



## INSTITUTIONAL REALIGNMENT

**S**ustainable development is a long-term goal. Its achievement requires a concerted pursuit of economic prosperity, environmental quality, and social equity and calls for behavioral changes by individuals and organizations. Throughout the world, this change is occurring.

Within the Bank, too, implementing the Strategy requires institutional change. We need to align our incentives, resource allocation, and skills mix to accelerate the shift from viewing the environment as a separate, freestanding concern to considering it an integral part of our development assistance. We then need to put this understanding into practice in our analytical work, policy dialogue, and project design.

In order to strengthen the Bank staff's ability to manage this shift, those working on environmental issues have to be articulate advisors on the many linkages between poverty alleviation and environment and play

an active, supportive role in the formulation of country and sector programs. Table 3, at the end of this summary, outlines indicators and actions of an institutional nature that would accompany the implementation of the Strategy.

### Accountability and incentives

The Bank is reviewing its accountability framework to establish clear lines of responsibility and incentives throughout the institution. This framework has to be client-centered, acknowledging that our core responsibility is to support the sustainable development of our clients. Regional environment strategies and the annual business plans will help operationalize the Strategy. Consistent with its mandate, the Environment Board will be responsible for guiding and overseeing the implementation of the Strategy and will report regularly to senior management and, on request, to the Board.

### Training and skills mix

The increasing focus on cross-sectoral work and the shift in emphasis from project-level safeguards toward integrated portfolio-level risk assessment and quality enhancement will require a gradual shift in staff skills. Environmental staff will be trained to enhance their

ability to influence sector and country programs and will be assessed on their effectiveness in this area. In the assessment of the performance of environmental staff, particular attention will be paid to addressing complex environmental challenges and implementing the safeguard policies.

At the same time, a shift toward improved environmental skills among nonenvironmental specialist staff will take place through more systematic training in safeguard policies, poverty-environment linkages, and cross-sectoral issues. Tracking of training delivery will be improved to better target and customize both mandatory safeguards training and training on cutting-edge environmental issues. “Green Awards” will create positive incentives for nonenvironmental staff to mainstream environment into their operations and programs.

### Budget

Better integration of environmental concerns into the Bank’s work program is expected to yield strong benefits in relation to all three objectives of this Strategy, anchored as they are in the Bank’s mission of poverty alleviation. Achieving these objectives, however, will require that resources be dedicated to the task.

Such resource allocations are premised on the principle of exercising selectivity at all levels and on the need to guide a transition toward new ways of delivering development assistance, including programmatic lending.

Wherever possible, existing resources will be realigned within existing work programs. For the Bank to meaningfully address the objectives of the proposed Strategy, Bank budget funding would need to increase over the next five years. Key elements of this incremental Bank budget would be for:

- Improving the safeguards and compliance system, including the strengthening of compliance with policies and a comprehensive review of the safeguards policy framework to fit the needs of a changing Bank
- Mainstreaming support, with special emphasis on environmental mainstreaming in IDA countries in accordance with IDA requirements; linking corporate environmental priorities and global public goods with country programs, with an emphasis on upfront work on preparation of Poverty Reduction Strategy Papers (PRSPs) and CASs; facilitating cross-sectoral and cross-institutional approaches and work programs to address environmental issues; and

addressing subregional and regional environmental challenges.

The Bank will work with interested partners to bring about the successful implementation of the Strategy and will avail itself of trust funds from bilateral partners and others. Nevertheless, the comprehensive actions needed to address the environmental challenges of economic development in client countries, as described in the Strategy, justify adequate deployment of Bank resources.

### **Partnerships**

Partnerships with other development institutions, civil society, and the private sector can contribute to our objectives and can effectively leverage scarce Bank resources. Applying the principles of the Comprehensive Development Framework, partnerships at the country level are aimed at increasing development effectiveness and reducing transaction costs through coordination led by the countries and through the harmonization of operational policies and practices of development partners.

At the regional and global levels, we will engage in partnerships where strong international consensus exists for global action with

the aim of contributing to global public goods, where close links can be established with country assistance programs, and where significant resources can be catalyzed. We will continue our constructive partnerships in the framework of the GEF, the Multilateral Fund for the Montreal Protocol, and the Prototype Carbon Fund (PCF) to help implement major international conventions. We are currently engaged in numerous other partnerships in a range of areas. The Strategy provides a set of criteria for managing and evaluating partnerships, and we will apply these to systematically review and align our partnerships with the Strategy. (See figure 7.)

### Monitoring progress

To ensure accountability and the capacity to learn from experience, we will introduce a performance monitoring and reporting framework that will track the Bank's performance on the environment, monitor implementation of the Strategy, and report regularly on progress. We will use the Internet and other means of communication with key stakeholders to make available reports and information about the Bank's environmental performance, discuss issues, and receive feedback. The core categories of periodical institutional reporting to senior management and the Board will include (a) environmental

**FIGURE 7**  
Realigning partnerships





projects and programs, (b) mainstreaming and policy integration, (c) safeguard compliance, and (d) training. (See box 13 for some of the

key benchmarks for monitoring Bank performance in implementation.)

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### **BOX 13**

#### **Key benchmarks for monitoring Bank performance in Strategy implementation**

- Country diagnostic studies carried out to assess environmental priorities and management capacity to inform CASs and PRSPs in 5–15 priority countries annually. Level of environmental mainstreaming in CASs improved.
  - Targeted environmental input (analytical work and training) in 5–15 priority PRSP countries annually.
  - Structured learning on SEAs based on 10–20 SEAs carried out annually to inform sector projects and programs. Level of mainstreaming in key sectors improved.
  - Systematic client training delivering 20,000–25,000 “participant training days” annually.
  - Improved safeguard compliance indicators.
  - Ninety percent of all operational Bank staff and managers trained in environmental safeguards.
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