

**Greater Mekong Subregion (GMS)**  
**Tenth Meeting of the Subregional Working Group on Environment (WGE-10)**  
**23-24 September 2004, Hanoi, Viet Nam**

**MAIN CONCLUSIONS**

- A. The WGE-10 participants broadly supported and commended the Draft Options Paper and suggested the following next steps to be brought forward for ministerial endorsement<sup>1</sup>:
1. The GMS Economic Cooperation Program will launch a core environmental program to protect critical ecosystems within (or affected by) the GMS economic corridors by 2006. This program will include evaluation of the cumulative impact of sectoral and regional development on the natural resources and environmental quality upon which this economic development partly depends.
  2. To ensure that the accelerating pace of economic development in the GMS proceeds in an environmentally sound and sustainable manner, the WGE will improve its capacity to: (i) effectively coordinate with other GMS working groups; (ii) initiate regional technical assistance programs; and (iii) maintain and disseminate the knowledge accumulated through WGE initiatives. WGE, as it evolves, will undertake improved coordination and cooperation with the full range of development partners active in the GMS.
  3. Broadly, all countries agreed it was necessary to consider establishing a suitable, evolving mechanism for the WGE to undertake the core environment program and provide the interface with other stakeholders and working groups. In this context, Option 2 (Creating an Environment Operations Center) in the Draft Options Paper was considered the most appropriate and practical option at this stage.
  4. Priority shall be given by the GMS countries in formulating their own national biodiversity conservation strategies. Where high-value terrestrial biodiversity conservation and protected areas in the GMS economic corridors are under threat in terms of degrading ecosystems and habitat fragmentation, the GMS countries will develop a biodiversity conservation corridor strategic framework and implement a plan of action to protect these resources by 2006.
  5. The WGE members recognized and appreciated the strong expressions of support from the participating development partners and look forward to future contributions, especially with a view to developing innovative and sustainable financing arrangements.
- B. The WGE-10 participants noted the suggestion made by PRC for convening a GMS Environmental Ministers meeting prior to the GMS Summit to consider and recommend appropriate initiatives for consideration at the GMS Summit.
- C. The WGE members accepted the invitation from the Royal Government of Cambodia to hold the WGE-11 meeting in Cambodia, at a date to be fixed in March/ April 2005.

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<sup>1</sup> With regard to the institutional development options, Cambodia delegation indicated it would communicate its views separately after internal consultations.

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**SUMMARY OF PROCEEDINGS**

**Introduction**

1. The Tenth Meeting of the Greater Mekong Subregion (GMS) Working Group on Environment (WGE-10) was held in Hanoi, Viet Nam, on 23-24 September 2004. The Department of Environment, Ministry of Natural Resources and Environment of the Government of the Socialist Republic of Viet Nam, hosted the meeting in cooperation with the Asian Development Bank (ADB).

2. The objectives of the meeting were: (i) to discuss the WGE Strategic Issues paper in order to arrive at new directions in WGE operations, including consideration of the core GMS environmental program and broadening of the roles of development partners in a revitalized WGE; (ii) to discuss proposed initiatives by the WGE for the Second GMS Summit in PRC in 2005, such as the Biodiversity Conservation Corridors (BCC) Initiative, and other initiatives needed to address environmental issues facing other GMS working groups; and (iii) to provide a progress report on the Strategic Environment Framework (SEF) Phase II project and the proposed RETA for Capacity Building for Sustainable Development, and obtain guidance from WGE members on the directions for these projects. Attached is the Agenda and Program of the meeting (Appendix 1).

3. The participants of the meeting included delegations from the Kingdom of Cambodia, People's Republic of China (PRC), Lao People's Democratic Republic (Lao PDR), Union of Myanmar, Kingdom of Thailand, and Socialist Republic of Viet Nam. Observers/ resource persons from the Danish Embassy, IUCN (World Conservation Union), Mekong River Commission Secretariat (MRC), Swedish Environmental Secretariat for Asia- Swedish International Development Cooperation Agency (SIDA), Stockholm Environment Institute (SEI)-Asia, United Nations Environment Programme (UNEP), US Agency for International Development (USAID), World Wildlife Fund (WWF) as well as ADB staff and consultants also attended. The list of participants is attached as Appendix 2.

4. The meeting was co-chaired by Dr. Nguyen Van Tai, Vice Director General, Department of Environment, Ministry of Natural Resources and Environment (MONRE), Socialist Republic of Viet Nam and Mr. C. R. Rajendran, Director, Agriculture, Environment and Natural Resources Division, MKAE, Mekong Department, ADB.

**Session I- Opening Session**

5. Dr. Pham Khoi Nguyen, Vice Minister of the Ministry of Natural Resources and Environment, warmly welcomed the delegates to the important 10<sup>th</sup> Meeting of the WGE, and thanked ADB for its support for environmental issues in Viet Nam. He cited the WGE as an important forum to discuss action plans, share experience, evaluate activities and promote closer cooperation. He added that environmental protection activities under the GMS Program have led to benefits for Viet Nam at both the national and subregional levels. He explained Viet Nam's efforts to keep economic development moving in parallel with environment protection and cited the various regulations aimed at sustainable development. He said that undertaking a

National Strategy on Environmental Protection required support from various countries and international organizations in information sharing and technology transfer among GMS members. He stressed that Viet Nam is committed to closely cooperate with other GMS members and international organizations on environmental information sharing, exchange of lessons and in implementing projects. He thanked ADB and UNEP for support in organizing the WGE-10 meeting and the international organizations and GMS WGE representatives for their active participation. He wished everyone good health and a pleasant stay in Hanoi.

6. Mr. C. R Rajendran, Director, MKAE, ADB, welcomed the participants to the meeting and thanked the host for the excellent meeting arrangements. He stated that the WGE-10 meeting is being held at an important juncture of the GMS Program, i.e., just prior to the 13<sup>th</sup> GMS Ministerial Meeting in Vientiane in December 2004, which will discuss crucial GMS initiatives to be showcased for the Second GMS Summit in 2005. The WGE-10 meeting, he stressed, is well placed to present to the GMS Ministers concrete suggestions on the role of the WGE and specific activities to be pursued. Taking off from the pledge made by GMS Leaders during their First Summit to better protect the environment, he envisioned the WGE to provide the linkages between global objectives and national sustainable development (SD) policies whilst ensuring that subregional issues are addressed. For this purpose he pointed to the strategic options paper prepared by ADB, which takes stock of the achievements of the WGE and discusses the need for WGE to play a more active role in ensuring implementation of regional economic development and environmental protection/ management. He said the sessions on the way forward should lead to agreements on new directions in the WGE operations, options for its expansion and building partnerships, and the elements of its core GMS environmental program. He cited the potential of the Biodiversity Corridors Initiative as a GMS Summit showcase for the protection of the subregion's resources. He mentioned that the WGE needs to do much more to make environmental assessment responses in the GMS more anticipatory rather than reactive to development initiatives. He then noted that two critical projects would be reviewed/ updated: the implementation of SEF Phase II project and project preparation for the RETA Capacity Building in Sustainable Development. He called on the participants to engage in serious, frank and creative discussions that would lead to innovative and workable recommendations. He thanked everyone for their valuable contributions to GMS cooperation for sustainable development and environment protection.

7. Mr. Surendra Shrestha, Regional Director and Representative for Asia and the Pacific, UNEP, cited the importance of GMS cooperation in accounting for the subregion's natural resource base in the development process. He cited the Viet Nam Vice Minister's point on the importance of capacity building in the areas of information exchange, environmental assessment and policy, and legal, fiscal and technology issues. He noted that the GMS partnership of UNEP with ADB goes way back from the first WGE meeting, and includes technical support provided by UNEP for SEF phases I and II. He noted that in raising the level of WGE cooperation, there should be consideration of proposals in the following areas: (i) legal aspects, such as capacity building for the judiciary, and strengthening framework laws for environment agencies; (ii) biosafety, including the National Biosafety Framework; and (iii) elaboration of MDG 7 pertaining to environmental sustainability. He added that UNEP would support discussions on the Biodiversity Conservation Corridor (BC) initiative. He agreed with Mr. Rajendran that the WGE-10 is at a crossroads, on the eve of moving to the next level of cooperation, and that it was high time to look at core programs supplemented by projects that ensure continuity and build long-term institutional mechanisms. He looked forward to discussions with development partners in evolving a common framework for addressing transboundary issues while considering individual national level efforts. He thanked ADB for

spearheading WGE initiatives and looked forward to discussions for strengthening environment agencies at national and subregional levels.

## **Session II- The WGE Options Paper and Revitalizing the WGE's Operations**

8. Mr. Mark Kasman, Environment Management Specialist, MKAE, ADB explained that a draft WGE Options Paper was prepared in response to a request from WGE members to evaluate the progress WGE has made to date and present options on the potential role for the WGE in the future. ADB brought together a group of experts to prepare the draft paper. Mr. Kasman noted that his presentation represented the view of the experts rather than an official position taken by ADB. He said that ADB looked forward to comments by the WGE members before moving forward. The primary themes of the paper are developing a core environmental program for the GMS and the institutional development of the WGE to fulfill this program.

9. As background, Mr. Kasman discussed the rapid economic and environment transformation of the Greater Mekong Subregion and noted the potential threat of transboundary environmental issues that could undermine economic performance. The experts group noted that the accomplishments of the WGE to date included: (i) promoting information exchange in the region; (ii) building working relationships between national environment agencies; (iii) facilitated review of ADB's environmental regional technical assistance; (iv) raised environmental awareness and capacity among government staff (through the SETIS program); (v) targeted training in GIS (through the SEMIS program); and (vi) the creation of tools to measure the social and environmental costs of development (through SEF I and II). However, it was noted that the group has been primarily reactive, and lacked full-time staff support to maintain WGE work between meetings.

10. Potential goals for the WGE may include: (i) defining a GMS framework of sustainability and environmental safeguards including guidelines and codes of practice within the subregion; (ii) mainstreaming environment into development planning at the earliest stages; and (iii) focusing attention on those development sectors and economic corridors which are most significant in shaping natural resource use. Mr. Kasman suggested that needed institutional development at the regional level would still require some capacity building at national and local levels. He noted that there was a need to develop sectoral codes of practice and to look at the cumulative impact of development in priority sectors and GMS economic corridors.

11. Mr. Kasman showed a chart outlining the proposed GMS Core Environment Program consisting of seven components. The seven components are: 1) Conservation of Critical Ecosystems; 2) Sustainability in Priority Development Sectors; 3) Sustainability in the GMS Economic Corridors; 4) Mainstreaming Environment into Development Planning at both National and Sub-regional levels; 5) Biodiversity Conservation Corridors; 6) Innovative and Sustainable Financing Mechanisms; and 7) Regional Institutional Development to Implement the Core Environment Program. He noted that the current GMS environment flagship program would need to be reviewed to assure it aligned with any adopted GMS Core Environment Program. Any program would also need to be coordinated closely with development partners including the MRC and ASEAN+3.

12. Mr. Kasman than outlined four options for the institutional development of the WGE. The first option would build on the status quo by improving coordination with other GMS working groups. The second option would establish an environment operations center (EOC) to

coordinate, execute, and maintain/disseminate the knowledge gathered through WGE initiatives. The third option would establish a GMS Environment Commission made up of GMS Environment Ministers with support of an Environment Operations Center. And in the long-term, the fourth would develop an independent GMS Environment Agency to deal with the environment issues resulting from the potential development of a regional economic community. He raised these options or staged development for WGE member consideration and decisions. Potential next steps presented included presenting WGE recommendations on these issues to the GMS Ministers for consideration as well as the possibility of presenting a statement for consideration through the GMS Summit Preparatory process.

13. Mr. Peter King, Advisor, RSDD, ADB, stressed that the pace of change proposed for the Mekong subregion would be as tremendous as the transformation that occurred in PRC's Pearl River delta in over past 30 years. He added that a small 1-2% has been allotted in the GMS Program for addressing potential environmental impacts of development. He stressed the need to do much more to counter the environmental implications of the massive economic transformation being envisioned for the GMS.

14. Mr. Rajendran explained the process of formulating the options paper, which involved extensive brainstorming among experts. He explained that ADB only made sure that the paper addressed the role of the WGE as a subregional institution and that it examined the activities that the WGE could focus on. He welcomed suggestions from the GMS representatives and international organizations on the options paper, in order to come up with feasible and implementable options to make the WGE better equipped to respond to emerging environmental challenges.

### **Country Comments on WGE Strategic Issues (Chair: Cambodia)**

#### **Viet Nam**

15. Ms. Huynh Thi Mai, Expert, MONRE, reviewed the current goals of the WGE and compared these to the new proposed goals, which include focusing attention on development sectors and economic corridors. She suggested that the WGE be re-named GMS Environment Committee (GMS EC). She proposed Option 2 be adopted, with the creation of GMS EC whose members are vice-ministers of environment ministries. She suggested that the Environment Operations Center (EOC) under the GMS EC could be attached to MRC. For Viet Nam she said MONRE would be focal point for environmental projects, and for EOC, Viet Nam should be represented by MONRE and MPI. In relation to the core environmental program she suggested priority programs as follows: Regional Institutional Development (top priority); Conservation of Critical Ecosystems (priority 2); and Sector Environmental Sustainability (priority 3).

#### **Thailand**

16. Mr. Pongpisit Viseshakul, Director, NESDB, showed a chart explaining causality factors of sustainable development, where interactions of economic, social and environmental factors were highlighted. He showed a list of urgent environmental issues requiring attention and explained the transition experienced by both developed and developing countries, in moving away from consumption of ordinary goods toward environmentally friendly products, which are closer to realizing SD aims. He encouraged a sub-regional green production standard. He said that this paradigm shift would enable a developing country like Thailand to achieve more environmentally friendly production and prevent loss of exports to developed countries.

17. Mr. Rajendran cited the efforts to promote environment friendly production in the GMS Working Group on Agriculture, such as the integrated pest management and organic farm production programs, which also involve private-public partnerships.

### **Myanmar**

18. Daw Htwe Nyo Nyo, Deputy Director, NCEA, reflected on the efforts of GMS countries to establish SD mechanisms and the need to further strengthen them. She noted Myanmar's effort to develop a national environment policy and national strategy for SD (Myanmar's Agenda 21) and its work in environmental conservation to address sector issues. She added that Myanmar has actively participated in a number of GMS environment technical assistance projects (SEMIS I and II, SEF I and II, Poverty Reduction in Watersheds, and SETIS) and discussed the nature of Myanmar's involvement in each of these. She suggested that ADB TA projects operate under a good institutional framework for environmental cooperation. She said the options paper contain useful elements relevant to regional cooperation, promotion of environmental protection, and strengthening of capacity for SD.

### **Lao PDR**

19. Ms. Keobang A Keola, Deputy DG, STEA, Prime Minister's Office, noted the usefulness of an earlier ADB mission to brief on and discuss the options paper. She agreed in principle to the recommendations of the paper, but added that the details have to be worked out to make WGE more effective and systematic. She cited two areas for improvement: information exchange/ dissemination; and a system to monitor progress. She suggested that ASEAN participation should be encouraged. She believed in the need to establish a financial mechanism (similar to the ASEAN Science Fund) but added that the modality of the fund should be discussed further. She noted the need for some kind of an operations center or secretariat to follow up at the project level. She cited the need to share experiences at the local level, and the need to establish a decision support system that would facilitate a more integrated approach to development.

20. Ms. Keobang A Keola noted that since environment is a cross-cutting issue, there is a need for WGE to better coordinate with the work of other GMS working groups. She supported the view that environmental considerations should be at the forefront of development decision-making. She added that participation should continue to be a principle underlying efforts to achieve the MDGs. She cited the need for indicators and targets to gauge achievements.

21. Mr. Rajendran noted that ADB management itself was directed to develop indicators for judging developmental and environmental performance of individual countries. He also cited the efforts of the SEF II team to develop subregional/ national environmental performance indicators. The forthcoming RETA on Capacity Building for SD would help build GMS countries' capacities for developing indicators and using these for performance assessment. He explained how the GMS Program has progressed in terms of considering cross cutting concerns in its activities. He explained the GMS environment support at three levels: country level projects; initiatives addressing regional cooperation issues; and support to countries in meeting their global obligations.

### **PRC**

22. Mr. Ding Ding Tang, Deputy DG, SEPA, provided informal comments on the proposed options paper, which he noted was a good paper. He recognized the importance of the core projects especially with regard to: (i) ensuring sustainability of economic corridors, including how environment considerations could be mainstreamed in corridor development; (ii) national/ regional SD strategies in the context of the Johannesburg Summit; and (iii) biodiversity corridors, as one of the better ways of protecting biodiversity. He suggested linking biodiversity corridors with the analysis of GMS hotspots earlier undertaken by the WGE. On the institutional options, he mentioned tapping into existing environment networks and programs (i.e., EANET, Northwest Pacific Action Plan, East Asia-Oceania Commission) established by intergovernmental agreements, which he proposed as an added option. He said a GMS Environmental Fund could be set up together with a permanent GMS environmental body to manage such fund.

23. Mr. Ding Ding Tang, mentioned two missions from ADB, which dealt with assessment of the GMS Program. He noted that these said missions, PRC conveyed the success of the GMS Program in marked contrast with other regional programs involving other PRC regions. He suggested that the seven GMS core environment projects be packaged as a Medium Term GMS Environment Program with seven sub-components. On ranking of projects, PRC gave first priority to National/ Subregional SD strategy, followed by Biodiversity Corridors and then Economic Corridor Sustainability. He cited the need to adopt a strategic assessment approach as well as obtaining the recommendations of partners. He suggested establishing a GMS Environment Ministerial Conference supported by the GMS EOC. The GMS EOC could be attached to UNEP-RRC since PRC is not a member of either MRC or ASEAN. He stated PRC's intention to suggest inclusion of another PRC province (Guangxi) in the GMS Program. He enjoined the ADB and GMS representatives to tap the PRC Trust Fund for priority environmental initiatives.

24. Mr. Rajendran clarified that a GMS environmental secretariat or GMS EOC, if established, would be an ADB entity and should institutionally be attached to ADB in some way. Its geographic and physical setting could be determined later.

### **Cambodia**

25. Mr. Chuon Chanrithy, Director, MOE, provided an update on Cambodia's environmental management and development program, as an important element in both the Government's Triangular Strategy (1998-2003) and the present Rectangular Strategy. He said with good governance at the center, the latter includes promotion of economic growth, employment generation, implementing the Governance Action Plan, and enhancing efficiency of reform programs. He explained Cambodia's efforts to integrate environmental considerations in the development process.

26. On the options paper, he noted that Cambodia generally supports its recommendations but a major concern is how to integrate other sectors into WGE work, or get other sectors to participate in the WGE. He added that Cambodia has not prioritized the proposals yet and would need more time to discuss the paper internally with other government agencies.

### **Discussion/ Decisions and Implications on Key Issues, New Directions in WGE Operations (Chair: PRC)**

27. Mr. Rajendran provided a summary of the discussions/ agreements in the morning session. First, he noted that discussions on the options paper emphasized the type of programs that the WGE should take up in the future. He said the GMS representatives gave clear indications of the priority projects from their perspective. He explained that ADB prepared general concepts for each proposal in the core program, but would like to seek the countries' guidance on how to proceed in further developing the projects. Second, suggestions were earlier raised on how the WGE could interact with other working groups but additional views would be helpful. The third major aspect raised was the proposed institutional set up of the WGE. He opined that at this stage of development he would not support the set up of a subregional environment agency, but would initially go for a body acting as focal point for WGE activities.

28. Mr. Rajendran said there was no need for binding agreements or protocols for subregional environmental cooperation. He preferred a more results oriented set up focused on achieving concrete outputs and activities supported by particular donors, but admitted that there was need to further discuss the way forward on this. He said the WGE could agree on some entity to be set up that could later be endorsed to the Ministers. He hoped to hear from the development partners present about the suitability of the Environment Fund idea, and he cited a number of these within ADB that are already funded by donors, such as the Gender fund and the Poverty and Environment fund. He said demands are growing and an Environment Fund could make WGE more responsive to challenges.

29. Mr. Ding Ding Tang (PRC) reported that the First Task Force Meeting for the GMS Summit agreed on the importance of environment as a concern that may be highlighted during the Second GMS Summit. He said recommendations coming out of the WGE-10 meeting would be presented to the GMS Ministers' meeting in December 2004 before being further processed for the Summit.

30. Mr. Chanrithy (Cambodia) commented on the issues concerning the institutional set-up for GMS environmental cooperation. He said it was difficult to prioritize among core environment projects, which however could be properly prioritized at the Ministerial level.

31. Ms. Malee Hutacharoen, Director, MONRE (Thailand) supported integrating the projects into one program. She said that there was need for more action from the countries to achieve better results. Since the countries face manpower and resource limitations, she suggested that ADB help the countries in committing the needed work and resources to address various issues. She noted the need to integrate programs with those of other international donors.

32. Ms. Keobang A (Lao PDR) suggested that a WGE representative could participate in other working groups, adding there was no need to establish a new working group. She said a country could be nominated to chair the WGE for 2-3 years. The host country, she added, would sit as chair during the entire meeting. She said that the agreed institutional option should be able to answer the question as to who will follow through on recommendations made from the previous meeting, and who will implement these decisions.

33.

Mr Luo Gaolai Deputy DG, SEPA (PRC) noted that communications are necessary and a communication mechanism is strongly needed among GMS working groups just as it is needed among government agencies within a GMS country line China. He added that in order for the WGE to play a better role, further efforts should be made to implement cooperation projects more efficiently and effectively. Both these aspects require a lot of human resource efforts. It

might be, however, difficult for the governments of GMS countries to approve a legal body at present time, but it could be a practical way to set up a secretariat now either in ADB or in RRC-AP of UNEP.

34. Mr. Ding Ding Tang noted that such a coordination mechanism could be endorsed to the GMS Summit for stronger political commitment. He added that the WGE needs a permanent source of staff support. He agreed with the Lao PDR position that communication with other GMS working groups needs to be strengthened. He said that the core GMS environmental program should be considered either at the GMS Ministerial Meeting or an independent GMS environment ministers' meeting, before this is endorsed to the broader GMS Summit.

#### **Panel Discussion: Donor and NGO Role in Revitalized WGE (Chair: PRC)**

35. Mr. Ding Ding Tang suggested careful consideration of the funding issue especially for the core program. He expressed appreciation for UNEP assistance and appealed to other donors to help finance other WGE priority activities. He invited the observers to give their views on the options paper.

36. Mr. Mogens Christensen, DANIDA Resident Representative, Phnom Penh, mentioned that the subsidiarity principle that operates in Europe could be applied as well for the GMS environment program. This principle provides that decisions that could be taken locally should therefore be made locally. Lessons from development experience revealed difficulties in implementing subregional programs relative to national programs, especially since national ownership is achieved more effectively in implementing bilateral programs. He noted that the Biodiversity Conservation Corridor (BCC) concept has been already been adopted by the World Bank, WWF and other donors using the "regional program- nationally implemented" approach.

37. Mr. Christer Holtsberg, Director, SIDA Regional Office, noted that SIDA is looking at various options to support the GMS. He asked ADB to clarify whether the WGE is working independently of the investment/infrastructure group of the GMS Program. Another issue he raised is how the WGE is empowered to deal with other entities working for the environment in the subregion. He cited the need for stronger cooperation with civil society and the academic/research community in dealing with environment issues. He added the SIDA is considering support either in the form of funding for the WGE itself or in the form of a trust fund mechanism. A seed fund could be set up by SIDA to assist in formulating a long-term vision for GMS environment cooperation.

38. Mr. Vikrom Mathur, Research Fellow, SEI-Asia Centre, noted that Option 4 (GMS Subregional Environmental Agency) is very attractive although perhaps not feasible in the short term. He referred the meeting to the results of a regional environmental governance study on the Mekong conducted by the World Resources Institute (WRI). He said the study also examined the status of involvement of Myanmar and PRC in the MRC, as well as other issues that have a bearing on the nature of environmental coordination in the GMS. He was pleased to note that the concepts and goals of many proposals included in the core program corresponded to some of the projects earlier proposed by the SEF I project which SEI implemented. He noted that core program #1, which looks at conservation of critical ecosystems, emphasizes human vulnerabilities to ecosystem changes. He added that the strategic environmental assessment approach examines the extent to which the human vulnerabilities concept is applicable in the Mekong subregion. He said that an analysis of long-term social and environmental implications

of development is among the research priorities of various networks of policy research institutions. Such networks could serve as valuable knowledge-based resources for the WGE.

39. Mr. Nguyen Minh Thong, Country Representative, IUCN, noted the increasing close collaboration of IUCN with ADB, MRC and other institutions doing work on transboundary environmental issues. He believed in the complementarity of the various programs on the environment by the different donors. He cited the Regional Forum on the Environment participated in by civil society organizations (CSOs), which could yield useful ideas for the WGE program. He believed that the WGE program would play an important role in subregional environmental protection and sustainable development especially if it would strengthen its linkages and collaboration with the programs of other partners in the GMS.

40. Mr. Eric Coull, Representative, WWF-Indochina Program, stressed that the WGE has a key responsibility to respond to the environmental challenges posed by economic development, but to do so it would need the strong commitment of GMS member countries. In the presentations he noted that the focus was on national sustainable development strategies (NSDS) and not much on cooperation among GMS members to achieve sustainable development. He emphasized the importance of subregional level cooperation in SD strategy formulation and implementation. He added that cooperation in BCC is important in terms of protecting biodiversity, and said the WWF is keen to help in research in this area. On the Environment Fund, he pointed out that Viet Nam alone has seven trust funds devoted to the environment. Nevertheless, he observed that the amount of funding has been declining, making it more imperative to forge stronger cooperation among the major environment players. A suggestion to test the BC concept in pilot sites, which could delay action in other economic corridor areas, could endanger the environment in the non-pilot areas.

41. Mr. Hans Guttman, Coordinator for Environment Programme, MRC, agreed with the approach outlined earlier by Mr. Rajendran, that is, to define first the activities under the core GMS environment program, and then decide on the appropriate institutional set up. He said that it was important that the proposed options should be able to deal with various initiatives such as for example, the World Bank's water resources development assistance strategy. He observed the strong complementarities between GMS initiatives and MRC programs, despite the fact that ADB's GMS projects operate on a voluntary and flexible basis, whereas MRC operations are based on inter-governmental agreements. He said that the MRC's focus on water resources allow it to deal with issues that have direct impact on water resources such as power, pollution, navigation, etc. He proposed that the ADB and MRC cooperate more strongly in particular areas, such as cumulative impact assessment, in which MRC is running various scenarios of water resource models, and transboundary Environmental Impact Assessment (EIA), for which MRC has issued guidelines. He added that MRC is currently discussing a proposed technical cooperation project with PRC and Myanmar on the exchange of information and experiences in water resource management.

42. Mr. Winston Bowman, Regional Coordinator, US-Asia Environmental Partnership, USAID, noted the collaboration of USAID with MRC. He said that if the idea is to mainstream environmental issues in national development plans, then it would be important for the WGE to have a role in other GMS working groups. As a donor, the modality for donor contributions would be important for USAID. However, he noted that the GMS Program's lack of legal status could pose a potential issue for future USAID support for GMS activities. For example, he cited that support for ADB's clean air initiative could pose a problem in the absence of a formal agreement on this.

43. Mr. Surendra Shrestha, UNEP, agreed that the WGE is one of the more active entities in Mekong region's environment sector. Taking off from Mr. King's point about the enormous transformation expected along the Mekong in 30-50 years, he called on the WGE to take a more long-term view in making decisions for sustainable development of the GMS. On the options for environmental cooperation, he suggested moving the process in terms of progression rather than discrete options. He cited for instance that in the short term Option 1 could be adopted, then gradually moving to Option 2 and so on. On the content side, he noted that more projects could be considered in addition to the seven core projects, such as in the areas of capacity building, data and information assessment, looking at transboundary issues, environmental education, leadership in SD, etc. As a next step the WGE could do more to promote dialogue with civil society, and holding workshops to promote awareness. The options paper itself may be divided along sections that could be addressed in progression as the WGE matures over time—one section on sustainable financing and trust funds from donors, governments and civil society, and another section on inclusive partnership with ASEAN, MRC, SEI, etc. For future dialogue with other GMS working groups, the WGE may need to look at various concepts on SD and EIA systems as practiced in various countries. Finally, Mr. Shrestha said the WGE could do more work in attaining the targets of MDG 7, which pertains to environmental sustainability.

44. **Summary.** Mr. Rajendran said that Ms. Keobang A's suggestion for the chair of the WGE to be present in the other GMS working group meetings (transport, power and tourism) is a practical suggestion and could be implemented. He added that this could be taken as a weaning process before more formal mechanisms for WGE are rendered feasible. For the GMS Program, he cited the guiding principle in ADB's Mekong Department (i.e., Think Regionally, Invest Nationally). He said that in the WGE the issues identified could have been addressed by country, but common lessons that could be applied regionally have often been identified and implemented under the GMS Program. He said that given the dwindling donor resource base for environmental projects, there is a need to deal with capacity and absorption constraints and to ensure the donor agencies are involved in this process. He referred to SIDA's query on how the WGE deals with infrastructure investments. He answered that EIA is done in a project specific sense, but the WGE would have a better handle on broader information that is required, such as where the hotspots are, or what are other plans for cross border infrastructure investments.

45. He noted that SEI made important comments on the need to link with other knowledge bases. He said the ADB has determined that its priority is to be a knowledge-based institution but it by no means can have all the information required, so ADB actively supports exchanges with others. It has an MOU with AIT, and is a member of other research networks such as the GMSARN. He cited the many examples of ADB working with the MRC and World Bank. Because of the sensitive political nature of sector itself, and in recognition of the existence of MRC, water was not brought to the forefront of GMS cooperation. Often ADB discussed water issues internally and many water related resource issues were being addressed in conjunction with MRC. He noted that MRC has abundant data and experience that should be tapped by the WGE.

46. Mr. Rajendran cited the WGE's interaction with UNEP as the strongest. He said most of the WGE projects were implemented by UNEP RRC. He then applauded comments made by SIDA with regard to possibility of accessing SIDA resources for projects listed in the core program. He said this was indicated by senior SIDA officials even at the close of discussions of the Development Partners Meeting in Dali in September 2003. SIDA was one of the first to announce its intent to work with WGE. He then cited the work done by the WGE with IUCN and WWF, which is a demonstration of ADB's willingness to find common areas and objectives where expertise can complement each other. He reiterated that the GMS Program is too big for

ADB alone and that ADB welcomes the support of all development partners willing to join. He hoped that the working groups would provide the base for putting their sectoral programs together and to disseminate information on such programs. He then noted that for the other GMS sectors, program coordination would not be as difficult as for the environment, where there are numerous sensitivities to consider.

### **Dinner Hosted by the Government of Viet Nam/ Water Puppet Show**

## **Day 2**

### **Session III- Proposed Initiative for Consideration by GMS Senior Officials and Ministers (Chair: Lao PDR)**

#### **Biodiversity Conservation Corridors (BC) Initiative**

47. Mr. Mark Kasman presented the outline of his presentation on the proposed Biodiversity Conservation Corridor (BC) initiative, and provided the context for this proposal in terms of deforestation trends, population growth, and economic growth. He added that there is a need to integrate economic corridor development and environmental protection, as well as to identify policy and investment options to strengthen sustainable resource management. He explained that the BC initiative is a strategy for preventing and mitigating ecosystem fragmentation, and was identified as a possible deliverable for the 2005 GMS Summit in PRC. He then presented the goal and purpose of the proposal, which is to enhance sustainable development and prepare a GMS Biodiversity Conservation Corridor Development Strategy, respectively. He enumerated its components consisting of: threat analysis of high value biodiversity conservation and PA areas; assessment of match/ mismatch between conservation and development policies; and institutional and management options. He gave the key activities and time frame of each, highlighted by the Strategic Framework Design and Development Phase (February- April 2005). Key milestones of the proposal include identifying high priority BCs, designing/ developing BC strategic framework, and undertaking action plan implementation capacity assessment. Expected outputs from the initiative include the preparation of the following: GMS Biodiversity Conservation Corridor Development Strategic Framework (2005- 2011); GMS Biodiversity Conservation Corridor Action Plan (2005- 2008); Environmental Ministers' Statement; and Draft Summit Declaration.

48. Mr. Rajendran explained that the BC initiative was identified as a Summit deliverable during the July 2004 GMS Summit Task Force meeting. He expressed the need to secure the WGE's endorsement of the initiative, and seek the WGE's guidance to move this initiative forward in time for the Summit, cognizant of the fact that there are other similar initiatives supported by other development partners.

#### **Environmental Issues Facing Other GMS Working Groups**

49. Mr. Peter King presented on the relationship of the WGE to other GMS working groups and the objectives and components of the various flagship programs in the development matrix (DM). He elaborated on the various factors that concern the WGE in each of the nine sectors of cooperation under the GMS Program (agriculture, energy, environment, HRD, investment, telecommunications, trade, transportation and tourism). For example, the most significant factors are in the energy and transportation sectors. In energy, major concerns include transboundary impacts of oil and gas exploration/ production, power plant emissions, and

downstream/ upstream impacts of hydropower. For the transport sector, concerns include habitat loss in forests/ PAs as areas are opened up, increased air and noise emissions and risk of spills on roads and railways. He then gave brief descriptions of the thrusts and major components of each of the ten out of eleven flagship programs in the DM (SEF excluded) and showed the list of environment related projects in four of these flagship programs. He stressed that the total investment proposed for environmental projects- \$232.2 million- barely amounts to 1.4% of projected total GMS investment cost of \$17.3 billion. He asked the group to think about whether this is the right balance, and whether the WGE should work toward increasing resources allocated for environmental protection.

50. Mr. Rajendran provided more background information on the GMS development matrix. He said that there is a very strong justification for a focal point in coordinating GMS environmental initiatives, given the need to integrate environmental considerations in the development processes.

51. Mr. Pongpisit asked about the financial benefits from the BCC initiative. Mr. Rajendran said that reliable estimates of the financial value of ecological resources are available, and these could be used to estimate benefits from the BCCs. Mr. Pongpisit asked why there was no working group on industry in the GMS Program. Mr. Rajendran replied that the creation of WGs has been decided early on in the GMS Program, in response to the need earlier expressed by the GMS members. However, he added that attention is now increasingly focused on raising the profile of the private sector in the GMS Program as evidenced by activities of the GMS Business Forum and the recent holding of a Public-Private Consultation Meeting (PPCM).

52. Mr. Mathur expressed concern about linking the BCs with the economic corridors. He noted that the major effect expected from the economic corridors was the increase in trafficking of wildlife and trade in forest products. On the linkages with other sectors, he called for more meaningful partnerships of the WGE with other sector working groups. Mr. Rajendran explained that the BCs would be developed in relation to economic corridors, to ensure that the latter are pursued with utmost consideration for sustainability concerns.

53. Daw Khin Than Win inquired about how to access information on projects pertaining to Myanmar. Mr. Rajendran replied that UNEP would have such information. Ms. Keobang A asked for ADB assistance in organizing national briefings on the economic corridors. Mr. Pongpisit noted there could be limited potential BC activity in the economic corridors. Mr. Kasman replied that an overlay map could be prepared showing the economic corridors in relation to protected areas (PAs) already identified. Mr. Rajendran clarified that the WGE is being asked only to endorse the process by which to further develop the BC initiative.

54. Mr. Chanrithy endorsed the BC initiative and said this is an appropriate environmental response given time and resource constraints. Ms. Li Fang further explained the proposed elements of the BC initiative and supported the proposed concept of said initiative in principle. She added that there is a need to account for the costs and benefits of the BCs. She said that the TA would determine the content of the initiative, in terms of impacts on trade, investment and poverty reduction objectives. She reminded of the need to expedite the TA to achieve the desired results by the time of the Summit. Mr. Pongpisit stated that Thailand supports the proposed BC initiative.

55. Mr. Ding Ding Tang said that BCs in the GMS are needed to better account for impacts of upstream activities on downstream areas. He cited the efforts of PRC to dialog with Lower Mekong Basin countries on possible impacts of PRC's development activities in the Upper

Mekong. He opined that the WGE is a working level group that could only provide ideas/ inputs to improve the BC proposal.

56. Dr. Nguyen Van Tai expressed Viet Nam's support for the BC initiative. He expressed the need for a mechanism to allow various working groups to work on environmental concerns, especially at the national level. He said as a downstream country, Viet Nam stands to benefit from the BC initiative. Ms. Keobang A also expressed Lao PDR's support for the BC initiative.

57. Mr. Holtsberg (SIDA) asked whether the WGE is concerned with EIAs of cross border projects, or the setting of environmental quality standards or standards on waste levels. Mr. Christensen (DANIDA) urged the meeting to find a mechanism for national/ intra-country coordination of environmental information and activities, which may require a focal person for national coordination. He suggested that the WGE look at the impact and interface of the economic corridors on biodiversity and the environment.

58. Mr. Rajendran said that the WGE does not look at the EIAs of cross border projects, nor environmental quality standards. He recalled the core programs proposed that are notable for their truly regional coverage. Mr. Shrestha said that at the global level, there has been limited success in estimating the benefits of protected environments. He said that the WGE could consider this as a possible item in its research agenda.

59. Mr. Mathur (SEI) suggested developing stronger linkages between the BCs and economic corridors. He called for increased use of research outputs in decision-making. Mr. Guttman (MRC) suggested making the distinction between protecting biodiversity and promoting productivity of ecosystems, especially in the context of estimating financial benefits from the BC initiative. He also suggested distinguishing between protection and conservation, especially if certain restrictions in access to bio resources will be imposed on locals.

60. Mr. Coull (WWF) explained WWF's program on protection of ecoregions and situation analysis of these areas. He noted that the two largest threats to biodiversity in these ecoregions are infrastructure development and wildlife trade. Mr. Rajendran noted that information on major projects, including their EIA results, could be found in the ADB website. He said the process of consultation for further developing the BC initiative will commence shortly and looked forward to discussing with the WWF, its various concerns on the economic corridors.

### **Update on Strategic Environment Framework II and RETA for Capacity Building for Sustainable Development (SD) (Chair: Thailand)**

61. **SEF II.** Ms. Yuwaree Inna, Program Analyst, UNEP, commenced by explaining the two objectives of the SEF II Project, namely, to create environmental performance assessment (EPA) system for GMS countries and the subregion, and to develop capacities for implementing EPA. She presented a chart showing the project phasing and main activities (year 1 to 3), which include the Inception, Implementation and Dissemination phases. She enumerated the project stakeholders and the members of the Project Steering Committee. She then elaborated on the accomplishments and forthcoming activities under each phase. For the Inception phase the main activities (January to December 2003) included the project team set up, the implementation plan preparation and recruitment of consultants. She noted that for the implementation phase, the main activities (October 2003 to October 2005) are the prototype development, country-specific and subregional-specific activities. She listed the accomplishments under the first two activities and showed a flow chart of country-specific activities leading up to the National Workshop I (August 2004) II (November-December 2004)

and III (March 2004) with their corresponding outputs. Out of the first workshop, she noted the top ranked proposed GMS core concerns as well as the ranked environmental concerns by country. She explained the working and review processes for the national environmental performance assessment report. She then expounded on the next steps for subregional level activities. Finally, she showed the home page for the SEF II website which is being developed under the Dissemination phase of the project.

62. Ms. Malee explained the process for ranking environment concerns in Thailand, which showed inland water pollution as the top concern. Mr. Holtsberg inquired whether the SEF II project already takes into account the work done by other partners. Ms. Yuwaree explained that participants to the workshops were expected to share such knowledge with them during the workshop discussions. Mr. Mathur inquired about how transboundary and regional strategic concerns will be handled by the project. Ms. Yuwaree replied that a group tasked to undertake the project's subregional level activities would handle the transboundary concerns.

63. **RETA for Capacity Building for SD.** Mr. Mark Kasman provided the status of preparation of the proposed TA for Capacity Building for Promoting Sustainable Development (SD) in the GMS. He provided a brief background of the proposed TA, noting that the proposed TA aims to build capacity of GMS countries in integrating social, economic, and environmental objectives into existing planning mechanisms for SD on both national and subregional levels. The TA would help in meeting the countries' MDG requirements and complement work done under the SEF II project. He referred the group to a more detailed description of the project in the meeting folder. He noted that the RETA has been submitted and expects to be processed in October 2004.

64. Dr. Chumnarn Pongsri, Director of Environment Division, MRC, noted that the RETA would work closely with the MRC, particularly the Basin Development Plan process, which targets the sustainable development of the Lower Mekong Basin (LMB).

65. Mr. Mathur announced that he is distributing a brochure on the Sustainable Mekong Research Network (SUMERNET) which is a research network promoting collaboration in applied policy research, outreach, dissemination and capacity building on key aspects of sustainable development and MDGs.

#### **Discussions/ Decisions Leading to Preparation of Draft Recommendations (to be Submitted to GMS Senior Officials/ Ministers and GMS Summit (Chair: Viet Nam)**

66. Mr. Ding Ding Tang expressed support for the seven projects of the core program, including the BC initiative. He briefed on the prominent role being given to environment in the next GMS Summit. He proposed that a meeting of ministerial-level environment officials be convened possibly in May 2005 in PRC to review/ endorse the proposed Summit initiative before the actual Summit in July 2005. He also proposed that a WGE meeting be held before this, around March-April 2005, in Cambodia. Ms. Keobang A suggested that this proposal be raised at the GMS Ministerial Meeting in Vientiane in December 2004.

67. Mr. Chanrithy agreed to Cambodia's hosting of the WGE-11 meeting in 2005 but left open the decision on the venue. He agreed to the PRC proposal to hold a GMS environment ministers meeting. Mr. Rajendran requested Cambodia's representatives to seek internal formal approval for hosting WGE-11. He agreed with Ms. Keobang A that convening of the GMS environment ministers meeting should be raised to the GMS Senior Officials and Ministers meeting in December 2004.

68. Mr. Holtsberg suggested that the record of the meeting reflects two of its most important outcomes: (i) Recognition of the importance of development partnerships with civil society organizations and the research community in pursuing sustainable development in the GMS; and (ii) Need to build the institutional capacity of the WGE to interact in a more meaningful and suitable manner with other regional bodies such as MRC and ASEAN.

#### **Session IV- Concluding Session**

69. Mr. Rajendran thanked the host, the Ministry of Natural Resources and Environment of Viet Nam, for the hospitality and excellent arrangements for the meeting. He thanked the development partners for their useful contributions to the meeting, and hoped future participation of WB and ASEAN in the WGE would complete the picture in terms of involving all active environment partners in the subregion. He thanked the chairpersons from the GMS countries for steering the discussions, which helped imbue in the participants, a keen desire to contribute to the regional integration process and to promote closer linkages between development investments and environmental analysis.

70. He observed that discussions at this 10<sup>th</sup> WGE meeting are very substantive. He hoped that the outputs from the past GMS environment projects, would be utilized extensively for future WGE activities. First, he noted the broad support for the draft options paper and acknowledged that more work is needed on this. He noted that a problem in putting together a program is in securing financial support. He counted however, on the support of the development partners in the further development of the projects and determining their implementation arrangements. Second, on the institutional set up, he recognized that some kind of focal point for regional environment programs would be desirable to allow better interface between and among GMS countries and international agencies. Third, he noted that more work is needed on the Biodiversity Conservation Corridor Initiative, such as: (i) to determine the plans that are in place in the BCCs; (ii) to clarify the concepts of biodiversity and conservation; and (iii) to determine the financial benefits from BCCs. He added that the next GMS Summit would need to demonstrate that sustainable development concerns are strongly accounted for in economic development. He said the suggestion to hold a GMS environment ministers meeting is a good idea, and this matter would be taken up in the next GMS senior officials and ministers meeting. The shift toward results-based management in ADB brought about the increased need to demonstrate concrete results from country programs. He expressed that the WGE-10 meeting undertook exhaustive discussions and that ADB management would be pleased with the progress in the WGE.

71. Mr. Shrestha enjoined the WGE to play increasing role as custodian of the environment. The WGE, he added, should ensure that environmental concerns are considered when making development plans over the long-term. He asked for support for more work on MDG 7 that would help achieve environmental quality targets. He also hoped that the informal discussions that took place would lead to the conclusion of a treaty among GMS members to protect the environment. He mentioned three of the most important environmental issues in the GMS. First, he noted the rapid pace of urbanization and cited numerous prevention measures such as use of traditional knowledge base in planning for satellite cities and settlements. Second he cited the important legal aspects in the subregion. He said the GMS countries should avoid acquiring old technologies which could later result in e-waste disposal problems. Third, he suggested that the education curriculum in the subregion increasingly incorporate environment and SD issues. He suggested that future WGE meetings tackle emerging thinking on SD, such as the self-sufficient economy of Thailand and the circular economy of PRC. Finally, he thanked the host, the Viet

Nam Government, the ADB, colleagues from the GMS countries and the donor and NGO group for the success of the meeting.

72. Dr. Van Tai thanked the GMS representatives, donors and NGO representatives and ADB staff for helping in the success of the WGE meeting. He noted that the Viet Nam Government is currently reviewing its environmental protection laws in order to make these more responsive to the various important GMS issues earlier raised by Mr. Shrestha. He noted that the meeting's discussions on biodiversity corridors would require more work and would need to obtain commitment at the highest political levels. He said that environmental problems while starting from a localized setting, could potentially attain regional dimensions, which the WGE mechanism should be able to address. He noted that Viet Nam is currently undergoing a rapid process of modernization and that consideration of environmental issues would be critical in ensuring a healthy environment for future generations. He called the meeting a success and thanked everyone for helping make it so.