

The Road to Rio+20 and beyond

World Bank Group

Twenty Years on from the Earth Summit

1. **Twenty years ago, the Rio Earth Summit provided the staging ground for a global conversation that continues to this day** – a conversation about the long-term survival of the planet and the quality of life of those who live on it. Prompted then by environmental challenges like deforestation and increasing threats from climate change as well as rising social and economic inequality, the Summit provided the needed political impetus for an agenda for global action.
2. Rio 1992 called for action at global, national and local levels that would deliver on the Brundtland Commission's recommendations of 1987 for "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The Summit resulted in Agenda 21, which called for action and required countries to draw up national strategies for sustainable development – development which would meet social, economic and environmental objectives. It also led to the adoption of the Convention on Biological Diversity, the Framework Convention on Climate Change (UNFCCC), Principles of Forest Management, and the establishment of a funding mechanism (the Global Environment Facility). It also pushed discussion on the Convention to Combat Desertification, which was signed two years after Rio.
3. **Twenty years on from Rio 92, the world is a different place.** Growth and social policies have resulted in a decrease in the share of people living in poverty from some 42 percent of the developing world in 1990 to an expected 15 percent by 2015. Substantial progress has been made on literacy, gender inclusion, health, and life expectancy. Yet an increasing population that is more prosperous has expanded global consumption. This has led to two interlinked challenges for sustaining progress: meeting the demands for improved lives for a larger, more prosperous and more urban global population, and addressing environmental pressures and governance challenges that could undermine the world's ability to meet these demands.
4. **Climate change limits the solutions available but is focusing minds.** Rising greenhouse gas emissions from fossil fuel use and land use change now threaten to increase the warming of the planet by more than 2°C. Climate change adds layers of cost and complexity to the development agenda – hitting poor people disproportionately. The accompanying changes in sea level, rainfall patterns, glacial retreat and increased frequency and intensity of extreme weather events threaten to erode development gains of the past 20 years. In Rio 1992, climate change was the future – today it is the present, and while there is some action, public policy and collective action lag behind science.

5. **Global efforts have not been enough to ensure either a world free of poverty or a world that is economically, socially or environmentally sustainable.** The world has become increasingly complex, unequal and hazardous. Some 900 million people could still be in poverty by 2015. Growing floods, droughts, fires and hurricanes interact with financial, food, and fuel crises, placing the most severe burden on those least able to adapt, and risking increases in poverty. Unequal patterns of consumption and control over resources among and within countries at all income levels contribute to divergent trajectories of opportunity and human well-being. Political disenfranchisement, lack of good governance, and conflict stymie efforts to find solutions.

Renewed Political Commitment

6. **In this context, the need for renewed global commitment to meeting sustainable development challenges is stronger than ever.** As the world grapples with the continuing impacts of a global economic crisis, countries are increasingly challenged to find inclusive and greener growth paths that provide jobs and sustainably manage their natural resources, ensuring people have access to clean air, land and water. Twenty years since these issues dominated discussions at the first Rio conference and notwithstanding successes in some areas, we still do not have local, national and global systems in place to bring economic, social and environmental considerations into balance.

7. **The World Bank Group is looking to Rio+20 to reiterate the political commitments made 20 years ago in today's context and to set new benchmarks for action.** The world needs a clear global roadmap that sets a path toward sustainability -- a way forward that does not put the burden of sustainable development on the poor and socially excluded. The Bank Group regards Rio+20 as an important opportunity to agree on such a roadmap and commits itself to helping countries to meet their continuing development challenges.

8. The World Bank Group therefore supports the UNSG's High-Level Panel on Global Sustainability goal: *"To eradicate poverty and reduce inequality, make growth inclusive and production and consumption more sustainable while combating climate change and respecting the range of other planetary boundaries."* We also emphasize the importance of continuing to strive toward meeting the Millennium Development Goals.

9. In addition, the World Bank Group also supports the principles for global sustainability as outlined in the Common Statement by the UN System Chief Executives Board on the Outcome of the United Nations Conference on Sustainable Development.

A Framework for Action

10. Rio 1992 was about setting an agenda for action. We hope Rio+20 will be about realizing that agenda by shifting economic incentives and systems and rallying political will. As part of the design of a global roadmap for sustainable development, the World Bank Group suggests Rio+20 strives for agreement on:

- The adoption by countries of development strategies that are consistent with the concepts of green and more inclusive growth while maintaining a strong poverty reduction focus
- A global methodology and process for incorporating natural capital and ecosystems services into countries' national accounts by 2030
- A discreet set of sustainable development goals by 2030 complementing the MDGs e.g. for energy, sanitation, water, land, and oceans, and reinforcing them for biodiversity.

11. We support the three global energy goals outlined in the Action Agenda of the UN High-Level Group on Energy and the United Nations “Sustainable Energy for All” year 2012:

- Universal access to modern energy services
- Doubling the rate of improvement in energy efficiency, and
- Doubling the share of renewable energy - all by 2030.

12. We are ready to support efforts to develop more sustainable development goals.

Toward a Green and Inclusive Growth Path

13. **We will maintain our focus on growth given its centrality to poverty reduction, but growth needs to be green and inclusive.** The world needs a form of growth that is socially and environmentally sustainable that takes resource limits and climate change into account. GDP growth in developing countries will still be necessary to enhance living standards, reduce poverty, and cope with growing populations. But we know that growth per se is not enough. During the recent global economic downturn, some countries continued to see growth at levels of 7 percent a year or more, yet millions of people fell below the poverty line.

14. Green and inclusive growth is climate-resilient, water-smart, land-saving, energy-efficient and reliant on diverse energy sources. It also generates decent jobs and improves livelihoods across a diverse set of productive and service sectors. It is underpinned by properly valued natural capital, the value of which is fully integrated into countries' systems of national accounts. Green and inclusive growth paths factor environmental considerations into government policies and business decisions, placing sustainable natural resource management – with its benefits flowing to people – at the heart of future development and growth. The improved health of people that stems from cleaner air, land and water benefits from and feeds back into this new growth path. Gender equality when recognized as “smart economics” enhances productivity and further improves development outcomes.

Enabling the Transition

15. **Green and inclusive growth policies need to be fully integrated into countries' overall development strategies** and assessed in terms of their contribution to development and well being. Measuring growth with the right tools, promoting sound public expenditure management and fiscal policies, and getting prices aligned with the true value of environmental services are key parts of the transition. The private sector will need to consider how to report on business growth differently, especially in terms of social and environmental value created.

16. **These considerations mean that climate and other environmental concerns are no longer the exclusive concern of environment ministries but of government as a whole, especially ministries of finance, economy and development.** In addition, Rio 1992 made it clear that these issues are not the exclusive concerns of government. Now, more than ever, the effort to shift growth paths requires the engagement and participation of all parts of society.

17. **Measuring green growth also requires new tools.** GDP indicates whether an economy is growing, but gives no information on whether the growth is sustainable. That is why putting in place comprehensive wealth accounts that focus on the value of natural capital and ecosystem services, and integrating them into development planning is an important part of mainstreaming green growth.

18. **Sound public expenditure management and institutions are critical** to ensuring that public spending for sustainable goals is wisely allocated, managed and transparently tracked. Engaging citizens to set priorities and oversee public spending is also essential for transparency, accountability and effectiveness. In developing countries, the role of public policy will also be to remove distortions, barriers and weaknesses impeding private innovation. These efforts can include improving the quality of and access to communications networks, reducing domestic barriers to firm entry and exit, improving access to finance, opening up trade and investment regimes, while at the same time assuring sound environmental and social performance of production and innovation, and strengthening skills and capacity development.

19. **The role of fiscal policy is central** in allocating public resources to activities with high social and development returns, consistent with green growth principles. Market-based fiscal instruments – like taxes, targeted subsidies, renewable energy feed-in-tariffs, energy efficiency certificates, and emission trading schemes - are critical to ensuring the right incentives for shifting consumption, production, investment and innovation to efficient, clean, least-cost options. Targeted fiscal policies can help create the conditions for the poor to contribute to green and inclusive growth, while reducing unintended costs in terms of public health, social tensions and violence.

20. **The role of the private sector in driving the green, inclusive growth agenda needs to be emphasized.** Sound public policies and investments are central but are not enough. The private sector is the engine of innovative solutions and the main channel

through which the benefits of growth are shared through incomes for rural and urban populations. Green and inclusive growth requires the private sector to operate in ways that decreases its environmental footprint and assures healthy and fair conditions for its workforce. The private sector is a repository of organizational and management expertise that can increase the effectiveness of service delivery, develop new business models and help finance the research and development necessary to transform growth paths.

21. As companies develop more **inclusive business models**, they will be able to provide goods, services, and livelihood opportunities to underserved populations, creating high development impact in financially sustainable and scalable ways. Growth in businesses that engage with people living at the base of the economic pyramid has so far been driven by talented and resilient business entrepreneurs as well as by value-conscious consumers. Taking successful models to scale will require improvements in many countries' investment climates as well as innovative, long-term investment decisions by the private sector.

22. **Establishing innovative financing mechanisms will be vital** as sectoral transitions will require significant investments, both public and private. In Rio 1992, the focus was on how to raise new and additional resources, and transactions were assumed to be from developed to developing countries. Now there is a broader choice of private and public finance available which can be mobilized domestically, internationally, and through instruments like the Climate Investment Funds. Targeted international and national public finance, including climate finance, can serve as a catalyst to leverage private sector investment, enhance development policy and lead to transformational change. Developed countries, meanwhile, need to honor their global commitments – such as those agreed at Monterrey (on official development assistance) and Cancun (on climate finance).

23. For middle-income countries, domestic financing options such as green taxes and Payments for Environmental Services are becoming viable options for leveraging financing for environmental investments. In the interim, concessional financing will still be necessary to promote sustainable energy and environmental efforts. Less developed countries will rely more on international transfers and private capital flows to meet their needs to finance the transformation. Private investors will need stable investment climates and different incentive structures, promoting accountability through transparency, and deploying inclusive business models in sourcing and distribution. Financial markets have a key role to play in mobilizing financing that is long-term and suitable to finance the transformation. Special attention needs to be paid to how such innovative mechanisms are structured to ensure that the poor and vulnerable are not further marginalized but are empowered to contribute actively to realizing the goals of sustainable development. Social protection policies can complement such mechanisms so as to ensure that the livelihoods of vulnerable groups are resilient in the face of episodic shocks and chronic stresses.

24. **More rapid green growth is inconceivable without technological innovation.** Frontier innovations shift out production possibilities, allowing the production of more

environmentally-friendly outputs with fewer inputs. For developing countries, innovation includes frontier or “new-to-the world” innovations and adaptation to local conditions, and dissemination of existing technologies.

25. Advancing the green growth agenda requires a systematic consideration of equity, social inclusion, gender, equality and indigenous people’s rights.

Environmental degradation is often highly skewed, disproportionately affecting the poor and disadvantaged, where women, children and the elderly are often the worst affected. Carefully designed social protection programs can help alleviate these shocks on the most vulnerable in society. There is growing evidence of the positive links between human development outcomes and more evenly distributed gains from economic growth, higher levels of civic engagement, and the empowerment of women in governance at all levels. The equity agenda goes beyond the use of fiscal and social protection policies as mere compensation for losses incurred by growth elsewhere. Rather, it is a question of harnessing and realizing the economic potential of poor and excluded groups, and ensuring that they have voice and are empowered to contribute to sustainable development.

Ensuring the Transformation

26. Combined with an integrated development strategy, the green growth transformation requires targeted action at various levels – globally and locally.

Priority action is needed in the following areas that are listed as key topics for Rio+20 by the UNCSO (Rio+20) Secretariat:

27. Infrastructure and Energy: Infrastructure plays a key role in responding to regional and global issues like rapid urbanization, energy sector and sanitation challenges, and climate change. The next five to 10 years present a major opportunity as huge investments in infrastructure will be made across the developing world. For at least the next 25 years, cities will grow by some 250,000 additional people every day – 2 billion more urban residents by 2035. Green growth discourages investment decisions that entrench countries, cities, and communities in environmentally damaging, carbon-intensive systems. There are tremendous win-win opportunities for improving energy efficiency, reducing greenhouse gas emissions, improving air and water quality, tackling urban poverty as well as reducing vulnerability to climate change at the city-level.

28. The three sustainable **energy** goals put forward by the UN on universal access to modern energy, doubling renewable energy use and improving energy efficiency by 2030 are ambitious but achievable. They are vital for improving the lives of the 1.4 billion people without access to electricity and the 2.5 billion people now using polluting, traditional cooking stoves.

29. Private investments in renewable energy, in particular in solar and wind, have grown tremendously over the past five years, and as the cost of production drops, removing implicit subsidies for fossil fuels will help further transform the global energy balance. There is a need for energy transition, and hydropower represents an important

clean energy source which will become a larger share of the world's energy production as lower income countries develop their capacity. Regional power projects and transmission infrastructure will be needed to make best use of available natural resources, including renewable energy resources.

30. Developed and developing countries need to embark on low emission development (LED) paths to sustain growth. An approach that minimizes energy consumption and pollution from transport can be achieved through the adoption of carbon savings technology and sustainable planning of accessible transport services and infrastructure. Strategies for achieving these goals must be gender-sensitive if they are to be effective and benefit those who are most adversely impacted. LED is a critical ingredient to protecting growing urban populations from fine particle inhalation, which often results in increased mortality and morbidity through respiratory and cardiovascular diseases. Reaching WHO-set air quality standards is critical to improving basic environmental health conditions.

31. Measurable targets could include reduction in urban poverty, reduction of greenhouse gas emissions, improved air and water quality, increased energy efficiency in buildings and appliances, reduced energy losses in generation and distribution, and share of trips taken by low carbon modes of transportation. Strong enforcement to reach nationally and particularly internationally-set air and water quality standards is needed.

32. **Water and food and energy nexus:** A world free of poverty is not consistent with 800 million people without access to safe drinking water, 1.6 billion without access to electricity, and one billion suffering from hunger. Water resources must be allocated between agriculture, energy, urban consumption, mining, and increasingly threatened ecosystems. Population and economic growth are expected to increase demand for food, energy and water further, making the efficient allocation of water absolutely critical.

33. Currently, 70% of the world's withdrawn freshwater resources are being used for agriculture. By 2030, it is estimated that 30-45 percent more water will be required to meet increasing food demands. Already, 50 percent of food globally comes from irrigated areas, and of this irrigation water, 50 percent comes from aquifers which are being depleted at a rapid pace in many countries. And with more than 50 percent of the world's population now in cities, urban centers will increasingly compete with farms for water.

34. Another 15% of the world's withdrawn water resources are being used for industry, mostly for energy production. Hydroelectricity and many solar energy systems – two key alternative sources of clean energy – require water. Stable and ample energy supply is important for water provision and food production. Maintaining biodiversity and ecosystem services also requires an overall decrease in groundwater withdrawal, and these ecosystem services are critical for groundwater supply. To turn these linkages from a vicious cycle into a virtuous cycle, water management must become much more efficient.

35. In addition to the lack of safe drinking water, there are 2.4 billion people living without **basic sanitation**. To meet the challenges of providing water and basic sanitation

to the bottom billion, regressive subsidies need to be removed; sustainable solutions that work need to be scaled up; innovative results-based financing instruments that reward efficiencies need to be promoted; incentives to reduce water use need to be supported; institutional frameworks and water utilities need to be strengthened; and capacity building for service providers in long-term planning needs to be promoted.

36. **Oceans:** Healthy and biologically diverse oceans are essential for humans, providing food, jobs, recreation, and pharmaceutical resources. Oceans are also the planet's main carbon sink by capturing and storing a large part of greenhouse gas emissions. Today, oceans are absorbing more CO², which is changing the pH and oceans are becoming more acidic. Climate change is also leading to ocean warming since oceans moderate our climate. Human pollution – approximately 6 million tons of solid waste plus industrial, agricultural and human waste runoff – is also affecting the health of the oceans.

37. Warming, acidification, and pollution are also affecting coral reefs and mangroves. In turn, this 'natural infrastructure' provides critical ecosystem services at a time when fish resources are already direly affected by over-exploitation. The world's oceans and shared seas provide 20 percent of the animal protein and 5 percent of the total protein in the human diet. They also provide food and livelihoods for 8 percent of the world's population. Bold action to improve governance of marine resources is needed to reverse the loss of habitats, restore fish stocks, and manage coastal environment so that it provides socio-economic benefits for communities and maintains countries' natural resource wealth. Catalytic funding is needed to: move towards rights-based fisheries management, increase marine protected areas, harmonize certification of wild and cultured fish, improve coastal zone management and reduce marine pollution. Currently, only 1 percent of oceans are under some form of protection. For shared seas, in particular, environmental management across all riparian countries is critical.

38. **Biodiversity:** The planet is in the throes of a sixth great extinction that is liquidating the goods and services on which pro-poor growth and sustainable development depend. IUCN has listed 208 species as "possibly extinct", and a further 17,300 species are considered under threat. We must deliver on the Aichi Targets established at the CBD COP10 in Nagoya, Japan. This includes targets for mainstreaming biodiversity considerations across government and society; reducing the direct pressures on biodiversity; safeguarding ecosystems, species and genetic diversity; and enhancing the benefits from biodiversity and ecosystem services. To do this, countries need to mainstream biodiversity considerations into planning processes and production sectors, set public policy to ensure that the private sector deploys sourcing, production and distribution practices that leverage biodiversity as an asset, strengthen civil society to become an effective partner in protecting biodiversity, and meet targets for safeguarding at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas by 2020.

39. **Social development:** The early years of the 21st century have brought home just how complex, interconnected, hazardous, uneven and uncertain patterns of global

development have become. It is increasingly recognized that socially inclusive and resilient as well as environmentally sustainable patterns of growth require attention to good governance, voice and representation for those who are marginalized from the economic and political mainstream. Twenty years ago in Rio, consideration of women was just an add-on. Now, gender equality is part of smart economics as it enhances productivity and improves development outcomes. We expect that gender will be far more prominent in the debate around Rio+20.

Conclusion

40. Rio 1992 compelled the world to face up to the environmental, social and economic crises of its own making. It put the idea of sustainable development on the table and, to a certain degree, brought about a global shift in thinking – away from “progress at all costs” toward “inclusive growth.” It backed up the talk with an agenda for action that, in many ways, defined international efforts for a generation.

41. Rio+20 presents the world with an opportunity to shift the thinking again – this time through a transformation to green and inclusive growth that will be supported by a new kind of GDP – one which acknowledges that growth which depletes natural and social capital is not sustainable. Agreeing on a set of sustainable development goals for 2030 that build on the MDGs will help ensure global efforts are focused.

42. In Rio 1992, government participation was made up largely of environment ministries. At Rio+20 we expect to see much broader participation from ministries of finance, development, and planning. In 1992, women and children were added on to documents under pressure from civil society. Today, gender inclusion is regarded as smart economics. Rio 1992 focused on mobilizing additional financing. Now it is clear that without broader and more innovative financing mechanisms, we will not see results. There is also a realization that transferring knowledge from north to south is not enough. Now knowledge must also flow from south to south and south to north.

43. The World Bank Group itself has come a long way since 1992 – our thinking and actions have shifted enormously towards a focus on sustainable development. We see Rio+20 as a vital agenda-setting moment in history and we embrace the opportunity to put our skills, experience and thinking behind the next phase of global transformation.

Annex: World Bank Group Actions to Support Green Growth

1. **The World Bank Group’s comparative advantage is that it can help developing countries try innovative ways to sustainably grow their economies in sustainable ways** by leveraging knowledge, fostering innovation, sharing of good practices and lessons learned across the world and building capacity to implement them. We also provide innovative financing instruments and partnerships with public and private sector to fund action along with advice on metrics to measure progress.
2. Our contribution to the Rio +20 agenda is guided by a number of **sustainable development sector strategies** which include: agricultural and rural development, energy, infrastructure, information and communication technologies, water, oil and gas, transport, urban, social development, manufacturing, mining, and environment. At the program level, our support to meeting the Rio+20 agenda includes:

GREEN GROWTH KNOWLEDGE

The **Green Growth Knowledge Platform** will facilitate continued work on identifying and remediating knowledge gaps and implementing green growth policies in developing countries. The knowledge platform is also a mechanism to develop partnerships and join “conversations” with an emerging community of practice involving scholars, policymakers, practitioners, and other concerned individuals and institutions in developed and developing countries. The platform will provide online tools for collaboration and discussion on green growth issues. The Bank’s main partners in this are UNEP, OECD, and the Global Green Growth Institute. We will present a **flagship report on green growth** providing detailed recommendations for “how.”

Green issues will play a growing role in the World Bank’s ongoing **dialogue with finance and economic ministries on fiscal policy**, macroeconomic stability, growth, competitiveness, poverty reduction and equity issues. Careful analysis of the growth and distributional impact of environmental pricing policies is needed. The Bank Group will continue to support countries to assess such effects and to design and implement transfers or other social protection programs to help address them. We will also continue working with developing countries to **strengthen budget and public expenditure management systems**, while paying careful consideration to public oversight and social accountability mechanisms, including systems to evaluate and allocate environmental spending relative to other fiscal priorities and to better ensure that allocated spending is accountably and efficiently used.

WEALTH ACCOUNTING AND VALUATION OF ECOSYSTEM SERVICES (WAVES)

Through the WAVES global partnership, launched at the Nagoya CBD COP in 2010, the Bank Group will expand the number of countries undertaking environmental accounting. Already, WAVES is undertaking pilot programs in six developing countries while partnering with developed countries leading the way in the area. WAVES will build

knowledge and experience and gradually, broaden the number of countries participating. A key goal of the Bank Group's work in this area is to demonstrate how countries can use environmental accounts to improve decisions about more sustainably managing natural capital.

LOW-EMISSION DEVELOPMENT

Our Low Carbon Development studies - undertaken between 2008-10 in seven client countries have been scaled up into Development Policy Operations and Clean Technology Fund Investment Plans, among other options. Numerous Low-Emission Development studies (LEDs) have also been undertaken. The **creation of a decentralized knowledge platform for low emission development** that can provide upstream advice and support to developing countries is being considered with external partners. This includes paying careful attention to the distributional, poverty and social impacts of policies designed to bring about low-emission development, with systematic use of Poverty and Social Impact Analysis (PSIA) to help better inform policy choices

We will continue to support developing countries with their Nationally Appropriate Mitigation Action plans (**NAMAs**), enhancing access to the **carbon market** including through the newly established Partnership for Market Readiness, capacity building activities, and the establishment of **innovative financing schemes for LED**.

The elements of **reducing an institution's footprint** (also known as CSR) are fundamental ingredients of a green economy. The World Bank Group will continue to support projects and programs in its client countries to improve environmental and social performance in public and private sector operations. Internally, the World Bank will continue to be 'walking the talk' by continuing to measure and reduce the environmental impact of its own corporate operations to set an example to other public and private agencies.

- **RENEWABLE ENERGY AND ENERGY EFFICIENCY**

Our support for the common goals on **access, energy efficiency (EE) and renewable energy (RE)** has come in the form of financing and technical assistance. Our work in these areas has contributed to increased access to electricity through grid-based and off-grid electrification. Bank Group support has also helped develop enabling policy reforms, institutional frameworks, and innovative financing for EE and RE projects. IFC has invested, in FY10 alone, \$1.7 billion in energy efficiency and renewable energy projects, aiming to increase the relative share of financing into this segment to about 20% of its commitments by 2013. Importantly, IFC financed and advised on, through partnerships with over 60 Financial Institutions around the world, a large and growing portfolio of energy and resource efficiency investments by Small and Medium Enterprises, a sub-set of the private sector which to reach is critical for green growth to take off.

The WBG has also built a strong alliance of partners to further these goals. For instance, the Global Alliance on Clean Cookstoves will help distribute nearly 100 million advanced cookstoves, through gender-sensitive strategies, thereby reducing indoor air pollution and increasing safety for the users of these stoves and other household members. Through the Lighting Africa project, WBG in collaboration with the private

sector is promoting the market-based provision of safe, affordable lighting based on solar systems to nearly 2.5 million people in sub-Saharan Africa.

The goal of universal access to **modern energy** will benefit from harnessing the power of the **private sector**. For instance, removing barriers to private sector entry, especially in rural areas far from electricity grid access, will substantially accelerate access to modern renewable energy sources. In countries with some of the lowest rates of access to electricity, the private sector has found new ways of providing rural populations with clean options: biomass-fueled generators using agricultural by-products such as rice husks, sisal or copra are leading to village-sized mini-grids, and photovoltaic-based solar home systems and energy efficient lamps are distributed by private providers at prices affordable to low-income users.

The Bank Group plans to increase its investment in preparatory analysis in the area of **sustainable hydropower** to ensure benefit sharing and adequate social and environmental protections and will also conduct analysis on how best to manage water releases to ensure downstream flow regimes can be managed as sustainably as possible. This analytical work will aim to help clients to adapt their policies and approaches in hydropower to reach their energy goals.

The Bank Group is helping to **conserve conventional energy resources** through a public-private partnership, Global Gas Flaring Reduction. Converting flared natural gas to productive uses will reduce both greenhouse gas emissions and energy poverty

- **CLEAN TRANSPORT**

We are committed to addressing the linkages between poverty and social exclusion, environmental quality and human health with efficient transport services. In line with its 2008-2012 business strategy for ‘Safe, Clean and Affordable Transport’, the Bank’s transport sector seeks to establish the governance, strategies, policies and services that will deliver safe transport for development in a way that is economically, financially, environmentally and socially sustainable. The strategy focuses on reducing GHG emissions which has shifted our lending portfolio accordingly.

FOOD, WATER AND CLIMATE NEXUS

- **CLIMATE SMART AGRICULTURE (CSA)**

CSA is a core part of the broader green development agenda for agriculture, which is about meeting the needs of people for food, fuel, timber and fiber and contributing to economic development and poverty reduction and food security while maintaining and enhancing the productivity and resilience of natural ecosystem functions.

- **FOOD SECURITY**

The IFC has launched the private sector component of the WBG **Global Agriculture and Food Security Program** to assist in the implementation of pledges made by the G-8 and G-20 to strengthen food security in low-income countries. The program will channel donor funding to support private initiatives developed by client countries to improve governance, productivity, and competitiveness of their agribusiness sectors. Good practice guidelines include safeguards concerning the land rights and natural resource

claims of local land users. IFC will provide long- and short-term loans, credit guarantees, and equity to local companies and financial intermediaries. As part of the integrated WBG approach to food security, IFC is providing investment and advisory services to the agribusiness sector across the agricultural supply chain to enhance productivity, help mitigate price and weather-related shocks, and support small and medium agribusiness enterprises, particularly in the poorest countries.

- **WATER**

The Bank Group will continue to help client countries tackle water issues through a growing portfolio of investment and knowledge that supports improved integrated water resources management, improved irrigation/agricultural water management, and improved access to water supply and sanitation. Water is at the core of many countries' climate adaptation strategies and improved water resources management in the agricultural sector and across sectors, more productive irrigation, and better knowledge about how climate change will affect water variability (eg through more frequent droughts/floods; glacier melt) is fundamental to meet increasing global food demands in a changing climate. Public funding for water is limited but there is growing private sector interest in industrial water-demand management and efficiency, as well as improved wastewater management. Public-private partnerships are helping balance competing demands for access to water and ensure sustainability. The ***Water Resources Group Entity***, a neutral platform where public, private-multilateral, and nongovernmental-organization actors can collaborate on transforming the water sector was formally launched in October, 2011. The entity, which is to be housed at IFC, is the result of a partnership between the World Economic Forum and the Water Resources Group to provide expertise to governments wishing to transform their water sectors.

CLIMATE-RESILIENT DEVELOPMENT

The Bank Group has developed a considerable body of knowledge and experience on climate adaptation through its projects and the Pilot Program for Climate Resilience under the Climate Investment Funds as well as through knowledge products like the ***Economics of Adaptation to Climate Change***. Our experience in developing and implementing innovative climate-related disaster risk financing and insurance tools helps countries reduce, pool, and share climate-related disaster risks, particularly through risk financing and transfer mechanisms. Increasing attention is being paid in this context to how the design of such instruments, and their coherence with complementary social protection and other policies, can help build resilience in the livelihoods of the poor and vulnerable in particular.

SUSTAINABLE CITIES

We have a significant work program underway on sustainable cities, with a specific thematic emphasis on climate change. In particular, a knowledge paper on "Towards a Partnership on Sustainable Cities" is being developed, that outlines the framework and elements for sustainable cities, and identifies priorities for action by various sectors and actors. Other recent progress includes: collaboration with the group of 40 cities known as C40; an international standard for measuring city GHG emissions that has been agreed

with C40, ICLEI, OECD, UNEP, and UN-Habitat; an Urban Risk Assessment framework; the Mayors' Task Force on climate change, disaster risk and the urban poor; and a guide to adaptation in cities. Implementation of the Eco2 cities program in several pilot cities is underway. A new global initiative on municipal solid waste is also under development. Analytical work is underway that articulates a common definition and standardized measures/tools for sustainable cities, building on initiatives like the Global City Indicators Program. The Bank Group will continue its support to clients in sustainable urban growth and transport, water and sanitation, wastewater management, and climate resilience projects.

OCEANS

We are exploring options for an **Ocean Initiative (OI)** with the world's premier ocean-focused organizations, combining cutting edge knowledge with finance for workable solutions to meet country demands for improved marine resource management. Our clients are seeking catalytic funding to move towards rights-based fisheries management, increasing marine protected areas, improving coastal zone management and reducing marine pollution. In line with our open data and transparency agendas, the OI would support knowledge sharing and connecting practitioners.

BIODIVERSITY

The Bank Group has accumulated considerable experience in supporting a variety of biodiversity programs around the globe – from saving species to protecting key biodiversity areas as well as supporting civil society to advocate for biodiversity. Our investments and operations demonstrate that biodiversity is a key element of the solution to many global challenges, from food insecurity to climate change mitigation to fuel crises and water stress. Biodiversity conservation and ecosystem-based approaches – employing a range of different institutional arrangements such as protected areas and payment for environmental services schemes, can spur and sustain clean, green and resilient development, generate jobs and attract private investment in the rural frontier, all while reducing vulnerability against natural disasters in an era of adaptation.

SOCIAL INCLUSION AND GENDER

The Bank Group is working to ensure that development benefits those who need it most, including women and youth. Women are critical to economic growth and job creation and gender equality is an area of priority focus for results under IDA16. IFC is helping increase access to finance and eliminating gender-based barriers to investment. IFC is also working with public and private partners to ensure that youth in developing countries acquire the skills necessary to meet the job opportunities that will emerge as these countries.

We are also undertaking analytical work on how climate and other environmental trends affect households and communities, access to opportunities, vulnerability and outcomes. This provides bedrock information for building well-designed policy responses to help the poor and vulnerable adapt to environmental change.

In engaging the private sector to create more inclusive business models that would provide goods, services, and livelihood opportunities to people at the base of the income pyramid IFC has deployed targeted investments and used its convening power to share knowledge and promote innovation across the business community. About 150 IFC clients today are using inclusive business models to provide direct benefits to the underserved population at the base of the pyramid, creating high development impact in financially sustainable and scalable ways.

POLLUTION MANAGEMENT

We will continue to assist developing countries in scaling-up, accelerating and expanding their initiatives leading to stronger pollution management and environmental health performance. We share good pollution management results and experiences with developing countries through, for example, extensive South-South collaboration and substantive environmental awareness events. An updated **Sourcebook on Pollution Management** is close to completion.

STRATEGIC ENVIRONMENTAL ASSESSMENTS

Over 100 countries already successfully use Strategic Environmental Assessments (SEA) and Impact Assessments (IA) through directives, policies or laws. SEA and IA help ensure that policies, programs and projects are designed and implemented to have more sustainable outcomes while reducing poverty and advance green economy objectives. Their results are used to inform the development of future proposals. SEA and IA should be recognized as effective high level decision support processes that can assist in the implementation of political commitment to Sustainable Development and Green Economy initiatives. At the Bank Group, SEA is increasingly used in the forestry, mining, water and transport sectors in countries where we are working.