

## Environment Strategy Implementation

*Midyear Progress Report, FY'02*

### Background

The Board of Executive Directors of the World Bank discussed the Environment Strategy—*Making Sustainable Commitment: An Environment Strategy for the World Bank*—in July, 2001. The Strategy emphasizes the need to enhance the integration of environmental considerations into all areas of development assistance. Internally for the Bank, it stresses the need for improvements in three key areas: (i) analytical and advisory activities (AAA); (ii) project and program design through the mainstreaming of environmental considerations; and (iii) the safeguard policy system. Implementing the Strategy, in turn, requires some institutional realignment.

To assist the implementation of the Environment Strategy, the Bank's Management endorsed corporate funding for the Mainstreaming Fund for Environment (MFE) in the amount of \$1.6 million for the fiscal period stretching through June 2002.

This midyear report summarizes progress in the implementation of the Environment Strategy, highlighting key achievements. Table 1 reviews progress according to the implementation matrix of the Strategy.

### 1. Strategy completion, dissemination, and institutional realignment

During the first six months following the Board discussion of the Strategy, significant progress has been made in the following areas:

- The full *Strategy paper* was published in October, 2001. It has been disseminated internally and externally. The strategy *website* has been re-vamped and, as requested by the Board, a user-friendly *Strategy Summary*, together with a *CD-ROM* (including the full version of the Strategy, background papers, and other relevant documents and links), was published in February, 2002. These materials are available to the public via the website. Translations of the Strategy Summary to four languages is underway, and expected to be completed in the Spring of 2002.
- *Business Plans*, to align the workprograms of all Regions and the Anchor unit of the ESSD (Environmentally & Socially Sustainable Development) Network with the Strategy, and to facilitate reporting, have been prepared following the structure of the implementation matrix of the Strategy. The Bank's Latin America and the Caribbean Vice Presidency has also established a Strategy Implementation working group for oversight and Regional coordination. Strategy implementation coordinators have been appointed in most Regional Environment Units, and a dedicated Strategy Team has been established in the Environment (ENV) Department to coordinate strategy implementation. A framework and workprogram for monitoring and reporting has been prepared.
- Steps have been taken to change staff incentives, adjust skills mix (e.g. through training and replacement), and systematically monitor and report on performance both internally and externally. The Environment Sector Board has started to prepare a strategic staffing plan.

## 2. Improving mainstreaming and AAA

Significant progress has been made in this area, particularly with support of the Mainstreaming Fund for Environment (MFE), which has helped accelerate the process.

- Regional environmental units have started to make a deliberate effort to identify priority country programs, and provide *upstream input to PRSP (Poverty Reduction Strategy) and CAS (Country Assistance Strategy) preparation processes*. These activities are on track as recommended by the Strategy. Examples include analytical input to CASs for Algeria, Bosnia and Herzegovina, China, Croatia, Djibouti, Egypt, Iran, Kyrgyzstan, Macedonia, Mongolia, Morocco, Turkey; to PRSP processes in Albania, Azerbaijan, Mongolia, and Nigeria; capacity building workshops on poverty-environment links in several PRSP countries including Albania, Azerbaijan, Ethiopia, Georgia, Ghana, Kenya, Lesotho, Nigeria, Malawi, Mongolia, Mozambique, Sierra Leone, Tanzania, Uganda, and Zambia. Ex-post reviews of environmental mainstreaming in CASs and PRSPs have been completed, indicating gradual improvement over time.
- The *MFE* has been established and mobilized to support the implementation of the Strategy. An MFE governance and oversight mechanism has been established on behalf of the ENV Sector Board, and MFE funds have been allocated. The MFE is seen as a very useful instrument for addressing corporate priorities in a systematic way, mainstreaming the environmental agenda into Bank operations, and making adjustments in workprograms and skill mix.
- As committed in the Strategy, work started on developing a methodology and toolkit for *Country Environmental Analysis (CEA)*. It has been undertaken in parallel with piloting in several countries and states (e.g. Egypt, Karnataka and UP States in India, Pakistan, Tunisia, and Yugoslavia). A workshop on CEA with bilateral and multilateral partners, NGOs, and clients is planned for May, 2002.

## 3. Improving the safeguard system

The following are key highlights of progress made:

- The integrated safeguard system has been established, with the Integrated Safeguards Data Sheet (ISDS) mainstreamed into Bank operations, and a compliance tracking system has been established. An internal audit of the safeguard system has confirmed that the new system is in place.
- A comprehensive safeguards training program has been implemented both internally and for clients. For clients and partners, eleven training sessions on safeguards learning and outreach activities were held so far in this fiscal year.
- Safeguards risk assessment exercise have been completed by all Bank Regional Vice Presidencies. This exercise has helped develop appropriate project risk management strategies and resulted in allocation of adequate resources to address safeguard issues in Bank programs.