for development, but are only partially understood and appreciated. CCI sectors include advertising, architecture, books, gaming, music, movie, newspapers and magazines, performing arts, radio, television, and visual arts. In 2015, these sectors generated total global revenues of \$2,250 billion. Asia Pacific is the world’s largest CCI market, with revenues of \$743 billion and 12.7 million jobs. To take advantage of the growing importance and economic influence of CCIs, the SCD will inventory and map CCIs in BIMP-EAGA. SCD also intends to undertake research on BIMP-EAGA cultures and traditions and publish a directory of artists, coffee table books, and video documentaries to further promote socio-cultural exchanges.</p>
	<p>BUDAYAW: BIMP-EAGA Festival The SCD will organize the BUDAYAW: Celebration of BIMP-EAGA Cultural Diversity and work towards establishing it as a regular bi-annual event (similar to the Friendship Games and the Trade Fair) to be held on a rotational basis in the BIMP-EAGA areas. The Budayaw Festival aims to: showcase the diversity of creative expressions of the cultural masters and artists from the subregion; raise public awareness and appreciation of the landscapes and aspirations of peoples from BIMP-EAGA; foster understanding and solidarity among the multi-cultural populations of the subregion; mainstream a banner event in culture-tourism in the area; mobilize collaboration and convergence among multi-stakeholders (public and private) to promote the contributions of artists and cultural workers to sustainable development; and locate areas for convergence in expanding people-to-people linkages and exchanges.</p>

Sector Strategic Priorities	Projects/Activities
<p>Strategic Priority 2: Pursue multi-sectoral consultation and collaboration</p>	<p>BIMP-EAGA TVET Forum and Education Summit The TVET forum and higher education summits are the first step towards establishing the network of institutions in BIMP-EAGA. The events provide opportunities for learning institutions to get to know each other and their fields of specializations and core competencies that would form the basis for the partnerships. Regularly conducting these events is being considered, to provide a forum for planning and development of relevant projects and action plans.</p>
	<p>Establishment of BIMP-EAGA network of technical and vocational education and training (TVET) institutions and higher education institutions (HEI) The network of learning institutions aims to promote cooperation and solidarity among TVETs and HEIs in BIMP-EAGA in strengthening and promoting human resources development in the subregion. Among the initiatives being considered under the network is enhancing partnerships between academe and industries in developing skills that can be translated into employment and mapping of the occupation competencies and references to the ASEAN Qualifications Reference Framework (AQR). The project will also look at promoting the broader ASEAN initiatives on labor mobility in the BIMP-EAGA, including faculty and student exchanges on research, technology and industry, among others.</p>
	<p>BIMP-EAGA Entrepreneurship Camp The BIMP-EAGA Entrepreneurship Camp (BEEC) is targeted for students from TVETs and HEIs. The total number of participants will be limited to 30 students: 20 from respective participating BIMP-EAGA institutions and 10 from local institutions. Conducting the BEEC annually will: generate awareness of the business opportunities; develop participants' entrepreneurial and leadership skills and knowledge; raise participants' cultural awareness; and develop their creativity and critical thinking skills.</p>

NOTE: This is a preliminary list. Projects and their descriptions are subject to review and refinements by the concerned clusters and working groups.

APPENDIX 3

BIMP-EAGA AT A GLANCE

A STATISTICAL INFORMATION BRIEF

PROFILE¹

The Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) was launched in 1994 as a cooperation initiative by the four BIMP-EAGA nations to accelerate economic development. Except for Brunei Darussalam (henceforth referred to as Brunei), BIMP-EAGA consists of areas that are geographically distant from their national capitals, yet in strategic proximity to each other. In addition, these states and provinces are vast, accounting for over 60% in land area of BIMP; but sparsely populated with less than 20% of BIMP's population and 18% of the labour force. The population density of EAGA is a mere 46 persons per square kilometer. Despite these challenges, EAGA contributes about 17% and 11% of the total economic activity and total trade, respectively, of BIMP.

General profile	Unit	Year	EAGA	% of BIMP	% ASEAN
Population	000	2015	73,133	18.9	11.6
Land area	km ²	2015	1,586,778	62.2	35.3
Labour force	000	2015	32,531	18.2	10.3
Population density	persons/ km ²	2015	46	152*	140*
GDP at current prices	million US\$	2014	268,704	17.6	10.7
GDP at current PPP\$	million PPP\$	2014	722,914	17.3	11.0
Total international trade	million US\$	2015	89,285	11.1	3.9

Note: ASEAN labour force data refers to year 2014.

* Refers to persons/km², not in percentage.

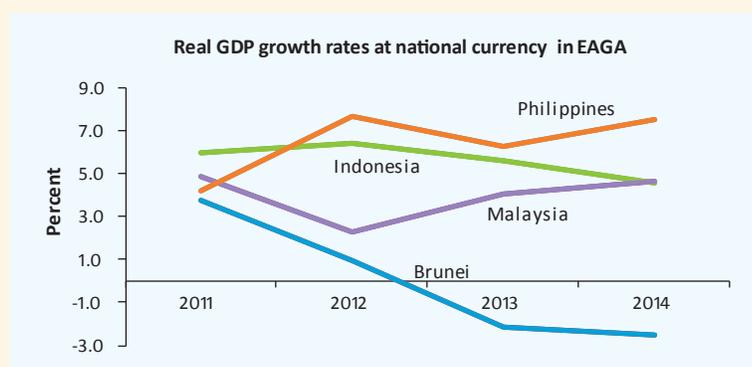
¹ BIMP refers to the whole territory of Brunei Darussalam, Indonesia, Malaysia, and the Philippines. BIMP-EAGA (EAGA) covers the entire sultanate of Brunei Darussalam (Brunei); the provinces in Kalimantan, Sulawesi, Maluku and West Papua of Indonesia (Indonesia-EAGA); the states of Sabah and Sarawak and the federal territory of Labuan in Malaysia (Malaysia-EAGA); and Mindanao and the province of Palawan in the Philippines (Philippines-EAGA).

ECONOMY²

The economic disparity between EAGA and BIMP is reflected in the key economic indicators. In 2014, BIMP's growth rate stood at 5.3% compared to the 4.7% achieved by EAGA. Average per capita income in EAGA is still lower than in BIMP and ASEAN.

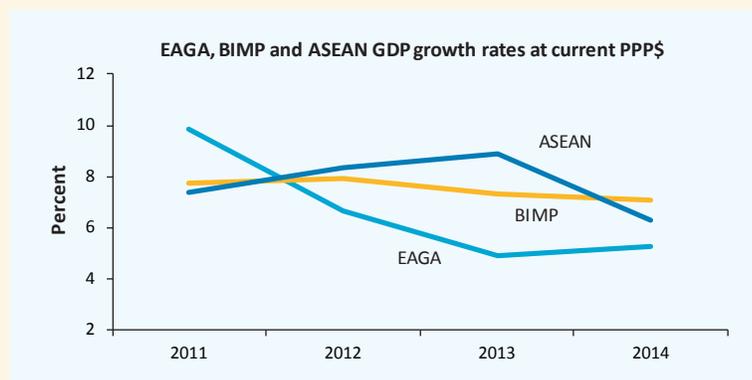
Key Indicators	EAGA	BIMP	ASEAN
Annual growth rate of real GDP in%, 2014	4.7	5.3	4.7
GDP per capita at current US\$, 2014	3,714	3,996	4,057
GDP per capita at current PPP\$, 2014	9,992	10,916	10,569
Total exports, billion US\$, 2015	68	415	1,185
Total imports, billion US\$, 2015	20	367	1,091
Unemployment rate in%, 2015	5.3	6.0	3.7

All EAGA economies, aside from Brunei, experienced strong growth with Malaysia-EAGA and the Philippines-EAGA accelerating in 2014.



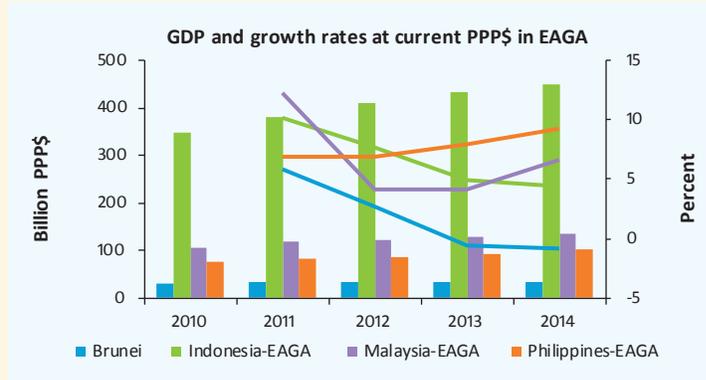
Note: Brunei Darussalam, Indonesia and Malaysia use 2010 as base year; while Philippines uses 2000.

Since 2012, EAGA growth has been consistently lower than growth in BIMP and ASEAN. However in 2014 there was a slight upturn in EAGA, narrowing the growth rate gap with BIMP and ASEAN.



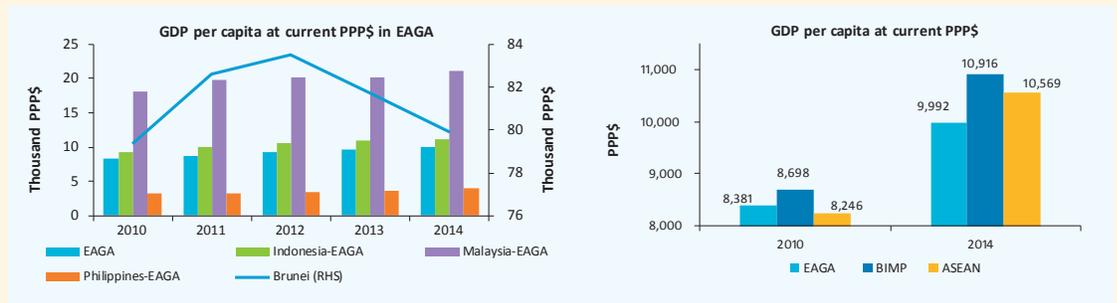
² PPP\$ refers to purchasing power parity converted gross domestic product (GDP). The Philippines-EAGA covers only Mindanao.

The size of the EAGAs of Indonesia, Malaysia and the Philippines, measured by GDP at current PPP\$, have increased steadily since 2010. In terms of growth rates though, Indonesia-EAGA slowed down marginally in 2014, as with Brunei.

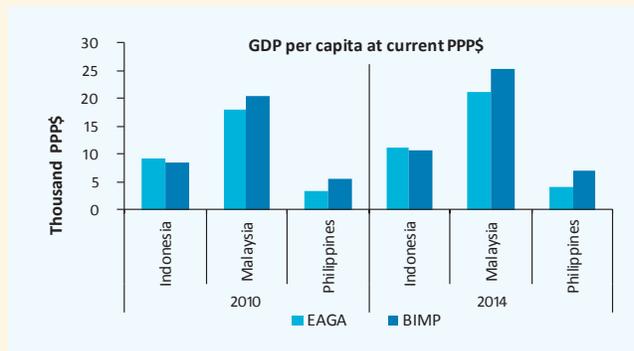


Note: Bars refer to values (LHS) while lines refer to percentages (RHS)³

In the EAGAs of Indonesia, Malaysia and the Philippines, GDP per capita at current PPP\$ have been increasing since 2010, but the EAGA GDP per capita still remained lower than in the BIMP and ASEAN. Despite the steady growths, the development gap between EAGA and BIMP as measured by GDP per capita, has widened. In 2010, GDP per capita of the EAGA was 96% that of BIMP but this has shrunk to 92% in 2014.

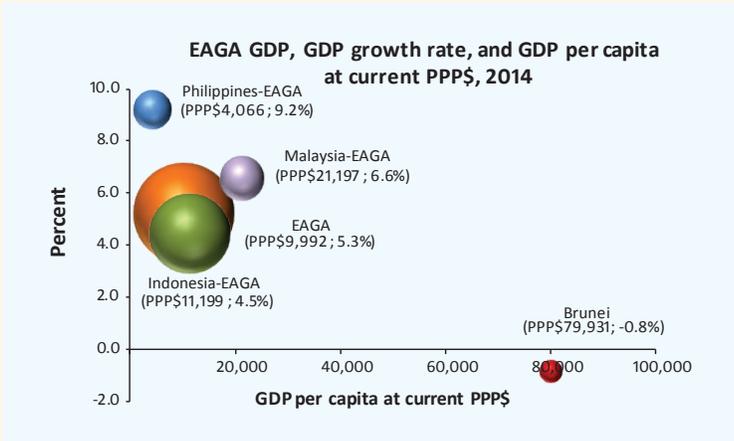


EAGA as a whole has been unable to narrow the development gap, while Indonesia-EAGA appeared to have achieved parity with the national average over the period 2010–2014.



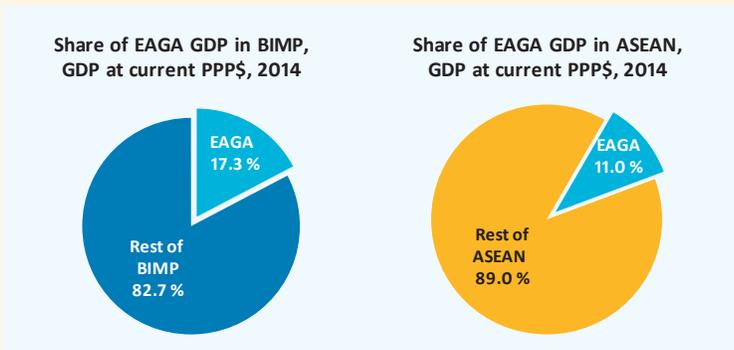
³ LHS – left hand scale; RHS – right hand scale.

Within the EAGA, Indonesia-EAGA is the largest economy, while the Philippines-EAGA is the fastest growing.

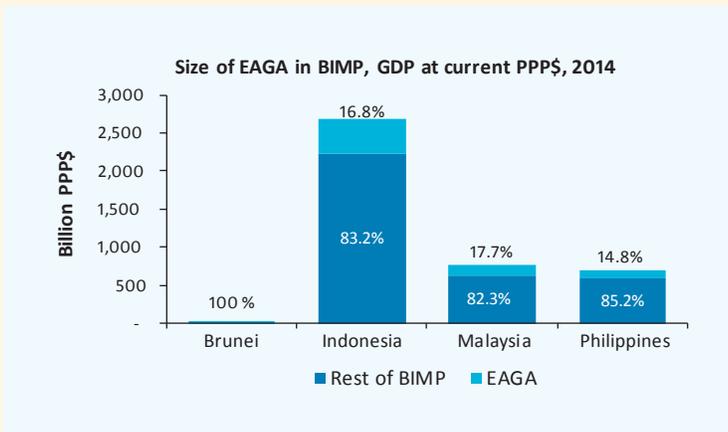


Note: Figures in parentheses refer to GDP per capita and GDP growth rate, respectively.

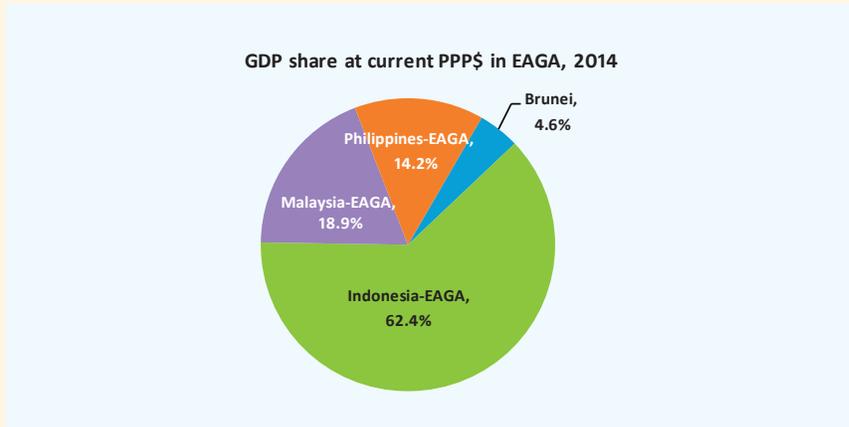
In 2014, the EAGA GDP at current PPP\$ constituted about 17.3% of the BIMP and about 11% of the ASEAN.



The GDP contribution of the EAGAs of Indonesia, Malaysia and the Philippines to their national economy remained between 15% to 18% in 2014.

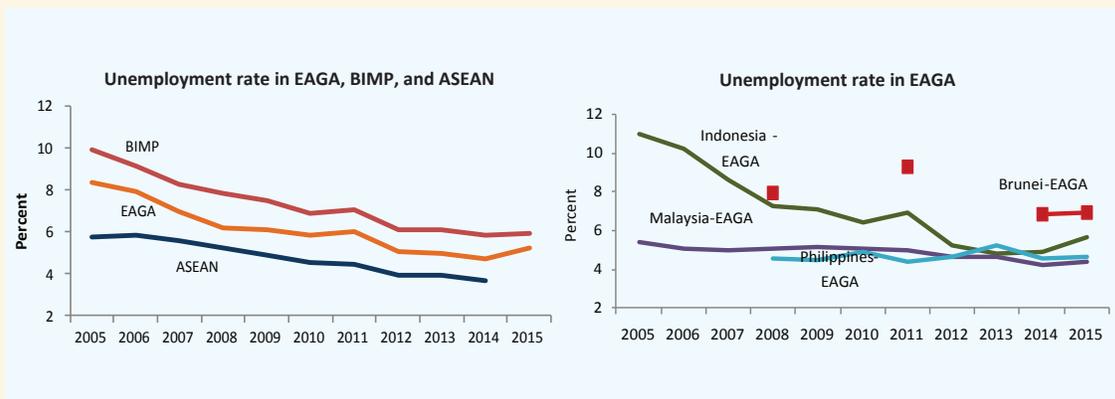


In 2014, the Indonesia-EAGA contributed close to two-thirds of the total EAGA economy while Brunei, being the smallest, contributed close to 5%.



EMPLOYMENT⁴ AND POVERTY⁵

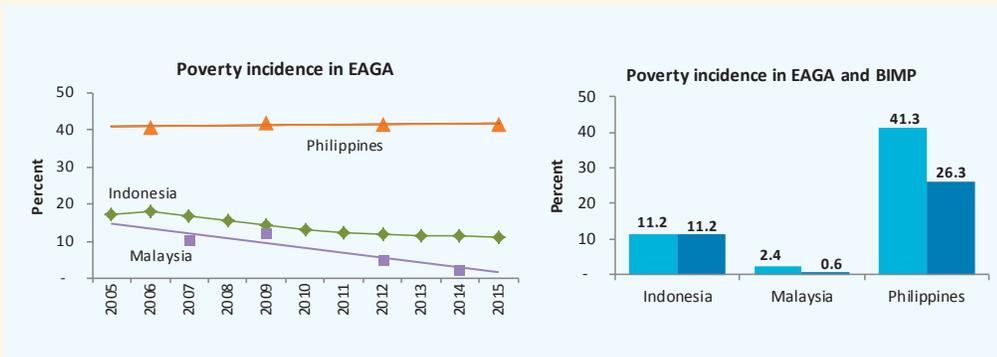
Unemployment in EAGA, BIMP and ASEAN was trending downwards until 2014 but registered a marginal rise in 2015. Unemployment in the EAGA though, has remained lower than in BIMP but higher than in ASEAN. In the Malaysia-EAGA and the Philippines-EAGA it has remained under 6% since 2005, while in Indonesia-EAGA, unemployment rate saw a major reduction over the years, from a high of 11% in 2005 to under 6% in 2015.



⁴ Unemployment in the Philippines-EAGA covers only Mindanao.

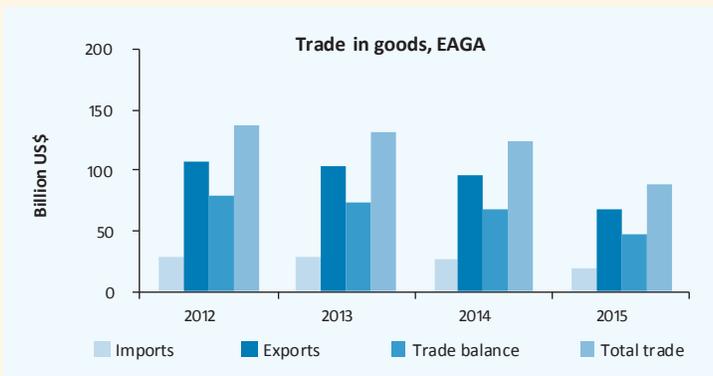
⁵ Malaysia's poverty incidence is based on household concept while that of Indonesia and Philippines is based on population count; Poverty incidence in the Philippines-EAGA covers only Mindanao; Poverty incidence in EAGA and BIMP excludes Brunei.

Poverty incidence in both Indonesia- and Malaysia-EAGAs declined significantly between 2007 and 2014, while in the Philippines-EAGA it remained at about the same level over the years. In 2015, poverty incidence in the Philippines-EAGA and Malaysia-EAGA were higher than their national averages, while there is no disparity in Indonesia-EAGA and the rest of Indonesia.

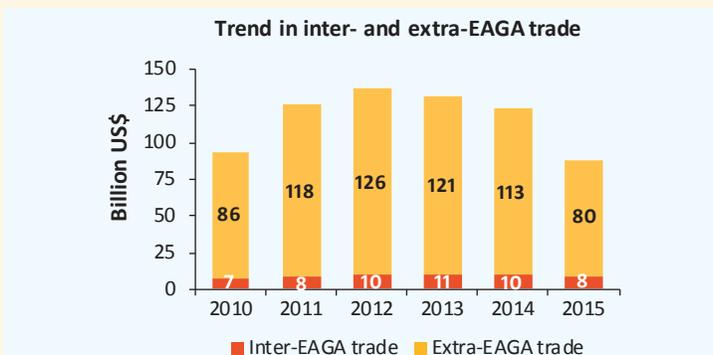


TRADE IN GOODS⁶

Total trade driven by exports, has been decreasing since 2012. However, trade balance has remained positive, although it has shrunk to 48 billion US\$ in 2015.

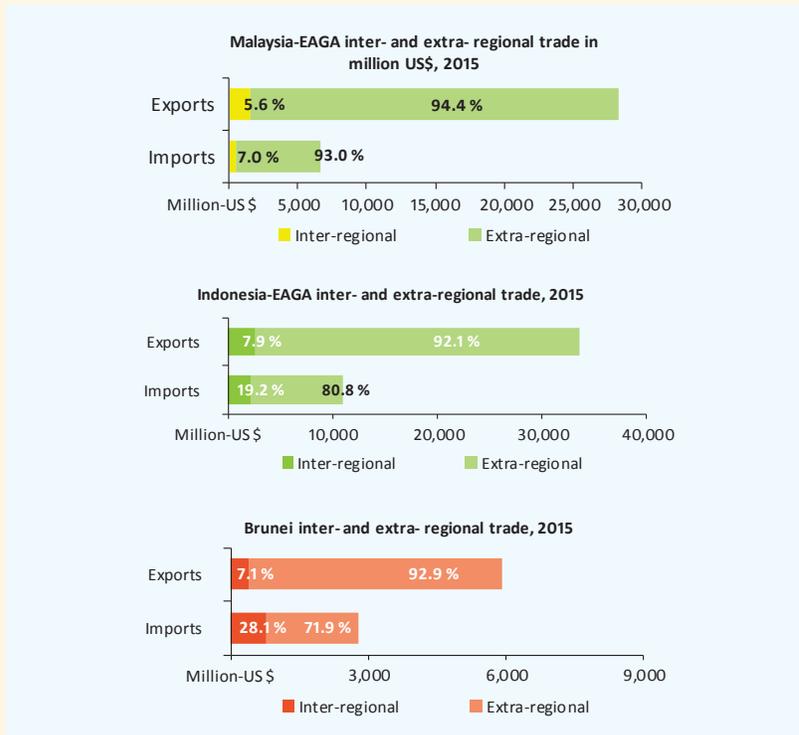


EAGA's trade with rest of the world (extra-EAGA) is significantly higher than inter-EAGA trade, indicating that the EAGA remains an open economy.



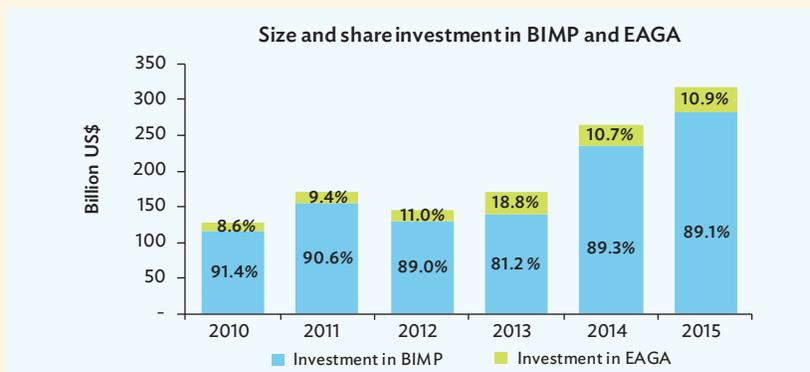
⁶ Inter-regional trade refers to EAGA trade with BIMP; Extra-regional trade refers to EAGA trade with the rest of the world, excluding BIMP.

Inter-regional trade in Indonesia and Malaysia-EAGAs and Brunei remained relatively low in 2015 with exports being under 10% and imports at under 30%. Extra-EAGA exports, however, exceeded 90% in all three EAGA's while extra-EAGA imports ranged between 72%–93% in 2015.



INVESTMENT⁷

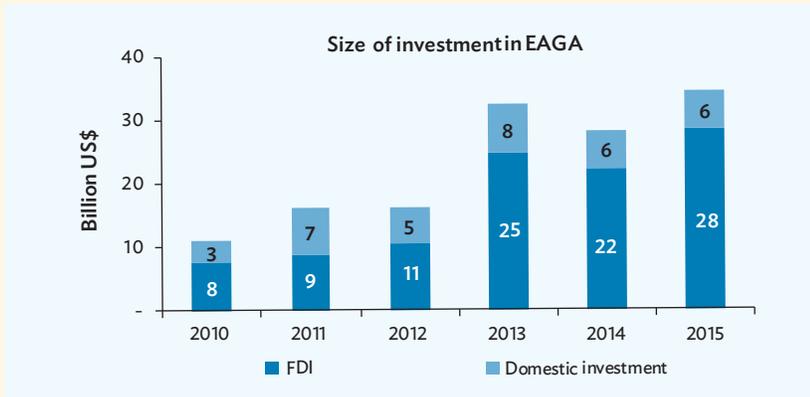
EAGA generally attracts about 10% of the total investments to BIMP. Since 2013, investments to EAGA has been resilient at approximately 30 billion US\$ per annum.



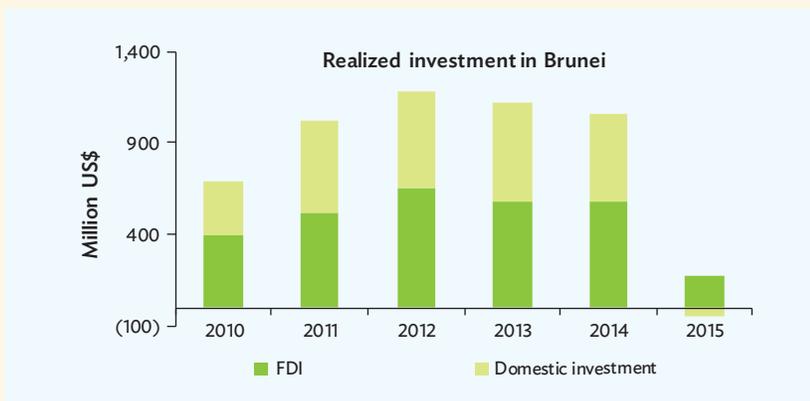
Note: Percentages in the stacked bar refers to share of investment in EAGA and BIMP.

⁷ Investment refers to realized investment in Brunei in all sectors; realized investment in all sectors except upstream oil and gas, and finance and banking for Indonesia; approved investment in the manufacturing sector only for Malaysia; and realized investment in all sectors for the Philippines.

Investment in EAGA is predominantly made up of FDI rather than domestic investment with FDI increasing significantly since 2013. In 2010 FDI represented about 73% of total investment of 11 billion US\$ but increased to 82% of total investment of 34 billion US\$ in 2015.



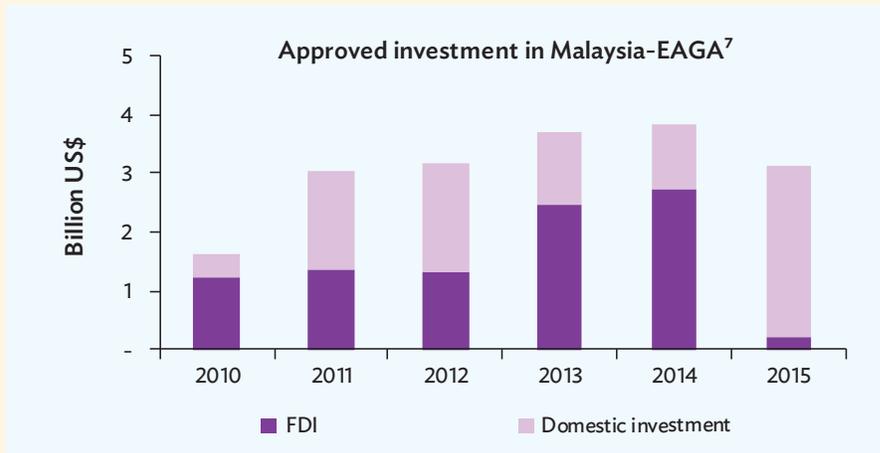
Total investment in Brunei has been stable over the years, but in 2015 it recorded a small domestic disinvestment, which however was offset by FDI.



FDI in Indonesia-EAGA has been steadily increasing from 3.5 billion US\$ in 2010 to US\$ 8.8 billion US\$ in 2015.



FDI in the manufacturing sector in Malaysia-EAGA took a dip in 2015, but has been compensated by an increase in domestic investment.

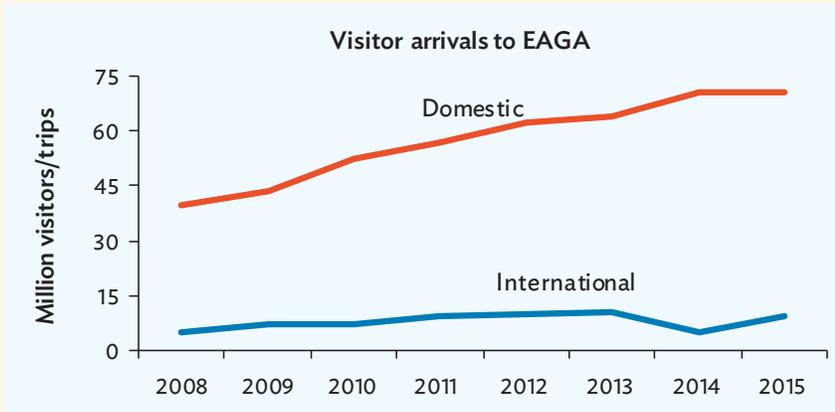


Investment in the Philippines-EAGA is largely FDI driven, amounting to 19 billion US\$ in 2015.



TOURISM

Over the period 2008–2014, tourism in EAGA has been increasing, supported by domestic tourism. On average 86 out of every 100 visitors to EAGA are domestic tourists.⁸ International arrivals dropped in 2014 to about 5.2 million visitors but rebounded in 2015 recording 9.4 million visitors, a significant increase of about 78%, accounted for by a substantial increase in Malaysia-EAGA.



Note: Domestic arrivals to Indonesia-EAGA refer to number of trips.

Foreign visitor arrivals have remained steady over the years in Brunei and Indonesia-EAGA, while in the Philippines-EAGA, it has seen a rapid rise. In Malaysia-EAGA, foreign tourist arrivals far exceeded the combined arrivals to Brunei, Indonesia and the Philippines-EAGAs. Domestic tourism is expanding rapidly in Malaysia-EAGA while in the Philippines-EAGA a slow but gradual pick-up is evident. In Indonesia-EAGA domestic tourism has consistently remained high through the years.



⁸ Tourism arrivals for Indonesia are recorded at point of entry. Thus tourists arriving in Jakarta that travel to Indonesia-EAGA are considered as domestic tourists.

ACKNOWLEDGEMENTS

The BEV 2025 report was made possible with the full support and active participation of the BIMP-EAGA public and private sector stakeholders during the national and subregional sector consultations and planning sessions. The National Secretariats, country chairs and members of the different clusters and working groups including representatives from the local governments and local agencies of national line ministries, the BIMP-EAGA Business Council and its local chapters, and other private sector, such as the ICT CEO Forum, were instrumental in shaping the strategic framework and sector strategies. The BEV 2025 Task Force provided strategic direction in formulating the guiding framework and help ensured quality of the document. The Ministers and Senior Officials provided overall guidance. The Asian Development Bank provided invaluable support in conducting the consultations and planning sessions, preparing background reports and sector papers, and printing the BEV 2025. The BIMP-EAGA Facilitation Centre provided overall leadership, technical guidance, and coordination of the entire BEV 2025 process.

