

Your Excellencies, Distinguished Delegates, Ladies and Gentlemen,

Mekong2Rio serves as an important contribution to the UN Conference on Sustainable Development, Rio+20. I am very pleased to speak here today on behalf of the United Nations Environment Programme.

Mr. Ban Ki-moon has urged all UN Member States to fully utilize the opportunity provided by Rio+20. He states that in Rio we need to join the dots between energy, food, nutrition, water and climate security and development, so that all our people can enjoy prosperity, peace, and international security. He states that we must make sustainable development for all the defining issue of our time because it is only in that broader framework that we can address climate change and the needs of our citizens.

The world is again on the Road to Rio nearly 20 years after the Earth Summit of 1992 that laid the foundation for contemporary sustainable development. Two decades after the establishment of treaties on biodiversity and climate change and agreements on a forum for forests and the landmark Agenda 21-think global, act local.

Looking back we realize that global economic growth over the past 50 years has been achieved at a cost to the environment and ecosystems - the natural capital that forms the very basis of wealth creation, human well being and security. While global GDP more than doubled between 1981 and 2005, 60 percent of the world's ecosystems meanwhile have been degraded or exploited unsustainably. Whether we look at forests, water, fisheries, mangroves, coral reefs, or any other dimension of the natural world, what is clear is that the current patterns of growth and development that consume rather than renew natural capital, will eventually undermine the source of livelihoods and the poor and most vulnerable segments of societies will be the worst affected.

While the causes of the last half a century of unsustainable growth vary, at a fundamental level they all share a common thread: the misallocation of capital. Short term investments in fossil fuels and financial assets have flourished, while renewable energy, investment in water management and sustainable agriculture has received relatively little in comparison. The status quo is a system that leads to moral hazard and improper pricing. There is a desperate and immediate need for better public policies that reverse the current perverse market incentives that lead to capital misallocation and ignore negative social and environmental externalities.

We are here at a moment of reflection and urgent need for all countries to address the sustainability challenges now facing the world's seven billion people.

The international community enthusiastically reported that the Millennium Development Goal of halving the number of people who do not have access to safe drinking water has been met, five years before the 2015 deadline. This is a concrete success that calls for celebration.

However, there is a lot of work that needs to be done. Still, nearly 1 billion people lack access to clean drinking water; 2.6 billion lack access to improved sanitation services; and 1.4 million children under five die every year as a result of lack of access to clean water and adequate sanitation services. At the current rate of investment progress, the improved sanitation will be missed by 1 billion people, mostly in Sub-Saharan Africa and Asia.

The availability of an adequate quantity of water, of sufficient quality, is a service provided by ecosystems. The management of, and investment in, ecosystems is therefore essential to address water security. Water makes an irreplaceable contribution to ecosystem services that stem from the earth's "natural capital". Protecting the natural ecosystems of river basins and restoring degraded catchment areas is crucial to securing the world's water supplies, maintaining their quality, and regulating floods.

Facing today's water challenges does not need to be a hindrance to growing economies. Instead, it is an opportunity for economic growth that generates jobs in clean energy systems, energy efficiency and natural resource management that invests in carbon storage of forests and other ecosystems and fast forwards the clean, green and high-tech industries of the 21st century.

We in UNEP have termed this "the Green Economy" as one that results in "improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities." In its simplest expression, a green economy is low-carbon, resource efficient and socially inclusive. In a green economy, growth in income and employment are driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency and prevent the loss of biodiversity and ecosystem services. Green Economy in the context of sustainable development and poverty eradication, is one of the two main themes of Rio+20. Access to reliable, clean water and adequate sanitation services for all is a foundation of a green economy.

Modeling suggests that, under the green investment scenario, global water use can be kept within sustainable limits and all the MDGs for water achieved in 2015. With an annual investment of US\$ 198 billion on average over the next forty years, water use can be made more efficient, enabling increased agricultural, biofuel and industrial production. By 2030, the number of people living in a water-stressed region is 4 per cent less than under Business As Usual and up to 7 per cent less by 2050. With no improvement in the efficiency of water use, water demand is projected to overshoot supply by 40 per cent in 20 years time.

Historical levels of improvement in water productivity, as well as increases in supply (such as through the construction of dams and desalination plants as well as increased recycling) are expected to address 40 per cent of this gap, but the remaining 60 per cent needs to come from investment in infrastructure, water-policy reform and in the development of new technology. The failure of such investment or policy reform to materialize will lead to the deepening of water crises. However, accelerated investment in water-dependent ecosystems, in water infrastructure and in water management can be expected to expedite the transition to a green economy.

As the world's population increases, more water will be needed for household, agricultural, and industrial purposes. When asked, "Is there enough land, water, and human capacity to produce food for a growing population over the next 50 years – or will we 'run out' of water?", analysis undertaken by the International Water Management Institute reveals that "It is possible to produce the food – but it is probable that today's food production and environmental trends, if continued, will lead to crises in many parts of the world".

So, the key questions for policy makers are:

- How can we ensure that people are fed equitably, healthily and sustainably?
- How can we ensure that water benefits are distributed evenly both in time and geographically?
- Can we provide enough energy to supply the growing population coming out of poverty?
- Can we do all this whilst mitigating and adapting to climate change?

Here we are talking not just about food security, energy; but about sustainable development. A green economic growth path will need to be supported by strong and convincing evidence of income generated, decent jobs created, and poverty reduced through investing in a new generation of assets including: Ecosystems (or environmental infrastructure); Clean and efficient technology; Renewable energy; Biodiversity-based products and services (such as organic

foods); Chemical and waste management and mitigation technologies; and “Green Cities” - ecologically friendly buildings, construction, and transport systems. We will also need to recognize and address the fears related to misconceptions about green economy. First, green economy is a driver towards not a replacement for sustainable development. Secondly, perhaps the most widespread misconception is that there is an inescapable trade-off between environmental sustainability and economic progress. Instead there is now substantial evidence that the “greening” of economies increases wealth and creates employment opportunities. Lastly, there is still a belief that a green economy is a luxury only wealthy countries can afford. Contrary to this, we find numerous examples of developing economies making green transitions in various sectors, which could be replicated elsewhere. UNEP’s recent report *Towards a Green Economy* brings some of these examples to light and highlights their scope for wider application. Rio+20 is an opportunity to provide a framework, financing and market mechanisms that support a transition to a Green Economy in the context of sustainable development and poverty eradication.

Eminent economists have recognized the importance of attributing an economic value to environmental services. The result of this can be seen, among others, in a detailed study about the economics of ecosystems and biodiversity that seeks to establish methodologies for attributing an economic value onto ecosystem services and biodiversity. Apart from establishing the case for valuing ecosystem services and biodiversity it provides detailed policy recommendations. Another prominent example is, of course, the Stern report on the economics of climate change. However, putting a price on the environment alone cannot ensure its sustenance and hence there is a need for a functioning governance system.

Therefore, it is apt, that the other theme of Rio+20 is the institutional framework for sustainable development. Improving governance arrangements is one of the biggest opportunities to speed transition to a greener economy. In any area where there is a water crisis, it is critical that governance arrangements are put in place to prevent over-use and over development of the available water resource.

Building administrative regimes that are respected and trusted by local communities and industry, as well as progressively integrating environmental concerns in existing governance arrangements takes time; however, this is essential in ensuring a return on “green” investments in the water sector.

The most basic reason why the current International Environmental Governance (IEG), an integral part of IFSD, but the weakest of the three pillars of sustainable development is being reviewed is that it has not proved sufficient in guaranteeing that the environment, as the foundation for human wellbeing and development has been and continues to be sustained. On the contrary, increasing challenges to countries' water and food security; the consequences of unsound chemicals management and movement of hazardous wastes; the impacts of climate change on human - and in some cases - national security show the close links between the environmental and the economic and social spheres.

The IEG system has evolved the way it has due to the complexity of the environmental sector itself with its multiple interrelations to key economic activities, such as agriculture, forestry, industry, energy and trade as well as key social sectors, including health, transportation and leisure. This has on the one hand led to the establishment of many environmental departments and units in organizations, it has also resulted in the fragmentation of the regime, causing multiple overlaps and gaps, as well as additional costs and overstretching of human resources, specifically for developing countries. We now have a proliferation of international commitments and multilateral environmental agreements (currently more than 500 MEAs) lacking implementation capacity and resources. This is particularly a problem at the national level. IEG is also lacks monitoring, review and accountability. This is increasingly leading to the disenfranchisement of developing countries from international environmental governance, including their under-representation in the international fora, which are vital to their citizens.

There are also other more fundamental proposals being discussed in the run up to Rio+20 designed to achieve better coordination and effectiveness of the global and regional institutions charged with catalyzing and assisting in the implementation of sustainable development. These range from reforming the ECOSOC; establishing a Sustainable Development Council along the lines of the Human Rights Council to establishing a Global Economic Coordination Council and a World or UN Environment Organization.

In the Asia region, the vast range of social, environmental, cultural, and economic diversity makes it difficult for it to act with one voice on all issues. Regional and sub-regional cooperation is necessary however; to manage common natural resources and address shared environmental challenges.

Your Excellencies, Honorable Delegates,

The challenges postulated in Stockholm and glimpsed in Rio are today fast becoming a reality. Right across the world too many of the indicators of sustainable development are heading towards, or into the red, from fisheries to freshwater scarcities and from pollution that is filling the atmosphere; the land and the seas.

So what are the prospects for Rio+20?

One of the key roles of any new institutional framework for sustainable development needs to be not only a decisive way of implementing what has been agreed at conferences and Summits of the past 20 to 40 years but also a rigorous monitoring and measure of success; nationally and globally.

Achim Steiner, UNEP's ED has said, I am not a clairvoyant-I cannot see the future. But Rio+20 will in the end stand or fall on the issue of leadership and the engagement of leaders at the highest level to seize the opportunity for a sustainable 21st century.

Let me end by highlighting the fact that Mekong countries are each taking positive steps in a variety of sectors to promote green economic growth. From the Government of Thailand's commitment to boost the share of renewable energy from the current 6 per cent to 20 per cent of overall energy consumption over the next 15 years to China's growing domestic green building market estimated to be worth \$213 billion, Mekong nations already have a wealth of knowledge to share with each other. In this context, UNEP would like to re emphasis the critical need for coordination and the exchange of lessons learned through fora such as this, to ensure effective and sustainable use of natural resources and its contribution to national and international processes.