



**BIMP-EAGA REGIONAL ENVIRONMENT PROGRAM (BIMP REP)
INCEPTION MEETING
17-18 April 2008
Manila, Philippines**

Summary of Proceedings

Introduction

1. A Meeting on the BIMP-EAGA REP was held in Discovery Suites, Manila on 17-18 April 2008. The Meeting was organized and sponsored by the Asian Development Bank (ADB). This inception meeting launched the implementation of the Regional Technical Assistance (RETA) on Strengthening Sound Environmental Management in Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area (BIMP-EAGA). In addition, the Meeting was held to promote appreciation for the vital importance of the RETA on BIMP-EAGA, and come up with specific agreements among the partners on (i) the preparatory steps for the implementation of the design phase on a national and regional level; (ii) the draft work program for the next 15 months; and (iii) the institutional arrangement for the pilot project implementation as well as for regional coordination.

2. The Meeting was attended by 55 representatives from BIMP-EAGA countries, ADB, development partners, experts and selected NGOs. A list of participants is attached as Appendix 1 and a copy of the Meeting Program and Agenda is found in Appendix 2. Copies of the presentations, and group photo is available in CD format for interested parties.

Opening Session

3. Co-chairs Ms. Merly Cruz, Chairperson of the BIMP-EAGA Senior Officials' Meeting (SOM) and Mr. Urooj Malik, Director of the Agriculture, Environment and Natural Resources Division in the Southeast Asia Department of ADB, both gave a warm welcome to the participants of the important occasion.

4. Mr. Thomas Crouch, Deputy Director General of the Southeast Asia Department in ADB gave the welcome remarks. He stressed the importance of the Inception Meeting, stating that it is a good opportunity to discuss crucial activities and performance targets pertaining to the RETA; provide an overview of key initiatives particularly the Heart of Borneo (HoB), Sulu-Sulawesi Marine Eco-region (SSME) and the Coral Triangle Initiative (CTI), and Transboundary Haze; and discuss other relevant environmental issues such as climate change and global warming.

5. It was articulated that there is a need to enhance multi-country cooperation to better manage common resources which led to the signing of tri-country agreements for the Adoption of the Conservation Action Plan for SSME (Indonesia, Malaysia, and Philippines, 2004) and the HoB (Brunei Darussalam, Indonesia, Malaysia, 2007). The forest fires that generated the far-reaching haze prompted the signing of an ASEAN agreement on Transboundary Haze Pollution (1999). During the September 2007 APEC meeting, the APEC Leaders "welcomed the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security, which is aimed at enhancing the conservation of marine

biological resources” to increase forest cover, and reduce climate change and energy intensity.

6. The BIMP-EAGA countries initially expressed the need for technical and financial support from ADB and other regional and bilateral organizations to support sub-regional initiatives which paved the way for the conceptualization of the BIMP REP. ADB is positioned to play an active catalytic role in facilitating the development of a coherent BIMP-EAGA program. The BIMP REP aims to create a shared vision and investment framework on a long-term basis considering (i) sub-regional environmental governance and institution building; (ii) sustainability and environmental protection; (iii) innovative financing for sustainability and environmental protection; and (iv) conservation and effective planning and management of biodiversity corridors. In addition, the BIMP REP aims to provide a framework for mobilizing increased flows of funding for the environment. This program is seen as a new and proactive environment program to be overseen by the BIMP-EAGA Natural Resources Cluster Group. Mr. Crouch ended his speech by emphasizing the need for urgent and strong conservation methods in order to attain sustainable development goals for the BIMP-EAGA region.

7. A copy of the welcome remarks is attached as Appendix 3.

Session I

Update on the Mid-term Review of the BIMP-EAGA Road Map to Development (by Mr. Jacques Ferreira, Principal Regional Cooperation Specialist, Southeast Asia Department, ADB)

8. Mr. Ferreira stressed the importance of supporting BIMP-EAGA to provide resources in order to cushion the negative impacts of end-of-millennium crises such as financial and political instabilities. During the 2007 Leaders’ meeting in Singapore, it was agreed that ADB will provide the funding and lead the subregional cooperation initiative in preparing the roadmap or strategy for BIMP-EAGA. The expected outputs from the initiative are (i) assessment of the progress versus the objectives defined in the roadmap; (ii) identification of issues and potential constraints to the development of BIMP EAGA; and (iii) results-oriented action plans and activities to achieve roadmap goals and targets. He also mentioned the three specific targets of the BIMP-EAGA region, which are (i) 10% increase in trade; (ii) 10% increase in investment; and (iii) 20% increase in tourism development. The Mid-term Review RETA is expected to be approved by the ABD Board end of April 2008 with funds amounting to USD \$300,000 to be led by the BIMP-EAGA facilitation center.

Overview of the RETA: Strengthening Sound Environmental Management in BIMP-EAGA (by Ms. Marilou Drilon, Natural Resources Economist, Southeast Asia Department, ADB)

9. Ms. Drilon presented the RETA on Strengthening Sound Environmental Management in BIMP-EAGA focusing on four important aspects, namely:

- (i) **Regional Cooperation Strategy and Program.** The ADB’s Regional Cooperation and Strategy Program for Archipelagic Southeast Asia (aSEA) contains a pillar for action on Supporting Sustainable Environmental Management, which the RETA aims to promote through various activities

designed to provide technical and advisory assistance to ongoing intergovernmental initiatives (HOB, SSME/CTI, HAZE).

- (ii) **Existing Environmental Initiatives.** Several environmental initiatives and commitments in the subregion were mentioned in relation to the ASEAN structure, the 2007 Asia Pacific Economic Cooperation (APEC) Forum and the 2007 Bali Summit. Two important initiatives were described, specifically the HoB and SSME.
- (iii) **Key Environmental Issues and BIMP-EAGA characteristics.** Major environmental issues confronting the BIMP-EAGA are the (i) unsustainable use of natural resources; (ii) need for a strategic framework for environmental protection and natural resource conservation; (iii) limited resource management capacity; and the (iv) need for sustainable financing.
- (iv) **BIMP Regional Environment Program.** The overall goal of the RETA is to strengthen capacity to implement the BIMP REP including the necessary policies and tools for maintaining biodiversity and ecosystem services in economic corridors, sectors and priority natural areas. The objectives of the BIMP REP are to (i) provide technical and advisory assistance to ongoing inter-governmental and national environmental initiatives; (ii) create linkages and synergies between existing environmental projects; (iii) strengthen regional policy dialogue and coordination in managing cross-border issues; and (iv) strengthen management of natural systems and resources and improve environmental quality. BIMP REP shall be conducted in two phases, specifically (i) Phase I which will support the intensive consultation process and partnership building around the REP in order for the BIMP governments to adopt the BIMP REP strategic framework and program; and (ii) Phase II which will be the actual implementation of the program. The proposed arrangements for implementing the current RETA include (i) oversight and implementation of the RETA by BIMP-EAGA countries; (ii) EAGA framework as institutional guide for program development (Phase I); (iii) EAGA Natural Resources Cluster which will work with the design team; (iv) EAGA Business Council and local government association which will be partners in REP preparation and implementation; and (v) invitation to Singapore to be a strategic partner in REP preparation and implementation. The estimated financing cost for Phase I is US\$1.7 million and for Phase II, a projected estimate of US\$75 million will be assessed during the designing phase.

10. Established in 1994, the EAGA was described as Asia's largest economic growth area covering Brunei; Indonesian provinces of Kalimantan, Sulawesi, Maluku and West Papua; Malaysia's Sabah, Sarawak and Labuan; and the Philippines' Mindanao and Palawan. The Coral Triangle was also defined as the region with the highest numbers of coral species per unit area on earth and covers the Malaysian, Indonesian, Philippine and Melanesian archipelago stretching to Fiji in the South Pacific.

Discussion

11. A representative from Brunei sought clarification for the USD \$50,000 in-kind contribution which will be provided by the BIMP-EAGA countries. Brunei's concern

stemmed from the fact that they would need to make appropriations for this expense in their budgets. Ms. Drilon responded by explaining that this amount is an estimated figure, which was presented to the ADB Board of Directors upon submission of the Technical Assistance proposal. Mr. Malik further explained that ADB commonly refers to “in-kind” contributions in the form of time devoted to the project, or office space provided as counterpart contribution, as long as no cash is involved. He also informed the group that a letter has already been sent to BIMP-EAGA countries explaining this kind of contribution. Furthermore, Ms. Cruz emphasized that this “in-kind” contribution is actually a token contribution of member countries that will directly benefit from the RETA.

12. Mr. Paul Wooster, an independent consultant queried whether any structure was in place that can ensure inclusion of private sector engagement and also to promote contributions from the private sector under corporate social responsibility. Mr. Malik responded by saying that this meeting is a good venue to discuss this matter especially in designing the REP and cited the example of private sector initiative in safeguarding watersheds. Ms. Cruz added that private sector was also involved in industrial forest projects.

13. A representative from WWF inquired on the amount of coordination between ADB and other funding agencies for the BIMP-EAGA financial and technical investments. Mr. Malik cited the case of the Mekong region coordination, in which working groups at national level and country coordinators come together and discuss common issues and prioritize areas for mobilizing resources both from within and from external sources; at the subregional level development partners are invited to commit resources towards a shared vision, and then ADB also undertakes roadshows, the next one being planned in Europe, while ADB discussions with GEF in Washington DC also promote resource leveraging. ADB can similarly promote and disseminate information on BIMP-EAGA to encourage donor funding.

14. A representative of Indonesia asked how the BIMP-EAGA REP will handle development of ecotourism given the announcement of BEB on ecotourism and opportunity for private sector to be a partner. Mr. Hasan Moinuddin, a resource person from the GMS and a speaker at the BIMP REP Inception Meeting, explained that experience from the GMS shows varied approaches in dealing with nature based or ecotourism projects in partnership with NGOs and private sector. Currently, GMS countries are projecting high growth rates in tourism, which will also have to deal with environmental issues such as need for increased water supply and waste management. In the BIMP-EAGA, planning will have to take into consideration various targets of combining high value-low numbers segment or low-medium value but high numbers. He welcomed inputs from the group, saying that the RETA is in its preliminary stage of conceptualization and can benefit from insights and learning from other projects such as locally-based eco-tourism projects which were successful in several countries. He also suggested that perhaps one tourism visa, similar to the one planned in the Mekong region, could be applied to the BIMP-EAGA region. Mr. Malik stressed that the BIMP-EAGA initiative is an effort of “conservation for development” and eco-tourism can serve as the venue to ensure sustainable development. There must also be consideration for the environmental implication of higher tourism in the region.

HoB Strategic Plan of Action (SPA) (by Iwan Wibisono, Ministry of Forestry, National Working Group on HOB program, Indonesia)

15. Mr. Wibisono defined the HoB Initiative as a conservation and sustainable development program aimed at conserving and managing the contiguous tropical forest on the island of Borneo. Active trilateral cooperation at the operational level will enhance and strengthen the existing subregional cooperation among Brunei Darussalam, Indonesia, and Malaysia. The main objective of the HoB initiative is to carry out collaborative programs on conservation and sustainable development through the implementation of effective management and conservation of a network of protected areas, sustainable management of productive forests and implementation of sustainable land use. Thematic areas covered by the initiative include (i) *Transboundary Management* to address issues of management of natural resources and socio-economic welfare of local people on the border areas; (ii) *Protected Areas Management* to enhance and promote effective management of protected areas within the HoB area, with the emphasis at those situated on the common border, in order to conserve and maintain forest biodiversity and the ecological linkages; (iii) *Sustainable Natural Resource Management* to manage the natural resources outside the protected areas network through the development and implementation of sustainable land uses; (iv) *Ecotourism Development* to recognize and protect the value of special natural and cultural places or sites within the HoB area; and (v) *Capacity Building* to ensure the effective implementation of HoB initiative at all levels, both public and private sectors and at the local community.

16. A representative from Brunei wanted to know the timeline of activities for the RETA. Mr. Malik mentioned that the work program will be discussed in the following session, and emphasized the importance of synchronizing the programming of RETA activities by taking into consideration ongoing initiatives such as the HoB. Ms. Cruz agreed and mentioned the importance of creating an interface between trilateral institutions and the RETA.

SSME Program Briefing (by Mr. Rooney Biusing, Principal Assistant Director, Department of Fisheries, Malaysia)

17. Mr. Biusing shared the vision for the Sulu-Sulawesi region, which is to attain (i) a marine eco-region that is globally unique and a center of diversity with vibrant ecological integrity, harboring representative species, assemblages, communities, habitats, and ecological processes; (ii) a highly productive eco-region that sustainably and equitably provides for the socio-economic and cultural needs of the human communities dependent on it; and (iii) an eco-region where biodiversity and productivity are sustained through generations by participatory and collaborative management across all political and cultural boundaries. The objectives of the Eco-regional Conservation Plan (ECP) are to (i) establish management strategies and coordinated institutions for effective eco-regional conservation; (ii) establish and manage a functional integrated network of priority conservation areas to ensure ecological integrity; (iii) develop sustainable livelihood systems that support marine and coastal conservation across the eco-region; (iv) shape economic development compatible with biodiversity conservation; (v) enhance understanding of biodiversity resources and factors affecting them to form basis for management decisions; (vi) develop communication, education and outreach program and strategies to motivate people to take conservation action; (vii) develop sustainable financing mechanism to support cost of conservation and resource

management; (viii) build and enhance capacity of stakeholders to effectively manage the conservation of SSME; (ix) implement coordinated protection of threatened marine species to ensure maintenance of viable populations and protection of critical habitat; and (x) improve coastal, oceanic and other types of fisheries resource condition and management by developing a framework strategy, institutions and appropriate interventions.

18. There are three sub-committees under the Tri-National Committee, namely the (i) Sub-Committee on Sustainable Fisheries; (ii) Sub-Committee on Endangered, Charismatic, and Migratory Species; and (iii) Sub-Committee on Marine Protected Areas and Networks. Since the program was launched in 2004, there had been two Tri-National Committee meetings held. During the First Tri-National Committee meeting in 2006 held in Indonesia, the SSME Tri-National Committee Secretariat was established as well as the Sub Committees and Task Group on the Directory of Experts. Meanwhile, the Second Tri-National Committee Meeting in 2007 held in Malaysia had the main agenda of reporting progress of the three sub-committees to the Tri-National Committee.

19. Ms. Cruz mentioned to the group her impression that the HoB seems more advanced than the SSME, which Mr. Lory Tan of WWF corrected saying that the situation was actually the reverse. There is a need for synchronization of RETA inputs with those of the tri-lateral committee.

Overview and Implementation of the ASEAN Agreement on Transboundary Haze Pollution (by Mr. Raman Letchumanan, Head of Environment & Disaster Management, ASEAN Secretariat)

20. In his presentation, Mr. Letchumanan discussed the Regional Haze Action Plan which was crafted in order to (i) prevent land and forest fires through better management policies and enforcement; (ii) establish operational mechanisms to monitor land and forest fires; and (iii) strengthen regional land and forest fire-fighting capability and other mitigating measures. He also mentioned that the ASEAN Agreement on Transboundary Haze Pollution was forged to prevent and monitor transboundary haze pollution as a result of land and/or forest fires which should be mitigated, through concerted national efforts and international cooperation. The said agreement is rooted on sound principles, which (i) to ensure that activities within the jurisdiction do not cause damage to the environment and pose no harm to human health; (ii) there is strengthened cooperation and coordination; (iii) precautionary measures are taken in cases where there are threats of serious or irreversible damage; (iv) natural resources are managed in a sustainable manner; and (v) stakeholders are involved in the process.

21. The implementation of the Haze Agreement involves several activities, such as the (i) ASEAN Peatland Management Initiative (APMI); (ii) ASEAN Peatland Management Strategy (APMS) (2006-2020); (iii) IFAD/GEF Project on Rehabilitation and Sustainable Use of Peatland Forests in Southeast Asia; (iv) Capacity building program under the ASEAN-Australia Development Cooperation Program; and the (v) ASEAN Specialized Meteorological Centre (ASMC) in Singapore. Updated information on fire-and-haze and ASEAN cooperation on Transboundary Haze Pollution can be accessed online through the link: www.haze-online.or.id.

22. In 2006, the Sub-Regional Ministerial Steering Committee (MSC) on Transboundary Haze Pollution was established and involves participation from the

Environment Ministers of Brunei Darussalam, Indonesia, Malaysia, Singapore and Thailand. Its activities revolve around Indonesia's Comprehensive Plan of Action (PoA) in dealing with Transboundary Haze Pollution, Singapore and Indonesia's collaboration on Muaro Jambi Regency, and Malaysia and Indonesia's collaboration on Riau Province. The Technical Working Group on Transboundary Haze Pollution in the Mekong Sub-Region (TWG Mekong) was created in September 2007 with membership from Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam.

Regional Review of the Economics of Climate Change in Southeast Asia (by Mr. Tae Yong Jung, Senior Economist, Economics & Research Department, ADB)

23. As described by Mr. Jung, the Regional Review of the Economics of Climate Change in Southeast Asia (RRECCS) covers developing member countries --- Indonesia, Malaysia, Philippines, Singapore, Thailand and Viet Nam. The objectives of the RRECCS are to (i) contribute to regional debate on economic costs and benefits of unilateral and regional actions on mitigation and adaptation; (ii) raise awareness about the urgency of climate change challenges and their potential socio-economic impact on the participating countries, while informing other stakeholders of the same; and (iii) indirectly support government and private sector actions in the region to mitigate and adapt to climate change. The three phases of the RRECCS will undergo scoping and literature review (by the National Climate Expert or NCE), regional and national consultations, climate change profiling/data analysis, climate change modeling, undertake pilot adaptation case studies and policy formulation (by a Climate Change Policy Analyst). The First Regional Consultation on RRECCS recently held in Manila, Philippines in 3-4 April 2008 was able to accomplish the following: (i) introduced the RRECCS Project; (ii) identified the next steps regarding climate change studies; (iii) familiarized the group with available tools for economic analysis of climate change; (iv) articulated the benefits from RRECCS; and (v) reviewed the roadmap of RRECCS.

Discussion

24. A representative from Brunei asked why Brunei was not among the countries covered by the study on economics of climate change. Mr. Jung responded by saying that the United Kingdom (UK) as donor selected the countries to be included in the study and that this was a preliminary study, which can expand in scope depending on the results. In a follow up phase, there may be a need to include Cambodia and Lao PDR in study scope next year and Brunei could be part of it. Ms. Cruz asked which specific UK donor he was referring to, with which Brunei can get in touch. According to Mr. Jung, the UK Department for International Development (DFID) is the specific donor in the study. Ms. Cruz then remarked that it would be good if the BIMP-EAGA sub-region can be included in the study.

25. A representative from the ASEAN Secretariat asked what kind of economic figures are being considered in the study at the country and regional level. Mr. Jung informed the group that the study is using a model to estimate cost and benefits with 54 countries in its database. He further added that the capacity of the region can be enhanced through the update of country data and calculation of cost and benefits.

26. Mr. Malik commented that the GMS countries are keen in scaling up and broadening initiatives towards determining the economics of climate change. According

to him, countries need to be proactive in joining the initiative. He suggested it will be beneficial if the study can come up with both a regional and global integrated framework.

27. A representative from Indonesia asked if the energy efficiency type that the study will focus on is on the demand or supply side. Mr. Jung responded by saying that they would like to tackle both the demand and supply side, but this would depend on the country situation.

The CTI (by Mr. Lory Tan, Vice-Chairman World Wide Fund for Nature (WWF), Philippines)

28. According to Mr. Tan, the seed concept of the CTI was planted during the 2007 APEC meeting in Sydney. The CTI was supported further through a joint statement declared during the 4th BIMP-EAGA Summit, the ASEAN Declaration on Environmental Sustainability, and the ASEAN Declaration on Climate Change, Energy & the Environment (Singapore, 2007).

29. The 2007 SOM in Bali, Indonesia reached the following agreements (i) a common understanding of the value of marine and coastal biological resources of the Coral Triangle (CT), and threats to these resources, with a special focus on shared interests; (ii) agreement on a provisional set of Guiding Principles for the future development of a CTI; (iii) agreement on the need for a CTI Plan of Action and a provisional process to develop such a plan in 2008; and (iv) agreement on a roadmap for key next steps, including the need for future ministerial and summit meetings to advance this effort. The guiding principles for the initiative are (i) people centered biodiversity conservation, sustainable development, poverty reduction and equitable benefit sharing; (ii) based on solid science; (iii) quantitative goals and timetables adopted by governments at highest levels; (iv) use existing and future forums to promote implementation; (v) aligned with international and regional commitments; (vi) recognize the transboundary nature of some important marine natural resources and communities; (vii) emphasize priority geographies; (viii) inclusive and engage multiple stakeholders; and (ix) recognize the uniqueness, fragility and vulnerability of island ecosystems. Also, there are several upcoming major CTI activities/meetings which include the (i) creation of CT Coordinating Committee to draft the Plan of Action; (ii) SOM-2 to finalize drafts and advance political process (Philippines, June 2008); (iii) Ministerial meeting in 2008; and (iv) CTI Leaders Summit World Oceans Conference (Indonesia, May 2009).

Global Environment Dimension & Linkages between CTI Southeast Asia and CTI Pacific (by Ms. Anne Witheford, Governance Specialist, Pacific Operations Division, Pacific Department, ADB)

30. Ms. Witheford gave an overview of the CTI and ADB/GEF CTI subprojects in Southeast Asia (SEA) and the Pacific. The SEA ADB/GEF CTI Subproject under the BIMP REP covers the Philippines, Indonesia and Malaysia (Brunei participation to be confirmed) with estimated amount of US\$50-60 million (US\$10.81 from GEF), implementation period of 2008-2012 and will focus on Sustainable Resources Management, Climate Change Adaptation, Sustainable Financing, and Project Management. On the other hand, the Pacific ADB/GEF CTI Subproject will involve the countries Papua New Guinea, Solomon Islands, Fiji, Vanuatu, and Timor Leste. Furthermore, the subproject shall focus on areas of Marine Protected/Managed Areas, Ridge to Reef Management to Protect Coastal and Marine Ecosystems, Climate Change

Adaptation and Project Management. The link between SEA and Pacific CTI is the ADB/GEF CTI Program Management, Coordination & Information Exchange Subproject (IW: LEARN) which involves the participation of all CTI core countries and other countries participating in CTI RETA's through CTI planning and coordination meetings, information exchange, and monitoring and evaluation.

Discussion

31. Mr. Malik wanted an update on the ongoing CTI activities. Mr. Tan mentioned that in-country consultations in preparation for the SOM-2 in June 2009 have commenced. As a follow-up question, Mr. Malik inquired on the agenda for the Ocean Conference in 2009. Mr. Tan responded by saying that this would obviously be a gathering of BIMP country leaders, and the agenda would depend on the agreements in SOM-2 with the intention of moving the CTI forward. Mr. Malik remarked that ADB's charter is to preserve shared public goods and he finds the CTI a very good initiative.

32. A representative from the Bureau of Fisheries in the Philippines asked if the issue of tuna is covered in the Pacific RETA, to which Ms. Witheford responded positively.

33. Ms. Witheford admitted that capacity issues in the Pacific are prevalent. However, NGOs and donor partners can help address these capacity issues.

34. Ms. Witheford also mentioned that the link between the SEA and Pacific RETA's is the RETA on IW: LEARN which institutionalized the coordination between the two RETAs. She also mentioned that there is a CTI Secretariat which will be set-up in Jakarta and which ADB can potentially support. Mr. Tan informed the group that the CTI Secretariat has already been set-up.

GMS: Conserving Our Natural Heritage

35. A video on the "GMS Conserving Our Natural Heritage" was shown. Mr. Malik mentioned that this particular video was also shown during the 2nd Environment Ministers' Meeting held January 2008 in Vientiane, Lao PDR.

Greater Mekong Subregion (GMS) Core Environment Program (CEP): A Model for Regional Environment Cooperation? (by Mr. Hasan Moinuddin, BCI Team Leader, GMS Environment Operations Center)

36. A general overview of the GMS Core Environment Program (CEP) was presented by Mr. Moinuddin. He mentioned that the program is working towards a Mekong sub-region that is more integrated, prosperous, and equitable through accelerated economic growth and development. The key environmental challenges identified and which served as drivers of the initiative were the (i) declining resource base; (ii) insufficient capacity for sustainable environmental/natural resource planning, monitoring and regulatory enforcement; and (iii) lack of capacity to manage climate change risks to livelihoods, investments, and sustainable economic and equitable development.

37. In July 2005, the CEP was endorsed during the Second GMS Summit held in Kunming, PRC. The program was formally launched in 2006 and its office is based in the

Environment Operations Center (EOC) in Bangkok, Thailand. The CEP has five components, namely (i) environmental assessments of economic sector strategies and corridors; (ii) biodiversity conservation and Biodiversity Conservation Corridors Initiative (BCI) implementation; (iii) environmental performance assessments and sustainable development planning; (iv) enhancing and institutionalizing environmental management in the GMS; and (v) program development, delivery and sustainable financing.

38. Mr. Moinuddin also enumerated the future plans of the CEP, which are: (i) strengthening planning and monitoring capacity at the central/provincial levels in agriculture and natural resource, transport, energy and tourism sectors; (ii) addressing climate change risks and vulnerabilities for GMS; (iii) carbon neutral transport corridors; (iv) capacity building in multi-criteria planning for transport and energy sectors; (v) capacity building for resource use efficiency assessments; (vi) conduct of a conference on GMS environmental sustainability and economic competitiveness by 2009; (vii) developing protocols and codes of practice; (viii) private sector funding for environmental technologies; and (ix) coming up with a second edition of the GMS Atlas of the Environment.

Discussion

39. Mr. Malik emphasized the importance of looking at the similarities and differences between the BIMP-EAGA and GMS. The GMS program worth US\$10 billion of investments is a result of an informal agreement between the countries for free flow of goods, services and human capital across boundaries.

40. A representative from WWF requested that lessons from the GMS experience be shared with the group, such as experiences in addressing issues on wildlife or timber trade. Mr. Moinuddin said that the GMS countries have existing bilateral agreements on controlling wildlife trade and trafficking. In the case of timber harvesting, he added that Lao PDR enacted legislation that enforces sustainable forest management planning as a prerequisite for any timber harvesting. There are several signed protocols as offshoot of GMS initiatives and a sub-regional protocol on environment or transboundary biodiversity landscape management is envisaged in the future.

Session II

41. Mr. Malik delivered a recap of Session I and stressed the role of ADB as facilitators of the process in order to ensure that preparation for the BIMP-EAGA Environment program will be as smooth as possible. He recognizes that the GMS model is just one model which the BIMP-EAGA can derive some learning from, and the BIMP-EAGA countries should not be pressured to embrace the GMS model entirely. He welcomed comments and feedback from the group based on Session I.

42. A representative from Brunei Department of Fisheries articulated their appreciation for the ADB initiative but raised their concern that Brunei is not included in the CTI and Brunei looks forward to participate in the CTI especially since coral development is relatively new to Brunei. They would also appreciate being informed about the CTI. Brunei's HOB representative also stressed the importance of right kind of representation in such meetings as there was no representative from HOB from other countries. There is political support from leaders in Brunei to move the environmental agenda forward and Brunei wants to take forward the ADB RETA and the HOB initiative

in a consultative manner for this RETA. Brunei is also particularly interested in capacity building development.

43. A representative from Indonesia wanted some clarification on how the HOB initiative with its Action Plan will be integrated in the ADB RETA and how governments will enforce and productively participate in the RETA. Another point made was to ensure that the RETA activities do not overlap existing initiatives, does not repeat the process of planning already undertaken (e.g. HOB), and enlarges the discussion process with stakeholders. They requested that the RETA be transparent, specifically on inclusion of other countries in the BIMP-EAGA (i.e. Singapore) or other NGOs. The RETA should not just consist of work between ADB and WWF but also inform and partner closely with government. Thus RETA has to ensure implementation of existing plans. Indonesia also acknowledged the value derived from hearing about the experiences of the GMS program and would like to learn more about what GMS has experienced. Although BIMP EAGA has its own process, it is important to learn from other success stories. Indonesia extended its appreciation to ADB and other NGO partners.

44. A representative from Malaysia also appreciated the efforts put forth by ADB towards sustainable environmental development. He believed that strengthening the sustainable development initiative under the RETA will improve the communities in Sabah. There are different sets of laws with regard to natural resource management and sustainable development in Malaysia. Hence, it is important to have more follow ups and workshops to inform stakeholders. They recognize that consultation with stakeholders as well as endorsement from political masters are necessary actions; not one size fits all and the existing set up in BIMP EAGA can be strengthened to achieve what the RETA is aiming to do. Malaysia shared that they have no objections to the RETA.

45. The representative from the Philippines, however, requested for more time to define their position on the matter so that they can confer with the different government agencies Department of Environment and Natural Resources (DENR), Department of Energy (DOE) and the Department of Agriculture (DA). They appreciate the initiative and would like to see that the group can have a common ground on the basis of mutual cooperation with consideration to cultural diversity in the region.

46. Ms. Cruz clarified that Singapore, although a participant in the RETA, is not joining the BIMP-EAGA. She further remarked that the GMS program was presented for the purpose of additional learning, and not to impose the GMS model on BIMP EAGA.

47. The Philippines' representative responded by saying that they are not against Singapore, and they were only pointing out the need to review the technical side of the RETA and solicit endorsement from higher authorities. Ms. Cruz requested that the Philippine delegation discuss the matter with her in a smaller group.

48. A representative from Brunei wanted to know ADB's position on the RETA. Mr. Malik said that ADB will respect the position of the BIMP-EAGA countries, who are leading the initiative. The inclusion of other countries or NGOs will depend on the BIMP-EAGA countries. He added that one success story of the GMS program is the conduct of high-level meetings and summit of leaders which generate the needed commitment. By May 2009, Mr. Malik is hoping that a substantial planning and design outcome of the RETA can be presented to the Ocean's Conference being planned to be held in Indonesia.

Carbon Market Initiative (by Mr. Vinay Deodhar, Clean Energy and CDM Specialist, and Team Leader, CMI-Technical Support Facility, ADB)

49. According to Mr. Deodhar, the greenhouse effect and climate change were direct results of human activity and has been an internationally recognized issue since the First World Climate Conference in 1979. He mentioned that carbon dioxide levels have risen by over 30% and global average temperature recorded an increase of 0.6°C since 1850. This dramatic change in the earth's temperature is expected to have the following effects on Asia, specifically (i) a reduction of 9%-13% in Gross Domestic Product (GDP) by 2100; (ii) changes in rainfall patterns, melting glaciers and loss of mountain snow which can increase the risk of floods; (iii) increase in sea level which can reduce 15% of land area in South and East Asia; and (iv) decline in crop yields such as a projected 15%-35% decrease in yield in Western Asia.

50. The Clean Development Mechanism (CDM) concept was generally defined as a mechanism under the Kyoto Protocol to enable Annex B parties to "purchase" greenhouse gas (GHG) emission reduction from projects in developing nations. ADB's primary role is to increase the supply of projects related to climate change, specifically by prioritizing (i) underlying finance and services in the form of over 50 loans and technical assistance projects (i.e. Run-of-River Hydro Power Project in PRC); (ii) capacity building for project development through clean energy, GHG mitigation and adaptation projects such as the Renewable Energy, Energy Efficiency and Climate Change (REACH) Program; and (iii) CDM project technical support through a CDM facility.

51. ADB's Carbon Market Initiative (CMI) was also presented by highlighting its three major components, namely the (i) Asia Pacific Carbon Fund; (ii) CDM Technical Support; and (iii) Credit Marketing Service. In addition, priority projects identified were on Fugitive Methane Capture, Energy Efficiency and Renewable Energy. The main advantages for developers using CMI would be (i) lower budget commitments to project financing plans; (ii) early stage co-financing at attractive terms compared to opportunity cost of capital; (iii) grant funds from ADB for project preparation and carbon credit content analysis; (iv) comprehensive and long-term project implementation support; and (v) substantial market upside for residual credits.

Discussion

52. Indonesia asked if there is possibility for funding a micro hydro project under the CDM initiative and if countries, which are not signatories under the Kyoto Protocol, can access funding. Mr. Deodhar said that the registration process is no longer complicated and is actually more transparent. However, countries seeking funding should ratify under the Kyoto Protocol in order to participate. India and PRC have more CDM projects because these countries have made the conscious effort to promote and process their projects.

53. Mr. Tan asked how ADB can play a catalytic role to the existing CDM to encourage its evolution. Mr. Deodhar responded that ADB can initiate the conduct of workshops and meetings which will discuss CDM.

54. Mr. Ferreira shared with the group that since November 2007, ADB is administering a RETA worth US\$1.7 million on renewable sources of energy in the BIMP-EAGA.

55. Ms. Cruz said that capacity building in the BIMP-EAGA must be a priority. Information should be mainstreamed and shared with the private sector to make them involved in developing the CDM strategy of BIMP-EAGA.

56. Mr. Malik pointed out that CDM is just one of several climate change topics. He stressed the importance of looking into “carbon sinks” such as the HoB and the Cardamom Mountains in Cambodia.

Cross-sector Coordination and Institutional Arrangements (by Mr. Hasan Moinuddin, GMS Environment Operations Center)

57. The proposed institutional arrangements in the BIMP-EAGA were discussed by Mr. Moinuddin. He posed the question of how the RETA will address cross-sectoral areas such as tourism, trade and infrastructure. Also, he identified the cross-sectoral and implementation challenges in the BIMP EAGA, which are (i) establishment of a linear operational model on sectoral programming, investments, implementation, monitoring, and reporting from the local level to the central level; (ii) mainstreaming environmental filters/multi-criteria assessments of proposed development plans and policies at national, provincial and local levels at various stages of fact finding, pre-feasibility, feasibility, design, and implementation; (iii) cross-sectoral coordination at planning and implementation stages; (iv) spatial planning and zoning / demarcation based on integrated, cross-sectoral planning and decision-making applying the environmental filter and criteria for sustainable development; (v) subregional level programming and securing of funding; (vi) national or local and transboundary implementation; and (vii) effective and efficient program management / co-management structure within a multi-stakeholder partnership. The proposed RETA milestones were also discussed with corresponding timelines of implementation: (i) Letter of Agreement with WWF and consultant mobilization; (ii) desk reviews of environmental, socio-economic and institutional reports; (iii) institutional capacity assessments or draft environment and socio-economic profiling; (iv) First Consultative Meeting with BIMP-EAGA stakeholders; (v) draft BIMP-EAGA REP submitted for review and detailed draft reports ready; (vi) Second Consultative Meeting with BIMP-EAGA Stakeholders; (vii) final REP with supporting documents submitted for endorsement; (ix) endorsement by BIMP-EAGA Summit; and (x) preparation of RETA paper for REP Implementation Phase.

Discussion

58. A representative from Indonesia proposed that ADB should send letters to the BIMP-EAGA countries containing the proposed institutional arrangement and schedule of activities under the BIMP-EAGA RETA. This would enable the countries to consult with higher authorities and to respond formally to the proposed RETA.

59. Ms. Susanna Chew of BIMP-EAGA Facilitation Center requested clarification on whether the RETA has a separate Plan of Action from the HoB, SSME and Transboundary Haze initiatives. She also admitted confusion over the institutional arrangements of the RETA. Mr. Tan responded that the BIMP-EAGA RETA will actually complement and enhance the existing initiatives. Ms. Cruz said that the National

Secretariat will interface with the various clusters and working groups. Ms. Chew also asked if ADB will consult the governments before engaging consultants in the project. Ms. Drilon and Mr. Malik said that it would be pre-emptive to discuss the matter and specific details shall be threshed out during succeeding dialogues and meetings. Ms. Cruz suggested that Ms. Chew and Secretariat representatives from each country to meet and discuss over lunch the details of the RETA with Ms. Drilon (minutes of the meeting attached as Appendix 4). She also remarked that the private sector must be invited in the subsequent meetings of the BIMP-EAGA.

60. Mr. Ferreira noted the need for close coordination between the RETA and midterm review team. The major constraint faced by the midterm review team is time.

61. A representative from Indonesia asked what ADB thinks will be the scenario after implementation of the RETA. Ms. Drilon said that this inception meeting should focus on broad strokes and the succeeding meetings will discuss the specific details. Mr. Malik agreed and commented that the BIMP-EAGA program must evolve with the ensuing consultations and will depend on available resources and agreements made.

BIMP-EAGA Calendar of Activities 2008 (by Ms. Susanna Chew, Head, BIMP-EAGA Facilitation Centre)

62. Ms. Chew presented the BIMP-EAGA activities lined up for 2008, with special emphasis on the BIMP-EAGA Community Based Ecotourism Conference in Manado on 30 October – 1 November 2008.

Closing Session

63. Mr. Malik thanked the participants for sharing their insights on the RETA. He further remarked that embarking on this RETA is a journey for the BIMP-EAGA countries, ADB and other development partners. Hopefully, it will be a meaningful and productive journey together.

BIMP-EAGA REGIONAL ENVIRONMENT PROGRAM INCEPTION MEETING
17-18 April 2008
Manila, Philippines

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**BIMP-EAGA REGIONAL ENVIRONMENT PROGRAM INCEPTION MEETING
17-18 April 2008
Manila, Philippines**

I. Objectives and Expected Outcomes

- (i) Appreciation of the importance of the regional technical assistance on Strengthening Sound Environmental Management in BIMP-EAGA
- (ii) Agreements among the partners on the following:
 - The preparatory steps for the implementation of the design phase to proceed nationally and regionally.
 - A draft work program for the next 15 months
 - The institutional arrangement for pilot project implementation as well as for regional coordination.

II. Outputs

- (i) Report on proceedings of the meeting
- (ii) Tentative calendar of activities and outputs of the design phase

III. Meeting Agenda

Day 1 – Thursday, 17 April

0900 - 0930 Registration

0930 – 1000 Opening Session

Meeting Co-Chairs:

- Ms. Merly Cruz, Chairperson, Philippines Senior Official for BIMP-EAGA
- Mr. Urooj Malik, Director, Agriculture, Environment and Natural Resources Division, Southeast Asia Department, ADB

Introductions

Welcome and Opening Statement

- Mr. Thomas Crouch, Deputy Director General, Southeast Asia Department ADB

1000 – 1030 Coffee Break

1030 - 1100 Update on the Mid-term Review of the BIMP-EAGA Road Map to Development

- Mr. Jacques Ferreira, Principal Regional Cooperation Specialist, Southeast Asia Department, ADB

- 1100 - 1145 Overview of the RETA: Strengthening Sound Environmental Management in BIMP-EAGA
- Ms. Marilou Drilon, Natural Resources Economist, Agriculture, Environment and Natural Resources Division, Southeast Asia Department, ADB
- Open Forum
- 1145 – 1230 Updates on BIMP-EAGA and ASEAN key Initiatives:
- Heart of Borneo by Chair of Trilateral Committee, Indonesia
 - Sulu Sulawesi Marine Eco-region by Mr. Matius Sato, Chair of Trilateral Committee, Malaysia
 - Transboundary Haze by Mr. Raman Lepchumanan, Head of Environment & Disaster Management, ASEAN Secretariat
- Open Forum
- 1230 – 1400 Lunch
- 1400 – 1430 Regional Review of the Economics of Climate Change in Southeast Asia
- Mr. Tae Yong Jung, Senior Economist, Economics & Research Department, ADB
- Open Forum
- 1430 – 1530 Overview on Coral Triangle Initiative (CTI)
- Mr. Lory Tan, Vice-Chairman, Board of Trustees World Wide Fund for Nature (WWF), Philippines
- Global Environment Dimension and Linkages of CTI Southeast Asia and Pacific
- Ms. Anne Witheford, Governance Specialist, Pacific Operations Division, Pacific Department, ADB
- Open Forum
- 1530 -1600 Coffee Break
- 1600 – 1615 GMS Conserving Our Natural Heritage
- 1615 - 1700 A Regional Model: Greater Mekong Subregion Core Environment Program
Mr. Hasan Moinuddin, GMS Environment Operations Center
- Open Forum

Day 2 – Friday, 18 April

Meeting Co-Chairs:

- Ms. Merly Cruz, Chairperson, BIMP-EAGA SOM, Philippines
- Mr. Urooj Malik, Director, Agriculture, Environment and Natural

Resources Division, Southeast Asia Department, ADB

- 0900 – 0940 Reflections on Day 1: Roundtable discussions and views on the BIMP-EAGA Regional Environmental Program
- BIMP Member Countries
- 0940 - 1015 Carbon Market Initiative
- Mr. Vinay Deodhar, Clean Energy and CDM Specialist, and Team Leader, CMI-Technical Support Facility, ADB
- Open Forum
- 1015 - 1045 Cross-sector Coordination and Institutional Arrangements
- Mr. Hasan Moinuddin, GMS Environment Operations Center
- Open Forum & Reaction from Development Partners
- 1045 - 1100 Coffee Break
- 1100 – 1130 BIMP-EAGA Calendar of Events
- Representative, BIMP-EAGA Facilitation Centre
- Discussion and Agreement on Tentative Schedule of BIMP REP Consultative Meetings and Outputs
- 1130 – 1200 Wrap-up and Next Steps
- Co-chairs
- Closing Remarks
- Representative BIMP-EAGA Natural Resources Cluster Group
- 1200 Lunch at ADB Headquarters
- Departure of Participants



BIMP-EAGA REGIONAL ENVIRONMENT PROGRAM INCEPTION MEETING
17-18 April, 2008
Manila, Philippines

OPENING STATEMENT

Thomas Crouch
Deputy Director General, Department of Southeast Asia

On behalf of the Asian Development Bank, it is my pleasure to welcome you all to this inception meeting to launch the implementation of the Regional Technical Assistance (RETA) entitled: Strengthening Sound Environmental Management in Brunei Darussalam, Indonesia, Malaysia, Philippines (BIMP-EAGA). As you are all aware, the RETA aims at designing a long-term regional environment program (REP) for BIMP-EAGA.

Purpose of the Inception Meeting

This inception meeting is intended not only to provide you with a better understanding of the project but also to address concerns and issues that you may have as regards project implementation. Therefore, in the next one and half days we will have an opportunity to discuss activities and performance targets of the RETA. In addition, you will also be briefed on the key initiatives on Heart of Borneo, Sulu-Sulawesi Marine Ecoregion and the Coral Triangle, and Trans-boundary Haze, which are the focus of the RETA, as well as other related environmental issues such as climate change and global warming where ADB is aiming to provide assistance to our developing member countries.

Specifically, as outputs for our meeting we are aiming for agreement on:

1. The preparatory steps for implementation of the design phase to proceed nationally and regionally,
2. A draft work program for the next 15 months, and
3. an institutional set up for pilot project implementation as well as for regional coordination.

Enhancing Regional Cooperation Across National Boundaries

As we all know, The Brunei Darussalam-Indonesia-Malaysia- Philippines East ASEAN Growth Area, or BIMP-EAGA was launched in March 1994 by the leaders of the four countries as a potential high growth area. It was a joint strategy of the participating governments to address the social and economic development of their less developed and more remote territories. It comprises the entire sultanate of Brunei Darrussalam; the provinces of Kalimantan, Sulawesi, Maluku, and West Papua in Indonesia; the states of Sabah and Sarawak and the federal territory of Labuan in Malaysia; and in the Philippines, Mindanao and adjacent islands of Palawan. BIMP-EAGA covers an area of 1.57 million square kilometers, and has a population of about 60 million. It has a GDP of about \$65 billion, with GDP per capita of about \$1,100, which is similar to the national average of the four member countries. Although BIMP-EAGA accounts for only 18 percent of the population of member countries, it includes 60 percent of the land area,

much of which is rich in natural resources. Most of the sub-region's countries have done very well economically but the region suffers from poverty and serious environmental problems. Many resource rich islands lag far behind in their development compared to the capital regions. Therefore, the four governments have agreed to work together on a number of regional projects to promote economic growth and reduce poverty.

Need for Expanded Engagement in BIMP-EAGA

Promoting regional cooperation is integral to ADB's Charter. Hence, we are pleased to play an active catalytic role in facilitating the development of a coherent BIMP-EAGA program. Investments in priority infrastructure sectors of transport, energy, telecommunications and tourism have been implemented to accelerate the growth of the sub region aimed at accelerating development impact. As a consequence economic corridors are building on key transport infrastructure investments to optimize trade opportunities for accelerating the pace of economic growth and development in the region.

The first wave of economic growth in the early 1990's, unfortunately, led to massive degradation of natural systems and resources in the region. Governments have learned that it cannot afford a similar loss in the next development wave. The need to enhance multi-country cooperation to better manage common resources led to the signing of tri-country agreement for the Adoption of the Conservation Action Plan for SSME (Indonesia, Malaysia, and Philippines, 2004) and the HoB (Brunei Darussalam, Indonesia, Malaysia, 2007). Both areas straddle on the territory of the signatory countries. The forest fires that generate the far-reaching haze prompted the signing of an ASEAN agreement on Trans-boundary Haze Pollution (1999). These agreements were reinforced at the September 2007 APEC meeting in which the APEC Leaders "welcomed the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security, which is aimed at enhancing the conservation of marine biological resources" to increase forest cover, and reduce climate change and energy intensity. These agreements and the corresponding institutional arrangement of implementation serve as the platform that the region can operate based on the diverse comparative advantages of the four economies.

A Collective Response

The BIMP-EAGA countries requested technical and financial support from ADB and other regional and bilateral organizations to support the sub-regional environmental flagship initiatives. This BIMP REP responds to that request in a way that will bring long term commitment within a systematic and integrated framework embedded in the existing regional institutional and economic development planning arrangements and cycles.

Over the next decade and beyond, a major shift in the balance of investment is needed – one that emphasizes the sustainable use of natural resources, safeguarding natural system and the enhancement of environmental quality. Continued economic growth and equitable development will depend on this shift taking place.

In recent years a very significant process has begun. And the participants in this unique gathering here today composed of BIMP governments, international NGOs and development partners are the primary architects of this process. We are on the way to introduce a major new and proactive environment program to be overseen by the BIMP-EAGA Natural Resources Cluster Group that includes working groups on Agro-industry, Forestry, Environment and Energy and with strong linkages to Tourism development.

Natural resources and the environment are a critical part of the overall development strategy for the sub-region. The REP for BIMP-EAGA aims to create a shared vision and an investment framework for long term taking into consideration the following dimensions:

- Sub-regional environmental governance and institution building
- Achieving sustainability and environmental protection in the main development sectors which shape natural resource use and systems
- Innovative financing for sustainability and environmental protection, and
- The conservation and effective planning and management of biodiversity corridors.

The REP will also aim to provide a framework for mobilizing increasing flows of funding for the environment and for a new wave of effort in reorienting the nature and quality of development to have more sustainable and equitable outcomes.

Conclusion

Every now and again in the history of a region a major leap forward in the thinking and evolution of policy and institutions takes place. We are at such a point in the BIMP-EAGA region. There is rapidly spreading realization among senior decision makers that urgent and strong conservation action is now critical to the continuing development of the region. From my point of view, as Deputy Director General of ADB's Southeast Asia Department, it is a priority that needs to be placed at centre stage over the next decade. On our part, we will ensure that it will receive our fullest attention.

Finally, I would like to express my appreciation to all of you for coming to this inception meeting, and like to wish a very fruitful and constructive discussion.

Thank you.

**Out-of-Session Meeting, 18 April 2008
2 pm - 3 pm, Conference Room #6418, ADB**

Attendees:

Mr. Jacques Ferreira, Chair, ADB
Ms. Marilou Drilon, ADB
Mr. Hasan Moinuddin, Consultant
Ms. Susanna Chew, Facilitation Centre
Ms. Tutiatty Wahab, Brunei Darusalam
Ms. Tiur Rumondang, Indonesia National Secretariat
Mr. Matius Sator, Malaysia
Mr. Jonathan Miral, Philippines National Secretariat
Mr. Iwan Wibisono, HoB, Indonesia

1. The institutional coordination and lines of communications between ADB and BIMP-EAGA were discussed. It was agreed that the RETA design team will course all its correspondence relating to BIMP EAGA matters through the BIMP-EAGA FC, which acts as an overall sub-regional coordinator between EAGA and non-EAGA institutions. The national secretariat's role is to coordinate and follow-up actions within their respective Governments. ADB is encouraged to communicate directly with Governments and Committees of trilateral initiatives, e.g. HoB and SSME, with draft correspondence provided to FC for comments prior to official transmittal to governments.

2. In addition to the EAGA Natural Resources Cluster group and tourism, it is the intent of the RETA to invite participation of officials from the Finance and Planning Agencies of member countries to draw their support for the design and implementation of the long-term environmental program. Protocol on communications with EAGA and member countries suggest that official correspondence should include both the central planning agencies and devolved bodies, e.g. EPU Prime Minister's Department, Putrajaya, Malaysia and Sabah and Sarawak.

3. Within the scope of the RETA, the design team is tasked to analyze the institutional arrangements and capacities of working groups and institutional units within the BIMP-EAGA structure. Through the consultative process the RETA is expected to recommend effective measures to strengthen these institutions.

4. It was suggested that the RETA should provide an outline of work-in-progress to the BIMP-EAGA Leaders' Summit in November 2008. The aim is to inform BIMP Leaders of the RETA and gain their support and commitment for its successful implementation. The RETA team will endeavor to deliver this.