

by
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Mr. President, Mr. Secretary-General, Distinguished Heads of State, National Delegates, and colleagues from the U.N. system.

Five years ago in Rio, governments from around the world came together and committed themselves to a more equitable and sustainable world.

Five years later the picture is very mixed. As an institution dedicated to reducing poverty, we at the Bank are more aware than ever of the continuing link between the degrading environment and the poverty still afflicting so many of the world's people. Less than a quarter of the world's people consume three-quarters of its raw materials, while 3 billion people still live on less than \$2 a day.

At the global level we have not achieved our objectives.

Today, however, at the national level, we have seen a highly positive shift toward environmental responsibility, with a third of our client countries implementing national environmental strategies.

On a positive note, the GEF has become an effective financing mechanism to address global environmental issues. It must be replenished generously this year. The World Bank, as an implementing agency for the GEF and Montreal Protocol and in its own lending portfolio, has worked to help countries fulfill their global commitments, but is committed to doing more, as I believe we all must. Today I will outline a plan of action in 5 areas where I believe the Bank - working in partnership with many of you here - can make a real difference.

First on Climate Change. Progress has clearly been inadequate. Only 3 of the OECD countries are likely to reach their non-binding commitments under the Convention for the year 2000. It is essential that at the Kyoto meeting later this year industrial countries make a strong commitment to significantly reduce greenhouse gas emissions - and that these commitments be implemented.

Continued global warming is in nobody's interest but the simple facts of the matter are that the developing countries will suffer the most damage, and their poor will be at an even greater disadvantage. I see the Bank's role in Climate Change as providing every opportunity to developing

countries to benefit from the huge investment the OECD must make in reducing climate change.

I believe that progress would be facilitated if Joint Implementation with crediting were permitted under the Convention. I recognize that this is a sensitive issue, but I believe the gains for both the global environment and our client countries could be substantial. Under this voluntary mechanism, which need not imply aggregate emission limitations for developing countries, tens of billions of dollars could be saved annually by 2010. Of course, the savings must be shared equitably between our client countries and the OECD countries. Developing countries could apply these savings, as they choose, to facilitate expanded development financing and technology transfer. These savings must also result in larger binding commitments to reduce emissions on the part of industrial countries.

To help make these gains a reality, the World Bank would be willing to launch a Carbon Investment Fund, should Parties to the Convention find this helpful.

In addition, to promote renewable energy, we are exploring a broader strategic partnership with the GEF and other financiers that would move us towards a large-scale program of renewable energy investment.

Second, on biodiversity; we simply won't succeed unless environmental values can be reflected in the marketplace.

With this in mind, the Bank is creating "Market Transformation Initiatives" with the private sector and NGOs to move the forest and marine products industries to a truly sustainable base.

As a first step, I am inviting the CEOs of some of the world's leading forest products companies and conservation organizations to join forces with the Bank to arrest the current unacceptable rate of forest degradation.

I am also pleased to announce a global alliance between the Bank and WWF to help arrest the loss of forests globally. We are committed to work together, and with others, towards achieving by the year 2000 a representative network of protected areas amounting to at least 10% of each of the world's forest types. And, in Bank client countries we will strive to achieve an additional 50 million hectares of forest ecosystems under strict conservation, and an additional 200 million hectares of tropical, temperate and boreal forests under genuinely sustainable management with independent certification, by the year 2005.

Third, let me turn to ozone depletion - the major bright spot in dealing with global environmental issues - but even here, much more needs to be done.

A major remaining challenge is to eliminate CFC and other ozone-depleting substance production in Russia. This accounts for nearly half of remaining CFC production world wide and, through illegal smuggling to

other countries, is threatening to undermine the effectiveness of the Montreal Protocol.

The Bank, in collaboration with the Russian CFC producers and government, has developed a program to eliminate CFC production in Russia by 2000.

We now need to complete the necessary fund raising, and we seek your support in this critical endeavor.

Fourth, addressing desertification is essential for poverty reduction and food security in developing countries.

The Bank is already the largest financier of drylands investment, but we can and must do more.

We have embarked upon a revitalized Rural Strategy - in which the links between poverty and land degradation are given special emphasis. We are helping introduce improved agricultural techniques to stem the spread of further desertification, and to restore degraded land.

We offer to assist the Desertification Convention - in partnership with others - in establishing mechanisms for mobilizing financing, and coordinating implementation.

Fifth, the water crisis. Twenty countries now are water scarce or stressed, and the number will double by 2020.

Developing countries will need to invest about US \$600 billion over the next decade on water. The Bank expects to lend about US \$35 billion during this period, following the Dublin principles.

The Global Water Partnership offers an opportunity to solve water issues in a more holistic way, and to raise additional financial resources. We are committed to make this work, and to continue working in partnership on the Regional Seas Programs.

In all these areas, the World Bank will work in partnerships with others.

We will expand our work with the private sector to promote practical business opportunities for sustainable development.

We will join others to promote higher standards of environmental and social performance for private and public investments around the world. As an example, with the World Conservation Union, we are launching an International Advisory Commission on Large Dams to help raise standards for all large dams.

I recognize that we must work harder to make absolutely sure that our own house is in order.

With this in mind I would like to inform you of two important changes in our own organization.

- First, we will be consolidating the supervision of our environmental and social activities across the entire World Bank Group including IFC and MIGA. With our private sector operations assuming greater prominence, it is vital that all of our activities have the same high standards.

- Second, we will be establishing a stronger system of compliance monitoring for environmental policies within our own operations. Details will be announced in the near future.

Mr. President, Mr. Secretary-General, Distinguished Heads of State and colleagues, the growing global problems of climate change, biodiversity, forest loss, desertification and water are seriously threatening the long-term development of many of our client countries - with the poor paying the highest price.

These are not fringe activities. They are central to meeting human needs and reducing poverty. I wholeheartedly commit the Bank to do all it can to forge a global partnership to promote equitable approaches to global environmental issues, and to do so quickly. Time is not on our side. This agenda cannot afford to wait.