



[www.environmentfordevelopment.org](http://www.environmentfordevelopment.org)

**Göteborg the 27<sup>th</sup> of November 2009**

**Feedback Report: Consultation on the World Bank Group's Environment Strategy  
Nairobi, November 11, 2009**

The World Bank Group plays many important roles including knowledge bank, dialogue partner, donor and financier. The Environment for Development initiative is a network of environmental economics centers. Each center is involved in applied research, advanced education and policy interaction. Based on our various experiences from EFD centers in China, Costa Rica, Ethiopia, Kenya, South Africa, Sweden and Tanzania, we are happy to provide our views on priorities for the future environment strategy for the World Bank group. The points raised are not meant to be exhaustive but are proposed to form part of key priorities in the strategy.

**Participants:**

Glenn-Marie Lange (Presenter)  
Senior Environmental Economist, Environment Department  
The World Bank

Dr. Gunnar Köhlin  
Executive Director Environment for Development Initiative  
University of Gothenburg, Sweden

Dr. Fransisco Alpizar  
Environment for Development program for Central America  
Centro Agronomico Tropical de Investigacion y Ensenanza (CATIE), Costa Rica

Dr. Jintao Xu  
Environmental Economics Program in China  
Peking University, China

Dr. Alemu Mekonnen  
Environmental Economics Policy Forum for Ethiopia  
Ethiopian Development Research Institute, Ethiopia

Dr. Wilfred Nyangena  
Environment for Development Kenya  
Kenya Institute for Public Policy Research and Analysis (KIPPRA), Kenya

Dr. Martine Visser  
Environmental Policy Research Unit  
University of Cape Town, South Africa

Dr. Razack Lokina  
Environment for Development Tanzania  
University of Dar es Salaam, Tanzania

Prof. Thomas Sterner  
President EAERE  
Department of Economics, University of Gothenburg, Sweden

### **Increase country ownership by strengthening economic analysis of environment and climate change impacts in partner countries**

Efforts to impose an environmental agenda from the outside have failed. A good local understanding of environment and climate change impacts on governments' and private sectors' development plans is a key building block to create country ownership of the environmental agenda. Environmental economics provide important means for analyzing and understanding the relationship between environmental management and health, poverty reduction, economic growth, etc. Environmental economic analysis can help in priority setting and in the choice of policy instruments. Local capacity and networks can leverage analytical work by the World Bank and other international actors. In the area of environmental economics, the World Bank should first and foremost help create partner country demand for environmental economic analysis in key policy processes or investments plans. Moreover, the World Bank could help ensure that local environmental economics capacity is used where available to assist in policy formulation and implementation. Capacity development could also be supported, where appropriate.

### **Ensure that a social cost of carbon is used for all WBG investments**

The World Bank Group plays an important role in developing carbon markets and is a leading financier in key sectors like energy, infrastructure, urban development and water. Introducing a requirement for using the social cost of carbon in all investment decisions would improve the analytical input to decision makers at a low cost, and send a strong signal to other investors and planners on the need to factor in the climate impacts of investments and the need to mainstream climate change in operations. It would also help create greater awareness of cleaner alternatives and environment and climate change risks and opportunities. Furthermore, the World Bank should intensify its efforts to fight the subsidization of fossil energy and other non-sustainable resource use.

### **Promote efficient pricing and transparent collection and use of natural resources rents**

Appropriate natural resources rents are needed for responsible management of mining, energy, forestry and fishery resources. Countries rich in natural resources often need improved capacity (resource management, economics, negotiations skills etc) to ensure a fair distribution and cost-effective use of resources rents among commercial interests, vulnerable groups and the government. There is also a strong need to create a functional and transparent system for collection of rents. In many developing countries there is a broad popular demand for increased transparency on natural resources rents. Transparency in collection and use of resource rents is important and allows for improved accountability which can help build trust in government institutions. The Extractive Industry Transparency Initiative, (EITI) and similar systems may be useful but presupposes considerable local capacity and adaptation in order to be appropriate for sustainable and cost-effective natural resource management.

The World Bank should; i) promote capacity development that helps empower government to collect a fair share of natural resource rents; ii) promote transparency and broad ownership and stakeholder agreement on the use of natural resources rents (primarily including the government, the private sector and civil society); iii) promote research, which can enhance our understanding and implementation of good natural resource governance.

### **Use the attention to climate change to leverage interest for and work on environmental management in general, and payment for ecosystem services in particular**

Forest management and agriculture are promising options for emission reductions on a large scale. The attention to climate change can thus help upscale actions to promote payment for ecosystem services and

create awareness of the economic and social benefits provided by well managed ecosystems. Over time this could help develop other non-climate payment for ecosystems. World Bank should use experiences of past work with forestry, agriculture and ecosystem services in work on REDD readiness and other efforts to upscale various forms of payments for ecosystem services to mitigate and adapt to the impacts of climate change.

However, there is a risk that attention to climate change creates separate tracks where other environmental aspects are neglected and climate aspects are given too much weight. The World Bank should promote an integrated approach to environmental management and adaptation to climate change.

### **Be an accessible Knowledge Bank in response to country demands**

The World Bank plays an important role in knowledge sharing and capacity development and often has access to key decision-makers. The need for capacity on environmental management (policy instruments, institutional issues, integration with climate change and climate finance etc) is large. The preparations for COP 15 have shown the considerable disparity in negotiation capacity. The countries which stand to lose the most have the least capacity. The World Bank should respond to demands for capacity development in line with the Accra Agenda for Action and overall increase accessibility to knowledge. Particular attention should be given to support to research teams that do climate economic analysis in developing countries and over time the establishment of local analytical capacity.

### **Establish strong systems for assessment and follow-up, and strengthen capacity**

Evaluations of the implementation of the current World Bank environmental strategy show implementation gaps. Capacity development and strong follow up mechanisms (impact assessments, results-based management, development and use of relevant indicators etc.) are needed to ensure successful implementation of the new strategy. In addition to strengthen existing systems for project-based Environmental Impact Assessment, it requires strengthening and increasing the use of Strategic Environmental Assessment at plan, program and policy level. A focus on the role of institutions (governance, accountability, stakeholder involvement etc) is of utmost importance to ensure successful implementation.

### **Promote the sustainability of nature based tourism**

Environment and climate change challenges need to be addressed in all sectors and particularly important examples include energy, water, agriculture and infrastructure. Another important sector is tourism which is a fast growing sector of high economic importance for many developing countries. Nature based tourism (biodiversity, parks, beaches etc) is often a key driver for economic growth and generation of foreign exchange. Better understanding of the economic, environmental and social aspects of nature based tourism is necessary for successful management of the sector. Just like in sectors like energy, agriculture and infrastructure, the World Bank need to be a strong partner with sufficient capacity on nature based tourism and biodiversity and ensure that these concerns are addressed in World Bank activities on national and sector level.