

Contents

Foreword	xi
Abbreviations and Acronyms	xiii
Overview	1
From Policy to Practice	2
Main Themes for the Future	3
Assisting Countries with Environmental Stewardship	6
Lending: To Whom, How Much, and What For	6
Problems Encountered, Lessons Learned	8
Strategies for Environmental Management	9
Climbing the Learning Curve	10
Minimizing Adverse Impacts of Bank-Financed Investments	12
Environmental Assessment	13
Resettlement	14
Building on the Synergies between Development and the Environment	16
Poverty Reduction and the Environment	16
Efficient Resource Use and the Environment	18
Addressing Regional and Global Environmental Challenges	18
Regional Environmental Initiatives	19
Global Environmental Programs	19
Building Capacity for the Task	20
Equipping the Bank	21
Building Partnerships for Change	21
Improving Openness and Accountability	21
Strengthening the Private Sector Role: The IFC and MIGA	22
Notes	23
Part 1. The Fourfold Agenda	25
1. Assisting Countries in Environmental Stewardship	26
Managing the Environmental Portfolio	27
Pollution and the Urban Environment	32

Implementing Projects in Pollution Control and the Urban Environment	36
New Lending for the Brown Agenda in Fiscal 1994	37
Technical Assistance for the Urban Environment	38
Regional Strategies for Pollution Prevention	43
Research on Pollution Control	44
Natural Resource Management and the Rural Environment	45
Implementing New Policies for Forests and Water Resources	46
Implementing Natural Resource Management Projects	48
New Lending for the Green Agenda in Fiscal 1994	50
Technical Assistance and Research on Natural Resource Management	53
Supporting National Environmental Management	56
Implementing Institution-Building Projects	56
New Lending for Environmental Institution Building in Fiscal 1994	57
National Environmental Strategies	60
Integrating the Environment into Bank Country Economic Work	62
National Legal and Institutional Assistance	64
Measuring Environmental Progress	67
Economic Valuation and Resource Accounting	69
Notes	70

2. Minimizing Adverse Impacts of Bank-Financed Investments

Overview of the Portfolio	72
EAs in Project Preparation	74
Avoiding and Minimizing Negative Impacts	74
Enhancing Project Design	76
Progress in Public Consultation	81
New EA Approaches	84
Cost of EA	87
The Emerging Implementation Experience	89
Preconditions for Effective Implementation	90
Supervision of Implementation	91
Building Capacity in Borrowing Countries	92
Building Capacity in the Bank	94
External Interactions and Relations	95
Involuntary Resettlement	95
Note	101

3. Building on the Positive Synergies between Development and the Environment

Poverty, Population, and the Environment	103
--	-----

Poverty Reduction and Natural Resource Management	105
Women in Ecosystem Management	109
Social and Natural Resources	111
Efficient Use of Resources and the Environment	114
Improving Energy Conservation and Efficiency	115
Progress with "Clean" Technologies and Practices, Including Renewable Energy	117
Eliminating Subsidies for Use of Resources	119
Economywide Policies and the Environment	121
Note	124

4. Addressing Regional and Global Environmental Challenges 125

Regional Seas and River Basin Programs	126
Combating Desertification	130
The Global Environment Facility	132
The GEF Portfolio	134
Local Participation	139
Sustainable Recurrent Cost Financing	141
Regional Cooperation	145
Institutional Issues and Capacity Building	147
Partnerships with Other Institution	150
Combating Ozone Depletion	151

Part 2. Equipping the Bank and Reaching Out 155

5. Building Capacity for the Task 156

Building Internal Capacity	157
Environmental Training	161
Thematic Teams and Collaboration Across Work Units	162
Better Tools and Indicators	163
Improving Openness and Accountability	165
Expanded Access to Information	166
Creating an Independent Inspection Function	168
International Cooperation	168
Interagency Activities	169
Bilateral Collaboration	170
Environmental Training for Borrowers	171
Working with Nongovernmental Organizations	174
Conferences	175
Broader External Relations and Communications	177
Notes	178

6. Strengthening the Private Sector's Role:

The IFC and MIGA 180

The Trend towards Ecoefficiency	181
Environmental Risk Management	183
Environmental Performance	187
Expanded Training in Environmental Risk Management	189
The Environmental Business Sector	193
Global Environmental Activities	196
Future Directions	198
Note	198

Annexes

A. Environment- and Social-Related Operational Policies and Bank Procedures	199
B. Guidance on Identification of World Bank Environmental Projects and Components	207
C. Projects with Environmental Objectives and Components Approved in Fiscal 1994	211
D. Ongoing Environmental Projects under Implementation	229
E. Projects with Full Environmental Assessment Approved in Fiscal 1994, Category A Projects	235
F. Global Environment Facility (GEF) and Multilateral Fund for the Implementation of the Montreal Protocol (MFMP) Investments Approved in Fiscal 1994	253

Bibliography 263

Boxes

1. The World Bank Group and the Environment: Highlights of Fiscal 1994	4
2. Reducing Pollution	8
3. Strengthening National Environmental Institutions	12
4. Protecting Natural Resources and Combating Poverty	17
1.1. Environmental Projects and Components	28
1.2. Mexico: Learning from the Bank's Expanding Portfolio	33
1.3. Evolution of World Bank Lending for Municipal Solid Waste Management	34
1.4. Urban Transport Projects	38
1.5. Improving the Urban Environment in China	40
1.6. Toward Environmental Strategies for Cities	42
1.7. From Pollution Abatement to Pollution Prevention: The World Bank's Guidelines	46

1.8. Tanzania: Preparation of a Water Resources Management Strategy	49
1.9. Managing Rural Land and Watersheds in Brazil	51
1.10. Strengthening Environmental Institutions in Africa: The Challenges of Implementation	58
1.11. Linking the Environment and Development in Indonesia	63
2.1. Environmental Assessment in Urban Projects	78
2.2. Identifying Impacts through Public Consultation: The Caribbean Waste Management Project	82
2.3. Sectoral EA for Programmatic Projects in the Asia Region	85
2.4. Recommended EA Approach in Privatization Operations	88
2.5. Xiaolangdi Resettlement—A Model for the Future	100
3.1. Doing Things Differently: Natural Resource Management in the Sahel	105
3.2. Addressing Rural Poverty and Natural Resource Management in Tunisia	107
3.3. Incorporating Stakeholder Participation into Forestry and Biodiversity Conservation	112
3.4. Win-Win Strategies for Mitigating Environmental Degradation in Iran	116
3.5. The Need to Address Policy Distortions to Ensure Environmental Gains	122
4.1. Lake Victoria Pollution Prevention Pilot Project	130
4.2. The Desertification Convention	132
4.3. The Global Environment Facility II: Beyond the Pilot Phase	134
4.4. Jamaica: Demand-Side Management Demonstration Project	142
4.5. Indonesia: Strengthening In-Country Use of Biological Information	149
5.1. Improved Structure to Enhance Bank Priorities	158
5.2. The Operations Evaluation Department and the Environment	166
6.1. Category A Projects Approved in Fiscal 1994: Key Environmental Issues	184
6.2. Kunda Nordic Cement A/S, Estonia	186
6.3. Environmental Audits: The Africa Project Development Facility and the Africa Enterprise Fund Project	190
6.4. Addressing the Environmental Implications of the Chiparawe Farms Projects	192

Figures

1. Cumulative World Bank Environmental Lending, Fiscal 1986–94	6
2. Annual World Bank Environmental Lending, Fiscal 1986–94	7
4.1. GEF Investment Portfolio Development—Overview	136

Tables

- 1.1. Portfolio of Pollution Control and Urban Environmental Projects, by Region, End of Fiscal 1994 36
- 1.2. Projects for Urban Environmental Management and Pollution Control, Fiscal 1994 41
- 1.3. Portfolio of Natural Resource Management Projects, by Region, End of Fiscal 1994 50
- 1.4. Projects for Natural Resource Management, Fiscal 1994 52
- 1.5. Portfolio of Environmental Institution-Building Projects, by Region, End of Fiscal 1994 56
- 1.6. Free-standing Projects for Environmental Institution Building, Fiscal 1994 59
- 2.1. Distribution of Category A Projects by Sector, Fiscal 1991-94 73
- 4.1. GEF Projects Approved 137
- 4.2. MFMP Projects Approved by Bank Management through Fiscal 1994 152
- 5.1. Internal Training Courses for Bank Staff on Environmental Issues, Fiscal 1994 162
- 5.2. Environmental Training Activities of the Economic Development Institute, Fiscal 1994 172