

INDIA- STRENGTHENING INSTITUTIONS FOR SUSTAINABLE GROWTH:
Country Environmental Analysis

NGO Consultation Workshop

Organized by
The World Bank on July 7, 2006, New Delhi

PROCEEDINGS

Executive Summary

Background:

The objective of this *Country Environment Analysis* (CEA), carried out in collaboration with the Ministry of Environment and Forests (MoEF), is to help strengthen the environmental policy implementation framework, in order to meet the challenges of a rapidly growing and diverse economy, and in line with the new National Environmental Policy (NEP 2006). The study focuses on three select sectors that are considered key drivers of growth: industry, power (including three distinct sub-sectors: coal-based power generation, hydro power generation, and transmission), and highways. The methodology for the study included project level case studies covering seven States of India, secondary review of existing sector-wide reports, consultations with local stakeholders, dialogue with various concerned sectors and players, and selective reviews of international experience in environment management. A draft report has been prepared drawing on all these inputs and many of the conclusions reached have broad relevance across the sectors.

A workshop to consult with NGOs and get their feedback on the findings and recommendations in the draft report was organized on 7th July 2006 by the World Bank. This was a part of the wider consultative effort that began in April 2005 to engage stakeholders in the CEA process. The NGO workshop had *over 35 participants representing 16 different organizations*. Professor Jayantha Bandyopadhyay of the Centre for Development and Environment Policy, IIM Calcutta, chaired the workshop, while Professor Shekhar Singh, National Campaign for People`s Right to Information, acted as the facilitator and moderated the proceedings. The half day workshop was structured in a manner so as to give the maximum time for discussion to the participants and solicit their feedback on the five main cross cutting themes that had emerged from the study.

The five themes presented in the workshop for group discussion were:

1. Facilitating national dialogue and public participation;
2. Expanding the regulatory toolkit to enable environmental compliance,
3. Strengthening capacity of environmental agencies to meet the growing demands,
4. Aligning sectoral incentives with environmental priorities, and
5. Working across sectors.

The workshop was divided into two sessions. The first session included opening remarks by the chairperson and the facilitator, presentations on the overview of the India CEA and the five cross cutting themes by the Bank team, and a group discussion of the general scope, methodology, and issues in the CEA. The second session was focused on a group discussion of the specific recommendations made in the five thematic areas of the draft report. A summary of the key issues and participant comments from each of these sessions is provided in the table below.

Summary of Key Issues and Comments:

<i>NO</i>	<i>KEY ISSUES</i>	<i>COMMENTS</i>
1	Limited focus of the report	<ul style="list-style-type: none"> • Too much of focus in the report on government regulation may weaken public regulatory mechanisms • Capacity building initiatives should target government as well as community institutions • Report focus only on three sectors which does not make it comprehensive.
2	Government attitude restrains participatory approaches	<ul style="list-style-type: none"> • Many CBO and CSO are not provided with adequate and timely opportunities to express their/communities views on the development agenda.
3	The document endorses current development model	<ul style="list-style-type: none"> • Kuznet's curve may send a misleading message and serve a particular way of thinking. It can be used to endorse the current development model and "grow now, clean-up later" approach, which is not useful • Unwitting focus on growth accepts the inevitability of environmental degradation, without answering the fundamental question of whether this growth is sustainable in the India's context • There is direct and reversible relationship between poverty and environmental impacts that the report should recognize.
4	Emphasis on improving public participation is good	<ul style="list-style-type: none"> • The report is good on recommending the importance and need to strengthen the public consultation process, including negotiations with the community for better development outcomes • Mention the role of participatory democracy in the report and that local self governments and local informal institutions need to be involved.
5	Public Involvement – whose responsibility is it to ensure its credibility?	<ul style="list-style-type: none"> • Onus of providing relevant information in understandable form and local language for meaningful public involvement should be with the project proponents • The report should distinguish between public and community, which is not homogenous; the public consultation process should include NGOs and knowledge organizations outside directly affected communities, as the local communities may lack the technical understanding and power of expression • Public consultation could become more meaningful if it could be integrated with social audit plans and done by an independent agency rather than only by SPBC.
6	Focus on fixing implementation only may not be sufficient	<ul style="list-style-type: none"> • Environmental policies also need to be improved and expanded to cover newly emerging issues, in addition to strengthening implementation.
7	Regulatory Toolkit serves a number of competing interests which call for different approaches	<ul style="list-style-type: none"> • The report should recognize that SPCBs can not and do not act effectively against public sector units and urban local bodies; therefore it should present different strategies for dealing with polluters in public and private sector • While the report captures the need for other regulatory programs including incentives and deterrents for SMEs, it should also discuss environmental provisions for SEZs and the continued need for controlling large industry • The report is weak on the role of tariffs in external trade and the use of fiscal instruments to encourage environmental investment.
8	Specific Sector Issues that need clarification and emphasis	<ul style="list-style-type: none"> • The report needs to focus on promoting renewable sources of energy and should not label hydro energy as green energy • The report should more emphasize the need to develop procedures and standards for mercury and toxins including standards for sulphur-dioxide in thermal power stations • Backward linkages of the highway sector and related worker health issues in highway sub-sectors, such in mining and stone crushing, deserve greater attention.
9	Focus on cross-sectoral coordination is good	<ul style="list-style-type: none"> • Report rightly recognizes the lack of inter-agency and inter-sectoral coordination and requirements for better integration as institutional priorities.

Full Report of Proceedings

Background and Context of Workshop:

The World Bank, in collaboration with the Ministry of Environment and Forests (MoEF) of the Government of India (GoI), has undertaken a *Country Environment Analysis* (CEA) for India, entitled, *Strengthening Institutions for Sustainable Growth*. The objective of this study is to help strengthen the environmental policy implementation framework, in line with the new National Environment Policy (NEP 2006), in order to meet the challenges of a rapidly growing and very diverse economy in India. The study covered three select sectors that were identified as key drivers of growth - industry, highways, and power – reviewing the implementation experiences and related environmental challenges, policies, regulations, and institutions in these sectors. The analytical framework used in this study was a combination of sector-wide reviews based on secondary data, case studies of implementation experiences, consultations with local stakeholders, dialogue with various concerned sectors and players, and selective reviews of international experience in environment management. The case studies spanned across seven States in India – Rajasthan, Karnataka, Gujarat, Andhra Pradesh, Uttar Pradesh, Himachal Pradesh, and Uttaranchal – and involved primary data collection and consultation with local stakeholders at project sites.

The preparation of the India CEA draft report has gone through wide ranging stakeholder consultations, including multi-sectoral workshops and expert meetings. It has also been put on the World Bank website for public review and comments. An important part of the consultative process is to take comments and feedback from civil society and nongovernmental organizations throughout the country.

Accordingly, a workshop to facilitate consultation with NGOs was organized on **7th July 2006** by the World Bank to discuss the findings and recommendations in the draft report. To ensure an informed dialogue, the draft report and the background reports of the three sectors were circulated well in advance of the workshop. The NGO workshop brought together 35 participants from some 16 different organizations. Prof. Jayantha Bandyopadhyay of the Centre for Development and Environment Policy, IIM Calcutta chaired the workshop, while Prof Shekhar Singh (Convenor, National Campaign for Peoples Right to Information) acted as facilitator and moderated the proceedings. The one day workshop was structured so as to give the maximum time for discussion by participants and take their feedback on the five main cross cutting themes that have emerged from the study.

The five themes presented for discussion were:

- Facilitating national dialogue and public participation;
- Expanding the regulatory toolkit to enable environmental compliance;
- Strengthening capacity of environmental agencies to meet the growing demands;
- Aligning sectoral incentives with environmental priorities; and
- Working across sectors.

The workshop agenda and list of participants is attached as Annex A.

Group Discussion - Session One

The chairperson, Prof. Bandyopadhyay, opened the proceedings with a brief comment on the critical importance of environment and sustainable development and the need to make the process of planning for development as widely participatory as possible. The facilitator, Mr. Shekhar Singh, elaborated on some of the possible positive outcomes of the day's proceedings. He specifically mentioned three possible outcomes: (i) the World Bank could help to influence government thinking on environmental management issues, (ii) as India was preparing the 11th Five-Year plan, some useful recommendations could be fed into the final document, and (iii) this consultation with NGOs could bring out certain important points for adoption by the World Bank itself, i.e. strengthening those units of the Bank that looked after environment and social dimensions of development projects. He expressed the hope that the World Bank, despite its limitations, could help to influence government thinking on environmental management issues. He looked forward to a stand alone document of the day's proceedings and the incorporation of most of the recommendations into the final document.

Ms. Kseniya Lvovsky, Lead Environmental Economist and Task Team Leader, World Bank, opened the thematic presentation with a slide talk on **Overview of India CEA** and highlighted the approach, methodology and key objectives of the study. She emphasized that environmental sustainability was one of the greatest challenges facing India on its rapid growth and development path and that detrimental environment outcomes impact on quality of life, public health and future growth prospects. She briefly explained the key issues and challenges that had emerged from the study as priorities to be addressed: the critical need to improve public participation and multi-stakeholder dialogue; regulatory regime does not match scale and diversity of the economy, nor best global practice; regulatory capacity falls short of growing mandates and demands; sectoral agencies need to better facilitate environmental performance; and greater cross-sectoral coordination is essential. She pointed out that the report was not intended as an exhaustive documentation of environment and development issues in India, but rather focused on strengthening the existing environmental policy implementation framework. She emphasized that the draft report was open to further review and modification, based on feedback from both the public and the government, and welcomed written comments from the participants. She also highlighted the importance the Bank gave to a wide based consultative process and informed the audience that the draft report would be available on the Bank website for public comments until 31st July 2006.

Ms. Jane Nishida, Senior Environment Institution Specialist, World Bank, elaborated on the **CEA Cross-Cutting Themes** which had been put up for discussion – enhancing public participation, expanding the regulatory toolkit, strengthening environmental regulator capacity, improving performance in the industry, power, and highway sectors, and improving cross-sectoral coordination. She briefly identified some of the key challenges and recommendations in each of these thematic areas. In particular, she highlighted the increasing importance of public participation in the context of the Right to Information Act and the growing demand to strengthen the scope and avenues for information dissemination and public consultation. She pointed out that the present NGO consultation was part of a continuous dialogue and represented the Bank's long-term commitment to strengthen the public consultation process and improve environmental management. She emphasized that the proceedings and recommendations from this workshop would be placed before the MoEF for consideration. The presentation by the Bank team is appended as Annex B.

The chairperson opened the discussion session by seeking views on the proposed scope of the group deliberations to ensure that constructive dialogue was possible within the constraints of the prescribed time. The discussion that followed brought out many core issues and concerns. Mr. Ravi Chellam of UNDP mentioned that the Government of India's current priority was on achieving the country's 8% growth rate and the environment within this growth model was only secondary to development needs. Mr. Chellam wondered whether the growth model of the developed countries represented in the report was to be accepted as a foregone conclusion in the Indian context and whether the limits of growth that nature could support shouldn't also be recognized. To underscore this point, it was argued that undue stress on growth without sustainability could wreak havoc for the environment and cause irreparable damage. Issues of equity, transparency and accountability also needed to be taken up at some stage and the discussion on these issues should find a place in the final report. Mr. Chandra Bhushan of CSE also emphasized that India had to be innovative in its development approach and should address environment concerns along with poverty reduction, and not sequentially. Furthermore, some forms of environmental degradation are linked to poverty, reinforcing the need to address both simultaneously. Mr. Bhushan raised a question about the Bank's role in the revision of the EIA process and noted that the draft report appeared to have different recommendations with respect to the public consultation process. He also expressed concern that the Kuznet's curve depicted in the draft report may be sending a misleading message by suggesting that India does not need to worry about environmental degradation until it becomes richer. This could be taken by some as an endorsement of the development model that is built on "grow now, clean-up later" approach, which would be unfortunate. He also noted that the ESI aggregate includes an income measure, so that regressing ESI against income is of questionable value and may also be misleading.

Regarding the scope of the study, Mr. Vijay Paranjpye of GOMUKH Environmental Trust expressed the view that the analysis should move beyond the three selected sectors to include other areas with significant environmental implications (e.g. irrigation systems). It was also pointed out that regulation mechanisms for public sector versus private sector entities had to be different, in order to be effective. On public participation, Mr. Paranjpye felt that while public inputs during planning of projects was useful, participation would be more meaningful if civil society members were able to continue to negotiate throughout the process of project implementation and monitoring. Ms. Seema Purushothaman of ATREE remarked that the report did not focus enough on involvement and engagement at the lowest levels of government while without involving village councils, the integration of environment management with development policy would be meaningless. Several participants pointed to the need for an attitudinal change in government officials with respect to the role of the public and the local government. It was emphasized that training programs in support of public participation, proposed in the report, should include sensitizing government officials to these issues and technical training and know how for NGOs and CBOs, to enable them to participate more effectively in the decision-making process. Mr. Prabhjot Singh Sohdi of Centre for Environment Education added there is a need to see how civil society mechanisms with greater accountability and transparency. With the government looking at a growth rate of 8-10% in the next 5 years, implementation strategies will need to involve the public at large, and have the communities recognize the need to pay for services. Thus service delivery will have to be strengthened through improved implementation and regulatory mechanisms operating on the "principles of participation, empowerment and a more bottom up and community centered approach."

The World Bank team reaffirmed that sustainable development was high on the Bank's agenda and that the present study, which had focused on certain sectors as the drivers of growth, was not to be taken as an exhaustive analysis of environment and development issues. The chairperson, Prof.

Bandyopadhyay, highlighted the critical need for a closer interaction between academic experts and government authorities to strengthen the sustainability factor in development which could only come through a broadening of the knowledge base and skills. He saw the need for new technological options to promote sustainability and felt that with better information sharing and management, the public could have a say in the type of project that should be taken up in an area, rather than just be consulted to mitigate various impacts resulting from a project already decided by the government.

Mr. Shekhar Singh summarized the discussion in Session One and made the following points:

- Every document or study has an ideology; however, there is a significant common ground in the draft India CEA report to build upon, revising those aspects that narrowly reflect specific mindsets.
- Environment protection in India cannot wait for the success of poverty reduction through a high growth rate; the imperatives of development and environment must move side by side.
- Any assumptions and premises in the study on which discussions emerged need not necessarily be taken as endorsement by the participants, and this should be reflected in the proceedings.
- The present draft recommendations put too much emphasis on regulatory government institutions, and other options require further consideration such as strengthening the capacity of civil society.
- The regulatory mechanisms for public and private sector entities with regard to environment management need different approaches to be effective.
- Training programmes aimed at government functionaries should help broaden and change their mindsets. NGOs and grassroots organizations should also be supported with technical orientation programmes.

Group Discussion - Session Two

The participant discussion focused on the specific recommendations in each of the thematic areas made in the presentation by Bank officials. On the subject of **public consultation**, there was general satisfaction that the issue had been given top priority by the Bank and many felt that its prominence in the report sent out an important message. Mr. Arun Jindal from Society for Sustainable Development (SSD) made the suggestion that NGOs should be involved in environment audits and to expand mass awareness programmes. It was generally agreed that the onus of divulging information should be with the development agency and that local language should be used to make it widely understood. Mr. Paranjpye brought up the point again that more needed to be done to put into place a process of longer engagement with the public, so that civil society would be better able to negotiate for its benefit through the implementation and monitoring stages of the development project. He pointed out that haphazard urban development had led to large sections of population, particularly migrants from rural India, being faced with environmental problems long after a project had been approved. He felt that independent informal institutions could play a role in raising public concerns and organizing public hearings. Good examples of the role that these informal institutions have played can be found in the country.

The chairperson emphasized the importance of public participation, and pointed out that wider public participation had been undermined by a growing trend by government on relying only on involving local communities and excluding perceived “outsiders”. It was pointed out the community and public are not always the same. Participants stressed that in many instances, local communities had come to NGOs for assistance with technical information and public advocacy.

The participants felt strongly that wider participation in public debates was needed, because it broadened the knowledge-base and skills and was in the overall best interest of society in general.

With regard to **reform and capacity building of the environmental regulators**, it was once again pointed out that civil society faced difficulty in getting information and making themselves heard with decision makers. The draft report put too much emphasis on government regulatory mechanisms and does not give adequate attention to other options. Mr. Paranjpye gave the example of the government's conditional clearance to many projects where subsequent compliance conditions are forgotten and not monitored, as an area where the public can contribute by participating in monitoring the agreed conditions. The concept of monitoring by multi stakeholder committees was put forward, though a concern was raised about the method of appointing members and heads of such committees. The latest government understanding on what constituted "expertise" was also discussed, with concerns raised that the government interpretation of experts may be too limiting. The chairperson referred to the social audit instrument and felt that India could take some lessons from it and apply to an environmental audit. It was generally agreed that both deterrence and incentives for environmental compliance had to be strengthened, while ensuring that the mechanisms to monitor both public and private facilities were effective. The example of State government's influence over the SPCB was cited as a concern that a regulatory body might not do justice to its enforcement role when it comes to state government enterprises. Therefore, involving citizens in monitoring of state and municipal facilities would be particularly useful. In addition, concerns were raised that the concepts of the public interest and eminent domain were often used as convenient veils for secrecy. It was felt that government officials needed training on the Right to Information Act. Participants also noted that under the present decentralization process, the powers passed on to the State governments were not necessarily, nor sufficiently, devolving to lowest level local institutions.

In the discussion on the **industry sector**, Mr. Bhushan voiced the concern that an increasing competition among different states for investments would create pressures to violate environmental norms while setting up new industries under the fast track clearance regime. Regarding the recommendation to promote the greening the supply chain initiatives, he noted that this would not be universally applicable in the Indian context, citing an example of the chemical and dye industries. The participants agreed that SMEs, which contributed substantively to employment in the country, were particularly constrained in terms of technology, awareness, and other factors and should be given some incentives to move to cleaner technology, as well as to less polluting sectors. However, the industrial pollution problem is not confined to SMEs, and there is a continued need to control pollution from large industries. Mr. Paranjpye raised the issue of special economic zones (SEZ), as potential islands of unbridled development under very liberal regimes. There was some debate on whether labour and environment laws were applicable to such zones. Mr. Shekhar Singh suggested that this issue should be further examined and mentioned in the final report, which should point to the imperative of promoting SEZs in an environmentally responsible manner.

On the **highways sector** analysis, Mr. Satish Sinha of Toxic Links highlighted worker health issues in booming "supporting" sectors, such as mining and stone crushing, employment in which has been associated with early deaths from lung diseases. It was pointed out that this issue was completely missing from the study, while the need for HIV/AIDs monitoring, for example, was expressed. Mr. Tapas Paul from the World Bank clarified that the study strictly focused on the environmental issues related to the construction and use of highways. Professor Singh stated that, since the report acknowledged the indirect impacts of the highway sector, both backward and forward linkages in the highway sector should be reflected. Ms. Lvovsky remarked that this issue would be better dealt with in the context of an earlier broader point of debate about the

sustainability of the rapid growth model, rather than in the context of environmental performance of the highways sector. The participants agreed with this observation.

On the **power sector** analysis, a strong request was made by Mr. Bhushan to remove the “green” label from hydro projects. It was pointed out that the balance of scientific evidence suggested that the construction of dams did not necessarily contribute to positive externalities such as flood control. With regard to renewable energy, several participants felt that the report should emphasize more on its future potential, particularly solar and wind energy, as these were already quickly establishing themselves as viable alternatives. Bio fuels were also discussed, but wind energy was specifically cited as a fast growing sub sector. Mr. Sanjay Srivastava from the World Bank noted that while renewable energy warranted more attention, it might not be always cost effective in the short term and this would limit the scale of its applications. Another issue mentioned was that toxins like mercury and sulphur dioxide emissions needed to be regulated by setting and monitoring source emission limits. The discussion also touched on the need to set and enforce acceptable standards for ambient air and water quality rather than simply monitoring discharge points at the source.

Mr. Shekhar Singh summarized the discussion in Session Two and made the following points:

- There is a conflict of interest when monitoring and regulation, particularly of government-owned companies, falls exclusively with the government agencies, whose accountability before the public is very limited. This aspect needs to be flagged in the report.
- Compiling and ensuring access to data is not enough; the public should know what is being done with the information (ie. report on actions taken).
- While SMEs form a substantial group that needs improved environmental regulation, they should not be the only ones to bear the burden of more effective regulatory mechanisms. Large scale industries also require continued monitoring and strengthened enforcement.
- Incentives should play an important role in improving technology and environmental compliance.
- Public hearings/consultation conducted by independent (and often informal) bodies should be promoted, but it is necessary to have interface with government authorities, or otherwise it would be meaningless.
- There was a need for greater emphasis on strengthening compliance with suitable ambient standards in pollution monitoring.
- Renewable energy sources have greater potential than is often being accepted and could contribute more to the energy mix.
- Occupational health issues due to environmental hazards in certain sectors need to be addressed more rigorously as part of environmental management in these sectors.
- Integration of environment norms into development policies and programmes is also a matter of updating the environmental laws, and not simply a question of enforcing the existing policies and regulations.

Workshop Conclusion

Ms. Kseniya Lvovsky on behalf of the World Bank team expressed her appreciation and thanks to all the participants, the chairperson, and the facilitator. She reiterated the Bank’s commitment to the public consultation process, and to environmental management and sustainable development. She also assured the participants that the Bank team would be circulating the proceedings of this workshop and sharing those with the GoI counterparts of the India CEA. The Bank will attempt to reflect as many comments as possible in the final report, in consultation with GoI officials.

**India - Strengthening Institutions for Sustainable Growth:
Country Environment Analysis (CEA)
NGO Consultation Workshop Agenda**

Friday, July 7, 2006

**Venue: Upper Basement Conference Room
World Bank, 70 Lodhi Estate, New Delhi**

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| 12:30 - 13:30 | Registration and Lunch |
| 13:30 – 13:40 | Opening Remarks: Objectives of the Workshop
<i>Facilitator – Mr. Shekhar Singh</i> |
| 13:40 – 14:10 | Overview of India CEA
<i>Ms. Kseniya Lvovsky, Lead. Environmental Economist and Task Team Leader, World Bank/ Ms. Jane Nishida, Senior Environment Institution Specialist, World Bank</i> |
| 14:10 - 15:30 | Discussion |
| 15:30 - 15:45 | Tea |
| 15:45 - 17:15 | Discussion |
| 17:15 - 17:30 | Concluding remarks: Summarizing comments and suggestions on the way forward
<i>Facilitator –Mr. Shekhar Singh</i>
<i>Ms. Kseniya Lvovksy, Team Leader, World Bank</i> |

**India: Strengthening Institutions for Sustainable Growth: Country
Environmental Analysis
NGO Consultation Workshop – List of the Participants
July 7, 2006**

S.N.	Name	Organisation
1	Mr. Arun Jindal	Society for Sustainable Development
2	Mr. Harsh Jaitli	PRIA-Society for Participatory Research in South Asia
3	Mr. Girish Sethi	TERI
4	Mr. Suneel Pandey	TERI
5	Ms. Vidya Mani	WWF-India
6	Ms. Vishaish Uppal	WWF-India
7	Mr. Ravi Chellam	UNDP
8	Mr. Chandra Bhushan	Centre for Science and Environment
9	Mr. Satish Sinha	Toxics Link
10	Mr. Vijay K. Sardana	Society for Promotion of Wastelands Development
11	Mr. Vijay Paranjpye	GOMUKH
12	Dr. Jayanta Bandyopadhyay	IIM, Calcutta
13	Mr. Prabhjot Sodhi	Centre for Environment Education
14	Dr. Seema Purushothaman	ATREE
15	Mr. Avilash Roul	Bank Information Centre
16.	Mr. Sekhar Singh	Facilitator
17.	Ms. Kseniya Lvovsky	The World Bank
18.	Ms. Sonia Sandhu	The World Bank
19.	Mr. Gaurav Joshi	The World Bank
20.	Mr. A.S. Ramakrishna	The World Bank
21.	Mr. Tapas Paul	The World Bank
22.	Ms. Adriana Damianova	The World Bank
23.	Mr. Sanjay Srivastava	The World Bank
24.	Ms. Jane Nishida	The World Bank
25.	Mr. Sudip Mozumder	The World Bank
26.	Ms. Priti Kumar	The World Bank
27.	Mr. Shankar Narayan	The World Bank
28.	Ms. Hema Balasubramanian	The World Bank
29.	Ms. Sona Thakur	The World Bank
30.	Ms. Maithily Golhar	The World Bank
31.	Ms. Neha Vyas	The World Bank
32.	Mr. Tapan K. Ghosh	Raapporteur
33.	Mr. Suphachol Suphachalasai	The World Bank
34.	Ms. Genevieve M. Dutta	The World Bank
35.	Ms. Kumudni Choudhary	The World Bank

Environmental Management in India

- **Strong Policies**
 - Comprehensive environmental law – Water, Air, Forest, NEP, global conventions
- **Established and Diverse Institutions**
 - NGOs, civil society groups
 - **Increasing activism and public demand for better environmental management**
 - Judiciary
 - a very strong player
 - MOEF, CPCB, DOEs, SPCBs
 - **Improving but lagging behind**
 - Business associations and companies
- **Uneven Implementation Performance**
 - While there are certain improvements, environmental quality remains a concern
 - Average monitored compliance level at 50%

Key Objectives

- Strengthen environmental policy ***implementation*** framework to meet challenges of rapid and diverse growth
- Identify and propose ways to address gaps in existing institutional arrangements, regulations, and incentives for improved environmental compliance and performance

Approach to India CEA

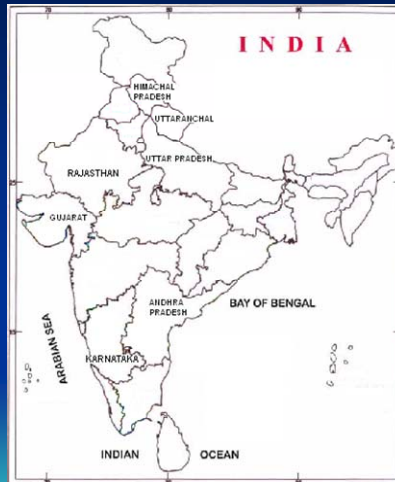
- Select sectors of high priority for growth performance, with a range of environmental impacts and policy/regulatory issues
 - **highways, power, and industry**
- Focus on addressing institutional barriers to environmental compliance and performance
 - **Particularly with respect to the monitoring & enforcement at post-EA clearance stage**
- Identifying key factors affecting environmental performance
 - **Environment agencies (monitoring and enforcement of compliance)**
 - **Sectoral policies, incentives and voluntary initiatives**
 - **Public participation and consultation**

Methodology

- Sector-wide reviews
 - **Environmental issues and applicable policies**
 - **Relevant sector policies and issues**
- Specific case studies on implementation effectiveness in each sector.
 - **Field Visits**
 - **Workshops, Interviews and group discussions**
- Stakeholder consultations
- Secondary data analysis
- Relevant international experience

Case studies

- Highways sector
 - Western Transport Corridor (Karnataka)
 - Jaipur- Kishangarh
- Industry sector
 - Patancheru industrial estate (AP)
 - Naroda industrial estate (Gujarat)
- Power Sector
 - Dadri Coal Power Plant (UP)
 - Koldam Hydro Power Project (HP) Dhauliganga-Bareilly 400 DC line (UP-Uttaranchal)



Consultations – Local and National

- Extensive consultations with local stakeholders in seven projects sites and states
- National consultations throughout the study
 - roundtable discussions
 - individual stakeholder meetings
 - multi-sectoral workshops
 - NGO consultations
- Web-based public consultation (global)
 - Through 31 July 2006
 - <http://www.worldbank.org.in/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/INDIAEXTN>

Key Issues

- **Critical need to improve public participation and multi-stakeholder dialogue**
- **Regulatory regime does not match scale and diversity of the economy (nor best international practice)**
- **Regulatory capacity does not match growing mandates and demands on the environmental agencies**
- **Substantial scope for sectoral agencies to facilitate better environmental performance**
- **Greater cross-sectoral coordination is essential, particularly at planning stage**

Enhancing Public Participation: Challenges

- Strengthen meaningful avenues to solicit public consultation
- Develop ways to respond and act upon public comments
- Expand relevant, credible and easily accessible information
- Enhance capacity of civil society to understand technical issues



Enhancing Public Consultation: Recommendations

- Develop public consultation guidelines and manuals
- Share best practices used by sectors and states
- Expand scope and accessibility of information that is available through national and regional knowledge centers
- Provide training for civil society and NGO's to increase understanding of technical issues



Expanding Regulatory Toolbox: Challenges

- Scope of regulation does not adequately cover diverse sources of pollution
- Scope of monitoring does not adequately address diverse impacts
- Enforcement deterrents lack credibility and compliance incentives are limited
- Roles and responsibilities for multiple agencies involved in similar work are unclear

Expanding Regulatory Toolkit: Recommendations

- Develop new regulatory programs for targeting SMEs and municipal sources
- Strengthen sectoral guidelines for monitoring and expand monitoring of linear impacts
- Improve effectiveness of monitoring, using CEM technology and self monitoring data
- Explore use of alternative enforcement deterrents such as performance bonds

Strengthening Regulator Capacity: Challenges

- Lack of resources – human, technical, financial - to meet increasing workload demands
- Inflexible regulatory approaches and inefficient processes
- Inadequate performance oversight and accountability

Strengthening Regulatory Capacity: Recommendations

- Increase technical skills and staff, outsource non-core technical functions
- Develop capacity building action plan for SPCBs, particularly monitoring and enforcement
- Strengthen regulatory oversight through performance indicators and performance based program of support

Industry Sector: Challenges

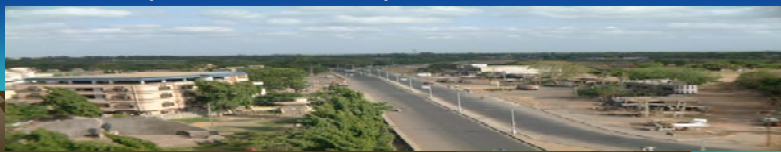
- Linking industrial promotion policies with environmental performance
- Limited industry awareness of business opportunities from good environmental management
- Limited SPCB and local government involvement in planning and zoning process

Industry Sector: Recommendations

- Integrate environmental objectives in State Industrial Policies
- Link industrial promotion incentives to environmental performance
- Foster partnerships between large industries and small suppliers such as greening supply chain initiatives

Highway Sector: Challenges

- Arise from multiple ecological, social, administrative boundaries and regulatory jurisdictions
- Lead to cross sectoral and cross boundary impacts
 - Especially on Bio-diversity, wildlife and forest areas, water resources and soil.
- Varying management priorities of different entities resulting in different levels of environmental performance and compliance
- Narrow application of Air and Water Acts which primarily focus on point sources of pollution



Highway Sector: Recommendations

- **Develop Technical Guidance on EM for selected key issues:**
 - Protection of eco-sensitive receptors (wild life etc.)
 - Construction plant siting and management
 - Integration of environmental and engineering aspects in the project cycle
 - Protection of water courses, borrow areas, quarries, cultural property
 - Waste material use for road construction
- **Strengthen existing Contract Provisions:**
 - Introduce a system of periodic revision of Indian Road Congress Codes, Guidelines etc. and MOS&RTH Technical Specifications
 - Integrate environment management aspects in departmental Operations Manuals
- **Enhance Knowledge and Capacity by:**
 - Strengthening existing institutes that provide training for road agencies such as NITHE, CRR
 - EM training for staff in implementing agencies
 - Certification accreditation programs, i.e. Indian Institute of Engineers
 - Strengthening highway and civil engineering curriculum in technical institutions

Power Sector: Challenges

- Wide ranging environmental impacts at the local, regional and global level
- Huge unmet demand and the goal of universal electrification
- Need to massively expand capacity in generation, transmission and distribution, along with improving sector efficiency and governance
- Transition to cleaner power generation is complicated by increasing demand for power
- Performance at the plan level is often compromised by dismal financial status

Power Sector: Recommendations

In addition to improving sector performance through reform and investments to upgrade/expand the systems:

- Intensify efforts to promote energy efficiency (EE) on a large scale, including support to EE lending business
- Improve environmental performance of coal power plants by providing sufficient incentives to plant operators for
 - improved ash management and using better quality coal
 - enhanced energy efficiency and environmental performance in renovation and modernization program
- Create a stable business environment for renewable energy development
- Develop consistent framework for incorporation of environmental costs (and benefits) in planning and investment decisions
 - Strategically utilize opportunities provided by global environmental financing instruments
- Include environment performance indicators in MoP database, on-line information, and annual reports

Cross Sectoral Coordination: Challenges

- Addressing environmental issues in each sector requires coordination between multiple institutions and multiple jurisdictions
- Lack of effective mechanisms for inter-agency coordination
- Greater involvement by local government needed from planning to operation

Cross-Sectoral Coordination: Recommendations

- Clarify roles and responsibilities of various institutions for environmental management
- Empower local governments to oversee local/regional environmental programs that require cross-sectoral coordination
- Develop “new generation” area based pollution management programs to deal with multiple sources of pollution, with active local government and community participation and monitoring of outcomes
- Strengthen mechanisms to improve environmental management in project planning, siting, and design, by sharing best practices and developing specific guidelines

Summary: Urgent Need for Progress in Several Areas

- Facilitating National Dialogue and Public Participation
- Expanding the Regulatory Toolkit to Improve Environmental Compliance
- Strengthening the Capacity of Environmental Regulatory Agencies to meet the growing demands
- Aligning Sectoral Incentives with Environmental Objectives
- Working Across Sectors for Better Environment for All

After this workshop...

- Summarize feedback and recommendations
 - Place proceedings on the Website
 - Convey to MoEF and sectoral ministries
 - Integrate in the final report to the extent possible
 - Contribute to NEP implementation and 11th Plan development
- Continue dialogue and track progress of the agreed actions
 - Actions to strengthen public participation
 - Capacity building measures
 - Policy and regulatory reforms
 - Incentives and innovative programs
- Long-term Bank commitment to supporting environmental management
 - several environmental projects, stronger environmental dimensions of sectoral projects, follow-on studies and TA