

Third National Dialogue on the Urban Nexus in Thailand
***“Strengthening Collaboration and Access to Financing to Support
Integrated Resource Management in Thai Cities”***
Bangkok, 3 May 2018

SUMMARY REPORT

The Third National Dialogue on the Urban Nexus in Thailand took place on 3 May 2018, in Bangkok and was organised by ESCAP in partnership with GIZ. The National Dialogue was held under the project “Integrated Resource Management in Asian Cities: The Urban Nexus”, financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by GIZ in partnership with ESCAP, ICLEI and the two nexus partner cities in Thailand, Chiang Mai and Nakhon Ratchasima (Korat).

Over 70 participants attended the workshop, making it the largest gathering of Thai policy-makers conducted through the Urban Nexus project to date. The Vice Governor of Chiang Mai, Mayor of Korat and Chief Resilience Officer of Bangkok joined key policymakers from the Office of the Prime Minister’s Bureau of Budget and National Economic and Social Development Board (NESDB), as well as representatives from several line ministries, international organisations, academia, the private sector and NGOs to discuss strengthening cross-sectoral cooperation and inter-governmental coordination to promote integrated resource management in cities.

Opening session

Dr. Stefanos Fotiou, Director, Environment and Development Division, ESCAP and Dr. Christine Falken-Grosser, Economic and Commercial Counsellor, Embassy of the Federal Republic of Germany, delivered opening remarks. Dr. Fotiou stressed the importance of embracing cities as drivers of opportunity for global development. Platforms, such as this national dialogue, provide the space to improve our understanding of the roles and responsibilities of different government levels. Sharing lessons learned and experiences should not be just one-way from the regional to local level, but can also flow from the local to regional level.

Dr. Christine Falken-Grosser emphasized the growing need for improved communication between the local and national level. Local governments, around the world, need to respond to increasing citizen demands while also focusing on the bigger picture. The national level could assist the local level by providing more financial and other support for urban services and infrastructure. The private sector, international and bi-lateral organizations could also play a stronger role.

Ms. Sunisa Boonyobhas, Director, Spatial Development Planning and Strategy Office, NESDB explained the linkages between Thailand’s 20-year National Strategy (2017-2036) and its Twelfth National Economic and Social Development Plan (NESDP) (2017-2021), both of which align with the 2030 Agenda for Sustainable Development. Thailand has a long history with integrated planning and management evident by the introduction of its Sufficiency Economy Philosophy (SEP) in 1974 by His Majesty the late King Bhumibol Adulyadej. The country’s 20-year National Strategy for regional, urban, and economic zone development aims to build provincial city centers that will be liveable for

all by promoting integrated environmental management involving stakeholders, preserving cities' identities and values to support locals, improving the efficiency of urban management and developing urban transit systems.

Session 1: Fostering Horizontal and Vertical Integration to Promote Integrated Resource Management in Thailand

The Vice Governor of Chiang Mai, Mr. Kris Thanavanich, shared his remarks, noting that Chiang Mai's long and rich history continues to attract 10 million tourists annually, with a 4.3 per cent increase per year. This progress and growth has come at a cost, though, posing many urban challenges including multiple problems with the Mae Kha Canal. Solving the problems of the Mae Kha requires working across government departments and agencies and raising community awareness and consciousness; everyone is responsible and has a role to play.

The Mayor of Korat, Mr. Suravut Cherdchai, highlighted the need to examine management systems to better identify problems and opportunities for savings. He shared examples of how, through actions identified and implemented as a result of the Urban Nexus Project, Korat has been saving water and money by installing more efficient pumps and water meters to track consumption and identify losses. The city is working to promote waste as a resource. He shared an example of how pricing materials, e.g., a plastic water bottle, can add value and encourage recycling.

Participants further examined ways to foster horizontal and vertical integration to promote integrated resource management in Thailand. Ms. Ruth Erlbeck, Project Director, Urban Nexus Project, GIZ set the context by noting how cities face multiple, growing challenges including rapid urbanization, changing consumption patterns, rising demand for water-energy-food/land, increasing vulnerability to climate change and growing waste production combined with the constraints of existing structures and sector-based policies that limit innovative solutions. Local governments are increasingly confronted with an avalanche of requests for better, and more, infrastructure.

Ms. Erlbeck emphasized that the urban nexus approach is action-oriented within a vision of a circular economy and international agendas. It examines the interdependencies between water, energy and food security and the synergies and competing uses of water, land and energy-related resources. It requires a shift from a sectoral to a cross-sectoral, integrated approach, thus challenging existing structures, sector policies and procedures to promote the protection and use of water, energy and food/land in a balanced manner. Decentralization along subsidiarity principles is crucial; investing in a circular economy requires local governments having the ability to set appropriate tariffs. Ms. Erlbeck noted that while the project cities of Chiang Mai and Korat have been able to fund some nexus projects using municipal budgets, more funds and financing are needed to support costly cross-sectoral infrastructure.

Dr. Supachai Tantikom, Bangkok's Chief Resilience Officer, defined "resilience" as the capability of an individual, business, or community to survive, adapt and grow despite chronic shock. As a member of the 100 Resilient Cities network pioneered by the Rockefeller Foundation, Bangkok unveiled its resilience strategy in February 2017. With more than 10 million registered residents in the metropolitan region, and many more unregistered, the demand for improved infrastructure and new projects is huge. The administration's budget is inadequate, though, with revenue mainly generated from property taxes and VAT distributed from central government proportional to the population. Solid waste management fees do not cover actual costs. Achieving resilience and sustainability will

require working together, but even if coordination and collaboration may increase costs, the ultimate outcome will be for the better.

Mr. Satapong Soontarak, Expert on Local Public Services and Education, Department of Local Administration (DLA), Ministry of Interior explained DLA's role as the middle chain that coordinates between local, provincial and central levels and encourages local administrations to work vertically. Thailand has more than 7,000 local administrations, each with different capabilities, budgets and levels of knowledge. Some can perform well, while others are less capable, especially those in rural areas that have small budgets and less personnel. He said that plans across administrations, as well as plans between different levels of government, need to be consistent. The provincial level generally is responsible for checking consistency between local administrative plans, and coordinates with higher levels of government when required.

Participants expanded on the importance of mindset and behavioral change for continuity and discussed integrating urban nexus concepts into school curriculum with adults leading by example. In Bangkok, schools supported by the Bangkok Municipal Administration teach students to reduce-reuse-recycle and about how environmental degradation contributes to increased vulnerability to natural disasters. Chiang Mai involves community members in many royal projects, including improving the Mae Kha Canal, to create a joint consciousness. Ms. Erlbeck noted the importance of involving academia and training institutions. GIZ and BMA may open a training center in Bangkok, focused on sustainable waste management. Professor Pongsak Suttinon, Chulalongkorn University, noted that the Department of Water Resources Engineering currently does not teach in a manner about holistic approaches. This national dialogue, which examines practical solutions for local governments, serves as a good example of knowledge transfer to the academic community.

Session 2: Financing Urban Nexus Projects in Thailand

Mr. Sommai Lakananuruk, Senior Advisor, Bureau of the Budget, Office of the Prime Minister started the discussion on financing urban nexus projects in Thailand with an overview of the budget situation. Expenditures for 2018 are expected to be 2.9 trillion baht, with 659 billion baht allocated for investment projects, such as urban infrastructure. Anticipated revenue for 2018 is 2.3 trillion baht; thus, Thailand has a deficit budget. With the exception of BMA and Pattaya, funds go from the central to provincial level. The budget is handled in an integrated manner, and there is connectivity between budgeting and different operational plans. There is also a budget for integrated projects, such as a turbine that would be under the purview of the Ministry of Agriculture and the Ministry of Energy. The project must have clear goals and indicators that align with relevant plans. Further, all concerned agencies must be consulted, and the work should not be duplicative. There is no special budget for ad hoc projects, and the regular budget must be administered according to national plans and national security policies.

Discussion 2.A: Supporting the Rehabilitation of the Mae Kha Canal

Mr. Assanee Buranupaakorn, Secretary to the Mayor, Chiang Mai, elaborated on the city's problems with the 33 km Mae Kha canal. One third of the canal flows through the city, which only has wastewater management facilities for half of the residents. Illegal settlements further complicate the situation by releasing additional wastewater. To rehabilitate the canal, 800 million baht are needed. Panelists and participants suggested the city consider private sector support, blended

financing and private-public partnerships (PPP), for example. Dr. Winij Ruampongattana from the Ministry of Finance noted that PPPs must meet specific criteria, have a solid plan and align with existing national plans. PPPs also have to generate a return. Thailand has yet to have an urban infrastructure project entirely funded by the private sector. The public sector has always needed to initiate and subsidize infrastructure projects. Mr. Sommai noted with wastewater management, it may be more realistic to try and secure more funding from the provinces. Some other recommendations were to consider joint investment and securing funding from sources beyond Thailand, such as the Green Climate Fund and the China Cooperation Fund.

Panelists described smaller scale and short-term solutions that are being implemented, such as turning a 500 meter stretch of the canal into a public park, hosting festivals to raise awareness and increase the value of the canal, developing a master plan that considers the community and ecosystem – not just the canal, and installing a series of grease traps. Reusing treated wastewater and locating treatment plants near sources that could use the water, such as agriculture sites, instead of near bodies of water that it can pollute, were also recommended.

Discussion 2.B: Financing Innovation in Nakhon Ratchasima

Mr. Netiwit Roengsupipattana, Director of Sanitary Engineering Division, Korat City described different challenges the city has been facing with promoting renewable energy. There is fierce competition to access existing funds, such as Thailand's Oil Fund and Environmental Fund, and international funding sources. Changing and uncertain government policies have also made it difficult. For example, the Ministry of Energy's recent announcement to halt electricity purchases from renewable energy projects has put Korat's renewable energy project in jeopardy. The Ministry of Interior also changed its criteria for considering joint projects. Korat's proposal as a PPP, which was in the pipeline, was returned. Investors are reluctant to engage because of these shifting conditions, and uncertain policies. A representative from the Ministry of Finance explained that the Ministry of Interior announced a new Act, and Korat's project was shifted from a PPP to be considered under this new Act.

Mr. Thanaset Petchwattannon from the Electricity Generating Authority of Thailand (EGAT) explained how renewable energy has been part of the country's fuel mix for at least a decade. The cost to produce power from renewable energy has decreased significantly due to advancements, but adder tariffs and pricing structures (feed-in rates) have not reflected these changes. The government revised the renewable energy purchasing scheme to prevent excessive private sector profits resulting from provision of energy to consumers. He added that technical challenges regarding renewable energy also exist. Thailand does not have the capacity to accommodate intermittent and fluctuating power sources, battery storage is still very expensive, and the country's distribution grid is weak in areas.

Session 3: How the Urban Nexus Approach Contributes to Achievement of the 2030 Agenda and Related Global Initiatives

Participants discussed how the adoption of the Sustainable Development Goals (SDGs) and the New Urban Agenda provides a universal agenda connecting cities from around the world. By the nature of what cities do-- forming partnerships, providing basic services, etc., it is evident that cities have a

role in each of the 17 SDGs. This is important, because it's not in cities' mandate to participate in negotiating global agendas.

Ms. Charinee Suwannat from the Office of Natural Resources and Environmental Policy and Planning (ONEP), Ministry of Natural Resources and Environment (MoNRE), explained how different SDGs are overseen by different Ministries. For example, the Ministry of Interior and the Ministry of Social Development and Human Security are the authorities responsible for driving forward SDG 11, with other Ministries, like MoNRE, having a supporting role. Thailand's SEP guides much of the country's work to improve environmental quality and is a cornerstone of the 20-year strategy for Environmental Friendly Growth (Green Growth) for Sustainable Development. This strategy takes a holistic approach from the global arena to the local level, is community and people-centered, and encourages more involvement from the private sector.

Thailand's institutional mechanism incorporates and coordinates the country's numerous strategies and plans that contribute to the SDGs. At the national level there is a committee chaired by the Prime Minister that involves Ministers from many Ministries, who meet annually to improve understanding on SDGs, set priorities and targets, and integrate work on the global agendas between the Ministries. More recently, this work has involved engaging the research community, NGOs, CSOs and the local level to promote work on SDGs. Various road maps have been developed to guide this work. Although many Ministries have road maps on energy, climate change, biodiversity, waste management, etc., the level of understanding varies. Data remains an issue, and it is difficult to measure progress when one does not have a baseline.

Dr. Nuttavikhom Phanthuwongpakdee with SDG Move elaborated on the continuing challenges all levels face with monitoring SDGs noting that even at the UN level metadata to track progress is missing in many areas. At the national level, for example in Thailand, there is no method for measuring reduction in food waste so progress on that target is currently impossible to track. Universities in Thailand, though, are starting to engage in the process as well as some private sector companies such as DTAC and Charoen Pokphand (CP) Group. The local level seems disconnected, though, and many cities seem to view SDGs as a mandate from the central government and UN.

Ms. Napaporn Yuberk with UNDP Thailand commented on the difficulty of having an approach to integrate policies and gave the example of their work on climate change that has required meeting with many different Ministries and organizations to ensure the work is consistent with the numerous strategies, policies and plans. Dr. Chanakod Chasidpon from NESDB noted that mainstreaming SDGs requires starting upstream: the 12th NESDP is a good starting point to guide agencies to move together in the same direction.

Conclusion

This third national dialogue explored ways to strengthen horizontal and vertical integration, improve access to financing, and gain an understanding of how urban nexus initiatives in Thailand contribute to national and global agendas. Presenters, panelists and the audience identified opportunities to strengthen communication platforms between various levels of government and utilities and among relevant line ministries on issues concerning water, wastewater, solid waste, food, land use planning and energy. Cities voiced their challenges regarding financing innovative infrastructure and discussed solutions with national and international stakeholders. The national level informed

participants of Thailand's progress and plans to advance strategies to achieve national and international goals.

Key points raised from the dialogue include:

- At the national level Thailand's SEP, 20-year strategies, 12th NESDP and coordination mechanisms are well aligned to supporting the country's achievement of the SDGs and related global initiatives. More needs to be done to engage the subnational level and other actors.
- Although cities are key drivers of national growth and development, and can contribute to implementing global agendas, support from the national level, international and bi-lateral organizations, private sector and academia is needed to leverage the potential of cities to achieve global initiatives. The urban nexus approach, which by its nature promotes integration, can support bringing relevant agencies and sectors together.
- Continued engagement, collaboration, and integration is key. Promoting inclusive urbanization requires engaging all stakeholders including vulnerable, impoverished and often excluded groups. Giving people a sense of ownership and responsibility often results in better care and maintenance of public facilities.
- Cities should consider a variety of funding sources for project implementation, including blended financing, PPPs, resources from donor countries and additional provincial support.
- Certainty and consistency in national policies is needed to attract investment in innovative projects.
- Behavior change is important and should not be overlooked. People and communities will work to meet environmental targets when they believe it is important to them. Integrating urban nexus concepts into curriculum and leading by example will help sustain momentum.
- Urban Nexus Project Partners - GIZ, ESCAP and ICLEI Local Governments for Sustainability - can help facilitate the national dialogue process and identify opportunities for integration. However, for cities in the long run to be enabled, institutional structures must be strengthened, and national level agencies must acknowledge and support the needs of sub-national authorities.