

## **National Dialogue on the Urban Nexus in Thailand Bangkok, 19 March 2015**

### **REPORT**

The National Dialogue on the Urban Nexus in Thailand took place on 19 March 2015, in Bangkok, Thailand, and was organised by ESCAP in partnership with GIZ. The National Dialogue was organized in the context of 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 Nexus partner cities, Chiang Mai and Nakhon Ratchasima being the two partner cities in Thailand.

The workshop was attended by around 40 participants from local government, various line ministries, utilities, private sector enterprises, academic experts, and financial institutions.

Ms. Christine Falken-Grosser, Economic and Commercial Counsellor, Embassy of the Federal Republic of Germany, Mr. Sorawit Nanjaruwong, Expert Energy for Urban Development, and Mr. Donovan Storey, Chief, Sustainable Urban Development Section, ESCAP delivered opening remarks.

The workshop highlighted the relevance of integrated resource management for Thailand, especially in the critical areas of energy, water and food security, and allowed discussing key challenges and opportunities related to the mainstreaming of the nexus approach, in particular, financing and the required institutional and regulatory framework.

In an era of rapid urbanization, secondary cities play a critical role as it is their development that will largely shape the region’s urban future. In this regard, cities like Chiang Mai and Nakhon Ratchasima have a key part to play in the sustainable development of Thailand. But urban areas transcend administrative boundaries and, therefore, an integrated approach cannot be implemented by local governments alone. Enhanced cooperation between national, sub-national and local governments as well as the cooperation of multiple stakeholders to engage in constructive local governance is critical.

This presents a challenge to local governments, but also an opportunity, as the existing institutions or policy frameworks require transformation - from competitive to collaborative governance. Integrating the nexus thinking into current and future urban development planning would allow putting cities on a more sustainable path. However, this calls for integrated and well-organized spatial planning to support mutually beneficial actions and policies for interdependent urban and peri-urban areas. In this regard the meeting noted that the un-coordinated conversion of agricultural land to industrial land by many municipalities hampers efforts on integrated resource management by other municipalities and can exacerbate other risks such as flooding.

Moreover, integrated planning requires a multi-stakeholder approach, re-defining the relationships and looking beyond the dichotomy of rural-urban issues. It also requires effective and responsive governance. The workshop called for the need to highlight and strengthen urban-rural relationships, as these are critical for integrated resource management.

In reviewing national policies in support of integrated resource management, it was noted that Thailand's Eleventh National Economic and Social Development Plan already integrates various dimensions, including the management of natural resources and the environment towards sustainability, as well as the linkages between agriculture, food and energy. Moreover, the national target of 25% of renewable energy in total energy consumption by 2021 reflects a shift towards resource efficiency and sustainability.

However, implementation of the urban nexus can be limited by lack of policy coherence, weak governance, inefficient regulatory frameworks and limited financial resources. In particular, key challenges identified by participating cities included limited access to financing sources and difficulties in increasing fees and tariffs.

Municipalities in Thailand have a limited budget for infrastructure projects and mainly rely on transfers from the central government. Funds are available, for example from the Ministry of Interior, or from ONEP's environmental fund. However, lengthy approval processes may hamper access.

Some commercial banks, such as Kasikorn Bank, have developed successful lending products for SMEs to integrate sustainability measures, in particular in terms of energy efficiency. However, municipalities cannot borrow from commercial banks. Public-private partnerships could be an option for municipalities to mobilize private funding, as commercial lending can be extended to special purpose vehicles. Currently municipalities cannot issue bonds, but the workshop recommended that this option be looked into.

Drawing from lessons learned in the promotion of solid waste management and water resource management, the workshop emphasized the key role of economic and fiscal instruments and called for a review of policies to implement these. Consumption-based and cost covering tariffs can promote resource efficiency, while at the same time help increase revenues at the local level.

The meeting emphasized a number of barriers hampering the adoption of a nexus approach at city level, including: dependency of local governments on budgetary allocations from the central government; long time-frame to access funds; limited capacity of local governments to raise their own revenues; inability of local governments to access private financing; information asymmetries between different levels of government; and poor coordination between line ministries and departments. The meeting called for the need to strengthen institutional capacities of local governments and increase their ability to raise local revenues and to access different sources of financing.