

Appendix C

Address by Barber B. Conable,
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to the World Resources Institute, Washington, D.C.
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It is an honor to address members and supporters of the World Resources Institute.

The Institute is a global resource itself. Policy makers owe you a lasting debt of thanks for the research you pursue and the admirable balance with which you present it.

What I owe you on this occasion is a report on the World Bank's actions, plans and progress in matching our fight against global poverty with our commitment to environmental protection.

The two goals are not just consistent. They are interdependent. Sustained development depends on managing resources, not exhausting them.

Economic growth based on any other premise is a costly illusion. What is wasted or poisoned today leaves that much less to nourish the world tomorrow.

"Environmental neglect," as I said to the Governors of the World Bank seven months ago, "destroys assets vital not just to the quality of life but to life itself." Environmental planning, I would add tonight, can make the most of nature's resources so that human resourcefulness can make the most of the future.

I share the optimism of the recently released report of the World Commission on Environment and Development. With its members I, too, "see . . . the possibility for a new era of economic growth . . . based on policies that sustain and expand the environmental resource base."

My optimism, like theirs, is tempered by caution.

In environmental affairs, as in many others, science has outdistanced government. Yet many of the problems the world has come to recognize as urgent are still beyond man's technical, as well as political capacities.

We know that we must stop the advance of the deserts. We do not yet know how.

We know that population control is essential to environmental protection. But, for all the progress of the past decades in family health and planning, population growth in many of the poorest lands continues to outrun resources.

We know that we must save the tropical rain forests. But neither developing nations nor international institutions have adequate alternatives for hungry people in search of food, and the land to grow it on. And researchers are only beginning to discover the potential of the forests to support settled and wildlife together.

Most broadly, we know of the planet-wide threat to the basic resources of air and water on which the survival of earth depends. But common effort to save the global commons requires a degree of institutional coordination and a measure of sustained political resolve that man applies more readily in destroying than in preserving life.

In measuring the influence of the World Bank against the environmental challenge, I see how long a road there is to travel from awakened environmental consciousness to effective environmental action.

The Bank has long been at the forefront of that march. Ours was the first international lending institution to set explicit policies on limiting any harmful environmental consequences of development projects it supported. In the early 1970s, for example, a Bank-financed iron ore terminal was built on a Brazilian beach under strict safeguards against pollution and with real respect for the site's natural beauty.

Inevitably, the Bank has also stumbled. For instance, a more recent Brazilian project, known as Polonoreste, was a sobering example of an environmentally sound effort which went wrong,

The Bank misread the human, institutional and physical realities of the jungle and the frontier.

A road which benefited small farmers also became a highway for logging companies.

Protective measures to shelter fragile land and tribal people were carefully planned. They were not, however, executed with enough vigor.

In some cases, the dynamics of the frontier got out of control.

Polonoreste teaches many lessons. A basic truth is that ambitious environmental design requires realistic analysis of the enforcement mechanisms in place and in prospect.

When mistakes associated with the Polonoreste project became obvious in early 1985, the Bank interrupted payments as a way to encourage important corrective measures. We learned not that we should avoid projects with environmental implications, but rather that where institutional safeguards are weak, the Bank must be a positive force to strengthen them.

Brazil has not made progress in building safeguards for environmental protection. And the Bank is anxious to support Brazil's government in pursuing a National Environmental Program that can become a model for other nations.

For a second basic truth is that development cannot be halted, only directed. And the Bank cannot influence progress from the sidelines. It must be part of the action.

With the developing nations, we must go on learning by doing. If the World Bank has been part of the problem in the past, it can and will be a strong force in finding solutions for the future.

"Nothing so needs reforming," Mark Twain observed, "as other people's habits." The Bank will begin by reforming its own.

First, we are creating a top-level Environment Department to help set the direction of Bank policy, planning and research work. It will take the lead in developing strategies to integrate environmental considerations into our overall lending and policy activities.

At the same time, new offices in each of the four regional technical departments will take on a dual role. They will function both as environmental watchdogs over Bank-supported projects, and as scouts and advocates for promising advances in resource management. In this process, they will routinely consult with environmental officials in developing countries, and will work to strengthen local institutions. The establishment of these offices will increase significantly the number of staff directly involved in environmental programs.

These organizational changes do not just add layers of interference to head off errors of commission. The added staff will also help define policy and develop initiatives to promote growth and environmental protection together. They will work to ensure that environmental awareness is integral to all the Bank's activities.

Environmental action adds a new dimension to the fight against global poverty. It recognizes that sound ecology is good economics. Indeed, the objectives of sustainable economic growth, poverty alleviation and environmental protection are often mutually reinforcing.

Population pressure, pushing farmers onto increasingly marginal land, is a major cause of ecological problems in many countries, particularly the poorer ones. Curbing population growth is essential for sustainable economic growth; otherwise it will not be possible to introduce policies and programs that steer farmers to the best land, that induce the production of crops which strengthen the soil and stem erosion, that bring livestock to graze where pasture is rich, and that educate city and country dwellers alike to respect and safeguard the balance of nature.

The World Bank is a force for development and will remain so. We will continue to support major investments in energy and infrastructure, in industrialization and irrigation.

Our role in such projects, however, will include greater sensitivity to their long-term environmental effects. And we will put new emphasis both on correcting economic policy incentives that promote environmental abuse, and on stimulating the small-scale activities that can combat human and environmental deprivation.

Not only will we strengthen the Bank's long-standing policy of scrutinizing development projects for their environmental impact and withholding support for those where safeguards are inadequate, but we will also institutionalize an approach to natural resource management that puts a premium on conservation.

As part of these philosophical and institutional changes, I propose to allocate new resources to a number of new environmental initiatives.

In partnership with member countries and with the rest of the development community, we will begin with an urgent, country-by-country assessment of the most severely threatened environments in developing nations.

We will promote a continent-wide initiative against the advance of the desert and the destruction of forests in Africa.

We will contribute to a global program to support tropical forest conservation.

And we will participate in a cooperative effort by the nations of the Mediterranean and other international agencies to prepare a long-term campaign to protect that sea and its coasts.

As recent events have demonstrated, environmental protection is a subject which warrants increased efforts in industrialized as well as in developing countries. But progress is especially hard to achieve in the developing world.

So many other priorities demand simultaneous attention. So few skilled personnel are available. And so much must be done to build the institutional capacity to handle complex environmental issues.

Acknowledging those realities, the World Bank also acknowledges its special responsibilities in helping developing nations shape their growth. As an advisor, a source of intellectual as well as financial support, the Bank must be responsive and innovative. And as a lender, it must exert new and persuasive influence to integrate better management of natural resources into development planning and investment.

Fortunately, we are far from alone. The Bank can profit from and contribute to the valuable work of our member nations, the expert and dedicated efforts of non-governmental organizations and the wide, continuing experience of other, international agencies such as the United Nations Environment Program.

We must start, however, with better knowledge of the problems and the opportunities we face.

To gain that understanding, the Bank will use our added staff resources in a collaborative effort to assess environmental threats in the 30 most vulnerable developing nations. That five-year process will involve not just study but education, and not just in the Bank but also with responsible developing country policy makers.

Our goal will be to develop a new appreciation of the forces at work against environmental balance. Our objective is a sort of natural resources balance sheet, a coherent planning instrument for better management.

I believe we can make ecology and economics mutually reinforcing disciplines. By looking closely at market forces and broadly at all key sectors of development activity, we can identify both the effective and perverse factors shaping and misshaping the environment.

I am not proposing make-work research. What I seek from data -- much of which is already on hand -- is a composite inventory of environmental assets and liabilities.

With such a planning instrument, we could move toward establishing the value of those priceless resources -- topsoil and grass cover, water and drainage, human skills and traditional lifestyles -- we too often treat as worthless.

Let us show in economic and environmental terms what subsidies to pesticide producers and timber cutters and livestock growers actually cost in ruining the land and driving families from it.

Let us weigh the real price of wilderness resettlement against the expense of health and family planning clinics, of agricultural extension services, new crops and new farming techniques.

Let us hold pricing policies and currency values up to the light of environmental analysis to see if and how they encourage over-exploitation of natural resources.

And let us acknowledge that, while we must exercise increasing care with large-scale development projects, small is not necessarily beautiful. It is time we recognize that individual practices driven by poverty and ignorance and unexamined economic policies have cumulative effects that are just as environmentally destructive as any badly planned wilderness road or hydroelectric project.

We must reshape not just the Bank's outlook and activities but also the customs and ingrained attitudes of hundreds of millions of individuals and of their leaders. In doing so we must remember another piece of Mark Twain's wisdom: "Habit is habit, and not to be flung out of the window, but coaxed downstairs a step at a time."

Our environmental assessment surveys will move us one big step forward. They will assemble the knowledge we need to move further and faster toward environmental rationality in our lending programs.

In Africa, while country assessments proceed, the Bank will also lay the ground for action that crosses national boundaries and tackles regional environmental dangers.

Africa's needs are critical. Over the last 15 years, despite the best efforts of African governments and the international community, per capita income and per capita food production in most of sub-Saharan Africa have declined. At the same time and in the same areas, deserts have spread, forests have dwindled, soil has washed away.

With population projected to rise from 380 million to 690 million in the last two decades of the century, the pressures of urbanization, fuelwood consumption and slash-and-burn farming are stripping West Africa alone of 3.6 million hectares of forest a year. Continued over three years, that tempo of deforestation would denude an area the size of Greece; over ten years, the Ivory Coast.

The rate of forest loss in five West African nations is seven times the world average, and desertification in just one country -- Mali -- has drawn the Sahara 350 kilometers farther south in the last 20 years. The Congo River carries an average of 65 million metric tons of soil into the ocean each year.

Against these natural and man-made forces, I believe we must mount an international environmental rescue and development effort in sub-Saharan Africa. I will ask World Bank staff experts to draw up a special program of technical studies to identify and assess urgent, promising environmental protection projects, regional, not just national, in their sweep.

Environmental threats do not respect political lines of demarcation. Environmental solutions must generate political and technical responses as broad as the challenge.

Our work should point the way for action by donor and recipient nations and non-governmental organizations. The latter have a particularly important role to play, in that problems of deforestation and natural resource degradation are development problems and can best be solved with the active participation of people at the grassroots level. Our common priority should be coordinated intervention against the spread of deserts and for the conservation of forest resources.

We must be bold in both the scope of our enterprise and in testing untried ideas. Unless we reach beyond today's limits and doubts, we cannot truly measure our capacity for progress.

Tropical forests in Africa, Asia and Latin America also demand priority attention. Tropical deforestation is not only a major environmental problem, it is a critical development problem as well. Deforestation is leading to widespread degradation of the natural resource base, undermining the capacity of the environment to support developing country economies and populations.

The World Bank is the world's largest single source of financing for tropical forest conservation and development. Over the past decade World Bank investments and technical assistance grants in forestry have exceeded one billion dollars. We are ready to do more.

The Bank intends to more than double its annual level of funding for environmentally sound forestry projects from \$138 million this year to \$350 million in fiscal 1989. At the July meeting in Bellagio, Italy sponsored jointly by your Institute, the Rockefeller Foundation, FAO, UNDP and the Bank, we will propose specific strategies for expanding priority work in forest management and reforestation.

Our Tropical Forestry Action Plan is a direct outgrowth of the World Resources Institute's excellent 1985 report, "Tropical Forests: A Call for Action." That study called for a doubling of forestry investments over the next five years. It redefined the challenge of conservation by making it clear -- in cost-benefit terms -- how deforestation impoverished both man and nature. It also recognized that simply providing more funding for forestry is not enough; increased investment in forestry must be accompanied by policy measures designed to ensure sustainability.

We are improving our understanding of the connection between the loss of tree cover in upland watersheds and flood damage downstream, between fuelwood scarcity and fertilizer shortages and between the annual destruction of 11 million hectares of tropical rain forest and the loss of plant and animal species of great, potential genetic benefit to mankind.

We are becoming increasingly able to define investment programs to correct past mistakes and prevent new ones.

We can mobilize resources for agroforestry and sustainable farming systems based on it.

We can help nations determine the wooded areas to protect and those to use more intensively.

We can help train foresters and farmers in new techniques of tree breeding, in the cultivation of medicinal plants and the conservation of wildlands.

We are, in short, better aware of the gravity of the global danger, better equipped to address it. Now we must be prepared to mobilize resources to combat deforestation on a global scale.

Lastly, in the Mediterranean region, the Bank stands ready to assist in an intensified international effort to protect the heritage of beauty and natural resources that 18 nations and some 400 million people hold in common.

The governments of the Mediterranean states have long recognized the danger of pollution to public health and to fishing and tourism industries. The World Bank, the European Investment Bank and Regional Development Fund, the United Nations Environment Program, with many other agencies, have been active in providing financial and technical help to alleviate this problem.

Now we are exploring together the possibility of designing a broad, international project to improve the Mediterranean environment and strengthen it with a long-term preservation plan. It is an ambitious political as well as technical undertaking, involving many separate governments and technical support agencies.

The World Bank is well placed to help coordinate their effort. And if, with our assistance, the peoples of the Mediterranean can make progress in managing the great resource they share, they can set an example to the whole world of cooperation in protecting the global commons.

I have given you only an introduction to the World Bank's environmental action agenda. Events, not speeches, will test its sweep and its impact. But I cannot end these remarks without a note of combined caution and exhortation.

While there is much we can do, no one knows better than I do the actual limits of the Bank's influence on the policies and practices of the developed and developing nations. No one knows better than you do the power of informed and aroused public opinion to command and redirect the attention of decision makers.

The World Bank needs the help of environmental activists in every nation, in those where organized groups have already proven their effectiveness and in those where consciousness is only now dawning.

We need your advice, your expertise, your pressure and your imagination to make the urgent work of environmental protection a coordinated campaign for a safer, richer, healthier world.

As ours is a common cause -- the battle against global poverty is also the fight for a sustainable environment -- let us be allies for progress on every front. There is a long campaign ahead. We cannot accept anything less than victory.

Thank you.