

DRAFT FOR COMMENTS

**(Please send comments to GMS Unit at e-mail: jtranquilino@adb.org)
Greater Mekong Subregion (GMS)**

**Eleventh Meeting of the Subregional Working Group on Environment (WGE-11)
15-16 March 2005, Siem Reap, Cambodia**

MAIN CONCLUSIONS

- A. The WGE-11 participants agreed on the major components of the GMS core environment program (CEP) as a development strategy to conserve natural systems in the GMS region, to be endorsed at the GMS Environment Ministers Meeting to be held in May 2005. The agreements concern the goal, purpose, key activities and next steps for the CEP's major components, namely, the five cluster TA subprojects, Biodiversity Conservation Corridors (BCC), and Strategic Environment Framework Phase (SEF) III.
1. The five CEP cluster TA subprojects agreed to by the WGE are as follows: (i) Sustainable Use of Natural Systems in GMS Corridors; (ii) Maintaining Ecosystem Services for Selected Sectors; (iii) Protected Areas as a Development Strategy; (iv) Environmental Governance and Institution Building; and (v) Innovative Financing.
 2. The WGE agreed to the creation of the GMS Environment Operations Center (EOC) to be funded by the cluster RETA, to coordinate work under the CEP and to act as the Secretariat to the GMS Core Environment Program.
 3. Biodiversity Conservation Corridors (BCCs)- The WGE agreed on the list of high value biodiversity conservation and PAs to be covered by the study to prepare the BCC framework and action plan.
 4. Strategic Environment Framework (SEF) Phase III- To proceed with the development of tools and mechanisms to institutionalize GMS sustainable development planning and assessment through further work to fill environmental data information gaps and through build up of data gathering, analysis and distribution capabilities.
- B. For the Sustainable Production (SP)/ Clean Production (CP) initiative, the WGE members agreed that UNIDO will further study the issues raised during the discussions, to determine the appropriate CP/ SP priority areas and the time frame for each GMS member and the subregion as a whole. The WGE will consider including the clean production proposal under the subproject "Maintaining Ecosystem Services for Selected Sectors" when finalizing the scope and activities of the cluster RETA, based on UNIDO's recommendation.
- C. The WGE members recognized and appreciated the strong contributions of participating development partners during the general discussions. They appreciated the parallel efforts of ADB to generate cofinancing for the regional environmental initiatives being prepared, and looked forward to the concluding of ongoing discussions. The WGE appreciated the offer of WWF to potentially second technical advisors to the EOC once operational as well as its offer to coordinate WWF staff globally in support of the Core Environment Program. The WGE also supported efforts to establish future partnerships

with other development partners under innovative and sustainable financing arrangements envisioned under the CEP.

- D. In the closed session, the WGE members, ADB and UNEP agreed on the structure and agenda of the GMS Environment Ministers Meeting, which will be a three-day event consisting of the Senior Officials Meeting on 24 May, the Environment Ministers Meeting on 25 and 26 May 2005.
- E. The WGE members accepted the invitation from the representatives of PRC to hold the WGE-12 meeting in China, with the specific venue and date to be determined after consultations to be made by PRC with the GMS member countries.

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SUMMARY OF PROCEEDINGS**Introduction**

1. The Eleventh Meeting of the Greater Mekong Subregion (GMS) Working Group on Environment (WGE-11) was held in Siem Reap, Cambodia on 15-16 March 2005. The Ministry of Environment of the Government of Cambodia hosted the meeting in cooperation with the Asian Development Bank (ADB). Earlier on 14 March 2005, ADB hosted dinner for WGE participants and the Strategic Environment Framework (SEF) II Steering Committee.

2. The objectives of the meeting were: (i) to review the progress of, and provide guidance on next steps for ongoing activities such as the Strategic Environment Framework (SEF) II and Capacity Building for Sustainable Development in the GMS; and (ii) to discuss issues and agree on proposals for consideration of the GMS Environment Ministers Meeting, such as the GMS Core Environment Program (CEP) and CEP Cluster TA, the Biodiversity Conservation Corridor Initiative (BCCI), and Cleaner Production in the GMS. 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 (MRCS), Swedish Environmental Secretariat for Asia- Swedish International Development Cooperation Agency (SIDA), Stockholm Environment Institute (SEI)-Asia, United Nations Environment Programme (UNEP), United Nations Industrial Development Organization (UNIDO), US Agency for International Development (USAID), World Wildlife Fund (WWF) and ADB staff and consultants also attended. The list of participants is attached as Appendix 2.

4. The meeting was co-chaired by H.E. Mok Mareth, Minister of Environment of Cambodia and Mr. C. R. Rajendran, Director, Agriculture, Environment and Natural Resources Division, MKAE, Mekong Department, ADB.

Session I- Opening Session

5. On behalf of Dr. Mok Mareth, Minister, Ministry of Environment of Cambodia, H.E. Tan Vutha, Secretary of State, Ministry of Environment warmly welcomed the delegates to Siem Reap and hoped they would find the time to see the Angkor Wat and its historical attractions. He noted that Dr. Mok Mareth would join the meeting later after attending to an urgent Ministry business. He wished the group an enjoyable stay in Cambodia.

6. Mr. C. R Rajendran, Director, MKAE, ADB, warmly welcomed the participants to the meeting, especially those from development partner agencies, who he stressed, would be invited to participate in general discussions throughout the day along with WGE members. He gave a brief background on the rationale for the WGE's earlier decision to launch the core environment program (CEP) and explained the broader objectives of the environment cluster TA designed to implement the first phase of the CEP. He encouraged everyone to discuss and comment on the primary elements of the core program elements to be presented. He then briefed on the progress of the Biodiversity Conservation Corridor Initiative (BCC) being prepared as a showcase initiative for the Second GMS Summit of Leaders. The recently concluded BCC inception workshop held in Manila, he added, succeeded in identifying potential corridors and pilot sites and the institutional inputs to be provided by GMS focal points. The second BCC workshop would be held in Bangkok in April 2005. He noted the clean production (CP) initiative advocated by Thailand in the last WGE, and hoped to hear the views of participants on the issues raised in the paper prepared for the meeting. He briefed on the progress of the SEF II project and the Sustainable Development RETA, and noted the plan to hold the latter's inception workshop in Bangkok in April. He mentioned parallel efforts to generate cofinancing for the GMS environmental initiatives, especially with the Governments of Finland and Sweden for the CEP. He announced that the second day of WGE would be a closed meeting among WGE, ADB and UNEP to finalize arrangements for the GMS Environment Ministers Meeting. He again thanked the development partners for their consistent support for GMS initiatives. He also thanked the MOE of Cambodia for the excellent meeting arrangements and expressed his delight at the strong participation of environment focal persons from GMS countries. He concluded by reiterating that the ultimate aim of the meeting is to help realize the twin goals of sustainable development and poverty reduction in the Mekong.

7. Mr. Surendra Shrestha, Regional Director and Representative for Asia and the Pacific, UNEP, echoed the progress of GMS cooperation in environment cited by Mr. Rajendran, which has advanced from projects/ programs to discussions of institutions. He suggested that institutional arrangement in the form of "WGE Secretariat" could be considered as one of the options. He stated the need to do more to increase ownership through participatory processes. He noted two areas to consider for future cooperation: (i) addressing environmental sustainability under MDG-7 and provision of ecosystem services on land, air, water, and biodiversity; and (ii) linkage to global sustainable development. He cited that the discussions on Biodiversity Conservation Corridors Initiative is an excellent start and suggested that in the near future we may have discussions and proposals or possible targets/standards on land, air, and water as we make progress with economic development. He cited the speech made by Chinese Vice Premier at the UNEP Governing Council late last year, which set the stage for successful conclusion of GC on the importance of circular economy, green accounting, and green GDP, and the need to build capacity to strengthen the environment agencies and institutions. He then summarized his views on the short, medium, and long-term directions for the WGE. In the short term, he stressed the need to focus on successful implementation of SEF II project, Sustainable Development Planning project, and the cluster TA on the core environment program and build upon gains already achieved from these projects. In the medium term he called for more integrated capacity building of national environmental agencies, and their strengthening in the areas of assessment, use of policy tools including legal, fiscal, and technical tools, and implementation and enforcement. For MDG-7 he noted the need to develop agreements or treaties on land, air, water, and biodiversity. In the long term, he suggested to move toward paths to sustainable development. He cited lessons that could be shared from PRC (green GDP, circular economy) and Japan (3 Rs) among others. He concluded by thanking the WGE members for their contributions and the opportunity for fruitful discussions during the meeting.

Session II- Review of Existing Activities

Biodiversity Conservation Corridors Initiative (BCCI)

8. Mr. Hasan Moinuddin, Team Leader, RETA 6213 (GMS BCCI), presented the work in progress on identifying pilot sites for the BCCI implementation in 2005-2008. He briefed on the project inception and status beginning with preparatory work in late 2004, to the holding of the inception workshop on 17 February 2005. He explained the concept of biodiversity corridors with examples of such corridors in Bhutan, Tasmania, Brazil, and South Africa, and listed examples in Europe and North America. He presented a map showing the nine (9) proposed biodiversity conservation corridors with transboundary roads and GMS economic corridors. He gave the phasing of the BCCI and updated on its work in progress. He enumerated the pilot site selection criteria in the GMS countries, which included the site falling within economic corridors or its zone of influence, serving to reduce ecosystem fragmentation and being a rich biodiversity area. He showed a succession of maps indicating pilot site selection in Lao PDR and presented a list of connecting corridors with their description and land area. He showed similar succession of maps for Viet Nam and indicated the provinces and connections for Phases 1 to 5. He explained the institutional set up for the period 2005-2008 for Lao PDR, Viet Nam and for the GMS Region.

9. Mr. Moinuddin then presented the main components of the strategic framework for the GMS BCC, which provided the narrative summary of the vision and purpose of the BCC, and their corresponding indicators, means of verification and assumptions and risks. He listed the five (5) components of the BCC, namely: (i) poverty reduction; (ii) harmonized land management and governance regime; (iii) restoring ecosystem connectivity; (iv) capacity building; and (v) sustainable financing of interventions. The indicators, means of verification and assumptions risks of the proposed strategic framework have yet to be determined, however. He then outlined the next steps for the BCCI, showing the dates for given events and their status.

10. Comments. Comments from the WGE participants on the preceding presentation were as follows:

- a. Mr. Pongpisit (THA) expressed concern that the BCCI would divert attention from the negative impacts of economic corridors on biodiversity. Mr. Javed Mir (ADB) said the BCCI would in fact highlight the impacts of economic corridors on biodiversity and will operate under the environment component of the 10-year GMS Strategic Framework endorsed by GMS Leaders in 2002. He stressed the BCCI's main purpose is to rationalize/ harmonize development activities in economic corridors to mitigate/ prevent negative impacts. He added that biodiversity corridors would help prevent fragmentation of ecosystems arising from development.
- b. Daw Htwe Nyo Nyo (MYA) asked whether Myanmar is covered by the BCCI. Mr. Rajendran clarified that Myanmar is not directly involved in the RETA but areas in Myanmar were identified and hoped these could be the basis for future support by other development partners.
- c. Mr. Pongpisit noted the damage done to Thailand's biodiversity by new roads and suggested that a study be undertaken to look into similar cases more closely. Mr. Rajendran said that economic corridor development has been endorsed at highest levels of government in the GMS; the WGE's role would then be to ensure that negative impacts from these are mitigated.

- d. Mr. Holtsberg (SIDA) shared some of his concerns on the BCCI, such as the top down approach that could limit consideration of grassroots perspectives. Mr. Moinuddin explained the participatory process adopted in formulating the BCCI.
- e. Mr. Tang (PRC) said that degradation of ecosystems and biodiversity are the most pressing issues in the GMS. He noted the importance of considering water resource development (WRD) in environmental protection efforts and cited examples of ecosystem degradation arising from WRD.
- f. Ms. Keobang A (LAO) expressed appreciation for the BCCI, which is consistent with Lao PDR's own national biodiversity policy and which is designed to promote its poverty reduction strategy.
- g. Mr. Guttman (MRC) noted the need for the BCCI to expand into aquatic habitats. He said the indicators could reflect actual biodiversity rather than some indirect indicator such as forest cover. He cited the need for trade off analysis with respect to roads and biodiversity. He noted the difficulties in relating planning at strategic level and implementation on the ground. He emphasized the need for the WGE to be involved with other GMS working groups and strategic environmental assessment in planning for development projects in other sectors.
- h. (IUCN) cited his organization's work on biodiversity corridors and was pleased with the thrust of the BCCI.
- i. Mr. Tai (VIE) expressed Viet Nam's appreciation for the BCCI and briefed on internal government clearance of the initiative.

Strategic Environment Framework/ RETA for Capacity Building for Sustainable Development

11. Ms. Yuwaree Inna, Program Analyst, UNEP, reported on the progress of the SEF II project in Yunnan (PRC), Myanmar and Viet Nam in relation to the project's aims to promote sustainable development (SD) through creation of a national performance assessment system (EPA) and to develop national and subnational capacities for implementing EPA. She went over the project phasing and main activities for years I and II and detailed the activities involved in the implementation phase (Oct. 2003- Oct. 2005), highlighting the EPA at national and local levels and the forthcoming subregional specific activities. She explained the EPA process development starting with the preparation of inputs up to the review of the EPA reports. She said the first draft of the EPA reports was presented during the Second Project Steering Committee (PSC-II) meeting held the day earlier and explained the main contents of each country report. Cambodia reported five (5) priority environmental concerns and identified 21 Pressure-State-Response (P-S-R) indicators. Lao PDR has seven (7) priority concerns and identified 35 indicators. Myanmar came up with six (6) priority concerns and 24 P-S-R indicators. PRC (Yunnan) reported five (5) priority indicators and 39 P-S-R indicators. Thailand came up with six (6) priority concerns and identified 20 indicators. Viet Nam highlighted seven (7) priority concerns and 30 P-S-R indicators. She then outlined the next steps for the project for national level and subregional level activities and the dissemination phase. She discussed the key points agreed from PSC-II meeting as follows: (i) requirement to meet the GEF concern; (ii) linking case studies of EPA at local level with global (GEF) concerns; (iii) concrete recommendation to come out of EPA; (iv) contribution from IGES; (v) timing of additional work on environmental sustainability index (ESI); and (vi) dissemination phase to consider the political level, media and need to raise awareness. She enumerated the proposed case studies for each GMS country and provided observations for the EPA, such as increase in country ownership of EPA.

12. For future directions, perhaps in a SEF III, Ms. Yuwaree stressed the need for: data development and enhancement of performance indicators; enhanced political attention to EPA; implementation of selected recommendations from EPA; and institutionalizing EPA at both national and subregional level.

13. Comments. Mr. Rajendran noted that most discussions took place during the PSC-II meeting yesterday, and asked for additional comments from the floor:

- a. Mr. Tang stressed the importance of the SEF II project and noted the potential for using environment indicators for assessing performance of government/ local officials. He said that PRC is preparing a national performance assessment in cooperation with OECD.
- b. Ms. Suchitra (THA) inquired about the level of comparability of the indicators being developed, and Mr. Gunatilake (ADB) explained common indicators across GMS countries that could be used for comparison purposes.
- c. Mr. Guttman explained the MRC's commitment to do further work on environment performance indicators and indicated MRC's willingness to cooperate with WGE.
- d. Mr. Rajendran expressed preference that projects such as SEF II are viewed not as an ADB or MRC projects but as priority areas to be undertaken under the GMS program.
- e. Mr. Tai (VIE) noted that there is good ownership in Viet Nam to provide systematic and comprehensive approach in developing environment performance indicators and preparing EPA reports.
- f. Ms. Keobang A (LAO) informed the meeting that the EPA produced through this initiative will be the first national report on environmental assessment and now have the knowledge to distinguish between state of environment and performance assessment.

14. Ms. Yuwaree briefed on the status of the Sustainable Development Planning RETA, which plans to hold its Inception Workshop on 7-8 April 2005 in Bangkok. Mr. Rajendran explained the importance of this RETA, which stemmed from the GMS countries' Johannesburg commitment to integrate social, economic and environmental planning into SD planning at national and subregional level.

15. H.E. Mr. Mok Mareth, Minister of Environment of Cambodia, joined the meeting toward the latter part of the morning session and expressed his pleasure at joining the very important WGE-11 meeting and interacting with the representatives of neighboring GMS countries. He noted the meeting's full agenda in advance of the GMS Environment Ministers' Meeting in Shanghai in May. He expressed appreciation to PRC for hosting said meeting, where GMS Environment Ministers would reiterate their commitment to protecting the environment and sustainable development (SD). He noted the importance of the Tonle Sap, with its rich aquatic resource and biodiversity, to Cambodia and the GMS region as a whole. He added that the GMS Leaders, in their first meeting in 2002, pledged to protect the environment and meet the goals of the World Summit on Sustainable Development (WSSD). He stressed that Cambodia has recently paid more attention to environmental protection and SD in its national policy, which coincides with the more recent GMS thrusts concerning environment and SD, in which the WGE plays a crucial role. He thanked ADB, UNEP and other development partners for their contributions to subregional cooperation for SD and environmental protection, and particularly cited Mr. Rajendran's work in support of the WGE and GMS Program. He concluded by wishing the group very productive discussions and a pleasant stay in Cambodia.

Session III- Future Directions for Regional Cooperation

Cleaner Production in the GMS

16. In response to the request by Thailand at WGE-10 in Hanoi, Mr. Richard S. Stevenson, Consultant, Mantaray Management LLC, presented on the prospects for sustainable production (SP) for the GMS, and explained the concept of sustainable production, which is an expansion of cleaner production (CP). He noted SD's overlaps with green productivity, eco-efficiency, triple bottom line (UNIDO) and the circular economy (PRC). He cited the global trends in CP/ SP with the focus on productivity, inclusion of social criteria, and upstream/ downstream impacts, among others. He enumerated the importance of SP to the GMS, such as to reduce present Mekong pollution, prevent new industrial pollution, and control natural resource depletion, among others. He gave the status of SP in the GMS and the critical needs in CP/ SP in the region. He provided an overview of the regional CP/ SP strategy for the GMS and gave the objectives of such strategy, which include reducing pollution and reducing poverty through income generation. Among the key issues in addressing the regional CP/ SP strategy for the GMS he mentioned were: (i) integration of CP/ SP into the CEP; (ii) integration of CP/ SP with other programs; (iii) relationship with GMS members more or less experienced with CP/ SP (leading to mentoring relationships); and (iv) balancing national interests. Among institutional framework considerations he mentioned were acceptability vs. capability, GMS Environment Operations Center (EOC), possible supporting and implementing organizations, and sustainability. He then explained each of the possible program elements which included, among others: (i) mentoring national policy and planning; (ii) building capacity with regional linkages; (iii) training of trainers; (iv) coming up with the roster of regional expertise; (v) developing industry associations; (vi) green procurement; (vii) regional green label program; and (viii) performance measurement criteria. He concluded with enumeration of the conditions for achieving SP, which include: a visible public policy; leadership; coherent and feasible policy; public/ private capacity; understanding of benefits; easy access to information; incentives and pressures; and ability to measure accomplishment. He showed the next steps to a GMS Program, which would include donor collaboration and agreement, GMS EOC, national awareness workshops, regional workshop toward a GMS Strategy, etc.

17. Comments. Mr. Rajendran enjoined the participants to reflect on the need/ urgency and manner of implementing the CP/ SP program. The WGE participants made the following observations:

- a. Mr. Pongpisit explained the difficulties of implementing green production in Thailand and described the "green hotel" program. Mr. Stevenson agreed that tourism is one of the principal areas where clean production could be applied. Mr. Pongpisit stated that Thailand had failed in most of its effort to promote Green Products. The number and value of Green Products in Thailand's market increased very slowly, calling for the government to start its green government procurement program to initiate demand.
- b. Mr. Tiep (UNIDO) agreed with the CP/ SP idea and discussed UNIDO's worldwide CP program and its extensive network of 35 CP centers worldwide. He expressed the need for cooperation due to transboundary impacts of development and the potential gains from mentoring activities. He said UNIDO is helping DANIDA with training for CP in Lao PDR and Cambodia.
- c. Ms. Keobang A said that given Lao PDR's low level of industry development, its focus should be in capacity building and in raising awareness with training through the university system. Mr. Stevenson agreed that each country should adopt a CP/

- SP program suited to its level of development and cultural background, but added that it would be crucial for a country like Lao PDR for it to avoid extensive degradation problems later.
- d. Ms. Li Fang (PRC) discussed PRC's programs on CP (undertaken in cooperation with various development partners) and its CP policies/ legislation. She discussed the remaining problems such as the high per capita consumption of natural resource products and the lack of incentives for industries to join. She suggested a careful look at the use of market instruments to promote CP versus pollution. An example is the "green label" which could however be improperly used as a non-tariff barrier.
 - e. Mr. Chanrithy noted that agriculture remains a dominant sector in Cambodia although the tourism industry is ascendant. He recognized the possibilities of learning from the CP program in terms of development policies and national capacity building. Mr. Stevenson cited the possible gains from CP for the various economic activities in Cambodia.
 - f. Mr. Guttman informed that MRC is looking into the possibility of integrating CP in its resource management activities and waiting for the outcome of the discussion on CP at WGE-11 to finalize the approach.
 - g. Dr. Tai supported the concept of CP/ SP and green production and discussed its possibilities for Viet Nam's development.
 - h. Daw Htwe Nyo Nyo discussed Myanmar's policy moves toward enhanced CP.
 - i. Mr. Shrestha explained that development in the last 150 years proceeded in a linear fashion. He noted that the CP path being envisioned is a homegrown concept that should cause a leap in efficiency of production processes. He expressed that it was important to build on existing bases to minimize duplication and said that we should build on the good work of UNIDO. He suggested the WGE might want to document Thailand's Green Procurement Program to see what aspects might be appropriate for the region. He suggested that the PRC study further its circular production concept and see how it could be applied across the GMS region.
 - j. Mr. Tang agreed on UNEP's suggestion and added that Japan's 3R (reduce, reuse, recycle) concept could also be examined. Demonstration projects of PRC's circular economy and Japan's 3R concept could be used as basis for similar programs in the GMS members. He stressed the importance of capacity building program to implement some regional initiatives that could be used by some or all of GMS countries.
 - k. Mr. Rajendran noted the following main points: (i) appreciation to Thailand for raising the issue of CP/ SP; (ii) importance of broader and more holistic application of CP across GMS countries and the need to support partners doing work in this area; and (iii) the need to look at capacity building issues. The latter would involve determining what capacities are needed, which sectors would have greatest impacts, (such as tourism), and which countries could provide facilities for training (such as Thailand and PRC). He also noted the need to identify a clear nodal point to take this issue forward.

Proposed Core Environment Program (CEP) Cluster TA

18. Mr. Mark Kasman, Environment Management Specialist, MKAE, ADB, presented the GMS core environment program (CEP) as a development strategy for conserving natural systems. He explained that these concepts were developed through a consultative process. Once the concepts have been approved, and financing secured, the specific projects will be further refined through stakeholder consultation. He noted the CEP's three components that include the five cluster TA subprojects, Biodiversity Conservation Corridors, and Strategic

Environment Framework III. He noted that the preceding presentors (Mr. Javed Mir and Ms. Yuwaree Inna) earlier provided the details on the Biodiversity Corridor and SEF III components of the CEP. He showed a figure indicating the relationships between the five TA cluster subprojects and the BCC and SEF III. He proceeded to explain the goal, purpose and key activities of each of the TA cluster subprojects, namely: (i) sustainable use of natural systems in GMS corridors; (ii) maintaining ecosystem services for selected sectors; (iii) protected areas as a development strategy; (iv) environmental governance and institution building; and (v) innovative financing. He showed a table detailing the annual financial requirements of each of these subprojects over three years.

19. He next detailed the interim steps for the CEP, consisting of activities during the WGE-11 meeting (March), the GMS Environment Ministers' Meeting (May), GMS Leaders Summit (July) and for the period July to November 2005. He also detailed the interim steps for the WGE. For the Environment Operations Center (EOC) he provided requirements for initial funding (Oct. 2004- June 2005), initial staffing (July-Aug. 2005), setting up EOC office (Aug.-Sept. 2005), recruitment of national staff, and preparation of 10-year institutional development plan. He enumerated the EOC's functions, namely: GMS environment information sharing; GMS environment management and conservation; sustainable development design, environmental assessment and oversight; coordination and liaison; and secretariat to WGE. The EOC would then serve to address the drop in activity in between WGE meetings.

20. Mr. Rajendran recalled that the CEP components presented in the WGE-10 meeting in Hanoi were actually meant to address GMS program thrusts. He said the CEP ensures that there is an institutional link with partner agencies as well as other programs in the region. He cited the need for crucial institution bridging efforts between partners. In ADB itself, he cited that urban pollution and urban water supply and infrastructure issues are handled in units different from the one on environment and natural resource management.

21. Mr. Kasman clarified that the \$1.5 million for the EOC would not be just for staffing purposes but for training and other programmatic activities related to institutional development. On Mr. Luo Gaolai's (PRC) inquiry about the funding for the BCCI and SEF III, Mr. Kasman clarified that the BCCI and SEF III would have funding separate from that for the cluster TA. Mr. Luo asked whether cluster TA funding would be considered part of the country assistance; Mr. Rajendran explained the rationale behind the effort to obtain funding for the entire cluster project. He said the programmatic approach was taken to avoid sequential funding of the cluster TA, because of unpredictability of results when one phase is used to feed into another.

22. Mr. Mathur said that strategic environment assessments (SEAs) face a host of data and methodological issues before it can be institutionalized, especially across countries. Mr. Rajendran said one of the aims of the CEP is to undertake strategic environment assessments (SEAs) for the next generation of sector plans, which at present are fairly clear as to where they would like to be in the medium to long term, as in the case of the power sector.

23. Mr. Holtsberg agreed on the need for a Secretariat for the EOC but asked how this would be related to ADB and its office based in Bangkok. Mr. Rajendran clarified that supervision of the EOC would have to be defined by the WGE but administratively, would initially be under ADB. Mr. Kasman said that this alternative was arrived at after a round of consultations with GMS countries, in order to provide the EOC with the clout for faster take off.

24. Mr. Guttman (MRC) informed the meeting that MRC would be presenting guidelines on transboundary EIA in June 2005, following a 1998 agreement and initial work done in 2002. He

added that strategic environmental assessment (SEA) in MRC's Basin Development Program (BDP) covers the hydropower and tourism sectors. He informed of MRC's involvement in economic/ social/ environmental evaluation of critical sites, and cumulative impact assessment (which is part of SEA). He encouraged the CEP to better integrate into other GMS working groups.

General Discussion: Core Environment Program, Biodiversity Conservation Corridors Initiative, GMS Environment Ministers Meeting, Cleaner Production in the GMS

25. Mr. Rajendran opened the floor to any other issues that participants would like to raise.

26. Mr. Shrestha noted that the EOC is a crucial development in so far as WGE is concerned. Its secretariat functions would require a period of direct involvement by supporters like ADB and UNEP. He said the key issue is in determining the length of this transitional "hand-holding" period. He cited examples of inter-governmental bodies that could serve as models for the EOC. Mr. Rajendran noted that the MRC Secretariat is a good example for the EOC.

27. Mr. Tang said that PRC supports the CEP proposal and said that some decision would be needed on the CEP with the coming of the First GMS Environment Ministers Meeting. On the BCCI, he noted its overlaps with some program elements of the cluster TA. He suggested future discussions be held to harmonize the inputs and outputs of the said projects. He said the main concern of the WGE has been to determine the institutional options for the sustainable management of GMS resources. He added that establishment of new inter-governmental mechanisms and institutions are very difficult in view of the need for inter-governmental agreements. He explained the expected functions of the EOC at various stages, and added that for starters, the EOC should serve only as secretariat of the CEP and act as the preparatory unit of the more permanent one.

28. Mr. Eric Coull informed of the WWF's Asia Pacific Regional meeting and the interest of the WWF in the GMS initiative. He noted that WWF is coordinating staff globally to support the core environment program and offered the potential secondment of technical advisors to the EOC once operational. He informed of technical support it provides in the areas of strategic environment assessment and other priority areas being addressed by SEF II and to be addressed by the CEP. Mr. Javed Mir explained the internal coherence in the CEP and in terms of how it relates to other CEP components such as the BCCI and SEF.

29. Mr. Pongpisit presented Thailand's proposal to promote green products and services program as one of the cluster components with budget attached. He said green products and services are produced with green process and by themselves are green. He proposed Green Tourism as a first activity of this TA. Mr. Kasman responded that the green production proposal would fall under sustainability in environment sectors component of the cluster TA. The WGE will consider it when finalizing the scope and activities of the cluster RETA.

30. Dr. Tai supported PRC's suggestion for EOC staff to come from GMS countries and that the EOC should initially undertake coordination work. Mr. Luo said that the CEP should be based on the outcome of the SEF II project, given the importance of performance assessment indicators and system being developed by the latter.

31. Mr. Christensen (DANIDA) mentioned his agency's support for SEA in coastal zone in Cambodia. He added the difficulty in understanding and utilizing the CEP components and its

tools (SEA, impact assessment, etc.). A key question he expected from donors is how the CEP would harmonize with other initiatives in the GMS region. He stressed the importance of linkages of national strategies with the regional ones.

32. Mr. Rajendran discussed the Tonle Sap initiative in which various donors worked closely, including Finland. He believed in the internal consistency and logic of the CEP and reminded of the environmental sensitivity present in various GMS sector programs. Another important point he made was that the EOC would not be ready with a GMS Secretariat separate from ADB. He said he was indifferent on how the EOC would be called initially but stressed that the EOC would be dependent on funding to operate and not necessarily based on an inter-governmental agreement. He requested WGE members' support in convincing their governments that the EOC would not involve an inter-governmental legal agreement, but merely dependent on funding which could come from interested bilateral partners.

33. Ms. Suchitra provided a number of suggestions to improve the design of the BCCI, such as moving beyond vegetation indicators and enhancing its participatory process. Mr. Mir elaborated on the forthcoming activities of the BCCI including the use of monitorable indicators reflective of biodiversity status and adoption of prescribed consultative processes.

Session IV- Concluding Session

34. Mr. Rajendran announced that a closed meeting of WGE, ADB and UNEP on 15 March would commence at 9:00 am to go over arrangements for the meeting of the GMS Environment Ministers. He thanked the development partners who joined the discussions and assured that their inputs would be welcome in the continuing dialogue process. He thanked everyone for their contributions during the meeting discussions.

35. Mr. Tang requested the participants to indicate their preference as to the venue of the 12th meeting of the WGE next year which will be hosted by PRC. He informed that two PRC provinces are now members of the GMS Program, Yunnan and Guangxi Zhuang Autonomous Region.

36. H. E. Mr. Mok Mareth noted that the meeting was a success and yielded key decisions and agreements on ongoing initiatives such as the SEF II and the BCCI. He noted that the concept of sustainable production (SP) could be incorporated in the core environment program and appreciated the TA proposal to promote green production in the GMS. He said the CEP cluster TA may have additional components depending on the necessity for sustainable production. He said that while there has been no agreement yet on the name of the EOC, there has been a consensus on its importance in assisting the WGE and in implementing the CEP. He expressed personal support for the GMS EOC. He thanked ADB and UNEP for the support in implementing their respective projects for promoting environmental sustainability and protection. He recognized the importance of the participation of development partners in the meeting and thanked the GMS country participants for their support and contributions.

Dinner Hosted by Government of Cambodia and ADB