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HOW FAR INTO THE MAINSTREAM?

A Review of Environmental Issues in IDA Activities

**International Development Association
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Executive Summary

This report responds to a request from the Deputies for the International Development Association (IDA) for an account of progress made in mainstreaming environmental considerations into IDA's regular assistance, including collaboration with the Global Environment Facility (GEF). This report describes IDA's progress in making environmental activities part of its mainstream operational work—working with client countries to understand the environmental issues and priorities critical to their development and helping them to address urgent environmental problems. It is also an input to the upcoming Environment Strategy for the Bank group.

Key findings

NEAPs and follow-up. National Environmental Action Plans (NEAPs), other analytical work, the application of Environmental Assessment (EA), and environmental capacity building activities have all been instrumental in raising environmental awareness in IDA clients and trying to consider and address priorities. Some NEAPs were better than others and there were variations in technical analysis, participatory input and country ownership, but NEAPs and related activities gave impetus to follow-up actions in some 48 countries. The follow-up includes a mixture of lending and non-lending activities including support to the institutional and regulatory infrastructure, investments directed at priority environmental problems, and mainstreaming in other IDA lending. NEAPs also fostered increased partnerships in supporting environmental interventions and efforts to work together on regional problems or common interests but have had only modest success in promoting environmental sustainability at the country level.

EA activities. The EA process has often been the point of entry for efforts to mainstream environment in operations. In the past decade over 550 IDA projects (about half the total portfolio) were subject to formal assessment and EA is now accepted as a routine part of IDA operations. Reviews show that the overall standard of EA preparation has improved, although there are inconsistencies in application of the policy requirements, and implementation and supervision still need to be strengthened. Through the corporate Quality Assurance and Compliance Unit, IDA is working to strengthen compliance with requirements and improve outcomes. At the same time, it is responding to lessons learned by putting substantial efforts into building in-country understanding, commitment and capacity for EA principles and procedures.

Environmental lending. IDA lending has supported both stand-alone environmental projects and projects in other sectors with environmental objectives and components. Commitments for stand-alone environmental projects over the last decade totaled \$2.1 billion with the current active core environment portfolio of 38 projects totaling \$1.4 billion. The number of such projects remain broadly steady, although newer projects are typically less complex and smaller than some of the earlier ones.

There has been considerable progress in mainstreaming environment into other sector lending. This is demonstrated by analysis of the current IDA portfolio in four key sectors—energy, agriculture, water and sanitation, and urban development— which

shows that between thirty and ninety percent of active projects reviewed have environment components, with the value of the environmental commitments ranging from eight percent to over thirty percent of total project costs in these portfolios. The IDA portfolio in these sectors supports \$9.7 billion of environmental activities in over 200 projects, of which about \$4.6 billion is IDA-financed (an estimate based on summary data, not project by project review). This is a conservative estimate in that it does not capture the total value of operations which promise strong environmental impacts overall (for example, some rural/natural resource management operations in India and China). Altogether, direct and sectoral investments for environment represent about one sixth (about \$6.0 billion) of the active IDA portfolio, with environmental lending in other sectors now surpassing stand-alone environment operations.

Mainstreaming in the policy dialogue. Recent sector strategies, such as energy and urban development (and rural strategy and water policy updates under preparation) have been developed with significant environmental input and these strategies commit to environmental progress in their respective sector activities. This sectoral commitment carries through to dialogue with country counterparts and will ultimately be reflected in further mainstreaming in future sectoral operations. However, in terms of the country dialogue, reviews of mainstreaming in key country documents such as Country Assistance Strategies (CASs) and Poverty Reduction Strategy Papers (PRSPs) show that treatment of environment is only moderately satisfactory for CASs and not yet integrated into the PRSPs (which are new, mainly interim and client-led). Increased progress at the country level depends on improving the quality of the policy dialogue with key clients on sustainability. While in some cases environment may be missing from client priorities for good reason, there is much more to be done to ensure that appropriate attention is paid in the country dialogue to the long term sustainability of natural resource use and to the impacts of environmental degradation on development.

Although IDA has made substantial progress in investing in environment projects and components of projects, there have been mixed results in bringing environment upstream in policy lending. Efforts are underway to improve approaches to programmatic and policy-based lending, including assessing the practical applicability and usefulness of instruments such as strategic or sector Environmental Assessments (SEA).

IDA and GEF activities for regional and global impact. IDA works with GEF and the Montreal Protocol's Multilateral Fund (MLF) to incorporate global concerns into IDA operations, particularly for climate change, forest biodiversity and water resources. Efforts over the last 10 years have led to a sizeable portfolio of projects, including \$600 million committed by GEF and the MLF for projects in 20 countries to help introduce ozone-friendly technologies; 14 IDA projects addressing climate change with GEF contributing \$200 million; IDA funding for conservation and biodiversity totaling \$465 million supported by GEF (\$200 million) and other cofinanciers (\$500 million) and over \$500 million of investments in regional seas and coastal/marine waters, with IDA contributing \$136 million and GEF \$168 million.

More work is needed to build local capacity to understand how global issues affect national concerns, including poverty, and to identify sector reforms and investments that can capture global benefits and options for financing those investments.

Challenges

Overall, despite the considerable efforts made by IDA and its clients, and progress made in specific cases, environmental trends in many countries continue to worsen. Progress in client countries is still incremental at best, a reflection of the size of the problems, the long term nature of the solutions, lack of capacity, and sometimes a lack of commitment as well. Large numbers of people still face risks to life and health from environmental problems, and their livelihoods continue to be threatened by over-exploitation of natural resources. There is also the urgency of competing claims for limited resources and attention, such as AIDS, other communicable diseases, instability and conflict. Institutional and governance weaknesses also constrain progress. Efforts to mainstream environmental concerns in country activities have to be seen in this context.

Mainstreaming means encouraging and supporting countries to incorporate sustainability issues into their development planning but this is a long term process and will require continued intensive efforts over many years. It is governments and other country stakeholders who will ultimately have to demand and implement the measures needed to achieve environmental sustainability. To convince and support them, there is a need for strong advocacy, sustained engagement, technical support at both national and local levels, and better integration with other sector activities.

Way forward

Good progress is being made at project and program level, and this must be reinforced. Consistent involvement with key sectors will help to further influence sector programs. Increasing efforts are necessary to improve the coverage of environment in CASs and to integrate environmental sustainability in PRSP processes. Structured selectivity must be adopted to concentrate resources on those countries which provide the greatest opportunities for environmental gains, while continuing a useful dialogue with others where the time is not ready for significant intervention.

Better measures of progress need to be developed for all aspects of environment work, covering both process steps taken to promote sustainability and progress on the ground in terms of environmental trends. This work is resource intensive and requires considerable capacity development in client countries, particularly in relation to data collection and analysis, but it is an area where IDA has been shown to have some advantage.

The range of environmental activities now supported by IDA are difficult to track, since these activities cut across sectors and are often in partnership with GEF and others. IDA's reporting system needs to be adjusted to allow trends to be monitored better. Lessons learned need to be systematically captured and made available, so that good practices can be shared. Consideration is presently being given to a corporate program to

track overall environment lending better and to monitor continued implementation of actions to address selected environmental priorities, as initially articulated in the NEAPs.

IDA's effectiveness in delivering on the environmental agenda depends on its ability to balance its role as an advocate in favor of environmentally sustainable development with its role in responding to client-driven demands for new investment financing. A central challenge for IDA in mainstreaming environment is in reconciling these sometimes contradictory objectives, as borrowing governments may not share the view that environment should be a priority in their development agenda.

The upcoming Environment Strategy has already identified a number of priority areas for action, which will address the issues raised here. It will put an increased emphasis on analytical work and on structured upstream policy dialogue, particularly building on current work on poverty and environment and on links between health and environment. The issues of building and supporting commitment and capacity in IDA countries will continued to be high on the agenda. The question of sustainable growth will be a focus of attention (and will be the theme of the WDR 2002). Current work will continue on linking environmental issues across the spectrum from local to regional to global, using IDA, GEF and other available resources. The Environment Strategy is scheduled for CODE discussion and Board presentation in the second quarter of CY2001 and this process will establish corporate priorities and set out implementation actions.

Section I— **Objectives and Context**

1. **Purpose of report.** Support for the environment has been a consistent theme in replenishment discussions for IDA in recent years.¹ (See Annex 1 for a list of countries eligible for IDA). As part of the IDA12 agreement, the Deputies recommended further mainstreaming of environmental considerations—“local, national, regional as well as global”—into IDA operations and country dialogue, “especially where environmental degradation is diagnosed as a serious development constraint.”² The Deputies also asked for a “report on progress made in mainstreaming environmental considerations into IDA’s regular assistance, including collaboration with the GEF” to be prepared by December 2000. This paper responds to the Deputies’ request.

2. The paper covers trends in mainstreaming environment in IDA activities in the last decade, acknowledging the importance of the U.N. Conference on Environment and Development in 1992 as a benchmark in bringing environmental concerns to the forefront of development. This first section elaborates on the concept of mainstreaming and how it is interpreted in an operational context. Sections II and III present an analysis of the evolution of the environmental agenda in IDA, in terms of policy instruments (from NEAP and EA to CAS and PRSP) and then investment in environment—from environmentally focused projects to sector lending with environmental objectives. Progress in mainstreaming the global environment and GEF collaboration in the Bank’s operations was recently addressed in a report submitted to the GEF Council in May 2000.³ Section IV of this paper, drawing on that study, specifically addresses progress and challenges in the mainstreaming of global environmental objectives in Bank operations. Section V draws conclusions and recommendations.

3. This review is done in the context of the preparation of the Bank’s Environment Strategy, which is due to be submitted to the Board by the end of FY01, and is informed by ongoing Operations Evaluation Department (OED) reviews of the World Bank (IBRD/IDA) environment performance.⁴ It is not intended to present significant policy recommendations or changes in strategic direction, since these issues will be discussed with Bank management and the Board in the context of the Environment Strategy, when it is put forward for review and approval.

4. **Mainstreaming environment: what does this mean?** IDA is committed to helping client countries mainstream environmental considerations in the development process.

¹ The countries eligible for support through IDA vary over time as incomes change and with other factors. For convenience, this report assumes the countries under consideration are those eligible under IDA11 and listed in Table A1 of *IDA in Action 1996–1999—Summary Report* (Washington, DC: World Bank, 2000).

² IDA Report on Twelfth Replenishment (Board Paper IDA/R98-195), December 1998

³ World Bank, *The World Bank and the Global Environment—A Progress Report* (Washington, DC: Environment Department, May 2000).

⁴ There have been a number of discussions between the Environment Sector Board and OED on issues arising from the OED review. The views in this current report do not assume or pre-empt the formal findings that OED will present but reflect common understanding of issues that OED is addressing.

The IDA12 replenishment document stresses the need to work toward “development policies, programs and projects that reduce local and global environmental degradation while contributing to economic growth.” This represents a broad understanding of “environment,” consistent with the concept of sustainable development, especially as it fits with the other key areas of IDA12, which are investing in people, promoting broadly based growth, and supporting good governance.

5. The environmental agenda has moved beyond an emphasis on “conservationist” objectives (which attracts little support in many IDA countries) to an increased understanding of how sustainable use of natural resources is fundamental to long-term reduction of poverty. This is part of the World Bank Group’s (WBG) broad efforts to strengthen its focus on poverty reduction.

6. Mainstreaming means that concerns about sustainability are consistently factored into client country development objectives and into decisions on economic and sectoral policy. In operational terms, efforts to mainstream environment in IDA activities translate into actions in the following three broad areas:

- Working with countries to understand the environmental and natural resource issues critical to poverty reduction and long-term development;
- Using IDA lending and non-lending activities to help address the most urgent or important issues; and
- Helping countries to build a consensus and commitment to target their own resources, both human and financial, toward achieving environmental sustainability.

7. The first instruments used by IDA specifically to address environment issues were Environmental Assessment process, as a mechanism for influencing the impacts of lending and raising awareness in key economic sectors; and the National Environmental Action Plans, as a way to get environmental concerns onto the national agenda. These approaches, as they evolved and developed, allowed IDA to help integrate environmental concerns in lending operations and non-lending services. IDA lending directly for environmental objectives (often related to NEAP priorities) grew steadily from the early 1990s. At the same time, increasing efforts were put into influencing the quality of sector investments—not just to minimize adverse impacts, but also to include environmental objectives and environmental components. Overall, considerable progress has been made in directing IDA investment to environmental objectives, as the data later in this report will show.

8. New mainstreaming efforts are now moving toward influencing the country policy dialogue at the sectoral and national level through convincing analytical work, TA activities, and greater involvement of local counterparts. Over the past few years, the focus has broadened from purely environmental interventions and influencing individual projects in other sectors to integrating environmental sustainability concerns into sectoral and macroeconomic policy discussions at the country level. Reasonable progress is being made in sectors where there is a history of involvement, supported by the implementation of environment assessment requirements, but progress at the macroeconomic level has been mixed so far. The need for more focused effort to better understand and respond to

the interdependence between environment and development and for more systematic tracking of integration of environment into the policy dialogue is one of the issues being addressed in the development of the Environment Strategy.

9. This report does not specifically address trends in environmental parameters at a country or global level. There are a number of authoritative overviews of the state of natural resources and ecosystems, such as the *World Development Indicators* reports by the World Bank, *World Resources 2000-2001* by WRI and others, the *State of the World 2001* by The Worldwatch Institute, and the *Global Environmental Outlook 2000* by UNEP. There are also a wide range of country and ecosystem assessments by IDA and others. Although the countries served by IDA differ significantly in their stage of development and in the nature of their environmental, economic and social concerns, and therefore generalizations are unreliable, there is no doubt that environmental trends continue to worsen in many places. Despite the considerable efforts made by IDA countries, and successes in specific cases, very large numbers of people in IDA countries still suffer from significant risks to life and health, often resulting from environmental causes, and their livelihoods continue to be threatened by over-exploitation of natural resources.

10. All IDA countries face ongoing and increasing challenges in dealing with environmental sustainability, in terms of the complexity of their environmental problems, especially in relation to natural resources management; in terms of institutional and governance weaknesses; and in terms of the urgency of competing claims for limited resources and attention, such as AIDS, and instability and conflict. Efforts to mainstream environment have to be seen in this context and although progress has been made, it is clear that the scale of the challenges is such that much more remains to be done.

***Section II* — The Country Policy Dialogue**

11. The initial impetus for country environment work came from several sources—externally from the Rio Earth Summit in 1992, and internally as a result of EA work and efforts to develop and implement environmental strategies and action plans. In particular, the requirements for Environmental Assessment specified in Operational Policy (OP) 4.01 and the directions to staff on the preparation of Environmental Action Plans in OP 4.02 deserve special attention, as they have guided systematic inclusion of environmental aspects at project and country levels.

12. EA is often the starting point for many countries in developing a body of laws and regulations with respect to the environment. Since EAs only cover new investments, however, it became clear that a broader approach was needed—to encourage environment management practices and to develop a regulatory base that would address environmental performance of ongoing activities, as well as environmental implications of policy development and implementation. This section discusses the various pathways by which environment has entered the policy dialogue in IDA, including preparation of National Environmental Action Plans as mandated by IDA, economic and sector work on the environment and its links to development issues, Country Assistance Strategies and, most recently, IDA client’s Poverty Reduction Strategy Papers, and development of sectoral strategies at the World Bank.

13. **NEAPs as a tool for mainstreaming the environment.** In accordance with the IDA Deputies’ requirement, all IDA countries with active lending programs and appropriate political conditions have completed NEAPs; in some cases “second generation” NEAPs are being prepared. To date, 66 countries have completed NEAPs. The first action plans were novel processes for their countries, and the quality and impact varied, as noted in a 1995 review (see Box 1).

Box 1. Lessons for NEAP preparation

A 1995 review of NEAP preparation examined the experience to date in 30 IDA countries. Some of the early NEAPs suffered from lack of ownership (if driven by external consultants) or from lack of focus within a broad presentation of problems and issues. The review concluded that the most successful NEAPs attempted to identify priority problems, defined concrete actions to deal with these problems, and created systems to track implementation.

Issues raised by the review, which continue to be concerns today include the need to find consensus on priorities, the importance of building political commitment to action, and the matching of objectives with financial and implementation capacity.

Source: World Bank 1995, National Environmental Strategies: Learning from Experience.

14. NEAPs helped to build awareness and consensus within countries of the importance of environmental issues and established a framework for dialogue with the government and other stakeholders. In many cases, IDA followed up this process with technical assistance or other financing to help establish legal and institutional systems for environmental policy and regulation and to address critical environmental issues. Annex

2 summarizes information on the follow-up activities from NEAPs in IDA countries, including a wide range of investment projects based on NEAP priorities. The coverage is substantial—48 countries, or about 70 percent of all countries with NEAPs, have had follow-up activities. Those represent a broad range of non-lending and lending operations, and many partnerships with other donors. Some focus on building national level institutions; others focus on specific sub-regional or local issues or particular pollution problems.

15. In Africa, for example, there have been IDA supported “environmental support programs” intended to help the implementation of priority actions identified in the NEAPs in Madagascar, Ghana, Nigeria, Benin, Malawi, Mozambique, Uganda and Zambia. They are typically part of larger programs supported by a broad group of donors seeking to coordinate their efforts. The longest ongoing program has been in Madagascar, where experience to date highlights the challenges and tensions: the importance of participation but also the difficulty of delivering on high expectations; the dilemma of whether to focus on national level institutions or “on the ground,” bottom-up local activities; the challenges of coordinating a large number of diverse donor activities; and the importance of working with other sectors and making some tangible early achievements. In Madagascar’s case, this has meant engaging with those working on local agricultural activities where the pressures of poverty are also threatening the country’s unique biodiversity. The challenges are complex and require intensive efforts over a long period—with strong advocacy, sustained engagement, technical support at both national and local levels and integration with key sector activities.

16. Despite the impetus that the NEAPs and follow-up projects have provided, progress is incremental in most countries. There are also countries that have been set back in their earlier efforts, due to changes in government, conflict, and natural disasters. Further advocacy work over a realistic, longer-term time frame, supported by good analysis, is required to integrate the key issues arising from this process into national policy agendas in client countries. Continued follow up on selective NEAP priorities is needed through lending and non-lending activities, whatever is possible. A corporate program to track NEAP follow ups over time is now being considered.

17. The recommendations of the United Nations global conferences and summits of the 1990s have established a concrete agenda for international development. The International Monetary Fund, OECD, United Nations, and World Bank Group have jointly adopted seven development goals, including the implementation of “national strategies for sustainable development by 2005, so as to reverse the loss of environmental resources by 2015.”⁵ Work is under way in the OECD Development Assistance Committee to ensure the convergence of National Strategies for Sustainable Development (NSSDs) with other strategic processes such as NEAPs and PRSPs. Second-generation NEAPs are currently on the drawing board for Nicaragua and for some Central Asian countries. The design of the program of assistance for the development of the ECA NEAPs is being co-developed by the Organisation for Economic Co-operation and

⁵ IMF, OECD, UN, and the World Bank, 2000: *A better world for all*.

Development (OECD) and the World Bank, as part of the ongoing activities under the joint Bank-OECD Environmental Action Plan for Eastern Europe and Central Asia.

18. **Analytical work on environment and development.** In addition to NEAPs, the policy dialogue on environment has broadened and deepened through a range of analytical and non-lending activities as well as through the preparation of lending operations.

19. Annex 3 describes a range of recent analytical and advisory activities in IDA and IDA blend countries, with an emphasis on the contribution that the studies made or are making to the policy dialogue. These are a few examples of these activities:

- *Africa: A Framework for Integrated Coastal Zone Management.* The rich pelagic fisheries within the exclusive economic zones of the Eastern and Southern African coastal nations, the uniqueness of the biodiversity and ecosystems of the coastal and marine areas, and the opportunities for developing tourism enterprises that are environmentally sustainable all support the case for a regional integrated coastal zone management initiative in the Southwest Indian Ocean. This study documents the facts and lays the basis for coordinating and integrating the many disparate interventions in this area currently supported by the donor community in the sub-region.
- *Indonesia: Environmental Coordination.* This report analyzes trends and issues in terrestrial resource use (specifically forestry, biodiversity, and mining), with particular emphasis on the resource-rich regions off Java in light of the economic, social, and economic shocks that Indonesia experienced in quick succession in 1997–98.
- *Europe and Central Asia: Sanitation, Health, and Hygiene in Bank Rural Water Supply and Sanitation (RWSS) Projects.* This review recommended that RWSS projects should include education, communication, advocacy groups, and wider participation in design. The review is influencing the design of current RWSS projects in the region.
- *Caribbean: Tourism and the Environment in the Caribbean—An Economic Framework.* This study, prepared in collaboration with the European Commission for the Caribbean Group for Cooperation and Economic Development, noted the close linkages between tourism and the region's natural resource base, and argued for policy measures that would help achieve the sustainable management of this fragile natural environment. This is now a central topic in the dialogue with the Organization of Eastern Caribbean States and other Caribbean countries.
- *India: Andhra Pradesh Environmental Study.* The study examines the linkages between health, particularly child mortality, and the quality of the household environment, such as access to water, sanitation, and clean (non-smoky) cooking fuels. It then identifies interventions outside the purview of the health sector that are cost-effective in reducing the toll of premature mortality and morbidity caused by

environmental health risks. Findings of the study are being incorporated in the design of water supply and sanitation projects, and in energy and poverty work.

20. One area receiving increasing attention is quantitative work to link poverty and environment. Even where data are limited, it may be possible to establish some important linkages. Box 2 highlights recent work on this topic in Tanzania.

Box 2. Quantifying poverty-environment links

In Tanzania, recent household studies indicate that rural households derive as much as 50 percent of their cash incomes in some areas from the sale of forest products such as charcoal, honey, wild fruits, and firewood. The studies also suggest that this proportion increases as rural incomes decline, so that the poorest households are the most dependent on woodland resources. In reflecting explicitly upon these studies, the PRSP committed the Government to finding ways of incorporating environmental quality indicators into its poverty monitoring system in a way that captures these levels of dependency. Future iterations of the PRSP and the Medium Term Expenditure Framework are expected to capture these linkages more fully in order to help define a more consistent framework for managing activities aimed at protecting the environment.

21. **Country strategies: CAS, CDF, and PRSP.** The CAS remains the key document that summarizes the areas in which IDA will support a government in the short to medium term. It is a key target of mainstreaming efforts because it sets out priorities for the allocation of resources. The dialogue between the country and IDA actually occurs on a much wider front, however, which provides both opportunities and challenges for mainstreaming environment. The Comprehensive Development Framework (CDF) provides a broad process for dialogue at many levels between the country and the development community, including IDA. This is typically a much more open and longer-term process than the traditional CAS discussions and takes in a much wider range of views. The Poverty Reduction Strategy Papers are another new process, and experience is still being gained on their development and application.

22. As input to the preparation of the Environment Strategy, several reviews of CASs have been done. One review looks at how much recent CASs addressed environmental concerns.⁶ Thirty-seven CAS documents prepared during FY1999 were reviewed in detail. These were from all the regions of the Bank's operations and 21 of them were for IDA countries. Environmental considerations featured in almost all CASs, and the mean rating across all countries was just above "marginally satisfactory." Because CASs are forward-looking, however, they sometimes do not reflect fully the activities currently under implementation. Several CASs tried to mainstream environmental and resource considerations, but there was considerable variation in the way in which these efforts are made. Mainstreaming into rural and agriculture sector activities and water sector strategies was most common, followed by linkages with the energy sector.

23. As can be seen in Annex 4, a comparison between the IDA countries and the whole sample shows that treatment of the environment in IDA CASs varies little from the

⁶ Environment Department, "Mainstreaming Environment in Country Assistance Strategies," background paper (draft), September 2000.

overall set of documents reviewed, although it can be noted that IDA countries do perform slightly better in establishing poverty-environment links and in mainstreaming natural resource issues, which is to be expected from the usual greater dependence of poor countries on the natural resource base. These same IDA countries score slightly less well in terms of policy interventions, which presumably reflects the less sophisticated governance framework in many cases. One example of good progress quoted in the review is Benin, where forestry and parks are important issues, although efforts are still being made to improve the links between agricultural policy and soil degradation.

24. Ghana is a CDF pilot country where there is clear recognition of the importance of environmental considerations in ensuring that development is sustainable and where these concerns are reflected in the CAS and in a range of IDA activities addressing natural resources management, rural infrastructure, and urban services.

25. A strategic review of natural resources management in East Asia provides insights into the relation between sector work and CAS presentation.⁷ The review included six IDA countries where CASs had been prepared in the period 1995–97. Overall, the papers were found to be reasonably consistent in mentioning priority natural resource management issues, although they were less clear in setting out strategies or identifying interventions. The three CASs that were most responsive (Vietnam, Indonesia and Cambodia) benefited from sector analysis beforehand.

26. A recent review of the treatment of drylands issues in CAS preparation looked at 30 CAS documents. It found that the issues were included in virtually all the documents, although there was rarely a comprehensive description of the causes and clear interventions for improvements. The review proposed a simple approach to categorizing countries according to the potential importance and severity of land degradation problems and then concentrating on these countries. Selectivity on some basis such as this could be a very effective approach to targeting particular countries for work on these issues.

27. A pilot program on Country Assistance Strategies and the Environment has produced several lessons on dealing with the environment and natural resources in CASs:

- Integrating the environment into the CAS is most successful when there is a strong connection to economic outcomes.
- Environmental indicators (with regional and income-level comparisons) are effective in raising the profile of environmental issues with both country teams and national officials.
- Identifying linkages between environment and natural resource issues and other sectors such as agriculture, infrastructure, tourism, and even macro issues such as the trade regime is essential in reflecting environmental priorities.⁸

⁷ *Natural Resources Management —A Strategic Framework for East Asia and the Pacific*. June 1999

⁸ P. Shyamsundar, K. Hamilton, L. Segnestam, M. Sarraf, and S. Fankhauser, “Country Assistance Strategies and the Environment” (draft), Environment Department, November 2000.

28. An important finding from these reviews is the critical need for more good analytical work and an ongoing dialogue to link environmental and natural resource sustainability to CAS development objectives (which are at best short- to medium-term). This is particularly relevant in the area of environment and poverty, where approaches and tools being developed for the PRSP process could be very influential.

29. There is much work to be done to help our clients to deal with poverty-environment issues as these strategies become increasingly important in spelling out priority actions to reduce poverty. An early review of 19 countries in Africa, Latin America, and Eastern Europe and Central Asia assessed attempts to mainstream the environment in the interim (I-PRSP) and final PRSPs.⁹ First, there is considerable variation in the degree of mainstreaming: using a quantitative scale to assess mainstreaming, the range of scores varies by a factor of seven, from the highest (Kenya) to the lowest (Senegal). The average degree of mainstreaming in these countries is low, less than one-quarter of the theoretical maximum. On a more encouraging note, the three full PRSPs reviewed rank relatively well in comparison to the I-PRSPs. Finally, there are examples of best practice, including Kenya (actions to deal with property rights over land and water, especially as these affect the poor), Burkina Faso (maps showing the distribution of poverty and natural resources), and Honduras (assessment and quantification of vulnerability to natural disasters).

30. There is an important environmental agenda for IDA in PRSP countries. Increased efforts will be required to equip our counterparts in these countries to both analyze the linkages between poverty and environment and design effective interventions to deal with these issues. Work on building these capabilities is underway in Africa, jointly with the UK Department for International Development, and this will need to be expanded to other regions as lessons are learned.

31. The question of indicators is important in this regard. The World Development Indicators Report, published by the World Bank, features 15 tables of country-level indicators on a range of natural resource and pollution issues. Key indicator of sustainable development published by the Bank is the measure of “genuine” saving, the true level of savings in a country when depletion of natural resources and the environment is taken into account. At the same time, country specific priorities and issues, as identified in NEAPs or other analyses, need practical indicators which will allow progress to be tracked in the medium and long term. Making wider and more consistent use of these sorts of indicators in the policy dialogue with clients and in key documents can help build the case for dealing with environmental issues as an integral part of the economic development and poverty reduction program.

32. **Environmental issues in other sectoral strategies.** At the level of formal sector strategies, the ongoing dialogue and policy work are showing results, and these general commitments are increasingly reflected in the operations of the sectors (as can be seen in the examples in the review below of lending). The rural development sector is in the

⁹ J. Bojo and R.C. Reddy, “Poverty Reduction Strategies and Environment. A Review of Interim and Full PRSPs,” Africa Environment and Social Development Unit, December 2000.

process of updating the strategy paper *From Vision to Action*, where one key issue is “protecting natural resources and the environment.”¹⁰ The revised strategy will take into account the interaction of possible policies and interventions with the key natural resource management factors. The Forest Policy review that is currently under way is being conducted by a joint team from the rural and environment families, and environmental sustainability is a fundamental issue. The upcoming revision of the Water Policy will have a much stronger environmental focus, in relation to both environmental flows and water quality protection.

33. Mainstreaming was one of the key objectives of the intensive dialogue between environmental and energy specialists across the Bank, supported by extensive consultation with partners and clients, which resulted in the 1999 paper *Fuel for Thought*, subtitled *An Environmental Strategy for the Energy Sector*.¹¹ One analytical instrument created in this dialogue is the Energy and Environment Review, which is an upstream sectoral analysis of the links between energy and environment, often supported by the ESMAP program. There has been growing demand for this approach, covering issues such as emissions reduction, environmental impacts of subsidy removal and, in Bangladesh, efforts to improve transport fuel efficiency. This upstream work is helping to build a community of practice at the energy/environment interface and to place environment as an opportunity for cross-sectoral progress rather than a constraint on energy development.

34. There are lending and non-lending activities underway to promote urban environment improvements, and environmental services are a frequent component of municipal improvement projects, such as several examples in China. In 1999, a revised urban strategy was prepared by the Urban Development Group “to provide sustainable cities and towns that fulfill the promise of development for their inhabitants—in particular by improving the lives of the poor and promoting equity—while contributing to the progress of the country as a whole.”¹² The preparation of the strategy included considerable inputs from environmental specialists from the Bank and from client countries, and the adopted strategy incorporates a number of basic environmental concerns. The strategy explicitly notes the importance of close collaboration between the urban staff and other networks, such as the Environmentally and Socially Sustainable Development Network. A key instrument for implementation of the urban strategy is the City Development Strategy (CDS) and environmental issues are emerging as priorities in several of the CDS pilots currently underway.

¹⁰ “From Vision to Action” Update Concept Paper, Revised version, July 2000.

¹¹ Published World Bank, Washington. June 2000.

¹² World Bank, *Cities in Transition* (Washington, DC: September 2000), p. 6.

**Section III —
Greening the IDA Portfolio and Lending for Environment**

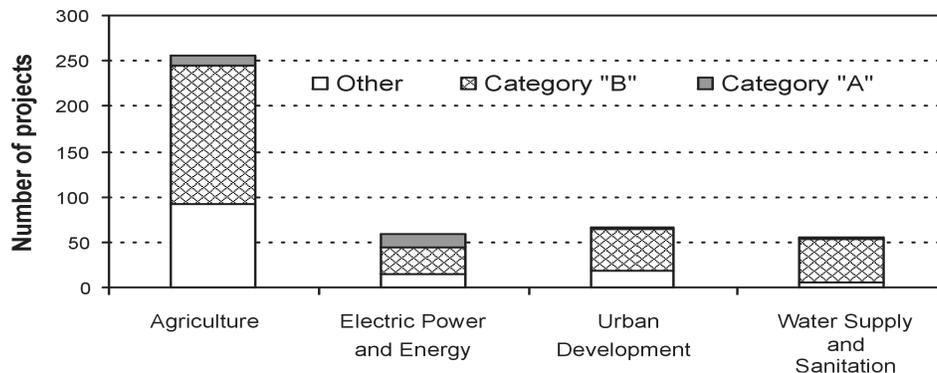
35. Mainstreaming environmental considerations in IDA’s investment operations is demonstrated through improved project design to prevent and mitigate potential harm to the environment, and through increased lending for environment. The first aspect of greening the lending portfolio responds to the requirements of the Bank’s safeguard (“do no harm”) policies on environment.¹³ The second aspect, lending to address environmental challenges in IDA countries, includes both stand-alone environment projects and incorporation of environmental objectives or components in operations in other sectors (such as rural development, urban development, or energy).

Extent of EA activities — Application of “do no harm” policies

36. Environmental Assessment has been a key instrument to help the Bank Group and its borrowers decide what actions need to be taken to ensure the environmental soundness and sustainability of projects. There have been 1,378 projects in IDA or blend countries that have been screened for EA purposes over the past decade. From 1990 to 2000, 62 projects—about 10 percent of the Bank’s IDA lending portfolio—were classified as Category A, which requires a full Environmental Assessment. Another 489 projects—about 37 percent of the Bank’s IDA lending—were classified as Category B, requiring a more targeted or limited environmental analysis. So almost half of IDA lending has been subject to formal assessment during the last decade.

37. Five main sectors (agriculture, energy, transportation, urban, and water supply and sanitation) account for 89 percent of all Category A assessments in IDA countries (see Figure 1). Four of these sectors (the exception is transportation) are analyzed in detail later in this section for the extent of mainstreaming, but it is clear that ongoing environmental work, initially centered around EA requirements, has significantly changed both the thinking and the design of projects in these sectors.

Figure 1. EA category of IDA and blend projects, selected sectors, 1990-2000



¹³ The set of environmental safeguard policies include Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Forestry (OP 4.36), Pest Management (OP 4.09), and Safety of Dams (OP 4.37). There are an additional six safeguard policies addressing Involuntary Resettlement (OP 4.30), Indigenous Peoples

38. Subject to occasional failures, the nature and implementation of the safeguard policies has improved over the past decade. Recent evaluations¹⁴ conclude that IDA projects are normally well designed to avoid environmental damage, and they have good environmental management action plans. Environmental assessments have led to better project design, and environmental management plans have introduced improvements in project implementation, which has resulted in greater attention to environmental issues in IDA-financed projects (see Box 3). IDA clients and staff have acquired experience in using environmental assessment as a tool to improve project design to avoid or mitigate harmful environmental impacts, consider alternatives, and consult with affected stakeholders. However, the technical issues vary from project to project, and EAs remain very staff intensive activities, including efforts to identify funding support for EAs.

Box 3. Environmental assessment leads to better project design and environmental performance: Ghana Takoradi Thermal Plant

The initial design for this power plant was based on a cooling system drawing water from the immediate offshore area, which is the most important fishing and spawning grounds for shrimp in Ghana. Fish and shrimp larvae drawn into the system would have been destroyed and higher temperature discharges into the already warm coastal water could also have caused deaths of young finfish, shellfish and mollusks.

The EA recommendations led to changes in plant design to include water circulation lagoons and cooling towers to lower water temperature before discharge into the fishing zones. This was an important environmental protection measure which avoided significant negative impacts on the ecology, fisheries and hydrology of the system .

39. There is a process of learning underway and findings from the reviews reinforce the view that the standard of EA preparation has improved, on a par with growing staff and borrower capacity, especially in larger countries. In India, a review of major projects over the 1990s concluded that the quality of EA had been “improving steadily.”¹⁵ A review of coal-fired power plants in China concluded that Bank involvement “served as a catalyst for encouraging improved environmental management of plant operations, including those not financed by the Bank.”¹⁶ Similarly, a review of natural resource management projects in East Asia found that environmental shortcomings in early projects were being rectified in later ones.¹⁷ Quality at Entry Assessments carried out by the Quality Assurance Group also confirm that environmental dimensions are typically

(OP 4.20), Cultural Property (OP 11.03), Projects in International Waterways (OP 7.50), and Projects in Disputed Areas (OP7.60).

¹⁴ The Quality Assurance and Compliance Unit, as an input to the “Cost of Doing Business” Review summarized fourteen different reviews of EA including some by the Operations Evaluation Department (OED) and the Quality Assurance Group (QAG), as well as the regional environmental units.

¹⁵ L. Panneer Selvam, Sonia Kapoor, Prasad Modak, and Radha Gopalan, *India: Review of the Effectiveness of Environmental Assessment in World Bank-Assisted Projects* (Washington, DC: World Bank, 1999).

¹⁶ Lanqing Jia, Bernard Baratz, and Jack Fritz, *Environmental Performance of Bank-Financed Coal-Fired Power Plants in China* (Washington, DC: World Bank, February 2000).

¹⁷ Rob Crooks, William Magrath, Glen Morgan, and Susan Shen, *Natural Resources Management: A Strategic Framework for East Asia and the Pacific* (Washington, DC: World Bank, June 1999).

one of the best aspects of project design, even in cases where the overall project rating is less than satisfactory.

40. Challenges for improvement, however, remain. Although EAs became a successful tool at the project level, weaknesses still exist in taking account of environmental concerns at an early stage of project design. Decentralization has also brought some new challenges in ensuring consistency and quality of safeguard application. In addition, internal reviews indicate that the implementation of safeguard policies often overemphasizes the design and preparation phases of projects at the expense of follow-up and supervision. The third Quality Assurance Group Rapid Supervision Assessment found that ratings for environmental supervision are lower than those for preparation, especially for category B projects.¹⁸ Many EAs aim for comprehensiveness rather than focusing on major risk factors, generating increasing volumes of information at increasing costs but limited usefulness to project design and implementation. This is particularly true for IDA operations where limited capacity of borrowers to undertake EAs has led to dependence on donor-supported consultant reports.

41. The implementation of safeguard policies also depends on the regulatory and incentive framework established by environmental legislation in the country where the project is undertaken. In this respect, IDA has assisted many countries over the past decade in introducing environmental policies and procedures. In the framework of the *Environmental Management Capacity Building Project* in India, for example, the Bank is working with the Ministry of Environment and Forests in strengthening the implementation of India's Environmental Impact Assessment policies.

42. Actions to improve safeguard policy implementation are underway, learning from problems of uneven implementation that arose during IDA11, in particular those of the China Western Poverty Reduction Project. At regional and corporate levels, earmarked resources are provided to improve the implementation of the safeguard policies for higher complexity operations and during supervision. A broad program of training initiatives for IBRD and IDA staff and teams in borrower countries to equip them better to address safeguard policy issues in their work is being implemented. A decision has been made to increase corporate oversight through strengthening the central Quality Assurance and Compliance Unit, which functions within the Environmentally and Socially Sustainable Development Network, to develop a stronger, more integrated system for providing timely advice on compliance issues, drawing on experienced professionals in the WBG.

43. There are increasing efforts to ensure that environmental issues are treated adequately in all forms of lending—investment, as well as policy-based and programmatic lending—and that guidelines for all lending instruments are developed and applied by staff. Of particular importance for IDA countries is the new Poverty Reduction Strategy Credit (PRSC), which provides financial resources for the implementation of Poverty Reduction Strategies. PRSCs are likely to fall into two categories for purposes of EA screening: (i) those providing balance-of-payment support will be treated as adjustment lending, and

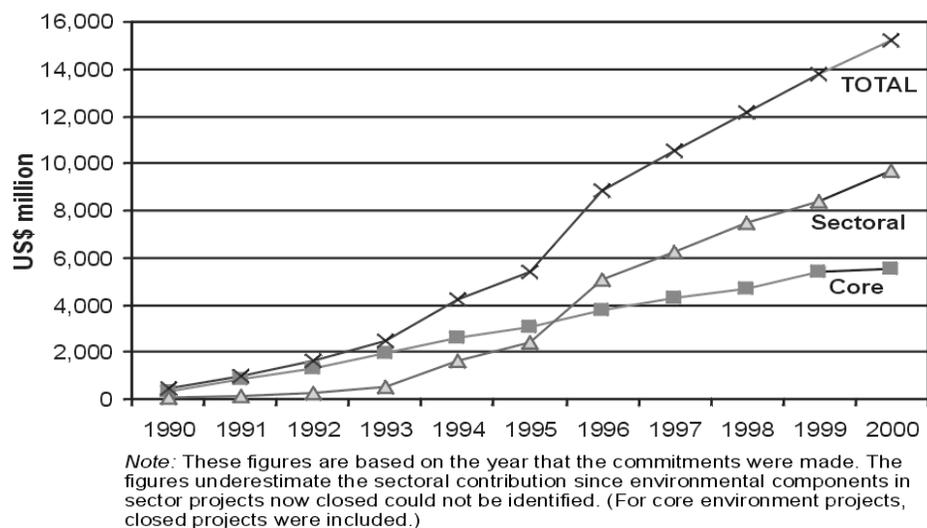
¹⁸ The review, carried out for IBRD and IDA projects, rated satisfactory environmental supervision of 82 percent of Category A project sample, and just over half of the Category B project sample.

(ii) those providing sector support will be treated as sector adjustment operations, subject to the relevant EA process. This latter approach is currently being piloted in preparation of the Uganda PRSC, where one component (water and sanitation) has been screened as a B project, requiring an environmental review.

Lending for environment

44. IDA lending for environment has increased over time, with a gradual shift from core, stand-alone environment projects to incorporating environmental objectives or components in other sector operations. The core environment portfolio covers institutional development, conservation, natural resources management, and targeted investments to address pollution “hot spots.”¹⁹ The broader environment portfolio includes projects in other sectors with either fundamentally environmental objectives (such as renewable energy projects) or with specific environment components (such as wastewater treatment plants in water supply and sanitation projects). The value of this broader environmental portfolio now exceeds that for stand-alone environmental projects, even on a conservative estimate. The cumulative value of both core environmental operations and environmental investments in others sectors (through environmental objectives or components) supported by IDA are shown in Figure 2. These total together an estimated \$15.2 billion of project cost.

Figure 2. Environment investment—Total project value



45. **Core environment projects.** IDA lending for environment was initially concentrated on stand-alone environmental projects, following the increased international commitment to environment after the Earth Summit in 1992 and in response to priorities identified in NEAPs. By the end of FY2000, there were 38 active core environment projects in IDA.²⁰ The total IDA investment in targeted environmental projects over the past decade comes

¹⁹ These projects are usually managed by environmental units and are recorded in the Bank’s databases under a separate environmental projects code.

²⁰ The analysis used those classified as “V” in the Bank’s Institutional Business Warehouse database.

to about \$2.1 billion (about \$1.4 billion in on-going projects and another \$700m in completed projects), and the total value of the projects supported by this lending is around \$5.5 billion

46. Trends in cumulative lending for targeted environmental projects under IDA are shown in Table 1 and in Figures 3a and 3b. The results indicate that the number of projects in the portfolio (active projects in each year) has leveled out since 1998. From this point on, the number of new projects each year are about the same as the number of projects reaching completion. The value of the active portfolio has started to decline as a result of the decline of the average size of IDA environment loans. It should be noted that the average value of investments has not been affected, as IDA environment projects continue to leverage substantial co- or parallel financing).

Table 1. Core environment projects

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| New Projects | | | | | | | | | | | |
| Number | 2 | 1 | 5 | 4 | 4 | 3 | 5 | 12 | 4 | 5 | 7 |
| IDA commitment (\$m) | 191 | 179 | 229 | 202 | 172 | 69 | 349 | 257 | 149 | 213 | 60 |
| Active in Year | | | | | | | | | | | |
| Number | 2 | 3 | 8 | 12 | 16 | 19 | 24 | 34 | 36 | 35 | 38 |
| IDA commitment (\$m) | 191 | 369 | 598 | 800 | 971 | 1040 | 1388 | 1609 | 1670 | 1509 | 1368 |
| Cumulative | | | | | | | | | | | |
| Number | 2 | 3 | 8 | 12 | 16 | 19 | 24 | 36 | 40 | 45 | 52 |
| IDA commitment (\$m) | 191 | 369 | 598 | 800 | 971 | 1042 | 1388 | 1648 | 1797 | 2010 | 2070 |

Source: Institutional Business Warehouse—V projects.

Figure 3a. Core environment portfolio

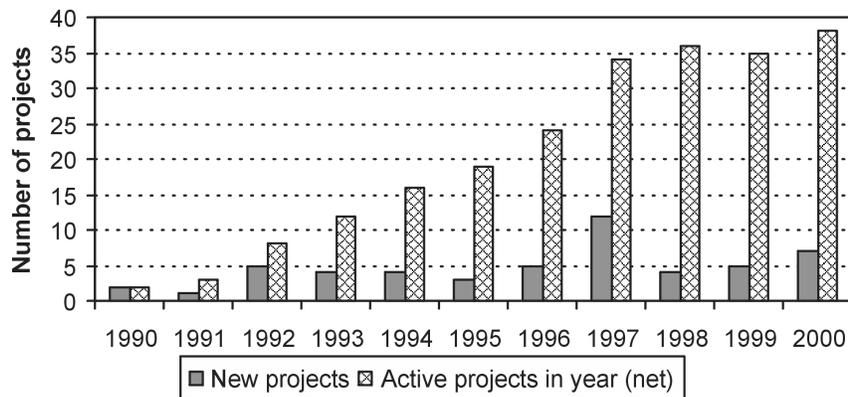
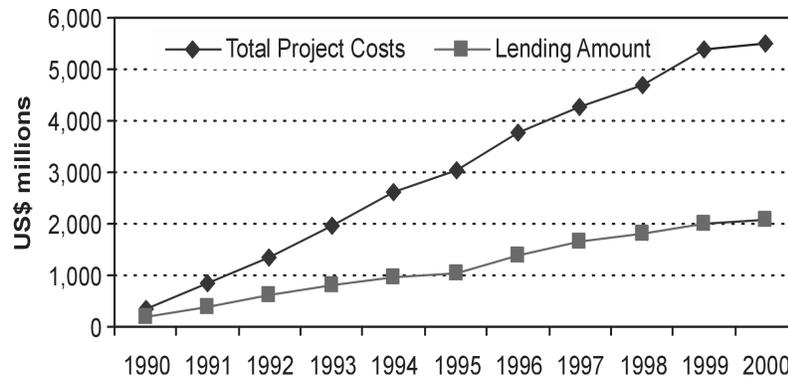


Figure 3b. Cumulative core environment portfolio (active + closed), 1990–2000



47. **The broader environment portfolio.** The test of mainstreaming, however, is the extent to which environmental objectives and components are integrated in projects in other sectors. These projects are normally not explicitly recorded in the institutional database as being part of IDA's environmental lending, but they reflect progress in mainstreaming in the broader portfolio. To assess trends in this part of the portfolio, the Environment Department undertook a desk review²¹ of the active portfolio in four key sectors: agriculture, urban,²² water supply and sanitation, and energy.

48. A thorough review of project documents identified projects with environmental objectives and those with specific environment components. Projects with principal environmental objectives (such as renewable energy) were counted in their entirety. For projects with explicit environmental components, only the value of the component was extracted. A deliberately conservative approach was adopted toward including full projects as well as toward measuring the value of the environmental components. Judgment was applied on a case-by-case basis, in consultation with staff from the respective sectors. The review concluded that environmental components and objectives in sectoral investments (other than the core environment portfolio) have grown significantly, as indicated by the estimates in Table 2. (Some examples of environmental components in sector projects are given in Table 3.)

Table 2. Value of environmental components in active projects in reviewed sectors

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| Value of identified environmental components (\$m) | 77 | 66 | 139 | 238 | 1099 | 761 | 2702 | 1180 | 1213 | 928 | 1299 |
| IDA contribution (\$m), assuming same proportion as for each project | 49 | 53 | 92 | 122 | 571 | 499 | 1221 | 447 | 538 | 413 | 603 |

Source: Estimated by IDA staff, based on sectoral reviews of the active (end FY00) portfolios for agriculture, urban, water supply and sanitation and energy.

Table 3. Examples of environmental components in sector projects (continued on next page)

| <i>Sector</i> | <i>Environmental components</i> |
|---|---|
| Agriculture | |
| Chad's Agriculture and Livestock Services Project, 1995 | <ul style="list-style-type: none"> Sustainable practices promoted in the project include soil and water conservation, contour planting, composting, minimum tillage and agro-forestry. |
| Azerbaijan's Irrigation and Drainage Rehabilitation Project, 2000 | <ul style="list-style-type: none"> Improvement of water management and reduce water logging, salinity and river pollution through rehabilitation of irrigation and drainage works. Comprehensive environmental monitoring and surveying program will also be undertaken, along with incorporation of mitigating measures in sub-project design. |
| Water Supply and Sanitation | |
| Bangladesh's Arsenic | <ul style="list-style-type: none"> On-site mitigation of arsenic contamination, implementation of community interventions and water |

²¹ It should be noted that data on project components is based on the total value of the component rather than the IDA contribution only, because often it is not possible to determine the breakdown of the finance mix by component. In addition, the analysis is based on the current active portfolio of IDA and therefore does not include projects that have recently closed.

²² Urban includes urban development, urban management, urban environment, housing and other urban development projects.

| <i>Sector</i> | <i>Environmental components</i> |
|--|--|
| Mitigation Project, 1998 | supply/sanitation schemes; improved understanding of the arsenic problem; health sector development. |
| Urban Development | |
| Ghana's Urban Environmental Sanitation Project, 1996 | <ul style="list-style-type: none"> Improving drainage, sanitation, and solid waste services. Establishment of assemblies to manage environmental sanitation services. The project's five main components are: 1) storm drainage; 2) sanitation; 3) solid waste; 4) upgrading of low-income urban areas; and 5) capacity-building. |
| China's Hubei Urban Environmental Project, 1995 | <ul style="list-style-type: none"> Putting in place institutions and policies able to sustain progress on the provincial plan for environmental improvement. Improvement of wastewater collection and treatment in three cities, thus maintaining and raising surface water quality to levels suitable for municipal supply, agricultural, or other purposes. Improvement of wastes management in four cities, thus protecting water and land quality. Identification of the highest-impact industrial air and water polluters and significantly reduce their pollution. |
| Energy | |
| India's Renewable Energy Development, 2000 | <ul style="list-style-type: none"> Training on energy conservation and demand side management. Purchase and installation of energy efficiency and/or load management systems. Production of energy efficiency equipment; pre-investment activities to develop pipeline of energy efficiency investments. |

49. Overall, the amount of environmental investment in active IDA operations in the four sectors reviewed totaled \$9.7 billion (of which the IDA contribution is estimated to be \$4.6 billion). This represents about 13 percent of the project investments.²³

Figures 4a and 4b summarize the environmental dimensions of sectoral investments in terms of both share in project amounts and numbers of projects with environmental components or objectives.

50. Agriculture. In the agriculture sector, 95 projects either targeted protection and better management of the natural environment

Figure 4a. Environment content by number

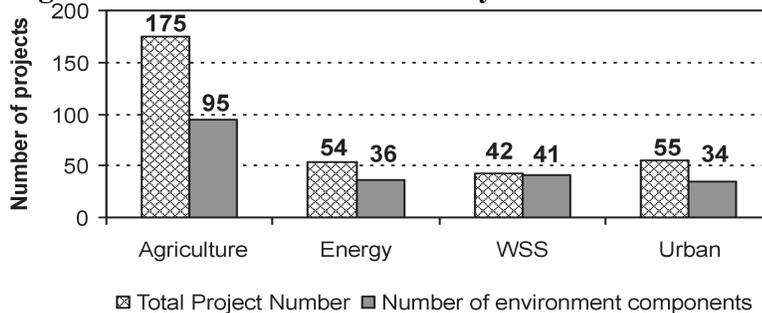
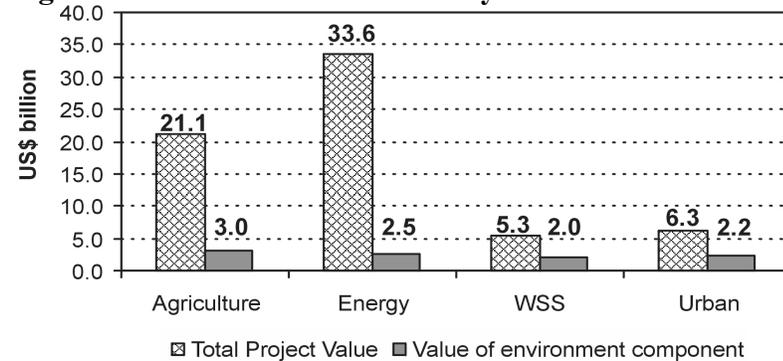


Figure 4b. Environment content by value



²³ The percentage would be higher for IDA lending since IDA tends to contribute higher share of the costs of environmental components in comparison to total project costs. Data could not be extracted in most cases to identify the exact share of IDA in each project component.

or included specific environmental components. This represents 54 percent of the total agricultural portfolio (of 175 projects). The estimation of the value of these environmental components is just over \$3 billion, or 14 percent of the total project amount.

51. The portfolio contains a wide range of environmentally targeted interventions. Land degradation and desertification are issues where rural and environment staff are working together in a joint program to help countries address problems and to implement the Convention to Combat Desertification. A recent review of conservation and biodiversity management in dryland ecosystems identified 52 projects in the drylands portfolio with biodiversity activities, totaling \$3.2 billion²⁴ Many of these activities (summarized in Table 4) have been supported with GEF funding. The range of projects supported is wide, including protected areas (in Kenya, Madagascar, and Uganda), community wildlife management in Burkina Faso, and improved range management in Côte d’Ivoire. In many IDA countries, strong linkages between rural development and environmental objectives are made in forestry, watershed management, biodiversity protection, and soil conservation.

Table 4. Biodiversity/dryland ecosystem projects

| | Project costs (\$m) | Biodiversity components |
|-------|------------------------|----------------------------|
| IDA | 1,318 | 530 |
| IBRD | 1,543 | 366 |
| GEF | 335 | 322 |
| Total | 3,196 | 1,218 |

Source: Environment Department.

52. *Water supply and sanitation.* The water supply and sanitation sector deals with a large number of environmental issues, ranging from abstraction of water resources to provision of urban sanitation and wastewater disposal and treatment. Recognition of these issues is well established among staff in the sector, and there is generally close cooperation with environmental colleagues. Work is underway to develop policy guidelines on key issues related to water and environment. An analysis of the 42 active IDA projects in the water supply and sanitation portfolio identified environmental components in almost every single project, with the value of these environmental components totaling \$2 billion and representing about 37 percent of the total IDA project amount. Environmental components in IDA water supply and sanitation projects include water quality improvement and monitoring; water pollution abatement; wastewater and sewage management; policy interventions that promote conservation, such as pricing; standards, setting and enforcement; and institutional strengthening and public awareness.

53. *Urban development.* An analysis of 55 active IDA projects under the Urban Sector portfolio identified environmental components in almost two-thirds of the projects, with a total value of \$2.2 billion, representing about 34 percent of total project value in the sector. As rapid urbanization is being observed in IDA countries, environmental

²⁴ MacKinnon et al., “Conserving and Managing Biodiversity in Dryland Ecosystems,” Environment Department, September 2000.

components have been purposefully integrated into urban sector projects. These components aim to solve common issues such as improper disposal and treatment of wastes, lack of environmental services, and weak environmental institutions in urban centers.

54. *Energy.* The interface of environment and energy has been a key issue for the Bank and one of major relevance to IDA, since many IDA borrowers are still facing energy constraints. The energy sector portfolio has been changing over the past five years. From a primary focus on support for fossil fuel power plants and distribution lines, the portfolio has shifted toward promoting energy efficiency through institutional and pricing reforms, as well as energy efficiency components, all of which typically generate environmental benefits. There is also support for cleaner energy alternatives such as natural gas, as well as renewable energy sources such as solar, wind, and geothermal power, which reduce climate change impacts.

55. The analysis of 54 active IDA projects under the energy sector portfolio identified 65 percent of the projects with environmental components or clear environmental objectives. The total amount of these components is about \$2.5 billion, representing about 8 percent of the total IDA energy portfolio. Demand for increases in energy production is higher in IDA countries; in contrast, in IBRD borrowers, where energy supply per unit of gross domestic product is close to or even higher than in OECD countries, there is a greater interest in improving energy efficiency than in increasing energy production.

56. *Adjustment and programmatic lending.* As IDA (and IBRD) start to undertake more programmatic lending (whether at the sector or country level), increased attention is being paid to the environmental consequences of such operations. The traditional instruments have been for Structural Adjustment and for Sector Adjustment (usually known as SALs/SECALs, although for IDA these are credits, not loans). In terms of mainstreaming, various reports of the treatment of environment in SALs/SECALs (first reviewed in 1989) initially found “sporadic attempts” to deal with environmental consequences. By 1994, about a quarter of the sector adjustment operations had environmental goals or included conditionalities to address environmental issues. A recent overview showed that for 1995–99, the same proportion continued to apply for SALs but environmental conditionality in SECALs had dropped to 10 percent.²⁵ This drop is considered to reflect a general movement away from extensive conditionality and the increasing emphasis on EA for sectoral operations.

57. This most recent review did not separate out IDA operations but did examine the regional variation and showed that structural adjustment operations in the Bank’s Sub-Saharan Africa countries (primarily IDA) included higher levels of attention to environmental aspects, particularly in the natural resource sectors. The review quoted the Madagascar Structural Adjustment Credit II (approved in 1999) as a good example of how environment can be mainstreamed, with clear linkages between natural resources

²⁵ Anna Gueorguieva and Kirk Hamilton, “A Brief Retrospective on Adjustment Lending and the Environment” (draft), Environment Department Note, July 2000.

and development outcomes, and with specific attention to land tenure, fishery quotas, and environmental requirements for the mining and petroleum sectors.

58. A recent OED report on the environment impacts of adjustment operations was based on case studies of seven countries, including three IDA countries (Bolivia, Kenya, and Malawi) and Indonesia, which is currently a blend country.²⁶ The broad findings were that the programs were mixed in their treatment of environment issues, but that new programs typically were better than the older ones. In general, environmental attention was focused on the impacts of physical interventions (particularly in sector adjustment) while there was insufficient analysis of the impacts of structural adjustment measures such as tax reforms, reduction in subsidies, and promotion of privatization. It is noted that structural adjustment operations are often prepared in a short time period in order to address acute macroeconomic problems, which provides little opportunity for environmental analysis. It will continue to be necessary to be selective.

59. **Conclusion.** IDA has made substantial progress in building quite a sizeable portfolio of stand-alone environmental projects and of projects with environmental objectives and components. This lending has been one focus of mainstreaming and this will continue. Bringing environmental issues upstream in economic and sector policy lending remains more of a challenge but as IDA moves toward more programmatic lending, efforts to mainstream environment in this form of lending are following suit. Sectoral and strategic environmental assessments offer a potential way forward to deal with programmatic and policy-based lending, and efforts are underway to assess the applicability and usefulness of these instruments.

²⁶ Stein Hansen and Dag Aarnes for OED, "Evaluation of the Environmental Impacts of World Bank Adjustment Operations" (final draft), June 2000.

Section IV —

Mainstreaming the Global Environment and Collaboration with GEF

60. As worldwide concern over the state of the environment grew, the World Bank began some 10 years ago to help its client countries address global environmental objectives. The Bank's initial role was confined to that of an implementing agency for two global financing mechanisms, the Multilateral Fund for the Montreal Protocol (MLF) and the Global Environment Facility. Channeling resources from these mechanisms to client countries has expanded significantly over the last decade.

61. Reflecting on these developments, Bank Management in May 2000 presented to the GEF Council a progress report on mainstreaming global environmental concerns in its operations as well as on collaboration with GEF.²⁷ A summary of the key findings of the report is provided in this section.

62. Progress in mainstreaming the global environment in the country dialogue.

Continued progress in incorporating global environmental objectives at the project level depends to some extent on how well the environment and its global dimension are mainstreamed in the country dialogue.²⁸ Progress on this latter front has been mixed. While operational policies and sectoral strategies are largely responsive to global environmental objectives, the analytical tools and skills for measuring global externalities and understanding their links to national sustainable development are not sufficiently available. As a result, the global environment–focused country sector work that is required to inform the country dialogue has not been forthcoming. The analysis of CASs completed in FY99 showed that a limited number addressed local environmental issues of global concern, and that GEF activities—while mostly identified—were only in part linked strategically to the CAS objectives. With a few notable exceptions, CASs did not acknowledge a role for the WBG in helping countries address their responsibilities under global environmental conventions.

63. Finally, mainstreaming the global environment into the country dialogue requires that the transactions costs to management and staff for handling GEF and MLF projects are minimized. Although major progress has been made in streamlining documentation, internal review requirements, and portfolio management, three challenges remain: to find more programmatic ways to channel GEF resources to clients (building on the promising start that has been made in the renewable energy sector); to ensure that GEF and MLF products are fully covered by the Bank's new accounting, budgeting, and operations monitoring system and to continue to work with the GEF Council and the GEF Secretariat to further streamline the external review and approval cycle.

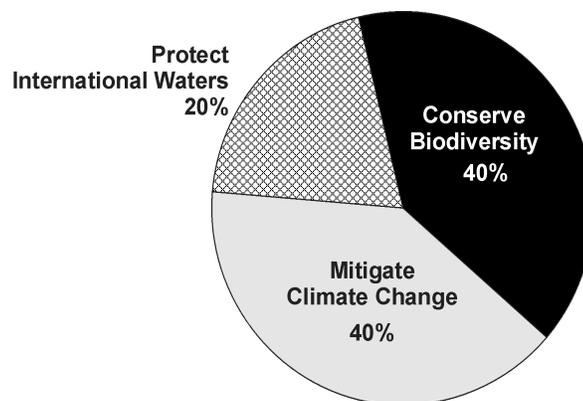
²⁷ *The World Bank and the Global Environment., A Progress Report*, May 2000.

²⁸ The report recognizes two types of global environmental issues: global commons issues (global warming, loss of the protective ozone layer, loss of certain biodiversity elements such as migratory species and globally important genetic resources) and environmental issues related to natural resource degradation on a global scale, such as desertification, degradation of land and water resources, and loss of forests and biodiversity.

64. **Supporting ecosystem approaches.** One of the strengths of an environmental or ecosystem approach, but one which fits uncomfortably with the institutional structure of IDA, is that it looks to natural boundaries and not national frontiers. Productive, stable and resilient ecosystems are the basis for sustainable development and for long term prosperity. The Bank (IBRD and IDA), consistently supported by the GEF, has attempted in a number of areas to take a “people centered ecosystems approach” where this appears to be necessary. Implementing this transboundary approach is complex but one where the Bank’s environmental work has often been able to take the lead or to support local or NGO activities.

65. **Progress in lending targeted at global environmental objectives.** Efforts over the last 10 years to address global environment issues have led to a sizeable lending portfolio that directly addresses a broad range of global environmental concerns including biodiversity conservation, climate change issues, and protecting international waters (see figure 5). The effectiveness of this relatively young portfolio in achieving its objectives is still to be fully evaluated. Indications are that GEF and Montreal Protocol projects perform as well as average Bank projects, if not better in this regard.

Figure 5.
Distribution of GEF lending
in World Bank's GEF projects in
IDA countries through FY00



66. Protecting the ozone layer. Since 1991, about \$600 million has been committed by GEF and MLF for projects in 20 developing countries to help introduce ozone-friendly technologies.²⁹ Approximately 50 percent of this total has gone to IDA countries, principally China and India. This has produced immediate and tangible results: almost 75 percent of the MLF’s overall target for phasing out the use of ozone-depleting substances has been supported through WBG-supported interventions. On the production side, creative Bank initiatives working with key clients to phase out chlorofluorocarbon production should lead to the elimination of more than half of the current global output.

67. Addressing climate change. The Bank’s lending in the energy sector has declined substantially since 1994 as a result of the shift in emphasis in energy sector lending policies toward regulatory reforms, sector restructuring, and greater selectivity in investment support. Over the course of these developments, the IDA’s portfolio of GEF climate change projects has developed satisfactorily, with GEF assistance closely

²⁹ Source: Montreal Protocol Unit, Environment Department.

integrated with baseline IDA assistance. The IDA portfolio stands at 14 projects at a total cost of \$2 billion, with GEF financing of \$207 million. Key partnerships designed to expand the Bank's role in promoting climate-friendly energy development include the IFC/GEF Renewable Energy and Energy Efficiency Fund, WBG/GEF partnering with charitable foundations under the Solar Development Group, the WBG/GEF Strategic Partnership for Renewable Energy Development, and the Prototype Carbon Fund.

68. Conservation and sustainable use of biodiversity. The growth of assistance to country partners to mainstream biodiversity in their development programs is evidenced in a diverse portfolio supporting conservation as well as sustainable use of biodiversity. Over the last 10 years, IDA funding for these purposes has totaled \$465 million, supported by approximately \$200 million in GEF funds and an additional \$500 million in co-funding from others.³⁰ The GEF-supported investments are increasingly becoming integrated and blended with Bank credits and loans, rather than serving as freestanding operations. Small-size, "fast track" GEF grants have in the last two years added important strength, innovation, and diversity to the portfolio, and enhanced the IDA's ability to engage new partners.

69. Sustainable use of forests. GEF has supported the integration of environmental issues into the IDA forestry portfolio in substantial way. Analysis for the current Forest Policy Review³¹ identified \$669 million of forest investments with environmental aims, supported by IDA/GEF (with GEF contributing \$186 million and IDA \$160 million). (There is some but very little overlap with the biodiversity projects discussed above.) Recent experience shows the importance of viewing forest management as a multipurpose enterprise that provides a diverse set of services. To this end, the Bank has initiated several important partnerships, including a formal alliance with the World Wide Fund for Nature to increase forest conservation areas and sustainable use. Regional ecosystem work has also addressed forest problems, in central Africa and in the Amazon, for example, both in cooperation with a wide range of partners.

70. Fresh and marine water resources management. The World Bank's lending commitments to the water sector total approximately \$20 billion over the last 10 years. While the bulk of this lending is in water supply, sanitation, and irrigation, lending for the environment and water projects is expanding. Given that management of transboundary water resources poses special challenges, IDA with the help of GEF funding, works with its GEF partners to actively support development and implementation of regional conventions or collaborative treaties for the management of international waters (such as the Aral Sea, Lake Victoria, and the Mekong River). The current IDA/GEF portfolio includes just over \$500 million of investments in regional seas and coastal/marine waters, with IDA contributing \$136 million and GEF \$168 million.

³⁰ Based on data in "Supporting the Web of Life" (World Bank, April 2000) and information from the biodiversity team.

³¹ "Financing the Global Benefits of Forests: The Bank's GEF portfolio and the 1991 Forest Strategy." 2000. Operations Evaluation Department, World Bank.

71. The Africa Water Resources Management Initiative (supported by several donors) takes a strategic approach to water resources management challenges. The program supports institutional reforms, including the preparation of policies, strategies and action plans in four major international systems; the Nile, Senegal and Volta Rivers and the SADC Basin. In the Nile Basin, IDA is cooperating closely with UNDP and other donors to support the Council of Ministers of Water Affairs of the Nile Basin and its Technical Advisory Committee. In the ECA region, similar approaches are being implemented for the Aral Sea, the Black Sea, and the Caspian, again with GEF support.

72. IDA is also supporting regional (as well as national) approaches to coastal management. For example, work on coastal issues in Mozambique has been expanded to support the Secretariat of Eastern Africa Coastal Area Management which is a focus for capacity building in the region. Efforts in LCR over recent years to integrate a range of environmental activities have resulted in the establishment of the Mesoamerican Biological Corridor program, which includes IDA support.

73. Progress in mainstreaming global environment in broader Bank lending. The broader country and sector dialogue and consequent lending address global environmental objectives indirectly. Lending for energy pricing reform creates incentives for adoption of climate-friendly technologies. Assistance for agricultural intensification or rural non-farm employment often serves to reduce pressures on natural habitats and biodiversity. Capacity building for management of local environmental issues will help overcome barriers to addressing global concerns. Aggregate measurements of the extent and impact of such mainstreaming, complex and difficult as they would be, are not available. Nevertheless, they are periodically needed, and efforts are underway to develop a survey methodology for application in sectors where linkages to global environmental objectives are strong.

74. The challenges. Progress has been made in integrating global concerns as part of the overall efforts to mainstream environment, particularly in relation to climate change, forest biodiversity and water resources. At the same time, there is much work to be done to ensure that environmental issues are consistently considered across the spectrum from local to regional to global, and not just as local or global. Continued efforts to mainstream the global environmental issues in IDA's development assistance work also need to address four main concerns, all of which are now being considered in the development of the Bank's Environment Strategy.

- The need to work more effectively with client country institutions to build local capacity to address global aspects of national sustainable development;
- The importance of strengthening technical capacity to recognize how sectoral reform and investments can help capture global environmental benefits, what the options are for securing global benefits with concessional funding from the global financing mechanisms, and how global environmental degradation affects the economies of our countries;
- More strategic use of funds from the global financing mechanisms to better blend with and catalyze WBG and other donor funding. This requires building capacity to link GEF funding to local development priorities better, to associate GEF resources

more programmatically with the country assistance dialogue, and to leverage GEF through expanded partnerships, including with the private sector.

- Assistance to clients to participate in and profit from trade in environmental goods and services, both global and local, as well as regional trade that has global benefits.

Section V — **Challenges and the Way Forward**

75. **Key findings.** Over the past decade, there has been progress in mainstreaming the environmental agenda in IDA activities. At the country level, through NEAPs, other analytical and technical assistance activities, and environmental lending, IDA has supported the establishment of environmental legislation and institutions and has helped raise awareness of the importance of environmental issues. IDA has also helped to address directly key environmental problems—at local, regional, and global levels.

76. At the sector level, there has been considerable progress in mainstreaming environment into lending with the EA process as a key point of entry.. There is increasing integration of environmental concerns into project work, especially in agriculture, water and sanitation, urban development, and energy. In these key sectors, from thirty percent to over ninety percent of active projects have environment components and the value of the environmental commitments range from eight percent to over thirty percent of the total project costs in these portfolios. These efforts continue, particularly in relation to moving beyond projects to influencing policies and programs.

77. Mainstreaming environment into the macroeconomic policy dialogue, as reflected in key IDA instruments such as the CAS (and now the PRSP), has been slower and the achievements mixed. While, in some cases, environment may be missing from client priorities for a good reason, there is clearly more to be done to ensure that appropriate attention is paid to the long-term sustainability of natural resource use and to the impacts of environmental degradation on development.

78. **Challenges.** Mainstreaming environment is a long-term process. It requires good analysis, in-country advocacy, and building commitment and capacity among IDA's clients over time. IDA's success depends on its ability to systematically invest in integrating environment in the overall development agenda and to work with a broader range of clients than traditional environment counterparts.

79. There is a need for appropriate analysis to make the case at macroeconomic level (both to the country and to IDA staff) for interventions to support environmental sustainability. IDA needs to develop partnerships with local institutions and other specialists in order to (i) provide convincing, analytically rigorous arguments for the importance of sustainability, (ii) communicate the results and use them to build consensus for action, and then (iii) identify practical and effective interventions to address the most critical issues.

80. **The way forward.** Good progress is being made at project and program level, and this must be reinforced. Consistent involvement with key sectors would allow for further influencing of both the sector program and the country dialogue. Structured selectivity must be adopted to concentrate resources on those countries and sectors which provide the greatest opportunities for environmental gains, while continuing a useful dialogue with others where the time is not ready for significant intervention.

81. Safeguards are a critical entry point for the environment. The EA instrument does, however, have significant limitations as currently used: it is generally project specific; it is often introduced too late in the projects' cycle to have major impacts on identification and design; and it focuses on preparation and approval stages with inadequate follow-up during implementation. Existing EA procedures are also poorly suited to the non-lending and "on-lending" programs which now represent a growing proportion of IDA's interventions. Most significantly, the EA is often regarded by client governments, agencies and citizens as externally imposed rules and obstacles. IDA is focusing on ensuring better and more consistent application of EA processes, through the upgrading of quality control systems, in order to improve outcomes. At the same time as addressing its fiduciary responsibilities, IDA is responding to lessons learned by putting substantial efforts into building in-country understanding, commitment and capacity for EA principles and procedures.

82. Better measures of progress need to be developed for all aspects of environment work, covering both process steps taken to promote sustainability and progress on the ground in terms of environmental trends. This work is resource intensive and requires considerable capacity development in client countries, particularly in relation to data collection and management, but it is an area where IDA has been shown to have some advantage.

83. The range of environmental activities now supported by IDA is difficult to track, since these activities cut across many sectors and are often in partnership with GEF and others. Lessons learned need to be systematically captured and made available, so that good practices can be spread. Five years after the 1995 NEAP analysis, there is a need for another corporate review of good practice (and how to promote it) and there is a need for better systems to track environmental activities in other sectors and to maintain a focus on selected NEAP priorities in client countries over the longer term.

84. IDA's effectiveness in delivering on the environmental agenda depends on its ability to balance its role as an advocate in favor of environmentally sustainable development with its role in responding to client-driven demands for investment financing. A central challenge for IDA in mainstreaming the environment is in reconciling these sometimes contradictory objectives, as borrowing governments may not share the view that the environment should be a priority in their development agenda. It is not enough to say, however, that IDA will only give the environment a priority if its clients demand it: the institution's credibility and its institutional mandate in terms of addressing issues of longer term sustainability requires that this priority emerge strongly in its overall program. The range and scale of the environmental challenges facing IDA countries are so great and they are so fundamental to achieving and sustaining improvements in the welfare of people in those countries that IDA must continue informed advocacy for environmental sustainability and its incorporation into fundamental development planning by countries.

85. The upcoming Environment Strategy has already identified a number of priority areas for action, which will address the issues raised here. The developing strategy will put an increased emphasis on analytical work and on structured upstream policy dialogue,

particularly building on current work on poverty and environment and on links between health and environment. The issues of building and supporting commitment and capacity in IDA countries will continue to be high on the agenda. The question of sustainable growth will be a focus of attention (and will be the theme of the WDR2002). Current work in linking environmental issues across the spectrum from local to regional to global and addressing priority environmental problems will continue, using IDA, GEF and other available resources.

**Annex 1 —
IDA-Eligible Countries (including blend)**

| Africa | East Asia | MNA |
|-----------------------------|----------------------------------|--------------------------------|
| Angola | Cambodia | [Egypt] ^{a/} |
| Benin | [China] ^{a/} | <i>Jordan</i> |
| <i>Botswana</i> | Indonesia ^{a/} | <i>Morocco</i> |
| Burkina Faso | Kiribati ^{b/} | <i>Syrian Arab Republic</i> |
| Burundi | <i>Korea, Republic of</i> | <i>Tunisia</i> |
| Cape Verde ^{b/} | Laos | Yemen |
| Cameroon | Mongolia | |
| Central African Republic | Myanmar* | |
| Chad | <i>Papua New Guinea</i> | LCR |
| Comoros | <i>Philippines</i> | Bolivia |
| Congo, Republic of | Solomon Islands | Chile |
| Congo, Democratic Republic* | Samoa ^{b/} | Colombia |
| Côte d'Ivoire | <i>Thailand</i> | <i>Dominica^{a/b/}</i> |
| Djibouti | Tonga ^{b/} | <i>Dominican Republic</i> |
| [Equatorial Guinea] | Vanuatu ^{b/} | <i>Ecuador</i> |
| Eritrea | Vietnam | <i>Grenada^{a/b/}</i> |
| Ethiopia | | Guyana |
| Gambia, The | | Haiti |
| Ghana | South Asia | Honduras |
| Guinea | Afghanistan* | Nicaragua |
| Guinea-Bissau | Bangladesh | <i>Paraguay</i> |
| Kenya | Bhutan | <i>St. Kitts & Nevis</i> |
| Lesotho | India ^{a/} | St. Lucia ^{a/b/} |
| Liberia* | Maldives | St. Vincent ^{a/b/} |
| Madagascar | Nepal | |
| Malawi | Pakistan ^{a/} | |
| Mali | Sri Lanka | |
| Mauritania | | |
| Mozambique | ECA | |
| Niger | Albania | |
| Nigeria ^{a/*} | Armenia ^{a/} | |
| Rwanda | Azerbaijan ^{a/} | |
| Sao Tome & Principe | Bosnia-Herzegovina ^{a/} | |
| Senegal | Georgia ^{a/} | |
| Sierra Leone | Kyrgyz Republic ^{a/} | |
| Somalia* | Macedonia, FYR ^{a/} | |
| Sudan* | Moldova ^{a/} | |
| Tanzania | Tajikistan | |
| Togo | <i>Turkey</i> | |
| Uganda | | |
| Zambia | | |
| Zimbabwe ^{a/} | | |

*Inactive Status during IDA11: no new commitments

^{a/} Blend Countries

^{b/} Small Island economy exception

Countries in *italics* graduated by end-IDA 10

Countries in plain text were eligible under IDA 11

Countries in brackets [] are no longer eligible under IDA 12

Annex 2 —

List of NEAPs (or equivalent country strategies) and Follow-up Activities in IDA Countries

| <i>Country</i> | <i>Completion date</i> | <i>Follow-up activities</i> |
|-------------------|------------------------|---|
| Africa | | |
| Angola | - | |
| Benin | FY93 | <ul style="list-style-type: none"> • NEAP implementation supported by an IDA-financed Environment Management project/Environmental Support Program. Environment Management Plans have been prepared for a number of secondary cities and are being implemented. • The preparation of a PERC (Public Expenditure Reform Credit) that includes the Environment and Urban Ministry aims to contribute to mainstreaming and long term sustainability, through the on-going formulation of a multi-donor "National Environment Management Program" that would regroup all Environment Activities of ABE (Benin Environment Agency) and the Ministry. • Work is in progress for the formulation of a Coastal Zone Management Plan. |
| Burkina Faso | FY92 | <ul style="list-style-type: none"> • In 1999, the National Environmental Management Project was started. |
| Burundi | FY94 | <ul style="list-style-type: none"> • Follow-up limited because of instability and lack of commitment. |
| Cameroon | FY96 | <ul style="list-style-type: none"> • Follow-up limited because of instability and lack of commitment. |
| Cape Verde | FY95 | |
| CAR | CY95 | <ul style="list-style-type: none"> • NEAP process in CAR has been suspended due to internal conflicts (as of 1999). |
| Chad | - | <ul style="list-style-type: none"> • Government has approached IDF for assistance to the preparation of a NEAP (likely to be prepared over the 2000-2002 period). |
| Comoros | FY95 | <ul style="list-style-type: none"> • Two projects followed up on the NEAP: a Natural Resources Management and Environment Project (1997); and the Environment, Water and Infrastructure Project (2000). |
| Congo | FY95 | <ul style="list-style-type: none"> • Follow-up limited because of instability and lack of commitment. |
| Cote d'Ivoire | FY95 | <ul style="list-style-type: none"> • NEAP was published in 1997. • A follow up to the NEAP (Environmental Support Program – ESP) is being considered. ESP likely to be prepared as a multi-donors funded program. |
| Equatorial Guinea | FY97 | <ul style="list-style-type: none"> • Follow-up limited because of instability and lack of commitment. |
| Eritrea | FY95 | <ul style="list-style-type: none"> • Eritrea has adopted National Environmental Assessment Guidelines. • IDF-financed activity provided support for environment assessment and IDA intends to continue assisting in capacity building for EA. • Eritrea has complied with its commitments to report on progress in implementing the Biodiversity Convention, and is in the process of completing a Desertification Action Plan. • A Biodiversity Strategy and Action Plan has been finalized. |
| Ethiopia | FY95 (NCS) | <ul style="list-style-type: none"> • Latest <i>Country Environmental Strategy Paper</i> written in 1994. • <i>Environment Update</i> in February 2000. • Support given to environmental legislation, Environmental Assessment (guidelines and capacity building) and Natural Resources Accounting. • An IDF for support to Environmental Management, particularly EA, is under preparation. |
| Gabon | FY01 | <ul style="list-style-type: none"> • Implementation being prepared through multi-donor program |

| <i>Country</i> | <i>Completion date</i> | <i>Follow-up activities</i> |
|----------------|------------------------|---|
| | | Programme Sectoriel Foret et Environnement (PSFE). |
| Gambia | FY92 | <ul style="list-style-type: none"> • NEAP implementation supported from 1994 to 1999. No follow-up preparation presently planned. |
| Ghana | FY90 | <ul style="list-style-type: none"> • Ghana is one of the first countries in Sub-Saharan Africa to prepare a National Environmental Action Plan. The process was initiated in the late 1980's and the NEAP report was published in 1991. • IDA supported Ghana with a Credit to build capacity to implement the recommendations of the NEAP. The project--Ghana Environmental Resources Management Project, now closed, helped create awareness, develop regulations and build capacity for environmental management. • A Biodiversity Strategy was prepared with support from the GEF. • Environmental Education Strategy was developed with support from IDA and DFID. • An Integrated Coastal Zone Management Strategy was prepared with support from the IDA, GEF, and several donors. The ICZM component of the Village Infrastructure Project aims to support some key elements of the strategy. • The Environment Protection Agency of Ghana has published a National Policy and Vision Statement on the Environment. |
| Guinea | FY95 | |
| Guinea-Bissau | | <ul style="list-style-type: none"> • NEAP preparation with UNDP support. |
| Kenya | FY94 | <ul style="list-style-type: none"> • Throughout implementation of the Kenya Protected Areas Wildlife Service project environmental considerations were put in place. An EA unit was established at the institution. • IDA/GEF support to environmental management of Lake Victoria Basin through soil & water conservation, afforestation of catchments, reduction of fertilizer/pesticides and urban waste management. • Kenya Biodiversity and Action Plan--about 90 percent done. Final report yet to be approved by GoK. • National Report to COP III under preparation. • New Environmental Management and Coordination law was passed in year 2000. Efforts are being made to enforce and implement this law. This is a result of the NEAP process. |
| Lesotho | FY89 | <ul style="list-style-type: none"> • The Maloti-Drakensberg cross border project supports NEAP objectives on sustainable natural resource management and biodiversity conservation. • No stand-alone environment operations, but integration of environmental aspects into other sectoral operations concerning biodiversity conservation and agricultural development. • The CAS was given a top rating for environmental mainstreaming in the FY99 review of 37 CASs by Shyamsundar & Hamilton (2000). • NEAP has been used to inform the national visioning process currently underway. • NEAP and NEAP follow up has assisted to raise awareness and identify the need for Transfrontier Conservation Planning with South Africa and the need for a biodiversity strategy. |
| Madagascar | FY89 | <ul style="list-style-type: none"> • The first country to produce a NEAP and to implement it in an organized way. • NEAP implementation supported by an IDA-financed Environment Management project/ Environmental Support Program. • NEAP implementation in three 5-year phases--2nd phase (EP2) is on-going--mid-term review took place in June 2000. • EP2 involves seven implementing agencies and twelve donors, including GEF--has made environment issues highly visible. |

| Country | Completion date | Follow-up activities |
|------------|-----------------|---|
| | | <ul style="list-style-type: none"> • Good outcome regarding the establishment of EA mechanisms. • Protected Areas program very promising. |
| Malawi | FY94 | <ul style="list-style-type: none"> • Free standing GEF Lake Malawi/Nyasa Environmental Management project developed database on environmental parameters and biodiversity, while IDA-financed Fisheries Development Project focused on increasing fisheries production. In next phase, anticipate a joint GEF/IDA project to integrate biodiversity conservation and related environmental considerations and CBNRM into fisheries sector management and development. • NEAP implementation is being supported by a multi-donor Environmental Support Program. This includes an IDA-financed Environmental Management Project with the following components/objectives: (i) Institutional Capacity Building for the Environmental Affairs Department, including development of an Environmental Impact Assessment and Regulation system and an Environmental Information System; (ii) Environmental Education and Communication; (iii) Community-based Environmental Management, including implementation of co-management policies in the Forestry and Wildlife/National Parks sectors and a program of community-based environmental planning supported by rural and urban microprojects; (iv) strengthening of a climate change; (v) a variety of direct environmental management activities including rehabilitation of the sewerage system of Zomba Municipality, Water Hyacinth control in Lake Malawi/Nyasa and the Shire River, pilot projects for bilharzia and malaria control; and (vi) support for incorporating environmental considerations in the development of a Lands Policy. |
| Mali | FY98 | <ul style="list-style-type: none"> • Follow-up limited because of instability and lack of commitment. |
| Mauritania | FY97 | <ul style="list-style-type: none"> • Under the ongoing irrigation project, strengthen Ministry of Rural Development and Environment's environmental management capacity through training; an environmental fund was established to mitigate impacts of sub-projects. |
| Mozambique | FY93 | <ul style="list-style-type: none"> • Follow-up to NEAP is GOM's National Environmental Management Program (GOM's master plan for promoting environmental management as an important component of poverty eradication and sustainable development). • Supported by a multi-donor program, including a "core" program funded by UNDP, NORAD and the Netherlands, and complementary project-level support from others including the IDA, GEF, Netherlands, and DANIDA. Netherlands is a lead donor and heads the donor coordination. One of the main objectives/elements of the support program is strengthening institutional capacity of the Ministry of Environmental Coordination (MICOA) and key sectoral Ministries and Agencies at central and provincial/district levels, for strategic environmental planning and implementation of the NEAP. The IDA involvement includes GEF and IDA support to biodiversity conservation and sustainable natural resource management, including a Trans-frontier Conservation Areas project (areas bordering Zimbabwe and South Africa) and integrated coastal zone management. The PROAGRI sectoral support program also addresses natural resource management issues relating particularly to rural development. |
| Niger | FY98 | <ul style="list-style-type: none"> • A biodiversity Strategy and action plan was finalized and adopted by the Government in May 2000. • A national communication on climate change was elaborated and presented to The Hague conference in November 2000. |

| Country | Completion date | Follow-up activities |
|---------------------|-----------------|---|
| | | <ul style="list-style-type: none"> • A National plan of action against desertification by promoting Natural resources Management was adopted by the Government in December 2000. • IDA supported Niger with an IDA credit to implement the recommendation of NEAP regarding urban environmental assessment to improve living standards. • A strategy for energy and sustainable development is under preparation. |
| Nigeria | FY90 | <ul style="list-style-type: none"> • Nigeria's NEAP process was supported by the IDA, resulting in the report entitled: <i>Towards a National Environmental Action Plan for Nigeria</i>. • IDA supported a Credit to build capacity to implement the NEAP: The Environmental Management Project, which has now closed. An ICR was published in January 1999. • The Government prepared a National Policy on the Environment and a National Agenda 21 report. • SEAPs have been prepared for most states of the Federation • A Biodiversity Strategy was prepared with GEF support. • IDA supported the development of a sustainable development strategy for the Niger Delta "<i>Defining an Environmental Development Strategy for the Niger Delta</i>" (1995). • IDA supported the establishment of capacity for environmental management at the Federal level through its support to the Federal Environmental Protection Agency as well as some limited amount of support to the State Environmental Protection Agencies. • Microwatershed and Environmental Management Project is a follow-on project to the Environmental Management Project, in that it aims to build capacity at the state level for environmental management. The project targets 6 states: Niger, Bauchi, Adamawa, Imo, Enugu and Benue. The project aims to review and strengthen the legislative and institutional framework for environmental management at the federal as well as state level and build capacity for environmental assessments and promote environmental education, with targeted components at the state level. The main investments are to promote sustainable natural resource management using a microwatershed approach. |
| Rwanda | FY91 | <ul style="list-style-type: none"> • Follow-up limited because of instability and lack of commitment. |
| Sao Tome & Principe | FY93 | <ul style="list-style-type: none"> • The National Strategy for the protection of the Environment and Sustainable Development has been adopted last year. • GEF funding of an Enabling Activity Proposal in Biodiversity, which would lead to the preparation of a Biodiversity Strategy has been approved in November 2000. • Government requested funding for IDA/GEF stand-alone biodiversity protection project. |
| Senegal | FY97 | <ul style="list-style-type: none"> • IDA supported NEAP implementation with IDF. IDF was closed in 1998. No follow-up under consideration. |
| Tanzania | FY94 | <ul style="list-style-type: none"> • Tanzania has prepared reports on meeting its commitments as a signatory of the Biodiversity Convention, and intends to complete its Desertification Action Plan next FY. |
| Togo | FY99 | <ul style="list-style-type: none"> • A coordinated multi-donor approach is in place. • The biodiversity strategy is under preparation and is expected to be completed in FY01. • An IDF has been mobilized to strengthen the legal environment capacities in Togo. The activity includes (i) the preparation of legal and regulatory framework for EIA, and (ii) the training of stakeholders in the public and private sectors. • The preparation of an IDA follow-up project is under consideration. |

| Country | Completion date | Follow-up activities |
|------------------|-----------------|---|
| Uganda | FY94 | <ul style="list-style-type: none"> • GOU's decentralization program calls for the integration of environment in all District Development plans through the development of District Environmental Action Plans as part of the District Development Plans. • Follow-up to NEAP is the GOU's IDA-supported Environmental Management and Capacity Building Project (EMCBP). • Under EMCBP the National State of the Environment Report is produced every other year. • Under EMCBP District Environmental Profiles of every district have been produced. • A National Biodiversity Strategy and Action Plan is being prepared with GEF/Bank support. • The IDA- and GEF-financed Institutional Capacity Building for Protected Areas Management and Sustainable Use (ICB-PAMSU) project is enhancing the planning, management and implementation capacity and the sustainability of the Uganda Wildlife Authority and several other key institutions in the wildlife/tourism "sector." The ICB project is intended to be the first phase of a longer program, with a second phase investment project to be initiated when the necessary institutional capacity has been put in place to absorb the support effectively. |
| Zambia | FY95 | <ul style="list-style-type: none"> • NEAP was published in 1997. • Zambia is implementing the NEAP through an IDA financed Environmental Support Program (ESP). The ESP has a large community based environmental management component. • ESP is building environmental capacity in the government agencies responsible for environmental management and is harmonizing and developing environmental legislation. • Mid-term review of the ESP took place in October 2000. • Environmental legislation is being harmonized through ESP financing. Problems at grassroots level has been factored into the harmonization process. |
| Zimbabwe | FY87 (CNCS) | <ul style="list-style-type: none"> • A National Conservation Strategy was passed in the early 1990's which has served to provide direction for environmental management in the country. • An IDF support for environmental institutions is under consideration. Due to the current political environment, there is uncertainty whether it will be implemented. • The National Environmental Management Bill passed Parliament and is in the Legal Section (with the Attorney General) for amendments. |
| East Asia | | |
| Cambodia | CY99 | <ul style="list-style-type: none"> • Biodiversity and Protected Areas (IDA + GEF) project started in FY 2000 aims to establish national standards and model practices for conservation of parks and protected areas; establishes on the ground management for Virachey National Park; supports training and other capacity building measures. • Forest Concession Management aims at rationalizing forest sector management including environmental guidelines for forestry; promote sustainable resource use in Cambodian forests; supports forest crime monitoring. |
| China | FY94 | <ul style="list-style-type: none"> • In line with national social and economic development objectives, the NEAP set goals for environmental protection in terms of controlling ecological degradation and environmental pollution, improving environmental quality in major cities and improving environmental protection. The Environmental Technical Assistance Project provided support to these objectives and helped to establish a long association with the major |

| Country | Completion date | Follow-up activities |
|-----------------|-----------------|---|
| | | <p>environmental actors in the country and the development of policy dialogue and a lending program in which the environment became quite well mainstreamed.</p> <ul style="list-style-type: none"> • The urban development program is environmentally oriented, focusing on municipal waste water collection and treatment, urban air quality improvement and energy efficiency. There has been ongoing support to activities in industrial pollution control and pollution prevention. The water resources development program implemented through the rural development unit has had a strong focus on integrated river basin management eventually leading to the Tarim Basin Projects which have underwritten creation and development of the first provincial level river basin commission in the country. The energy portfolio includes the largest alternative energy project (wind and photo-voltaics) in IDA while investments in thermal power have been geared towards increasing energy production efficiency and introducing new pollution control technologies (e.g., flue gas desulfurization). • The rural portfolio includes the Loess Plateau projects which are the largest and among the most effective erosion control projects in IDA/IBRD and are making a substantive contribution to poverty alleviation on the most eroded landscape in the world, while reducing sedimentation in the Yellow River. This experience is being used to work with the government to develop a whole new concept of rural development which simultaneously addresses rural poverty and land degradation. • There have been four major forestry projects over the last 18 years, mostly supporting and improving the quality and effectiveness of the government's ambitious reforestation and plantation rehabilitation programs but also extending, on a small scale, into biodiversity protection and, most recently, pilot programs on sustainable management of natural forests. |
| Indonesia | FY94 | <ul style="list-style-type: none"> • The Environment and Development report for Indonesia addressed concerns over (un)sustainable use of natural resources and the social and economic costs of pollution. • Immediate follow-up included the BAPADAL Development TA project to strengthen the EIA systems as well as a number of IDA (with GEF) projects addressing forestry, coastal protection and urban environment. • More recently, IDA supported an Environmental Strategy Update, addressing the impacts on resources use of the economic and social shocks of 1997/8. |
| Kiribati | FY95 | <ul style="list-style-type: none"> • There are hardly any projects in Kiribati, Solomon Islands, Tonga or Vanuatu. Currently there are 2 projects in Solomon Islands, so little direct follow-up. A recent a climate change study was done; <i>Adapting to Climate Change: Cities, Seas, Storms, Managing Change in Pacific Island Economies, November 2000.</i> |
| Samoa | ---- | |
| Solomon Islands | FY95 | See Kiribati. |
| Tonga | FY94 | See Kiribati. |
| Vanuatu | FY95 | See Kiribati. |
| Lao PDR | FY94 | <ul style="list-style-type: none"> • FOMACOP (Forest Management and Conservation Project) – promote forest management planning; encouraged community based forest management and more equitable access to forest resources; support for environmental code of practice in management regimes. • WIPACOP (Wildlife and Protected Areas Conservation Project GEF–promote sound management of the national biodiversity conservation areas; promote community based development as |

| Country | Completion date | Follow-up activities |
|--------------------------------|-----------------|--|
| | | part of park management; established management plans for four parks. |
| Mongolia | FY95 | <ul style="list-style-type: none"> • IDA has responded to a number of NEAP priorities: • A GEF-medium-sized project is now removing constraints to the use of improved urban stoves to reduce greenhouse emissions and lessen the burden of air pollution. • Environmental problems related to grazing are being addressed through herding risk-reduction APL project (ESRD). • In CY00 Bank Norwegian trust funds supported the process and the writing of the NEAP2000, a document which is being finalized. |
| Myanmar | ---- | |
| Vietnam | FY96 | <ul style="list-style-type: none"> • The 1995 update of environmental program and policy priorities identified strategic actions required in relation to national resources, urban, and industrial pollution, and institutional development which led to: <ul style="list-style-type: none"> (i) Forest Protection and Rural Development Project. (ii) Mekong Coastal Wetlands Protection and Development Project (iii) Training program on Industrial Pollution Prevention (iv) Ho Chi Minh City Environmental Sanitation Project. |
| Europe and Central Asia | | |
| Albania | FY94 | <ul style="list-style-type: none"> • Butrint National. Park IDF grant. Expected to be completed by the end of the CY2001. • Forestry Project (\$20 m). • Fisheries project under preparation. • The Committee for Environmental in the Ministry of Health was upgraded into the National Environmental Agency (NEA). • Gaps in environmental legislation were addressed, regulatory measures improved. • The Albania NEAP is being updated. |
| Armenia | FY99 | <ul style="list-style-type: none"> • Natural Resource Management and Poverty Reduction Project (about \$17 m) to address priorities of the NEAP. It explicitly links environmental interventions to poverty reduction objectives. Includes \$5 m of GEF funding. • Armenia Integrated Water Resources Master Plan (TA, to be delivered in March 2001) to address priorities identified in the NEAP and the Lake Sevan Action Plan – an environmental action plan aimed on preserving natural resources of the Lake Sevan Basin. |
| Azerbaijan | CY99 | <ul style="list-style-type: none"> • Urgent Environment Investment Project (24.5 m, ongoing) addresses 4 topmost priorities of the NEAP. Most other NEAP priorities were addressed by projects and funding from bilateral agencies. Those not addressed, particularly in the area of climate change and biodiversity will be submitted for GEF funding in the near future (FY2003). • Template for Reorganization of Environmental Management System prepared. • New Environmental Law passed. • Environment being incorporated into poverty reduction strategy of the Government. • The NEAP Update would serve multi-purposes: <ul style="list-style-type: none"> i) Preparation of Participatory input on environmental issues into I PRSP; ii) Updating NEAP Priorities in light of changing country priorities and the poverty focus of the Bank; iii) Link NEAP/Environmental priorities more closely to macro-economic/national priorities by linking the financing strategy |

| Country | Completion date | Follow-up activities |
|--------------------|-----------------|--|
| | | <p>iv) for the NEAP with the ongoing Public Expenditure Review Partnership. The NEAP Update would also bring together all the multi-lateral and bi-lateral environmental donors working in Azerbaijan to discuss the new priorities in the country;</p> <p>v) The NEAP Update could provide an input to the Sustainable Development Strategies that all countries are expected to submit to the Second Earth Summit in Autumn 2002.</p> <p><i>*(NEAP for Azerbaijan was ratified by the Government in 1998. Most of the priority actions set forward by the NEAP have been successfully implemented: 19 projects are implemented or completed, 4 projects are prepared and submitted to donor community for consideration, 9 projects are being negotiated, 3 projects are no more of a particular importance, and 9 projects have not been implemented at all.)</i></p> |
| Bosnia-Herzegovina | --- | <ul style="list-style-type: none"> • NEAP-like instrument is being prepared. Expected delivery in 18 months. • NEAP Steering Committee created from officials of Federation of Bosnia and Herzegovina and Republic of Sprska. • NEAP is expected to assess the state of environmental management in post-was context, and guide design of investments and policy recommendations in water, agricultural, and waste management; also to incorporate environmental sustainability in economic agenda. |
| Georgia | FY99 | <ul style="list-style-type: none"> • Protected Areas Development Project (GEF) \$30 m. • Forest Development Project - related to the project above • Integrated Coastal Management Project. • Environmental Legislation IDF. • Tbilisi Water Supply and Sanitation Project – example of NEAP priority addressed by sector other than environment. • Borjomi Karagauli National Park and community development project funded by KFW (Kreditanstalt fur Wiederaufbau). |
| Kyrgyz Republic | FY95 | <ul style="list-style-type: none"> • GEF enabling activities. • Rural Water and Sanitation Project. • Central Asia Transboundary Biodiversity Project. • Sheep Development Project with Pasture Management Component. ▪ Enhanced environmental awareness within the Government and general public. ▪ Contributed to policy reforms (Privatization and Enterprise Adjustment Credit required environmental audits for polluting enterprises). |
| Macedonia | FY97 | <ul style="list-style-type: none"> • GEF enabling activities – Biodiversity Strategy and Action Plan. • ESMAP Greenhouse Gas reduction program. |
| Moldova | FY95 | <ul style="list-style-type: none"> • Three investment projects addressing water resources management – one of the highest NEAP priorities – are being funded by EBRD (1) and the Government of Turkey (2). • Five TA projects – 2 funded by the IBRD/IDA and 3 by the EU TACIS – in total of USD 5 m are also addressing the water resources management. This includes a Water Resources Management Strategy and River Basin Management Plan. • GEF biodiversity conservation project (medium size project). • State Department for Ecology was upgraded into the Ministry of Environment. • National Strategies for Water Resources, Biodiversity, and Forestry were developed based on the NEAP. • Eight new comprehensive Environmental Laws were passed. • Environment was mainstreamed in other sectoral policies (e.g., energy pricing). • Economic Valuation was applied for the first time in setting environmental priorities across sectors and media. |

| <i>Country</i> | <i>Completion date</i> | <i>Follow-up activities</i> |
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| Tajikistan | ---- | <ul style="list-style-type: none"> • NEAP initiated, but currently on-hold. • Lake Sarez risk mitigation project to reduce the risks from possible sudden collapse of an landslide-formed lake. |
| Latin America and the Caribbean | | |
| Bolivia | FY94 | <ul style="list-style-type: none"> • In Bolivia the administration has pursued “mainstreaming” environmental concerns into sector activities with progress being made especially in mining, hydrocarbon, and transport sectors. For example, the IDA-financed Environment, Industry, and Mining Project has been going well, and reflects government commitment to institutionalizing good environmental review practices. • The GEF Protected Areas System Project presented to the Board in January 2000 builds on the GEF Biodiversity Conservation Project, which closed in December 1998. It involves the initiation of new funding and supervision mechanisms for protected areas, including broad participation of NGOs. • The Bolivia Hydrocarbon LIL approved in FY00, support monitoring of environmental impacts and enforcement of mitigation plans for hydrocarbon exploration with considerable NGO/community involvement. |
| Guyana | FY94 | <ul style="list-style-type: none"> • In Guyana a GEF Natural Protected Areas Project is currently in the pipeline and awaits resolution of Amerindian land claim issues. The government of Guyana has been asked to provide a final position on this project by February 15, 2001. Partnerships with the European Union, KfW, and indigenous communities are key to the program’s success. |
| Haiti | CY 99 | <ul style="list-style-type: none"> • In Haiti, a GEF-Biodiversity Enabling Activity Project is currently underway, the outputs of which include a national biodiversity strategy and a clearing house mechanism. • Preparation has started on the proposed Haiti Sustaining Conservation and Protected Area Management (GEF-supported) project which was identified as a key priority in the NEAP. Donor collaboration is a key feature of project design. |
| Honduras | FY93 | <ul style="list-style-type: none"> • The Mesoamerican Biological Corridor is a major area of focus. Activities include the \$7 m Biodiversity in Protected Areas GEF project, as well as non-lending services which included an ecosystem map, marine and coastal management studies, indigenous people in protected area management (all Dutch co-financed). • The Honduras Environmental Institutional Development project, after a recent restructuring, has just closed and has been satisfactory completed. • Natural resources management issues are covered under the IDA Sustainable Coastal Tourism Planning and Management project under preparation, and ongoing Rural Land Management Project. • A Natural Disaster Management Project has recently been approved, and the Mesoamerican Barrier Reef project has recently finished negotiations. • The Honduras CAS emphasizes increased vulnerability to natural disasters as a result of poor natural resources management. |
| Nicaragua | FY94 | <ul style="list-style-type: none"> • In Nicaragua there is a large GEF-supported Mesoamerican Biological Corridor project, and the Atlantic Biological Corridor Project. It is co-financed with the IDA Rural Municipalities Project which has the MAREMA component that seeks to strengthen the legal and environmental framework. • A Rural Municipal Development project which has one important component that focuses on municipal environmental |

| Country | Completion date | Follow-up activities |
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| | | <p>management, is currently under preparation. Also under preparation are the Land Administration Project (IDA); and the Disaster Management Project (IDA).</p> <ul style="list-style-type: none"> • Also active are the Sustainable Forestry Investment Promotion project (IDA); and the Agricultural Technology and Rural Education Project (IDA in preparation). • The Nicaragua CAS mentions natural resource degradation as a contributor to rural poverty. It also identifies biodiversity conservation as a national priority recognizing the contribution this will make to regional and global conservation values through the Mesoamerican Biological Corridor. • The Nicaragua NEAP is expected to be revised and updated this year with funds from DANIDA. |
| OECS | FY96 | <ul style="list-style-type: none"> • Environment is expected to be a key component of the OECS countries CAS, which is expected to be completed in FY01. • A possible Protected Areas and Cultural Heritage Project is being discussed as part of the CAS dialogue, and the GEF-financed Caribbean Planning for Adaptation to Global Climate Change Project is proceeding satisfactorily. Discussions are beginning with the GEF Secretariat on a follow-up project to mainstream Global Climate Change Initiatives with the Bank's portfolio. • Under implementation is the Emergency Recovery and Disaster Management Project (as an Adaptable Program Loan), which is expected to cover five countries. • Also under implementation is the OECS Solid and Ship generated Waste Management Project which covers six countries including St. Vincent and the Grenadines, St. Lucia, Grenada and Dominica, and has six co-financiers including IBRD, GEF, CDB, the European Union, the European Investment Bank, and the DIFID. This project is likely to be extended for one year. |
| Middle East and North Africa | | |
| Egypt | FY92 | <ul style="list-style-type: none"> • The Egypt Red Sea CZM was approved in 1992 and effective in 1994. • Egypt has had several projects that address environmental issues such as the Pollution Abatement Project (1996), and the Gulf of Aqaba environmental action plan (2000). |
| Yemen | FY96 | <ul style="list-style-type: none"> • Yemen's key follow up area is the protection of its marine resources biodiversity. This is accomplished through three GEF projects that the IDA is an executing agency: the Strategic Action plan for the Red Sea and the Gulf of Aden, the Protected Area Management Project as well as the Pilot Projects for Coastal Zone Management. • IDA stand alone environment project in Yemen is limited to GEF projects. However environment components were built into energy, water and waste water projects. • One of the four main areas of focus of the 1999 CAS (May 3, 1999) is improving water management for sustainability. Yemen has severe water shortage of very poor quality, emphasis was therefore on resolving the local and national water resources issues. A Country Development Report is under implementation and would further mainstream environment into other sectors. |
| South Asia | | |
| Afghanistan | ---- | |
| Bangladesh | FY95 | <ul style="list-style-type: none"> • Bangladesh Air Quality Improvement Project (approved August 2000) – this Learning and Innovation Loan (LIL) addresses urban |

| Country | Completion date | Follow-up activities |
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| | | <p>air quality management by means of pilot activities and institutional support, with the ultimate goal of reducing human exposure to vehicular air pollution in a cost-effective manner.</p> <ul style="list-style-type: none"> • Dhaka Urban Transport (ongoing) Outcomes include – improve efficiency of the urban transport system with emphasis on traffic management, private sector participation, and improving transport services for the poor. • Sustainable Environmental Management Project (SEMP, ongoing). Outcomes include – TA activities in the areas of industrial pollution monitoring and compliance, environmental information, environmental assessment, environmental standards, and land use planning. • Slum Improvement Strategy (AAA). Outcomes include – expanded analytical focus on slum sanitation and solid waste management. • Fisheries IV (ongoing) Outcomes include – support sustainable growth in, and equitable distribution of the benefits generated from increased fish and shrimp production for domestic consumption and exports. • Arsenic Mitigation Water Supply (ongoing) Outcomes include -- support to rural and urban areas affected by arsenic contamination of groundwater; include emergency interventions to treat water or find alternative sources, studies, institutional support, and international coordination. • Sundarbans Conservation Project (GEF, WB/ADB-implemented, ongoing). Outcomes include strengthened park and forestry management , and community development in buffer areas. |
| Bhutan | FY94 | |
| India | FY94 | <ul style="list-style-type: none"> • The India Environmental Action Plan (EAP) identified seven environmental priorities for GOI as follows: (a) conservation and sustainable utilization of biodiversity; (b) afforestation, wastelands development and conservation of soil and moisture and ensuring that water sources are not polluted; (c) Control of industrial and related pollution with an accent on the reduction and or management of wastes, particularly hazardous wastes; (d) improving access to clean technologies; (e) tackling urban environmental issues; (f) an alternative energy plan; (g) strengthening scientific understanding of environmental issues, as well as strengthening structures for training at different levels, orientation and creating environmental awareness. • The Environmental Management Capacity Building TA was approved to address key issues in environmental management in a flexible way and has evolved to concentrate on successful areas including environmental economics, environmental law, industrial siting, coastal zone management, and the Gujarat State Environmental Action Plan. • Investment projects supporting the different priorities in the NEAP include: Forestry Sector Development; Uttar Pradesh Sodic Lands Reclamation (I and II), Watershed Management Hills II; Maharashtra Forestry; Forestry Research Education; Andhra Pradesh and other state forestry projects; other examples are: Coal Environmental and Social Mitigation; Industrial Pollution Prevention and Renewable Energy II. |
| Maldives | FY93 | |
| Nepal | FY94 | <ul style="list-style-type: none"> • Hill Community Forestry (ongoing) Outcomes include community-based forest management; increase reforestation rate to keep pace with deforestation; strengthen forestry organizations. |

| <i>Country</i> | <i>Completion date</i> | <i>Follow-up activities</i> |
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| | | <ul style="list-style-type: none"> • Biodiversity (GEF) (ongoing) Outcomes include GEF would help support a biodiversity task force; strengthen the department of national parks; build capacity of grassroots organizations to apply to the fund; and, biodiversity planning. |
| Pakistan | CY92 | <ul style="list-style-type: none"> • Environmental Protection and Resource Conservation (closed). Outcomes include legal and institutional framework; pilot watershed management; reforestation and mangrove rehabilitation. • Natural Resource Management (closed). Outcomes include – rural incomes; rural infrastructure; watershed protection; social mobilization. • Balochistan Natural Resource Management (ongoing). Outcomes include – institutional framework; watershed and forest protection • National Drainage Program (ongoing) Outcomes include – water salinity; water logging; institutional reform. |
| Sri Lanka | CY98 | <ul style="list-style-type: none"> • Environmental Action Plan (ongoing) - Outcomes include support policy, institutional, legal, and high priority investment operations for the implementation of Sri Lanka's national environmental action plan. • Protected Area Management and Wildlife Conservation (with ADB) (ongoing). • Community water supply and sanitation (ongoing) – Outcomes include providing sustainable access to safe/potable drinking water supply and adequate sanitation services through cost-effective service delivery and mgmt. Involving private sector; to extend coverage to rural communities; finance water/sanitation infrastructure, community development., institutional reorganization decentralization, private sector development & capacity building. • Cleaner Fuels (ongoing). |

Annex 3 —

Recent AAA Products and Activities in IDA Countries

| <i>Title of Bank report/ study</i> | <i>Country</i> | <i>Contribution to policy dialogue</i> |
|--|----------------|---|
| Africa Region | | |
| Agriculture Growth Strategy, 1999 | Burkina Faso | The output will be a national agricultural and rural development strategy that would put Burkina Faso's agriculture on a sustainable path. Capitalize on lessons from experiences in ongoing operations. |
| Environment Study, 1999 | Ethiopia | Aims to update the Bank's Environment Strategy paper and re-establish an active dialogue with the environmental constituency in Ethiopia. |
| Lake Malawi Environment, 1999 | Malawi | Develops a water quality/ physical processes model for Lake Malawi/ Nyasa. |
| Agriculture/ Rural Sector Strategy, 2000 | Guinea | Builds on the current agricultural development strategy statement elaborated by the Guineans but broadens its scope by encompassing all rural development aspects, including livelihoods, natural resources management, social infrastructure, decentralization, and local community participation. |
| Biodiversity Strategy, 1999 | Eritrea | Assists government in preparing a biodiversity study and action plan. |
| "Integrated Coastal Management in Sub-Saharan Africa: A Strategic Agenda" and "Africa: A Framework for Integrated Coastal Management" 2001 | Africa | Builds on past regional initiatives in the area of coastal zone management. The rich pelagic fisheries within the exclusive economic zones of the Eastern and Southern African coastal nations, the uniqueness of the biodiversity and ecosystems of the coastal and marine areas, and the opportunities for developing tourism enterprises that are environmentally sustainable all support the case for a regional ICM initiative in the Southwest Indian Ocean. Such an initiative could also allow the Bank to provide leadership to the many disparate interventions currently supported by the donor community in the sub-region. |
| Water Resources Management, 1999 | Africa | Development of sustainable water resources management policies and strategies at the country and basin levels. It ensures the participation of civil society as stakeholders in water resources management, builds capacity within the public and private sector for cross-sectoral water resources management, and builds awareness across society of the challenges and opportunities in this field. |
| Energy Paradigm, 1999 | Africa | Seeks to identify the linkages between energy development, poverty alleviation, growth, social equity, the environment, and private-sector development. It also seeks to specify energy strategy objectives for the Africa region to target main development linkages. |
| Environmentally Sustainable Tourism, 1999 | Africa | One of the objectives of the study is to establish cross-sectoral working relations with Bank environment units. |
| SADC Regional Water, 1999 | Africa | This aims to provide support to member-countries in seeking joint solutions to problems in international rivers and groundwater basins. |
| National Biodiversity Strategy, 2000 | Uganda | Assistance in the development of a national biodiversity strategy as required under the Convention on Biological Diversity. |
| Urban Environment, 2000 | Africa | The local action plans to be developed are aimed at the establishment of an African network of local environment specialists and decision-makers to identify and disseminate good practices and the gradual integration of local environment management into Bank-financed infrastructure projects. |
| TA to Federal Ministry of Environment, 2000 | Nigeria | The TA outlines a strategy, vision statement, and action plan to allow the Ministry to implement its mandate relating to policy and advisory role, monitoring and compliance role, and implementation of environmental and natural resource program. The TA will also contribute to creating the enabling conditions for the "Micro-Watershed and Environmental Management Program." |

| <i>Title of Bank report/ study</i> | <i>Country</i> | <i>Contribution to policy dialogue</i> |
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| Land Policy and Land Administration, 2000 | Africa | Contributes to capacity-building and policymaking, facilitating poverty alleviation through more equitable access to land assets and a policy environment more conducive to investment in those assets. |
| Integrated Natural Resources Management, 2000 | Nigeria | The objective is to develop an integrated natural resources management program for Nigeria that focuses on priority areas, taking into consideration the needs of the main stakeholders as well as the economic, social, and ecological values associated with the resource base. |
| East Asia and the Pacific | | |
| Power Plant/Coal Incinerator, 1999 | China | This work has evaluated major environmental safeguards issues in a key polluting sector. It was based on field visits and determined that overall compliance levels in coal-fired power plants since the late 1980s has been highly satisfactory. Lessons learned have been discussed with government counterparts and show the effectiveness of Bank guidelines when safeguards are applied under field conditions. |
| Environmental Sector Work, 2001 | China | Key issues that have been brought up in Bank sector studies in China, and that the government has already addressed or is in the process of addressing, include phaseout of lead in gasoline, integrated river basin management, increased cost recovery for urban environmental services departments, forest sector reform, and sustainable agricultural development. |
| Environmental Sector Update, 2001 | China | Update of 1992 environmental sector and assistance to SEPA in preparation for the 10th Five-Year Plan plus a range of additional technical assistance (TA) activities associated with and arising out of the environmental sector update. |
| Regional Natural Resources Strategy, 1999 | EAP | This work reviewed 10 years of operational experience in natural resources management and highlighted key lessons at the regional and national levels. The work has been used to set priorities for country-level dialog and identifies key initiatives for the period 2000–02. |
| Environmental Benefits of Land Degradation Restoration, 1999 | EAP | Workshop was completed and proceedings prepared that reviewed and evaluated international experience in restoration of degraded lands. Identified cost-effective technical options that were disseminated to regional technical staff involved in land degradation work. |
| Urban Integrated Environment, 1999 | EAP | The Bank is financing a number of large urban environmental projects including water support, sewerage, solid waste management, pollution control, and water resources management. Very detailed technical EA work preceded the investments, and comprehensive environmental management plans were adopted for implementation. The predicted environmental and health benefits are significant. |
| Safeguards Policy, 1999 | EAP | In response to the fast-tracked preparation of the <i>Indonesia: Water Resources</i> SECAL, we are assisting the client and the task team with the preparation of an EA and an environmental management plan complemented by a consultation exercise with a sample of all known stakeholders. The experience gained from their work will be used to develop a simple guide/checklist/model for EA for SECALs, incorporating the lessons learned. |
| Regional Impact of Change, 2001 | EAP | The study will document and model the regional economic and environmental impacts of recent changes in Chinese forest policy. Cofinanced with World Wildlife Fund Forestry Alliance. |

| <i>Title of Bank report/ study</i> | <i>Country</i> | <i>Contribution to policy dialogue</i> |
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| Agro Chemical Usage, 1999 | Indonesia | The work updated the regional review of agrochemical usage in East Asia. It provided a major technical reference on application rates and is used as a fundamental reference manual on this subject. |
| Environmental Strategy Update, 1999 | Indonesia | This report analyzes trends and issues in terrestrial resource use—specifically forestry, biodiversity, and mining, with particular emphasis on the resource-rich regions off Java in light of the economic, social, and economic shocks that Indonesia experienced in quick succession in 1997–98. Separate reports are produced on forestry, mining, and biodiversity. |
| Environmental Production, 2001 | Mongolia | Due to inappropriate harvesting methods of medicinal herbs, several species are now threatened (according to the Mongolian Red Book), and attention needs to be given to their sustainable harvesting and/or cultivation as part of the national cultural heritage. |
| Metropolitan Environmental Improvement Program, 1999 | Vietnam | This program is assisting the Haiphong People’s Committee (HPPC) to develop environmental action/implementation plans; to strengthen the institutional and legislative framework for environmental planning, monitoring, and enforcement; to coordinate community-led efforts in improving the living environment, including financing minor civil works and education efforts; and to help identify priority investments in hot spots. |
| Industrial Pollution Prevention, 1999 | Vietnam | It set the background for cleaner production in Vietnam, which was followed up by the establishment of cleaner production by the U.N. Environment Programme. It also help establish National Clean Production Center in Vietnam. |
| Urban Environment Strategy, 1999 | Vietnam | The study laid out the water and sanitation infrastructure needs of the country, and the Bank followed up with investments in this sector. |
| Environmental Topics, 1999 | Vietnam | It helped prepare environment management system. This also led the way for MEIP initiative on urban strategy. |
| Environmental Information Management, 2000 | Vietnam | IDF grant helped establish information management and public disclosure program with a pilot in Hanoi for industrial water pollution program. |
| Phaseout of Leaded Gasoline, 2000 | Vietnam | Assistance to Government of Vietnam’s Ministry of Transport to help implement the switch to unleaded gas, one of several international donors, funded by ESMAP Canadians, and Swedes. |
| Halong Bay Conference, 2000 | Vietnam | Bank supported high-level conference on regional development opportunities for coastal area, which includes World Heritage Area. |
| Europe and Central Asia | | |
| Phasing Out Lead from Gasoline in Central and Eastern Europe Study; 1997 | ECA | <ul style="list-style-type: none"> • Identification of major sources of lead pollution and their health impacts. • Evaluation of feasibility to phase out lead, and proposing policies for phase out. |
| Regional and National Strategies for Aral Sea; Study Tours; 1997–1998 | Kyrgyz Republic, Tajikistan | <ul style="list-style-type: none"> • Water and salinity management strategies used to guide future policy, institutional and investment actions by the states. |
| Transition to Healthier Environment Study; 1998 | NIS | <ul style="list-style-type: none"> • Need for “Refocus on the NIS” highlighted. • Significance of water as the dominant concern in Eastern part of NIS (Central Asia) identified, as input to the 1998 Ministerial Conference at Århus. |
| National Lead Phase Out Commitment Building Program; 1998 | Azerbaijan | <ul style="list-style-type: none"> • Cessation of production of leaded gasoline. • Contribution to regional study. |
| Water and Wastewater Sector | Kyrgyz | <ul style="list-style-type: none"> • Options for and agenda of policy issues to be addressed and |

| <i>Title of Bank report/ study</i> | <i>Country</i> | <i>Contribution to policy dialogue</i> |
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| Note; 1998 | Republic | <ul style="list-style-type: none"> debated by policymakers, operators, and users. Recommendations on formulation of a comprehensive reform of the sector. |
| River Basin and Water Sector Study; 1999 | Armenia | <ul style="list-style-type: none"> Stakeholders agreement on priorities for improving water resources management. Preparation of the Integrated Water Resources Master Plan. |
| Pollution Control Expenditure & Public Exposure to Priority Pollutants of EAP: Five Years On; 1999 | ECA | <ul style="list-style-type: none"> Baseline for strengthening environmental financing mechanisms. Relationships between main pollutants and public health in “hot spots” identified. |
| Environment in the Transition to Market Economy Study; 1999 | ECA | <ul style="list-style-type: none"> Lessons of EAP Implementation assessed. Close relationship between economic reforms and environmental performance elaborated. |
| “Economic Perspectives of Environment and Health” Paper for WHO Ministerial Conferences on Environment and Health; 1999 | ECA | <ul style="list-style-type: none"> Legally binding Protocol on Water and Health adopted by 70 Ministers of Health, Environment, and Transport from 54 countries. Chapter on Transport, Environment and Health adopted. Declaration from the Conference ratified. |
| Sanitation, Health & Hygiene in WB Rural Water Supply and Sanitation Projects (RWSS) Study; 1999 | ECA | <ul style="list-style-type: none"> Recommended that RWSS projects should include education, communication, advocacy groups, and participation to bring policy changes. Long-term policy implications: development of water supply investment strategies, transfer of policymaking to rural development departments, etc. Design of following RWSS affected. |
| Building Blocks for Emerging Environmental NGOs; 1999 | ECA | <ul style="list-style-type: none"> Ideas and methodologies for helping emerging NGOs in the region to further their environmental missions. |
| Clean Fuel Study; 2000 | ECA | <ul style="list-style-type: none"> Georgia banned leaded gasoline. Armenia banned import of leaded gasoline. All Central Asian and Caucasus countries accepted resolution recommending introduction of new fuel quality standards for 2005 and 2015 and establishing mandatory monitoring mechanisms. |
| Water and Sanitation Sector Note; 2000 | Azerbaijan | <ul style="list-style-type: none"> Options for policy reform and strategy to initiate reform agenda. |
| Economic Valuation Study; 2000 | ECA | <ul style="list-style-type: none"> Costs of environmental degradation and benefits of environmental measures in NIS countries assessed. Transport was identified as main source for environment-related health impact. |
| Clean Air Initiative; 2000 | ECA | <ul style="list-style-type: none"> Implementation of findings of “Clean Fuel” Study in city level. Assistance to cities for creating stakeholder network to address air pollution problem. |
| Almaty Ministerial Conference for NIS; 2000 | NIS | <ul style="list-style-type: none"> Consultations between the NIS Economic/Finance and Environment Ministers. Opportunities for integrating environmental concerns in policy and investment decisions identified. Principles for financing strategies in urban and water sectors in the NIS, private-sector participation in water supply and wastewater financing and management, and environmental financing discussed. |
| Environmental Capacity Building; 2001 | Bosnia-Herzegovina | <ul style="list-style-type: none"> Increased capacity for environmental management. Economic instruments for pollution control identified. Viable environmental standards developed. Strategic sectoral environmental planning and management initiated. |
| Prioritizing Irrigation in Central Asia; 2001 | Kyrgyz Republic, Tajikistan | <ul style="list-style-type: none"> Framework for setting priorities for investment in irrigation based on social/environmental cost-benefit analyses. |
| PRSP-Environment Exercise, 2001 | Azerbaijan | Integrating environmental concerns into Poverty Reduction Strategy of |

| <i>Title of Bank report/ study</i> | <i>Country</i> | <i>Contribution to policy dialogue</i> |
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| | | the country. |
| Latin America and the Caribbean | | |
| Rural Productive Study | Bolivia | This report was used in the National Dialogue for the preparation of the PRSP. |
| Bolivia – ESMAP Country Programme II | Bolivia | The studies and TA in this \$1.2m program address policy and strategic issues related to private participation in energy efficiency and in the expansion of rural electrification, in part through renewable energy systems, in the framework of Bolivia's National Electrification Program (PRONER). The program has helped the Government to mainstream off-grid rural electrification options through dialogue with public and private stakeholders and provides policy advice on planned and ongoing rural electrification projects. |
| Indigenous Plan | Bolivia | This was a joint study between the World Bank and Vice Ministry of Indigenous Peoples and Original Peoples. The study was used to assess the current situation and develop the Bolivia–Indigenous Peoples Development Project Learning and Innovation Loan, which was scheduled to be approved by RVP on 1/31/01. |
| Caribbean – Tourism and Environment in the Caribbean: An Economic Framework | Caribbean, including the IDA-blend countries of St. Lucia, St. Vincent and the Grenadines, Dominica, and Granada | This study, prepared in collaboration with the European Commission for the Caribbean Group for Cooperation and Economic Development, noted the close linkages between tourism and the region's natural resource base, and argued for policy measures that would help achieve the sustainable management of this fragile natural environment. This is now a central topic in the dialogue with the Organization of Eastern Caribbean States and other Caribbean countries. |
| The Mesoamerican Biological Corridor (MBC) Initiative | Mexico and Central America, including IDA countries, Honduras and Nicaragua | Last year the Bank executed more than \$6 m from trust funds to support regional activities for the consolidation of the MBC, including ecosystems mapping, environmental management, vulnerability assessments, and the development of a communications strategy. The MBC is a programmatic concept embraced by eight countries, which links natural ecosystems, indigenous communities, towns, and cultivated lands throughout these countries, integrating environmental and economic objectives that contribute to the well-being of the entire population. |
| Middle East and North Africa | | |
| Agricultural Strategy Note, 1999 | Yemen, Republic of | The major conclusions of the note are that agriculture will remain a key productive sector and will have to absorb labor and provide incomes on a fast-increasing scale due to the demographic explosion. The Note organizes its analysis around the two key problems of poor productivity and sustainability of irrigated agriculture, and low incomes in rainfed and livestock systems. Ten policy recommendations are made in this Note to address these two problems. |
| Towards a Water Strategy: An Agenda for Action, 1997 | Yemen, Republic of | This report brings together arguments on and solutions to Yemen's water crisis, which is one of the key factors affecting long-term sustainable development. The common theme is that policies and institutions at the center have to work in partnership with water users, engaging stakeholders at all levels in a reform agenda. Recommendations are made to address the main water problems of groundwater mining, water shortage in cities, and inadequate access to potable water. |
| South Asia | | |
| Poverty and Natural Resources Management Outcome | Regional | The task involves a case study of the linkages between natural wealth (consisting of access to and use of land, water, and forest resources), rural economic well-being, and demographic change in rural |

| <i>Title of Bank report/ study</i> | <i>Country</i> | <i>Contribution to policy dialogue</i> |
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| | | communities in South Asia. The study will be empirical, carried out in collaboration with local experts in India, based on existing data and new data collection in a statistically valid sample of villages in Punjab, Haryana, Maharashtra, and Madhya Pradesh. |
| Sustainable Environment Management Program | Bangladesh | The World Bank is implementing the Policy and Institutions TA component of the UNDP-financed Sustainable Environment Management Program. The objective is to enhance capability for legislation, policy development, and analysis in the Ministry of Environment and Forest, Commission, and sectoral Ministries. TA activities fall in such areas as environmental law and judicial administration, pollution mapping and health assessments, participatory resource management, protection of natural habitats, industrial sectoral guidelines, promotion of private-sector environment management systems, strategic management review of the Ministry of Environment and Forest, and improved inter-ministerial coordination. |
| Reducing 2-Stroke Emissions | Bangladesh | Two-stroke vehicles constitute over half of all vehicles in Bangladesh, and are one of the dominant sources of urban air pollution. This AAA analyzes different technical and policy options for reducing emissions from two-stroke engines. It analyzes not only the cost-effectiveness and feasibility of enforcing different mitigation measures, but also the socioeconomic implications of those measures. A principal focus of the study is the education of commercial two-stroke engine vehicle drivers and owners as well as auto mechanics and gasoline station owners who come in contact with vehicle drivers. It also seeks to restructure the market for lubricants through both private voluntary action and some government policy reform. Findings of the study will be incorporated in the investment programs supported by the Bank and others in Bangladesh. |
| AP Environmental Studies | India | The study examines the linkages between health, particularly child mortality, and the quality of the household environment, such as access to water, sanitation, and clean (non-smoky) cooking fuels. It then identifies interventions outside the purview of the health sector that are cost-effective in reducing the toll of premature mortality and morbidity caused by environmental health risks. Findings of the study are being incorporated in the design of water supply and sanitation projects, and in energy and poverty work. |
| UP (Uttar Pradesh) Environment Management Framework | India | In the context of the UP State multisectoral program for poverty reduction, the Bank has developed, together with the Government of UP, an Environment Management Framework. This will identify the highest priority environmental issues in the state, monitor environmental progress indicators to assess the impact of the multisectoral program and related economic growth, and promote appropriate policies and investment strategies for consideration by the government. |
| Household Energy/Air Pollution | India | Health impacts of and policy options for reducing exposure to air pollution from household energy use. |
| Focus States—Economic Reform & Environment | India | This umbrella LDV activity will, in each reforming state in India that is the focus of intensive World Bank policy dialogue and lending, address the environmental aspects of the reform process. Examples to date include the environmental implications of energy sector reform, privatization of state-owned enterprises, environmental governance, environmental expenditure review, and the reform of industrial pollution management policies. |
| Environmental Policy Dialogue | Nepal | Policy dialogue on issues related to the impact of aid effectiveness and donor collaboration the sustainable management of natural resources (with a particular focus on biodiversity and forest issues.) |
| Environment Strategy | Pakistan | To take stock of achievements of Environment Protection and Resource Conservation Project (IDA Credit 2382 closed June 1999) and Pakistan's National Conservation Strategy (NCS 1992) and reassess priorities in preparation of a new CAS, an Environment |

| <i>Title of Bank report/ study</i> | <i>Country</i> | <i>Contribution to policy dialogue</i> |
|---|----------------|---|
| | | Strategy is being finalized. |
| Environment and Social Safeguards Compliance Review (ESSPR) | Pakistan | The overall objective of the ESSPR is to ascertain the state of compliance of the Pakistan project portfolio with the Bank's environment and social safeguard policies, and to provide guidance on measures both to improve the state of the current portfolio and to help internalize lessons in future projects. Preparation of a GEF Strategy has been postponed to FY02. |
| ADB Wildlife Conservation ESW | Sri Lanka | As a GEF Implementing Agency, the World Bank is providing oversight and guidance for preparation of a GEF-financed and Asian Development Bank-executed project in the wildlife sector. Specific guidance is being provided in the areas of policy and capacity building in this sector. |
| Clean Air & Fuel | Sri Lanka | The developmental objective of the overall program is to improve the health of the Sri Lankan population, who will benefit ultimately from improved air quality and access to cleaner household fuels. The urban and rural poor will be among primary beneficiaries because there is evidence that they suffer disproportionately from exposure to harmful air pollutants from vehicle emissions and household woodfires. |

***ANNEX 4* — CAS and the Environment Review**

As an input to the preparation of the Environment Strategy, a review was carried out of the extent to which recent CASs had treated the environment.³² Thirty-seven CAS documents prepared during FY1999 were reviewed in detail. These were from all the regions of the Bank's operations, and 21 of them were for IDA countries.

Six broad criteria were used to assess these CASs and a simple scoring scale was applied to provide a semi-quantitative overview.

The six criteria were:

- identification of environmental concerns in the CAS,
- use of Bank instruments to address environment and natural resource issues,
- mainstreaming of natural resource and environmental issues,
- reference to environmentally significant policy interventions,
- use of incentive mechanisms to deal with environmental issues, and
- treatment of poverty-environment linkages.

Annex Table 1 summarizes the scores of the IDA countries across these six categories. Each category received a score between 1 and 4. The scale used is relative rather than absolute; a score of 4 simply identifies the best practice among the set of CASs reviewed but does not mean that the practice is the absolute best that can be achieved. It should be stressed that success is not measured by getting the word "environment" into the CAS.

Environmental considerations feature in almost all CASs, but the mean rating across all countries is only moderately above "marginally satisfactory." Identification and analyses of underlying driving forces varies considerably. Even when the CAS text does not adequately address environmental issues, however, there is often a Bank-supported lending or non-lending operation concerning the environment in the country.

Several CASs attempt to mainstream environmental and resource considerations, but there is considerable variation in the way in which these efforts are made. Mainstreaming into rural and agriculture sector activities and water sector strategies is most common, followed by linkages with the energy sector.

Environmental policy issues are typically addressed through lending for environmental policy reforms and integration into sectoral strategies. Any links to macroeconomic and trade policies are limited. Consideration of linkages between poverty and environment is weak; this issue is addressed mostly in the context of natural resource management. Environment-related economic and sector work is limited, and largely restricted to the development of NEAPS.

³² "Mainstreaming Environment in Country Assistance Strategies" (draft), Environment Department background paper, September 2000.

The overall conclusion was that “environmental and natural resource issues are unevenly treated in the CAS” and that environmental data, indicators, and analysis are often weak or missing. “Recognizing the constrained format of the CAS document, there is considerable scope for improvement, particularly regarding the analysis of the links between environment and poverty, environment and health, and economic policies and the environment.”

Annex Table 1. CAS ratings for IDA countries, fiscal 1999

| | <i>Identify issues</i> | <i>Treat issues</i> | <i>Mainstream</i> | <i>Poverty links</i> | <i>Policy interventions</i> | <i>Incentives applied</i> | <i>Average</i> |
|--------------------------------|------------------------|---------------------|-------------------|----------------------|-----------------------------|---------------------------|----------------|
| Gambia | 2 | 2 | 3 | 1 | 1 | 1 | 1.67 |
| Kenya | 1 | 1 | 1 | 1 | 1 | 1 | 1.00 |
| Lesotho | 4 | 3 | 4 | 4 | 2 | 3 | 3.33 |
| Malawi | 3 | 3 | 2 | 2 | 3 | 2 | 2.50 |
| Mali | 2 | 2 | 2 | 1 | 1 | 1 | 1.50 |
| Rwanda | 3 | 3 | 3 | 2 | 2 | 2 | 2.50 |
| Senegal | 3 | 3 | 3 | 2 | 1 | 1 | 2.17 |
| Yemen | 3 | 4 | 4 | 3 | 3 | 3 | 3.33 |
| Albania | 3 | 3 | 1 | 1 | 1 | 2 | 1.83 |
| Kyrgyz Rep. | 3 | 3 | 3 | 1 | 3 | 3 | 2.67 |
| Macedonia | 1 | 1 | 2 | 1 | 1 | 1 | 1.17 |
| Moldova | 1 | 2 | 2 | 1 | 2 | 2 | 1.67 |
| Tajikistan | 2 | 2 | 2 | 1 | 2 | 1 | 1.67 |
| Bangladesh | 3 | 4 | 3 | 3 | 2 | 2 | 2.83 |
| India | 2 | 4 | 4 | 3 | 4 | 3 | 3.33 |
| Nepal | 2 | 3 | 3 | 2 | 2 | 2 | 2.33 |
| Lao PDR | 3 | 3 | 3 | 2 | 2 | 3 | 2.67 |
| Mongolia | 4 | 4 | 4 | 4 | 4 | 3 | 3.83 |
| Vietnam | 3 | 4 | 3 | 3 | 3 | 3 | 3.17 |
| Bolivia | 2 | 2 | 2 | 1 | 1 | 2 | 1.67 |
| Nicaragua | 3 | 3 | 3 | 3 | 3 | 3 | 3.00 |
| Totals for IDA | 2.52 | 2.81 | 2.71 | 2.00 | 2.10 | 2.10 | 2.37 |
| Totals for IBRD and IDA | 2.47 | 2.86 | 2.62 | 1.78 | 2.24 | 2.08 | 2.35 |

Source: Environment Strategy working papers.

Abbreviations and Acronyms

| | |
|-------|--|
| CAS | Country Assistance Strategy |
| CDF | Comprehensive Development Framework |
| CPIA | Country Policy Institutional Assessment |
| EA | Environmental Assessment |
| EAP | Environmental Action Plan |
| ECA | Europe and Central Asia |
| EIA | Environmental Impact Assessment |
| ESP | Environmental Support Program |
| GEF | Global Environment Facility |
| IBRD | International Bank for Reconstruction and Development |
| IDA | International Development Association |
| IDF | International Development Fund |
| KFW | Kreditanstalt für Wiederaufbau |
| MBC | Mesoamerican Biological Corridor |
| MLF | Multilateral Fund for the Montreal Protocol |
| NEAP | National Environmental Action Plan |
| NGO | Non-Governmental Organization |
| NIS | Newly Independent States |
| NSSD | National Strategy for Sustainable Development |
| OECD | Organisation for Economic Co-operation and Development |
| OECS | Organization of Eastern Caribbean States |
| OED | Operations Evaluation Department |
| OP | Operational Policy |
| PRSC | Poverty Reduction Strategy Credit |
| PRSP | Poverty Reduction Strategy Paper |
| RWSS | Rural Water Supply and Sanitation |
| SAL | Structural Adjustment Loan |
| SECAL | Sector Adjustment Loan |
| TA | Technical Assistance |
| UNDP | United Nations Development Programme |
| WBG | World Bank Group |
| WHO | World Health Organization |

All dollar signs (\$) represent U.S. dollars, except where noted.