

STAKEHOLDER GROUP (S): French Government's Environment Experts

Location of consultation: Agence Française de Développement (AFD), Paris, France

Date: February 24, 2010

Participants:

- M. Jean-Yves Grosclaude, Directeur du Département Techniques Opérationnelles, AFD
- Mme Aude Vermot-Gaud, Responsable Etats-Unis, Direction des Affaires Economiques et Internationales (DAEI/SDAI), Sous-Direction des Actions Internationales, Ministère de l'Ecologie, de l'Energie, du Développement Durable et de la Mer, en charge des Technologies Vertes et des Négociations sur le Climat (MEEDDM)
- M. Emmanuel Morice, Chargé de Mission "Financements Internationaux" au Bureau de l'Appui aux Coopérations - en charge des GEF et FFEM, Direction Générale de l'Administration des Finances et des Affaires Internationales, Service des Affaires Internationales, MEEDDM
- Ms. Cecile Martin-Phipps, Chargée de Mission Partenariats avec les Organismes Bi et Multilatéraux de Financement et de Développement, Direction de l'Action internationale, MEEDDM
- M. Alain Rotbardt, Chef de Projet, Eau et Assainissement, AFD
- Mme Rima Le Coguic, Chef de Projet, Energie Environnement et Equipements, AFD
- M. Nicolas Rossin, Chargé de Relations Banques Multilatérales et Bilatéraux non Européens, Relations Extérieures et Communication, AFD
- Mme Pauline Audebert, Stagiaire, Cellule Amérique du Nord, MEEDDM
- M. Jean-Louis Maurer, Responsable du Pôle Eaux, Direction Générale de la Mondialisation, Ministère des Affaires Etrangères et Européennes
- Mme Jennifer Le Duff, Rédactrice climat, Ministère des Affaires Etrangères et Européennes
- Mme Nathalise Marthe-Bismuth, Directrice Générale, IGNFI
- Mme Irène Alvarez, Chef de Projet, Biodiversité et Environnement, AFD
- M. Julien Bigorgne, Engineer, ENV, APUR
- Mme Valérie Gramond, Chargée de Mission Stratégie, AFD
- Mme Cynthia Mela, Responsable Environnement Interne, DMI, AFD
- M. Corentin Mercier, Chef de Projet, Climat et Forêts, AFD
- Mme Valérie Reboud, Ecologiste, AFD
- M. Loïc Batel, Finance Climat, CAES, AFD

World Bank Participants and Role:

- Urvashi Narain, Senior Environment Specialist, Environment Department
- Cristina Mejia, External Affairs Officer, France Office
- Auriane Montreuil, External Affairs, France Office



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 World Bank, through the EXTEU- French desk, enjoys a close and sustained dialogue on urban, environment, and energy/climate change issues with the AFD, the Foreign Ministry's Directorate-General for Global Affairs, the Ministry of Ecology, Energy, Sustainable Development and the Sea (MEEDDM), the *Institut de Développement Durable et des Relations Internationales* (IDDRI), and the French private sector.

This partnership involves joint research, technical cooperation, co-financing, and policy dialogue, bringing French expertise on energy, transport, urban planning, land use, and environment issues to Bank analytical work, projects, programs, and sector strategy consultations. Examples include the consultations in Paris around the Bank's Strategic Framework on Climate Change and Development (SFCCD) in 2008, the urban strategy in 2009, and the energy and environment strategies in 2010; the Urban Symposium in Marseille; and technical cooperation on the Concentrated Solar Power (CSP) Scale-up Program in MENA (funded by the Clean Technology Fund – CTF) and the Sustainable MED Program for Mediterranean trans-boundary pollution reduction, improved water resources management, and biodiversity conservation projects co-financed by international financial institutions and other agencies.



What were the key issues/themes raised by participants?

Tensions/Trade-offs between environmental and development objectives

Comment. The focus seems exclusively on climate change, with hardly any mention of biodiversity, access to water, and other global public goods. The challenge is how to link these other aspects of ‘the commons’ with other, more prominent agendas (such as climate change). It is also surprising that the Bank seems to anticipate a tension between global public goods and development; at the AFD, it is a foregone conclusion that there can be no development without global public goods, and its Board has taken the decision to make global public goods central to the agency’s work.

Comment. For the Foreign Ministry (Global Affairs Directorate-General), too, the trade-off between development and environment is a false choice. Perhaps it would help to differentiate between short-term gains (e.g., two additional percentage points in economic growth) and long-term benefits (climate), and to privilege the long-term.

Comment. At the AFD, environment staff members are asking themselves whether offsets are a reasonable or optimal response to trade-offs. In climate, especially, there do not seem to exist any specifically environmental projects—just development projects with environmental co-benefits. Cannot development agencies finance bona fide climate and other environmental projects?

Response. The Bank needs to be realistic about trade-offs, and aims to develop a framework for managing them so that environmental objectives are not systematically overlooked. This will not be easy: a country like Botswana has growing energy needs, but no affordable options besides coal. Even in transport, where there are more successful examples of reconciling development and environment objectives, ‘win-wins’ are not the whole story.

Payment for environmental services may provide a solution to some of these dilemmas, but even that would require, at the very least, acknowledgement of the tension or the need for a trade-off.



Climate and energy: trade-offs and financing

Comment. While development agencies represent a mere fraction of all global development finance, there is an onus on them—and on the Bank, especially—to be something of an example and set higher standards than other financial institutions. In terms of climate, the Bank should privilege innovation; the Clean Technology Fund, as well, should disburse based on the level of innovation—not substitution. The AFD, for instance, will not provide concessional financing to middle-income countries (MICs) for energy projects unless these have innovative components to meet climate objectives.

Comment. The environment strategy should look at how to develop green growth paths, which could be underpinned by carbon screening methodologies (such as that developed by AFD).

Comment. The Bank could undertake differentiated carbon screening for MICs and low-income countries (LICs). Based on such screening, the AFD will, say, finance thermal projects in LICs but not in MICs.

Response. Currently, the Bank's work on climate is guided by the Strategic Framework for Development and Climate Change (SFDC) that was agreed by the Board. Under the Climate Investment Funds (CIFs), there is a differentiated approach, focusing on promoting climate resilience in LICs and mitigation if and only if there are economic benefits.

Comment. Developing and transition countries (DTCs) are increasingly concerned about the fiduciary standards of climate funds and calling for direct access. The Bank—and the development community in general—should be looking at ways not only to leverage funds but also to develop new procedures.

Response. The Bank acknowledges these difficulties and welcomes suggestions on how to overcome them. Meanwhile, development policy loans (DPLs) are increasingly used, partly in recognition of these constraints.



Biodiversity

Comment. The MEEDDM and AFD are undertaking a review of its biodiversity work and looking at questions similar to those of the environment strategy. These include how to measure the biodiversity impact (positive and negative) of all AFD operations; how to adapt financial instruments to biodiversity projects; whether climate interventions might not have negative externalities on other environmental aims; how to engage the public on biodiversity so that it is seen as a local, rather than global, good; how to train operational and project staff on biodiversity indicators and outputs; and how to translate hard science into politically actionable understandings.

Comment. MEEDDM would like to understand the Bank's level of ambition for biodiversity, and the nature of its relation to other domains and sector strategies: Is there a hierarchical relation between, e.g., biodiversity and energy, or between the environment strategy and the energy strategy? Are they complementary? Why not an overall SDN strategy?

Comment. MEEDDM also supports the ambition on indicators and proper accounting of, e.g., biodiversity assets, as this would be a valuable tool in raising awareness.

Comment. The AFD agrees that proper accounting is key, and is pleased to be working with the Bank on biodiversity indicators, but we must also recognize their limitations: sound, common indicators would be a great step forward, but they may not be enough to convince finance ministers who inevitably look at immediate cost-benefit analyses. It is worth noting that one difference between climate and biodiversity efforts is that biodiversity timelines are much longer than climate ones—certainly much longer than political and administrative timelines.

Response. The Bank acknowledges the drop in biodiversity lending, for reasons explained in the papers; one of the aims of the consultation is to seek ideas on how to overcome some of the issues related to biodiversity.

The Bank is grappling with these same questions, and also anticipating the difficulties in operationalizing indicators that are being developed for, e.g., biodiversity. How to encourage project staff to measure outputs over which they would have little control?



Links to human development

Comment. The strategy should address links to human development, especially since good basic education systems go hand-in-hand with sound environmental awareness, and perhaps tackle the need to 'organize the connections' between the centre and the regions.

Response. This confirms the Bank's own assessment, which underpins current efforts to strengthen engagement between the environment and human development networks on reviewing portfolios, defining common objectives, and developing common indicators.

Other issues

Comment. The papers do not seem to aim at environmental reversal or restoration or rehabilitation of already degraded or depleted areas. Does the strategy's level of ambition cover such problems? How could the Bank convince finance ministers, eventually, to finance such costly projects?

Response. The Bank hopes that proper accounting of natural resource depletion will raise awareness of the real costs of, e.g., extractive activities with little or no attention to mitigate environmental risks. Presumably, identifying the economic benefits (e.g., job creation, livelihoods) of environmental rehabilitation or restoration could help to convince finance ministers—and climate efforts might present such 'win-win' opportunities. But the Bank does not under-estimate the challenge, with many economists and policymakers still seeking growth at all costs (cf. the Growth Commission report, which barely mentioned environmental impacts).

Comment. MEEDDM would welcome further detail on the environment MDGs and the Bank's thinking on environmental governance—e.g., how to ensure inclusiveness and raise awareness (which has proved challenging enough in rich countries, where economic pressures are less intense than in developing countries)? France has launched the 'Grenelle de l'Environnement' consultation process to ensure that national legislation on environmental issues is broad-based; MEEDDM would welcome an environment strategy that highlighted similar good practices in environmental governance.

