

The World Bank Group Environment Strategy – Concept Note (CN)

**Comments by Climate, Energy, Environment and Water Department
Ministry of Foreign Affairs
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Several comments on the WBG Environmental Strategy are presented below. The WBG is entering a valuable broad consultation process. One of the main concerns is that the process will be organised around past strategies, sectoral approaches and prevention of environmental damage rather than looking at future challenges of sustainable development.

1. Risk of sectoral approach rather than internalization of environmental sustainability and cross-sectoral approach

The concept note focuses on environmental sustainability. This is one of the three elements of the broader sustainability concept, which also includes social and economic aspects.

The integration of the three elements is essential in focussing on the externalities that environmental sustainability may bring to long-term economic growth and well being. The present day challenges related to environment and sustainability ask for a fundamental adaptation of the World Bank. But the CN is weak when it comes to address the issue of integration of environmental issues/sustainability. There is a serious risk that environmental issues will not be treated cross-sectorally as the IEG evaluation asked, but will remain to be treated as sectoral issues, with a focus on prevention of negative environmental impacts.

Elements in the CN that are symptomatic and that may lead to continuation of a sectoral approach are:

- Track 1 starts from the hypothesis that the 2001 strategic objectives remain valid. Wouldn't verification of the hypothesis result in a too narrow focus on the sectors as defined in the 2001 strategy and not lead to a cross sectoral approach?
- Track 2 tackles the issue of cross cutting priorities related to the overall portfolio. Cross cutting is not the same as cross sectoral. Is this sufficient to come to a cross-sectoral approach?
- In several sectors – climate, energy, urban – sector strategies are developed. How to guarantee that the environmental strategy has a wider (holistic) scope than the sum of the sector strategies?
- Environmental sustainability and economic growth are treated as two separate entities. How this may lead to an overall integrative strategy leading to sustainable development?

2. Limited scope of drivers identified

The CN presents two major drivers related to environmental sustainability: climate and urbanisation. First, there is a risk that the focus will result in limited attention for other relevant issues or sectors. Second, and even more important, this view is rather limited in light of the present crisis with a combined food, energy, climate, financial and economic crisis.

There is a global need for strategy development to address these issues. And, since it concerns issues related to the global commons, the World Bank may play a leading role. In view of this, the CN is of a too limited scope to address the present environmental sustainability problems. Environment should be seen as an opportunity.

3. Tension between public and private domain

The CN indicates that environmental sustainability is not only a public sector issue. It points to the approach of business in industrialised countries and investments that reach developing countries through the supply chains. When it comes to sustainability there is a tension between public regulation and private voluntary initiatives. Although the WBG provides its services to both public and private domain the CN does not seem to lead to develop a broad vision on how synergy in the use of public and private oriented instruments can be realised to strengthen sustainable development.

In the WBG's approach of economic calculations (cost-benefit analysis and IRR) environment is generally seen as a cost. This results in reduced attention for environmental sustainability. What are the possibilities to create incentives as part of the Bank procedures to stimulate sustainable development?

4. Internal cooperation and agenda

The broad internal consultation process as outlined in the CN is positive. It may lead to effective exchange and use of existing experiences within the different parts of the WBG. Exchange between the parts of WBG providing services to public and private sector is essential. For instance, IFC has valuable experience regarding integration of broader sustainability aspects for instance through the pilots developed by the Sustainability Business Indicator. How will cross breeding be organised and afterwards be used? But, even more important, how country level implementation and field offices will be part of this whole process? The CN does not seem to give a clear picture of the involvement of country level offices in the process. Is this sufficiently addressed in the present CN?

5. Process and finance

Overall the process is ambitious and inclusive. A broad range of stakeholders will be consulted. A time consuming operation which may be overly ambitious. Is such a broad external process realistic?

But meanwhile, discussion of concept strategies seems to be limited. According to the CN, the process outlined leads to a CODE discussion in May 2009 and distribution of the strategy to CODE in October 2010. In between there does not seem to be a moment for reflection with CODE. To what extent consultation and discussion in CODE on this important strategy is foreseen. In addition, finance will come partly from Trust Funds (TF). Is there any discussion with TFs and donors planned to receive feedback?

6. Monitoring of environmental sustainability

According to the CN the design of a results framework will receive due attention. Here it concerns operational issues: how to realise the strategy and create impact. For the future implementation and measurement of this impact it is essential to develop a monitoring and evaluation scheme to track results. In the CN no specific mention of design of a monitoring system for the new environmental sustainability strategy is mentioned. Will this topic of effective monitoring be addressed?

7. Analytical studies and specific topics

A list of suggested background analytical studies is included. It is positive to include biodiversity and natural resource management and analyse reasons for the reduction in the portfolio. It is also positive to address a relatively new topic of innovative finance approaches and partnerships. This will be relevant for the development of future new markets for products such as carbon, water and biodiversity.

Overall the issues identified are rather sectorally organised though. What seems to be missing is the analytical work on a broader or more holistic issue related to sustainability and the integration of environmental and economic impact. Also, there seems to be a strong focus on public sector issues. Is the private sector sufficiently covered?

A topic that is not specifically mentioned is 'competing claims for natural resources'. As part of a new environment strategy it is essential to also address conflicts related to environmental issues, because these are at the heart of sustainable development. Is it possible to include this?

Finally, although perhaps not part of the analytical work, an internal WBG assessment of the opportunities for cross sectoral cooperation may be of great value for future implementation of the strategy.