

GREATER MEKONG SUBREGION ECONOMIC COOPERATION PROGRAM
The GMS ENVIRONMENT MINISTERS MEETING
25 May 2005
Shanghai, PRC

HIGHLIGHTS OF DISCUSSIONS

Introduction

1. The first GMS Environment Ministers Meeting (EMM) was held in Shanghai, PRC on 25 May 2005. The overall theme of the meeting was “Managing Shared Natural Resources for Sustainable Development“. The meeting took stock of achievements in GMS environmental cooperation and discussed future directions for regional cooperation in environment and natural resources management. The Agenda and Program of the meeting is attached as **Appendix 1**.
2. The meeting discussed three aspects relating to enhanced environmental cooperation in GMS Program, namely: (i) Core Environment Program (CEP); (ii) Biodiversity Conservation Corridors Initiative (BCI); and (iii) Environmental Performance Assessment (EPA). The meeting also considered the establishment of the GMS Environment Operations Center (EOC). Toward the end of the meeting, a Joint Ministerial Statement was issued, which is expected to form the basis for preparing an announcement on the CEP, in particular the BCI, at the forthcoming GMS Summit of Leaders to be held in Kunming, PRC on 4-5 July 2005.

Participation

3. The meeting participants included delegations from the Kingdom of Cambodia, the People’s Republic of China (the PRC), Lao People’s Democratic Republic (Lao PDR), The Union of Myanmar, Kingdom of Thailand, and the Socialist Republic of Viet Nam. Also in attendance as observers, were representatives of the following organizations: Mekong River Commission Secretariat (MRCS); European Union (EU); World Conservation Union (IUCN); Swedish International Development Agency (SIDA); Embassy of Finland; United Nations Environment Programme (UNEP); World Wide Fund for Nature (WWF); World Bank (WB); and Asian Development Bank (ADB). The Meeting was co-chaired by H.E. Mr. Xie Zhenhua, Minister, State Environmental Protection Administration (SEPA), PRC and Mr. Liqun Jin, Vice President, ADB. The list of participants is attached as **Appendix 2**.

Welcome Remarks

4. Honorable Yang Xiong, Vice Mayor of Shanghai, extended his warm welcome to all delegates to the first GMS Environment Ministers Meeting. He noted that GMS cooperation has played an important role in promoting mutual understanding and regional economic development. He said that the first GMS Environment Ministers Meeting would contribute a lot to regional environmental cooperation. He discussed Shanghai’s rapid economic expansion and its aim of establishing a modern, metropolitan city serving as a center of finance, trade and navigation. He added that Shanghai is a suitable venue for holding of the landmark GMS Environment Ministers Meeting. In the process of development he said that the city of Shanghai had placed strategic importance to environmental protection. He noted the award achieved by the city, which was conferred by the UN due to its efforts to balance its economic development with environmental and ecological protection. He said the city’s next goal would be to establish an ecologically balanced city. He cherished this chance to learn from other countries and believed that the meeting would result in stimulating regional environmental cooperation. He

wished the participants all the success in their deliberations and invited everyone to enjoy Shanghai.

Keynote Speeches

5. Mr. Shafqat Kakahel, Deputy Executive Director, UNEP, expressed his gratitude to the hosts and organizers of the meeting, namely, SEPA, the City Government of Shanghai and the ADB. He cited that the efforts of Shanghai to protect and preserve its environment while growing robustly make it an appropriate venue for the meeting. He noted the vital role of the Mekong region in achieving the global goal of sustainable development. He said the region hosts crucial environmental and ecological assets, whose sustainable development would eventually determine the prosperity not only of the region but of the whole world. Since the launch of the GMS Program in 1992, socio-economic development in the GMS region has indeed been impressive, but as has happened elsewhere, this growth was accompanied by accelerated pressure on ecosystems and environmental assets. Realizing that the resilience and health of these ecosystems are needed to guaranty continued growth, the GMS countries have attached importance to environmental protection. He noted the important role played by the GMS Working Group on Environment (WGE) in raising awareness, undertaking assessment of environmental trends and promoting cooperation. The WGE has developed environmental monitoring and information systems, the Strategic Environment Framework (SEF), GIS-based Early Warning System, Core Indicators System, and the GMS Environment Atlas. He commended the WGE's efforts to develop the CEP and the BCI. He welcomed the establishment of the EOC, and added that the conduct of the First GMS Environment Ministers Meeting would form the basis for consideration of environment issues in the Second GMS Summit of Leaders in Kunming in July 2005. He cited the meeting's global significance, in relation to the forthcoming UN General Assembly's meeting scheduled in September 2005, to review the outcomes of the 2000 Millennium Summit and the 2002 Johannesburg Earth Summit. These have served as inspiration to governments and stakeholders in achieving sustainable development goals. He recognized the crucial importance of GMS cooperation in providing intellectual support for the success of various initiatives such as the BCI. He congratulated the participants to the meeting and wished them success in their deliberations.

6. Mr. Liqun Jin, Vice President, ADB, noted that the meeting is a landmark in cooperation and shared concern for the environment in the GMS. He added that the subregion has attained impressive economic and social gains, but that challenges remain such as poverty and malnutrition. He noted the dual role of the environment in economic growth and poverty reduction in the GMS in terms of maximizing contribution to economic growth and safeguarding the health of life support systems. He then offered sobering conclusions on the state of environment in the Asia and Pacific region, marred by increased deforestation and land degradation, loss of biodiversity, and deterioration of air and water quality, and complicated by declining trends in public spending for the environment. He highlighted two approaches to address financing difficulties: enhancing the private sector's role in environmental management; and utilizing available funds more efficiently through targeted and results-oriented projects with appropriate environmental considerations. He said the private sector has been overlooked in the provision of environmental goods; in the face of globalization and increasing difficulties in public financing of environmental management, there is a need to enhance the role of the private sector in this area. He then discussed emerging business opportunities for marketing ecosystem services and existing markets for environmental goods and services. On the former, he noted that global ecological services are largely not valued due to market failures, but cited successful examples of innovative private initiatives in the market exchanges of ecosystem services. He added that some market-based approaches are at pilot stage and their application in the GMS may require institutional refinements. He noted that ADB has been adapting to

emerging market trends as evidenced by the Nam Theun 2 project, financed by ADB and World Bank, in which the corporate sector would pay to maintain watershed services in Lao PDR. On existing business opportunities in environment, he cited the huge world market for environmental goods and services and proceeded to discuss ADB's various initiatives to increase private sector engagement in resource management.

7. In making more efficient use of available funding, Mr. Jin lauded the GMS Working Group on Environment for developing the CEP, which will provide a systematic and integrated approach to manage and conserve natural systems in the GMS. He explained that the CEP's six components would provide the means to address the stresses that rapid economic growth exert on the environment. He noted that BCI is a key CEP component designed to address the impact on biodiversity resulting from landscape fragmentation due to the development of economic/ infrastructure corridors under the GMS Program. He added that the CEP was designed using a participatory process, and that the current meeting is the final step of this process. He said the Environment Ministers' endorsement of the CEP and BCI, which is being sought today, would precede consideration of the CEP and BCI at the Second GMS Summit of Leaders in Kunming in early July 2005. He enjoined the Ministers to consider their positive role in advancing growth and reducing poverty while protecting the environment, and wished them the best in their deliberations.

8. Mr. Zhu Guangyao, First Vice Minister, SEPA moderated the Opening Session and on behalf of H.E. Minister Xie Zhenhua and SEPA, welcomed the participants to the First GMS Environment Ministers Meeting in the city of Shanghai. He noted that the GMS countries faced severe environmental challenges in their drive for economic development. He stressed the crucial significance of environmental cooperation to the sustainable development of the region. He stated that the PRC Government had attached great importance to environmental protection and international cooperation in GMS, ever since the GMS Program was established in 1992. He noted that with the active support of ADB and UNEP, each GMS country has implemented cooperation projects that laid the solid foundation for improving regional environmental quality and sustainable development. Situated in the upper reaches of the Lancang-Mekong River, the PRC as a responsible big nation and good neighbor and partner, has actively participated in the mechanisms of GMS cooperation and the ASEAN- Mekong River regional development cooperation, and has established formal dialogue with the MRC. He cited partnership with ADB on GMS projects such as the environment training program, environmental monitoring and information exchange.

9. Mr. Zhu then cited PRC's efforts in environmental protection, which serve as foundation for strengthened cooperation: stepped up construction/ management of nature reserves within the river basin; promotion of cleaner production; and strengthened urban infrastructure through sewage treatment plants. These efforts have gradually developed environmental management capacity. He reiterated PRC's role as advocate and promoter of environmental cooperation and fulfillment of its active role in biodiversity conservation, environmental management, sustainable utilization of natural resources and related capacity building. He said PRC would use important platforms such as the WGE and Environment Ministers Meeting to further broaden cooperation in both depth and range, and enhance realization of sustainable development goals of the region. He wished the meeting a grand success.

10. Mr. Urooj Malik, Director, MKAE, ADB, in his brief introduction to the multi-media presentation, **Managing Shared Natural Resources for Sustainable Development**, noted that the connectivity, competitiveness and community fostered through the GMS Program helped usher an era of rapid progress in the GMS. He noted that while GMS infrastructure projects were the most visible investment helping realize greater regional integration, other less visible but equally

important investments are helping us meet our common objective of environmental sustainability. He said the ADB was pleased to have been associated with the GMS WGE, which has proven to be an effective forum to share views and ideas on natural resource and environmental management issues. WGE has helped raise awareness on issues relating to transnational environmental governance, capacity development and information sharing. He mentioned the various achievements under GMS environmental cooperation, such as the training of officials in environmental practices and procedures, advancing capabilities in GIS, identifying GMS environmental hotspots, and undertaking field activities such as the Tonle Sap Initiative, which takes a comprehensive basin-wide approach to address environmental and poverty threats to the Great Lake. He expressed the momentum being gained in GMS environmental work, and that it is crucial to work together to secure sustainable use and management of natural resources. He invited everyone to view the presentation on the challenges in managing our shared natural assets and how the WGE was helping to lay the building blocks to address them effectively. He said that discussions later in the day would deal with how the WGE work can be raised to the next level of engagement.

Session I: Strategic Directions in Environmental Cooperation

GMS Core Environment Program

11. The session commenced with a **video presentation** that highlighted the CEP as a proposed WGE course of action to meet the need for a more strategic and effective approach in managing and conserving the subregion's environment and natural resources for sustainable development. Mrs. Keobang Keola, Deputy Director of Cabinet, Science, Technology and Environment Agency (STEA), Lao PDR, presented the CEP, and provided the outline of the presentation comprising: (i) review of pressures driving the need for action; (ii) proposed framework for action; and (iii) details behind key components of the CEP.

12. Mrs. Keobang A discussed the population and development trends in the subregion and raised the issue of how the countries could sustain the environment while keeping up with rapid expansion. She noted that planned infrastructure in the GMS would have significant environmental implications, and in response to this, the GMS countries have been building their environmental institutions and policies. She explained the CEP's systematic and integrated approach to conserve natural systems of the GMS, and discussed the CEP's six key components in detail. The first component's aim is to secure the critical ecosystems and environmental quality in GMS economic corridors; this would involve, among others, identifying critical natural systems in corridors and detailing their benefits to development. The second component's aim is to ensure that investments in key sectors (hydropower, transport, tourism) proceed in a sustainable manner. Outputs include comprehensive strategic environmental assessments (SEA) and how to integrate SEA analysis into development planning. The third component aims to conserve biodiversity within priority GMS conservation landscapes, and comprises, among others, restoring ecological connectivity within a set of biodiversity areas within economic corridors. The fourth component aims to define/ implement sustainable financing strategies and market mechanisms that are relevant to GMS efforts to conserve natural resources, which include opportunities for engaging private sector investment. The fifth component's aim is to build institutional capacity to implement the CEP and support the WGE; this includes the establishment of implementation arrangements for the CEP, such as support the EOC providing support to WGE to implement CEP, and capacity building for GMS officials. Mrs. Keobang noted that the sixth component, integrating environment in development planning, would be discussed in more detail later, but added that this would go further to adapt, adopt and apply environmental performance indicators and targets, develop regional

environmental indicators and integrate environment in national and regional sustainable development planning.

13. Mrs. Keobang A gave a recap of the expected results from the CEP as follows: (i) to identify critical natural systems in economic corridors and implement safeguards to minimize impact of planned development on specific ecosystems; (ii) to help build and implement codes of practice to maintain ecosystem services, thereby sustaining investments in key sectors and development as a whole; (iii) to improve environmental governance through a more effective GMS institutional structure; and (iv) to build on the existing network of protected areas and help restore ecological connectivity and integrity in important biodiversity areas and sustain ecosystem services for generations. Finally, she stressed that as stewards for the shared environment, the GMS countries have the responsibility to provide the means to address the immediate and long-term stresses that rapid economic growth exerts on environmental resources.

GMS Biodiversity Conservation Corridors Initiative

14. The session discussed the GMS BCI, which is a flagship of the CEP. Mr. Wang De Hui, Deputy Director General, SEPA, PRC stated that his presentation will explain the need for the BCI, what it is trying to accomplish, its implementation arrangements and the expected impacts. He recognized that for the GMS to be free of poverty, economic corridors and infrastructure development is a must; however, to keep people out of poverty, investments must be pro-poor and environmentally-sound. He explained that the problem of fragmentation, which is the breaking up of natural habitats such as forests, could lead to breaking up of ecosystems, thus resulting in adverse short and long run economic and environmental impacts. He showed graphic pictures of biodiversity that indicate the health of the environment and symbolize the dangers that forest fragmentation poses to their survival. At current rates of degradation of forest, freshwater and marine habitats, he said that the GMS would lose more than a third of its habitats over the next few decades. He explained that fragmentation of forests and ecosystems will negatively affect the productivity of agriculture, forestry, and fisheries, and stressed that this poses a clear and present threat to our welfare.

15. Mr. Wang then explained the BCI as a comprehensive and timely strategic response to habitat fragmentation related problems and risks, which will: (i) improve connectivity in selected high priority GMS biodiversity conservation areas; and (ii) mitigate degradation that economic corridor investments may cause to ecosystems, people and biodiversity. He described the BCI as patches of suitable habitat to combat fragmentation and improve ecological connectivity and as continuous strips of land, or stepping-stones or larger landscapes. He enumerated the four main elements of biodiversity conservation landscapes: core areas; buffer zones; sustainable-use areas; and biodiversity corridors. He added the BCI allows us to address conservation needs and priorities on multiple land systems and explained the species and habitat-related functions of biodiversity corridors in terms of preventing/ minimizing habitat fragmentation, enhancing species movements; and expanding functional boundaries. The BCI, he said, could be the first line of defense against potential climate change effects on food and health security and discussed the preparation process for the BCI, which began in July 2004 and culminated in the April 2005 consultation workshop in Thailand. He enumerated the nine high priority GMS biodiversity conservation landscapes and their locations, and read the BCI Strategic Framework vision and as for its purposes, he stressed the need for fair sharing of costs and benefits, for providing livelihood benefits to communities, and for protecting land and forests to avoid infrastructure loss to landslides and flooding. He then explained the five components and results of BCI: improving livelihoods; harmonizing land management; restoring ecosystem connectivity; enhancing capacity and securing long-term financing. He also explained the selection criteria for

pilot sites, which include their being within or near economic corridors, their potential for ecosystem fragmentation and their richness of biodiversity. He enumerated the six BCI pilot sites and provided a quick overview of the pilot activities. He also gave an overview of the proposed institutional set up for BCI implementation, which will be part of the EOC. He gave the phasing of the BCI and the activities under each phase; in closing, he related the BCI's relationship with the 3C's of connectivity, competitiveness and community.

GMS Environmental Performance Assessment

16. Mr. Chuon Chanrithy, Director, Ministry of Environment, Cambodia, commenced with two critical questions: one on how to assess, monitor and evaluate the impacts of the CEP and BCI; and the other on how to ensure sustainability of the GMS development process. He explained the need for EPA, which is the process of developing indicators and monitoring them over time, to answer the preceding questions. He presented the EPA and explained the achievements in EPA in the following areas: (i) Subregional Environmental Monitoring and Information Systems (SEMIS) Phases I and II- where core data sets, Early Warning Information Systems (EWIS) and capacity in remote sensing Geographic Information System (GIS) and Integrated Environment and Economic Development Planning (IEEDP) were developed; and the (ii) Strategic Environment Framework (SEF) Phase I. These projects led to identification of environmental hotspots and contributed to data/ images in the GMS Environmental Atlas. He described the ongoing follow-up EPA work in the Tonle Sap Initiative (TSI), a key hotspot, and the SEF II project. He discussed the case of the Tonle Sap Great Lake as a hotspot, providing its characteristics and showing it as an area whose unique ecosystem and dependent population are at risk due to development. He laid out the strategic principles of the Tonle Sap response, showing that the Tonle Sap Basin Plan has adopted a holistic framework taking into account existing legislation, and other resource management plans at various levels. He enumerated the four basic principles used in the plan: sustainable livelihood, social justice, basin-wide approach, and better governance. He explained that the TSI is a best practice example of natural resource management, which has led to a series of interventions such as the TS Environmental Management Project, and TS Sustainable Livelihood Project. For SEF II, he explained the work in developing a set of measurable, analytically sound and policy-relevant indicators for self-evaluation of environmental performance. He explained pressure- state- response (PSR) analysis, which involves looking at the pressure (P) on state (S) of environment, and society's response (R). He enumerated the 13 national environmental policy concerns, the first 10 of which represent environmental "bads" with the rest dealing with sustainable resource use. He then summarized the subset priority concerns and indicators for each of the six GMS countries using a participatory approach. He cited the Thailand example for the P-S-R model where P is for the rate of deforestation, S is for forest cover and R is for expenditure on forest protection. Trends in forest cover could be compared with the target of 40% forest cover, and in the event of poor performance, P-S-R analysis would allow framing/ implementing remedial action.

17. On how EPA ensures sustainable development, Mr. Chanrithy cited the benefits from EPA which includes informed decision-making, enhanced policy and practice coherence, enhanced transparency and accountability, help in securing financing, and help in prioritizing actions. He cited the challenges to developing EPA, such as establishing ownership, lack of explicit targets, data and capacity deficiencies, lack of institutions/ targets on transboundary issues, and sustainability and gave the traits of successful EPA, which are comparability, credibility and continuity. He said plans are built based on these principles. He outlined the next steps for EPA starting with the implementation of SEF II recommendations to address institutional gaps (enhancing institutes), data gaps (through research program) and through interventions in poorly performing sectors and hotspots. Other next steps included the next

round of expanded EPA, the integration of national sustainable development strategies (NSDS) and EPA, and capacity building. He concluded with the quote “Let the best practice of science, systematic analysis and self-evaluations guide us to a sustainable path of development”.

Discussions

18. VP Liqun Jin invited comments on the preceding presentations. H.E. Mok Mareth, Minister of Environment, Cambodia, noted that key components of the CEP must be closely linked to sustainable development and livelihood promotion to ensure conservation and protection of critical biodiversity. He said that establishment of biodiversity conservation corridors would help ensure the balance between economic corridor development and ecosystem conservation. He stressed the usefulness of highlighting the key components of the CEP and was pleased to note that the six GMS countries agreed on the initiatives. H.E. Yongyut Tiypairat, Minister of Natural Resources and Environment, Thailand, cited the Tenasserim Biodiversity Corridor pilot project in Thailand. He invited Myanmar to cooperate with Thailand in jointly implementing this project.

19. VP Liqun Jin noted that the CEP represents a logical step in informed decision making by the Leaders on GMS development in the 21st century. He said that the emphasis given to environmental protection would enhance the confidence of the international community on the prospects of development of the subregion. He said that the subregion faces challenges such as poverty reduction as well as the need to maintain natural resource and ecological balance. He cited the strong commitment of the subregion’s governments to pursue poverty reduction on a sustainable basis. A second important initiative for the subregion concerns avoiding the development path earlier taken by the now developed countries, i.e., pollute now and clean up later. Thus, when connectivity is developed in the subregion, governments must take into account the impacts of development activities on the environment and natural habitats. In ensuring connectivity of the environment, the main implementation challenge is the lack of institutional capacity.

20. As for the regulatory framework, which is very important, strong commitment and political will of governments would be needed to counter the need of people to over-exploit the environment. Governments need to strike the balance between meeting the needs of the poor and protecting the health of eco-systems. Under the BCI, he said that cooperation would allow the countries to build on the development needs and gains of each country. ADB’s work on the BCI involved largely synthesizing the ideas that the GMS members themselves generated. He related stories about transboundary trade in wildlife, which only highlighted the fact that it is the duty of everybody to protect biodiversity, wherever one may be. With regard to performance assessment, the issue is how to deliver credible programs despite limited government resources. However, we should also mobilize resources from other development partners and one way to secure support from the latter is to demonstrate good performance based on credible assessment. However, since we could not always depend on grants or subsidies, we should be able to elicit more support from the markets and the taxpayers, for our efforts to make a difference in attaining better eco-balance in the subregion.

21. H.E. Prof. Bountien Phissamay, Minister to the Prime Minister’s Office, President of Science, Technology and Environment Agency (STEA), Lao PDR, noted that linking biodiversity conservation infrastructure and poverty reduction are appropriate for Lao PDR’s stage of development. He noted the substantial revenues from the Nam Theun 2 project (\$30 million over the next 30 years) that was set aside for biodiversity conservation in the Nam Theun-Nakai plateau. He said that Lao PDR supports the BCI since Lao PDR has three protected

areas under BCI. VP Jin commended Lao PDR for allocating future revenues from Nam Theun 2 for the protection of the environment.

22. Mr. Kakahel (UNEP) commented that the presentations were extremely useful and showed how in a short period, substantial progress was made in developing the CEP and its components. He cited the BCI and the indicators for assessing performance, as among the better examples of similar progress in subregional environmental cooperation in the region. He said UNEP has been a long-standing partner of ADB in the GMS Program. He committed to strengthening UNEP's partnerships with governments and agencies in GMS environmental cooperation.

23. Mr. Malik reported on the outcome of the SOM yesterday and mentioned that once endorsed by the Environment Ministers, the CEP would become an integral component of the overall GMS Program. In this regard he mentioned the GMS Development Matrix as a tool for development planning and resource mobilization, and noted that the matrix would be updated periodically and presented to GMS Ministers. He said the matrix would be updated to include the CEP, BCI and EPA initiatives. He shared that a number of development partners are represented in this meeting, such as WWF, IUCN, SIDA, European Community (EU), and MRC. These partners participate in the WGE deliberations and have committed to support implementation of the EOC. Mr. Malik announced that two partners in particular intend to place a staff member in the EOC: WWF and SIDA.

24. Dr. Pham Khoi Nguyen, Senior Vice Minister, Ministry of Natural Resources and Environment (MONRE), Viet Nam, agreed that the presentations were interesting and useful. He noted the achievements of the WGE, especially in terms of developing environmental performance indicators needed to implement the CEP. He said Viet Nam is strongly committed to implement the BCI and would later make a statement on this.

25. U Than Swe, Director General, Planning and Statistics Department, Ministry of Forestry, Myanmar, thanked the presentors and noted that Myanmar has participated in all WGE activities and intends to participate in future CEP activities, particularly in the development of required indicators and biodiversity conservation. He stressed the need to cooperate with stakeholders in promoting environmental sustainability.

26. Mr. Christer Holtsberg, Director, SIDA Regional Office, recalled SIDA's involvement in regional cooperation in the past years, including cooperation with MRC and now with ADB on the CEP. He announced SIDA's recent policy decision to accord greater priority to the environment sector, and Southeast Asia, particularly the GMS. He stated that SIDA intends to increase its allocation to the GMS, particularly the environment sector. He said SIDA will shortly decide to support the CEP and stressed that SIDA is ready to share its experiences and competencies to help protect shared resources. He reminded that MRC is an important source of competence and knowledge and whose members are four of the six GMS countries. He suggested to try to find the mechanism to tap MRC expertise in water resources for WGE and ADB work on the environment.

27. Mr. Kim Carstensen, Secretary General, WWF Denmark, expressed the importance of the CEP in ensuring the ecological health of the subregion and the world. He reiterated the need to find the balance between economic development and protection of natural resources. He said it was important for the CEP to find innovative solutions to issues identified, which could be provided by forging new partnerships. He echoed Mr. Malik's announcement that WWF plans to second a senior staff member to the EOC.

28. VP Jin said he was impressed with the level of commitment to the program made by the participants. Mr. Zhu summarized the outcomes of the preceding session, and noted that the interventions made by the Ministers would lay the solid foundation for the next round of discussions among the GMS members.

Session II: Country Statements and Discussion

29. The session discussed some of the key issues related to the preceding presentations on key GMS environmental initiatives. Vice Minister Zhu Guangyao and Deputy Executive Director Shafqat Kakahel co-chaired this session, which had been designed to discuss the issues and propose joint actions to ensure achievement of sustainable development goals for the subregion.

30. *Cambodia.* H.E. Dr. Mok Mareth, Senior Minister and Minister of Environment, thanked the Government of PRC for hosting the meeting. He noted the environmental and development challenges that Cambodia is facing, and cited its program for the Tonle Sap Biosphere Reserve as an approach worthy of replication for similar areas in the Lower Mekong Basin. He cited the Cardamoms mountain range as one of the few remaining pristine forest areas with high biodiversity, and noted the Cambodian Government's concerted effort to control illegal logging in its forest areas. He noted the importance of tourism in Cambodia's development, and the need for improving cultural tourism management as well as eco-tourism. He discussed efforts to introduce diversified livelihood options to reduce the pressure on the natural environment. He cited the priority given to integrating Cambodia to the world economy, and its strategy to attain growth, equity and efficiency recognizes the importance of regional integration. He stated Cambodia's long-term commitment to manage its environmental resources, and thus committed to support the CEP and participate in each of its six elements, including the BCI. He noted that the CEP would help shape the way development proceeds in the region and to promote environmentally sound development. He recommended consideration by GMS members of an agreement on air and water quality. He also suggested building on existing mechanisms to sustain the sustainability of the EOC, with the support of UNEP. He recognized the importance of environmental performance assessment work in the GMS, which will provide information to guide future environmental action in the subregion.

31. *PRC.* Mr Zhu Guangyao, Vice Minister, SEPA, stressed that the GMS has not only one of the richest biodiversity regions in the world, but also a very fragile environment. He said the common action of the GMS members and international community to implement the CEP signals the entry of regional cooperation into a deeper stage of regional environmental management. He added that to better achieve sustainable development, the CEP should establish closer coordination with existing GMS frameworks such as on economic corridors. He shared some of his thoughts in this regard. First, is the need to respect patterns of development while adhering to sustainable development principles. GMS members should stress the importance of simultaneously considering conservation in the development process and in pursuing economic corridor development. He stressed the need to consider eco-system and environmental protection as important components of development plans. Especially for those with hotspots areas, GMS Governments must honor their commitments to the Earth Summit and strengthen cooperation on global biodiversity efforts. He was pleased that the GMS countries have achieved consensus on the CEP and BCI; he compared the latter to GMS economic corridors' efforts to improve connectivity of systems and expand economies of scale. He committed that PRC will promote BCI and EPA, in order to improve natural resource protection. He said existing partnerships would be enhanced through stronger mechanisms for environmental cooperation and extensive dialogues. Areas for future cooperation could include environmental accreditation, clean production, environment-friendly businesses and products,

and performance assessments. He suggested that GMS countries step up cooperation in capacity building and promotion of cross-border biodiversity and ecological security protection systems. He expressed PRC's commitment to strengthen cooperation with neighbors.

32. *Lao PDR.* H.E. Prof. Dr. Bountien Phissamay, Minister to the Prime Minister's Office, President of STEA, thanked PRC and ADB for the excellent arrangements for the meeting. He said that the Lao PDR government recognizes that the condition and productivity of biodiversity determine the success or failure of national development plans. He said poverty reduction requires judicious use of natural resources, and that conservation and environmental protection is a necessity, not an option. He discussed the importance of water resources for the future of Lao PDR's social and economic development, especially hydropower, which would remain a crucial sector of growth that would compete with other sectors. He called attention to the forestry sector, with 14% of Lao PDR's total land area under National Biodiversity Conservation Areas, one of the largest in the GMS. He said that linking biodiversity conservation, infrastructure and poverty reduction would be appropriate for Lao PDR's stage of development. He cited the example of the Nam Theun 2 project, in which over \$30 million would be earmarked for watershed National Biodiversity Conservation areas protection, in addition over 1.5 billion of revenues generated will be earmarked for poverty reduction and related social activities. He was pleased to see payment for environmental services coming to reality. He appreciated efforts to develop the CEP and the BCI, which would help reduce poverty and enhance natural systems. He stated Lao PDR's endorsement for the EOC, which would provide full time support the GMS WGE to implement the CEP.

33. *Myanmar.* H.E. U Thein Lwin, Ambassador, Myanmar Embassy in PRC, expressed Myanmar's full support for the GMS Program and its various initiatives. He noted that the various projects in nine GMS sectors of cooperation contributed to the subregion's economic and social progress. He noted the benefits from the various GMS environment projects, as follows: SEMIS I and II, which greatly improved informed decision-making and economic and environmental planning; SETIS, which promoted EIA awareness and capacity, SEF I and II, which provided the framework for strategic environmental planning; and the GMS Atlas of the Environment, a landmark collaboration of ADB, UNEP and the six countries. He appreciated the guidance of the WGE in formulating/ implementing these projects. He noted that there are many common environmental concerns that can be addressed through collaboration and partnership among the six countries. He noted the environmental concerns identified by the SEF II such as land degradation and deforestation, among others. He said Myanmar welcomed the WGE initiative to launch the CEP but expressed concern that only five countries are presently covered in the BCI. He said that Myanmar attached great importance to the forthcoming GMS Summit, and noted the preparations for the exhibition to showcase the subregion's culture, and social, economic and environmental development efforts. He hoped the Summit would provide guidance for future environmental endeavors.

34. *Thailand.* H.E. Yongyut Tiyapairat, Minister, Ministry of Natural Resources and Environment (MONRE), thanked the hosts for their organizational efforts and warm hospitality. He noted that more problems of transborder nature are occurring as the world becomes increasingly borderless, and cited the degradation of environmental and biological resources, which do not recognize political boundaries. He said actions at the national level no longer suffice, and that to achieve effective environmental management, there is a need for international cooperation and networking (formally and informally) in order to take action based on knowledge and goodwill. He cited the richness of Thailand's natural, biological and genetic resources and its efforts at ensuring access and fair and equitable sharing of its resources. He proposed two initiatives to build knowledge and capacities, as follows: (i) establishment of GMS Information and Training Center for Environment, which would serve as knowledge hub and

facilitate information dissemination to other institutions; and (ii) to come up with a concrete plan based on concept of mutual benefits and cooperation rather than competition, to find proper approach to realize regional potential in eco-tourism and herbal products. He cited the value of local knowledge and wisdom in conserving resources, and added that there are programs to enhance capability and knowledge to enable humans and forests to mutually co-exist, such as the Community Forestry Law and New Plan Forest Village Program. He then discussed the paradigm shift of environment and natural resources management in Thailand, to a wider group of stakeholders to expand its green corridors. He noted the greenery blueprint that involves government and private sectors in growing of trees, and targeting of students/ youth in working towards sustainable forest management through the Youth Leader and Environmental Defender programs. He stressed the importance of knowledge in protecting the environment, promoting sustainability and enhancing quality of life. He looked forward to strengthening cooperation in all areas and towards a progressive and sustainable future.

35. *Viet Nam.* Mr. Pham Khoi Nguyen, Senior Vice Minister, Ministry of Natural Resources and Environment (MONRE), thanked SEPA and ADB for the excellent organization of the meeting, which will provide renewed impetus to strengthening environmental cooperation in the GMS. He noted the many challenges of development that may pose potential impacts on regional natural resources and environment. He said the Government of Viet Nam has committed to active participation in the CEP, and acknowledged the WGE's contribution to the CEP's formulation. He said Viet Nam welcomed the establishment of the EOC, which would play a crucial role in coordinating effective implementation of the CEP. He also expressed strong support for the BCI, which would strengthen conservation of GMS biodiversity resources. He discussed Viet Nam's achievements in socio-economic development, which has raised people's living standards, but which has placed pressures on the natural resource base. He also discussed Viet Nam's efforts at natural resources conservation and environmental protection through the following: Strategic Orientation Framework, with the 1992 National Action Plan of Environment and Sustainable Development; and the Legal Framework, with the adoption of the Law on Environmental Protection in 1993 and the administrative and criminal sanctions to enforce environmental protection regulations, and sanctions against polluters; and the development of Natural Resources and Environmental Management Institutions, with system strengthening from the central to local levels. He noted that recent and future changes in institutional policy frameworks would expedite integration of environmental considerations into planning at various levels. He reiterated that much could be achieved in the area of environmental protection and sustainable development if GMS countries work together on the basis of initial success and strong partnerships.

Discussion and Adoption of Joint Statement of GMS Environment Ministers

36. Mr. Jin noted that a draft of the Joint Statement was circulated and suggested that the meeting go through the statement by paragraph. The meeting accepted the proposal of VP Jin and therefore went through each paragraph of the draft Joint Statement. Corresponding changes to the draft were made as the participants achieved consensus on the proposed changes. The GMS Environment Ministers subsequently adopted the resulting Joint Ministerial Statement (attached as **Appendix 3**).

Closing Remarks

37. Mr. Liqun Jin noted with pleasure the meeting's success in achieving its objectives. He noted that the meeting endorsed the WGE's initiative to launch the CEP and establish its secretariat by early 2006. He also noted the meeting's endorsement of the BCI as a key component of the CEP. He said the meeting agreed to submit these initiatives to the Second

GMS Summit of Leaders, and the strong support of the Ministers for the CEP, including the BCI, would set the stage for its final consideration by the GMS Leaders. Given the global significance of resource conservation and poverty reduction, he enjoined all GMS stakeholders- GMS countries, development partners, civil society and the private sector- to fully support the CEP. He expressed ADB's firm commitment to support implementation of the CEP. He thanked the Minister of SEPA and the Mayor of Shanghai for the excellent arrangements and hospitality, and the development partners for their valuable contributions to the meeting, that would leave a great legacy for our children and our children's children.

38. Mr. Shafqat Kakahel, Deputy Executive Director, UNEP, extended his warm welcome to Minister Xie Zhenhua, whom he considered a close colleague in the environmental work of the UNEP. He noted that the meeting succeeded in undertaking a comprehensive and highly focused discussion on progress in the WGE, and on the challenges that the GMS region faces. He said the meeting focused on ensuring that the ensuing development of the region does not come at an unbearable cost to the environment. He appreciated the country statements made by the Ministers, which reflected their own experiences and interpretations of how regional cooperation for sustainable development has progressed. He noted and appreciated ADB's statement of support for the CEP and the BCI, which would be submitted to the Kunming Summit of Leaders. As the representative of UNEP, he noted the progress achieved under the GMS Program, to develop the structures and processes for cooperation in the environment, and stressed that UNEP would be pleased to contribute to the region's efforts toward sustainable development. He thanked SEPA, the Shanghai Municipal Government and ADB and other development partners for the success of the meeting.

39. Mr. Xie Zhenhua, Minister, SEPA, PRC, apologized for his absence this morning, and explained that he had to make a presentation on the environmental protection plan of PRC for the next 5-10 years before the State Council of China. He noted that Chinese people love to receive friends, especially from afar and said that the meeting paved the way for new friendships to be formed. He thanked the Ministers from the GMS member countries and noted that this meeting helped deepen GMS environmental cooperation and raised it to a higher level of dialogue among member countries. He said the convening of the meeting helped enhance partnerships in finding solutions to environmental challenges and common development concerns. He said that the meeting results could be grouped into the following areas: first, review of past achievements; and second, discussion of hard issues for environmental protection, particularly such initiatives as CEP, BCI, and Tonle Sap. He said the meeting also reiterated commitment to environmental cooperation with the support of the international community. He said that the future basis for equal and comprehensive partnership would be to carry out long-term dialogues and concerted efforts to promote sustainable development in the GMS. He thanked the GMS Ministers, the Shanghai Municipal Government, ADB, UNEP and other development partners for their consistent support for environmental cooperation.