Country Environmental Strategy Papers

Jan Bojö
Building Blocks
Towards Environmentally Sustainable Development in Sub-Saharan Africa
A World Bank Perspective

COUNTRY ENVIRONMENTAL STRATEGY PAPERS

by
Jan Bojô

Environmentally Sustainable Development Division
Technical Department
Africa Region
(AFTEES)
The World Bank

January 1995
Building blocks for environmentally sustainable development in Africa

Building blocks series compiled and organized by Nicholas Turner

The "building blocks" in this series are part of the continuing discussion initiated at the UNCED Conference in Rio on the environment and development. Opinions expressed are the author's own and do not necessarily reflect the views of the World Bank or any of its affiliated organizations.
Table of contents

Foreword......v
Summary.........1
A. INTRODUCTION.........3
B. PROFILE OF A CESP?.........4
   Contents.........4
   Process.........6
C. CESPS IN THE AFRICA REGION.........7
D. CESP STRENGTHS AND WEAKNESSES.........9
   Some Encouraging Examples.........9
   Common Weaknesses.........11
E. WHAT NEXT?.........13
   Integration in Country Department Work.........13
   Regional Strategies.........14
   Updating and Maintaining the Momentum.........14
Foreword

Which environmental issues make development unsustainable in Sub-Saharan Africa, and how do African societies perceive and address these issues? How has the World Bank helped its Africa borrowers to integrate environment into their development strategies and programs? And what must the Bank do to help African countries achieve environmentally sustainable development (ESD)?

Inspired by the 1992 Earth Summit in Rio, the Bank has launched a reflection process to answer these questions. In its reflection the Bank is guided by the message of Rio: without improved environmental management, development will be undermined, and without accelerated development in poor countries—which describes most of Sub-Saharan Africa—the environment will continue to degrade.

This process seeks to define the Bank’s medium-term agenda for helping its Sub-Saharan Africa borrowers attain ESD. It aims at enriching Bank staff’s dialogue with African counterparts about improving the conception and implementation of Bank ESD programs. The process should also gain the interest of a much wider audience, including an array of prominent institutions—both African and non-African as well as public and private—universities, NGOs, and bilateral and multilateral agencies. It should encourage a debate on environmental issues which would forge wide support for new African initiatives toward ESD.

Space and time determine the process. Environmental issues are location-specific and therefore require integrating the geographic dimension. With respect to time, the process has focused on both past and future historical perspectives. The future time horizon is 2025, i.e., 30 years, corresponding roughly to a generation. Backward, the process focuses on the past decade, and the Bank’s association with Africa, in order to measure the full magnitude of environmental issues.

Within this process, about 20 thematic “building blocks” have been compiled, each addressing a specific facet of ESD issues. These “blocks,” prepared by specialists from inside and outside the Bank, fall into five categories: population, environmental knowledge, urban environment, natural resource management, and strategic instruments. The building blocks series has been the basis for the preparation of a World Bank discussion paper: Toward Environmentally Sustainable Development in Sub-Saharan Africa—a World Bank Perspective, which will be published in 1995.
Nicholas Vernier compiled and organized the building blocks series. Final editing and design were done by Lawrence Mastri.

This paper on Country Environmental Strategy Papers has been prepared by Mr. Jan Bojö, an Environmental Economist in AFTES.

François Falloux
Environmental Advisor
Environmentally Sustainable Development Division
Technical Department
Africa Region (AFTES)
Summary

This paper is one in a series contributing to the "Post-UNCED program" as well as the AFTES document "Towards Environmentally Sustainable Development in Sub-Saharan Africa: A World Bank Perspective."

Country Environmental Strategy Papers (CESPs) were developed in the Africa Region of the World Bank as a way of bringing environment into the mainstream of World Bank operations. The IDA-9 negotiations and the demand for National Environmental Action Plans (NEAPs) in all borrowing countries have further justified their need. Because CESPs have become a way of bridging the gap until NEAPs are finished, they sometimes focus too much on meeting deadlines rather than nurturing a long-term process of integrating environmental issues.

Most CESPs have the following objectives: (i) strengthen the Bank's country dialogue about environmental policy; (ii) support the country's NEAP; (iii) scrutinize the environmental impacts of the Bank's country portfolio; (iv) serve as a multi-disciplinary training ground for Bank staff; and (v) be the basis for donor coordination.

CESP contents vary, but common elements include (i) a brief introduction to the country; (ii) an analysis of environmental conditions in the country; (iii) an analysis of the causes of environmental problems; (iv) an assessment of the current environmental strategy, institutional structure and programs; and (v) suggestions for a World Bank environmental strategy.

Each CESP must foster real ownership within the Country Department. Involvement of regular Bank staff varies considerably, but the main work of drafting the text is often left to an outside (team of) consultant(s). Country team involvement is often very limited.

As of August 1994, 18 Sub-Saharan African countries have completed CESPs. Five other countries will complete CESPs within the next few months. Nineteen countries do not require CESPs because they have either finalized an NEAP (or similar plan) or are not in the IDA category. Five countries lack an active lending program which would require a CESP. Hence, this is a continuing process which needs more time before any final judgment is made.

The importance of a completed CESP is that, perhaps for the first time from a World Bank perspective, there has been a comprehensive assessment of a country's environmental problems. This report gives some encouraging examples of CESPs which have gone even further in certain areas. These include (i) establishing criteria for classifying environmental problems and evaluating the suggested policy reforms; (ii) an explicit ranking matrix to prioritize environmental problems; (iii) using environmental economics to quantify environmental problems; and (iv) creating a participatory process within the Bank.

While the reviewed CESPs are rated satisfactory to very good, they share some weaknesses. For example, CESPs ought to suggest where investment in information systems would give the highest return. Unfortunately, there are very few such proposals elaborated. CESPs also fail to give a frank evaluation of the
information systems would give the highest return. Unfortunately, there are very few such proposals elaborated. CESPs also fail to give a frank evaluation of the environmental situation beyond a factual description. This is true for the legal and institutional framework as well. CESPs could be more bold in making at least a first attempt to prioritize on the basis of qualitative information. Finally, the lessons for the Bank's strategy are often implicit rather than explicit.

Several key issues emerge which must be addressed: (i) the integration of CESPs into the mainstream Country Department work; (ii) the development of regional strategies related to country groupings; and (iii) the creation of a mechanism for updating environmental country work. The Western Africa Department and the Sahelian Department have already taken some encouraging initiatives in this direction.

A procedure for updating CESPs needs to be established. Of course, CESPs are primarily African products, and other regions may have other opinions about how to approach environmental reporting and analysis. Still, this discussion needs to begin.

Finally, updating is not enough. We must also (i) improve the analytical assessments beyond neutral descriptions; (ii) be more explicit in our prioritization of environmental problems and Bank interventions; (iii) scrutinize the Bank's country portfolio from an environmental perspective; and (iv) improve the style and presentation of CESPs.
A. Introduction

The Country Environmental Strategy Papers (CESPs) began within the former Environment Department of the Africa Region (AFTEN) in collaboration with the Sahelian Department. Building on previous environmental documents, the Country Environmental Issues Briefs (CEIBs; 2-5 pages only), a process began to expand information on environmental conditions and assess the implications for Bank operations. The CESPs were a way to incorporate environment into the work of World Bank operations staff.

The IDA-9 negotiations and the demand for National Environmental Action Plans (NEAPs) in all borrowing countries further justified the need for CESPs. By 1990 it was clear that not all countries would be able to meet this demand, so, as an intermediate measure, the Bank proposed drafting CESPs. Unfortunately, this role of CESPs has emphasized meeting deadlines, rather than nurturing a long-term process of integrating environmental issues. And while similar documents exist in other Regions of the Bank, CESPs have largely remained an Africa Region concept.

Although NEAPs and CESPs have much in common, there are some important differences. First, NEAPs belong to borrowing countries—CESPs belong to the World Bank. Second, in terms of policy, NEAPs take a national point of view, whereas CESPs consider the institutional perspective of the Bank in relation to the national government and donor community. Finally, the NEAPs are broad documents emerging from, ideally, a participatory public process, while the CESPs sharpen the priorities assigned to environmental problems. CESPs can also analyze policy failures within the country. However, despite these differences, the two processes should be mutually reinforcing.

The Bank Operational Directives (ODs) on Environmental Action Plans and Adjustment Lending Policy present further reasons for CESPs. Both ODs clearly spell out the necessity of incorporating environmental impacts into the Bank's country assistance strategy. Based on these imperatives, CESPs have emerged informally, without any specific Operational Directive.

This informal status also shows itself in the lack of any formal link between CESPs and Country Strategy Papers (CSP) and Country Assistance Strategies (CAS). The Bank's CAS procedures make only passing reference to the Environmental Action Plan without mentioning the CESP or equivalent document. While CESPs have become more prominent in Africa than elsewhere, an environmental strategy document for the Bank would most likely serve the same purposes elsewhere, and their results clearly feed into the CAS process.

1/ See memo by L. Christoffersen (then Division Chief, AFTEN), August 8, 1990, and memo by F. Falloux (then Principal Environmentalist, AFTEN) and E. Schebeck (Projects Advisor, Sahelian Department), November 12, 1990.
3/ On April 4, 1994, the Board’s Steering Committee agreed on merging the previous CSP cycle with an annual CAS cycle. The latter will henceforth serve as a single strategy document for internal review and Board discussion (Memo from J.W. Adams, Director, OPB, April 20, 1994).

COUNTRY ENVIRONMENTAL STRATEGY PAPERS
B. Profile of a CESP

Although the purpose of a CESP varies with the county, five common elements can be identified: First, the CESP seeks to strengthen the Bank's country dialogue about environmental policy. Second, and closely related, the CESP will support the launching or implementation of a National Environmental Action Plan (NEAP) where appropriate. Third the CESP scrutinizes the environmental impacts of the Bank's country investment portfolio. Fourth, the CESP process can serve as a multi-disciplinary training ground on environmental issues for Bank staff. Finally, the CESP can be the basis for donor coordination in support of environmental programs and projects.

Contents

CESP contents will depend on the country's major environmental issues as well as the availability of data. However, there are basic elements that, to some extent, should be included in a CESP:

a) A brief introduction to the country. Although other Bank documents will offer an in-depth description, the environmental analysis should be framed against a backdrop of fundamental information about the country's major geographic, demographic, economic, and cultural features.

b) A description and analysis of environmental conditions. This generally includes indicators of the quality of the major ecological systems, such as land (crops, range management), water (drinking water, rivers, lakes, seas), air (outdoor, and occasionally indoor), and flora and fauna of particular interest (forests and other habitats of significant biodiversity, wildlife). This section should discuss the current situation as well as important trends.

All CESP have had to contend with sometimes severe limitations in the quality and availability of environmental data. Nevertheless, they fill an important role by providing a systematic inventory of the quality and quantity of existing information, and by defining the need for further information.

c) An analysis of the causes of environmental problems. A distinction is sometimes made between direct and indirect (underlying) causes of environmental problems. Typical of the former are shortening of bush fallow, expansion of agriculture into forests and marginal lands and other environmentally damaging farming practices, overgrazing of rangelands, fuelwood cutting, and inadequate enforcement of environmental law.

Complex forces are inducing the environmental problems. The key elements providing distorted incentives fall under the categories of market and policy failures. Markets for environmental services are incomplete or non-existent—hence, private (financial) prices will differ from social (economic) prices. For example, the value of tropical forests as carbon sinks and stores of biodiversity values and providers of watershed protection are traded on markets only under exceptional circumstances. A free market solution will ignore such values and over-exploit assets in favor of land uses which more closely reflect market values.
Policy failures generally pertain to distorted interventions, such as subsidies to environmentally damaging activities (e.g., pesticides) or taxation on environmentally benign activities (e.g., the growing of coffee instead of maize). Policy failures may also mean the failure to intervene effectively on the part of government. Failure on the government's part to correct for externalities and to define and enforce secure property rights to natural resources may be strongly detrimental to environmental protection.

Because of market and policy failures, individual costs and benefits differ from social costs and benefits, with ensuing environmental damage. Some common causes for environmental damage are poorly defined and insecure property rights; increasing population pressure; lack of information and awareness; lack of institutional capacity to deal with environmental problems; government-induced distortions through price regulation, taxes or subsidies; and, finally, low incomes combined with poor credit markets which force individuals to apply high personal rates of discount, resulting in short-term exploitation of natural resources for the sake of survival.

d) An assessment of the current environmental strategy, institutional structure and programs. The CESP reviews this to the extent that government has an environmental strategy and environmental legislation. Sectoral policies or other policies with a potentially significant impact on the environment, such as those on population, agriculture, forestry, fisheries, and mining are sometimes assessed from an environmental perspective.

As well as noting the official objectives contained in public documents, it is important to evaluate the means for actually achieving them. This includes a review of the financial and personnel resources available. The effectiveness of the institutional structure also needs consideration, including the elusive but crucial element of "political will" to promote environmentally sustainable development.

In many countries, important environmental initiatives—such as Tropical Forestry Action Plans (TFAP), or a National Conservation Strategy (NCS), etc.—have already started or even been completed. These not only provide building blocks for a comprehensive strategy but also indicate the constraints for environmental improvements. The country's compliance with the UNCED Conference in 1992 may also be indicative.

In many African countries, environmental activities are driven by donors and NGOs. A review of these activities is critical for defining areas appropriate for Bank involvement. The track record of previous Bank interventions must also be considered. Identifying successes and failures of previous environmental initiatives is essential before shaping new programs and projects. A CESP will often provide a brief overview of this nature.

e) Suggestions for a Bank strategy. On the basis of the description of environmental problems, the analysis of underlying causes, and the government's response to these challenges, the CESP generally suggests some areas of Bank activity. The comparative advantage of the Bank's involvement versus other donor activities, and the cost-effectiveness of intervention in various sectors are key considerations. Interventions should be carefully sequenced.

The Global Environment Facility (GEF) should be considered if the environmental damage has a potentially international impact in relation to global warming, depletion of the stratospheric ozone layer, pollution of international waters, or degradation of biodiversity resources.

Remaining data gaps are generally considerable, and the CESP can contribute by making a systematic review of priority areas for further information gathering.

**Process**

Each CESP must be managed in a way that real ownership is created within the Country Department.

The CESP process generally begins with an Initiating Memorandum or Issues Paper discussed at a departmental review meeting. One or several field missions follow, coordinated by a Task Manager (TM) within the Country Department, who draws on technical support from both outside and inside the Bank. Regular Bank staff involvement varies considerably, but the main work of drafting the text is usually left to an outside (team of) consultant(s). Country team involvement is often minimal, except at the reviewing stage, and even then, it may be weak.

Draft versions ("white cover" and particularly "yellow cover") are reviewed by the Country Operations Division, the relevant Sectoral Operations Divisions in the Country Department, as well as the Environmentally Sustainable Development Division. The "yellow cover" review meeting is often chaired by a Department Director, a Division Chief or a Lead Economist. After "yellow cover" review, a "green cover" version is usually completed, and sent to the country government. If the text is agreeable to the borrowing country, it may proceed to "gray cover." Details in this process vary across Country Departments.

The results of the CESP should be reflected in future Country Assistance Strategies, and should guide economic and sectoral work as well as specific project lending. It remains to be seen to what extent this will happen, but it is essential that a systematic follow-up be arranged.
C. CESPs in the Africa Region

The map on the following page indicates the status of CESPs for Sub-Saharan countries as of August 1994. The countries appear in four groupings:

- Countries with completed CESPs (18 countries) are the darkest shade. Not shown on the map are Cape Verde and Sao Tomé and Principe.

- Countries with ongoing CESPs (5 countries) are marked in a lighter pattern and include Cameroon, Côte d'Ivoire, Kenya, Mozambique, and Togo.

Countries without any CESP activity are sub-divided into three categories:

- Some do not require CESPs because the NEAP process is already completed, or because they are relatively wealthy IBRD countries and therefore not subject to IDA requirements. (This does not prevent the drafting of a CESP.) These countries (19) are marked with a grid pattern (see, e.g., Madagascar). Not appearing on the map are Mauritius and the Seychelles, which having completed NEAPs, also fall into this category.

- Some countries have not initiated a CESP process because of political and economic problems which hamper the lending program (5 countries). These countries appear in white: Angola, Liberia, Somalia, Sudan and Zaire.

- Eritrea only became a member of the World Bank and IDA on July 6, 1994.

In total there are 48 countries. Many of the countries with completed CESPs have done so since early 1994. Hence, this is an active process which cannot be judged until more time has elapsed. After this peak of first-round CESPs, the status across departments will be assessed. Still, the map below gives an indication of the impressive scope of the CESP process.

---

6/ Prepared on the basis of a matrix compiled by Aline Cabal, AFRES. The judgment of what constitutes a "completed" CESP is made within the Country Department.
THE GAMBIA
GUINEA-BISSAU
COTE D’IVOIRE
TOGO
CAMEROON
EQUATORIAL GUINEA
SAO TOME AND PRINCIPE
SAHARA
LIBERIA
GUINEA
ANGOLA
REPUBLIC OF CONGO
ZAMBIA
TAZAMUGUE
SWAZILAND
LESOTHO
SOUTH AFRICA
AFGHANISTAN
MACEDONIA
YUGOSLAVIA
ITALY
GREECE
SERBIA
EAST TURKISH SOVIET REPUBLIC
CAUCASUS
"NEVSEPIR" COMMUNE
"SIVANC" COMMUNE
NEVE SHALOM
"ARON FALL"
"NORTH EASTERN UNIVERSITY"
EASTERN UNIVERSITY
"ANGELO MOTTI"
"ENZO BONI"
"BRIAN FLOTTON"
"COCOCHI"
"NAUKOA"
"NEGEV"
"BROOKLYN"
"CAMBRIDGE"
"COCONUT"
"DUBUQUE"
"COLUMBUS"
"DEKALB"
"DUVAL"
"DENTON"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUSK"
"DUKE"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
"DUQUESNE"
"DUPONT"
"DURHAM"
D. CESP strengths and weaknesses

The major significance of a complete CESP is that perhaps for the first time, from a World Bank perspective, there has been a comprehensive effort to gather environmental information, describe environmental problems, and discuss the implications for Bank lending.

Usually, the CESP also reviews existing legislation as well as the institutional capacity for enforcement. This often exposes opaque and out-of-date legislation, deficient enforcement capacity caused by a lack of personnel and equipment, conflicting responsibilities and inter-agency rivalry, and weak political commitments.

Some encouraging examples

CESPs are not a homogenous group—some are not even referred to as CESP (e.g., Initial Assessment of Environmental Issues Report). Others go beyond the standard level in terms of content or process. Three themes supported by several, admittedly incomplete, examples follow:

a) Ranking of environmental priorities. Nigeria’s “CESP” is an ambitious document which is unusually explicit in its discussion of criteria for classifying environmental problems as well as the criteria for evaluating the suggested policy reforms. The five criteria for ranking environmental problems are:

(i) the impact on economic growth
(ii) the number of people affected
(iii) the relative burden felt by the poor
(iv) the threat to environmental "integrity" and human health
(v) the threat to renewable resources.

The 13 criteria for evaluating policy reforms are even more complex, and should not be a blueprint for other reports. Some of the criteria are debatable, and the entire set may be too cumbersome to actually apply. However, this report is noteworthy for being explicit in its own assumptions as well as its consistent application of the criteria.

Following the Nigerian example, the CESP for Guinea-Bissau and in a modified version, the CESP for Sierra Leone use a ranking matrix to prioritize environmental problems. Although the authors recognize the weakness of the data, the matrix nevertheless gives a succinct rendering and prepares the ground for a focused debate. Ranking has been done in terms of a simple, qualitative scale (low-medium-high) with respect to:

8/ Guinea-Bissau: "Towards a Strategic Agenda for Environmental Management." April 7, 1993, Western Africa Department ("gray cover").
9/ "Sierra Leone: Initial Assessment of Environmental Problems." February 7, 1994, Western Africa Department ("gray cover").
(i) the current economic and health significance of the environmental problem
(ii) the potential cost of intervention (the type of which is indicated)
(iii) the potential benefit of this intervention
(iv) priority index as a composite of all of the above.

The rankings according to the first three criteria are numerically translated into 1 (low), 2 (medium), and 3 (high). This allows the calculation of a simple aggregated priority (point iv). The formula in the Sierra Leone version is composed of the ranking on the first point (current economic significance) times the net benefit, that is, the ranking on the third criterion less the second. The numerical results are then grouped according to low-medium-high priorities. This is to avoid an unfair claim of precision, since the underlying data is generally weak.10

b) Environmental valuation. These examples pertain to the use of environmental economics to assess the monetary value of environmental cost or benefits. In an annex to the main report for Sao Tomé & Principe11, a number of simple yet illustrative calculations are done using the minimum set of data available. The results shed some further light on the magnitude of these problems. Of particular interest are short calculations pertaining to:

- water tariffs and benefits of water improvements
- sand quarrying on beaches
- costs and benefits of malaria control
- potential revenues from the creation of a nature reserve.

Although the assumptions behind the calculations are sometimes unclear, they do suggest the need for more elaborate exercises in other countries. Operational guidance for applying environmental economics is an area in which the Bank can make a special contribution to a country’s environmental discussion.

Another example comes from work related to Ethiopia’s CESP.12 Here, land degradation is seen as perhaps the major environmental problem. In order to assess this, the authors have tried to calculate the national level productivity losses caused by soil erosion as well as nutrient depletion in the Highlands of Ethiopia. Using recently upgraded data and a soil transfer matrix to calculate the net soil

---

10 It is also to avoid the anomaly that a problem causing high damage currently, but having a negative net benefit, would have a lower rank than a less significant problem with the same negative net benefit. By putting all negative rankings in a “low” category, this problem disappears. From a policy perspective, it is trivial: interventions with negative net benefits should not be undertaken, regardless of the magnitude of the problem. The “white cover” Chad CESP (February, 1994) is an example of a numerical ranking procedure.

11 Democratic Republic of Sao Tome & Principe: Country Economic Memorandum, Volume II. “Key Elements of an Environmental Strategy.” April 7, 1993 (‘green cover’), Western Africa Department.


losses, the results point to a fundamental reassessment of the problem. The role of soil erosion is much less dramatic than previously thought, while the role of nutrient losses caused by the removal of dung and crop residues from cropland emerges as the major issue. This has important implications for the choice of land rehabilitation measures.

CESPs should be able to lead the way for more profound national work on assessing the monetary cost of environmental damage. This would be an important contribution to setting national priorities.

c) A participatory process. The Central African Republic’s CESP shows an attempt to create an in-house participatory process. The Task Manager has consistently tried to involve the Country Team and others in the Country Department with CESP expertise. There has been coordination with many other field missions, and mission members have been given specific TORs for their slots within the comprehensive framework. The Technical Department has also provided support. The end result is a product that is probably better anchored in the Country Department than the average CESP.

Common weaknesses

While most CESPs are of satisfactory to very good quality, they often share some weaknesses. This section highlights four such points.

First, although the CESP is not responsible for the lack of environmental data, it should suggest where investment in information systems would give the highest return. By pointing to key gaps in environmental information, small but well targeted investment might improve the precision of analytical work a few years hence.

The Bank (AFTES) operates an Environmental Information Secretariat, which could support country efforts to upgrade environmental information systems. Furthermore, through the AFTES program for Capacity Building in Environmental Economics for NEAPs, small grants (up to $30,000) can support local studies applying environmental economics. This provides another opportunity to generate or collect environmental data.

Second, CESPs are often limited to describing without assessing the environmental situation and its legal and institutional framework. For example, a CESP might give a detailed institutional description without analyzing the effectiveness of an institutional framework that is dysfunctional because of resource or other constraints. Of course, some issues, such as rent-seeking, sloppy law enforcement, and corruption are politically delicate, and knowing that the CESP will be distributed to the county’s government may discourage a straightforward rendering of such issues. Nevertheless, the Bank cannot afford to avoid these topics.

Third, the lack of information makes setting priorities difficult. However, CESPs should make at least a first-round attempt to prioritize on the basis of qualitative information. (This ambition is often sacrificed on the altar of ‘comprehensiveness’ in listing environment problems). Although examples to

---

11/ It is a contribution only, as the magnitude of a problem by itself does not determine the size of marginal intervention or investment required. This requires a micro level analysis, which is beyond the scope of a CESP.
the contrary have been highlighted above, we are still far from a consistent and coherent application of criteria for prioritizing. This becomes more important because, as broad, consensus documents, NEAPs generally lack such a discussion.

Finally, lessons for the Bank's strategy are often implicit rather than explicit. Existing Bank projects are listed and sometimes briefly discussed, but there is little in-depth discussion about whether the Bank portfolio is suited to address the environmental priorities. In addition, implementation of any mitigation plans related to Bank projects are generally ignored, and a discussion of the Bank's advantage within the donor community is generally absent. A stronger involvement of the Country Team would make this kind of assessment more realistic.
E. What next?

A short-term completion date is set for the first round of CESP for IDA-borrowers. Yet, even though the process is still young and dynamic, there is reason to ask "what next?" The answer should come from a comparison of the purposes of the CESP (as reviewed in section B) and the assessment of the achievements (reviewed in sections C and D). Several issues that cut across the five identified purposes of the CESP, and that are both process and content-related, emerge: (i) the integration of CESP in the mainstream Country Department work; (ii) the development of regional strategies pertaining to country groupings; and (iii) the creation of a mechanism for updating environmental country work.

Integration in Country Department work

It is still too early to expect strong results from the integrating of CESP into mainstream country work. Furthermore, many Country Departments have hired short-term consultants to carry out major portions of producing a CESP. This is due to the heavy work-load of regular Bank staff as well as the advantage of some consultants' professional qualifications. Although these are both valid considerations, and there is no reason to completely internalize the drafting of a CESP, the current extent of work done by outside consultants is diminishing the CDs' ownership of the product.

Furthermore, many regular staff have been reluctant to contribute to CESP, often not even attending review meetings even though they may be part of the country team or from a SOD vital to shaping the CESP. Some express resentment against "environmental imperialism" in terms of the broad scope of the CESP exercise. For sectoral experts who see "environment" as preserving wild animals and plants, the CESP becomes a threat to professional turf, rather than a fresh, systemic look at the overall human environment.

This challenge must be met by better communication about the CESP process and results. In order to be more effective in "marketing" the CESP, we may have to go beyond the current, traditional and often boring presentation format. Much more use could be made of graphs rather than tables, and maps rather than solely verbal descriptions. CESP would also be more exciting if translated into PowerPoint™ presentations and presented at CD-wide seminars. Currently, the last public presentation of a CESP may be at the "yellow cover" review— an early stage of a work very much in progress. Making a final presentation at the "gray cover" stage would be more effective.

The Western African Department,\(^{15}\) has opened another avenue, which focuses on developing a common departmental approach to integrating environmental concerns in "mainstream" work. In a brief document entitled "Environmental Strategy and Program for Implementation," drafted by the Environment Unit of the Department (1994), the objectives for the CDs environmental work are spelled out. For example, the document states that integration of environmental aspects in country work can build on (i) upstream discussions on both economic and sector work and project documents, (ii) identification of specific environmental projects, and (iii) assistance in carrying out

\(^{15}\) As of August 1994, comprising Ghana, Liberia, Nigeria and Sierra Leone (AF4).
Environmental Assessments for those projects requiring them. The shaping of a departmental strategy is a commendable initiative which, hopefully, will be followed by other CDs.

**Regional strategies**

Once the environmental country perspective has been addressed, at least in a first round, the main points should be aggregated on a **regional**, or multi-country, scale—there may be transboundary environmental issues. The problems relating to Lake Victoria, for example, have been highlighted in CESP work done in Kenya, Tanzania, and Uganda. Another example is the mounting pressure on forests in the Congolese Basin.

So far, the **best** example of a regional strategy comes from the Sahelian Department (AF5). This work looks at the natural resource base, economy, and people of an entire sub-region. It analyzes key issues pertaining to land use, fisheries, threats to biodiversity, the urban environment, institutions and policy. Finally, it draws out the implications for future Bank work. Country overview chapters are included as appendices.

Many of the conclusions of this regional strategy seem to confirm efforts already underway, namely, strengthening the policy dialogue with countries, facilitating the NEAP process, supporting Environmental Assessments, and improving beneficiary participation. However, the strategy does identify a couple of gaps in the Bank's current lending: integrated approaches to water management and investment in renewable energy. These points deserve further elaboration. Recently, a strategy for Southern Africa has been initiated in collaboration with SADCC and IUCN and with support from the Norwegian Trust Fund.

**Updating and maintaining momentum**

Since the CESP process has evolved informally, its future is not clear, and the Bank's Operational Manual offers no formal guidance for next steps. Two options seem possible: (a) update the CESP's at appropriate intervals, much like Country Strategy Papers in the past, or the new Country Assistance Strategies (CAS) are updated; or (b) go for immediate, full integration of environmental work into country operations.

While the second option may appear more desirable, it is not now realistic. As implied in the previous discussion, this is tied to the lack of CESP "ownership" among country staff as well as the legitimate need for staff to supplement their professional focus and qualifications with environmental expertise. On the other hand, with careful investment in environmental information and systems to analyze them, as well as the experience gained from NEAP environmental projects, new information will be continually surfacing and therefore should be updated every 3-4 years.

This updating may not happen unless a clear procedure is established. Although there is resistance against a formal procedure, selective updating for countries experiencing important environmental developments could lead the way. It should also be understood that, while CESP's are primarily African

---

In order to be more effective in "marketing" the CESP, we may have to go beyond the current, traditional and often boring presentation format.

---

products, other regions may have different opinions about how to approach environmental reporting and analysis. Nevertheless, this discussion needs to begin.

Finally, updating is not enough. We should aim at dealing with the weaknesses identified above and (i) improve the analytical assessments, (ii) be more explicit in our prioritization, (iii) scrutinize the Bank's country portfolio from an environmental perspective, and (iv) improve the style and presentation of CESP's.