

Improving Environment to Reduce Poverty

Toward an Environment Strategy
For The World Bank Group

Are we on the right track?

We need to take stock...

- Four pillars of the existing WBG implicit strategy:
 - Safeguards
 - Mainstream environment
 - Maximize environmental benefits through environmental assistance
 - Fulfill global mandate
- Progress on safeguards, but mixed results on targeted assistance, limited progress on mainstreaming, and separate global agenda

...to address pressing environmental challenges of development...

- Despite significant progress in improving quality of life...
 - Every year, some 5.5 million people die in LDCs from water-borne diseases and air pollution.
 - Two thirds of the world's population will face water scarcity by 2025.
 - Forest cover of the size of Greece is lost annually.
 - 60% of the world's fisheries are over-exploited.
 - Hurricane Mitch set the development of Honduras back by 20 years...

...to respond to changing contexts...

- Changing role of governments, private sector, and civil society
- Growing demand for environmental infrastructure and ecological services
- Pressure of rapid population growth in many ecologically vulnerable areas
- Growing cross-boundary and global dimensions of environmental problems

...in a changing World Bank Group

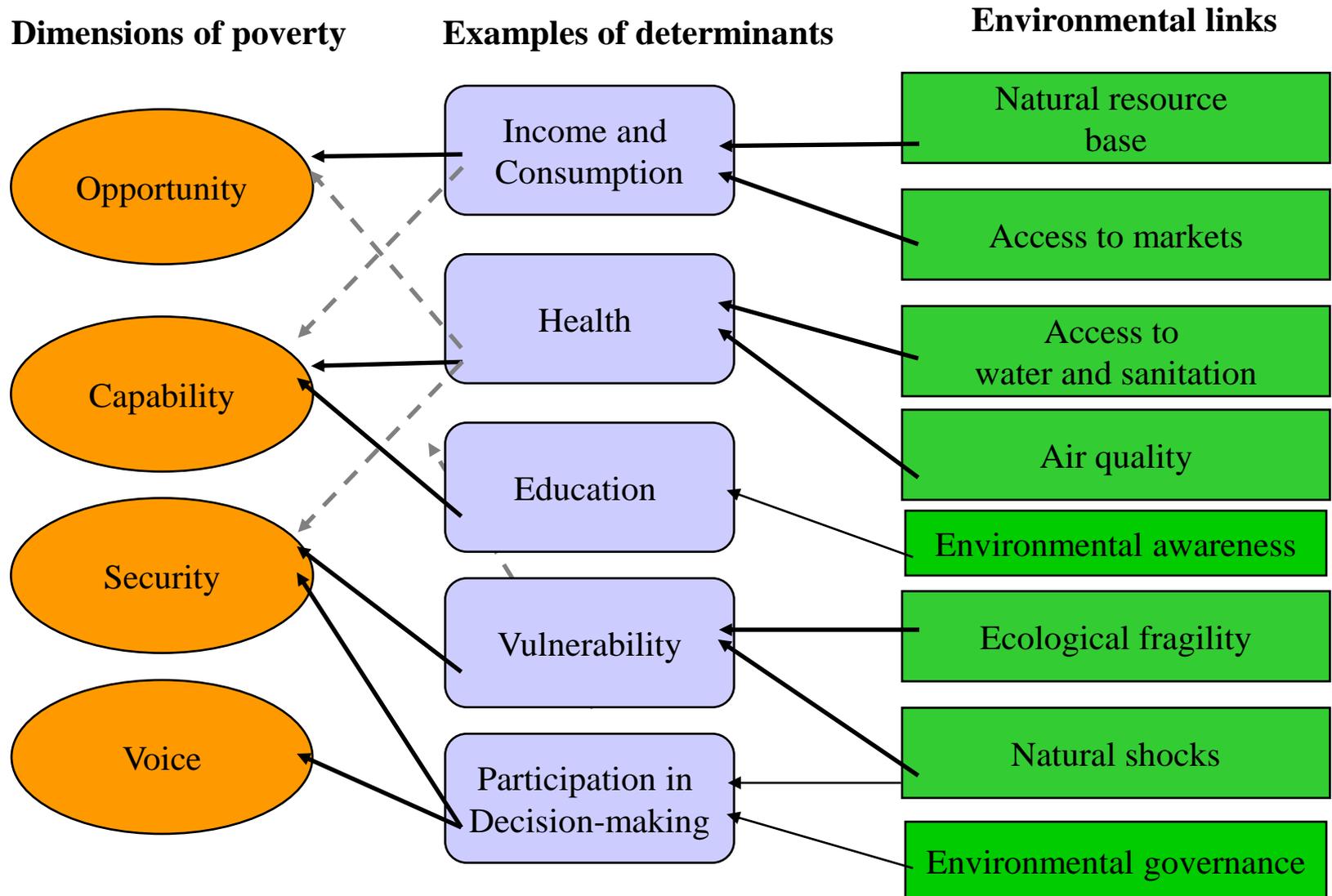
- Mission statement:

“To fight poverty with passion and professionalism for lasting results.

To help people to help themselves and their environment...”

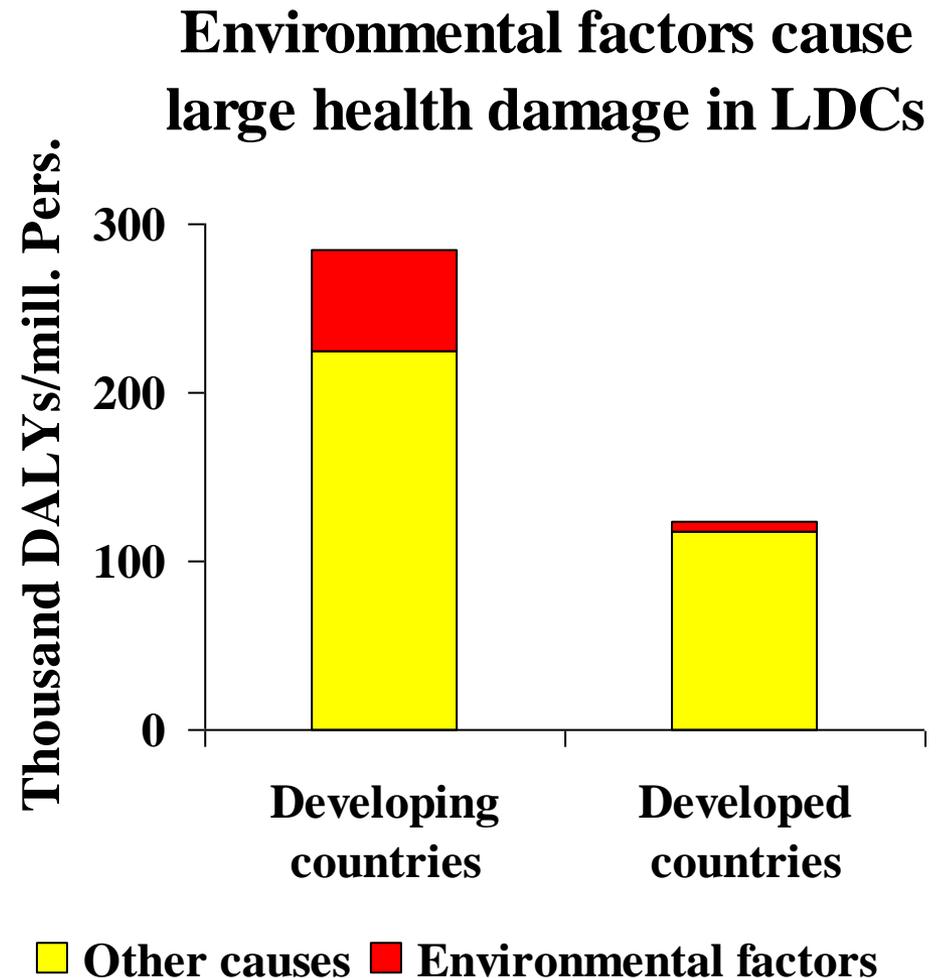
- CDF: holistic approach to development, and a focus on outcomes -- an opportunity to address environmental issues more systematically and effectively

Poverty is multi-dimensional



Environment is closely linked with poverty

- The poor are key victims of environmental health impacts and risks
- Access to environmental resources is essential to livelihoods of the poor



Proposed Environment Strategy-- Our Goal

To contribute to the Bank's mission of fighting poverty by improving poor people's livelihoods, health, and security today and in the future.

The WBG will do this by helping to enhance environmental quality and natural resource management and maintain the global ecosystem.

Proposed Environment Strategy -- eight key principles

1. *Listen* to and work with the people in client countries
2. Focus on environmental interventions benefiting the *poor*
3. Help identify and work towards tangible *outcomes*
4. Take a *cross-sectoral* and *long term* perspective
5. Facilitate *regional and global policy dialogue*
6. Harness the role of *markets and the private sector* in improving environmental management
7. Promote *cost-effective* solutions to environmental problems
8. Be *selective* and work with partners for better results

Proposed Environment Strategy -- Three key objectives

- Improve *health conditions* affected by environmental factors
- Improve *livelihoods* through sustainable natural resource management
- Reduce *vulnerability* to environmental risks and natural disasters

Environmental health risks pose large burden on LDCs

| Environmental health group | Percent of total DALYs in each country group | | | | | | | |
|----------------------------|--|-------|-------|----------------|-----|-----|------|-----|
| | AFR | India | China | Asia & Pacific | LAC | FSE | LDCs | EME |
| Water supply & sanitation | 10 | 9 | 3.5 | 8 | 5.5 | 1.5 | 7 | 1.0 |
| Malaria | 9 | 0.5 | 0 | 1.5 | 0 | 0 | 3 | 0 |
| Indoor air pollution | 5.5 | 6 | 9.0 | 4 | 0.5 | 0 | 5 | 0 |
| Urban air pollution | 1 | 2 | 4.5 | 2 | 3 | 3 | 2 | 1 |
| Agro-industrial waste | 1 | 1 | 1.5 | 1.5 | 2 | 2 | 1 | 2.5 |
| All causes | 26.5 | 18.5 | 18.5 | 17 | 11 | 6.5 | 19 | 4.5 |

Source: Murray and Lopez 1996, Smith 1998, World Bank estimates

DALY: Disability Adjusted Life Year; AFR: Africa; LAC: Latin America & Caribbean; FSE: Former Soviet Economies; EME: Established Market Economies in

Environmental interventions and health outcomes

| <i>Source of Health Damage</i> | <i>Associated Projects</i> | <i>Health Endpoints Affected</i> | <i>Monitorable Health Indicators</i> | <i>Proxy Sector Indicators</i> |
|------------------------------------|---|---|---|---|
| Indoor Air Pollution | Energy (cleaner fuels, improved stoves) Rural development | Mortality Chronic lung disease (COPD) Acute respiratory infections (ARI) | Deaths (child) Symptom days / COPD Cases of ARI | Number/share of households using clean fuels/improved stoves Type of housing |
| Outdoor Air Pollution | Energy Transport | Mortality COPD ARI Respiratory Hospital Admissions (RHA) IQ impairment (lead) | Deaths (adult) Symptom days / COPD Cases of ARI RHAs | Annual mean levels of PM10 (ug/m3) Lead level in blood (children) (ug/dl) |
| Vector-Borne Disease | Irrigation Reforestation Infrastructure (drainage) Health (vector control) | Malaria mortality Malaria morbidity | Deaths due to malaria Malaria cases | |
| Lack of Water and Sanitation (WSS) | WSS Infrastructure Social funds | Mortality due to diarrheal disease | Deaths due to diarrhea (child) | Access to sanitation (% of households, urban/rural) Community coverage (% of households in a community) Access to water (% of households with year round access, % of household with in-house connections, lpcd, urban/rural) Community cost-sharing and maintenance |
| | | Diarrhea morbidity | Diarrhea cases (child) | |
| Pesticide Residues | Agriculture | Acute poisoning Cancer Fetal defects | Cases of acute poisoning Cases of cancer | Application norms Storage and handling practices |
| Other Toxic Substances | Industrial pollution control | Cancers IQ impairment (lead) | Cases of cancers | Environmental performance Waste management codes Land zoning regulations |

Natural resource management outcome and indicators

| Desired Outcome | Source of Damage | Associated Projects | Proxy Indicators |
|--|--|--|---|
| Sustainable livelihoods | Policy distortions Ineffective institutions / property rights | Policy reforms (pricing, subsidies, etc.) NRM (community-based) | Natural and social capital (e.g. resource productivity, water scarcity, security of tenure) |
| Maintenance of ecological goods and services | Policy distortions, ineffective institutions, missing global markets | Financial transfers (GEF, etc.) | Area protected (by type of habitat), contiguity, etc. |

Reducing the vulnerability of the poor

| Problem | Source of problem | Public actions | Outcome indicators | Proxy sector indicators |
|---|---|---|---|---|
| Deaths, increased malnutrition, income shocks caused by natural shocks * droughts * floods * hurricanes * earthquakes * landslides | Unsustainable resource management fostered by distorted or unclear property rights, policies and institutions. People living in vulnerable areas * arid * steep sloped * flood plains Precarious housing | Policy reform on land and housing markets Improvement in prediction and emergency preparedness | Reduced death, malnutrition, income poverty in event of natural shock | Proportion of people living in vulnerable areas Implementation of prevention measures (e.g., clean storm drains) Existence and capacity to use predictions. |
| | Few coping mechanisms * credit * insurance * savings | Micro credit Insurance Emergency response | | Access to micro credit Access to insurance |

The Bank's Strategy is Evolving

FROM

- Environmental objectives
- Focus on inputs and outputs
- Short-term sectoral (add-on)
- Win-win only
- Work mostly with environmental agencies
- Main focus on project design
- Free standing global agenda



TO

- Environmental contribution to poverty reduction
- Focus on outcomes
- Longer-term, cross-sectoral (integrated)
- Acknowledge trade-offs
- Work with a wider range of sectors and stakeholders, including the private sector
- Increased focus on implementation and results
- Global agenda better complements local

Help identify and work toward tangible outcomes

- Identify country-specific outcomes and indicators
- Understand causal links between interventions and outcomes
- Promote most cost-effective actions to improve outcomes
- Consider and improve the capacity of client
- Establish a baseline and monitor performance

Elements of the proposed strategy

- Integrate environment into *policy dialogue* better
- Work more effectively with *other sectors*
- Strengthen compliance with *safeguards*
- Refocus *targeted environmental assistance* toward tangible outcomes through better capacity
- Harmonize *local, regional, and global* environmental benefits better
- Mobilize and *transfer knowledge* more effectively

Tentative implications for the Environment Family

- More *analytical work* to understand linkages with poverty reduction
- Stronger *contribution* to upstream policy dialogue
- *Participation* in cross-sectoral teams
- *Capacity-building* focused on tangible outcomes and safeguards
- *Programs and skill mix adjustment* to reflect strategic priorities
- Better *alignment* of operations, anchor, DEC and WBI
- Greater reliance on *partnerships* toward common goals

Broad Implications for Mainstreaming The Global Environment

- Proposed framework reinforces commitment to help implement global conventions, protocols and financing mechanisms.
- Sharpening poverty focus in sector strategies provides opportunity to better integrate global agenda with local and regional agendas.
- Emphasis on marketplace calls for enhanced efforts to mobilize private sector resources, technology, and skills for global environmental objectives.
- CDF provides suitable mechanism for integrating environment, including its global dimension, in country assistance programs.

Climate Change

Proposed Strategy Framework

- places vulnerability and adaptation at the core of a poverty focused, environment strategy
- recognizes that poverty focus of energy/infrastructure strategies, results in
 - ▲ improved access to energy for the poor; and
 - ▲ improved environmental health conditions; and
 - ▲ greenhouse gas reduction benefits (through scale up)
- highlights potential to promote two-way synergies between sustainable management of natural systems and the protection/enhancement of carbon sinks

Biodiversity

Proposed Strategy Framework

- recognizes that reducing poverty depends on preserving ecosystem services and their biodiversity elements
- emphasizes building strategic linkages between sustainable use and conservation of biodiversity and poverty alleviation interventions
- promotes more systematic identification of GEF interventions with WBG mission and country assistance programs
- builds a stronger WBG-GEF biodiversity portfolio.

Land Degradation & International Waters

Proposed Strategy Framework

- acknowledges strong land degradation and poverty linkages
- stresses need for supplementing WBG resources with GEF funding to enhance effectiveness of development assistance
- reinforces importance of WBG-GEF partnership on land and water degradation in Africa
- emphasizes regional cooperation in management of water resources to maintain sustainability of poverty outcomes with closer WBG-GEF linkages

Work in progress -- Where are we?

- Broad Bank-wide *discussions*
 - Environment Forum (May' 99)
 - ENV Sector Board retreat and presentations
 - Dialogue with other Sector Boards
- *Working groups* and *background papers*
 - *Cross-Regional* -- poverty, natural resource management, outcomes, safeguards...
 - *Cross-Sectoral* -- health, urban, transport, infrastructure...
- *Synthesis* -- ENV Sector Board retreat (Sept' 99)

Next steps for the next 10-12 months

- Coordination with *OED's Environment Review*
- Broad internal and external *consultation* on general direction, key principles, implications
 - ENV, Regions, ESSD Council, Other Sectors, IFC, CODE, OPC, GEF, Clients, IFIs, NGOs, Bilateral donors...
- Further *analytical work* on safeguards, outcomes, current trends & plausible futures, capacity building...
- Cross-regional and cross-sectoral *working groups* to develop an action plan