

STAKEHOLDER GROUP (S): ED ORIENTATION GROUP (GOVERNMENT INSTITUTIONS)

Location of consultation: Washington DC, World Bank, MC-13-415

Date: December 8, 2009

Participants (please attach list of participants and their affiliations):

See Annex below.

World Bank Participants and Role:

Kulsum Ahmed, Lead Environment Specialist, ENV, presenter

Patricia Miller, Manager, Environment and Social Development Department, IFC, presenter

Siv Tokle, Sr. Operations Officer, GEF coordination team, ENV, to answer questions on GEF

Ari Huhtala, Sr. Environmental Specialist, Climate Change Team, ENV, to answer questions about progress with the Strategic Framework for Development and Climate Change

Payton Deeks, Consultant, ENV

Rafael Hernandez, Consultant, ENV

How did the process fit into ongoing country dialogue (if relevant; for international meetings, please explain how it fit into the topic of that meeting)?

The Environment Department was invited to make a presentation on the WB's Environment Strategy to officials of finance ministries, foreign affairs and development cooperation agencies from the Austrian, Belgian, Slovakian, Slovenian, and Turkish governments while they were in DC for an orientation on the World Bank.

What were the key issues/themes raised by participants?

Measuring progress on environmental sustainability is difficult to do, yet very important. WBG needs to develop a simple set of measures to demonstrate strategy implementation progress, as they prepare the strategy.

Environment typically has less of a priority in developing countries than the "harder" economic sectors. Given this context, how can the WBG support strengthening of in-country capacity for environmental sustainable management?

Often requiring an EA as a way to address environmental issues, leads to a 'check the box' mentality rather than a true desire to integrate environment within a hard economic sector. What is the WBG's experience in this regard?



Respondent Type	Consultation Response ¹	Preliminary World Bank Group Response* (may be addressed in final reporting back)
<p>1. The World Bank Group is a relatively small source of finance for major economic transformation in developing countries. What should the role of the Bank be in helping developing countries to address the challenges and opportunities they face in achieving environmentally sustainable development?</p>		
<p>Government</p>	<p>Is the World Bank planning on accelerating the use of DPLs as a key instrument to promote structural reforms in a country, particularly given the growing demand for DPLs from developing countries? What is the current percentage of DPLs in the portfolio? Once the structural reforms are completed, will this still be the best instrument?</p>	<p>The Bank operates on a country-demand-driven model, and based on this, a DPL may or may not be chosen as the best instrument to deliver appropriate support/services to the client country. One of the background papers of the Environment Strategy Consultations is looking specifically at what are the appropriate circumstances for the use of a DPL instrument. Today, the LCR region has the highest proportion of environmental DPLs. However, there are also environmental DPLs in other regions including Africa.</p>
<p>Government</p>	<p>It seems that many developing countries would like to prioritize “hard sectors” such as energy and infrastructure, forgetting about environment. How will the WBG ensure that there is adequate capacity at the country level to maintain a focus on environment?</p>	<p>This is a challenge and continues to be so. Currently, the Bank is using SEAs as a key tool in starting a dialogue with countries, particularly in the mining and forestry sectors, in line with our commitment in the previous Environment Strategy of 2001. Another tool that is being used very effectively in over 40 countries is Country Environmental Analysis, which is a country level dialogue on environmental thematic and institutional priorities, and in turn had lead to investments or actions to strengthen environmental capacity. A good example here is the Ghana CEA and DPO, which is jointly supported by many partners, including the Netherlands, EC, DFID, and the Bank.</p>
<p>Government</p>	<p>In Belgium, we’ve tried to mainstream EA at the project level, but it’s often seen as a “checkbox” rather than something substantive. What is the WBG experience in this regard?</p>	<p>Our safeguards require an EA. Currently, an IEG review is underway, which will reflect as to how our projects measure in this regard.</p>

¹ Summary of main points raised. All participants and stakeholders are invited to send more detailed comments via the website. Please provide your name, title and organization if you would like your comments to be posted on the external consultations website.

Respondent Type	Consultation Response ¹	Preliminary World Bank Group Response* (may be addressed in final reporting back)
Government	It is interesting that the 2001 Strategy looked at Quality of Growth. What does that mean?	The Quality of Growth pillar in the previous Strategy focused on strengthening policy, regulatory, and institutional frameworks for environmentally sustainable growth.
2. The World Bank Group has worked to become a country/client driven organization. What should be the balance in the Bank's Groups role between addressing country/client specific priorities and the global public goods agenda?		
3. What should be the role of IFC and MIGA be in helping private sector stakeholders to achieve higher levels of performance in pursuing environmental sustainability?		
Government	The IFC works on getting rules changed in a pro-business way. The WBG should adapt their "Doing Business" indicators to "Doing Sustainable Business" indicators. This way they will encourage regulations to make business possible, but at the same time address market failures.	The IFC has taken steps to measure qualitative aspects. On the demand side, the Bank has helped countries (particularly in East Asia) put in place public disclosure schemes for industry where the names of companies that are not in compliance are published and so awareness is raised in surrounding communities of business practices linked with pollution. This in turn helps to put pressure on companies to improve their practices.
Government	IFC should move to where it can certify projects.	IFC carries out due diligence on its projects, which provides a measure of comfort to other investors. Additionally, we support certification schemes such as forestry, sustainable oil palm, and sustainable soy. We also have spearheaded movement to get Banks to adopt the Equator Principles.
4. How can the WBG put in place a systematic approach to assess environmental sustainability in sector portfolios?		
Government	The WBG should work to develop a system to demonstrate results or environmental sustainability. This has come up in IDA discussions, too.	

Respondent Type	Consultation Response ¹	Preliminary World Bank Group Response* (may be addressed in final reporting back)
Government	In terms of convincing countries/finance ministries to act on this agenda, WBG should consider both stocks (such a natural capital) and flows (e.g. GDP), thus making the argument that it is difficult to replenish stocks. Perhaps the Bank could support countries to also put in place monitoring frameworks to collect data and build statistics in this regard.	We have made a start on this, but clearly more is needed. We have carried out work in the past on assessing the wealth of nations, where we looked at different types of capital (including natural capital). This work will be updated in the near term. In addition, we have actively used economic analysis in our country analysis and other sector work to present the cost of environmental degradation in economic terms.
Government	Keeps measurements simple.	
5. How should short term and long term trade-offs between development and environmental sustainability be balanced?		
Government	WBG should consider these tradeoffs. For example. The last WDR had a graphic that showed that if US SUVs were converted to European standards, it would offset the emissions associated with providing electricity to Africa. [See Figure 2 in overview of WDR2010]	<p>The Bank's role is very much that of supporting countries with information, so that in turn they can take their own decisions, in a more informed way. Climate change highlights this more than any other topic. Decisions on how to allocate environmental resources in a way to maximize benefits are also there on more traditional environmental issues at a regional level. For example, at a water basin level, how best should water rights be distributed among different stakeholder groups?</p> <p>With respect to supporting the balance between global and local priorities, the GEF has played an important role, by combining grants for the global environment with the tradition investment for local needs.</p>
7. Any other issues?		

Annex - List of Participants

AUSTRIA

Mr. Guenther Schoenleitner, Director, IFI Department, Ministry of Finance
Mr. Bernd Berghuber, Advisor, IFI Department, Ministry of Finance
Ms. Johanna Wohlmeyr, Advisor, IFI Department, Ministry of Finance
Ms. Katrin Reinhart, Advisor, IFI Department, Ministry of Finance
Mr. Klaus Steiner, IFI Liaison Officer, Ministry for European and International Affairs

BELGIUM

Mr. Lieven De la Marche, Advisor, Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation
Mr. Xavier Hawia, Advisor, National Bank of Belgium
Mr. Peter Van Acker, Counselor, Development Cooperation, Embassy of Belgium
Mr. Harold Vandermeulen, Counselor, Development Cooperation, Embassy of Belgium

SLOVAKIA

Mr. Vladimir Martvon, Advisor, National Bank of Slovakia

SLOVENIA

Ms. Ema Rode, Advisor, Ministry of Finance
Ms. Dubravka Sekoranja, Deputy Head of Division, Ministry of Foreign Affairs

TURKEY

Mr. Alper Oguz, Expert, World Bank Projects Department, Undersecretariat of Treasury