

Consultation on The World Bank Group's New Environmental Strategy

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Remarks by Dr. Stephan Paulus, Director Environment and Climate Change, GTZ

The consultation process on The Bank's New Environmental Strategy is well taken. A revision of the current strategy which dates back to 2001 comes timely. The context for international cooperation on environmental issues is changing – this needs to be reflected in a new strategy.

Due to time constraints for this statement, the following remarks are necessarily general in character. They are meant as food for thought.

To start with, the following results from the 2008 evaluation call for further thinking:

- „Priority given to lending for ENRM appears to be modest“ (p. 3)
- „When requested, the Bank Group usually has been able to help countries set environmental priorities.... It has been far less able to integrate these efforts centrally into country programs, ..., and provide lending to help countries address environmental priorities—often because of lukewarm interest in such support from the countries themselves“ (p. 4).
- „The Bank's country strategies generally take account of national environmental priorities, although insufficient attention has often been given to longer-run sustainability concerns“ (p. 4).
- „In Sub-Saharan Africa and elsewhere, integration of ENRM concerns into Poverty Reduction Strategy Credits (PRSCs), and the countryprepared Poverty Reduction Strategy Papers (PRSPs) ..., has not been given sufficient priority“ (p. 5).
- „Climate change is another critical area in which Bank Group interventions have been limited. The gap is especially serious with regard to the rising adaptation needs in Sub-Saharan Africa and South Asia. But this is beginning to change“ (p. 5).
- „While the World Bank Group must be responsive to client demand in its policy advice and lending, it can still be proactive in analyzing environmental issues and seeking to identify strategic entry points in countries with significant environmental concerns“ (p. 9)

- „Given the global, watershed developments in the larger environmental field over the last 10 years, the Bank Group needs a new, transformational environmental policy that addresses today's (known) needs and tomorrow's (still evolving) challenges. This policy must look beyond a useful 10- to 20-year time horizon, to a 40- to 50-year time horizon as well. This time horizon is, at the very minimum, necessary to take into consideration the lifecycle impacts of investments made today, such as in the power and transport sectors“ (p. 13, from the advisory panel).

Given these results of the evaluation, there seems to be a need – in addition to state-of-the-art analytical work The Bank is well respected for and intensive consultations such as this one – to think about ways and institutional setups to improve links between strategy and operations, to address evolving environmental challenges in a more proactive way, and to deal more effectively with trade-offs between the short term and the long term.

Let me add just 4 thoughts from my point of view, that might serve as food for thought for a future environment strategy:

1. **Address boundaries and ecological debt:** Environmental sustainability not only continues to be, but steadily increases to be a central pillar to sustainable development. Whether we like it or not, it has to do with long term limits, not necessarily to qualitative growth, but definitely to the assimilation and carrying capacity of ecosystems. In an article published by „Nature“ in autumn 2009, Johan Rockström et al. depict the idea of 9 „planetary boundaries“ such as GHG-concentration in the atmosphere, loss of biodiversity, ocean acidification, ozone depletion, chemical pollution, freshwater use a.o. Authors state, that moving beyond these boundaries would involve immense risks for development and for human civilisation. In addition, analytical work by the Global Footprint Network around Mathis Wackernagel shows, that ecological footprints are more and more trespassing biocapacity not only in industrialized countries, but also in many African and Asian countries, turning them into „ecological debtors“. Both, the boundaries and ecological debt should be reflected in the lending portfolio and in policy work of an institution like The Bank.
2. **Change perspectives within country strategies:** Poverty alleviation and development remains a cornerstone for international cooperation. But degradation of global, regional and local commons raises fundamental questions regarding long term viability of development strategies. As long as we design „development strategies“ basically from a development perspective, experience shows that environment will continue to be one of many „sectors“, and more often than not an isolated and/or a neglected one. Why not, and

if just for the sake of changing our mindsets for a moment, do we think of „syndrome-based“ strategies e.g. for:

- „developing countries“, where MDGs, livelihoods, natural resources management, access, land-use and income generation surely need to be central tasks, but in parallel of strategies for
- „transition and mitigation countries“ with high and rapidly growing GHG-emissions and economic growth, where investments in emission-saving, resources efficiency, energy mix, forests, green economy, de-linking growth from emissions would be central,
- „adaptation countries“ with high development risks due to climate change, where investments in climate proofing, reducing vulnerability and increasing adaptive capacity would be central,
- „biodiversity-hotspot countries“, where important ecosystems are at stake and need to be conserved, and
- „pollution countries“, where urbanisation, implosion of public infrastructure, air and water quality and solid waste endanger public health.

This would result in a set of strategies for most countries, each from a different perspective, and each of them enhancing development in different ways. It could be worth a trial, how these different strategies would be balanced out in negotiations about lending portfolios.

3. **Convert „lukewarm“ interest into „hot“ interest:** If „lukewarm interest“ of countries in environmental support is a reason for the gap between strategy and operations, a number of questions arise:

- Who is „the country“? Do we always talk with the right people? Do we include the right people? Do we always consider legitimacy? Do we expect a country to have just one strategy, or do we accept that countries mostly have a set of strategies, that not always are consistent with one another?
- Do we consider the policy cycle that tells us, that issues need to be brought to the agenda before strategies are designed, decisions are taken, projects implemented? Do we proactively assist countries along this cycle, starting with agenda setting? Or do we wait with our arms crossed for a demand in investments in environment before issues have come onto the agenda, and invest in other things meanwhile?

- Do we adequately address governance issues influencing natural resources management and environment, incentive systems, participation, dispute resolution?
- Do we always look into the economics of degradation, in intangible income and quality of life from natural resources, and in external costs of our investments?
- Are we sure, that our clients would not revise their predominant interest in investments other than environment, if they knew that according to The Bank and OECD at least a quarter, in some places two thirds of these investments would most probably not be sustainable due to climate change?
- Do we adequately think about country capacity to ensure policy integration and concertation, that requires new institutional setups and decision making processes. If most environmental challenges these days are caused in a large number of sectors including interlinkages, and have impacts in a large number of sectors including interlinkages, can we leave it to individual sectors to design their strategies?

4. **Strengthen the environmental policy arena:** This leads me to my last remark.

Environmental policy is both, a policy arena in its own right, that addresses urgent issues, that has its own proponents and opponents within and outside governments, and that needs capacity development. And it is at the same time a cross-cutting issue, that more and more urgently needs to be mainstreamed into other policy arenas. Since the Nineties, we observe a tendency to more and more rely on mainstreaming in the sense of improved safeguards („do no harm“, EIA, SEA etc.), and in the sense of spatial or sectoral investments geared towards protection, sustainable use and efficiency. From an implementation and investment point of view, this might be logical and easier, but from a policy point of view, it might be one of the reasons for „lukewarm interest“ and lack of priority in lending. Strong implementation requires stern agenda setting, strong institutions, robust policies and strategies, stakeholder involvement and power. Without that, other sectors will hopefully do the necessary, but certainly not the sufficient. Therefore, there might be a need to strike a new balance between mainstreaming on the one hand and policy support and institutional strengthening on the other. And as far as mainstreaming is concerned, it must go far beyond „do no harm“, and towards environmental sustainability in all sectors.

Having said that, let me apologize once more for being so general. And let me be honest and admit, that certainly I do not yet have the answers to every question I just raised.

Thank you for your attention.