

APFED4/03/Ref. 2
13 August 2003

**ASIA-PACIFIC FORUM FOR ENVIRONMENT AND DEVELOPMENT
FOURTH SUBSTANTIVE MEETING
23-24 August 2003
Ulaanbaatar, Mongolia**

**Summary of Discussion Points Made in Previous APFED Meetings and
APFED Related Meetings**

The Asia-Pacific Forum for Environment and Development (APFED) was officially launched at ECO ASIA in October 2001, in Tokyo, Japan. APFED aims to address critical issues facing Asia and the Pacific region and to propose a new model for equitable and sustainable development of the region.

In October 2001, an organisational meeting was held in Tokyo, where it was decided that based on its deliberations, APFED will draw up a Final Report by 2004. The APFED Final Report will present a long-term vision towards sustainable development, taking the horizon of 2025, and will be presented to the world community at occasions such as the ESCAP Ministerial Conference on Environment and Development in Asia and the Pacific, to be held in the year 2005.

APFED has held three substantive meetings respectively in Bangkok, Thailand; in Jakarta, Indonesia and in Guilin, China. Multi-stakeholder meetings and expert meetings were convened ahead of the substantive meetings. The multi-stakeholder meetings and the expert meetings provided input to the APFED substantive meetings from the perspective of non-governmental organisations, local governments, gender organisations and youth organisations as well as experts in the field of environment and sustainable development.

Over the course of its deliberations, five major issues that require priority attention in the Asia-Pacific region were identified, namely freshwater resources, renewable energy, trade, finance, and urbanisation as well as two overarching issues - good governance and capacity building. These issues were thoroughly discussed by the APFED Members, taking into consideration the input from the multi-stakeholder and the expert meetings.

1. First APFED Substantive Meeting and Related Meetings

The First Substantive Meeting held on January 2002 in Bangkok, Thailand reviewed and discussed background papers prepared by the APFED secretariat on each of the sectoral topics identified by APFED Members, taking into consideration the views that emanated from the associated multi-stakeholder meeting and the experts meeting.

Keys points brought to the attention of APFED Members by the multi-stakeholder meeting included:

- The devolution of power and empowerment of multi-stakeholder, via:
 - Education and awareness-building;
 - Appropriate valuation of decentralised actions and local knowledge; and
 - Appropriate representation of multi-stakeholder during decision-making processes;
- The creation and optimisation of partnerships both within and across borders, and
- The reconceptualisation of certain fundamental issues, including:
 - Redefining “progress,” “good livelihood,” and parameters for their measurement;
 - Redefining “costs” and establishing alternatives to consumerism;
 - Redefining the true stakeholders in production and consumption processes while redefining the real costs of production and consumption; and
 - Rethinking sustainable development concepts in terms of the Earth Charter principles.

The multi-stakeholder meeting urged APFED to endorse the Earth Charter for adoption as a global ethical framework for sustainable development.

The expert meeting addressed the issues of freshwater, renewable energy and trade. Three recommendations emerged for APFED to pursue in the area of freshwater:

- Demand management and full cost pricing for water to create the impetus for a reduction in usage, which is clearly necessary even though pricing is a politically difficult topic to broach;
- Conflict resolution over water issues, such as ensuring rights of both upper-river and lower-river users; and
- Poverty, especially in relation to urbanisation.

With regard to trade and sustainable development, experts raised the following points:

- The urgency for both rich and poor countries to pay attention to trade and the environment and to be vigilant about motivations for environmental conditions on trade, as they could be genuine means of enhancing environmental conservation but could equally be used as non-tariff barriers;
- The need to safeguard weaker countries in the trade arena or weaker corporate entities, such as SMEs.

With regard to renewable energy, experts concluded that:

- Renewable energy should be very much encouraged, and not only in rural areas;
- There must be mobilisation of financial resources including microfinancing for renewable energy;
- There is a need for a paradigm shift to get away from the supply-side management approach that has been used up to now.

The APFED Substantive Meeting discussed the sectoral topics of freshwater resources, renewable energy, trade and finance and made the following points:

On freshwater resources:

- Water issues having special relevance to the Asia-Pacific region include: the uneven distribution of water over space and time (e.g., monsoons, typhoons); the considerable differences among the most pressing water issues affecting subregions; extreme water distribution variations (e.g., droughts, floods) and the need for adaptive measures; the sharing of international water courses; the relationship between population growth and urbanisation and both water supply and sanitation issues, immigration from water-scarce areas to water affluent areas; and the alleviation of poverty as a key means for solving water-related problems.
- Integrated water resource management and the incorporation of a wide range of sectors, stakeholders, and governmental and political entities were deemed crucial, with user consultation and implementation of action plans and investment strategies of the private sector cited as potential strategies.
- Water pricing was emphasised as an essential step towards resolving many key water issues, with three caveats:
 - Increased awareness of water as an economic good is essential for public acceptance of pricing;
 - Intimate causal relationship between delivery method and price requires improvement of water delivery/distribution systems; and
 - Implementation of water pricing must not harm the interests of the poor.

On renewable energy:

- Several members urged the Forum to make the distinction between what can realistically be achieved in the short term and what cannot be achieved for some time.
- It was recognised that each country needs to pursue its own individually-tailored energy mix, as each country will experience a different cost for each kind of energy available.
- Along with the promotion of renewable energy, demand-side management of conventional sources of energy through increased efficiency of use, as a not only necessary but also immediately-implementable approach.
- The primary obstacles to the promotion of renewable energy recognised were:
 - (1) Lack of appropriate products and;
 - (2) Lack of feasible means of introducing products, of which the main issues were seen to be (a) difficulties in financing the initial investment and (b) lack of maintenance systems, as explained below.

On trade and sustainable development

- Trade was emphasised as better than aid, but only insofar as it benefits both the environment and the poor.
- While various standards now exist in the trade arena in many areas, such as labor, they do not yet exist for the environment. In this regard, environmental impact assessments and country studies are crucial in revealing the hidden environmental, social, and economic consequences of policy decisions.
- With regard to environmentally-sound technologies:

- (1) Means of rewarding developers of new technologies amply without giving them exclusive intellectual property rights should be considered, perhaps by developing such technologies through public-private cooperative set-ups.
- (2) The possible interlinkage of WTO agreements with multilateral environmental agreements would represent an enormous step forward if accomplished. However, if this linkage is not established, then delinkage from WTO rules regarding IP rights may be possible.
- (3) South-south technical transfers and the development of indigenous technologies may provide the most appropriate technologies for the region.
- (4) Internalisation of externalities such as pollution and their reflection in costs to consumers would assist immensely in the preservation of the environment.

On finance for sustainable development

- The Forum recognised that while increased funding and new funding mechanisms are certainly desirable, it was essential to devise means of more effectively using the resources actually available.
- Debt for nature, debt for poverty alleviation, debt for education, debt for social programmes, and debt for clean water should all be considered as means for reducing countries' foreign debt.
- Developing countries need to fully mobilise domestic resources, reallocating national funding priorities to sustainable development and poverty alleviation projects.
- Expanding donor nations' responsibilities beyond the mere allocation of funds to the coordination of ODA and linkage of FDI and ODA was urged.
- Private sector investment must be more actively aligned with sustainable development goals, with incentives for such alignment to be identified in concrete terms and set in place.
- Ideas regarding other funding mechanisms included evolving foreign aid into a foreign aid fund; establishment of a regional trust fund; establishment of a special fund within the ADB, such as the current ADB special fund for poverty reduction; and establishment of a regional environment fund with funding criteria similar to those of the Global Environment Facility; exploring the viability of global taxes and carbon dioxide taxes.

2. Second APFED Substantive Meeting and Related Meetings

Following discussions on sectoral topics at the First Substantive Meeting, the Second APFED Substantive Meeting held on May 2002, in Jakarta, Indonesia reviewed the Draft APFED Message to the World Summit on Sustainable Development (WSSD), which had been compiled by the APFED Secretariat on the basis of APFED deliberations. The Draft Message received input from expert meetings held in Tokyo, Japan and New Delhi, India, and a multi-stakeholder meeting held in Jakarta.

The expert meeting on freshwater resources made the following comments on the Message:

- Importance of flood control; promotion of effective use of water; impact of import and export of virtual water through international trade of forest products; importance of monitoring and assessment.
- Water and security, including the prevention of conflicts and recovery from conflicts, was mentioned as a new aspect of water issues.

- There was a suggestion regarding the establishment of a new international organisation on freshwater resources. However, many experts indicated that strengthening existing bodies and enhancing their networking should be considered as a first step, instead of establishing new institutions.

On the issue of financing, experts recommended the following to be included in the Message:

- Domestic funds should be the largest source of financing for sustainable development.
- ODA should be used more effectively and promoted especially in the areas of water and renewable energy and that ODA and FDI should be considered as complementary.
- New funding mechanisms such as the Clean Development Mechanism should be strongly promoted.
- External trade is a major instrument for developing countries to mobilise additional resources from their own efforts.

With respect to trade and sustainable development, experts suggested that:

- The recommendation on promoting environmentally-sound technologies (ESTs) was not only relevant to trade, but also to other issues. It was suggested that ESTs could be considered in APFED future deliberations for preparation of the APFED Final Report.
- Experts pointed out that common knowledge in the countries of Asia and the Pacific should be given ownership and be protected as a common property.
- The fact that an increase in cost due to higher environmental standards makes it difficult for developing countries to expand exports was also raised as a matter of concern.

On the issue of renewable energy, experts emphasised:

- The importance of the involvement of members of the community from early stages of renewable energy development, so that they are able to build their own capacity in the use and maintenance of the facilities.
- A proposal to initiate and negotiate an international convention on renewable energy was discussed from the viewpoint of energy experts. In the view of the expert meeting, while further efforts need to be made for promoting renewable energy, a new convention for renewable energy would not be an appropriate instrument, since each country has its own best energy mix to be decided by the national government.
- Collecting best practices was suggested for future deliberation, to serve as models for reference and for replication.

The multi-stakeholder meeting made the following comments on the Draft APFED Message:

On freshwater resources:

- Despite the trend towards privatisation and liberalisation, proper regulation is vital.
- Countries in the region should adopt common effluent standards.
- Consumption patterns affecting water need to be changed and incentives for conservation should be developed.
- The APFED draft should clearly indicate that water is public property, and access to water is a human right.
- The links between freshwater and ecosystems, land tenure rights, and rights to utilise natural resources are crucial.

On renewable energy:

- The poor need increased access to electricity.
- Indigenous technologies should be given greater importance.
- Redirecting of fossil fuel subsidies to renewable energies would be insufficient to fully support the development of renewable energy technologies (RETs).
- Conservation, not merely better utilization of energy, is critical for sustainable development.
- Renewable energy should be promoted within the national energy mix.

On trade and sustainable development:

- Trade should be highlighted as a means for, and not the goal of, achieving sustainable development.
- It would be naïve to assume that free trade alone can alleviate poverty; there is a need for a level playing field, in particular with regard to weaker traders as globalisation tends to increase the gap between the weak and the strong.
- The promotion of environmentally-sound technologies is relevant to enterprises of all sizes.
- Partnerships envisioned by APFED need to be clearly defined within the draft, indicating explicitly that developing countries should not be a mere market for EST products made in developed countries.
- Trade issues as they relate to the Convention on Biological Diversity, in particular, with regard to genetically modified organisms should be mentioned.

On finance for sustainable development:

- The targets, purposes, and programmes for the Clean Development Mechanism (CDM) should be reflected clearly in the draft such that CO₂ reductions are assured and that incentives are not given for business as usual.
- With regard to encouraging the use of private capital in sustainable development, the current situation of capital markets threatens, not promotes, sustainable development.

On overarching issues:

- 'Good governance' is a key issue which has implications for both governments and corporations.
- Capacity building efforts should include awareness building regarding environmental issues in general and sustainable development in particular and that youth require education and training, especially but not only for use of RETs. Capacity building regarding decision-making processes is critical.
- Gender issues should be considered as another overarching theme for the APFED Message.

In the light of previous discussions among its members on the input from the expert meeting and the multi-stakeholder meeting, the APFED substantive meeting reviewed and finalised the APFED Message to the WSSD. The Message presented recommendations related to the 5 sectoral issues and two cross-sectoral issues that have been discussed. The recommendations point to challenges facing the Asia-Pacific region with respect to these issues and modalities of action that would drive progress. The key elements of the recommendations were as follows:

On freshwater resources:

- Formulate comprehensive water policies and effective implementation mechanisms at the national and local levels.
- Promote comprehensive monitoring and assessment in river basins and groundwater catchment areas.
- Formulate cooperative mechanisms in shared freshwater resources to avoid conflicts.

On renewable energy:

- Encourage use of renewable energy systems and services in communities.
- Optimise the use of pertinent renewable energy products and services in ways appropriate to the conditions of each locale.

On trade and sustainable development:

- Build capacity in trade-environment policy analysis and implementation.
- Promote environmentally sound technologies (ESTs) by rewarding small and medium sized enterprises (SMEs) who use them.
- Ensure that trade acts as a tool for sustainable development.

On finance for sustainable development:

- Make the best use of official development assistance (ODA) and domestic resources.
- Increase the contribution of private capital to sustainable development.
- Enable the full effects of existing and additional international funding mechanisms.

On urbanisation:

- Encourage countries in the region to take an integrated approach to manage urbanisation.
- Strengthen local initiatives in the management of urban environments.

On good governance:

- Facilitate devolution of power from central governments and empowerment of stakeholders.
- Facilitate devolution of power and empowerment of stakeholders.

On Capacity Building:

- Take a well-financed and structured approach to capacity building.

In the Message, APFED committed to launch three new partnership initiatives: collection and analysis of best policy practices related to the actions recommended in the Message, development of a network of researchers and research institutions, and creation of an inventory of capacity building programmes in Asia and the Pacific region and their dissemination.

3. Third APFED Substantive Meeting and Related Meetings

The Third APFED Substantive Meeting held on January 2003 in Guilin, People's Republic of China, discussed and adopted the Chair's Preliminary Proposal on the Structure of the APFED Final Report and APFED Commitments, the substance of which would draw upon issues

identified in previous meetings. The meeting was preceded by an expert meeting which discussed an integrated approach to managing urbanisation with particular emphasis on sustainable land use. The multi-stakeholder meeting focused on the APFED Final Report and made the following points:

(a) Topics to be included:

- There was general agreement about the relevance of the seven topics already contained in the APFED Message – freshwater resources, renewable energy, trade, finance, urbanisation, good governance and capacity building, as possible subjects to be included in the Final Report. In addition to these 7 topics, the issues of desertification and efficiency in the use and management of resources were among issues suggested by participants.
- Trade and finance should be regarded as overarching issues rather than sectoral issues. These, added to the two overarching issues already established, namely governance and capacity building, would make four overarching issues to serve as the basis for analysis of the sectoral issues. The issue of sustainable patterns of production and consumption was proposed as another possible overarching issue.
- The report should incorporate at the very beginning a presentation of the state of the environment in the Asia-Pacific, conveying a sense of crisis and urgency for action in the region. Moreover, the opening to the report could contain some ethical underpinnings regarding sustainable development, touching upon issues of peace, social justice and human rights which are dimensions of sustainable development.

(b) Structure:

- The final output should have one concise and focused report which would include specific recommendations and an annex that provides detailed scientific analysis and the factual basis of the report.
- It was proposed that cases of successful practices also be included in the annex. Therefore, the result of the collection of BPP would be partly used as input.

(c) Drafting process:

- There was a proposal to set up a drafting committee composed of experts on the issues covered in the report as well as other stakeholders that have been involved in the APFED process.
- Lead authors would be designated for each specific issue along with a network of writers. In this process, resources from the NetRes could be used as a valuable pool of expertise.

(d) Dissemination:

- Taking into consideration the fact that one of the advantages of APFED lies in the quality of its members and their influence at various levels of decision-making, APFED Members themselves would be a valuable channel for disseminating the report in the relevant fora dealing with sustainable development in the region.

- For the purpose of reaching the widest range of people, it was suggested that the report be translated into many different languages of the region, including those of the APFED Members.

Taking into consideration the input from the experts and the stakeholders, and in line with the discussions among the APFED Members, the Chairperson made a preliminary proposal on the APFED Final Report and Commitments. The proposal indicated that:

- APFED Final Report will have two components. A summary document will present in a concise yet straightforward manner a vision, which will be the key message of the report - "Sustainable Asia-Pacific in 2025" - in about ten to twenty pages. A second, more elaborated document will consist of the report. The report - "Roadmap towards Sustainable Asia-Pacific" - will be of around 100 pages that draw a course of action and policies required for achieving the vision expressed in the concise document. It will constitute the factual basis for the report, taking into consideration the input from the collection of Best Policy Practices, research activities generated through the development of a network of research institutions in the Asia-Pacific region and the drafting of background papers.
- In substance, the Report will elaborate on four key components of sustainability: strengthening the economic basis for sustainable development (i.e. environmentally sound business activities, trade); enhancing the social basis for sustainable development (i.e. poverty alleviation, land use and urbanisation, sustainable consumption); securing the material basis for sustainable development (i.e. energy, freshwater, land); enhancing the institutional basis for sustainable development (i.e. ethics and human capacity, governance, positive feedback among social actors).
- Lead author groups composed of 3 to 5 APFED Members will, with support from the APFED secretariat and experts in the topics covered, draft sectoral chapters of the report.

Following the guidance provided by the Third Substantive Meeting, the APFED secretariat has started the preparation of the Zero Draft of the APFED Final Report. It is expected that the Zero Draft will serve as a basis for discussions by APFED Members at the Forth Substantive Meeting to be held in August 2003 in Mongolia.