

**Greater Mekong Subregion Economic Cooperation Program
Twelfth Meeting of the Working Group on Environment (WGE-12)
Bangkok, Thailand
25-26 April 2006**

SUMMARY OF PROCEEDINGS

I. Introduction and Summary of Highlights

1. The Twelfth Meeting of the Greater Mekong Subregion (GMS) Working Group on Environment (WGE-12) was held in Bangkok, Thailand on 25-26 April 2006. The Ministry of Natural Resources and Environment (MONRE) of Thailand hosted the meeting in cooperation with the Asian Development Bank (ADB). The participants included delegations from Cambodia, the People's Republic of China (PRC), Lao PDR, Myanmar, Thailand, and Viet Nam. Observers/resource persons¹ from MFLU, IGES, UNCRD, UNEP, SEI, SIDA, USAID, US EPA, The Netherlands Government, MRC, IUCN, WWF, and ADB also attended (Appendix 1). The objectives of the WGE-12 meeting were to review the progress of the GMS Core Environment Program (CEP), and discuss its key activities and budget for year 1. The WGE-12 Agenda is attached as Appendix 2. Co-chairing the meeting were Dr. Monthip Sriratana Tabucanon, Deputy Permanent Secretary, MONRE, Mr. Urooj Malik, Director, MKAE, ADB, and Mr. Surendra Shrestha, Regional Director, UNEP (for day 2).

2. The WGE-12 meeting was divided into the Technical Session held on April 25, and the Formal Session held on April 26. The WGE-12 noted the importance of the Technical Session for deciding on the key technical and operational details and issues of the Core Environment Program (CEP) with the active contribution of the CEP partners in the formulation of agreements. Technical Sessions will henceforth be a regular feature of WGE meetings to review CEP progress.

3. After presentation and discussion of work plans of GMS countries and specific proposals potential CEP partners, the WGE members endorsed immediate implementation of the BCI work plans. The meeting commended the CEP partners for the open and broad based discussions on the proposed institutional and other coordination arrangements in the implementation of the CEP. In particular, the WGE-12 agreed on the need to build capacities of national support units (NSUs) for implementing work plans, and to accelerate staffing of the Environment Operations Center (EOC) to facilitate CEP implementation. In addition, the WGE agreed on the creation of the Technical Advisory Panel (TAP) to serve as the CEP's peer review body. WGE members called for better balance in allocation of resources among CEP components and the EOC was tasked to screen proposals received and follow up the views of relevant partners on remaining issues such as the Partnership Principles, TAP composition/ functions/ nominees, development partner inputs to WGE, and the CEP operational planning calendar, among others.

II. Highlights of the WGE Technical Session (TS)

4. Opening Session. Dr. Monthip opened the session by stressing the importance of tackling transboundary subregional issues in environment and natural resource management in the GMS region, and the need for a rigorous discussion of various proposals to fulfill the CEP's objectives. Mr. Malik laid out the plan for the Technical Session's various agenda items, comprised of both the country work plans and proposals of various CEP partners. He elaborated on the role of the WGE

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Technical Sessions and emphasized the need for flexibility in CEP implementation to overcome various constraints, encouraging all CEP partners to contribute in firming up the CEP work plans.

5. CEP Presentation. The EOC presented the CEP achievements to date and the outlook in terms of prospective activities for the period April to December 2006. Criteria for screening and decision-making regarding proposals received was presented, comprising both eligibility and selection criteria. The tables detailing the CEP-EOC progress report (January-April 2006) and EOC Work Plan (April-December 2006) are shown in Appendix 3. The main issues that came up on the CEP presentation include the following:

- a. ADB: Stressed that performance-based allocation will be followed in funding CEP proposals; USAID's concern was on how the numerous proposals would be funded and whether other donors are expected; EOC explained the resource mobilization plans for various proposals, including sourcing from the private sector.
- b. IGES: Query on how CEP proposals were received/ screened; EOC explained that proposals are generated through consultations with CEP partners, and follow established screening filters.
- c. SIDA: Whether proposals would help build capacity of WGE as institutional driver of regional environmental cooperation; ADB noted the efforts to empower the WGE under the CEP, with the support of EOC as its Secretariat.
- d. Thailand: Expressed the need for mainstreaming environment in regional development; ADB raised the possibility of having joint meetings of the WGE with other GMS WGs, and participation of other sector representatives in WGE meetings and vice versa.

6. Country Presentations. The GMS Partner Countries presented on the national and provincial level activities, and key activities, main targets (year 1- year 3) and cost estimates for their respective BCI pilot sites as follows (Appendix 4 for country presentations):

- a. Cambodia: Cardamom Mountains and Eastern Plains BCI
- b. PRC: Xishuangbanna, Deqin and Guangxi BCI
- c. Lao PDR: Dong Hua Sao- Xepian BCI
- d. Myanmar: Focused on the role of the National Commission for Environmental Affairs (NCEA) in coordinating environmental management in Myanmar, requested information on funding available for its environment programs, and proposed establishment of Environment Resource Center (ERC) to sustain EPA initiatives.
- e. Thailand: Tenasserim BCI and Dong Phrayayen-Khao Yai Forest Complex
- f. Viet Nam: Greater Annamite Ecoregion and Quang Nam BCI

7. Other Proposals of CEP Partners. The other CEP partners presented key activities and main targets (year 1- year 3) for their respective proposals as follows (Appendix 5):

- a. MFLU: Capacity building, university networks, socio-economic assessments and preparatory work of MFLU, Asian Institute of Technology (AIT), Regional Community Forestry Training Center for Asia and Pacific (RECOFTC), and Xishuangbanna Tropical Botanical Garden – XTBG (Greater Green Triangle Lao PDR component)
- b. IGES and UNCRD: Additionally, the project objectives, components, budgets and implementation arrangements for “3R Promotion in Viet Nam” were presented
- c. UNEP: “Biodiversity Reporting Award”
- d. SEI: “Mainstreaming Environment and Sustainability in the Mekong”
- e. IUCN: “Safeguarding Biodiversity for Poverty Reduction”
- f. BirdLife and UNEP-WCMC: Biodiversity Monitoring and Ground Truthing. EOC presented the Birdlife International proposal “Supporting Environmental Information and Knowledge

Management Functions of GMS EOC, and UNEP proposal “Data Management, Analysis and Mapping Tool for World Conservation and Monitoring Center (WCMC)”.

- g. IUCN: Presented on the background, main objective, proposed functions, composition/profile and the “modus operandi” of the TAP, e.g., meeting frequency and coordinating engagement with CEP partners.

8. The Technical Session extensively discussed the proposals made by the CEP partners for implementation under the CEP. The main points made are as follows:

General Comments

- a. One suggestion was for proposals to be circulated at least 1 month prior to meetings in order to allow more thorough review of proposals.
- b. It was observed that most proposals dealt with Component 2 of the CEP (biodiversity conservation) and not enough appeared to deal with other CEP components.
- c. WGE needed guidance in screening proposals, including how to attain better balance among CEP components in the proposals.
- d. WGE was requested to develop a comprehensive framework that could be used to guide in screening proposals and ensure better balance. However, it was noted that the eligibility and screening criteria for proposals are consistent with the overall framework for the CEP.
- e. A better indication of balance would be the presentation of the budget allocation by component, in relation to funding requirements of proposals. It was clarified however that the CEP RETA has a budget allocation that is based on the logical framework of the CEP.
- f. EOC explained that the SEF III proposal linked to component 3 was yet to be elaborated upon and proposals under component 1 needed the attention of a lead member of staff i.e. COO who had yet to be appointed; moreover, funding was not yet available for proceeding with components 1 and 3.
- g. The EOC requested guidance of WGE on actions to be taken regarding the proposals and suggested following options that could be considered by WGE members: (i) reject all proposals, or (ii) to make selective approvals, or (iii) to allow proposals only for components 1 and 3, in particular, and disallowing proposals on component 2 (biodiversity conservation).
- h. The meeting noted that there is a need for bringing in additional development partners and financial resources under the CEP.
- i. In order to ensure country ownership of the project, PRC suggested that proposals forwarded to WGE be endorsed first by national focal points.

Comments by Partner Countries

- a. GMS partner countries were asked about their readiness to prepare proposals in other components aside from BCI (component 2).
- b. Lao PDR informed about its efforts to effectively integrate environmental concerns in strategic planning for various sectors, the basis for component 1 and 3 proposals.
- c. PRC needed clarification on the role of the EOC in relation to the WGE, and the delineation of work between the EOC and country partners for various CEP components.
- d. Cambodia expressed the need for assistance to help it implement the CEP.
- e. Thailand clarified that BCI activities are ready to be implemented by Government agency involved.
- f. Myanmar requested WGE’s views on its proposal for creating the ERC. Another issue concerns the level of engagement of development partners in Myanmar.
- g. Viet Nam stressed the importance of BCI and requested clarification on the EOC’s role in implementing other CEP components in Viet Nam.

Specific Comments relating to Proposals

- a. Mainstreaming Environment and Sustainability in the Mekong: One concern was on how to convey environmental perspectives to other GMS sectors whose strategies are well into their implementation stage. In integrating and mainstreaming environmental concerns in development, one should however consider the role of intra-country and inter-sectoral coordination. Research on mainstreaming environment in development would be important in arming the EOC in dealing with other sectors.
- b. Great Green Triangle Project (XTBG): Viet Nam queried partnerships for this project; XTBG was asked to provide contact information on focal persons for the project, to facilitate securing in-country approvals. Currently only Lao PDR is covered by this project.
- c. TAP: Should substantially guide and advise on various CEP components with the right mix of technical panelists. TAP could help in independently looking at merits of proposals in the future.

9. EOC presented the list of proposals it has received, categorized according to CEP components. It also noted that proposals submitted by IUCN on Safeguarding Biodiversity in Protected Areas as well as the Technical Advisory Panel have already approved budgets in the TA Paper. Lao PDR suggested TA support in national capacity building for implementing effective communication of the CEP, especially for in-country consultation activities. EOC clarified however that each country's work plans provide for consultant inputs to assist in sector work, consultations and other preparatory activities.

10. The CEP Partners gave additional views of their respective agencies on the preceding discussions on the CEP. The main points raised by the partners are summarized below:

- a. MRC: Highlighted the potentials for technical cooperation between MRC and EOC under the CEP, such as database development, eco-system health monitoring, and promotion of environmental governance and capacity building. ADB noted the possibility of having water as a theme in CEP discussions, an area where close cooperation between ADB, WB and MRC is being strengthened.
- b. SEI: Expressed interest in providing capacity building support for areas identified by the partner countries e.g. Lao PDR.
- c. IUCN: Noted the need to have clear communication lines among CEP partners to smoothen CEP implementation issues.
- d. WWF: Explained that it is going through a process that will generate funding for its secondment to the EOC. Potential candidates are being evaluated.
- e. IGES: Explained IGES's contributions to applied research and policy advice and expressed its intent to continue in-kind contribution to component 3 of EOC. Stressed importance of transparency in the process of screening proposals under CEP.
- f. USAID: Impressed with the progress of CEP and the criteria proposed for screening proposals. Refining regional indicators is needed to measure cumulative impact of individual projects at the regional level.
- g. MFLU: Stressed the importance of ensuring long-term sustainability of capacity building.
- h. AIT: Noted the long-term beneficial effects of the CEP initiatives.
- i. US-EPA: Expressed EPA's interest in partnering under CEP.
- j. ADB/ GEF: Briefed on the GEF as a global mechanism to advance cooperation to address global environmental challenges, and as potential funding source for the CEP, especially BCI activities. Introduced the new Resource Allocation Framework for climate change and biodiversity focal areas, which fits in with the CEP principle on multi-country cooperation.

11. Agreement on Next Steps. The Co-chair (ADB) enjoined the GMS partner country representatives to discuss among themselves the priority activities that would be decided at the Formal Session.

III. Highlights of the WGE Formal Session (FS)

12. Opening Session. Dr. Monthip cited the critical preparatory steps for CEP field activities taken by the TS the day earlier. These, she stressed, would be the basis for the FS to set the future key priorities and activities that would determine the success of the CEP. Mr. Shrestha noted UNEP's long involvement in GMS environmental cooperation activities. As the Asia-Pacific region emerges as a global leader in development, he cited the many environmental challenges facing the GMS region, and how UNEP's programs would help address these challenges. Mr. Malik cited the major points that arose from the previous day's discussions, as follows: (i) the need to discuss resource allocation principles given the demands on CEP resources, and how to bring in more resources into the CEP; (ii) recognition of the importance of providing better balance in the CEP, with the BCI as the flagship deserving of a larger share of resources; (iii) that the time has come to move from project design to implementation; (iv) the need to build the EOC's capacity to implement the CEP; (v) the introduction of greater synergies in ongoing and planned initiatives (requiring stronger links among focal points of sector agencies within countries); and (vi) the urgency of obtaining firm resource commitments from donor partners.

13. Review of Ongoing Activities. The following are highlights of reports on the progress and next steps for ongoing TA projects:

- a. Strategic Environment Framework II (SEF II) project: The project team presented the case for continuing to assess environmental performance in the GMS, citing the outputs and lessons from the SEF II project that could provide the basis for designing the future EPA phase under the CEP. The components and preliminary budget for the EPA component under the CEP was discussed.
- b. Comments: IGES commended the SEF II project and indicated it will support follow-up activities under the CEP.

14. Report on Status, Endorsements and Outstanding Issues on CEP Year 1. The GMS EOC reviewed the project proposals and the TS discussions on these proposals. The following issues raised during discussion were noted:

- a. How were these proposals requested?
- b. Is there a scheme that shows how these proposals will fit into the overall CEP?
- c. Have these been endorsement from the GMS Focal Points?
- d. What are the specific activities under components 1, 3, and 4?
- e. How can EOC facilitate Country input in appraising partner proposals for Components 1 and 3?
- f. How will proponent partners work with the GMS Focal Points over the next three months to confirm the value addition to the CEP particularly from a country point of view?
- g. What is resource availability situation?
- h. What are the next steps?

15. In response to the issues raised, the EOC then presented the proposed actions as next steps in the Inception Phase as follows:

- a. EOC organizes an orientation of GMS WGE members in their countries of the Core Environment Program.

- b. Project Proponents seek endorsement from CEP Country Focal Points before submission to the WGE Technical Session.
- c. The EOC will send out the proposals to WGE members, one month before the next Technical Session to WGE members.
- d. Activities under Component 1 on Strategic Environment Assessments will be identified and consultants mobilized as soon as funding is available.
- e. Proposed Activities under Component 3 emanating from SEF II recommendations endorsed by stakeholders will be considered for inclusion in the CEP work plan.

16. Discussions. Netherlands raised the issue of whether the process of obtaining proposals under the CEP would ensure GMS countries' ownership of these proposals. SIDA noted the need for proposals to go through suitable in-country screening mechanisms; cited the importance of strategic environmental assessments relative to the BCI. Lao PDR agreed on emphasizing country ownership of project implementation, and suggested priority should be given to components 1, 3 and 4 especially database development and sustainable development planning (component 3). Cambodia stressed the need for technical assistance to strengthen national capacity for database development and environmental planning. Also key sector planning was underway and it was queried how this can be integrated in the CEP. Thailand proposed inclusion of economic corridor concerns in the strategic environmental assessment and cumulative impact assessment. SEI expounded on its proposed research, especially on linking WGE's work with those of other GMS WGs such as transport and energy. It was noted that SEI did the work on SEF I (with hotspots analysis) which could be revisited for the CEP components; more work had been undertaken by SEI on the SEF since then.

17. Proposed WGE Operating Procedures. The GMS EOC presented proposed procedures for the conduct of formal and technical sessions of the WGE, follow up of WGE resolutions by the WGE, frequency, nature and composition of WGE meetings, interaction of WGE with other WGs, and handling of WGE minutes and resolutions. The role of the EOC, the role of the TAP and how these two relate to each other were also presented.

18. The WGE discussed the proposed WGE operating procedures, and the roles of the EOC and TAP; the issues raised are as follows:

- a. On the observation that the WGE has not been represented in past GMS Senior Officials Meetings (SOMs), ADB explained the mechanics of holding the SOM, and suggested that WGE members present the case to their respective GMS National Coordinators that environment, as a cross-cutting concern, should be represented in future SOMs.
- b. ADB explained the framework for GMS environmental cooperation as defined in the five CEP components, but the WGE should eventually determine the prioritization of projects, which should be reviewed/ updated in regular WGE meetings. UNEP and the GMS country representatives agreed with this view.
- c. The TAP, being a technical panel, need not be formally represented in the WGE.
- d. Viet Nam proposed that the GMS National Secretariat be represented in WGE meetings. The meeting agreed that there is a need for WGE invitees from GMS countries to be increased from the current 2, to 3 or more invitees.
- e. There is need to review the WGE structure in GMS countries; the meeting requested clarification on the legal status of EOC in Thailand. ADB clarified that EOC operates as part of the ADB Resident Mission in Thailand under the umbrella agreement with the Government; however, other institutional options may be considered in future. The CEP partners felt that such institutional options should be decided on as soon as feasible. SIDA cited the Baltic Sea example as presented in the Mekong Development Forum (MDF) in

Stockholm for consideration by GMS countries and invited the WGE members to undertake a study visit to the Baltic countries.

- f. The WGE agreed on the need for a Partners' Preparatory Meeting (PPM) prior to WGE meetings.

19. Partnership Principles (PP). Two draft proposals on PP were submitted for WGE consideration: one on guiding principles of partnership (Appendix 6) and the other a Memorandum of Agreement between CEP Partners and the GMS EOC (Appendix 7).

20. Discussions on PP: ADB explained the background of the PP, based on the earlier success of a partnership adopting sector-wide approaches in Cambodia. The MOA was submitted by WWF to ADB. The participants at the meeting were requested to consider both documents and have further discussions on merits and demerits while EOC clarified that due to its legal status, it would not be feasible for it to sign an MOA.

21. General Observations and Conclusions by GMS Countries. GMS partner countries generally supported the implementation of the CEP and BCI and establishment of the EOC; additional comments they made are as follows:

- a. Cambodia: Noted the Rectangular Strategy of Cambodia, of which the environment program is a central component.
- b. Lao PDR: Requested support from EOC on building capacity of national support units; suggested grouping similar activities that conform to national goals.
- c. PRC: Commended the approval of CEP and BCI and the establishment of the EOC. Requested EOC to provide GMS partner countries with detailed operating procedures.
- d. Myanmar: Requested support from EOC/ development partners on implementation of Myanmar's Environmental Action Plan.
- e. Thailand: Noted Thailand's support for capacity building in GMS countries and the need to increase the capacity building budget under the CEP; expressed willingness to consider reviewing EOC's institutional status to give it more clout. EOC should support GMS countries in meeting their MDGs, for which contingency budget could be utilized.
- f. Viet Nam: Envisioned the WGE as a dynamic and productive mechanism that should be supported by GMS partner countries.

22. EOC noted that capacity building is currently subsumed in the budget under the various components and activities. ADB stressed that component 4 (capacity development) would oversee the institutional evolution of the EOC, which would take some time. ADB briefed on ADB reorganization combining the Mekong and Southeast Asia departments, which would facilitate coordination of GMS with ASEAN and other programs.

23. General Observations and Comments by CEP Partners.

- a. Netherlands: Commended the open WGE discussions in refining the details of the CEP and informed that the Netherlands would shortly announce formal support for the CEP. Enjoined the WGE to proceed with the BCI implementation, but at the same time developing the other CEP components, which are needed for the long-run success of the CEP. Suggested setting benchmarks in realizing certain decisions or agreements of the WGE. Presentation from Netherlands Environmental Assessment Agency (NEAA) described NEAA's work on biodiversity assessment, and explained its potential contributions to the BCI.
- b. SIDA: Briefed on the status of SIDA's processing of CEP funding and cautioned on the costs involved in having coordination overload. Commended the productive outcome of the WGE meeting.

- c. USAID: Informed of the agency's parallel pilot BCI activity in Viet Nam and confirmed USAID support for the CEP.
- d. US EPA: Informed of US EPA efforts to explore providing expertise to CEP such as on data integration and climate modeling.
- e. IUCN: Strongly encouraged GMS countries to look at the Baltic Sea example in environmental cooperation. Main lessons learned include adopting open, transparent systems and involving stakeholders early on in the process.
- f. WWF: Committed continued support to the CEP and stressed the need to coordinate funding of components to avoid duplication.

24. WGE Resolutions. The closed-door WGE meeting discussed and agreed on the following major points (details are in Appendix 8).

- a. The WGE called for immediate implementation of the BCI component of the Core Environment Program (CEP) as its utmost priority. It also considered WGE representation in SOMs, staffing/building capacities of national support units (NSUs), accelerating staffing of EOC (including gender balance in recruitment); establishment of the Technical Advisory Panel and implementation of IUCN PA proposal, as both the IUCN TAP and PA proposals had already received approval in the TA paper.
- b. To ensure better balance in the allocation of resources among the CEP components, the WGE directed the EOC to: undertake regular reporting of the cost breakdown for approved projects and proposed activities under the different CEP components to WGE; implement BCI as designed; assist NSUs refine detailed implementation plan and budgets for components 1, 3 and 4; consolidate, update, revise operational plans and budgets and submit to WGE within three months; and mobilize resources to meet funding gaps.
- c. Tasked EOC to follow up with relevant partners on general suggestions and report to the WGE within three months on the following areas: Partnership Principles; TA composition, functions and nominees; development partner inputs to WGE; regular sharing of CEP work plan among WGE/ partners; update of WGE/ EOC business procedures based on partners' inputs; CEP/ ADB/ EOC facilitation of access to Poverty Reduction Fund (PRC); SIDA offer of Baltic Sea study visit; enhancement of CEP- Phnom Penh Plan linkages; coordination with other regional cooperation programs; and EOC support for MDG reporting at national levels (Thailand).
- d. ADB noted that the resolutions would be circulated for further comments.

IV. Conclusion

25. The meeting agreed that the venue of the next WGE meeting will be PRC.

26. Mr. Malik concluded that the meeting has been extremely productive and highlighted the substantial progress that has been achieved in implementing the CEP, but also noted the substantial work that lies ahead. Invited participants to the EOC Inauguration at the EOC office beside the ADB Thailand Resident Mission.

27. Mr. Shrestha looked forward to greater engagement of UNEP in the CEP, particularly in capacity building and data information and knowledge management.

28. Dr. Monthip expressed appreciation for the hard work behind preparations for the WGE meeting, and noted that the transparent and broad-based discussions on the CEP will help ensure the program's success.