



5th Greater Mekong Subregion Environment Ministers' Meeting

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Opening Statement by Ramesh Subramaniam Director General, Southeast Asia Department, Asian Development Bank

Introduction

Honorable Minister General Surasak Karnjanarat, Excellencies, distinguished delegates, ladies and gentlemen. Good morning.

On behalf of the Asian Development Bank delegation, I would like to express our gratitude to the Ministry of Natural Resources and Environment, Government of the Kingdom of Thailand, for hosting this meeting. To expand on what the Honorable Minister has just said, I would like to take this opportunity to say a few words to help set the scene for today's deliberations.

Issues and Challenges

We live in a transformative time. We are at the cusp of a major transition and progression from traditional to more advanced technologies, where smart automation artificial intelligence, big data analytics, and cloud technology are performing complex tasks. We are entering, what has been termed as the 4th Industrial Revolution. But how does this transition impact our environment, natural resources and well-being? How do we leverage this set of disruptive technologies to manage the environmental challenges and opportunities to decarbonize our growth?

We need to overcome the social challenges of poverty and persistent income inequalities in many parts of the world, including the GMS, economic challenges of unsustainable growth, rapid urbanization and industrialization and the environmental challenges of degrading natural resources, climate change and extreme weather events that pose a grave risk to human wellbeing as well as economic development. Increased investments in sustainable infrastructure through higher levels of public and private sector resource mobilization will improve agricultural productivity, industrial activity and job creation. The use of resource efficient technologies will also reduce our carbon footprint.

The Future: Adopting A Green Growth Path

During the first two days of this meeting, we have looked in depth at the concept of “inclusive green growth”. It is now universally acknowledged that Green and Growth can go hand in hand. A green growth strategy aims to bring together environmental, social, technological and development aspects into a comprehensive framework. Green growth is affordable, efficient, clean and necessary and is the best-suited pathway to achieve sustainable development. It is affordable as many green policies pay for themselves and others make economic sense when externalities are properly priced. It is efficient in its use of natural resource and it addresses market failures. It is clean as it reduces pollution and environmental impacts. And, it is necessary, as without it sustainable development cannot be achieved. In addition, green growth also fosters innovation and the uptake of renewable and low carbon technology.

However, green growth is not the elixir or cure that will substitute for a good business environment for growth, or for pro-poor and natural resource conservation policies. In recent years, however, there has been evidence of a distinct shift in how mainstream economic development is being conceived. In this new green growth model, the new economy maintains and nurtures the natural capital base, while also leading to higher profits, better jobs, less development risk, energy savings, and less social cost associated with health care and infrastructure maintenance. The transition to the “digital economy” is now underway, globally and in the GMS.

The 4th Industrial revolution, which I mentioned briefly at the outset, will bring about transformative change. It is already creating new ways to create and consume (3D printing), deliver and access (Amazon, Uber, drones), and communicate and govern (Internet of things, Blockchain and Artificial Intelligence). Machine learning and big data analytics has reduced the level of human interface and decision-making; digital networks allow products and services to scale and reach critical mass quickly. But how does this benefit the environment or improve environmental management?

New technologies are emerging faster, being adopted more quickly and delivering greater impact than before. GMS countries have a tremendous opportunity to leapfrog from their current technology levels to embrace the latest advances. This has already happened in the case of information and communications where countries have moved directly from fixed lines to 3G and 4G networks and from a solitary black and white state administered TV broadcast to hundreds of privately owned digital channels covering every conceivable activity.

Recent advances have reduced the price gap between renewable and fossil fuel derived energy thus making it a more competitive and viable option. Localized renewable energy mini-grids and enhanced capacity battery storage solutions have proved more effective than large power distribution networks that require large capital investments, longer gestation and completion periods and higher maintenance costs. The People’s Republic of China is a world leader in green energy and is phasing out coal plants and generating far more energy from renewable sources than any other country. Thailand too is turning to the sun with its solar capacity being the most in Southeast Asia. ADB has supported renewable energy investments in two initial public offerings totaling over \$135 million and is also providing a \$90 million credit line for two solar projects in Thailand. Power market integration is a priority agenda in GMS energy cooperation as outlined in the Hanoi Action Plan 2018-22. ADB is currently supporting Grid Code development and

regulatory reform in GMS that will lead to favorable conditions for regional power trade and that will target a higher share for renewable energy in all power development plans.

Communications and energy can now access and service the last mile at a fraction of the cost thus ensuring greater economic inclusion and connectivity for farming and other rural communities. SMEs that have traditionally been constrained by lack of access to finance and to markets can trade in regional markets and receive electronic payments.

The digital revolution can be used to improve environmental management. Artificial intelligence, drones and remote sensing offer opportunities to effectively monitor fishery and forestry activities. Irrigation systems can be automated and blockchain can be used for efficient water allocations. Farm management software is being applied worldwide, including in PRC and Myanmar, to improve agriculture productivity and profitability through the use of better inputs, storage, monitoring, logistics, traceability and market linked systems. And the use of early warning and simulation data analytics, based on satellite and drones derived information, has ensured better disaster preparedness and reduced loss of life.

The 4th Industrial Revolution will be a technology driven game changer as renewable energy will substantially reduce GHG emissions, advanced materials will make products stronger and resilient and efficient data-based and recycling systems will ensure resource use efficiency in every aspect of our day to day lives thus reducing the stress we place on our natural resources and biodiversity.

However, the prevailing practice and mindset in respect of investments in environment related infrastructure must change. The environment sector is neither a preserve nor the sole responsibility of the public sector. Private sector participation needs to be harnessed by developing viable and bankable projects leveraging new technological improvements that reduce costs and have a positive risk adjusted return ratio. Policy makers need to be agile and experimental rather than rigid and backward looking. Policy and regulation needs to keep pace with the technological developments and as technology does not recognize borders it is essential to adopt a regional and global mindset to leverage economic opportunities.

The GMS Core Environment Program: Focus and Achievements

Given that one of the main objectives of today's meeting is to discuss and endorse the CEP Strategic Framework and Action Plan for the next phase of the program (from 2018 to 2022), I think it might be valuable to briefly expand on CEP's achievements to date, and to outline how CEP might best position itself to assist GMS countries to deal with the sustainable development challenges that face us in the short-to-medium term.

The CEP was launched in 2006, in most part due to concerns within the GMS Economic Cooperation Program about the worsening state of the environment in the sub-region. The CEP has been administered by ADB and overseen by the GMS Working Group on Environment. CEP's mandate is to support environmental cooperation efforts to contribute to a vision of a subregion that is free of poverty and

ecologically rich. The Environment Operations Center based in Bangkok is the Working Group's Secretariat and provides technical and advisory support to implement the CEP.

Over the decade covered by its first two phases, CEP strengthened its position as the foremost environment initiative of the GMS Economic Cooperation Program. Partnerships were critical to that success. CEP works with rural communities, nongovernment organizations, United Nations agencies, universities and research institutes. And although environment agencies are its main government partners, CEP regularly engages with other ministries, and has conducted large projects with transport, agriculture and energy agencies. Within the Asian Development Bank, CEP works closely with sector and country operational teams.

In this context it is worth mentioning a few statistics. To date CEP has resulted in:

- \$540 million of environment-focused investments either prepared, or under preparation;
- \$101 million of additional funding raised, including \$98 million for biodiversity conservation;
- 2.6 million hectares of biodiversity corridors created in seven transboundary landscapes;
- poverty reduced for upwards of 30,000 rural people;
- 12 laws, policies, and plans influenced in six countries;
- upwards of 19,000 GMS participants involved in 500-plus knowledge and training events; and,
- 82 publications and films produced.

I am confident that we would all admit that these are admirable accomplishments. The short video that you have just seen would have provided you the firsthand opinions and experience of GMS country representatives, many of who are present here, in implementing the Core Environment Program's (CEP).

Role of the ADB

Asia still needs significant financial resources to plug the infrastructure deficit especially in the provision of ecosystem services. As Asian cities grow exponentially they become more difficult to manage in terms of pollution, waste management, energy and ecosystem services security. The ADB has been a reliable financier as well as a catalyzer of co-finance from other development partners and financing agencies. It assists developing countries to access long-term funds at reasonable terms, de-risks investments and deploys cutting edge knowledge and technical services to complement financing. The overall GMS program has adopted a three-pronged strategy:

One: increasing connectivity through sustainable development of infrastructure and transformation of transport corridors into transnational economic corridors;

Two: improving competitiveness through efficient facilitation of cross-border movement and integration of markets, production processes, and value chains; and

Three: building a greater sense of community through projects and programs that address shared social and environmental concerns.

This strategy will contribute to achieving poverty reduction by focusing on inclusive economic and sustainable growth and regional cooperation.

ADB will increasingly engage with the private sector, especially small and medium enterprises, 70% of which lack access to credit and account for 60% of all pollution and resource use. It will invest in sustainable infrastructure and advise governments on pro-poor and private sector oriented policies in addition to providing innovative financial instruments to promote green investments. The Regional Investment Framework 2022 (RIF 2022) continues to operationalize the strategic priorities of the GMS program under the GMS Strategic Framework (2012-22) and the Hanoi Action Plan 2018-22. The RIF 2022 pipeline currently comprises 146 investment projects requiring \$63.2 billion and 76 technical assistance project requiring slightly less than \$300 million for an estimated total of nearly \$64 billion of financing for 222 projects.

The CEP Strategic Framework and Action Plan 2018-22 that is submitted for your endorsement adopts a green growth pathway and will focus on three priority thematic areas (i) green technologies and sustainable infrastructure, (ii) natural resources and ecosystem services, and (iii) climate resilience and disaster risk management. The thematic area interventions are well aligned with GMS countries' global and regional priorities to enable them to achieve their Sustainable Development Goals and deliver on nationally determined contributions.

Conclusion

Ladies and gentlemen, in conclusion, the knowledge events held over the past two days reflect the widespread recognition of GMS regional environmental cooperation efforts. That so many representatives from government, business, nongovernment and civil society groups are here in Chiang Mai, is testament to the level of support for GMS countries to achieve inclusive and sustainable green growth. Today, we will hear the key messages and priority actions identified over the past two days. We will hear the perspectives of our governments and development partners, on both the challenges and opportunities for promoting investments in green growth.

Your Excellencies, we hope that these messages will help you with your future undertakings, and will provide you with ideas and possibilities that can be placed before the GMS leaders at the upcoming 6th GMS Summit in Hanoi.

Finally, We are very confident that today will mark a critical step in our journey towards a GMS Economic Cooperation Program that is "environmentally friendly and climate resilient". Your Excellencies, with your support we will carry forward the key actions determined today to help achieve inclusive and sustainable development in the GMS.