The Country Assistance Strategy is the World Bank's main policy instrument for defining country programs and investments. It identifies how Bank assistance will contribute to poverty reduction and sustainable development. Given that environmental improvements are closely tied to development and poverty reduction strategies and actions, it is important to consider how environmental activities are incorporated into CASs. Accordingly, a review was undertaken of 28 CASs in fiscal years 2000 and 2001 to examine the specific ways in which environmental issues were addressed and whether there were any marked changes in the CASs compared with previous years (Belle and Shyamsundar 2001). This note looks at the results of the review and offers suggestions for greater attention to environmental issues in CASs.

**Methodology**

In this review, CASs are ranked on five main themes:

- Do CASs identify environmental concerns facing the client country? (Issue Identification)
- Are Bank instruments, both lending and nonlending services, used to address some of these environmental problems? (Treatment of Environmental Concerns)
- To what extent are environmental issues mainstreamed into other economic, macro, and sectoral policies and analyses? (Mainstreaming the Environment)
- Is there a focus on reforming environment policies, including regulatory and legislative measures, strategies, and so on? (Environmental Policy Reforms)
- Is there evidence of strong poverty-environment linkages in CASs? (Poverty-Environment Links)

Each CAS was evaluated on a score of 1 to 4 based on its relative performance with regard to each of these themes. A score of 4 reflects best practice within the set
of CASs reviewed; a score of 3 refers to a “satisfactory” performance; 2 suggests “marginally satisfactory” performance; and 1 is the lowest score, indicating minimal attention to environmental issues. For instance, with respect to the first theme, Issue identification, a satisfactory rank was given to a CAS based on whether key environmental issues were identified and whether the CAS included a broader discussion of the nature, scope, and scale of environmental problems faced by the country. CASs that received a “best practice” score generally included a discussion on driving forces that lead to environmental changes. Furthermore, specific indicators and triggers were used in assigning a rank. A detailed matrix of these triggers is provided in Belle and Shyamsundar (2001).

Eight of the CASs reviewed were from Africa (AFR), three from Middle East/North Africa (MNA), five from Eastern Europe and Central Asia (ECA), seven from Latin America and the Caribbean (LAC), two from East Asia (EAP), and three from South Asia (SAR). As discussed in detail below, the average score obtained among the 28 CASs is 2.65, implying a slightly better than average performance on inclusion of environmental issues (see Table).

The methodology used in this review is consistent, in both rankings and criteria, with previous reviews of CAS reports. This was important in order to make comparisons and to evaluate improvements over time. A key point to underscore is that this is a review of CAS documents. Thus, it does not evaluate the full range of discussions and actions undertaken during and as a result of the CAS process. Further, because it is a desk review, it cannot assess tradeoffs (legitimate or otherwise) that may result in environmental issues being dropped from a particu-
were evaluated on the analyses of environmental policies, and it was found that on average (score of 2.75) they pay attention to environmental policy and institutional issues.

CASs of countries such as Belize and Cambodia scored high because they discussed conflicts and tradeoffs involved in environment and land-use policies in a holistic manner.

To What Extent Have Poverty-Environment Linkages Been Addressed?

As the World Bank's new environment strategy (World Bank 2001) suggests, poverty is often linked to environmental degradation. These links are not well elucidated in CASs, as indicated by the average score of 2.14 (see Figure 1). This suggests a need for greater focus on (1) the dynamics of poverty-environment interactions, and (2) incorporating environment into the design of poverty reduction schemes. For example, many ECA countries are aware of the detrimental effect of their legacy of environmental degradation but do not explore the impact on the poor and the vulnerable. The links to health and productivity are often treated through mitigation in the health sector, with little attention paid to reducing environmental health risks. Belize made this link in its diagnosis of environmental concerns.

Has the Environmental Aspect of CASs Improved over Time?

A comparison of CAS performance with previous CAS reviews by IDA and the...
Environment Department (Shyamsundar and Hamilton 2000) suggests that their environment focus has improved over time. An evaluation of FY1999 CAS reports (ibid.) assigned CASs an average score of 2.35, while the present review (of 2000/01 CASs) assigns a higher score of 2.65. Improvements were detected (see Figure 2) in the discussion of environmental concerns, in mainstreaming, in environmental policy issues, and in showing links between poverty and environment.¹

**Discussion**

The 2000–01 CAS review suggests that environment is increasingly considered to be an important part of CASs. As the Table shows, CASs performed best in the category of “Issue Identification” and did least well in discussing linkages between poverty and the environment.² Countries in the East Asia and South Asia region were among the best performers.³ The CASs that obtained the highest overall score included Chad, Tunisia, Belize, and Bhutan.

The CAS document is the end result of a long and complex process of negotiation inside and outside the Bank. Thus, mainstreaming environment in CASs will largely depend on how well the environment is integrated into poverty reduction strategies, sector strategies, and other bank activities through staff and client discussions and actions taken prior to the CAS process. For example, the Tunisia CAS (rated as best practice) was helped by its participation in a pilot attempt to incorporate environment into the CAS through early and upstream consideration of environmental issues (Shyamsundar and others 2001).

**Recommendations**

Based on current understanding of the environmental content of CASs, the following suggestions are offered:

- Mainstream the environment by focusing on economic incentives and identifying cross-sectoral and macro linkages.
- Conduct more discussions of environmental issues between regional environmental staff and CAS teams before and during CAS preparation.
- Give greater attention to poverty-environment linkages.
- Include environmental indicators for monitoring progress.
- Use the best practice cases among the 2000/01 CASs as examples for future CAS exercises.

**Notes**

1. In the review of 1999 CASs, mainstreaming and incentives were two separate categories, while the current review treats incentives as a subcategory of mainstreaming. To make the two reviews comparable, the average of the scores obtained for mainstreaming and incentives was used as the 1999 mainstreaming category.

2. It is of note that a desk review of CAS reports may not reflect all discussions on environmental issues undertaken in relation to the CAS. A broader review process, which involves interviewing members of the CAS team, would provide a more complete picture.

3. The sample size for East Asia in the current review was very small. It is also important to note that the regional averages are unweighted. The ranking may change if different weights were given, according to regional priorities, to the different themes.

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The Environment Strategy Notes series aims to provide a forum for discussion on a range of issues related to the Environment Strategy, to help the transfer of good practices across countries and regions, and to seek effective ways of improving the Bank’s environmental performance.

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