

***Working Sessions on the Environment Strategy for Europe and Central Asia
South Eastern Europe Consultation***

December 14, 2009, Zagreb, Croatia

Official opening and welcome was made by John Kellenberg, Sector Manager, Environment, where he informed the participants about the context of the meeting - preparation of a new Environment Strategy by the World Bank Group (WBG), expected to be completed by December 2010. As a central mandate, the WBG has an enduring commitment to ensure that its support to client countries leads to sustainable outcomes, that is, development results that are economically, socially and environmentally sustainable. The new Environment Strategy will articulate a set of principles and propose an approach for achieving the environmental sustainability of the WBG's portfolio.

This event was organised as the first one in ECA region focusing on the new Environmental Strategy done. The intention of the WBG was to find out what are the top challenges and opportunities to achieving environmentally sustainable development regarding particular country, region and sector, and the meeting was therefore structured in the way that opinions of the participants were collected through interactive small group work, the results of which are described below.

Out of 27 invited participants from 9 countries of the region, 19 of them from 8 countries (Serbian participants were unable to attend) attended and took an active part in the meeting in Zagreb. They included 7 representatives of environment ministries, 5 representatives of finance ministries and 7 representatives of civil/non-profit sector.

1) Morning session: WORLD BANK CORPORATE ENVIRONMENT STRATEGY

Presentation: *"A New Environment Strategy for the World Bank Group",
Mr. John Kellenberg, Sector Manager*

The presentation was given on the basis of the new Strategy and its goals with the core development challenge. Within those issues it was emphasized the importance of the improvement of the quality of life, growth and protection of the regional and global commons. Also there are mentioned the major milestones of the World Bank during the time in the sector of environmental protection. Through the presentation Mr. Kellenberg spoke about successful mainstreaming of environment across sectors, examples of global partnership, progress around the world, examples of persisting environmental challenges like growing challenges of urbanization and climate change, and environmental issues incorporated in urban development and sustainability. Emphasis was placed on how the WBG can increase its impact in the terms of greater attention to environmental sustainability, and synergies with other WBG strategies.

After the presentation the questions for further discussion were presented. The intention of those questions was to get the feedback for the WBG, from different sectors. By the answers the mechanisms will be set to help financial mechanisms for various project fundraising.

Responses to the questions relevant for the World Bank Corporate Environment Strategy are summarized in the table below:

1. What are the top 3 **challenges** and the top 3 **opportunities** to achieving environmentally sustainable development? (country, region, sector)
2. What should the **role of the Bank** be in addressing these challenges and opportunities?
3. What should be the balance in the Bank's role between addressing country specific priorities and global public goods agendas?
4. What should the role of the IFC be in helping the private sector stakeholders achieve higher levels of performance in pursuing environmental sustainability?
5. Should the Bank put in place a systematic approach to assess environmental sustainability in sector portfolios?
6. How should short term and long term trade-offs between development and environmental sustainability be balanced?

2) BREAKOUT GROUPS 1 - DISCUSSION RESULTS

Participants were split into three mixed-country-sector groups, with the aim to discuss and try to answer the given questions jointly; therefore the responses do not differentiate among the sectors. Responses were reported by the participants themselves in the subsequent plenary session, and the reporting showed quite similar understanding among the participants.



Feedback is summarized below:

1. What are the top 3 challenges and the top 3 opportunities to achieving environmentally sustainable development? (country, region, sector)
<p>CHALLENGES:</p> <ol style="list-style-type: none"> 1. Implementing the legislation & monitoring (lack of indicators); low level of responsibility throughout sectors; lack of inter-sectoral cooperation & dialogue to achieve good governance 2. Sustainable management of natural resources 3. Water, wastewater and (solid) waste management & infrastructure (regional issues) / alternative (renewable) energy use & energy efficiency <p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> - Investment in education, training & research - capacity building, in accordance with EU standards - Supporting the management of protected areas (NATURA 2000) - PPP - bringing in private sector (waste management, En. Efficiency, Best Available Technologies)
2. What should the role of the Bank be in addressing these challenges and opportunities?
<p>Financial & technical support:</p> <ul style="list-style-type: none"> - WB experts with know-how & best international practices; consultation/advisory services - Institutional strengthening: compliance with country regulations and strategies (in different sectors - transport, industry,...) - Investments: start and continue outgoing investments and activities - Encourage the partnership with public (NGO's - more consultations in the process) - Support scientific research (eco-innovations) - Sustainability plan, providing financial support in longer term, to follow projects' implementation according to indicators

Monitoring strategy implementation

- special monitoring unit within WB should be set up
- guidelines for countries for Strategy implementation should be developed, based on country priorities
- Strategy needs a long term vision - 25 years minimum
- country commitment is necessary, and CSO to be recognized as equal dialogue partners

- Horizontal role - WB should build bridges between sectors (Government, civil society, private sector)
- Vertical role - pressure to government for fulfilling obligations, implementing legislation



3. What should be the balance in the Bank's role between addressing **country specific** priorities and **global public goods agendas**?

WB Strategy will need to be followed by a global action plan - a framework to balance country-specific with global. In any case **global issues need to be overarching the national ones**; however **country priorities are already addressed through global issues** (e.g. CC, biodiversity). Use of Strategy as a balance, with Bank as a facilitator - each country has to give feedback on domestic needs, including bilateral and multilateral collaboration & regional harmonization. The existing and future national strategies need to be compatible & coordinated. Investing in environmentally positive impacts is most important - projects at local level can have global impact.

4. What should the role of the IFC be in helping the private sector stakeholders achieve higher levels of performance in pursuing environmental sustainability?

- Increase PPP projects financing (more friendly conditions), where civil society can be involved in monitoring (NGOs presently don't have any role in financial systems)
- Involve NGOs in discussions about environmentally sensitive projects
- Increase investment in infrastructure (water, waste)
- Support multi-country projects
- Increase sustainability of investments
- Attract domestic commercial banks to develop environmentally-oriented credit lines
- Develop specific requirements for different sectors
- Develop environmental sustainability indicators for financed projects
- Capacity building and advisory and support to business sector in line with sustainability production and consumption

5. Should the Bank put in place a **systematic approach to assess environmental sustainability** in sector portfolios?

Yes, there is a need for systematic assessment of environmental sustainability in each sector of support, by:

- monitoring of indicators
- WB should be doing the assessment at feasibility stage of an investment (feasibility study)
- criteria, internal WB policy to be developed
- local WB offices should assign a person to coordinate this with the government
- each assessment should have all 3 sustainable development elements: environmental, economic & social

WB should work on improving partnership arrangements with in-country stakeholders.

6. How should short term and long term **trade-offs** between development and environmental sustainability be balanced?

- NO TRADE-OFFS between development and environment
- Create the condition of co-development of natural capital and socio-economic aspects to balance short term and long term goals
- Impact assessment with different scenarios - policy tool / environmental-economic-social benefits

3) Afternoon session: WB POLLUTION MANAGEMENT & NATURAL RESOURCES MANAGEMENT

Two presentations were given in order to present the past achievements, current work and future plans in these two sectors of WB activity in the SEE region, which served as introduction to subsequent discussion in breakout sessions. Another set of questions was posed to participants, in order to get a concrete feedback for these WBG sectors which are very relevant for planning of further WB work in the region and concretizing the region-specific and sector-specific inputs into the Strategy.

Presentation: *"Pollution Management in the Region",*
Ms. Adriana Damianova, Lead Environmental Specialist

The focus of the presentation was given on the pollution management in the region. The main issues that are processed were growing development contrast between EU member states and candidates and progress that varies across the region. Also, different strategic opportunities and themes of pollution management were presented, including integration of PM in CPS/CAS process. Challenges and opportunities were discussed in line with examples of strategic engagement under the new business strategy, and the presentation is concluded with contribution to bank's strategic objectives.

Presentation: *"Natural Resource Management in the Region",*
Ms. Karin Shepardson, Lead Operations Officer

At the beginning of the presentation the retrospective look at WB Natural Resource Management projects in EU members, candidates and potential EU candidate countries was given. The Natural Resource Management Program Trends is shown until 2008, and the forecasts from 2009 to 2013. The presentation covered the topic of Forestry, sustainable land and water management and biodiversity conservation with the appropriate examples. At the end of presentation, as the conclusion it were shown the future NRM program trends and questions for the working groups were presented.

4) BREAKOUT GROUPS 2 - DISCUSSION RESULTS

Participants were split into same three groups again, and responses to the questions relevant for the two presented sectors of WB activity in the region are summarized in the table below:

1. How do the three key areas proposed for the **Nature Resources Management** program focus align with your programs and priorities?

- All 3 key areas are in line with programs and priorities in SEE countries; however level and success of implementation varies. Holistic, integrated, coordinated approach is needed - one action leads to another (e.g. money of building landfills receiving waste from around will contribute to reduction of green house gasses and protection of underground water).
- Vertical and horizontal integration will be set up only by capacity building.
- Investment in innovation & research, education & training is needed.
- Use WB's authority / influence to directly impact decision makers and enable proper implementation of laws, which is lacking

Area-specific issues were also stressed, as follows:

FORESTRY

- Reforestation: - monitoring & setting obligatory quotas still an issue in some countries (Romania)
- Forest certification should be more supported in forest-rich areas (e.g. BiH), as it leads to sustainable management

BIODIVERSITY:

- Support to implementation of Natura 2000 is very much needed
- Supporting the management of protected areas through sustainable forestry management.

LAND & WATER MANAGEMENT

- Trans-boundary/international waterways & water bodies will gain in relevance. It requires enabling of intersectoral dialogue and stakeholder consultations. Therefore regional projects should be considered more, as well as water supply projects (artificial lakes).
- Combating desertification.

2. How do the key areas proposed for the **Pollution Management focus** align with your programs and priorities?

- **Protecting human health** by addressing air quality, water supply and sanitation, waste mgmt and chemicals
- **Environmental policy integration in key sectors** to enhance environmental quality (env. mainstreaming)
- **Environmental public finance integration** in medium-term programmatic planning for creating more public goods and implementing international conventions
- Public rights to participate in environmental decision-making
- Through **greener urban environment** and effective pollution mgmt towards effective mitigation and adaptation to CC
- Public-private interface for better environmental quality

The areas listed are all present in national programs and priorities, but there is unequal progress in the region in their actual implementation, in particular support is still needed in:

- financial planning
- capacity building
- municipal waste (solid)
- public awareness raising
- IPPC (monitoring, interaction with industry, inspectorates)
- process of permanent education

Specific observations regarding key areas:

- **Human health** - NIMBY effect still much present; there is a need to set up indicators related to human health and pollution.
- **Environmental policy mainstreaming** - existing in a lot of national sector strategies, but non-existent in practice
- **Environmental public finance** - potential for setting up programs to co-finance energy efficiency through domestic banks; national environmental funds
- **Public participation** - no understanding of the role of the public and civil society due to "fear" of democracy and mentality issues - public awareness still missing. Citizens should be encouraged (motivated) to use mechanisms for public participation in decision making process.
- **PP interface (dialogue)** - not yet much in focus, still needs attention, stakeholder consultations are lacking

General observations:

- WB Environmental Safeguards are excellent, and on the same line with NGO positions - raising awareness and enabling more enforcement of laws and regulations, aiming also at wider public, not only government.
- Discussions need to be intensified at high level (policy-makers), so that laws and strategies don't stay in the drawer; WB should make it possible through its authority
- Corruption, monopoly - specific problems for the region.

3. How would you like to see the World Bank Group program **support the EU Environment Agenda?**

- a.) Help countries develop policies and strategies for investment and compliance only
- b.) Provide financial support in combination with EU grant programs
- c.) Provide financial support in parallel with EU grant programs
- d.) Provide investments in capacity building to execute and absorb finance from EU grant programs
- e.) Only engage in areas where EU is not involved or where no EU finance is provided
- f.) Need to tailor support to needs and use all of these approaches
- g.) WBG should not operate in this region since the EU and its institutions provide sufficient support

Participants were asked to rank the above forms of WB support to the EU environment agenda in the SEE region in the order of importance/relevance, and the following results were obtained (1 - most relevant; 7 - least relevant):

- 1) Provide financial support in combination with EU grant programs
- 2) Provide investments in capacity building to execute and absorb finance from EU grant programs
- 3) Need to tailor support to needs and use all of these approaches
- 4) Provide financial support in parallel with EU grant programs
- 5) Help countries develop policies and strategies for investment and compliance only
- 6) Only engage in areas where EU is not involved or where no EU finance is provided
- 7) WBG should not operate in this region since the EU and its institutions provide sufficient support

4. The region has a wide variation of income levels but as a sub-region is largely considered Middle Income. How do you feel your needs should be differentiated from other lower income countries, and how are your environmental priorities the same or different?

Region: Europe and Central Asia ; Sub region - Southeastern Europe

- Put more focus on low income sub regions, but not forget SEE (issue of social justice)
- Environmental priorities in countries of the region in general the same, difference are in details
- WB assistance still needed in SEE in all priority areas identified earlier
- Some EU members have lack of capacity to absorb EU money; support in transposition of EU *acquis* still needed
- Support still needed in implementing policy of Sustainable Consumption and Production (urbanization management; pollution control; energy efficiency)

5. How can WBG improve how it brings in the best global practice to environmental investments and analytical work in the region?

Bank should bring the best global practice to the region, exchange of experience & knowledge through:

- fostering dialogue
- study and field visits
- collecting data from the field
- technology transfer through projects
- advisory services and innovative instruments.

Consultation and assistance should be more country-specific; enable experience exchange from within the SEE region (regional experts, rather than those coming from distant countries without the local knowledge)

Increase transparency and involvement of NGOs; use capacity of NGOs to "translate" the Strategy in the language understandable to wider public and to contribute in its implementation

6. Do you have any views on how WBG Environmental Safeguards are applied in the region? Should we introduce carbon screening for enhancement of investments? If so, any recommendations as how to communicate and coordinate with clients on this? Should recommendations from this screening be mandatory or advisory in their application to our investments?

Environmental Safeguards bring more transparency and coordination with the NGOs (the voice of the people, opportunity to address WB).

As a safeguard, Carbon Footprint is a good idea, but clear criteria and methodology should be made. If it's decided to apply it, clients can be simply informed on the WB decision, and obliged to implement it.

If applied, findings should be mandatory (although some participants thought it needs to be decided on case-by-case basis).

5) CONCLUSIONS AND FINAL DISCUSSION

Mr. Kellenberg made a brief summary of the main discussion points and responses/feedback received from the participants. He noted unequal progress in countries in terms of environmental protection issues, and the persisting need for WBG support in the region in terms of knowledge transfer & capacity building, as well as financial support.

He informed the participants once more about the planned timeframe of Strategy preparation and finalization, and invited participants to contribute more by sending written comments from the Strategy website. He announced that the notes from the meeting will also be circulated by e-mail to all participants for additional comments and contributions, and informed that the finalized notes will be available also for public view on the Strategy website.



6) CONSULTATION SESSION PARTICIPANTS SURVEY - Analysis

Number of participants: 19
Number of participants filing in the survey: 11 (58%)

Questions and results:

1. The key strategic issues and environmental concerns in my region/country/sector were discussed during the consultation. (circle one)

Strongly Agree 5 (45%)	Agree 6 (55%)	No opinion	Disagree	Strongly Disagree
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2. Participating stakeholders had adequate opportunity to speak out and be listened to by World Bank facilitators / representatives. (circle one)

Strongly Agree 6 (55%)	Agree 4 (36%)	No opinion 1 (9%)	Disagree	Strongly Disagree
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3. Is there anything that you would suggest to improve future consultations? If yes, please explain.

1. I think that non governmental sector should had been represented in more number of people. This would have been done either by conducting consultations especially with NGOs or by inviting more of them in this consultation.
2. Consultations should be done in each country involving broader group of civil society and private sector, avoiding the language barrier. Presentations and discussions could be more region specific, using examples (good and bad) discussing the reason for their success/failure in more details in order to extract the lessons.
3. Maybe more time to make comments. One day workshop is maybe short time to comment all the elements of the strategy. Questions are sometimes too corporate, and in some cases for NGOs was quite difficult to answer. List of acronyms and abbreviation will be nice to have 😊 .
4. No! Thank you for inviting me to contribute in the process, I give my best during all time of the consultation session.
5. As the issue is corporate and overreaching the discussion would be better if more national participants from different sectors are invited.
6. I am very sorry for not been more informed about the activities of the WB, so for me would be useful to hear more about their activities how they are working especially choosing priorities in the region. For this maybe is needed two days work.

4. Have you visited the WBG Environment Strategy Consultations web site, (www.worldbank.org/environmentconsultations)?

Yes	:	8 (73%)	No: 3 (27%)
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5. Have you registered for automatic updates in the web site?

Yes:	2 (18%)	No: 9 (82%)
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LIST OF PARTICIPANTS
(signed list attached separately)