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Series: Subject Files

Dates: 03/01/1989 - 03/03/1991

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Fonds: Records of Individual Staff Members

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THE WORLD BANK

Washington, D.C.

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The World Bank

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OPNSV
SENIOR VICE PRESIDENT
SUBJECT FILES

Environment - Global Environmental
Fund 1989-91 (2)

The World Bank Group
Archives 1660502
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Environment - Global Environmental Fund (GEF) - Correspondence 02
475-41

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THE WORLD BANK

February 11, 1991

Mrs. Iweala:

Ngozi:



What does all this mean?
UNCED? (UN Environmental Agency ?)

United Nations
Conference on Envi-
ronment and
Development
Scheduled for 1992
MOEEN A. QURESHI in Brazil
Senior Vice President, Operations

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: 04-Feb-1991 07:43pm

TO: Wilfried Thalwitz

(WILFRIED P. THALWITZ)

FROM: Hans Wyss, CODDR

(HANS WYSS)

EXT.: 82851

SUBJECT: GEF and UNCED.

Wilfried,

I should like to bring the attached to your attention in view of both your interests in the GEF and in UNCED.

Hans.

CC: Moeen A. Qureshi

(MOEEN QURESHI)

CC: Ernest Stern

(ERNEST STERN)

CC: Sven Sandstrom

(SVEN SANDSTROM)

*Ngzyy:
What does all this
mean? UNCED?
(UN Environmental
Agency?)*

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: 03-Feb-1991 04:37pm EST

TO: Hans Wyss (HANS WYSS)

FROM: Ken Newcombe, CODDR (KEN NEWCOMBE)

EXT.: 84086

SUBJECT: GEF-UNCED Link and French Treasury Concerns

Hans:

This em follows an informal interaction I had with the Aternate ED for France for the Fund, Mr. De Fontaine Vive, at his request, on progress with the GEF and French Treasury concerns about the Bank's seemingly passive approach to UNCED. The French Minister/Delegate to the Development Committee will very likely, at the time of the next (April?) DC meeting, ask to see Mr.Qureshi (possibly Mr. Conable also) to stress to him the importance of the Bank taking an early and explicit strategic approach to UNCED, establishing in the UNCED's delegations minds that the GEF, and the Bank as its administrator, is most assuredly THE body and mechanism to manage any expanded resource flows to protect the Global Environment.

This is consistent with the French Government's view expressed at the November Paris GEF meeting, that they did not see the need for a proliferation of institutions to attend to global environment initiatives. As far as they were concerned, the GEF was it and the Bank was the institution primarily responsible.

The French do not get the impression that Senior Management has seen the fundamental link between the GEF and UNCED in this regard. They fear that unless circumvented by good PR and lobbying in the interim, other initiatives might be developed and sold to the UNCED Heads of State participants which could derail the GEF and the Bank as the financier.

Ken

OFFICE MEMORANDUM

DATE: January 7, 1991

TO: Mr. Moeen Qureshi, Senior Vice President, Operations

FROM: Mr. Hans Wyss, Director, COD

EXTENSION: 82851

SUBJECT: GEF Interim Trust Fund - Initiating Brief

Approved
AKD
1/9

1. I have attached herewith the Initiating Brief for the interim Global Environment Trust Fund. This interim trust fund is to provide the various administrative units in Operations, PRE and the IFC supporting GEF implementation with resources to facilitate their work while the main Global Environment Trust Fund (GET) is being established. The GET is expected to be established and receiving funds from GEF Participants during the last quarter of this fiscal year.
2. The Initiating Brief has been reviewed and cleared by all responsible units and, if you agree, is ready for your signature approving its establishment.

cc: Mr. Bock
Ms. Okonjo-Iweala

INITIATING BRIEF ON A TRUST FUND

Global Environment Facility Trust Fund

Submitting Department/Division: Central Operations Department

Task Manager: Kenneth Newcombe

Donor/Agency: GEF Participants

Estimated Amount & Currency: \$3.0 million (various currencies)

Duration: From November 1st, 1990 to May 1st, 1991

Trust Fund Category: Category D

Cofinancing Operation: () Yes (x) No (At initial stage there will be no cofinancing, but there may be some in the future)

Project Implementation: The Bank is responsible for implementation.

Trust Fund Objectives:

Financing the costs of the Bank's start-up activities to assist developing member countries in serving the four objectives of the Global Environment Facility being: reduction in greenhouse gas emissions, reduction in ocean pollution, protection of the ozone layer, and protection of biodiversity as proposed in the final proposal for the establishment of the Global Environment Facility. The specific objectives of the Trust Fund are to support the following activities consistent with the fulfillment of the above-mentioned global environment objectives; (a) a review of existing projects and projects under preparation to identify possible GEF components; (b) the preparation of specific operational activities for a first round of countries which are particularly committed to pursuing any of the GEF objectives; (c) co-ordination activities with the other members of the tri-partite group of implementing agencies (UNDP, UNEP and the Bank); (d) reviews of existing Environmental Action Plans and contributions to EAP's under preparation to include activities sympathetic with the objectives of the GEF; (e) independent reviews of the quality and required further preparation for priority GEF components.

List of Goods and Services:

The Trust Fund would finance Bank staff costs, consultant services, travel and expenses, seminars, meetings between implementing agencies, workshops, and office equipment. Consultants would be recruited under the Bank's standard procedures.

Rationale for Bank Involvement:

At the initiative of the Government of France, the Bank undertook to design and launch the Global Environment Facility for funding activities in developing countries which have strong benefits for the global community, but which are not the viable or least cost from a national perspective. The participants in the Global Environment Facility will provide for a pilot phase covering three years and costing about one billion SDR. The GET will be administered by the Bank, and the activities of the facility will be undertaken by the Bank with assistance from the UNEP and UNDP within their respective areas of expertise and to make appropriate arrangements through a semi-annual meeting of the participants to act on behalf of the participants for these purposes. The GEF will promote thereby environmentally sound and sustainable economic development.

Benefits and Risks:

Benefits are stated under "Rationale for Bank Involvement". Risks: The expenses incurred would initially be charged against Trust Fund income and subsequently reimbursed from grants made available to the Bank for financing the Global Environment Trust Fund. The Global Environment Facility is expected to be operational in the spring of 1991. In the event that there are delays in encashments of contributions to the GEF until FY92, and the expenses incurred exceed funds advanced by Participants, including the Government of Norway, specifically to support early preparation activities, the Bank would have to absorb the difference from trust fund income or, as a last resort, the Bank's FY91 budget.

Cost Recovery Arrangement:

The Bank's costs incurred in the implementation and administration of the GEF are to be charged directly to the trust fund. These costs are not expected to exceed the equivalent of 3% of disbursement of investment projects funded by the GEF.

External Audit Requirement:

External audit of the GEF, encompassing also this ITF, will be included in the Bank's standard arrangements for external audit of its accounts.

Other Reporting Requirements:

Expenditures under this ITF will be reported as an integral part of the agreed Bank portion of semi-annual report to GEF Participants on GEF implementation, costs incurred, work program and budget, and other matters. The first meeting of the GEF will be in April, 1991, and will report all the activities and expenditures undertaken with the support of this ITF.

Cleared by Messrs: Nimrod Raphaeli, Technical Cooperation Adviser (COD)

W. Paatii Ofosu-Amaah, Senior Counsel, Environmental Affairs and Technical Cooperation (LEG)

Eduardo Abbot, Senior Counsel, Operations (LEG)

Ullrich Kiermayr, Co-financing Adviser (CFS)

Herbert Morais, Legal Adviser, Cofinancing and Financial Intermediation (LEG)

Kah Hie Lau, Trust Funds Administrator (FRM)

George West, Chief, Budget Policy and Systems (PBD)

Approved by: Mr. Moeen Qureshi, Senior Vice President, Operations

OFFICE MEMORANDUM

DATE: December 5, 1990

TO: Mr. Barber B. Conable

FROM: Moeen A. Qureshi *MAQ*

EXTENSION: 82006

SUBJECT: Global Environment Facility

1. I have not had the time or the opportunity to discuss this matter once again with Wilfried Thalwitz, but since I am leaving tonight, I thought I should give you my reactions to the manner in which the Global Environment Facility should be handled. I am copying this note to Wilfried so that he can give you his reactions.

2. As you will recall, I had indicated earlier that the issue of which complex in the Bank takes the lead responsibility for managing the new Group should depend upon the nature and the issues that are brought before the participants. I have now had a further report from those who attended the GEF meeting in Paris.

3. Participants in the GEF meeting last week in Paris confirmed the governance arrangements which they would like to see for the Facility. Their views have important implications for how we are to implement the GEF. As proposed by the Bank, with support from UNDP and UNEP, they agreed

".....that six-monthly meetings are an appropriate vehicle for them to steer the implementation process during the commitment period. The meetings will provide an opportunity to discuss progress on the various components of the GEF and to establish the programs, resource allocations and operating costs for the following six-month period. Other agenda items are likely to include reviews of the eligibility and operational guidelines, the status of ongoing scientific and technological support, technical assistance programs and investment projects, associated policy actions in participating countries, and updates on the status of international treaties and agreements that have a bearing on GEF work. Project supervision results should be discussed as well. These meetings will provide a forum for discussing and identifying areas where special attention is needed and where additional or corrective action is called for."

3. Approval of GEF financed investment projects will be the responsibility of the Bank, with one exception: freestanding projects. The Participants agreed that the size of the very few freestanding GEF projects would not exceed \$10 million. Approval of the freestanding project with less than \$5 million GEF financing, would rest with Bank management. However, those in the range of \$5 and \$10 million will be

reviewed first by the Participants at their semi-annual meetings, and only subsequently by Bank management.

4. Normal Bank procedures for investment operations will apply to the GEF, with projects being examined by line management in the originating Region. Because of their innovative nature, initial GEF project proposals will be reviewed by the OC prior to appraisal. GEF components of Bank/IDA projects will be described in the project documentation, and may be discussed by the Executive Directors in that context.

5. Participants stressed that their support for the GEF was to gain early practical experience in key areas for intervention to ameliorate detrimental global environmental change. They will judge the success of the GEF on the implementation of suitable investment projects.

6. In view of the strong operational orientation of the Facility, I propose to chair the first semi-annual meeting of Participants, and thereafter to rotate chairmanship between the RVPs and Director COD so as to get the entire Operations Complex fully involved in this area. Those sessions of the meetings dealing with broad global environment policy and scientific issues, expected to be presented by the Chairman of the Scientific and Technical Panel of the Facility, would best be chaired by PRE. PRE would take the lead in our relations with UNEP and in the Bank's support of its Scientific and Technical Advisory Panel (which is to be established and guided by UNEP).

7. I have initiated the preparatory phase in Operations for implementation of our activities under the Global Environment Facility. A GEF Coordinator has been appointed in COD, and the Regions have begun the process of developing a GEF operations pipeline. Using the resources of the GEF, I intend to adjust our operational capacity to suit as we gain experience of the demands which implementation of the GEF will place on us. I have asked Operational Managers that in implementing the operational activities under the GEF, special attention be given to close cooperation with UNDP and UNEP and, within the Bank, with PRE/ENV. A first working level meeting for cooperation with our partners is, as you are aware, planned already for early next week.

cc: Mr. Thalwitz

see also B304

November 6, 1990

Mr. Conable

Barber -

GEF Implementation

It is impossible to predict whether we can be successful at the November 27-28 of the GEF in the current climate. However, if we make progress and/or obtain substantial commitments, we will surely be asked how the Bank plans to organize itself to deal with its GEF role. This was a subject of much concern in earlier discussions, at which point we deferred it with generalities. We can no longer do this nine months later.

In addition, it is possible that we will be led to the issue in your discussion with Messrs. Tolba and Draper on November 13.

In the GEF arrangements, we have administrative and operational responsibilities. The contributors are to be convened semi-annually and we need to chair those meetings. Progress reports and proposals for future work programs need to be prepared and integrated with proposals from UNDP and UNEP. Similar reporting requirements exists with the Montreal Protocol funds. We will need to attend the Executive Committee meetings. We have a role in connection with the Scientific and Technical Advisory Panel. Operational coordination with UNDP/UNEP will be required at the country level for project selection and development, and technical assistance.

Our internal group has had representatives from OPS (Wyss, Bock, Baudon) and PRE (Piddington) but should a GEF become operational, responsibility needs to be assigned clearly to either PRE or OPS as the Bank's lead unit and primary contact point (obviously, for matters other than specific operation, which will be with the Regions). Others will, of course, continue to participate in meetings, or in preparatory work for such meetings, as necessary.

There have been preliminary discussions between OPS and PRE (Messrs. Qureshi and Rajagopalan) but no conclusions have been reached. It would be useful if we could discuss this among the four of us some time soon, if we are in Washington together before Thanksgiving. Alternatively, you might ask the two units concerned to prepare a short note identifying any issues to be resolved.


Ernest Stern

cc: Mr. Thalwitz
✓ Mr. Qureshi

THE WORLD BANK/IFC

ROUTING SLIP		DATE: October 3, 1990	
NAME		ROOM NO.	
[Redacted] ureshi			
cc: Mr. Bock			
Mrs. Okonjo-Iweala			
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
INFORMATION		RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS: <u>Re: GEF</u>			
<p>In the light of your comment, which Ngozi passed on to me, I have shown the attached to Mr. Rajagopalan. I have introduced some clarifications without changing substance. But I understand from Raj that Wilfried Thalwitz has a different view on the chairmanship. Raj wants to advise Wilfried that he contact you on your return.</p>			
FROM: Hans Wyss		ROOM NO.: F-12-035	EXTENSION: 78020

[Handwritten signature]

OFFICE MEMORANDUM

DATE: October 1, 1990

DRAFT (2)

TO: Mr. Barber B. Conable

FROM: Moeen A. Qureshi and Wilfried P. Thalwitz

EXTENSION: 82006 & 36860

SUBJECT: Global Environment Facility (GEF)

1. This memorandum outlines the management arrangements for the GEF once it is operational. It responds to your request of August 9, 1990 on "Restructuring of Environment Department" [para. (c)]. It is timely to address the subject in the light of the success of the September 22, 1990 GEF meeting with donors and a group of LDCs which asked the Bank to prepare the final stage toward setting up the Facility.

2. Finance has taken the lead in managing the preparation of the GEF. This should not be changed until the Facility is established. Ernie Stern has very effectively ensured that during this phase there is full cooperation with PRE/ENV and Operations, including through his weekly meetings with representatives from our complexes.

3. Governance of the GEF will be determined only during the final stage when the Facility will be set up. However, the Bank has outlined a proposal for governance arrangements to the donors and a representative group of LDCs along the following lines: first, the body which will determine GEF policies will be the Consultative Group consisting of the donors and a representative group of LDCs. This body is expected to meet semi-annually. Second, the GEF programs will be carried out through the Bank, UNEP and UNDP using their respective policies and procedures.

(Eventually, other MDBs might be added). The intent and general scope of cooperation among the three agencies was confirmed by you, Dr. Tolba and Mr. Draper at a recent meeting in New York. Third, a special feature of the GEF will be the Technical and Scientific Panel of top experts in the relevant areas of the global environment to be addressed under the Facility (i.e., biodiversity, global warming and ocean pollution - ozone layer issues, as you know, are being handled through the Montreal Protocol and the Interim Multilateral Fund, for which the Bank is to be an implementing agency). Fourth, provision is being made for bringing into the GEF governance some advisory role for NGOs. The exact arrangements are still to be defined; meanwhile we are seeking to establish a Bank/NGO environment sub-group to the Bank/NGO Committee.

4. Within the Bank, we expect that each complex will play its role within the assigned responsibilities. This is important for the Bank so as to ensure that it achieves maximum effectiveness and efficiency in carrying out its leadership role for the GEF - the September 22 meeting has left no doubt about the donors' expectation about this objective. It is also recalled that the GEF is seen at this stage as a three-year pilot for experimentation and the development of experience of how global environmental issues may be addressed most effectively. We expect that a major part of the operations to be financed under the GEF will take the form of co-financing with Bank Group operations. In fact, in many cases it is through the concessional funding from the GEF that Bank operations may be modified to impart to such operations global environmental

benefits that could not be obtained without the incentives from such funding.

5. As to PRE/ENV, there will be an important set of tasks to be carried out within PRE's standard responsibilities. Specifically, we expect that a major effort will be required for ensuring that the UNEP guided Scientific and Technical Advisory Panel will become a vital element for the Facility (without, of course, being drawn directly into the individual operations) and that the work of UNEP on future conventions (e.g., on biodiversity, global warming) is thoroughly related to the Facility's work. The Panel is to bring together leading scientists in the areas to be covered under the GEF. Close cooperation of the Panel with the Bank will be essential for bringing systematically into the Bank "frontier knowledge" relevant to the GEF activities. We also anticipate a major need for research and policy work in the global environment areas because of the fast evolution of the scientific and technical dimensions that these areas are undergoing. Moreover, the Bank in its operations so far has limited knowledge, including in methodologies, vis-a-vis activities that involve costs at the national level while benefits arise on a global scale. Other complexes in the Bank would, of course, be relied on to provide their respective services.

6. So far, both PRE and OPS have taken initial steps to prepare the ground for getting the eventual GEF activities started. This has been done in the first instance through inputs into the three donors meetings held so far this year. Second, with the Interim Multilateral Fund to the

Montreal Protocol having moved ahead of the GEF (though the operational arrangements with the Executive Committee to the Interim Fund are still to be completed) Operations and PRE/ENV, together with IFC, Finance, Legal and CPB have initiated preparatory steps for operational work and for addressing the specific technical issues. As any operational work by the Bank, GEF supported operations work will be handled by the Regions/CDs, using the Environment Divisions as the Regional promoters/coordinators; task management for the individual activities will be assigned by the CD concerned to SOD/TD officers in accordance with standard procedures. The initial activities started out in the context of the Montreal Protocol has been coordinated by COD, while ENV has appointed a technical coordinator to ensure that the Bank Group may address, in a competent and coherent fashion, the technical issues of future activities related to the ozone layer. We expect that the work on the GEF will be carried out in a similar fashion, i.e., with task management by the Regions/CDs, and with the support of a technical lead capability in PRS as appropriate to the different situations faced in the different areas to be covered under the GEF. This function of PRE/PRS is entirely separate from that of the Secretariat referred to below.

7. The main management question relates to the specific functions which the Bank will have to provide in the context of leading the governing body, i.e., the Consultative Meeting, and of the associated Secretariat. Unlike the CGIAR, at present the Bank's main high-level consultative group addressing global activities (in agricultural research), the GEF is overwhelmingly a facility to be used in the context

of the Bank's own operations. It may be seen closer to the Special Program of Assistance for Africa (SPA).

8. As to the Secretariat, this should be kept lean. Specifically, it would ensure the planning and preparation for the semi-annual GEF Consultative Meetings, including work programs, budgets of the agencies concerned, and reports on progress of the Facility's program implementation. It will rely on the inputs from the respective parts of the Bank - using the coordination mechanism spelled out in para. 6 - in order to submit a Bank-wide report, and on the submissions from UNDP and UNEP for laying the basis for the considerations/decisions of the Consultative Meetings. The details for the precise functions and programs of the Secretariat will need to be worked out in the light of the governance arrangements still to be determined with the donors and a representative group of LDCs. However, at this stage, we doubt that the Secretariat should have more than three HL staff, with a senior-level person taking charge of the Secretariat. The latter would report to the chairman of the Consultative Meetings - similar to the reporting arrangements of the CGIAR Executive Secretary.

9. In the light of the foregoing, the semi-annual GEF meetings should be chaired by the SVP, Operations, to whom accordingly, the Secretariat would be attached.

OFFICE MEMORANDUM

DATE: September 25, 1990

TO: Mr. Moden A. Qureshi

FROM: Hans Wyss

EXTENSION: 78020

SUBJECT: Global Environment Facility

Yesterday Mr. Piddington informed me that Mr. Thalwitz had requested him to prepare for Mr. Conable a memorandum outlining the role of PRE in the Global Environment Facility. Mr. Piddington has prepared a draft on the subject and sent copy to me today for comment. In the attached comment, I expressed serious concern about the proposed location of the eventual chairmanship for the Global Environment Facility meetings. Given the central role which donors expect Operations to play in this pilot facility (to experiment with a wide spectrum of investment and TA operations), I believe these meetings will have to be chaired by you. My comments to Mr. Piddington are attached.

Attachments

cc: Mr. Bock
Mrs. Okonjo-Iweala

HWyss:jbe

OFFICE MEMORANDUM

DATE: September 25, 1990

TO: Mr. Kenneth W. Piddington, ENVDR

FROM: Hans Wyss, CODDR

EXTENSION: 78020

SUBJECT: Global Environment Facility

1. I refer to the draft memo on the above subject of today from Mr. Thalwitz to Mr. Conable, which you sent me for comments.
2. The main comment relates, as you may expect, to the question of the chairmanship for the GEF meetings with donors and a representative group of developing countries. Given the nature of the Facility, the principal issues I expect to come up in the context of these meetings relate to operations and the experience to be built up through such operations during the three-year "pilot" period. Both donors and developing countries attach overriding importance to strong operationalization of the Facility. Therefore, the Facility would, I believe, be served best by having Operations, through its Senior Vice President, chairing such meetings. At the same time, I anticipate that PRE will have to make a major effort toward ensuring that the UNEP guided Scientific and Technical Advisory Panel is to become a vital element for the Facility, and that UNEP's work on the future conventions (biodiversity, global warming, etc.) is also related well to the Facility. I also anticipate a major need for research and policy work in PRE in the global environment area given the major evolution it is undergoing. Operations will depend a good deal in such work.
3. The rest of the draft seems generally well in hand (i.e., relations with UNEP, UNDP, NGOs). But I suggest you clarify that the tripartite agreement, initialled by the Heads of UNEP, UNDP and the Bank last week in New York, relates to the Montreal Protocol and not necessarily to the GEF.

HWyss:jbe

FORM NO. 75
(6-83)

THE WCRLD BANK/IFC

ROUTING SLIP		DATE:
		Sept. 25, 1990
NAME		ROOM NO.
Mr. Hans Wyss		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
FOR COMMENT PLEASE AS DISCUSSED IN OUR MEETING YESTERDAY.		
cc: Messrs. J. Warford M. Munasinghe		
FROM:	ROOM NO.:	EXTENSION:
Ken Piddington	S5029	33202

OFFICE MEMORANDUM

DATE: September 25, 1990

Draft

TO: Mr. Barber B. Conable

FROM: Wilfried P. Thalwitz

EXTENSION: 80121

SUBJECT: Global Environmental Facility

Since the September 22 meeting authorized the Bank to move to the final stage of setting up the GEF, I would like to set out my views on how the Bank should be organized internally to administer the Facility. Since it is a pilot operation during the first three years, it would be premature to set up any elaborate mechanism, or indeed to separate the activity from our present structures. On the other hand, the Facility has been designed to serve a special purpose, it will be highly visible and it will need expert servicing to lay down the groundrules and develop criteria for the use of the funds which donors make available.

The earlier documents for the meetings on the GEF outlined the issues of "governance" as they affect the links outside the Bank, and in particular the tripartite relationship between UNEP, UNDP and ourselves. This is in line with the document which you signed with your colleagues in New York last week, and would reflect UNEP's role in promoting the international negotiating process. It was also envisaged that Dr. Tolba would convene a "Scientific and Technical Advisory Panel" to assist implementation of the GEF (but not as part of the decision-making sequence, which would be handled by the Bank as administrator of the GEF Trust Fund).

UNDP would have more of an operational input and would assist with technical assistance and feasibility studies. Existing patterns of liaison with UNDP, and the habit of working together in a number of areas, make us feel confident that this leg of the tripartite arrangement will operate smoothly. The proposal is that all three agencies should prepare and jointly review their work programs under the GEF. These separate programs would then be approved by the consultative group for the GEF consisting of donors and a group of developing countries. This would essentially be the same group that Mr. Stern has convened and it would continue to be serviced and chaired by the Bank.

We have also raised, but not settled, the issue of consultation with the international NGO community -- in recognition of the fact that on global environmental issues they have a legitimate claim to be involved. Our aim will be to include this on the agenda for the proposed sub-committee of the Bank-NGO Committee (which would deal also with environmental assessment, action plans and other aspects of the Bank's program).

2. You will wish to consider where in the Bank the main responsibility for this activity should lie. I have consulted with Operations and Finance, and they agree that in view of the external relations, research and policy functions that will be involved in the servicing role there is a strong case for supporting the consultative meetings for the GEF from PRE. From my point of view, this would have the added advantage of promoting cross-sectoral activities within PRE relevant to the global issues, which is part of a broader objective I have identified in the overall approach to environmental issues in this complex.

Our initial experience in preparing for the implementation of the Montreal Protocol has been helpful in tracing how the external governance of the GEF might link with the internal sequence and with the operational work which the Bank would be funding through the GEF. Each complex of the Bank (including Finance and Legal as appropriate) would identify components for the work program which the Bank would be putting forward as part of the sequence described above. Setting aside the "servicing" function of PRE, the major part of the work program will be prepared by Operations and the co-ordination of this effort could be handled through existing machinery, principally under the aegis of the Director COD, and using the Standing Group on the Environment (convened by the Director ENV) as appropriate.

Because this is a pilot program, there will be a need to review project design and implementation very closely. A number of major policy issues will come up in the early stages, for example what should be the "mix" of concessional GEF funds in a conventional energy project which deliberately switches to a fuel with lower carbon dioxide emissions. Also, if the degree of interest shown by the press and others during the current Annual Meeting is any indication, the whole operation will be a source of considerable public interest in a number of member countries.

Despite this, I do not consider that a large unit should be set up to carry out the GEF support role. The Bank has been critical of the large Secretariat which the parties to the Montreal Protocol intend to set up (ten-plus senior professional staff!). With the existing resources which are available throughout the Bank, I would envisage a unit of five H/L staff as being fully adequate for the pilot stage.

3. This unit could be located in the Environment Department and you may recall that in the restructuring recently undertaken in ENV, Mr. Piddington foreshadowed this possible requirement once the GEF was approved. Mr. Wyss has also recruited a key adviser in COD to ensure the link with Operations works smoothly on this and on Montreal Protocol activities.

If you approve this approach to our responsibilities under the GEF, I will prepare to assume the Chairmanship of the "GEF Committee" following the conclusion of the current phase of negotiations on funding and modalities.

THE WORLD BANK

ROUTING SLIP		DATE: Sept. 24, 1990
FROM THE VICE PRESIDENT SECTOR POLICY AND RESEARCH		
NAME		ROOM NO.
Mr. Piddington		
APPROPRIATE DISPOSITION		NOTE AND RETURN
APPROVAL		NOTE AND SEND ON
CLEARANCE	<input checked="" type="checkbox"/>	PER OUR CONVERSATION
COMMENT		PER YOUR REQUEST
FOR ACTION		PREPARE REPLY
INFORMATION		RECOMMENDATION
INITIAL		SIGNATURE
NOTE AND FILE		URGENT
REMARKS:		
For appropriate action.		
FROM:	ROOM NO.:	EXTENSION:
V. Rajagopalan	S5-055	33419

World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: 24-Sep-1990 11:02am

TO: Visvanathan Rajagopalan

(VISVANATHAN RAJAGOPALAN)

FROM: Patricia Gallagher, PRESV

(PATRICIA GALLAGHER)

EXT.: 31018

SUBJECT: Re Global Facility

Mr. Thalwitz has been requested to have a PRE position on Global Facility before BBC's departure on Friday, September 28. Operations has sent a memo and WT said we need to follow up quickly now that the Facility may become a reality

CC: Pauline J. Clephane

(PAULINE J. CLEPHANE)

BARBER B. CONABLE
President

013

August 9, 1990

Mr. Wilfried Thalwitz

Re: Re-structuring of Environment Department

Thank you for sending me your July 27 memorandum regarding the restructuring of the Environment Department. I have a few comments which I would like to discuss with you on your return.

- (a) I note the proposed change in the work program of ENVOS/AP, from ad-hoc operational support to support which contributes to the preparation of operational guidelines or to the policy and research functions of the Department. I trust, however, that this will not result in reduced support to Operations, but rather in more effective operational support and a stronger environmental program for the Bank as a whole.
- (b) I note that the structure of the Department remains essentially unchanged. However, you appear to propose a significant increase in the senior complement. As you know, I have already decided on the allocation of senior positions, at Level 25 and above, for FY91 and you should not expect to obtain additional such positions this fiscal year. I also believe that strong managerial leadership may be more important than higher staff grades.
- (c) You have seen Moeen's note on his concerns with regard to your proposal for the management of the Global Environment Fund. I understand Raj is presently pursuing this matter. I would like you and Moeen, in consultation with Ernie, to prepare a joint memorandum to me on how you propose to manage the GEF once it is operational.
- (d) I note that you propose one position for an Institutional/Legal Expert in ENVAP. Ibrahim Shihata and Bob Picciotto have commented upon this proposal and we can discuss this when we meet. Meanwhile, I would like you to clarify the job description and the qualifications you have in mind for this position, consulting as necessary with Ibrahim.

Handwritten notes on the left margin, including "I'll be at the meeting" and "ENVAP".

Mr. Wilfried Thalwitz

- 2 -

August 9, 1990

Let me also emphasize that I expect special attention to be given to the human side of the restructuring. I was quite surprised to see in para. 40 of the attached July 11 memorandum that all but one or two of the current ENVOS staff would have to be reassigned. I was quite concerned by reports I had received regarding staff morale in the Environment Department and have spoken with both Raj and Ken Piddington. You must ensure that all staff are fully informed about the changes and their rationale and how they affect each individual. Staff reassignments should be made in full consultation with the staff members concerned and their preferences should naturally be taken into account.

Barber B. Conable

Barber B. Conable

cc: Messrs. Qureshi, Stern, Shihata,
Alisbah, Picciotto

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: 27-Aug-1990 11:50am

TO: Attila Karaosmanoglu (ATTILA KARAOSMANOGLU)

FROM: Hans Wyss, CODDR (HANS WYSS)

EXT.: 78020

SUBJECT: Global Environment Facility (GEF)

The draft Discussion Note No. 3 on "Global Environment Facility, Proposed Funding Modalities" circulated under Mr. Stern's memorandum to the Members of the President's Council, was - as indicated by Mr. Stern - reviewed in his GEF Working Group. (Messrs. David Bock, Thierry Baudon and I participate in this Group.) The present version of the draft reflects the comments made during these reviews.

The draft paper is not directly dealing with operational issues. But its content has some important implications for future GEF operations. The main comment made by the OPS members on the Working Group related to their concern about the effects of the Bank becoming overly accommodating to a couple of reluctant or otherwise confined donors through (a) funding loans rather than grants, and (b) cofinancing rather than core financing. As a result, the door is being opened for possibly too hard (though still concessional) terms for IBRD countries and possibly less than grant terms for IDA countries. There is great sensitivity among our borrowers - as has been evident from the CFC Interim Fund negotiations - on these terms because such financing would benefit (in varying degrees) the industrialized world (which is clearly the main originator of pollution of the global commons). Cofinancing rather than core financing could introduce difficult rigidities in the eventual allocation of funds, e.g., by types of operations (and create problems in the financing of operating costs of the Facility). FIN fully recognizes these concerns and is taking a cautious approach to ensure that tradeoffs between quantity and "quality" of financing for the Facility will not create undue costs to the eventual beneficiary and in terms of rigidities for operations.

As to operations' costs, the proposal refers to a range of 5% (for investment) to 13% (for TA) of the amounts granted/lent. These are of course much higher cost estimates than under present Bank/IDA lending. The 13% figure is the present standard figure used for UNDP executing agencies in the UN family (though a slightly lower percentage is at present applied to IBRD-executed UNDP projects). While the 5% figure has no empirical foundation, it does not appear unreasonable given the pilot nature of the

Facility.

CC: Moeen A. Qureshi
CC: David R. Bock
CC: Ngozi Okonjo-Iweala
CC: Thierry Baudon

(MOEEN QURESHI)
(DAVID BOCK)
(NGOZI OKONJO-IWEALA)
(THIERRY BAUDON)

OFFICE MEMORANDUM

DATE: August 21, 1990

TO: All Operations Staff

FROM: Mr. Moeen A. Qureshi, Senior Vice President, Operations *Info*

EXTENSION: 82006

SUBJECT: Proposed Global Environment Facility and Montreal Protocol:
Follow-Through in Operations

1. I wish to bring you up-to-date on the state of preparation of the proposed Global Environment Facility (GEF) and the Interim Multilateral Fund under the Montreal Protocol (for protecting the ozone layer), and to outline the steps we are taking for timely operational implementation of these important initiatives.
2. In response to requests from the September 1989 Development Committee meeting and specific proposals made at the 1989 Annual Meetings by some of its shareholders, mainly France and Germany, the Bank prepared a proposal for Funding for the Global Environment for a meeting of donors in Paris in mid-March 1990.¹ The meeting, which also included UNEP and UNDP, welcomed the proposal for a three-year pilot action program on four problems of global concern: depletion of the ozone layer, global warming, loss of biodiversity, and pollution of international waters. Donors at the March meeting asked the Bank to prepare a discussion paper on the GEF's Organizational Arrangements and Governance and on the Framework for Program Design and Allocation Criteria. The donors' meeting held in Paris in mid-June on the GEF proposal² very much supported the proposed Framework for Program Design and Allocation Criteria. In the absence of consensus among all donors on supporting the GEF proposal, discussion on the Organizational Arrangements and Governance were less conclusive. However, given the strong interest on the part of most donors in pursuing the GEF proposal, Finance is in the process of exploring the feasibility of establishing a core fund (supplemented by some parallel financing) for the proposed GEF activities, taking into account the progress made under the Montreal Protocol for protecting the ozone layer (discussed below). We are hopeful that in Fall 1990 the basis for funding the GEF proposal as a three-year pilot (at around SDR 1 billion, including the Interim Multilateral Fund under the Montreal Protocol) will be established and that by mid-1991 at the latest, the Facility will open for business.
3. On one component of the GEF proposal, depletion of the ozone layer, there have been important recent developments. The serious problem of a depleting ozone layer was already recognized under an international

1/ World Bank Discussion Paper, February 1990, on "Funding for the Global Environment," circulated to the Board under SecM90-678.

2/ World Bank Discussion Notes, May 1990 on "Funding for the Global Environment: 1. Framework for Program Design and Allocation Criteria; 2. Organizational Arrangements and Governance," circulated to the Board under SecM90-678.

agreement (the "Montreal Protocol") which commits participating countries to phaseout production and use of CFC (chlorofluorocarbon) and other halons. The Protocol included a provision for setting up a grant fund to help developing countries finance the phaseout. At a meeting in London in June 1990, the parties to the Protocol agreed on the setting up of such a fund in the amount of \$160 million (\$240 million if India and China participate which these countries indicated they will).³ At present, the Bank is preparing the arrangements to be agreed with the Montreal Protocol parties for the use of the Interim Multilateral Fund to be set up by these parties for an initial three years, and with UNDP and UNEP as to the cooperation among the three international agencies for implementing the activities to be financed under such a fund. We are hopeful that these agreements will be ready later this year and that the Interim Multilateral Fund will open for business by early calendar year 1991.

4. My office has worked closely with Finance and PRE/ENV in the preparatory steps throughout the developments of the proposals for the GEF. Initially Heinz Vergin with Thierry Baudon, and more recently David Bock with Thierry Baudon, participated with Finance and ENV in the Paris meetings with donors. A Working Group under Hans Wyss prepared the GEF framework paper for the June meeting in Paris. David Bock, Hans Wyss and Thierry Baudon are members of a GEF Working Group that has weekly progress meetings under Ernie Stern. In the light of the progress made at the London meeting on the Montreal Protocol, Hans Wyss set up in early July a CFC Coordination Working Group with Messrs. Kavalsky and Piddington, the Regional Environment Division Chiefs and the IFC Environment Advisor, Mr. Riddle. I expect this group to stimulate and facilitate the start-up activities in operations that are required to prepare ourselves for the time when the CFC funding will become available, while ensuring the appropriate coordination with IFC, ENV and Finance.

5. In the next few months, our start-up activities will consist of (i) reviewing a limited number of CFC country studies that have been prepared recently, (ii) a thorough exchange on the complex technical aspects of future CFC activities between ENV, IFC, the Regional Environment and Industry Divisions, and specialists on the subject, and (iii) the preparation of specific operational activities for a first round of countries which are particularly committed in pursuing the CFC phaseout. Staffing and budgetary requirements for these activities are currently under review. The development of appropriate approaches for future operations in the CFC area is going to be an exceptionally demanding challenge given the important technical evolution in the area of CFC phaseout and the unusually diffused range of operators that need to be brought into any CFC phaseout strategy. Within the Regions, many cross-sectoral issues will emerge and we look to the Regional Environment Divisions to provide the necessary leadership for the other Divisions, mainly those responsible for industries.

6. Finally, I am asking Hans Wyss to establish within the Central Operations Department the necessary capability to facilitate the Regions effectively taking on, in a timely fashion, of the operational responsibilities under the Interim Multilateral Fund of the Montreal

^{3/} A statement on the London Meeting on the Montreal Protocol was made by Mr. Kavalsky to the Board on July 3, 1990.

Protocol, and eventually under the proposed GEF. On the latter, I expect that substantial preparation will have to start up beginning this fall provided the basis for funding such Facility will be evident as per expected schedule (referred to above).

7. With these activities, the Bank is entering into a new area where, unlike in our past and present operations, benefits from certain investment expenditures are expected to accrue almost entirely, or primarily, beyond the national borders, while costs are incurred at the national level. Many unusual questions will arise on a wide range of issues, and the cooperation across operational units and with the other parts in the Bank Group will be critical for our successful start up in these new activities.

cc: Messrs. Stern, Thalwitz, Rajagopalan, Wood, Kavalsky, Piddington

ROUTING SLIP		DATE:
		August 14, 1990
NAME		ROOM NO.
Mr. Qureshi		E 1241
	APPROPRIATE DISPOSITION	NOTE AND RETURN
X	APPROVAL	NOTE AND SEND ON
	CLEARANCE	PER OUR CONVERSATION
	COMMENT	PER YOUR REQUEST
	FOR ACTION	PREPARE REPLY
	INFORMATION	RECOMMENDATION
	INITIAL	SIGNATURE
	NOTE AND FILE	URGENT
REMARKS:		
<p><i>Sprinkler Repair</i></p> <p><i>Back to school before a sent.</i></p>		
FROM:	ROOM NO.:	EXTENSION:
Hans Wyss	F 12-035	73348

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

SWF20078

August 20, 1990

Mr. Qureshi:

Moeen,

David Bock told me last Friday that you wanted to make sure Finance is fully supportive of the statements in the memorandum. I had a chance to go over the memorandum in detail with Ernie Stern after his weekly meeting today with the GEF Working Group. He found the memorandum to reflect the present situation and expectations fairly. The original copy is with you for signing.

Hans Wyss

Attachment

cc: David Bock

OFFICE MEMORANDUM

DATE:

TO: All Operations Staff

FROM: Mr. Moeen A. Qureshi, Senior Vice President, Operations *Info*

EXTENSION: 82006

SUBJECT: Proposed Global Environment Facility and Montreal Protocol:
Follow-Through in Operations

1. I wish to bring you up-to-date on the state of preparation of the proposed Global Environment Facility (GEF) and the Interim Multilateral Fund under the Montreal Protocol (for protecting the ozone layer), and to outline the steps we are taking for timely operational implementation of these important initiatives.

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cc: Messrs. Stern, Thalwitz, Rajagopalan, Wood, Kavalsky, Piddington

FORM NO. 75
(6-83)

THE WORLD BANK/IFC

ROUTING SLIP		DATE: <i>August 10, 1990</i>
NAME		ROOM NO.
<i>Mr. Qureshi</i>		<i>E 1241</i>
APPROPRIATE DISPOSITION		NOTE AND RETURN
<input checked="" type="checkbox"/>	APPROVAL	NOTE AND SEND ON
<input type="checkbox"/>	CLEARANCE	PER OUR CONVERSATION
<input type="checkbox"/>	COMMENT	PER YOUR REQUEST
<input type="checkbox"/>	FOR ACTION	PREPARE REPLY
<input type="checkbox"/>	INFORMATION	RECOMMENDATION
<input type="checkbox"/>	INITIAL	SIGNATURE
<input type="checkbox"/>	NOTE AND FILE	URGENT
REMARKS:		
FROM: <i>Randolph L. P. Harris</i>	ROOM NO.: <i>A 11-077</i>	EXTENSION: <i>73353</i>

OFFICE MEMORANDUM

DATE: August 10, 1990

TO: Mr. Moeen A. Qureshi, Senior Vice President, Operations

FROM: Randolph L.P. Harris, ^{RLH} Acting Director, COD

EXTENSION: 73353

SUBJECT: Communication to Operations Staff on Proposed Global Environment Facility and Montreal Protocol: Follow-Through in Operations

1. Mr. Wyss prepared the attached memorandum for your signature to inform operations staff where the Bank stands on the proposed Global Environment Facility and the Interim Multilateral Fund and the steps being taken now to prepare for action when the funding arrangements are ready. The memorandum has been cleared by Thierry Boudon and the other REDs.
2. Please note the reference in para 6 to your request for \$800,000 from the President's contingencies to pre-finance the CFC start-up cost in operations. The budget request for this purpose was submitted to your office earlier today.

Attachment

cc: Messrs./Mmes. Bock, Robless, Smucker, Okonjo-Iweala (OPNSV); Wyss (o/r) (CODDR); Piddington (ENVDR); Baudon (EMTEN); Baratz (ENVOS); Birdsall (LA1PH); Davis (ASTEN); Christoffersen (AFTEN)

DEEN A. QURESHI
Senior Vice President, Operations

January 26, 1990

Ms. Haug:

Marianne:

Draft Letter on Global Environmental Fund

I suggest a couple of changes. The insert is designed to take into cognizance the contribution of grant funds by several donors who have already contributed or pledged grant funds for technical assistance:

1) Replace the fourth sentence of the first paragraph, which reads: "It appears that" with "It appears that there is broad agreement on the notion of providing additional concessional resources to support environmental actions with global implications. While several donors' contributions of technical assistance grant funds have supported, and will continue to support, important local environmental initiatives in the recipient countries, this does not provide these countries with sufficient incentive to address environmental issues with international implications."

2) Please insert "also" in the 3rd line of the 2nd paragraph, i.e. "....since they are also key actors in".

Mullen

cc: Mr. Kashiwaya

900125006

THE WORLD BANK / IFC / MIGA

OFFICE MEMORANDUM

DATE: January 25, 1990

TO: Mr. Moeen A. Qureshi, OPNSV

FROM: Koji Kashiwaya, CFSVP

LG"

EXTENSION: 70795

SUBJECT: Draft President's Letter on Global Environmental Fund

1. I think that a sentence should be inserted that refers to the contribution of grant funds by several donors in support of technical assistance for environmental projects. Otherwise, this letter may cause unnecessary negative reactions by donors who have already contributed or pledged grant funds for technical assistance.

2. I suggest the following amendment to the draft. Replace the fourth sentence of the first paragraph, which reads "It appears that" with "It appears that there is broad agreement on the notion of providing additional concessional resources to support environmental actions with global implications. While several donors' contributions of technical assistance grant funds have supported, and will continue to support, important local environmental issues of the borrowers, this does not provide borrowing countries with sufficient incentive to address ~~global~~ environmental issues."

print
circulation

with international implications

Learn @ Pham visit

11
do 4
in the

cc: Messrs. Vergin, Bock, Taylor

Memorandum in 7th 2nd paragraph

90 JAN 25 PM 12:12

SVPOP

THE WORLD BANK

January 25, 1990

Mr. Kashiwaya:
Mr. Vergin

Could you please let me have
your reactions.

MOEEN A. QURESHI
Senior Vice President, Operations

THE WORLD BANK

ROUTING SLIP		Date 1/24/90
OFFICE OF THE PRESIDENT		
Name		Room No.
Messrs. Qureshi		
Thalwitz		
To Handle		Note and File
Appropriate Disposition		Prepare Reply
Approval		Per Our Conversation
Information		Recommendation
<p>Remarks</p> <p style="text-align: center;">This is a draft letter Mr. Conable is planning to send out next week.</p> <p style="text-align: center;">Do you have any comments?</p> <p style="text-align: right;">Marianne Haug</p>		
From		

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Several donors have also
inhibited technical assistance
front ends which have
reported and will continue
to support important
DRAFT environmental initiatives
January 24, 1990 is a number
of borrowing
countries.

FRANK B. CONABLE

Dear Mr. Minister:

During 1989, a number of proposals for an environmental fund to address issues of global concern were made. More specific proposals were made by certain Governments at the Development Committee and during the Bank/Fund Annual Meeting in September. Consultations with donors were undertaken on an informal basis in recent weeks in order to establish how they would wish to see these ideas pursued. It appears that there is broad agreement on the notion of providing additional concessional resources to support environmental actions with global implications, where the current funding arrangements do not provide borrowing countries with sufficient incentive to do so. During these consultations, five categories of global issues were identified: energy efficiency and conservation, transboundary pollution, tropical forestry, biodiversity, and technology transfer (as in the case of CFC substitution). There is, of course, a diversity of views among the donors on the relative priorities of these areas.

In order to ^{also} discuss these issues further in a forum which brings together interested donors, as well as the representatives of UNDP and UNEP, since they are key actors in this area, we intend to hold a preliminary meeting on March 15-16, 1990 in Paris to which your Government is invited. I have asked Mr. Ernest Stern, Bank's Senior Vice President for Finance, to chair these discussions. A list of donors and agencies invited to this meeting is attached. Further details and a discussion paper will be sent to you shortly.

I urge your Government's participation in these discussions since the Bank needs broad-based guidance in shaping its own strategy. Would you please let Mr. Stern know the composition of your Government's delegation, which we assume in some cases may include representatives of more than one ministry. I look forward to the start of these discussions and to your continued support of the World Bank Group in this area of vital concern.

Sincerely, *global*

Mr.
Ministry of
...

Attachment
cc: ED

MEETING ON ENVIRONMENTAL FUNDING
Paris, March 15-16, 1990

Governments Invited

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany, Federal Republic
Italy
Japan
Netherlands
Norway
Saudi Arabia
Spain
Sweden
Switzerland
United Kingdom
United States

Agencies Invited

UNDP
UNEP

THE WORLD BANK

ROUTING SLIP		Date 1/24/90
OFFICE OF THE PRESIDENT		
Name		Room No.
Messrs. <u>Qureshi</u>		
Thalwitz		
<input type="checkbox"/> To Handle	<input type="checkbox"/> Note and File	
<input type="checkbox"/> Appropriate Disposition	<input type="checkbox"/> Prepare Reply	
<input type="checkbox"/> Approval	<input type="checkbox"/> Per Our Conversation	
<input type="checkbox"/> Information	<input type="checkbox"/> Recommendation	
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From		

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

BARBER B. CONABLE
President

DRAFT

January 24, 1990

Dear Mr. Minister:

During 1989, a number of proposals for an environmental fund to address issues of global concern were made. More specific proposals were made by certain Governments at the Development Committee and during the Bank/Fund Annual Meeting in September. Consultations with donors were undertaken on an informal basis in recent weeks in order to establish how they would wish to see these ideas pursued. It appears that there is broad agreement on the notion of providing additional concessional resources to support environmental actions with global implications, where the current funding arrangements do not provide borrowing countries with sufficient incentive to do so. During these consultations, five categories of global issues were identified: energy efficiency and conservation, transboundary pollution, tropical forestry, biodiversity, and technology transfer (as in the case of CFC substitution). There is, of course, a diversity of views among the donors on the relative priorities of these areas.

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Sincerely,

Mr.
Ministry of
...

Attachment
cc: ED

MEETING ON ENVIRONMENTAL FUNDING
Paris, March 15-16, 1990

Governments Invited

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany, Federal Republic
Italy
Japan
Netherlands
Norway
Saudi Arabia
Spain
Sweden
Switzerland
United Kingdom
United States

Agencies Invited

UNDP
UNEP

900129022
on his leg

KOJI KASHIWAYA
Vice President, Cofinancing
and Financial Advisory Services

January 29, 1990

Mr. J. Wood

Joe,

Funding for the Environment -- Overview Note

I would like to comment on your draft. Please find my comments below:

- (1) The paper should refer to the support of the donors who have already committed or disbursed bilateral technical assistance for the environment to the Bank.
- (2) Describe more precisely para. 5
- (3) Is FINCOM concerned about global environment? Should local environment issues be delegated to bilateral contributions (as well as IBRD/IDA operating activities)?
- (4) In this context, how should the Bank treat cofinancing and bilateral grants for global environment? (c.f. para. 9)
- (5) As we have repeated again, we are ready to cooperate with FINCOM to the maximum degree.
- (6) The best approach for global environment is to create guidelines and preparation rather than talk about the funding program.

18

cc: Messrs. Qureshi, Bock, Taylor

OFFICE MEMORANDUM

900124009 1.
cc: Mr Lee

DATE: January 23, 1990

TO: Mr. Moeen A. Qureshi, OPNSV

FROM: Koji Kashiwaya, CFSVP

KS

✓

EXTENSION: 70795

SUBJECT: Trust Fund for the Environment and Cofinancing

On January 22, 1990 Mr. Stern told me that it is no problem for CFS to pursue fund allocation of four European donors' contributions for the environment fund, as well as cofinancing for the environment. However, if CFS wishes to solicit new donors for the environment, FINCOM should be informed beforehand. I replied that we cannot help continuing our dialogue with donors for future trust funds as well as cofinancing, but if donors are interested in assisting the Bank in the field of environment, we will keep Joe Wood informed, as we have been doing so far. I would like to ask Cofinancing staff to keep this in mind.

cc: Messrs. Bock, Taylor
COF Staff

KKashiwaya:jed

2/9/90

Mr. Qureshi:

Moeen:

You may find Thierry's
comments on the Environmental Funding
paper useful.

World Bank/IFC/MIGA
F I C E M E M O R A N D U M

DATE: 08-Feb-1990 12:40pm

TO: Ngozi Okonjo-Iweala (NGOZI OKONJO-IWEALA)

FROM: Thierry Baudon, EMTEN (THIERRY BAUDON)

EXT.: 32502

SUBJECT: Environmental Funding Paper.

Ngozi, welcome back. I'd like to hear your reactions about Davos at some point. In the meantime, since I am leaving on mission today and Heinz is on leave, I would like you to know where we stand on the Funding paper. In a nutshell, the final draft (prepared by Mary Oakes Smith and myself) is with Joe Wood and Ernie Stern. They are making final changes today and will probably send it to Moeen on Friday or early next week. Since the paper has to be sent to donors very soon, there will probably not be much time for internal review. In case this does happen and Moeen is not given much time to react, you can tell him that in my view (slightly biased as a co-author of course) the paper is OK from Operations' standpoint. It does not commit OPS to impossible things, but rather provides a framework for integrating global environmental concerns into our lending and ESW programs. I will be back next Thursday in case you need any further information. Should anything urgent occur on this, Mary Oakes Smith would be the person to call. Cheers, Thierry

?
who told him I went to Davos

Quick footnote: Koji may complain to Moeen about the fact that Finance took the lead on this; I consider such a claim unfounded, since Finance, OPS and PPR (ENV) were fully involved in the exercise. Excessive turf-consciousness is probably at the root of this...

The World Bank
Washington, D.C. 20433
U.S.A.

Office of the President


December 8, 1989

Mr. Ernest Stern

Ernie:

I talked to Madame Pallez regarding the meeting with the French Government representatives on environment funding on December 13.

It was agreed that you would organize a meeting involving all concerned parties from the Bank prior to the luncheon. Madame Pallez felt that the meeting may require 1-1/2 to 2 hours. If, thereafter, there is a need for special technical meetings, these can, of course, be arranged with individual representatives from PPR and Operations or Finance.


Marianne Haug

cc: Messrs. Qureshi, Thalwitz, Kashiwaya, Rajagopalan
Piddington, Vergin

DATE: December 7, 1989

TO: Mr. D. Joseph Wood, FRPVP

FROM: Heinz Vergin, OPNSV

SUBJECT: Supplementary Environmental Funding

This note identifies environmentally-related lending and associated activities which might be suitable for supplementary funding. The note is based on an informal review of the Bank's environmentally related country assistance plans for FY91-93 with the four Regional Offices.

The supplementary lending program notionally set out below was identified by the Regional staff in response to the following question:

Assuming that concessionary funds were to become available to the Bank for high priority, environmentally-related investment activities, how would you use such funds to advance, expand and deepen those country assistance activities which address themselves to the protection of the environment?

With reference to the note about "concepts and criteria for supplementary environmental funding" dated November 14, it was also pointed out to the Regional Staff that the best case for the use of concessional finance for environmental projects, particularly in the middle-income countries, could be made for those investments which generate benefits which accrue to more than one country or, as in the case of the so-called "global components," to all of humanity. A large number of the projects which have been identified for supplementary funding meet this criterion.

On this basis, it has been possible to broadly identify an FY91-93 supplementary lending program involving commitments of about \$2 billion which would build up gradually from about \$200 million in FY91 to \$500 million in FY92 and to \$1 billion plus in FY93. In general terms, this program would comprise:

- o environmental management projects or project-components;
- o forestry conservation projects and support for implementation of bio-diversity action plans;
- o cofinancing for expanded pollution control components in energy, industrial, urban and water sewerage projects in the Bank's FY91-93 lending program.

A program of project preparation and policy studies would have to be launched to prepare the projects and project components envisaged for years 2 and 3. Considering the small size of the projects and project components and the frequently highly innovative project content, it should be noted that the preparation and eventual supervision of this supplementary environmental lending program will be very labor intensive. Supplementary budgets will be required to cover the Bank's incremental lending work.

There follows a brief summary of the supplementary lending opportunities which the Environmental Divisions of the Regions' Technical Departments have identified.

Africa Region. Building on the national Environmental Action Plans (EAPs), which have been formulated by several member governments with intensive Bank assistance, plus Tropical Forest Action Plans (TFAPs), the Region envisages that supplemental funding would make it possible to expand its environmental assistance activities beyond present plans in EAP countries such as Ghana, Lesotho, Madagascar, Mauritius, Rwanda, Guinea and Burkina Faso. Also ongoing and planned TFAP work in 10-12 countries are generating investment or technical assistance projects of high priority. The Region proposes to pursue Environmental Management Projects/National Parks Projects (e.g. Mauritius), pioneering projects in land management and coastal zone management, forestry conservation projects which support the preservation of bio-diversity (Madagascar and 6-8 TFAP countries) and several industrial waste management projects (Mauritius, Ghana and Madagascar). The Region also proposes to support major expansion of an ongoing program which monitors trade in endangered species; it could also expand lending for capacity building at notional levels to undertake environmental assessments of projects/programs. Spread over a large number of freestanding operations with an average size of 5-10 million, AFTEN projects a supplementary lending capacity of about US\$200 million - US250 million within a few years.

Asia Region. The Region considers that cofinancing from the environmental facility could significantly advance the objectives of several projects in the Asia FY91-93 lending program. Cofinancing could be attached to several forestry projects in support of their environmental and forestry management components. In addition, the Region, in cooperation with the Asian Development Bank, is developing a bio-diversity action plan for the Asia and Pacific Region. Supplemental financing could be used to improve the incomes and incentives for smallholders in the vicinity of the bio-diversity areas identified in this action plan.

Cofinancing could also be used to expand and deepen the environmental management projects in countries like Indonesia and Sri Lanka. With cofinancing it would also be possible to expand the pollution control components and deepen the environmental management components of several major projects: India - Industrial Pollution; India - Singrauli; Indonesia

- Jabotabek Urban Development III; China - Jiansu and Lianing Environmental Projects and the series of Metropolitan Environment Improvement projects which are being prepared with UNDP funding for Beijing, Bombay, Jakarta and Manila. Overall, the Region envisages a gradual build-up of its supplemental lending capacity to about \$300 million by FY92.

LAC Region. To support environmental investments, institutions and policy development, LAC Region would propose to cofinance operations in its FY91-93 program by providing concessional support for environmental components which financially strapped LAC governments could not otherwise undertake. Examples are: increasing subsidies for erosion control under the Brazil Land Management III loan and accelerating the starting up of protected areas in the Mato Grosso Natural Resources project; better structured forestry and Amerindian components in various agricultural operations; investments in sewage treatment and waste management within urban and water operations; and routing roads, pipelines, and power lines away from fragile ecosystems. By FY92-93, some freestanding operations should be feasible, including e.g., a loan to help Costa Rica create buffer areas around its threatened national parks, a second operation in Bolivia's Eastern lowlands, seed money for carbon sinks and work on erosion control in the Andean countries. The Region considers that by FY92 a program of \$400 million should be doable.

EMENA Region. The Region considers that cofinancing from a prospective environmental facility could significantly advance the objectives of several environmental projects in its FY91-93 lending program. In addition the Region would propose to integrate its preparation of projects under the Environmental Program for the Mediterranean with the lending criteria and conditions of such a facility. Cofinancing could be attached to several Environmental Management projects (Algeria, Pakistan, Poland). Cofinancing could also be used to develop and expand substantial pollution control components (including hazardous waste disposal) in a wide range of energy, industrial, urban and water sewerage development projects which the Region has in its current FY91-93 lending programs (Cyprus, Hungary, Pakistan, Turkey and Yugoslavia). Overall, the Region projects a potential for the commitment of supplemental funds of \$100 million in FY91 building gradually to \$300-400 million by FY93.

It goes without saying that the supplementary lending program described above at this stage is indicative only and will require substantial further discussion with the country program managers and with the respective Governments once the availability of supplementary funding has been confirmed.

cc: Mr. Moeen A. Qureshi
Regional Vice Presidents
Members of Supplementary Funding Coordinating Group

891114002

1.

November 14, 1989

Mr. Wood

Joe,

Supplemental Funding
for the Environment

Attached is a draft on concepts and criteria which might be employed in the formulation of an environmental action program suitable for supplemental funding. I suggest that we discuss this note in the next meeting of your working party.

Heinz Vergin

cc: Mr. M. A. Qureshi ✓

RECEIVED
89 NOV 14 AM 10:08

OFFICE OF THE
SVPOP



EARMARKED CONCESSIONAL FUNDING FOR THE ENVIRONMENT:

CONCEPTS AND CRITERIA FOR A WORLD BANK-EXECUTED ACTION PROGRAM

1. The purpose of this note is to explore in a preliminary fashion the following issues:

- (a) What is the rationale, if any, for allocating non-fungible concessionary finance to environmental protection activities? and
- (b) To what use could such concessionary finance be put by the World Bank if it was asked to prepare and present a program ready for funding over the next 18-24 months?

2. What is discussed below is, therefore, a first cut at the conceptual framework which could underpin the Bank's posture vis-à-vis concessional funding for the environment, should donors' willingness to pursue this idea materialize in one form or another in the months ahead. Issues surrounding the whole question of processes (funding mechanisms, management principles, detailed country eligibility criteria, institutional arrangements within the Bank to operate an environmental facility, etc.) have purposely been left aside at this point.

A. The Rationale

3. The existence of massive spatial externalities provides a very strong justification for both additionality and concessionality. The transboundary nature of pollution and environmental degradation creates a situation where a strong argument can be made for some form of cost-sharing among nations. Several forms of environmental degradation are transboundary, either bilaterally (e.g. acid rain: USA/Canada; Poland/Sweden; eutrophication in the Adriatic Sea involving Italy and Yugoslavia) or multilaterally (e.g. global warming, CFCs, endangered species). A variant of this exists where the polluting country(ies) receive no benefit (or significantly less than its neighbor(s)) from cleaning up or mitigating the pollution/environmental degradation it creates. In such cases, providing concessional finance may be the only means to induce that country to act. The more multilateral the issue, the stronger the case for concessionality. In a sense, transboundary issues create a situation where the "polluter pays" principle has to be replaced by some form of the "beneficiary pays" principle.

4. Therefore, the best case for concessional finance can be made for investments whose benefits accrue to more than one country or, for that matter, to all of humanity. Not only is this possibly the only efficient way to deal with global commons problems, but it may also be the fairest, since the donor countries create most of the problem and, in many cases, are also most interested in the result. The Bank has argued for example that if wealthy countries are concerned -- partly in their own interest -- about the

survival of species in the Indonesian rain forest, they should be willing to offset the loss of income to Indonesia from not developing the affected areas. Similar arguments are being made for Madagascar and Brazil (Amazon basin).

5. The importance of temporal externalities (i.e. intergenerational equity considerations) in the benefit estimation of environmental action programs also calls for some form of additionality and concessionality. While spatial externalities would justify additional concessionary finance to deal with transboundary pollution issues, temporal externalities (i.e. inter-generational equity) would support the allocation of concessional funds to conservation purposes and activities with very long-term benefits.

6. The economic benefits of environmental action (including its cost avoidance impact) are often indeterminate, underestimated or extremely difficult to quantify partly because they often occur well into the future, partly because the benefits are uncertain or dependent on probabilities of occurrence (for example, in case of disaster prevention programs such as oil spill contingency planning), and partly because there are intractable difficulties in valuing benefits^{1/} (particularly for non-tradable natural resources such as air, soil and water). In practice, such externalities (which in this case do not necessarily have a transboundary/multinational dimension) are typically excluded from cost-benefit analysis. This places such investments at a significant disadvantage vis-à-vis other uses of funds. Providing non-fungible/concessional finance would place environmental investments on a comparable footing with other investments which do not rely so heavily upon externalities^{2/}.

7. Intergenerational equity issues arise also when there are important trade-offs between economic survival and environmental protection. Concessional funding may be required where such trade-offs are manifestly unavoidable, and where countries are forced to invest in projects with a short-term payoff. This situation arises in the poorest countries which tend to be heavily dependent on the short-term exploitation of a deteriorating natural resource base, and in which rapid population growth exacerbates the problem. Concessional funding may also be appropriate where there are no other means of compelling environmental investments to favor underprivileged groups (e.g. upland farmers, slum dwellers, displaced persons, indigenous tribes, etc.).

^{1/} Some natural resource economists would also argue that concessional funds involving interest rates lower than the normal discount rate are also appropriate since the national income accounting techniques are so distorted (by not allowing for resource depletion) that they give a false sense of net worth to countries which are in fact at a level of income where concessional finance is justified.

^{2/} A case in point is that of conservation investments to maintain the renewable natural resource base for which one should fully take into account as "benefit" the costs that would be incurred if the investments were not made. Similarly, the "investment cost" for such programs is nothing more than the foregone short-term benefit (for example management of a natural tropical forest through sustainable use rather than clear-felling).

B. The Potential Uses

8. Based on the above rationale and on the Bank's comparative advantage, the following prerequisites should be used as the key criteria^{3/} in the selection of activities:

- o existence of pronounced spatial and/or temporal externalities with preferably (but not necessarily) existence of some direct transboundary element;
- o readiness for commitment through Bank programs within a two year timeframe;
- o sizable effect on the environment (curative or preventive);
- o attractiveness to potential borrowers of projects/programs in their own right, to the extent concessional funding is available;
- o visibility.

9. This set of criteria would lead to the following set of potentially eligible activities:

(a) In the area of pollution abatement:

- Energy efficiency/conservation and conversion projects/programs: this would directly address the issue of global warming which has given rise to a renewed interest in improving energy efficiency either through technological change, regulatory and policy inducement, or policies which encourage inter-fuel substitution. Possible projects would include the retrofitting of industrial and power plant equipment, provision of emission control equipment to existing coal and lignite-fired power stations to reduce sulphur and ash emissions, and fuel substitution programs. These projects are easy to appraise, relatively easy to implement, and should be welcomed by borrowers since the utilities involved would not have to incur the full cost of the investment. Examples of projects already in the Business Plan include: Hungary - Energy and Environment Project; Poland - Energy Supply Restructuring Project; Yugoslavia-Thermal Power Rehabilitation Project.

^{3/} At first sight, it would also seem preferable to avoid a linkage between access to the Facility and creditworthiness considerations. Eligibility criteria should be based on the merits of each individual project or program (assessed on the basis of the criteria listed in para. 9) rather than on country considerations. The necessity to show quick results and the global role the Bank would most likely be asked to play constitute strong incentives for not getting into country differentiations (IBRD/IDA eligibility or geographical/regional considerations).

- Air Quality Improvement Projects/Programs: non-point sources of atmospheric pollution, such as vehicles and households, account for an increasing share of emissions contributing to global warming. Projects aiming at reducing vehicle emissions through improvements in regulations and standards and provision of incentives would usefully complement energy efficiency/conservation/conversion programs. Examples of projects already in the Business Plan include: Mexico - Transport Air Pollution Control Project; Yugoslavia - Highways Sector III.
- Toxic/Hazardous Wastes Clean-up Projects/Programs: In almost every country there are industries which store hazardous materials and/or hazardous and toxic waste materials. Such sites typically are easily identified, ameliorative action is relatively easy to design, and clean-up and disposal could normally be activated within a year. Government receptivity is generally high, provided costs are not entirely borne by the industries themselves (where there is a valid rationale not to charge them fully). Many of these projects would have indirect transboundary elements (because of the transport of pollutants through rivers, aquifers, or the atmosphere). Examples of projects already in the Business Plan include: Algeria - Environmental Management Project; India - Industrial Efficiency and Pollution Control Project; Pakistan - Punjab Urban Environmental Protection Project; Brazil - Third Industrial Pollution Control Project.
- Oil spill contingency planning projects/programs: There are many ports throughout the world that could usefully improve their reception facilities for deballasting and upgrade their contingency plans for oil spill emergencies. Such projects could deal with one of the most important (and threatened) global commons (the sea), and would be relatively easy to mount. Another advantage of such projects is their replicability potential. Projects in the Mediterranean region are under consideration as part of the second phase of EPM.
- Technology reviews: Pollution is partly driven by the use of inappropriate technologies in the industry and energy sectors (as well as in agriculture). It would be useful to undertake technology reviews of these sectors to assess their technological efficiency and assess the technical options for retrofitting and redesign. Such studies would be policy-neutral but could either be used to reassess policy formulation (e.g. setting standards, regulations, pricing and subsidy policy) or be used as preidentification of rehabilitation projects. Such studies would probably be acceptable to borrowers and could be performed relatively quickly. As with the previous item, once a program gets started, replicability would be easy. Alternatives to CFC production and consumption would clearly qualify under this component.

(b) In the area of natural resource management.

Several types of projects would qualify under these criteria. The most important categories would be as follows:

- Projects to support the demarcation, inventory and sustainable use of tropical forests;
- Watershed management/soil conservation projects/programs;
- Aquifer protection projects/programs (preferably in conjunction with wetlands conservation program);
- Projects supporting the creation/active management of National Parks/Biological Reserves (including peripheral zone development and eco-tourism development);
- Marine and coastal zone protection programs;
- Reclamation of land-stripped mining sites.

Examples of such projects already in the Business Plan include: Zimbabwe - Wildlife Management and Environmental Conservation Project; India - Maharashtra State Forestry Development Project; Philippines - Environmental and Natural Resources Management Sector Adjustment Project; Thailand - Land Reform and Forest Protection Project; Morocco - National Watershed Management Project; Brazil - Second National Environmental Project; Guinea - Environmental Protection Program; Kenya - Wildlife Management Project; Yemen - Forestry Project; Haiti - Forestry and Environmental Protection Project.

(c) In the area of environmental health.

- Programs to support elimination of transmittable diseases (such as malaria control and possibly bilharzia control as well in some instances) would be eligible candidates in certain parts of the world.

(d) Other potential uses. Consideration should also be given to the possible use of concessionary funding for the environment to promote:

- a stronger involvement of the private sector: There is little doubt that promoting market-based instruments for environmental management is a low cost policy option for governments. With appropriate economic incentives, private enterprises and households could be much more involved than at present in conservation efforts as well as in waste management and pollution abatement programs. Examples of conservation programs where private sector involvement could be significantly strengthened include: wildlife utilization, sustainable forest management, non-timber forest product development, renewable energy and energy-saving projects, and ecotourism. Similarly, pollution abatement policies could rely much more heavily than at present on market-based instruments such as tradeable pollution permits, etc. There may also be many opportunities for encouraging private sector involvement in

other ways: through the requirements of foreign donors for environmental assessments for example which could trigger a major growth in local consultancy and through debt for equity swaps (on a limited scale) if the right fiscal regime were in place. Some detailed studies on a country by country basis of the scope (and an analysis of the enabling environment) for private sector involvement might be worth preparing. Such studies would be welcomed by most countries, be relatively inexpensive, could be supported by training, seminars, etc., and would encourage innovation.

- Institution-building, technical assistance and training activities. Support could be provided to many countries for the design/improvement of their environmental legislative, regulatory and incentive framework and for the strengthening of environmental agencies in charge of implementing public sector policies in that field.

- The preparation of environmental projects/programs. It is a well known fact that many developing countries are frequently unable to provide the necessary funding for pre-feasibility studies, engineering studies, environmental impact assessments, pilot investments, and even feasibility studies, especially where these require substantial amounts of foreign exchange. As a result, potentially productive projects are either shelved, or poorly prepared, often with negative consequences on the environment (e.g., alternative options are not considered, design standards are low, etc.). Projects that would have long-term payoffs suffer in particular, as it may be necessary to investment a sizeable amount of time and money to assemble the necessary baseline information to make a convincing case. In all of these cases, a readily available source of "seed financing" would provide the necessary impetus to launch the necessary investments.^{4/}

November 10, 1989

TBaudon/nch
c:\wp50\doco\lb\funding env

^{4/}

The recently established Technical Assistance Grant Program for the Environment is a first step in that direction.

OFFICE MEMORANDUM

DATE: October 24, 1989

TO: Mr. Moeen A. Qureshi, OPNSV

FROM: *K. J. Kashiwaya*
Koji Kashiwaya, CFSVP

1.
cc: Mr. Jay *W. S.*

EXTENSION: 70795

SUBJECT: Japanese Environmental Grant Facilities - An Update

1. I have just received a very informal indication from the Ministry of Finance (MOF) that they are about to make their final decision on our requests for environmental TA grant funds. The decision is likely to be as follows.

IDA: 13 requests for about US\$4.98 million will be approved (against our 17 requests for US\$6.9 million).

IBRD: 22 requests for about US\$11.9 million will be approved (against our 30 requests for US\$15.9 million).

2. The requests that were not approved by the MOF were mostly on the ground that (i) the objective of the project seems to be more in the nature of, for instance, forestry sector development than for environmental protection, or (ii) there have been other donor agencies involved in assisting the project and hence the MOF accorded lower priority.

3. For the IDA portion, the MOF indicates that it wishes to see a greater allocation of funds to the Asian countries than the Bank's requests represented. The MOF allocation will most likely increase the share of the Asian recipients from about 16% in our proposal to about 29%. For Poland and Yugoslavia (two requests for a total of US\$650,000), since the MOF is reviewing its overall aid strategy toward the East European countries, it seems to be reluctant to make any decision at this time.

4. The MOF has now requested a letter from my office reconfirming our requests (to ensure that the Bank is not withdrawing any request at this point). I expect to send such a letter tomorrow after consultations with the Regions. Following that, an official approval by the MOF should be forthcoming by early next week.

5. Upon our strong recommendations, the MOF has also agreed to simplify and accelerated the review and approval process and to set a more predictable timetable for the future allocation of their grant funds including the environmental funds. We will most likely have semi-annual screening cycles. The first allocation cycle for FY1990 will probably start in early March 1990 and end in late May 1990, provided that the FY1990 Budget is approved by the Diet.

6. As for funding from Canada which pledged \$5 million for the environment at the Annual Meetings, the Canadian delegation expressed a strong interest in learning from the procedures used for the Japanese environmental facilities. Based on the experience we have gained from the processing of requests for the Japanese environmental grant facilities, I will also begin discussions with the Regions and Mr. Piddington about the internal procedure for Canadian environmental funds. In addition, I will shortly meet with the Canadian ED on the details of the funding mechanism.

7. Since Mr. Conable is very concerned with the Bank's environmental work, I plan to give him a quick briefing on these matters. With his consent, we will also prepare a short press release on the approval of grant funds.

cc: Mr. Vergin
Ms. Okonjo-Iweala

KOhashi/ko

OFFICE MEMORANDUM

891024 007
cc: Mr. Verger
(10/24 Ngazi spoke to
Mr. Kashiwaya)

DATE: October 23, 1989

TO: Mr. Moeen A. Qureshi o/r and Mr. Edward V. K. Jaycox

FROM: Koji Kashiwaya

ig

EXTENSION: 70795

SUBJECT: Canadian Contribution to the Environment Fund

✓

I was informed today by Mr. Kurkowski of CIDA that the Canadian Government would like to ask the Bank the procedure for allocation of their \$5m untied grant to the environment. They would like to use \$1m per annum for five years. They would also like to check the candidate projects drafted by the World Bank. I explained that we endorsed the mechanism of processing the allocation of Japan's environmental fund, and promised him we would discuss this issue with the Canadian delegation in the near future.

I would like to start negotiations with the Canadian delegation, after finalizing the allocation of the Japan Fund. If you have any comments, please let me know.

cc: Messrs. Bock o/r, Taylor o/r
Ms. Haug
KKashiwaya:jed

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The World Bank
Washington, D.C. 20433
U.S.A.

MOEEN A. QURESHI
Senior Vice President, Operations

October 16, 1989

Mr. Stern

Ernie:

Re. Supplementary Environmental Funding
Coordinating Group

Mr. Vergin will represent Operations in the Coordinating
Group.

Ameen

cc: Mr. Wood
Mr. Vergin
Mr. Kashiwaya

URGENT

8901601

Mr. Ameshi
Mr. Kastirawan
(From D Bock)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: 13-Oct-1989 05:01pm

TO: See Distribution Below

FROM: Mary Oakes Smith, FRM (MARY OAKES SMITH)

EXT.: 76933

10/16
cc: Mr. Vergin

SUBJECT: Re: French Environmental Proposal

Mr. Wood asked me to forward this note to you for information.

DISTRIBUTION:

- TO: Ernest Stern (ERNEST STERN)
- TO: David R. Bock (DAVID BOCK)
- TO: Alexander Shakow (ALEXANDER SHAKOW)
- TO: Jane Pratt (JANE PRATT)

- CC: D. Joseph Wood (JOE WOOD)
- CC: Basil Kavalsky (BASIL KAVALSKY)
- CC: Rene Moreno (RENE MORENO)

R. [unclear]
89 OCT 16 PM 3:41

SVPOP

The World Bank/IFC/MIGA

F I C E M E M O R A N D U M

DATE: 12-Oct-1989 02:53pm EST

TO: Basil Kavalsky

(BASIL KAVALSKY)

FROM: Mary Oakes Smith, FRM

(MARY OAKES SMITH)

EXT.: 76933

SUBJECT: French Environmental Proposal

As you suggested, I spoke to Pierre Pissaloux by phone to see if any further thinking had gone on in the French Treasury on their proposal for an environmental facility. There has been some - both with respect to content and modalities - but Pierre said the thinking was preliminary and that they were very open to our thoughts.

On content, he said that they would like to follow the general approach being taken by the Geneva Working Group No.3 of the IPCC which met in Geneva last week to begin discussing the development of a framework and guiding principles on alternate responses to global warming. He advised us to read the paper prepared for that meeting which he is sending to us via the EDs office. While working out an international convention on this, which he felt would take several years, the French government wants to see some immediate action and that adding funds to IDA resources seemed the most pragmatic way to go forward. They had identified three priorities for their proposed fund:

- i) energy efficiency;
- ii) rational use of forestry; and
- iii) substitutes for CFCs.

On modalities, they thought that the facility should be an IDA facility, and focus on the poorest countries. He said that the reason for their wanting to focus on the poorest countries was because of resource scarcity. He said that the resources for the facility will be budgetary resources and were likely to be in short supply. He said that they would also like to see possibly a set aside from the Bank's capital for the environmental program but that the timing was not right at present because of the Brady Plan and the debt reduction efforts. They are open, however, to possibly using some of the facility's funds for the IBRD countries, and interested to know of our thoughts. He said they favored a bi-multi approach along the lines of the SFA but with the collaborative approach of the SPA. He said that if the Bank was to be at the center of environmental funding (and he implied that they are thinking that it should be) in several years, that politically as well as financially it was important to build up strong relations with the bilateral donors.

At Geneva, Pierre said he had talked to the US, Nordics, Germans and Canadians who he thought constituted a core group for the facility. He said that all spoke with enthusiasm, even the Germans with whom they were having high level meetings on the environment today. He said they wanted to wait to approach the Japanese. Finally, he suggested that we meet with the French delegation in Kyoto to discuss the proposed facility further.

CC: D. Joseph Wood
CC: Rene Moreno

(JOE WOOD)
(RENE MORENO)

OFFICE MEMORANDUM

cc. Mr. D. D. D.
Mr. L. L.
Mr. K. K.

DATE: October 11, 1989

TO: Mr. Moeen A. Qureshi, OPNSV

FROM: Koji Kashiwaya, CFSVP *(Signature)*

EXTENSION: 70795

SUBJECT: Supplementary Environmental Funding

1. On October 11, 1989 I attended a small informal meeting on the abovementioned subject. Those present were: Messrs. Wood (Chairman), Rajagopalan, Shakow and Kavalsky. The meeting took the form of a brainstorming session.
2. Mr. Wood briefed us on the French proposal and the rather reluctant reaction by other European countries on it. He sounded us out on the possibility of holding donor meetings on the environment after the completion of IDA-9 negotiations. He mentioned that Mr. Stern had been requested by Mr. Conable to study the possibility of organizing such a meeting, and that Mr. Stern would prepare a brief paper to Mr. Conable on the Bank's strategy.
3. Mr. Rajagopalan stated that (i) the Bank should maintain a disciplined approach in handling the environmental issue, and that nowadays many people are talking too emotionally about the subject, (ii) some recipient countries are worried about the additional conditionality which may be imposed by the Bank or other donors in the field of environment.
4. I commented on the relationship between IDA and the environmental initiative. Looking back at various initiatives proposed by the SFA and SPA, multilateral donor meetings have played the role of complementing the financial gaps in IDA funds caused by the recalcitrant U.S. administration which had a multinational nature of contribution supported by many other donors. In the case of the new environmental proposal, we need to ascertain the real intention of donors, especially the G-7, before we propose a meeting. Our policy should initially be one of caution and focus on listening. We would not want to see the first meeting fail as this might in turn affect subsequent meetings. Secondly, the environmental issue should be handled in the same way as structural adjustment lending. Each borrower has its own indigenous political and social situation. Our approach should be diversified and more operational. We should recognize what we cannot do in the field of environment, and establish a long-term practical strategy for the Bank's involvement.
5. Mr. Wood asked what kind of precondition is necessary for launching a multi-donor meeting in response to the donors' initiative, suggesting that a SPA type meeting may be appropriate in order for the Bank to exercise its leadership. Mr. Rajagopalan said that his department is ready to write a short strategy paper on the environment for this purpose in coordination with the Finance and Operations complex. I said that the role of the Bank in the field of environment should be operational, and

supported by our daily operations. The Operations complex would like to continue and expand what they have been doing so far like Japan Grant Facility, as long as the Bank can combine its own activities with the bilateral resources of the donor governments.

6. In conclusion, it was agreed that we would prepare a 2-3 page paper to brief Mr. Conable. The paper should suggest (i) that the Bank sound out donors' intentions regarding their contribution to the environment before we decide to announce a donors' meeting, and (ii) to sketch out the use of significant incremental funds. For this purpose, the Operations complex and PPR should each nominate one person to participate in drafting the paper, which should be submitted to Mr. Conable within two weeks.

cc: Messrs. Heinz Vergin, David Bock, John Taylor

MEEN A. QURESHI
Senior Vice President, Operations

October 10, 1989

Mr. Conable

Barker

French Proposal on the Environment

1. I agree that we need to develop a more precise idea of how substantial additional funds can be mobilized and effectively utilized for environmental purposes and I have no difficulty whatever with the arrangements you have established to carry out this effort.
2. I hope, however, that the intention is not to stop the useful initiatives which Mr. Kashiwaya has already taken to mobilize money from donor governments' funds for the purpose of project preparation, human resources, and environment. This was discussed and agreed by you in contact with other donors.
3. Mr. Kashiwaya and Mr. Piddington have nearly finalized allocation of the environmental funds contributed by the Japanese government, and have also discussed the expansion of this environmental fund which is designed to fund technical assistance for project preparation, formulation of environmental action plans and a host of similar operational ongoing activities other than project funding as such.
4. During the Annual Meetings, I hosted a luncheon for several donors with respect to assisting Mr. Kashiwaya to follow up on this matter. Mr. Kashiwaya has kept Mr. Stern informed about these activities.
5. You are also aware that several governments are providing cofinancing with our projects connected with the environment. This is a normal part of our cofinancing work and should not be interrupted in any way. I raise these points merely to avoid any later misunderstanding. I take it that your note is designed to address the issues of mobilizing on a multilateral basis substantial additional funds for the environment, and not to bring ongoing activities in the Operational Complex to a stop.

Meen

cc: Mr. Kashiwaya

OFFICE MEMORANDUM

891006011 1

DATE: October 6, 1989

TO: See Distribution Below

FROM: Joe Wood, ^{WJW}FPRVP

EXTENSION: 72784

SUBJECT: Supplementary Environmental Funding

1. At our meeting next Wednesday, October 11 at 10:30 am, I would like to invite your reactions to the following approach.

2. If the IDA9 negotiations are successfully concluded in Kyoto in early November, Mr. Stern would inform the Deputies that he intends to convene a meeting early in calendar 1990 to consider the subject of supplementary funding for the environment. He would stress that this meeting would not be a pledging session but rather an occasion to consider the basic objectives to be pursued through supplementary funding, and in light of those objectives to review the alternative models -- suggested by the French and others -- for channeling such funding to borrowing countries.

3. In preparation for the meeting two "Discussion Notes" would be prepared. The first would examine the opportunities for intensifying environmentally beneficial actions in borrowing countries if supplementary financing were available. Here we would need to be careful to take account of the work which can realistically be accomplished with the resources already approved (including, hopefully, an agreed IDA9). Examples might include such things as:

- increased intensity of EAP work, permitting a more rapid coverage of countries and embracing both policy studies and project preparation;
- concessional financing to support CFC substitution;
- concessional financing to accelerate investments in the Mediterranean countries, especially in those cases where investments have important externalities;
- seed money to encourage private sector involvement in non-destructive uses of tropical forest resources;

I would expect ENV to take the lead in producing this note, with significant input from the Regions. The scale and nature of incremental financing requirements would be indicated only in general terms.

4. The second note would consider alternative models for channeling finance effectively in support of the environment. A major theme would be the need to treat environmental issues in an integrated

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fashion, recognizing that the way countries approach traditional development preoccupations (e.g. population policy; agricultural intensification; expanded power usage) has a critical bearing on the prospects for successful action on environmental matters.

5. Alternative models to be examined would include the Special African Facility (emphasizing what would in effect be a multilateral trust fund managed by the Bank), the Special Program for Africa, as well as the joint venture approach (International Environment Facility) recently proposed by the World Resources Institute. Consideration would also be given to appropriate forms of finance (e.g. should concessional funds be directed to relatively well-off developing countries? should project preparation work be handled via a revolving facility? is equity money needed in particular cases?). I would expect Finance to take the lead in this note, in close collaboration with VPCOF.

6. The subsequent approach to donors would naturally take account of what transpires at the first meeting. If there were enough donors interested in a multilateral trust fund approach, we would presumably move quickly to translate that interest into a specific proposal that could be considered by the relevant donors. The progress report promised for the spring Development Committee meeting could be a useful tool in attracting political support.

7. If this general approach seems sensible, I would hope that at our Wednesday meeting we might be able to refine it to take account of your ideas and, in particular, to identify how the work to be done over the next several weeks might best be commissioned and guided.

Distribution

Messrs. Kashiwaya, Rajagopalan, Shakow

cc: Messrs. Stern (o.r.), Qureshi, Hopper

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

891003019
1.
cc: Mr. Vegin
Mr. Lee

DATE: October 3, 1989
TO: Mr. Ernest Stern, FINSV
FROM: W. David Hopper, PPRSV *WDH*
EXTENSION: 75678
SUBJECT: French Proposal on the Environment

In accordance with Mr. Conable's memorandum of September 29 concerning the French proposal on the environment, I have asked Mr. Rajagopalan to serve on the coordinating group you are heading to "provide guidance on the formulation of our proposals and advice during the negotiations."

cc: Messrs. Conable, Qureshi, Kashiwaya, Rajagopalan, Wood, Piddington

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10-3-89

OFFICE MEMORANDUM

891004015 1.

DATE: October 3, 1989

TO: Mr. Moeen A. Qureshi, OPNSV



FROM: Koji Kashiwaya, CFSVP

EXTENSION: 70795

SUBJECT: French Proposal on the Environment

Upon reviewing your draft memo addressed to Mr. Conable on the above subject last night, I think we should clarify the procedures for allocating the funds within the Operations complex to the Finance complex at a later stage. Otherwise, the Finance complex may intervene, and directly deal with Country Directors and Division Chiefs, thus leading to institutional confusion. I propose the following should be conveyed to Mr. Stern.

"Any funds used for the environment by the Operations complex should be handled in an integrated and comprehensive way. In this context, I would like to propose that CFSVP should be the key coordinator for the allocations of these funds to the Operations complex, as is presently the case with the Environmental Fund for IDA recipients and the Grant Facility for the Environment for IBRD recipients."

cc: Messrs. Taylor, Bock, Ohashi

KKashiwaya:jed

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THE WORLD BANK
Washington, D.C. 20433
U.S.A.

BARBER B. CONABLE
resident

September 29, 1989

Messrs. Hopper, Qureshi, Stern:

Re: French Proposal on the Environment

I was pleased at the support offered to us by a number of countries to help expand our financing of environmentally-related lending and associated activities. I agreed with the countries concerned, particularly France and the Netherlands, that their proposals should be considered actively only after the completion of the IDA negotiations, to assure the funds offered are additional.

The potential donors have expressed different tentative views on the purposes and administrative arrangements. We need to develop a more precise idea of how substantial additional funds can be mobilized and effectively utilized. I have asked Mr. Stern to coordinate this work and to conduct the follow-up negotiations. An initial report [to the President's Council] on the recommended approach should be prepared by the end of October.

Please let Mr. Stern know who you wish to nominate for the coordinating group. This group will provide guidance on the formulation of our proposals and advice during the negotiations.

Barber Conable

cc: Messrs. Kashiwaya, CFSVP
Rajagopalan, PREVP
Wood, FPRVP
Piddington, ENVDR

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: 27-Sep-1990 05:52pm

TO: Moeen A. Qureshi (MOEEN QURESHI)

FROM: Hans Wyss, CODDR (HANS WYSS)

EXT.: 78020

SUBJECT: Global Environment Fund

Further to my memorandum of September 25, 1990 referring to a draft communication from Mr. Thalwitz to Mr. Conable on the above subject, I now understand from Mr. Rajagoplan that, after having seen my comments, Mr. Thalwitz has not issued the memorandum. Instead, he has now asked Raj to work out a joint memorandum from you and him to the President on the internal arrangements to be made between Operations and PRE on the Facility. I have agreed with Raj - who will be out of town through Monday noon - that I'll prepare a draft on the subject which he may then wish to review next week with you. Given his concern with this matter, I shall discuss such draft with David Bock on Monday morning before passing it on to Raj.

CC: David R. Bock (DAVID BOCK)
CC: Ngozi Okonjo-Iweala (NGOZI OKONJO-IWEALA)

September 26, 1989

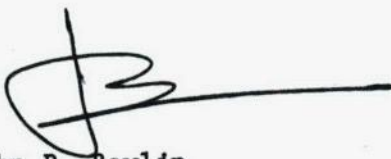
Mr. Koji Kashiwaya

Mr. Kashiwaya,

Re: Environmental Funding

In addition to the \$5 million in funding from Japan, the following is the status of contacts with other countries.

1. Canada: The Minister of Finance announced a commitment of Can.\$5 million untied for funding of World Bank work. The details of administration are to be worked out.
2. U.S.A.: Contacts have been made, and there are indications that it may make an initial commitment.
3. Denmark, Finland, Norway, Sweden: Contacts have been made and they are developing a position.
4. The Netherlands: Discussions have taken place and it is considering how funding would be made available.
5. France: Considering its own funding arrangement.
6. Saudi Arabia: Contacts have been made and we are awaiting a response.
7. Kuwait: Contacts have been made and we are awaiting a response.
8. Germany: Contacts have been made and we are awaiting a response.
9. Italy: Contacts have been made and we are awaiting a response.
10. United Kingdom: Contacts have been made and we are awaiting a response.
11. Australia: With commitments from others, it is felt that Australia would join in.


John R. Bowlin
Cofinancing Adviser
North America & Middle East

cleared w/& cc: Mr. Taylor
cc: Messrs. Qureshi, Bock, Ohashi, Hatano, Kiermayr, Tambe

JRB:mac

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

DATE: August 25, 1989

TO: Messrs. M.A. Qureshi, Senior Vice President, Operations and
K. Kashiwaya, Vice President, Cofinancing & Financial Services

FROM: K. Piddington, Chairman, Technical Assistance Advisory Committee

EXTENSION: 33202 *K.P.*SUBJECT: Technical Assistance Grant Program for the Environment
Recommendations of the Advisory Committee

1. In accordance with your request I attach the full list of proposals considered by my Committee, arranged by category following the application of the criteria set out in Mr. Qureshi's memo of May 26, 1989. We met on August 22 and 24 and I would like to record my appreciation to colleagues for the careful attention given to each and every proposal.

2. The categories we have used were designed to assist your task and also to ensure that the Japanese Government, along with other potential donors, could gauge very clearly the total level of demand generated within the institution by this new initiative. The categories are as follows;

A = High priority, for immediate implementation

B = High priority, but in stand-by status

C = Interesting, and to be held outside the present scheme because they do not meet a strict application of the criteria

3. Because this marks the initiation of a new scheme, you can be assured that special care has been taken in assigning these categories. Together with my colleagues, I would of course be happy to supply any further detail you require in order to arrive at a final decision. For ease of reference, our conclusions are summarized below;

(a) We recommend that all the proposals in Category A should be approved for immediate implementation under the scheme, representing a total commitment of \$23 million. This is slightly above the amount earmarked, and includes about \$7 million for IDA (as against \$5 million originally provided).

(b) Sixteen further proposals should also be approved (Category B), on the grounds that they clearly meet the criteria. Although they are less advanced in preparation, this group can be initiated before the end of FY90 and we believe that additional funding of \$10 million should be sought immediately for this purpose.

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- (c) The seven proposals in Category C should be held, because we think they represent very worthwhile initiatives which should not be ruled out altogether, even though they do not qualify under the criteria of this scheme.

4. We note that at very short notice, and at a difficult time of year, the new scheme has generated demand to the level of approximately double the initial funding. This is valid even after allowing for a number of proposals which were dropped in initial discussions between the Regional Environment Divisions, plus a handful that were dropped by the Committee. We conclude therefore that the fund could be increased without any loss in quality, and that the total demand in any given year could be of the range of \$60-80 million.

5. For the scheme to reach this potential it will obviously be essential to have a higher level of funding in prospect, together with a speedy decision-making procedure. My Committee has set out to prepare the way for such an outcome.

6. Finally, we are of the unanimous view that the major attribute of this scheme is the fact that it offers untied grant funds for environmental initiatives in both IBRD and IDA countries. We strongly urge that this feature be retained and be clearly stated to all potential donors.

KPiddington/rcr

Attachments

cc: Messrs. Conable (EXC), Hopper (PPRSV), Rajagopalan (PREVP), Shihata (LEGVP), Jaycox (AFRVP), Karaosmanoglu (AS1VP), Thalwitz (EMNVP), Husain (LACVP), Aguirre-Sacasa (EXTDR), Shakow (SPRDR), Vergin (OPNSV), Lee (CODDR), English (ENVPR), Ms. Haug (EXC), Ms. Pratt (ENVOS), Ms. Okonjo-Iweala (OPNSV)

Advisory Committee Members: Messrs. Warford (ENVDR), Baudon (EMTEN), Christoffersen (AFTEN), El Serafy (EAS), Ettinger (CODOP), Goodland (LATEN), Kiermayr (COFAU), Ofosu-Amaah (LEGAF), Ms. Davis (ASTEN)

TECHNICAL ASSISTANCE GRANT PROGRAM FOR THE ENVIRONMENT

TABLE OF CONTENTS

I. BY CATEGORY

<u>CATEGORY</u>	<u>NUMBER OF PROPOSALS</u>	<u>AMOUNT IN US\$</u>	<u>PAGE</u>
A	47	22,871,350	1
IBRD	30	15,922,350	1
IDA	17	6,949,000	7
B	22	11,163,350	10
IBRD	12	5,986,550	10
IDA	10	5,176,800	13
C	7	4,554,000	15
IBRD	5	3,804,000	15
IDA	2	750,000	16

II. BY REGION

<u>REGION</u>	<u>NUMBER OF PROPOSALS</u>	<u>AMOUNT IN US\$</u>	<u>PAGE</u>
AFRICA			17
A	14	6,356,000	
IBRD	2	1,750,000	
IDA	12	4,606,000	
B	8	3,915,000	
IBRD	0	---	
IDA	8	3,915,000	
C	1	350,000	
IBRD	0	---	
IDA	1	350,000	
TOTAL	23	10,621,000	
ASIA			21
A	15	8,825,000	
IBRD	12	7,320,000	
IDA	3	1,505,000	
B	9	5,026,800	
IBRD	7	3,765,000	
IDA	2	1,261,800	
C	6	4,204,000	
IBRD	5	3,804,000	
IDA	1	400,000	
TOTAL	30	18,055,800	
EMENA			25
A	10	5,402,350	
IBRD	9	4,924,350	
IDA	1	478,000	
B	3	1,300,000	
IBRD	3	1,300,000	
IDA	0	---	
C	0	---	
IBRD	0	---	
IDA	0	---	
TOTAL	13	6,702,350	
LATIN AMERICA			28
A	8	2,288,000	
IBRD	7	1,928,000	
IDA	1	360,000	
B	2	921,550	
IBRD	2	921,550	
IDA	0	---	
C	0	---	
IBRD	0	---	
IDA	0	---	
TOTAL	10	3,209,550	

Category A - High priority, for immediate implementation
 Category B - High priority, in stand-by status pending further preparation or availability of additional funding
 Category C - Interesting, to be held outside the present TA program on a strict application of the selection criteria

PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

CATEGORY A (IBRD)

<u>Country</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
<u>A F R I C A</u>			
Mauritius	Marine Environmental Management Plan and Regional Planning of Southwest Tourist Zone	850,000	Develop management plan for protection of marine ecosystems and controlled exploitation of marine resources. Plan to integrate fisheries, tourism, species and ecosystems conservation, pollution management resource extraction. Studies to support protection of seaboard and lagoons; preparation of strategic physical development plan including planning of priority infrastructure development for water and sewerage management. SW region includes important area for terrestrial biodiversity.
Zimbabwe	Wildlife Management and Environmental Conservation Project	900,000	Preparation of project to enhance Government's strategy for wildlife and habitat protection, strengthening income generation from wildlife, integrating wildlife utilization with other land uses: studies of tourism subsector and of institutional capacity of Department of National Parks and Wildlife Management; feasibility studies for improvements of infrastructure and tourism facilities.
<u>A S I A</u>			
China	Forestry Sector Loan	700,000	TA to help prepare mixed-use model forest resource management plans in four ecological zones. Models to be replicated throughout China's reforestation program.
India	Maharashtra State Forestry Development	500,000	Preparation of project to promote a comprehensive forest management system and review land use for farm industry, natural forest regions and conservation.

India	Industrial Environment Project	735,000	Assessment of severity of industrial pollution and institutional arrangements needed to address pollution problems.
Indonesia	Environmental Management Technical Assistance Loan	430,000	TA to help establish pollution monitoring and control agency in free standing environment loan.
Indonesia	Jabotabek Urban Devt. III	900,000	TA to prepare investments needed to develop pollution control institutions in Jakarta and West Java and to further define strategy for pollution reduction.
Indonesia	Java Uplands Devt. II	200,000	Preparation of environmental profile and action plan plus other preparatory activities.
Malaysia	Sabah Forestry II	924,000	Assessment of alternative logging systems impact on soil erosion, compaction and composition of flora and fauna; study of shifting cultivation.
Malaysia	Drainage and Flood Mitigation Project	150,000	EIA for projects entailing land clearing and utilization of mangrove areas for flood alleviation works. Identification of issues related to customary land use and rehabilitation of areas affected by tin mine residues.
Philippines	Environment and Natural Resource Management	1,000,000	Studies to determine areas to be included in protected area systems; development of natural resource management plans for parts of Luzon and Mindanao.
Philippines	Industrial Efficiency and Pollution Control Project	585,000	TA to develop an industrial pollution abatement strategy for Metro Manila and prepare detailed investment proposals.

Philippines	Solid Waste Management and Institutional Development (Metro Manila)	560,000	TA to develop institutional arrangements and investment requirements for a solid waste disposal project in Metro Manila and improve overall institutional and management structure.
Thailand	Land Reform and Forest Protection	638,000	Preparation of phased program for demarcation of parks and reserves and the development of management and investment plans to deal with local smallholders.
<u>EMENA</u>			
Algeria	Collection and Disposal of Highly Toxic Waste Project	978,350	Feasibility study for the construction and equipping of a national center for the collection and disposal of toxic waste.
Egypt	Northern Sinal Agricultural Development Project	250,000	Prepare environment assessment of project which will apply new irrigation technologies (drip, sprinkler) on a large scale. Special emphasis will be given to addressing evaluation of potential impacts and preparation of a mitigation plan to assure that project does not negatively impact Bardawil lagoon, a protected area under Egyptian law and a Ramsar Convention site of international importance to waterfowl. EA will also address issues concerning tribal people (Bedouin) and archaeological sites.
Morocco	National Watershed Management Project	525,000	To improve the knowledge base so that Government of Morocco can design sound strategies for checking soil erosion in watersheds; and to carry out a synthesis study on watershed management in Morocco, and identify and test promising techniques.

Pakistan	Punjab Urban Environment Protection Project	993,000	To arrest the decline in urban quality with emphasis on water pollution and hazardous wastes; to protect local groundwater resources; to improve public perception of air pollution and found contamination, and to establish EPA Punjab as an effective regulatory agency. Financing of project preparation, TORs, and budget.
Pakistan	Sectoral Environmental Assessment for the National Drainage Program	800,000	To provide an environmental overview of the national drainage program. It would focus on macro-scale impacts and their linkages to a series of incremental investments made on a project-by-project basis. It would include a review of the Left and Right Bank Outfall Drain Projects. Attention would be given to impacts of the discharge of domestic, industrial, and agricultural wastewater to these drains. Special attention would also be given to the impacts of drainage projects on wetlands and coastal mangroves.
Poland	Environment Technical Assistance Project	300,000	Preparation of a technical assistance program for restructuring water resources management, to strengthen regulatory and enforcement capabilities to develop a monitoring and data management capability, a least-cost investment strategy to enable compliance with air and water quality standards, an environmental audit program, and Environmental Impact Assessment procedures.
Turkey	Ankara Air Pollution Project	800,000	Would examine the impacts of air pollution from home heating and vehicles and identify means for their control. Support would be provided for studies to assist in the planning of the extension of natural gas to Ankara. Experience from project would be transferable to both primary and secondary cities in Turkey.

Turkey	Eastern Mediterranean Industrialization and Environmental Planning Project	130,000	Would prepare a detailed environmental planning study to support controlled development of the eastern mediterranean region of Turkey. The study would be prepared for the Government of Turkey by the Environmental Problems Foundation of Turkey, a local non-governmental organization.
Yugoslavia	Split/Kastela Bay Environment Project	350,000	To address pollution of Adriatic coastal waters, improper disposal of solid waste, and enhance tourism. Advice for preparation of designs and technical specifications for resource recovery plant; advice on institutional arrangements for project organization and management; industrial waste survey and evaluation of existing regulations; and feasibility study for design of Visitors' Center in historic Split.
<u>L A C</u>			
Brazil	National Env't. Project and Rondonia & Mato Grosso Natural Resources Management Projects	200,000	The Second Nat. Env't. Project would support the environmental management and conservation of critical ecosystems (the remaining Atlantic forest areas, the Pantanal watershed, and areas of particular importance from the standpoint of environmental diversity in the Amazon). Would support the second triennium of Brazil's National Env't. Program, including Rondonia and Mato Grosso Natural Resource Management.
Brazil	SIDEBRAS Pollution Project	193,000	The objective is to undertake development and improve resources to finance pollution abatement equipment in Brazilian steel industry.

Brazil	State Highway and Feeder Roads	170,000	Improve the maintenance of state roads and the effectiveness of feeder roads programs in support of sustainable agricultural development. The TA grant would be to complete environmental assessments and strengthen environmental performance of highway sector.
Brazil	Mato Grosso Natural Resources Management Project	150,000	To support the Amazonian State Government of Mato Grosso in the implementation of a sustainable development strategy, based on agro-ecological zoning, by instituting a policy and investment framework that would permit intensified use of already deforested lands.
Brazil	Nat. Forestry Development and Conservation	215,000	The proposed project would support Brazil's environmental protection policy (Nossa Natureza) regarding forest conservation in the Amazon; improve productivity of natural and planted forests; strengthen federal and state institutions responsible for the management and protection of those forests.
Brazil	Irrigation and Sub-Sec. II	500,000	Objective is to help increase production, through the development of sustainable farming systems using irrigation in the drought-prone area of NE; reduce pressure to expand the agricultural frontier; further institutional development, including the environmental appraisal responsible for irrigation development.
Mexico	Trans. Air Pollution Control for Mexico City	500,000	The objective would be to focus on the air pollution arising from transport, and would set targets for the progressive reduction of vehicular emissions.

PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

CATEGORY A (IDA)

<u>Country</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
<u>A F R I C A</u>			
Benin	Natural Resources and Environment Project	210,000	Identification of major environmental issues, develop proposals for action and institution building, environmental monitoring, environmental inventories and analyses, preparatory studies for NRM program components (e.g., for fisheries).
Burkina Faso	SAL I (Environmental Policy Component)	288,000	Following up on strategy developed by upcoming environmental workshop, detail an action plan for each sector (including land management, soil conservation, water and fuelwood management, wildlife, urban waste, sanitation, institutional and legislative requirements).
Guinea	Environmental Protection Program	579,000	Complement other donor and SPPF funds for preparation of EAP and environmental investment program: studies on environmental impact of proposed mining development, program for protection of biodiversity areas, public information campaign.
Guinea Bissau	National Forestry Development Sub-Program	140,000	Technical assistance for review of interface between forestry/agriculture/land use, conservation of forest ecosystems and biodiversity, national wood energy development program.
Kenya	Support for Wildlife Management	850,000	Institution building to help newly reorganized wildlife agency formulate viable investment programs and policies for protection of wildlife and habitats.

Malawi	Natural Resource Conservation Project	350,000	Prepare key components of proposed project to improve use and management of natural resources; focusing on problems of deforestation, soil degradation, fisheries depletion, economic policies affecting natural resource use, environmental education, institutional capacity, regulatory and legislative framework.
Mali	Integrated Farming Pilot Project for Agricultural Sector Loan	800,000	Test sustainable, integrated approaches for reversing soil degradation in traditional agricultural areas, and to prevent similar problems in new areas.
Rwanda	Institutional Development for Environmental Management	150,000	Development of environmental unit within Ministry of Planning, to implement new Environmental Action Plan, develop environmental investment program, and ensure adherence to environmental policies in all development programs.
Sudan	Resource Management Pilot Project for Livestock Development	164,000	Prepare rangeland management component of livestock project to test methods for soil and vegetation monitoring and formation of local range management associations.
Tanzania	Forestry and Fuelwood Project	275,000	Preparatory studies for project to remedy damage to montane forests caused by fuelwood shortages; focus on revising forest policy, helping prepare new legislation on forest revenues and land tenure.
Togo	Natural Resources and Environmental Protection Project	300,000	Translate national Environmental Code into workable EAP and prepare NREP Project. Particular emphasis on: measures to strengthen environmental institutions; define re-afforestation, soil conservation, watershed management programs, analyze land tenure system.
Zaire	Forestry and Environment Project	100,000	Mapping and delineation of natural forest resources to step toward strengthening their protection. (This project is a "megadiversity" country.)

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Bangladesh	Jamuna Bridge	705,000	TA for detailed studies on ways to mitigate any adverse environmental impacts of proposed waterworks (\$705,000), and to prepare resettlement (\$150,000) and development (\$285,000) master plans.
Bhutan	Forestry III	400,000	Preparation of forest inventories, environmental guidelines for forest operations, forest management plans and a conservation program.
Nepal	Forestry IV	400,000	TA to develop an environmentally sound program for the management of forests in the Terai, Nepal's threatened lowland forest area.

E M E N A

Yemen Arab Rep.	National Agricultural Development	478,000	Project preparation for components covering sand dune fixation and soil erosion control, conservation of indigenous forest, promotion of tree planting, and establishment of a forest service. Mapping of natural forests.
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Haiti	Forestry and Environmental Protection Project	380,000	The objective of this TA grant is dual: the funds would be used for the completion of the preparation studies for the design of the proposed Forestry and Environmental Protection Project and sustaining the momentum achieved in natural forests and national parks protection, under the first phase pilot Forestry Project, until the follow-on project is in place.
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PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

CATEGORY B (IBRD)

<u>Country</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
<u>A S I A</u>			
India	Environmental Rehabilitation Project (Singrauli)	600,000	Three proposals for TA support to prepare (a) integrated reforestation program; (b) institutional strengthening for regional resettlement; and (c) rehabilitation program.
India	Sustainable Agricultural Development	350,000	TA to develop framework for understanding ecological and economic impact of agricultural policies.
India	Fish and Shrimp Culture	150,000	TA to prepare project component for preservation and enhancement of mangrove areas in Tamil Nadu.
Indonesia	North Sumatra Environmental Management	735,000	Preparation of an environment project focusing on smallholder development in and around critical watersheds and protected areas. Project identified by JICA.
Malaysia	Industrial Restructuring I -- Wood Subsector	430,000	Project would increase domestic processing of timber. TA would be used to look at environmental implications of resource use and proposed policy changes.
Papua New Guinea	Forestry Development and Conservation	700,000	Assessment of lowland forests to define sustained yield management targets. Identification of World Heritage site and assessment of costs entailed in setting it aside and protecting it.

Philippines	Water Supply, Sewerage and Sanitation Sector III Project	800,000	Feasibility studies for a sanitation and solid waste management project. TA would be used to (a) determine appropriate environmental policies and standards for medium-sized cities; and (b) identify the investments needed to reach these standards.
<u>EMENA</u>			
Cyprus	Multi-Cities Pollution Control Project	300,000	Sector and feasibility studies to identify institutional capabilities and objectives; define project area, major pollution problems and preliminary solutions; prepare cost estimates and action plan.
Hungary	Energy and Environment Project I	500,000	Preparation of the environmental aspects of a program for optimal development of the power sector (including choice of primary fuel basis, rehabilitation of existing capacity, scope for cogeneration, and energy conservation); development of a program of assistance in institutional development and establishment of a monitoring system to address air and water quality concerns, and to deal with hazardous wastes.
Jordan	Industrial Pollution Control Project	500,000	Feasibility studies to prepare an industrial pollution control project, including pollution audits to evaluate the potential for reducing pollution through improvements in operation and maintenance.

L A C

Brazil	National Environ. Project II Amazonia Biodiversity and Conservation Action Plan	700,000	Support to the second triennium of Brazil's National Environmental Program. The project would support environmental management and conservation of critical ecosystems, through environmental planning and action plans, strengthening of protection capabilities, research training and education.
Brazil	Industrial Pollution Control III	221,550	The project would improve air and water quality and disposing of industrial hazardous waste in a number of industrialized and heavily polluted states of Brazil. Help in the development of federal laws and local regulations as well as institutional monitoring and enforcement capabilities of federal and state environmental protection agencies.

PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

CATEGORY B (IDA)

<u>Country</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
<u>A F R I C A</u>			
Chad	N'djamena Water Supply Clean Up Project	240,000	Diagnose pollution sources and prepare action plan for clean up of aquifer supplying city.
Equatorial Guinea	Agroforestry Pilot Project	200,000	Demonstration of alley cropping as alternative to shifting cultivation - testing approaches and farmers' response in preparation for implementation of agroforestry component of Export Crops and Agricultural Services Project.
Ethiopia	Urban Sanitation Pilot Project	800,000	Analyze existing sanitation problems in Addis Ababa and suggest options for addressing; pilot project to test options for design, operation, maintenance of sanitation facilities for incorporation in slum upgrading program.
Mauritania	PESECAL	100,000	Studies to help government in implementation of energy sector strategy, focusing on reducing demand for scarce woodfuel resources to prevent degradation of forest resources.
Nigeria	Environmental SECAL	1,000,000	Establish institutional framework for implementation of National Environmental Policy; strengthening capacity for implementation of environmental regulations and measures; public information campaign; resource surveys.

Senegal	National Environmental Management Program	200,000	Baseline surveys to provide background needed for policy development and action recommendations for improved land and renewable resource management.
Tanzania	Serengeti National Parks Improvement	850,000	Preparatory and feasibility studies for preparation of project to: protect natural heritage and enhance tourism potential, improve integration of park with surrounding communities and land uses, improve economic status of surrounding populations allowing them to benefit from presence of park.
Zaire	Establishment of TRAFFIC Office	525,000	Establishment and support first three years of operation of West/Central Africa Office of international network for monitoring wildlife trade to curtail threats to endangered species.
<u>ASIA</u>			
Bangladesh	Forestry III	481,800	Preparation of an integrated resource management and investment program for the Sunderbans, the most important area for biodiversity in Bangladesh.
Bangladesh	Inland Water Transport III	800,000	TA to (a) review and update the draft Marine Pollution Ordinance; (b) study and recommend appropriate means to reduce ship wastes; (c) study and improve dredging operations to reduce consequent environmental impacts of dredge spoils.

PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

CATEGORY C (IBRD)

<u>Country</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
<u>ASIA</u>			
China	Liaoning Urban Infrastructure	600,000	TA for studies under the water pollution control component of proposed project.
China	Tianjin Urban Development Project	981,000	Implementation support for pollution control, environmental sanitation and water conservation components of proposed project. Includes start-up industrial pollution control fund.
Indonesia	Jabotabek Urban Development II	1,000,000	TA to develop environmentally sound procedures for disposing of dredged materials from urban canals, and TA to put these procedures into practice.
<u>Regional Studies</u>			
Indonesia Malaysia Philippines	Tropical Deforestation and Market for Wood (study)	860,000	Study to analyze wood marketing systems in the Asia region and to assess policies intended to improve the returns to wood exporting countries. Evaluation of potentials for improved forest management with better market prospects.
India China Nepal	Social Forestry	363,000	Assessment and comparison of the experience in social forestry projects in three countries in the region: India, China and Nepal.

PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

CATEGORY C (IDA)

<u>Country</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
<u>A F R I C A</u>			
Cote d'Ivoire	Integrated Natural Resource Management Strategy	350,000	Help Government formulate integrated environmental strategy as guide for preparation of global resource management plan; prepare Natural Resource Management Project. Emphasis on savannah and urban areas to complement previous work on forest region.
<u>A S I A</u>			
Nepal	Arun III Hydroelectric	400,000	Development of a GIS system to improve land use management in vicinity of Nepal's largest dam.

AFRICA: PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

<u>Country</u>	<u>Category</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
BENIN	A (IDA)	Natural Resources and Environment Project	210,000	Identification of major environmental issues, develop proposals for action and institution building, environmental monitoring; environmental inventories and analyses, preparatory studies for NRM program components (e.g., for fisheries).
BURKINA FASO	A (IDA)	SAL I (Environmental Policy Component)	288,000	Following up on strategy developed by upcoming environmental workshop, detail an action plan for each sector (including land management, soil conservation, water and fuelwood management, wildlife, urban waste, sanitation, institutional and legislative requirements).
CHAD	B (IDA)	N'djamena Water Supply Clean Up Project	240,000	Diagnose pollution sources and prepare action plan for clean up of aquifer supplying city.
COTE D'IVOIRE	C (IDA)	Integrated Natural Resource	350,000	Help Government formulate integrated environmental strategy Management Strategy as guide for preparation of global resource management plan; prepare Natural Resource Management Project. Emphasis on savannah and urban areas to complement previous work on forest region.
EQUATORIAL GUINEA	B (IDA)	Agroforestry Pilot Project	200,000	Demonstration of alley cropping as alternative to shifting cultivation - testing approaches and farmers' response in preparation for implementation of agroforestry component of Export Crops and Agricultural Services Project.
ETHIOPIA	B (IDA)	Urban Sanitation Pilot Project	800,000	Analyze existing sanitation problems in Addis Ababa and suggest options for addressing; pilot project to test options for design, operation, maintenance of sanitation facilities for incorporation in slum upgrading program.
GUINEA	A (IDA)	Environmental Protection Program	579,000	Complement other donor and SPPF funds for preparation of EAP and environmental investment program: studies on environmental impact of proposed mining development, program for protection of biodiversity areas, public information campaign.

GUINEA BISSAU	A (IDA)	National Forestry Development	140,000	Technical assistance for review of interface between Sub-Program forestry/ agriculture/land use, conservation of forest ecosystems and biodiversity, national wood energy development program.
KENYA	A (IDA)	Support for Wildlife Management Department	850,000	Institution building to help newly reorganized wildlife agency formulate viable investment programs and policies for protection of wildlife and habitats.
MALAWI	A (IDA)	Natural Resource Conservation Project	350,000	Prepare key components of proposed project to improve use and management of natural resources; focusing on problems of deforestation, soil degradation, fisheries depletion, economic policies affecting natural resource use, environmental education, institutional capacity, regulatory and legislative framework.
MALI	A (IDA)	Integrated Farming Pilot Project for Agricultural Sector Loan	800,000	Test sustainable, integrated approaches for reversing soil degradation in traditional agricultural areas, and to prevent similar problems in new areas.
MAURITANIA	B (IDA)	PESECAL	100,000	Studies to help government in implementation of energy sector strategy, focusing on reducing demand for scarce woodfuel resources to prevent degradation of forest resources.
MAURITIUS	A (IBRD)	Marine Environmental Management Plan and Regional Planning of Southwest Tourist Zone	850,000	Develop management plan for protection of marine ecosystems and controlled exploitation of marine resources. Plan to integrate fisheries, tourism, species and ecosystems conservation, pollution management resource extraction. Studies to support protection of seaboard and lagoons; preparation of strategic physical development plan including planning of priority infrastructure development for water and sewerage management. SW region includes important area for terrestrial biodiversity.
NIGERIA	B (IDA)	Environmental SECAL	1,000,000	Establish institutional framework for implementation of National Environmental Policy; strengthening capacity for implementation of environmental regulations and measures; public information campaign; research and monitoring.

RWANDA	A (IDA)	Institutional Development for Environmental Management	150,000	Development of environmental unit within Ministry of Planning, to implement new Environmental Action Plan, develop environmental investment program, and ensure adherence to environmental policies in all development programs.
SENEGAL	B (IDA)	National Environmental Management Program	200,000	Baseline surveys to provide background needed for policy development and action recommendations for improved land and renewable resource management.
SUDAN	A (IDA)	Resource Management Pilot Project for Livestock Development	164,000	Prepare rangeland management component of livestock project to test methods for soil and vegetation monitoring and formation of local range management associations.
TANZANIA	A (IDA)	Forestry and Fuelwood Project	275,000	Preparatory studies for project to remedy damage to montane forests caused by fuelwood shortages; focus on revising forest policy, helping prepare new legislation on forest revenues and land tenure.
TANZANIA	B (IDA)	Serengeti National Parks Improvement	850,000	Preparatory and feasibility studies for preparation of project to: protect natural heritage and enhance tourism potential, improve integration of park with surrounding communities and land uses, improve economic status of surrounding populations allowing them to benefit from presence of park.
TOGO	A (IDA)	Natural Resources and Environmental Protection Project	300,000	Translate national Environmental Code into workable EAP and prepare NREP Project. Particular emphasis on: measures to strengthen environmental institutions; define re-afforestation, soil conservation, watershed management programs, analyze land tenure system.
ZAIRE	A (IDA)	Forestry and Environment Project	500,000	Mapping and demarcation of several forest reserves as step toward strengthening their protection. (Note: Zaire is a "megadiversity" country.)
ZAIRE	B (IDA)	Establishment of TRAFFIC Office	525,000	Establishment and support first three years of operation of West/Central Africa Office of international network for monitoring wildlife trade in all classes of endangered species.

ZIMBABWE A (IBRD) Wildlife Management and
Environmental Conservation
Project

900,000

Preparation of project to enhance Government's strategy for wildlife and habitat protection, strengthening income generation from wildlife, integrating wildlife utilization with other land uses: studies of tourism subsector and of institutional capacity of Department of National Parks and Wildlife Management; feasibility studies for improvements of infrastructure and tourism facilities.

ASIA: PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

<u>Country</u>	<u>Category</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
Bangladesh	B (IDA)	Forestry III	481,800	Preparation of an integrated resource management and investment program for the Sunderbans, the most important area for biodiversity in Bangladesh.
Bangladesh	B (IDA)	Inland Water Transport III	800,000	TA to (a) review and update the draft Marine Pollution Ordinance; (b) study and recommend appropriate means to reduce ship wastes study; and (c) improve dredging operations to reduce consequent environmental impacts of dredge spoils.
Bangladesh	A (IDA)	Jamuna Bridge	705,000	TA for detailed studies on ways to mitigate any adverse environmental impacts of proposed waterworks (\$705,000), and to prepare resettlement (\$150,000) and development (\$285,000) master plans.
Bhutan	A (IDA)	Forestry III	400,000	Preparation of forest inventories, environmental guidelines for forest operations, forest management plans and a conservation program.
China	A (IBRD)	Forestry Sector Loan	700,000	TA to help prepare mixed-use model forest resource management plans in four ecological zones. Models to be replicated throughout China's reforestation program.
China	C (IBRD)	Liaoning Urban Infrastructure	600,000	TA for studies under the water pollution control component of proposed project.
China	C (IBRD)	Tianjin Urban Devt. Project	981,000	Implementation support for pollution control, environmental sanitation and water conservation components of proposed project. Includes start-up industrial pollution control fund.
India	A (IBRD)	Maharashtra State Forestry Development	500,000	Preparation of project to promote a comprehensive forest management system and review land use for farm industry, national forests, recreation and conservation.

India	A (IBRD)	Industrial Environment Project	735,000	Assessment of severity of industrial pollution and institutional arrangements needed to address pollution problems.
India	B (IBRD)	Environmental Rehabilitation Project (Singrauli)	600,000	Three proposals for TA support to prepare (a) integrated reforestation program; (b) institutional strengthening for regional resettlement; and (c) rehabilitation program.
India	B (IBRD)	Sustainable Agricultural Development	350,000	TA to develop framework for understanding ecological and economic impact of agricultural policies.
India	B (IBRD)	Fish and Shrimp Culture	150,000	TA to prepare project component for preservation and enhancement of mangrove areas in Tamil Nadu.
Indonesia	B (IBRD)	North Sumatra Environmental Management	735,000	Preparation of an environment project focusing on smallholder development in and around critical watersheds and protected areas. Project identified by JICA.
Indonesia	A (IBRD)	Environmental Management Technical Assistance Loan	430,000	TA to help establish pollution monitoring and control agency in free standing environment loan.
Indonesia	C (IBRD)	Jabotabek Urban Devt. II	1,000,000	TA to develop environmentally sound procedures for disposing of dredged materials from urban canals, and TA to put these procedures into practice.
Indonesia	A (IBRD)	Jabotabek Urban Devt. III	900,000	TA to prepare investments needed to develop pollution control institutions in Jakarta and West Java and to further define strategy for pollution reduction.
Indonesia	A (IBRD)	Java Uplands Devt. II	200,000	Preparation of environmental profile and action plan plus other preparatory activities.
Malaysia	B (IBRD)	Industrial Restructuring I -- Wood Subsector	430,000	Project would increase domestic processing of timber. TA would be used to look at environmental implications of resource use and proposed policy changes.

Malaysia	A (IBRD)	Sabah Forestry II	924,000	Assessment of alternative logging systems impact on soil erosion, compaction and composition of flora and fauna; study of shifting cultivation.
Malaysia	A (IBRD)	Drainage and Flood Mitigation Project	150,000	EIA for projects entailing land clearing and utilization of mangrove areas for flood alleviation works. Identification of issues related to customary land use and rehabilitation of areas affected by tin mine residues.
Nepal	A (IDA)	Forestry IV	400,000	TA to develop an environmentally sound program for the management of forests in the Terai, Nepal's threatened lowland forest area.
Nepal	C (IDA)	Arun III Hydroelectric	400,000	Development of a GIS system to improve land use management in vicinity of Nepal's largest dam.
Papua New Guinea	B (IBRD)	Forestry Development and Conservation	700,000	Assessment of lowland forests to define sustained yield management targets. Identification of World Heritage site and assessment of costs entailed in setting it aside and protecting it.
Philippines	A (IBRD)	Environment and Natural Resource Management	1,000,000	Studies to determine areas to be included in protected area systems; development of natural resource management plans for parts of Luzon and Mindanao.
Philippines	A (IBRD)	Industrial Efficiency and Pollution Control Project	585,000	TA to develop an industrial pollution abatement strategy for Metro Manila and prepare detailed investment proposals.
Philippines	A (IBRD)	Solid Waste Management and Institutional Development (Metro Manila)	560,000	TA to develop institutional arrangements and investment requirements for a solid waste disposal project in Metro Manila and improve overall institutional and management structure.

Philippines	B (IBRD)	Water Supply, Sewerage and Sanitation Sector III Project	800,000	Feasibility studies for a sanitation and solid waste management project. TA would be used to (a) determine appropriate environmental policies and standards for medium-sized cities; and (b) identify the investments needed to reach these standards.
Thailand	A (IBRD)	Land Reform and Forest Protection	636,000	Preparation of phased program for demarcation of parks and reserves and the development of management and investment plans to deal with local smallholders.
<u>Regional Studies</u>				
India China Nepal	C (IBRD)	Social Forestry	363,000	Assessment and comparison of the experience in social forestry projects in three countries in the Region: India, China and Nepal.
Indonesia Malaysia Philippines	C (IBRD)	Tropical Deforestation and Market for Wood (study)	860,000	Study to analyze wood marketing systems in the Asia region and to assess policies intended to improve the returns to wood exporting countries. Evaluation of potentials for improved forest management with better market prospects.

EMENA: PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

<u>Country</u>	<u>Category</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
Algeria	A (IBRD)	Collection and Disposal of Highly Toxic Waste Project	976,350	Feasibility study for the construction and equipping of a national center for the collection and disposal of toxic waste.
Cyprus	B (IBRD)	Multi-Cities Pollution Control Project	300,000	Sector and feasibility studies to identify institutional capabilities and objectives; define project area, major pollution problems and preliminary solutions; prepare cost estimates and action plan.
Egypt	A (IBRD)	Northern Sinai Agricultural Development Project	250,000	Prepare environment assessment of project which will apply new irrigation technologies (drip, sprinkler) on a large scale. Special emphasis will be given to addressing evaluation of potential impacts and preparation of a mitigation plan to assure that project does not negatively impact Bardawil Lagoon, a protected area under Egyptian law and a Ramsar Convention site of international importance to waterfowl. EA will also address issues concerning tribal people (Bedouin) and archaeological sites.
Hungary	B (IBRD)	Energy and Environment Project I	500,000	Preparation of the environmental aspects of a program for optimal development of the power sector (including choice of primary fuel basis, rehabilitation of existing capacity, scope for cogeneration, and energy conservation); development of a program of assistance in institutional development and establishment of a monitoring system to address air and water quality concerns, and to deal with hazardous wastes.
Jordan	B (IBRD)	Industrial Pollution Control Project	500,000	Feasibility studies to prepare an industrial pollution control project, including pollution audits to evaluate the potential for reducing pollution through improvements in operation and maintenance.

Morocco	A (IBRD)	National Watershed Management Project	525,000	To improve the knowledge base so that Government of Morocco can design sound strategies for checking soil erosion in watersheds; and to carry out a synthesis study on watershed management in Morocco, and identify and test promising techniques.
Pakistan	A (IBRD)	Punjab Urban Environment Protection Project	993,000	To arrest the decline in urban quality with emphasis on water pollution and hazardous wastes; to protect local groundwater resources; to improve public perception of air pollution and found contamination, and to establish EPA Punjab as an effective regulatory agency. Financing of project preparation, TORs, and budget.
Pakistan	A (IBRD)	Sectoral Environmental Assessment for the National Drainage Program	600,000	To provide an environmental overview of the national drainage program. It would focus on macro-scale impacts and their linkages to a series of incremental investments made on a project-by-project basis. It would include a review of the Left and Right Bank Outfall Drain Projects. Attention would be given to impacts of the discharge of domestic, industrial, and agricultural wastewater to these drains. Special attention would also be given to the impacts of drainage projects on wetlands and coastal mangroves.
Poland	A (IBRD)	Environment Technical Assistance Project	300,000	Preparation of a technical assistance program for restructuring water resources management, to strengthen regulatory and enforcement capabilities to develop a monitoring and data management capability, a least-cost investment strategy to enable compliance with air and water quality standards, an environmental audit program, and Environmental Impact Assessment procedures.
Turkey	A (IBRD)	Ankara Air Pollution Project	800,000	Would examine the impacts of air pollution from home heating and vehicles and identify means for their control. Support would be provided for studies to assist in the planning of the extension of natural gas to Ankara. Experience from project would be transferable to both primary and secondary cities in Turkey.

Turkey	A (IBRD)	Eastern Mediterranean Industrialization and Environmental Planning Project	130,000	Would prepare a detailed environmental planning study to support controlled development of the eastern mediterranean region of Turkey. The study would be prepared for the Government of Turkey by the Environmental Problems Foundation of Turkey, a local non-governmental organization.
Yemen Arab Republic	A (IDA)	National Agricultural Development Project: Forestry Component	478,000	Project preparation for components covering sand dune fixation and soil erosion control, conservation of indigenous forest, promotion of tree planting, and establishment of a forest service. Mapping of natural forests.
Yugoslavia	A (IBRD)	Split/Kastela Bay Environment Project	350,000	To address pollution of Adriatic coastal waters, improper disposal of solid waste, and enhance tourism. Advice for preparation of designs and technical specifications for resource recovery plant; advice on institutional arrangements for project organization and management; industrial waste survey and evaluation of existing regulations; and feasibility study for design of Visitors' Center in historic Split.

LAC: PROPOSALS FOR TECHNICAL ASSISTANCE GRANT PROGRAM FOR ENVIRONMENT

<u>Country</u>	<u>Category</u>	<u>Project</u>	<u>Amount</u> <u>US \$</u>	<u>Proposed Use of TA Grant Funds</u>
Brazil	B (IBRD)	National Environ. Project II Amazonia Biodiversity and Conservation Action Plan	700,000	Support to the second triennium of Brazil's National Environmental Program. The project would support environmental management and conservation of critical ecosystems, through environmental planning and action plans, strengthening of protection capabilities, research training and education.
Brazil	A (IBRD)	National Environmental Project and Rondonia and Mato Grosso Natural Resources Management Projects	200,000	The Second National Environmental Project would support the environmental management and conservation of critical ecosystems (the remaining Atlantic forest areas, the Pantanal watershed, and areas of particular importance from the standpoint of environmental diversity in the Amazon). Would support the second triennium of Brazil's National Environmental Program, including Rondonia and Mato Grosso Natural Resources Management.
Brazil	A (IBRD)	SIDEBRAS Pollution Project	193,000	The objective is to undertake development and improve resources to finance pollution abatement equipment in Brazilian steel industry.
Brazil	B (IBRD)	Industrial Pollution Control III	221,550	The project would improve air and water quality and disposing of industrial hazardous waste in a number of industrialized and heavily polluted states of Brazil. Help in the development of federal laws and local regulations as well as institutional monitoring and enforcement capabilities of federal and state environmental protection agencies.
Brazil	A (IBRD)	State Highway and Feeder Roads	170,000	Improve the maintenance of state roads and the effectiveness of feeder roads programs in support of sustainable agricultural development. The TA grant would be to complete environmental assessments and strengthen environmental performance of highway sector.

Brazil	A (IBRD)	Mato Grosso Natural Resources Management Project	150,000	To support the Amazonian State Government of Mato Grosso in the implementation of a sustainable development strategy, based on agro-ecological zoning, by instituting a policy and investment framework that would permit intensified use of already deforested lands.
Brazil	A (IBRD)	Nat. Forestry Development and Conservation	215,000	The proposed project would support Brazil's environmental protection policy (Nossa Natureza) regarding forest conservation in the Amazon; improve productivity of natural and planted forests; strengthen federal and state institutions responsible for the management and protection of those forests.
Brazil	A (IBRD)	Irrigation Sub-Sec. II	500,000	Objective is to help increase production, through the development of sustainable farming systems using irrigation in the drought-prone area of NE; reduce pressure to expand the agri. frontier; further institutional development, including the environmental appraisal responsible for irrigation development.
Haiti	A (IDA)	Forestry and Environmental Protection Project	380,000	The objective of this TA grant is dual: the funds would be used for the completion of the preparation studies for the design of the proposed Forestry and Environmental Protection Project and sustaining the momentum achieved in natural forests and national parks protection, under the first phase pilot Forestry Project, until the follow-on project is in place.
Mexico	A (IBRD)	Trans. Air Pollution Control for Mexico City	500,000	The objective would be to focus on the air pollution arising from transport, and would set targets for the progressive reduction of vehicular emissions.

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World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: 19-Jun-1989 04:48pm

TO: Moeen A. Qureshi (MOEEN QURESHI)

FROM: Thierry Baudon, OPNSV (THIERRY BAUDON)

EXT.: 75253

SUBJECT: Funding for the T.A Grant Program on Environment.

Moeen, the funding sources and amounts available for the T.A Grant Program are as follows:

.Japan Grant Facility for IBRD/Blend Countries (under Nakasone Plan): up to US\$ 30 million (out of a remaining uncommitted balance of US\$37 million);

.Japan Grant Facility (Environment) for IDA Countries: US\$ 5.2 million (the agreement between the Bank and Japan has not yet been signed);

.U.S Trade and Development Program (Environment Fund): US\$ 0.5 million (tied; signed March 28, 1989)

Overall, the total amount available as of now is therefore about US\$ 36 million at most, with a question mark still remaining on the amount of uncommitted "Nakasone" funds that will actually be earmarked for the environment.

June 19, 1989

Status of Funding from Bilateral Sources
for
Environment Studies/Assessments

Japan:

Japan Grant Facility (Under Nakasone Plan)
for IBRD/Blend Countries^{1/}

	<u>Projects</u>	<u>Amount</u> (US\$M)
1. First Tranche (Japanese FY87) ^{2/} (Sub-Agreements signed by RVPs and ED)	8	18.3
2. Second Tranche (Japanese FY88) (Request for signature of RVPs and ED on sub-Agreements expected momentarily)	7	13.9
3. Third Tranche (Japanese FY89) (Request from G.o.J. for signature on sub- Agreements by RVPs and ED expected August 1989)	5	11.7
Sub-Total	----- 20	----- 43.9
4. Remaining Balance of Japan Grant Facility uncommitted (US\$37.0 million equivalent)		
5. <u>Japan Grant Facility (Environment) for</u> <u>IDA Countries^{1/}</u> (Agreement between Japan and the Bank has not been signed).		5.2
Sub-Total (Japan)	-----	----- 49.1
<u>U.S.A.</u>		
6. U.S. Trade & Dev. Program (Environment Fund) (Grant/Tied) (Signed March 28, 1989)		.5
TOTAL	=====	===== 49.6

7. Note: Mr. Kiermayr is currently on mission to the Federal Republic of Germany, Ireland, Sweden and the United Kingdom where he may be discussing funding for environment work by the Bank.

^{1/} Grant/Untied (Rate of Exchange: ¥135/US\$1).

^{2/} Japanese FY (April 1 - March 31).

WORLD BANK

OFFICE OF THE PRESIDENT

May 30, 1989

Messrs. Qureshi and Hopper:

As you see, Mr. Conable has agreed that the Legal Department should be represented on this Task Force.

cc: Mr. Shihata



Record Removal Notice



File Title Environment - Global Environmental Fund (GEF) - Correspondence 02		Barcode No. 1660502		
Document Date 30 May, 1989	Document Type Memorandum			
Correspondents / Participants To: Barber B. Conable, President From: Ibrahim F. I. Shihata, Vice President and General Counsel				
Subject / Title TA Grant Program for the Environment				
Exception(s) Attorney-Client Privilege				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Sherrine M. Thompson</td><td>Date 15-Jan-16</td></tr></table>	Withdrawn by Sherrine M. Thompson	Date 15-Jan-16
Withdrawn by Sherrine M. Thompson	Date 15-Jan-16			

OFFICE MEMORANDUM

DATE: May 26, 1989

TO: Regional Vice Presidents

FROM: Moeen A. Qureshi, OPNSV *MAQ*

EXTENSION: 73665

SUBJECT: Technical Assistance Grant Program for the Environment

1. As announced by Mr. Conable to the Development Committee, we are establishing a new Technical Assistance Grant Program for the Environment. This Program will help borrowing member countries formulate viable environmental investment programs and policies for possible IBRD/IDA financing and cofinancing from bilateral donors. For the Program, the Government of Japan has agreed in principle (formal approval by the Japanese Diet is expected next month) to provide 700 million yen (about \$5 million) on an untied basis for IDA-recipient countries, and to earmark \$10-15 million (also untied) from the funds remaining uncommitted in the Japan Grant Facility for IBRD-borrowers.¹ Interest has also been expressed by other bilateral sources, and the Bank is considering redirecting some of its own grant funds to the Program. This memorandum sets out the eligibility criteria, procedures, and initial timetable for funding under the Program.

Uses of the Funds

2. The funds can be used only for technical assistance and related expenses (both foreign and local) which would otherwise normally be borne by our borrowers. Priority in the use of the funds will be given to the preparation of innovative, environment-enhancing or -protecting projects or project components, in areas such as:

- (a) strengthening of environmental policies, institutions, information systems or education, via investment or adjustment operations;
- (b) land management (watersheds, coastal zones, drylands, wetlands, etc.), including land/resource surveys;
- (c) forestry projects which have afforestation or prevention of deforestation as a major objective;
- (d) conservation and protection of natural heritage, biodiversity or cultural property; and
- (e) urban or industrial pollution control or waste disposal.

^{1/} Projects in blend countries might be financed from either source; this would provide considerable flexibility in balancing supply and demand for funds.

In selected cases, the funds can also be used for (a) the implementation of pilot programs which in turn are expected to lead to the identification of environmental projects for external financing, and (b) major environmental assessments required in the preparation of non-environmental projects which have potential adverse environmental impacts.

3. Approval of a proposal would be conditional upon evidence that the proposed project was consistent with the overall environmental priorities for the country, as established in an Environmental Issues Paper or its equivalent.

4. All the proposals for the Program would need to be sufficiently advanced so that disbursement could be expected to begin before April 1, 1990. Approved proposals that encounter significant slippage might be dropped from the Program to free up resources for other activities.

Size of Individual Grants

5. Normally, between \$100,000 and \$1 million would be provided per activity from the grant program. The lower limit is to keep time and resources from being dissipated on a large number of projects with only relatively minor environmental components, and to make the entire program manageable and monitorable. The upper limit is to ensure a reasonable geographic and sectoral spread of activities. Tasks requiring more than \$1 million could be funded in part from the Program, but PPFs or other sources of funds would need to be sought as well.

Procedures

6. The country department would (a) obtain the agreement in principle of the country concerned, (b) prepare a proposal, following the format in Attachment 1, and (c) submit the proposal to the Regional Environment Division (RED). The RED would (a) screen each proposal to determine if it satisfies the Program criteria, (b) review the proposed content, timing and cost, and (c) submit a prioritized list of proposals to the Program's Advisory Committee, consisting of the Standing Group on the Environment (which is chaired by ENVDR and comprises ENV and RED managers) plus representatives of COFVP, COD and EAS. The Advisory Committee, based on (a) country, Regional and Bankwide environmental priorities, (b) the proposals' quality, (c) the overall availability of funds, and (d) the match between proposals and funding sources, would propose to COFVP and OPNSV a total annual program (plus stand-bys if additional resources become available), under a cover note which links the individual proposals to the Bank's overall environmental priorities.

7. Selection and employment of consultants could be done either (a) by the recipient government, with the consultants' TORs and selection satisfactory to the Bank, in accordance with Bank guidelines or, (b) in exceptional cases, at the government's written request, and with LOA and LEG concurrence, by the Bank, in consultation with the government

concerned, as for UNDP grants where the Bank is the executing agency. In each case, a grant agreement would be signed by the Bank and recipient government, specifying the items to be financed, the responsibilities of each party, and that procurement and consultant recruitment would be in accordance with Bank guidelines.

Administrative Overheads

8. Administration of the Program will require budgetary resources, especially but not exclusively for the REDs. Such costs would be financed largely by the interest the Bank earns on the undisbursed funds available for the Program. Together with Controllers and PBD, we will be establishing specific rules and funding mechanisms for administrative expenditures, in line with the usual practice for trust funds/grant programs.

Timing

9. In order to commit and utilize the funds in a timely way, the following schedule should be adhered to:

- (a) Submission of proposals from country departments to REDs, after agreement in principle by the recipient countries concerned: July 28.
- (b) Screening by REDs and submission to Advisory Committee: August 11.
- (c) Review by Advisory Committee and recommendations to COFVP and OPNSV, copied to EXC: August 25.
- (d) Clearance by COFVP and OPNSV, and submission to donor countries (as required), September 8.

The time that donors may require for their clearance still needs to be determined, but we are making every effort to expedite the process.

Attachment

cc: Messrs. Conable (EXC); Stern (FINSV); Hopper (PPRSV)
Rajagopalan (PREVP); Wood (FPRVP); Inakage (COFVP)
Shihata (LEGVP); Piddington, Warford (ENVDR)
Picciotto (PBDDR); Lau (LOATF); Kiermayr (COFAU)
Vergin, Baudon, Robless (OPNSV); Dubey (EAS)
Lee (COD); Ofosu-Amaah, Duvall (LEG)
Mmes. Haug (EXC); Smith (FRM)

Country and Technical Directors
Senior Operations Advisors
Chief Administrative Officers
Regional Environment Division Chiefs

Proposal Format for the TA Grant Program for the Environment¹

A. The Project to be Prepared

1. Country and Borrower
2. Project title
3. Tentative appraisal and Board dates
4. Objectives
5. Description
6. Implementing agencies
7. Cost and financing Plan
8. Main issues to be addressed during preparation
9. Environmental benefits/impact
10. Relation to environmental priorities for country
11. Responsible Bank division and task manager

B. Proposed Use of TA Grant Program Funds

1. Objectives and description
2. Agencies involved
3. Specific items to be financed, cost of each item, and total cost
4. Responsibility and method for consultant selection
5. Additional preparation required (not using Program funds)
6. Timetable (for consultant selection and arrival, Bank missions, completion and review of consultant reports, etc.)

¹/ This format would need to be modified for implementation of a pilot program.

March 29, 1989

Mr. Conable

Barber

Establishment of a Technical Assistance Grant Program
for the Protection and Rehabilitation of the Environment

The attached proposal with which I concur responds to the concerns addressed during our March 6 meeting on "Funding for the Environment." Specifically, it should be seen as a concrete step taken by the Bank toward the formulation of a viable environmental investment program for eventual IBRD/IDA financing with maximum possible reliance on cofinancing from bilateral sources.

The proposal has been discussed with the Environmental Department of PPR, and we will be looking to Mr. Piddington and his staff to help us ensure that the technical assistance funds entrusted to us by various donors are being put to best possible use.

While the proposal initially provides only for the coordination and more effective use of grant funds which have already been entrusted to the Bank, it nevertheless does have implications for future resource mobilization. Therefore, I would like to request your authorization to proceed with this proposal in line with the coordination mechanisms for resource mobilization which we have recently established.

Finally, if you agree with this initiative, you may want to refer to it in your upcoming presentation with the Development Committee.

Moeen

Moeen A. Qureshi

Attachment

cc: Messrs. Stern, Hopper, Piddington, Vergin

OFFICE MEMORANDUM

DATE: March 28, 1989

TO: Mr. Moeen A. Qureshi

FROM: Heinz Vergin

SUBJECT: Establishment of a Technical Assistance Grant Program
for the Protection and Rehabilitation of the Environment

As requested, we have considered ways and means to accelerate the preparation of investment projects which rehabilitate and/or protect the environment in our borrowing member countries. Based on discussions with the Environmental Divisions of the four Technical Departments, and with reference to environmental issues papers and action plans which have been under preparation in the various country departments over the course of the last year, we have concluded that:

- increased concentration of available TA grant funds on the preparation of environmental projects and project components in borrowing IBRD and IDA member countries would induce these borrowers to significantly accelerate the preparation of a viable investment program designed to rehabilitate and protect their environment. While the projects would be prepared to the standards required for IBRD/IDA financing, they could also serve as carriers of cofinancing which is available on relatively attractive terms for environmental projects from various bilateral sources;
- accelerated project preparation could be achieved with a TA grant program which provides for annual commitments of about \$15 million per year over a 2-3 year period;
- some strengthening of the Bank's environmental staff capacity will be needed to implement such a TA grant program.

Objectives of the TA Grant Program

The grant program would be deployed to accelerate the preparation of projects and project components which have the rehabilitation and/or protection of the environment as their primary objective. Accordingly, grant funding would mainly be provided for the pre-investment phases of the project cycle. Selectively, the grant funds would also be available to finance special environmental studies which have been clearly identified as prerequisite to the formulation and implementation of strategic investments in the protection and rehabilitation of the environment.

It is expected that the bulk of the grant funds would be devoted to the preparation of investment projects or project components which promote sustainable improvements in the respective eco-systems through forest protection, reforestation, catchment rehabilitation, soil conservation and reclamation, pollution control through improved solid and liquid waste management as well as emission control measures. Resource surveys, land use planning projects and programs for the management/conservation of fragile/unique eco-systems would also be included for detailed preparation under the TA grant program. A limited portion of the grant funds could also be made available to prepare specific actions to assess and ameliorate the adverse environmental impact of major, externally financed investments.

Funding of the TA Grant Program

The TA program would be financed by trust funds specifically earmarked for environmental operations which have been made available to the Bank by Japan and the US, as well as from other trust funds for which donors have expressed particular interest in supporting operations which protect or rehabilitate the environment. Specifically, we would draw on:

- a \$5 million grant fund earmarked for environmental operations in IDA countries which has recently been provided by the Government of Japan;
- parts of a \$220 million 3-year grant fund earmarked for high priority feasibility studies as well as project implementation assistance in IBRD countries which has been provided by the Government of Japan;
- selected consultant trust funds including those established by the United States, Norway, Sweden, Finland, Denmark, Switzerland, Austria and France; and
- redeployment of parts of the Bank's own special grant programs.

Please note that the "earmarking" of part of the \$220 million Japanese grant fund for the proposed environmental TA program would still have to be agreed with the Japanese Government. We have however every indication that such earmarking would be welcomed particularly if it provides for the preparation of environmental investment projects which can be cofinanced by Japan.

Operation of the TA Grant Program

The program would be administered by the Cofinancing Unit of the VPCFAS in close consultation with the Regional Environment Divisions, the Environmental Department of PPR and COD. Detailed terms of reference, schedules and prospective project briefs would be provided to the VPCFAS by the sponsoring Regional units for all preparation activities funded under the program. Reports about actual and planned commitments under the grant program and progress towards the project preparation objectives would be submitted by the VPCFAS to the Operations Committee in six-monthly intervals.

In general, the party entering into contracts with the suppliers of technical assistance would be the qualified agency of the government which is the recipient of the TA grant.

Implementation Capacity

Discussions with the Regional Offices have clearly identified the need for strengthening of the Environment Divisions in the four Technical Departments to enable this TA program to be carried out effectively. Identification, preparation and supervision of the proposed program will be staff-intensive and will require incremental staff resources. This additional in-house capacity could be financed by some of the more flexible consultant trust funds in conjunction with the use of special positions and longer-term individual consultant contracts.

Recommendation

We recommend establishment of the above-described TA program. After a brief consultation with the Japanese authorities who initially would provide the bulk of the grant funds, an appropriate announcement about this environmental initiative might be included in Mr. Conable's presentation to the Development Committee.

cc: Messrs. Wood, Inakage, Piddington
Kiermayr, Ettinger

THE WORLD BANK

March 20, 1989

Mr. Husain
Mr. Jaycox
Mr. Karaosmanoglu
Mr. Thalwitz

For information.

MOEEN A. QURESHI
Senior Vice President, Operations

OFFICE MEMORANDUM

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(1)

cc: Mr. Vesign
Mr. Lee
Mr. BrandonPl. circulate to
RVP

DATE: March 16, 1989

TO: Files

FROM: Marianne Haug

EXTENSION: 73585

SUBJECT: Funding for the Environment

A meeting took place on Monday, March 6, to discuss Mr. Stern's memo to Mr. Conable dated February 28 and the draft paper "The International Conservation Financing Project" prepared by WRI/UNDP and dated February 6, 1989, and to coordinate the World Bank's approach to new initiatives such as Green Fund, Environmental Foundations for Debt Equity Swaps, etc.

It was agreed that Bank staff should welcome any additional environmental initiative in general; more specifically it was agreed:

- (a) The Bank should be supportive of any technical assistance/ equity funds which promote feasibility studies for environmental projects.
- (b) The Bank should reconfirm that Debt for Equity Swaps are useful if both debtor and LDC governments wish to implement such swaps. These will, however, be marginal and World Bank involvement is difficult to envisage.
- (c) A large earmarked fund such as "The International Environment Facility" involving \$3 billion or more over a five-year period may constitute a threat to the total amount of funding available for development. Bank staff should take a neutral attitude and refrain from any advocacy. Staff should, however, stress that such a fund must be additional to monies allocated to establish development facilities such as IDA, LOME III, etc.

cc: Messrs. Stern
Qureshi
Hopper
Piddington
Shakow
Wood