Subregional Environmental Performance Assessment – Greater Mekong Subregion

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1. Introduction

Under ADB's TA 6069-REG: National Performance Assessment and Subregional Strategic Environment Framework for the Greater Mekong Subregion (GMS), a first attempt at a subregional environmental assessment was prepared towards the end of the project (ADB 2006). Under this project (referred to as SEF II), the emphasis was on national environmental performance assessment (EPA) and there was a reluctance to even attempt the same sort of assessment at the subregional level, mainly because there was no subregional environmental entity that could be held responsible for environmental performance at a supra-national level.

While up to 13 priority environmental issues were identified at the national levels, only three issues (threats to the Mekong River's vital functions, illegal trade in wildlife resources (and by extension, biodiversity conservation), and harmonisation of environmental policy and standards) were examined at the subregional level. To supplement analysis of these issues at the subregional level, SEF II also conducted biodiversity modelling to estimate the impacts of human activities on biodiversity and formulated a GMS-wide environmental sustainability index (ESI) (ADB 2006). As noted in the final report, the objective of the exercise was relatively modest: "to explore and illustrate the scope for a structured assessment of environmental performance of GMS or other subregional groupings within GMS such as the Mekong River Commission (MRC) group of countries."

UNEP RRCAP is implementing a project to support preparation of a series of national sustainable development strategies (funded by the Norwegian Agency for Development Cooperation (NORAD) and ADB[1]) for each GMS country and a subregional sustainable development strategy (SSDS) (TEI 2007). As stated in the draft report "SSDS is expected to provide a long term vision, goals and targets for the GMS". Hence, even without a specific institution identified as the responsible entity, it should be possible to record progress towards these subregional goals and targets, provided they are formally accepted.

The lack of a plausible subregional institution to implement a SSDS and to be held accountable for environmental performance at the subregional level has been addressed in a separate assessment report prepared by the NSDS Project Secretariat under RETA 6198 (Habito and Antonio 2007). Having examined possible existing alternatives, the NSDS consultants conclude that "an appropriate institutional mechanism at the subregional level has yet to be found to ensure coordination, promote integration and expand participation and cooperation of stakeholders. There is thus a need to identify and designate a mechanism, preferably built on one of the existing ones, to assume the overall coordinating role."

Under Component 3 of the Core Environment Programme (CEP), the need for a subregional environmental assessment is identified as part of the work programme. This discussion paper revisits the question of a subregional EPA in the light of this subsequent work and attempts to answer the following questions:

[1] TA 6198-REG: Capacity Building on Promoting Sustainable Development in the GMS.

(i) Does it make sense to attempt a revision of the 2006 version of the subregional EPA report as part of Component 3?
(ii) If not, what steps need to be taken to make this a sensible priority work item in Phase 2 of the CEP?
(iii) What should be the respective roles of different actors in implementing these steps?

The minimal requirements for attempting a revision of the subregional EPA report are (i) a set of targets against which progress might be measured; and (ii) a subregional agency that could be held accountable for that progress. A final criterion is that despite the absence of these two factors, there is a separate educative or capacity building value to undertaking a subregional EPA, so that valuable experience can be gained. In the absence of these factors, emphasis should turn to creating the enabling conditions rather than wasting time and resources attempting another subregional EPA.

2. Subregional Sustainable Development Strategy

Previous planning initiatives at the subregional level have been undertaken by ADB and the MRC (Habito and Antonio 2007). A ten-year GMS Strategic Framework (2002-2012) guides the GMS Economic Cooperation Programme and is implemented through the GMS Plan of Action and a comprehensive development matrix. ADB's specific lending and technical assistance to the GMS is guided by a three-year rolling Regional Cooperation Strategy and Programme (2007-2009). MRC formulated a Strategic Plan for 2006-2010, which is reflected in the Mekong Basin Development Plan (BDP), for the four lower riparian countries.

At the regional level, ASEAN countries have agreed on the ASEAN Vision 2020 strategy, with more detailed programmes of action (Hanoi Plan of Action 1998 and Vientiane Action Programme 2004). ASEAN environment ministers adopted Strategic Plans of Action for the Environment for 1994-1998 and 1999-2004. According to Habito and Antonio (2007) none of these plans, however, "fully captures the essential elements of a SSDS" although the TEI (2007) "initiative promises to fill this gap."

The latest draft of the SSDS, while stressing that it focuses only on issues that have a trans-boundary or regional character, identifies the main issues as (i) watershed management; (ii) hydropower development and regional power trading; (iii) sustainable management of shared resources; (iv) trade in timber and wildlife resources; (v) sustainable management of biodiversity and trans-boundary forests; (vi) trans-boundary air pollution (especially forest fires and smoke haze) and wastes; (vii) early warning systems for environmental health and disasters; and (viii) sustainable poverty reduction. Later in the document climate change, hazardous wastes, and alien or invasive species are discussed too.

It should be noted that this draft SSDS repeats a mistake made by many similar sustainable development strategies and focuses too heavily on the environmental and natural resource management consequences of unsustainable development.[2] As will be seen later, the key social and economic drivers of unsustainable development need to

[2] As this paper is focused on environmental performance assessment, this issues surrounding the draft SSDS will not be addressed here but will be raised in a subsequent workshop to finalise the document.

be tackled too If these drivers are approached from the outset to make them sustainable then (and only then) long term sustainable development may be possible. In the context of the GMS these subregional issues include (i) free trade agreements; (ii) navigation along the Mekong River; (iii) road and rail connections; (iv) airport development and air travel; (v) cooperative tourism packages and cross-border facilitation; (vi) energy grids and the ASEAN gas pipeline; (vii) joint development of offshore oil and gas; (viii) intra-regional labour markets and migration (both legal and illegal); (ix) rural-urban slum formation; and (x) border economic zones.

In the draft SSDS, the overall vision for the GMS remains in line with the statement at the first GMS summit of leaders in 2002 – a "vision of an integrated, harmonious and prosperous GMS characterised by steady economic growth, social progress and environmental sustainability." This was reconfirmed in the second GMS summit in 2005 as "the people of GMS envision their region with the standard of living of its peoples at par with the developed economies and the quality of life the best in the world."

A guiding principle for environmental aspects of the draft SSDS focuses on avoiding harm from rapid economic development.

> *"While pursuing rapid and robust economic development for poverty alleviation and wealth creation for the GMS, it is essential to minimise and mitigate the negative impacts on the ecosystem and environment. Especially, it is essential to ensure that the current economic activities do not incur any irreversible damage to the shared environmental resources of the GMS and the natural capital is conserved, recovered and increased for the benefit of the future generations."*

The draft SSDS then proposes that the short-term to medium-term goals (up to 2015) should be those of the Millennium Development Goals (MDG). Subsequent goals should be based on progress towards the MDGs around 2015. This immediately poses a dilemma because the environmental goals (under MDG 7) are the weakest and least defined of the MDG targets.[3] In a sense this approach is also tautological in setting a goal for environmental sustainability (which is by definition one of the three pillars of sustainable development). In addition, the MDG targets are not sufficiently specific (except for water supply and sanitation) to deal with the trans-boundary and regional issues identified above as being the most important for the SSDS. Some of the indicators used for the first subregional EPA could usefully be included in the SSDS.

Some additional targets are suggested later in the draft SSDS document, including (i) "regulating and stopping the rampant forest and biodiversity loss by 2015; (ii) stopping all illegal trans-boundary movement of illicit forest products, rare species, animals, pets and hazardous substances and waste by 2015; and (iii) developing at least 12 model sustainable tourism projects in the region by 2015 where the local communities will be the key stakeholders and beneficiaries." However, the draft SSDS generally provides a series of strategies rather than targets, making any assessment of progress difficult to measure, while acknowledging that "what gets measured, gets managed."

[3] For example MDG Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the losses of environmental resources.

Based on this assessment, the first criterion for revisiting the subregional EPA is not satisfied.

3. Subregional Environmental Institutions

The draft SSDS states that “ensuring close and active cooperation by all six GMS countries in a well-structured and clearly mandated development programme presents a serious challenge. The GMS lacks a truly regional body with the legal mandate to develop and monitor implementation of such a programme” (TEI 2007). Further it recommends that “ASEAN could be the most appropriate platform to drive the sustainable development in the GMS”.

The “Assessment Report on NSDS Preparedness” by NSDS project consultants Mr. Habito and Ms. Antonio (2007) a
ssessed the options as follows. “Four existing mechanisms are logical candidates to be the basis for a SSDS coordination mechanism. **ASEAN** covers all but one (i.e. China) of the GMS countries, although China has been a dialogue partner for years. The **MRC** covers only the Lower Mekong countries of Cambodia, Lao PDR, Thailand and Vietnam, but has dialogue arrangements with Myanmar and China. It is a mechanism for effecting coordinated and cooperative utilisation, management and conservation of the water and related resources of the Mekong River Basin. The **GMS Economic Cooperation Programme** was established by the GMS governments and the ADB in 1992 as a mechanism for cooperation and coordination among the GMS countries on a broad set of development concerns including trade and tourism, infrastructure, human resource development, investment and environment. **GMSARN** is a network of academic institutions within the GMS countries that have agreed to address development concerns in the sub-region through academic and research cooperation.”

Unlike TEI (2007) no strong preference for any particular option was expressed in this report, although it does claim that the “mechanism most responsive to the institutional requirements of sustainable development appears to be the Ministerial-level Forum of the GMS programme” (see Figure 1) (Habito and Antonio 2007).

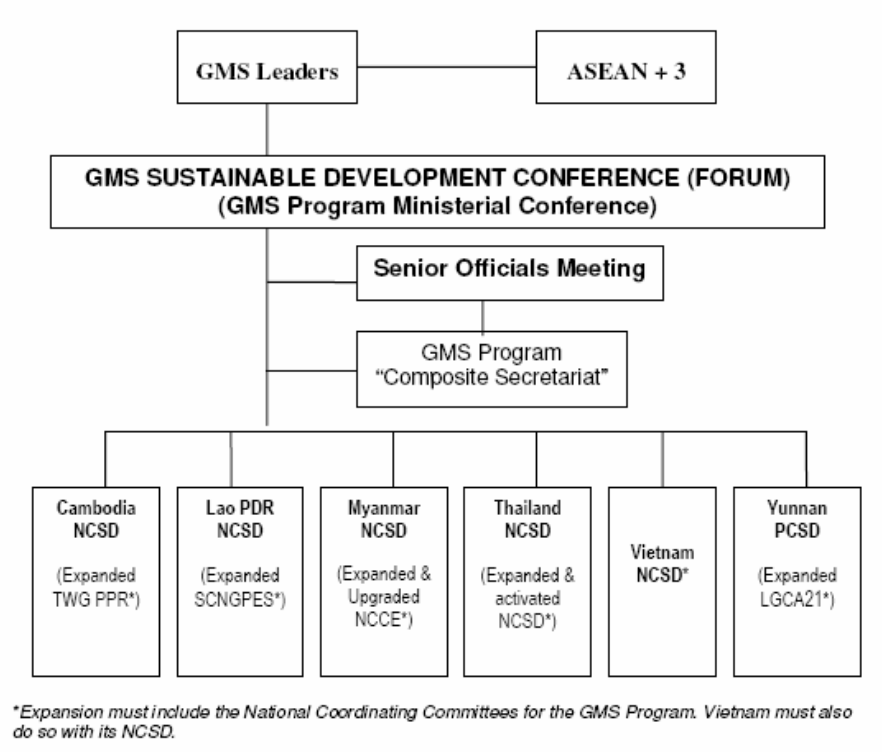

Figure 1 Proposed Institutional Arrangement for Sustainable Development
Source: Habito and Antonio, 2007

When the Environment Operations Center (EOC) was first envisaged, an Options Paper presented to the GMS countries stated that "a proactive mechanism needs to be established to ensure that the massive investment in infrastructure and the economic development stimulated by this investment are managed in an environmentally sound and sustainable manner." It was recognised, however, that the GMS countries were unlikely to adopt a fully operational sub-regional environment agency from the outset.

Hence a phased development was proposed: "These options were set out as escalating steps, implying increasing levels of capacity and institutional autonomy as technical demands and responsibilities increase. The corresponding institutional levels envisage that the WGE could gradually shift from a programme review forum to a proactive permanent body responsible for shaping development of the subregion from the earliest stages of planning, through implementation, monitoring and reporting on performance, and ultimately take on a role in enforcement."

After adopting the second step, i.e., the EOC (described as "a small permanent group of professional staff, possibly attached as a unit to an existing regional institution", reporting to a standing GMS Environment Committee, made up of the environment ministers or their delegated heads of environmental agencies), the proposed third step was a subregional **Environment Commission** with seconded staff from national environment agencies. The ultimate step was an **independent GMS Subregional Environmental Agency** acting under a legal agreement between the GMS countries, established with powers to enforce compliance when trans-boundary problems arise.

At the last Working Group on Environment (WGE) meeting in June 2007, a discussion paper was provided that considers the future governance arrangements in the GMS. Based on extensive discussion, it is believed that the EOC should "set itself the task of becoming an example of an effective and efficient environment and development institution that could be favorably considered by the global environment and development community as worthy of duplication." It was recommended that its primary focus should be capacity building in the GMS countries, bringing in expertise from other countries when needed. While it may become a legal entity at some stage in the future (25-30 years), for the time being it was regarded as "too early to consider any international treaty, protocol or convention." In the meantime, it should have a distributed structure, more like an environment operations network.

Based on this assessment and the lack of consensus (and the apparent reluctance of the GMS countries to move towards a more permanent subregional institution), the second criterion for revisiting the subregional EPA is not satisfied.

4. Subregional Environmental Performance Assessment

Turning to the educative or capacity building aspect of conducting a subregional EPA, lessons can be drawn from the earlier version. The argument for proceeding with the first subregional EPA was expressed as follows.

> *"While the absence of a trans-boundary management mandate and the nonbinding nature of subregional environmental targets put in doubt the appropriateness of a performance-based approach in today's institutional circumstances of the subregion it is possible to take a more generous view of the scope for a meaningful environmental assessment at a subregional level. First it is possible to anticipate the emergence, over time, of shared trans-boundary targets that would go a long way towards making performance assessment possible….. Second, it may be useful to view the performance assessment on a scale that begins with the least sophisticated (where subregional performance is no more than a simple sum of national environmental indicator values) and ends with the more intellectually satisfying ("true performance assessment")."*

Based on this understanding of the limitations of the subregional EPA, three issues were addressed as follows.

4.1 Threats to the Mekong's Vital Functions

No quantified objectives exist. The nearest to quantified objectives are found in the 1995 Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin signed by the four lower riparian countries. There is a general statement to optimise multiple use and mutual benefits and protect the basin from pollution and other harmful effects from development. There are two more specific hydrological goals to ensure (i) acceptable minimum monthly natural flow in the Mekong during each month of the dry season; and (ii) a wet season flow in the Mekong at Kratie that allows the reverse flow of Tonle Sap to an agreed upon optimum level of the Great Lake (ADB 2006). Quantified values for these latter two targets have yet to be formulated or negotiated (Table 1).

Table 1 Proposed Indicators for Threats to Mekong's Vital Functions

Function	Pressure Indicators	State Indicators	Response Indicators
Hydrological	1. Area of irrigated crops in GMS countries.	1. Minimum monthly natural flow in the Mekong each month of the dry season. 2. Wet season flow in the Mekong at Kratie. 3. Total suspended solids concentrations in selected locations.	1. Irrigation water storage capacity in the Basin. 2. Budget contributions to the National Mekong Committees.
Irrigation	1. Area of irrigated land per capita.	1. Area under irrigated crops in the Basin. 2. Area under irrigated paddy in the Basin.	1. Irrigation water storage capacity in the Basin. 2. Expenditure on improved irrigation efficiency.
Hydropower	1. Energy consumption per capita. 2. Ratio of highest to lowest average energy consumption per capita among GMS countries.	1. Hydroelectricity output. 2. Percent of hydropower in total energy consumption.	1. Installed and approved hydropower generating capacity.
Navigation	1. Ratio of road to river cargo volume (excluding Viet Nam).	1. Total volume of cargo and passenger traffic on the Mekong. 2. Volume of cargo traffic in selected locations.	1. Installed cargo handling capacity on the Mekong. 2. Length of river navigable to vessels of "x" tons. 3. Expenditure on improving the navigability of the Mekong
Fisheries	1. Quality of Mekong water. 2. Irrigation water storage capacity in the Basin. 3. Total basin population. 4. Forest cover. 5. Agrochemicals consumption.	1. Total output of capture fisheries. 2. Total output of capture fisheries in Cambodia and Mekong delta. 3. Percentage of large fish in the total capture fisheries output in selected locations.	1. Total output of culture fisheries. 2. Total area of protected wetlands in the Basin. 3. Combined size of MRC and other donor funding of fisheries conservation in the Basin.
Tourism		1. Number of foreign tourist visitors. 2. Share of first two leading foreign tourist arrival countries in GMS tourist arrivals total.	1. Protected areas as percent of total area. 2. Expenditure on forest protection.

Source: ADB, 2006

The authors conclude that "a closer look at the statistical foundations of a structured assessment of the Mekong's vital functions shows that major gaps and inaccuracies exist in several vital areas. This suggests that before such an assessment is formalised, the quality of the underlying information needs to be improved. Depending on the environmental concern under study, this improvement is either a matter of developing a benchmark where none exists or taking a hard look at the reliability of existing data" (ADB 2006).

4.2 Illegal Trade in Wildlife Resources

As the basis of this threat is its illegal nature, the lack of reliable information on the extent of the problem is inevitable. Nevertheless, several indicators were proposed to assess the overall threat levels to GMS wildlife (of which illegal trade is a minor contributor) as shown in Table 2.

Table 2 Proposed assessment of the overall threat levels to GMS wildlife

	Proposed Indicators	Assessment	Rating
Pressure	Major threat citations against GMS-endemic and threatened wildlife species.	167 citations of major threat types in the IUCN 2004 Red List of Threatened Species, for 109 GMS species under review.	High for all GMS countries for loss of habitat, Medium for all GMS countries for hunting and gathering.
	Major habitat citations against GMS-endemic and threatened wildlife species.	113 citations, with forest habitats under threat in more than 50% of cases.	
State	Weighted distribution of threatened and endemic species as a percentage of globally threatened species.	For gross numbers: Range 1.23-3.05% Average 2.13% For weighted numbers: Range 7-33%	Cambodia – relatively good Viet Nam – relatively poor Others - average
Response	GMS-endemic threatened wildlife species protected by local laws.	Fully protected – 24.8% Partially protected – 11.1% Not protected – 63.3%	Birds – moderate Mammals – moderate Reptiles – relatively poor Amphibians and fish - poor
	GMS-endemic threatened species protected by CITES convention	Fully or partially protected and included in CITES – 20.2% of threatened species	Thailand – significant Cambodia – low Others - average

Source: ADB, 2006

The GMS provides sanctuary for about 5.4% of the globally threatened species of wildlife, but a smaller portion of these (109 species or 0.9% of the global total) are endemic to the GMS. Continued loss of forests and wetland habitats are the dominant threats, but crucial to survival of the threatened species is to make sure that protected areas encompass the range and habitat requirements of those species.

4.3 Harmonisation of Policies and Standards

The topic of harmonising environmental policies and standards does not lend itself to the Pressure-State-Response model for other environmental issues. The analysis concluded that:

(i) There are still gaps in environmental legislation and/or environmental standards in the GMS countries;
(ii) Institutional arrangements need to be improved to better harmonise and coordinate environmental management;
(iii) No projects or programmes are underway (or seem practical at this stage) to standardise water and air quality standards, or a common forest cover target; and
(iv) GMS is not ready for a subregion wide EPA analysis, as neither the necessary institutions nor common policies/standards exist that would make such an analysis meaningful.

4.4 Other Possible Topics for a Future Subregional EPA

For some subregional topics, it may be possible to simply add together the results of national EPAs. For example, halting the loss of mangroves could be addressed by combining the national results of all GMS countries with a coastline. However, if there is no subregional agreement on whether mangrove loss (i) should be completely stopped

(bearing in mind that port and other infrastructure development may require some loss of mangrove areas); or (ii) that mangrove replanting should aim for some percentage increase in mangrove area over a defined time period; or (iii) that the current rate of loss should be reduced to a certain percentage, then it is difficult to assess performance. If country A has a policy target related to stopping mangrove loss and country B has a target related to increasing the national mangrove area, how should the subregional performance be rated if mangrove loss is reduced to a minimal level?

A similar situation applies to subregional forest cover. It is possible to add together the forest cover in each GMS country and arrive at a total forest cover number for differing periods of time. If the definition of forest cover varies between countries, however, then the straight additive approach will be inherently flawed. To get around this, it is feasible to measure national forest loss as a percentage of some baseline forest cover (however measured) and then average the percentages across the 6 GMS countries, possibly weighted by total forest area in each country. Does a reduced weighted average percentage of forest loss in time period B compared to an earlier time period A, mean that the subregional performance in relation to forest management is improving? It may, but equally really good performance in one large country could mask equally poor performance in several smaller countries, or forest plantations (possibly including oil palm plantations) could be replacing highly valued old growth forests. On average forest management performance could be slipping, while total forest cover in the GMS was increasing.

Another possibility, to overcome the problem of common definitions or harmonised standards, is to treat transboundary issues on a bilateral basis, as has been attempted between the USA and Mexico (Border 2012, 2006). Six goals were signed between the two countries in 2003 to improve the border environment over a ten year period (reduce water contamination, reduce air pollution, reduce land contamination, improve environmental health, reduce exposure to chemicals, and improve environmental performance). Results oriented goals and objectives guide specific actions which are monitored by environmental and performance indicators. Specific standards appear to be those from the US EPA. A unique approach adopted in this border region is to pair up cities adjacent to each on either side of the border and compare environmental performance in these “twin” cities (see Figure 2).

Finally, there may be transboundary issues which can only be addressed by concerted subregional effort. A good example is haze management, for which ASEAN countries have signed a regional agreement, following disastrous bushfires in Indonesia and Malaysia in the late 1990s. Haze management is the classic “free rider” problem. If smoke and haze concentrations are slightly above the regionally agreed trigger point for national action, country A has an incentive to wait and see if country B is going to take some action to control the fire hotspots, which would mean that country A is then able to save expenditure on fire control. If both countries wait, however, the situation may get out of control and the haze problem would be much worse than if they had both taken early and commensurate action. In the case of the ASEAN haze agreement, specific countries have been allocated responsibilities for certain actions to help overcome the free rider problem.

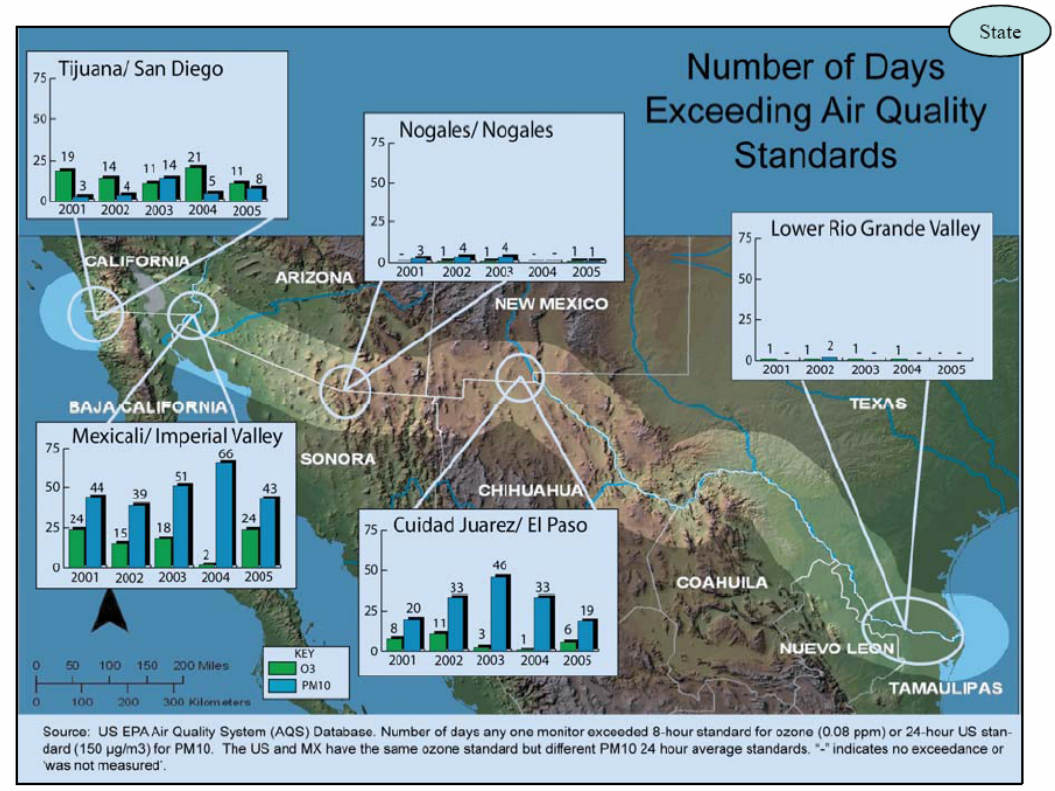

Figure 2 Air quality comparison in sister cities along the US-Mexico border
Source: Border 2012, 2006

5. The Way Forward

The subregional EPA (ADB 2006) recommended a large number of follow up actions, of which the most critical were:

(i) Study the reasons for the inadequate factual basis for formulating and monitoring policies on the optimum use of the Mekong and the growing gap between policies and strategic statements and their factual underpinnings;
(ii) Formulate a basin monitoring plan and agree on priority areas for database development, reconciliation and improvement and assigned responsibilities;
(iii) Develop a subregional biodiversity model from scratch rather than using a global model with subregional inputs;
(iv) Initiate a process for harmonisation of policy and environmental standards across the GMS;
(v) Draft a GMS environmental policy and targets against which future subregional EPAs can be conducted; and
(vi) Develop a coordinated set of indicators that could be used to promote sustainable development in the GMS.

The draft SSDS report (TEI 2007) recommended continued capacity building and sustainable development education, public-private partnerships, and reduced duplication of effort. To implement the SSDS, it recommended appointing "a focal point with a clear mandate and authority to coordinate the sustainable development efforts in the GMS."

Furthermore, it recommended that ASEAN could be the "most appropriate platform to drive the sustainable development in the GMS."

Although part of the same NSDS project Habito and Antonio (2007) recommended slightly different institutional improvements:

(i) Designate the GMS Ministerial conference as the sustainable development coordinating and integrating mechanism;
(ii) Designate the senior officials meeting as the technical-level sustainable development support mechanism;
(iii) National councils for sustainable development should serve as the coordinators of sustainable development efforts in each country;
(iv) Establish a strong oversight secretariat for the GMS Ministerial conference, linked to all working groups and stakeholders;
(v) Consider a transition phase (with sustainable development still within the ambit of the WGE and serviced by the EOC) where an annual forum involving all GMS working groups;
(vi) Establish a definite programme to phase up country ownership and control, while phasing down the domination by ADB and other donors.

The NSDS Assessment Report by Habito and Antonio (2007) also recommended capacity building improvements that will enable GMS countries and the subregion to move towards effective sustainable development strategies:

(i) Continue the process of capacity building for sustainable development, especially through national councils for sustainable development;
(ii) Strengthen capacities to integrate the three dimensions of sustainable development, using appropriate tools for problem and policy analysis;
(iii) Use peer reviews of NSDS among the GMS countries as a mutual learning process and to facilitate complementary and synergistic initiatives;
(iv) Promote joint projects among two or more GMS countries to facilitate a subregional approach to sustainable development;
(v) Encourage peer-to-peer mentoring between GMS countries to assist in capacity strengthening; and
(vi) Organise periodic gatherings of national council for sustainable development (or equivalent) members both from within GMS countries and from other parts of Asia.

Returning to the original criteria that would need to be satisfied before recommending a second round of subregional EPA, the following steps would need to be undertaken before that could proceed.

(i) **A set of targets against which progress might be measured** – There are two approaches to meeting this criterion. First, the final SSDS which sets out specific targets is agreed by the GMS countries, possibly at a GMS summit. Second, a more harmonised approach to targets and indicators is adopted in the next round of national EPAs and in the national strategies and plans that underpin those EPAs. At the subregional level, a subsequent EPA would add (or average or compare) country level indicators.

Note that the current draft SSDS would not meet the first option because it does not have quantified targets yet and it is unlikely to be in a sufficient stage of development

that would allow GMS leaders to endorse it at the summit level. If the second option was adopted, GMS countries may be concerned about benchmarking against neighbouring countries. Also national level targets and indicators are unlikely to adequately address the priority trans-boundary or subregional issues. A third alternative, like the US-Mexico case, could see harmonised approaches to some transboundary issues on a bilateral basis, but there is not much evidence for a move in this direction.

(ii) **A subregional agency that could be held accountable for that progress** – There is currently no consensus on the institutional form that a subregional agency responsible for sustainable development across the whole GMS should take. To reach such agreement, will require considerable effort to convince GMS countries that trans-boundary and subregional issues cannot be adequately dealt with by national agencies alone, merely collaborating and cooperating on an *ad hoc* basis, whenever necessary. In addition, unclear institutional ambitions by the MRC, ASEAN, and ADB to control the sustainable development agenda in the GMS will need to be reconciled. Elevating the issue to the ministerial and senior official level (as recommended by Habito and Antonio (2007)) for debate and possible resolution appears to be a good first step. A transition phase (if needed), however, needs to be carefully designed so that it does not add one more layer and another round of meetings to an already crowded agenda.

(iii) **Educative or capacity building value to undertaking a subregional EPA** – Since the first RETA on subregional environmental management information systems, more than a decade ago, ADB has pursued a capacity building and education programme that has slowly but surely strengthened institutional capacities in the GMS. The creation of the EOC was intended to be the next step in this process, where seconded staff from the GMS countries would work alongside international experts and gradually take over implementation responsibilities. While that objective now seems rather ambitious, the capacity building gains of undertaking another (flawed) subregional EPA are uncertain, unless a simultaneous, concerted effort is made to move towards a permanent subregional institution and agreed targets for sustainable development. Certainly, there is little capacity building to be gained if the consultant driven process of TA 6069-REG was to be repeated.

6. Conclusions and Recommendations

Therefore, returning to the original questions to be addressed by this paper:

(i) Does it make sense to attempt a revision of the 2006 version of the subregional EPA report as part of Component 3?

Within the time frame of Phase 1 of Component 3, it does not make sense to revise the 2006 version of the subregional EPA report. There is no responsible subregional agency, there are no agreed GMS-wide targets or indicators, and capacity building efforts regarding EPA are best addressed at the national level at this stage. There is no new data and the country situations have not changed much since 2006.

(ii) If not, what steps need to be taken to make this a sensible priority work item in Phase 2 of the CEP?

Step 1: At the next GMS summit, explore if the GMS countries are prepared, over the next 5 years, to undertake a substantial revision of the current draft SSDS that explicitly

addresses the need for public input and country ownership and sets quantitative sustainable development targets. A commitment from the countries that they see the need for a GMS-wide sustainable development plan, are prepared to commit national resources to this effort, and are prepared to negotiate binding targets would provide the necessary underpinning to proceed.

Step 2: Along with funding currently available from NORAD, ADB should consider co-funding a substantially revised SSDS in Phase 2 of the CEP, which would build on the UNEP work to date, the GMS economic cooperation strategy and development matrix, and the MRC's basin development plan, to provide the overall sustainable development plan for the GMS. This should not be seen as a responsibility of the WGE alone but a shared responsibility of all the GMS working groups. It would provide the strategic underpinning for the RCSP and the GMS development matrix, which are both heavily oriented towards infrastructure development at present.

Step 3: ADB, MRC and ASEAN should have high level discussions on the evolution of institutional arrangements in the GMS, with the view to forming a consensus view on ultimate development of a subregional sustainable development agency and the steps needed to reach that goal. Then a concerted round of discussions with the GMS countries should lead to an agreed approach. In the meantime, a combined meeting of all the GMS working groups should be convened to agree on a "temporary" designation of the WGE (and the EOC as its secretariat) as having the responsibility to guide preparation of the SSDS.

(iii) What should be the respective roles of different actors in implementing these steps?

As indicated above, the GMS countries (senior officials and ministers) should be engaged in (i) agreeing on the need for a comprehensive, quantitative SSDS to replace the draft prepared by TEI; (ii) negotiating the content of the SSDS and specific targets; (iii) discussing with ADB, MRC, and ASEAN the institutional arrangements to implement the SSDS; and (iv) seconding staff to the institution given that responsibility.

ADB, MRC, and ASEAN should agree on (i) their respective roles in ultimate development of a subregional sustainable development agency; (ii) the interim steps along that evolutionary path and their resource contributions; and (iii) the assignment of staff to work collectively towards that end.

The GMS working groups should convene to agree on (i) the role of each working group in contributing to the comprehensive SSDS; (ii) interim institutional arrangements; and (iii) the ultimate exit strategy as the subregional sustainable development agency takes over the current roles of the working groups.

The UN system (especially UNEP, UNESCAP, and UNDP) should come to an arrangement with the GMS countries to (i) assist in drafting and negotiations towards a protocol or convention among the GMS countries on sustainable development at the subregional level, in accordance with Agenda 21 and the Johannesburg Plan of Implementation; (ii) act as an information repository and clearinghouse for sustainable development information system until a subregional agency is capable of taking over this role; and (iii) take the primary role in capacity building at the national and subregional levels.

Other stakeholders, including NGOs, academic institutions, and the private sector should become involved in preparing and commenting on the draft SSDS and the participatory processes required for its implementation.

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