



**SUMMARY OF THE WORLD BANK FORUM ON ENVIRONMENTALLY AND SOCIALLY SUSTAINABLE DEVELOPMENT: A CONVERSATION WITH EUROPEAN GOVERNMENT PARTNERS TUESDAY, JUNE 8, 1999**

Thirty-eight representatives from European government agencies concerned with the environment, international development cooperation and finance met informally on Tuesday, 8 June 1999 with the vice president and senior managers of the Environmentally and Socially Sustainable Development (ESSD) Network of the World Bank to discuss sustainable development issues. The forum's objective was to initiate an informal dialogue between the World Bank and interested European government partners on the Bank's work programs and strategic planning efforts related to sustainable development. The day-long forum, the first of its kind, took place at the Bank's European Office in Paris.

Ian Johnson, Vice President and Head of the Bank's ESSD Network, organized and chaired the meeting, which was attended by senior government officials from Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Norway, Portugal, Spain, Sweden, Switzerland, the Netherlands; the United Kingdom and the Organization for Economic Cooperation and Development. This summary of the proceedings of this forum emphasizes key debates that emerged.

**REPORT OF THE FORUM**

Participants met in plenary and heard four presentations made by senior representatives of the World Bank's ESSD Network, which encompasses rural and social development and the environment. Wide-ranging discussions following each presentation identified numerous areas of mutual concern. Some examples are how to define more explicitly the complex connections between sustainability and poverty alleviation; better ways to leverage the Bank's work on safeguard standards; "best practice" on issues such as cleaner production, sustainable agriculture and social capital; limitations of the market in providing long-term perspectives and incentives for sustainable development; and new tools to bring environmental, social, gender and economic perspectives into closer alignment.

Participants emphasized the need to improve linkages between the Bank's country-level work and the political side of development, especially in the context of United Nations (UN) fora. Although their deliberations on environment and biodiversity were not conclusive, participants noted the importance of tackling the linkages between effective natural resource management and macroeconomic management. Bank organizers and European invitees left the meeting with plans to meet annually to advance common agendas in an informal setting. The Bank plans to host another senior-level forum on sustain-

able development in Europe in June 2000. It is proposed that next year's forum will have a more focused agenda and will break out into smaller working groups to deepen the exchange of experience and enable the elaboration of joint follow-up activities between the World Bank and its European partners.

**OPENING REMARKS**

Ian Johnson welcomed participants and stressed that the aim of the forum was to discuss ways of improving the World Bank's strategies through better information sharing, exchange of experiences on sustainable development, and closer collaboration with all stakeholders.

**AN OVERVIEW OF THE CHALLENGE FOR SUSTAINABLE DEVELOPMENT**

**World Bank speaker:** Chair Ian Johnson gave an overview of how the World Bank has reorganized to pursue an environmentally and socially sustainable development agenda. He described the Bank's new "matrix-managed system." The lateral or cross-cutting dimension of the matrix involves thematic networks, formerly called vice presidencies, that deal with issues such as poverty and economic management (PREM); finance and private sector investment (FPSI); human development (HD); and environment and socially sustainable development (ESSD). The "vertical" dimension is composed of the six regions that carry out the Bank's operational work in the field. Although Bank staff in the regions report directly to the regional managers at headquarters, the Comprehensive Development Framework gives them additional corporate responsibility to each of the World Bank's networks.

Regarding governance for sustainable development, Johnson explained that the Bank has established an Environmentally and Socially Sustainable Development Council made up of all senior managers in the ESSD Network. This council meets monthly to make policy decisions. The Bank has also established sector boards for each of the three families (formerly called departments) in the network: Environment, Rural Development, and Social Development. The sector boards are composed of all managers working in each of these respective sectors. Within the ESSD Network there are also 33 Thematic Groups organized to focus on the subsectors, or themes, encompassed by sustainable development. Examples of these Groups include Pollution Management, Drylands Management, Fisheries and Aquaculture, and Indigenous Peoples, as well as the Biotechnology Task Force. The Groups form focal points for all staff within the Bank and some outside partners who work on a particular sub-sector, enabling them to share technical expertise and best practice across the regions.

## SUSTAINABLE DEVELOPMENTS

On network functions, Johnson highlighted the importance of knowledge management. He emphasized that the long-term mission of the World Bank is not only to mobilize capital for development but also to incorporate the best available knowledge and to disseminate relevant information and development experience quickly to actors within and outside the institution. He also noted that strategy formulation is one of the core corporate functions of each network and that strategy papers are under preparation on the rural sector, forest policy, water resources and the environment. In addition to cutting-edge communications and partnerships with other institutions, enhanced staff training is a priority.

Johnson traced the shift in Bank project lending trends toward an operational focus on longer term planning and policy lending. He said that 65 percent of lending in the past year has been policy-based. This change reflects the increasing prominence of lending for structural adjustment issues in national and regional economies as well as support for sectoral planning.

In terms of priorities, Johnson mentioned Bank President James Wolfensohn's support for improving partnerships with the UN, nongovernmental organizations (NGOs), civil society and the private sector in sustainable development objectives. The vice president also highlighted the Bank's engagement with new areas of work, such as a Prototype Carbon Fund, and stronger focus on natural and social capital. He said that the Bank is increasingly more aware of the considerable costs associated with the depletion of natural capital through deforestation, land degradation, soil fertility loss, overuse and pollution of water resources, and their effects on poverty in developing countries.

Johnson stated that the ability of the institution to integrate science, particularly environmental science, in the mainstream of development is a major challenge for the future. Trade, social policy and post-conflict reconstruction are other increasingly important aspects of the Bank's sustainable development agenda. Johnson concluded by informing participants that sustainable development will be the theme for the Bank's *World Development Report* in 2002. He anticipates that this report will be the basis for moving toward a global dialogue on environmentally and socially sustainable development.

**Discussion:** One participant noted the need for donors to assist the World Bank in promoting ethical investment decisions in developing countries. Another participant expressed concern about the Bank's role in integrating sustainable development perspectives with the ongoing work of other UN institutions, particularly those that address UN environmental conventions. Chair Johnson responded that the Bank is not equipped to be the purveyor of political consensus but has a definite role in bringing its operational experience to UN fora. One government representative commented that a major challenge for the World Bank will be determining how it should translate general global policy concepts into real action programs at national levels in addition to bringing together more effective cooperation mechanisms among donors, national governments, the private sector, NGOs and other stakeholders.

A number of participants emphasized the gap in the current debate on how to link environment and social sustainable development with economic development and macroeconomic strategy, such as tax reforms or economic and financial measures. An economist suggested simplifying the definition of sustainable development so that the World Bank's client countries, donor staff and the public can better understand the issues.

Other participants commented on the Bank's new Comprehensive Development Framework; inconsistencies between general policy strategy and reality in Bank activities; how to mainstream social, environmental and rural activities in the Bank's overall objectives; the lack of linkage between the Bank's poverty reduction and sustainable development objectives; the need to fully address poverty and the environment in operational terms; and the need to improve governments'

capacity to deal with environmental and social issues. Some participants recommended a more active Bank role in dealing with global environmental issues, while others said it should be more cautious toward global policymaking in this area since work is being conducted in other UN-related environment and development processes.

Chair Johnson concluded by highlighting emerging themes, including: policy versus project development and opportunities to link sustainability with macroeconomic policy reforms and implementation; collaboration with more stakeholders and environmental conventions; and connections among poverty, sustainability and the Comprehensive Development Framework. He said that the World Bank is faced with the challenge of finding a balance between financial and economic aspects with social and structural aspects of sustainable development. He emphasized that the World Bank is not an agency for building political consensus but is the right agency to provide input from its operational experience as a basis for informing better political consensus building. Finally, he underlined the need for more structured relationships among the World Bank, the private sector and civil society.

### **THE CHALLENGE OF RURAL DEVELOPMENT**

**World Bank speaker:** Cornelis De Haan, Senior Adviser in the Rural Development Department (RDV), spoke on behalf of RDV Director Alexander McCalla. De Haan outlined the emerging issues in the World Bank's rural development portfolio. He also summarized the major rural development challenges world-wide: poverty reduction since nearly three-quarters of the poor live in rural areas; food security; the doubling of demand for food in the next 30 years and the need for agricultural intensification as the potential for agricultural expansion or new irrigation is limited. Natural resource degradation also is a major threat to the rural poor and to global food supplies.

De Haan noted that despite the fact that rural populations will globally exceed urban populations for another 20 years, the World Bank decreased its staff, lending and policy support for rural development from the late 1980s to the mid-1990s due to: political and economic constraints; lack of commitment at the country level; complacency in the international community resulting from two decades of declining food prices and new concerns such as the environment; increased interest in urban development; and poor performance of World Bank programs in the rural development sector. De Haan contended, however, that since James Wolfensohn has become Bank President, discussion of rural development has been renewed and broadened.

The World Bank's focus on agricultural development is shifting more broadly toward rural development and poverty alleviation in ways that incorporate other sectors such as education, health and infrastructure. As a result, a new Rural Sector Strategy has been prepared that incorporates the following objectives: sustainably managed resources; no urban bias in health, education and safe water provision; off-farm income and employment generation; decentralized and participatory decisionmaking; functioning rural markets; and widely shared rural economic growth.

De Haan asserted that the Bank's shift in focus toward pluralistic approaches is reflected in its changing lending practices. For example, water sector lending has gone from supporting the construction of large irrigation systems and dams toward investing in smaller irrigation systems managed by local farmer groups. Monolithic and public sector lending for agricultural services has shifted toward action research and extension service initiatives via subcontracting arrangements with NGOs and the private sector. Additional new rural lending activities include new institutional frameworks and roles for the state; support for decentralization and participation activities; sector and subsector investment program lending in Africa; market-assisted land reform; integrated pest management; social forestry; watershed and river basin management, integrated food policy and nutrition programs; micro-

## SUSTAINABLE DEVELOPMENTS

finance projects for the poor through intermediary NGOs; and local and community-driven rural development and natural resource management.

De Haan said that despite improvement in the quality of outcomes of World Bank rural development projects, an unfinished agenda in rural policy reforms remains. Second-generation and neglected agenda items include compliance with respect to sustainable forestry, pesticide use and dam mitigation measures; support for agribusiness and rural markets; land policy and distribution; fisheries management; land degradation; better linkages between natural resource management and poverty alleviation; and the incorporation of rural agendas in Bank Country Assistance Strategies. He said the World Bank is conducting water and forest policy reviews and is establishing a Forum for Sustainable Fisheries. This forum will be a multi-donor initiative to promote more sustainable fisheries development free of policy and economic distortions.

De Haan added that the World Bank faces complex new challenges, particularly in relation to biotechnology: commercial applications for poor farmers, intellectual property rights and food safety. He said that although the Bank has been cautious in getting involved in the ongoing debate on biotechnology, it should play a role in helping client countries make informed decisions about the use of such technologies, especially in relation to poverty alleviation. He emphasized that a certain level of cost-effective national capacity building on biosafety is required to address the ecological and health risks of biotechnology.

In closing, De Haan recommended that effort be placed on furthering cross-sectoral approaches among environment, social and rural development. He also recommended enhancing cooperation with Bank partners that have a rural presence to address neglected issues and to develop joint strategies, expertise, and funding arrangements at national and global levels. Current partnerships include collaboration with the World Trade Organization on trade liberalization; the Food and Agriculture Organization (FAO) on rural data and land reform; the FAO and European agencies on the sustainable management of fisheries and livestock; the International Federation of Agricultural Production on sustainable agriculture; and members of IUCN-The World Conservation Union on the World Bank's forest policy implementation review.

**Discussion:** Chair Johnson reiterated a key theme already discussed: the link between global political consensus building and development policy implementation. He asked participants to express their views regarding where the World Bank should position itself in relation to fisheries, forests and land degradation.

One participant suggested that the Bank consider aquaculture as an important aspect of fisheries development and place more effort on identifying target groups to support cross-sectoral development assistance at national levels. She also asked for an elaboration of the Bank's position on the inclusion of women as key stakeholders in rural development. De Haan responded that the Bank is paying attention to gender and social policy issues but has yet to develop all the necessary tools to target them effectively in comprehensive strategies. Regarding aquaculture, he responded that the Bank is still undecided as to what the roles of the private and public sectors respectively should be, but is assisting client countries to implement sectoral development, especially in sustainable fisheries.

Agreeing with the importance placed on sustainable fisheries, another participant asked for additional information about Bank operation activities in this regard. He noted the lack of attention given to land degradation and asked Bank representatives to share their experience in this field at the April 2000 meeting of the Commission on Sustainable Development (CSD-8). He agreed that the Bank should not promote biotechnology in developing countries but rather should try to build up capacity for countries to make informed decisions.

One participant asserted that the Bank can have only a limited role in solving rural development problems and that it needs to tighten cooperation with other international institutions such as UN agencies and regional development banks. He asked for clarification on whether the Bank devotes its resources to large-scale projects or to specific projects at the local level. Considering that countries face different problems, this participant recommended that the Bank take a more differentiated approach to development problem solving.

Another participant underscored the lack of mention of support for environmentally friendly energy sources for the rural poor and joint work with the UN Convention to Combat Desertification (CCD) in the area of reversing human-induced land degradation. He emphasized that both elements are essential to tackling rural poverty. He also requested elaboration of Bank activities on intellectual property rights. De Haan responded by affirming the Bank's involvement in land degradation issues and close collaboration with the CCD as a partner in the Desertification Convention's Global Mechanism. Chair Johnson pointed out that the Bank is weak in the rural energy area, although a rural energy strategy and a number of projects had been prepared.

Another participant brought up capacity building. He contended that the World Bank moving toward a "third agricultural revolution approach," which he characterized as very transitive, intensive and small scale. He said this agricultural revolution may not have the capacity to spread and questioned the capacity of intermediary organizations, such as NGOs, to be change agents. Gloria Davis, Director of the World Bank Social Development Department, noted that recent research shows a conspicuous absence of NGOs and government organizations at the local level. She said that the Bank needed to look more carefully at enhancing local peoples' capacity to organize.

One representative emphasized that the risks of water scarcity and competition for water resources in the rural sector are underestimated. In addition, he suggested that the Bank think more carefully about biodiversity, especially basic ecological functions and services, in relation to rural development and food production.

Other government representatives raised concerns regarding urban migration and development; integrated coastal zone management; the World Bank's safeguard policies and standards; and their relationships to free agricultural trade and social equity in rural areas. Chair Johnson said that thus far the Bank has taken a fragmented approach due to difficulties in deciding where to incorporate natural resources in the Bank's overall agenda. Natural resource management can fall under the Environment Department as well as under new areas of Bank work on rural livelihoods and social issues. In his view, one main remaining struggle is to find ways to link market-based solutions to improved natural resource management. Finally, he predicted that in the coming 5 to 10 years, transboundary, multi-country projects on issues such as watershed management, forest resources and ecosystem management would be a large component of the Bank's work.

### **THE CHALLENGE OF SOCIAL DEVELOPMENT**

**World Bank speaker:** Gloria Davis, Director of the ESSD Network's Social Development Department (SDV), described the challenge of social development in relation to the World Bank's overall sustainable development objectives. She noted that traditionally the institution has been very technocratic. For the first 25 years, Bank staff consisted primarily of technical specialists in agriculture, transport and energy, backed up by economists and finance experts who focused on project costs, financing and rates of return. Davis said that only recently has the Bank begun to view investments also in terms of natural capital, human capital, (education and health), and social capital (organizations, networks), in addition to putting new emphasis on sustainable development.

## SUSTAINABLE DEVELOPMENTS

She emphasized that the Bank has altered its way of thinking and is giving more attention to social concerns. She noted that whereas labor costs once were seen to be the primary indicator for determining where private capital went, social and environmental factors now are taken into account. Furthermore, the Bank trend is moving toward a more decentralized client focus, with more emphasis on partnerships and policy rather than on project-based lending.

Davis said the Bank's social sector is dispersed among different regional units and policy areas in the institution, which include poverty alleviation and economic management (public sector reform and governance issues); human development (education, health, labor and employment); and the Environmentally and Socially Sustainable Development Network (social, rural and natural resource dimensions of sustainable development). She pointed out that 5 years ago there were only 15 social scientists in the Bank; today there are over 200. Davis emphasized that social transformation is the core of social and sustainable development.

One of SDV's major objectives is to minimize and mitigate the adverse impacts that often accompany the Bank's development projects, such as resettlement associated with large dam construction. As a result, an important part of the department's work program is focused on social safeguard policies, which address resettlement, indigenous people and cultural property. The department also addresses the social constraints in economic development such as ownership, participation, civil engagement and local capacity building.

Davis asserted that a major pillar of the Bank's overall agenda is support for community-based approaches and the involvement of local people and NGOs in development initiatives. All of the Bank's regions, many of its resident missions and some networks hold regular NGO fora. She remarked that NGOs are often the social actors who provide crucial information to the World Bank in identifying development problems. The Bank also works with civil society, including religious groups and foundations, to support specific initiatives. New areas where SDV is focusing attention are post-conflict reconstruction, culture and development, and domestic and urban violence.

Davis stressed that important ingredients for socially sustainable development are holistic approaches to poverty reduction that identify stakeholders, include disadvantaged groups, build effective institutions at national and community levels, promote efficient and accountable state markets, and foster stable societies in which the whole social system functions to achieve maximal benefit.

**Discussion:** Chair Johnson raised the question of whether social policy runs the risk of moving into political arenas. One participant emphasized that the next discipline requiring incorporation in development cooperation will be political science. She asked how donor agencies and the Bank should organize themselves to address the cross-sectoral dimensions of social policy. Davis replied that most social policies are intended to influence the distribution of power and wealth. Thus, distinguishing between social and political issues is often impossible.

A government representative asked for clarification of the Bank's views on the relationship between poverty and the environment. Davis responded that despite the Bank's considerable work on this subject, momentum to address it has been lost. A working group on poverty-environment issues is participating in preparation of the environment strategy. One participant noted support for ongoing Bank work on assessing natural capital and wanted to know whether the Bank would be doing the same for social capital. He also wanted to learn about how the Bank is incorporating poverty and social concerns in its work on trade and investment. Davis responded that the institution is working on a comprehensive strategy that addresses the four kinds of capital: financial, natural, human and social. She noted that there is a need to balance them when making policy.

The discussion then turned to the World Bank's 10 safeguard policies, 3 of which deal with social aspects of sustainable development. Participants debated whether these safeguard standards are complied with, represent best practice or are as productive as they could be. One participant contended that use of safeguard policies could place a burden on scarce human resources, for both Bank and developing countries. Another participant supported the Bank's safeguard policy approach and suggested that private banks and export agencies also apply it. Robert Watson, Director of the Environment Department in the ESSD Network, emphasized that compliance with these safeguard policies necessitates that both Bank staff and clients buy into the significance of social and environmental standards.

A European government representative commented that the World Bank should establish safeguards that guarantee consultation processes in a manner that will not intervene in national politics, as stipulated in Bank regulations. Another European official raised the issue of institution- and capacity building to make these safeguard procedures work in the long run. Chair Johnson said this could be done through partnerships.

### *THE ENVIRONMENTAL CHALLENGE*

**World Bank speaker:** Robert Watson, Director of the Environment Department (ENV) in the ESSD Network, presented the environmental challenge in sustainable development. He outlined key areas of World Bank environmental work: natural resource management (efforts to halt land degradation, water resource depletion, deforestation and biodiversity loss); urban industry and energy (indoor and outdoor pollution, global climate change, alternative renewable energy); design and implementation of Global Environment Facility (GEF) projects; mainstreaming of the global environment in non-GEF Bank projects; environmental economics and indicators; and implementing the Bank's environmental safeguard policies. He said that the Bank is facing problems in the area of environmental quality, especially at the supervision stage, due to the lack of capacity and ownership of environmental concerns in the client countries and inadequate resources inside the Bank for project supervision phases.

Watson said the Environment Department is focusing on developing an environmental strategy, including priorities for the energy and forest sectors. One debate that emerged in preparing the energy and environment strategy has been whether the Bank should focus on inputs (lending targets) or outcomes (results on the ground), which are more difficult to monitor. For example, should the Bank have lending targets for different parts of the energy portfolio? Should a certain percentage of the portfolio be allocated for energy efficiency and renewable energy? Watson noted that the fundamental strategy for the energy sector is policy reform, including the elimination of subsidies and the internalization of environmental externalities. He agreed with a participant's comment that to date the World Bank has been unsuccessful in supporting energy efficiency and asked the European partners present to offer their relevant experiences in developing countries.

Watson said that renewable energy thus far has been treated project by project without a specific Bank strategy. He said the Bank should move toward a more comprehensive approach to renewable energy programs.

He then discussed the environment strategy under preparation. The environment is the matrix for all development. Addressing sustainable natural resource management, such as land degradation, desertification, water resource management and responses to population pressure; environmental health issues; and global environmental concerns are key elements in the Bank's environmental strategy. Other pertinent Bank debates that Watson described were how to improve capacity building instruments; include science and technology in environmental strategies; and balance long-term and short-term issues and local and global concerns. Watson noted that the Bank is expected to respond to clients'

## SUSTAINABLE DEVELOPMENTS

demands, which are usually focused on short-term issues, as opposed to long-term issues such as global biodiversity and climate change, which are lower on most clients' development priorities.

Watson characterized the Bank's Comprehensive Development Framework as a useful tool for providing an opportunity for long-term perspectives and a vehicle for identifying key partners. Bank partnerships include collaboration with the World Wide Fund for Nature to establish new protected areas and promote sustainable forestry; the GEF in the areas of biodiversity, climate change, international waters, and protection of the ozone layer, including renewable energy; and the private sector CEOs Forum on sustainable forest management.

Watson said that the Bank erred in calling biodiversity a global environmental issue. He proposed that more analysis and emphasis be placed on the local benefits of biodiversity conservation and sustainable use. He contended that pollination, soil production, soil maintenance, water purification and local air quality have tremendous local benefits but do not trade easily in global or local markets. Therefore, the question is how the Bank can better value these natural resources and ecosystem services by creating new sustainable markets for public goods. But should the Bank proactively create environmental service markets? Watson concluded by stating that the main challenge for the World Bank will be linking environmental issues at the local, regional and global levels.

**Discussion:** A government participant commented that the Bank must judge the quality of entry of its projects not only according to its own project preparation criteria, but also based on the country's willingness and ability to take ownership of the project's environmental agenda. He added that the Bank should not have to look to bilateral donors to improve innovation of their programs. Watson agreed that there is less country ownership of some of its sustainable development programs than the Bank had anticipated and that more work will be necessary in the implementation phase to mainstream the environmental components.

Many European officials expressed concern over the issue of capacity and institution building, areas the Bank considers appropriate to its role when clients want to borrow for these purposes. Other participants questioned whether the Bank has a comparative advantage as a major agent for capacity building at the national level. A number of participants suggested that the World Bank collaborate with other agencies, including those in Europe and in the UN, to promote capacity building in the area of the environment.

Some forum participants also expressed interest in seeing the Bank take a far more proactive stance on environmental issues, particularly with respect to the Prototype Carbon Fund initiative, which has stimulated debate on environmental market mechanisms. One participant added that although the Bank is shifting its focus generally to programs and policies, individual projects are still important and the Bank ought to improve them. One representative refocused the debate on the need for the Bank to further analyze the linkages between poverty and the environment and between globalization and the environment. He also asked about the Bank's experience in macroeconomic policy reforms. Watson assured the participants that the Bank considers the impact of globalization and trade on the environment to be important and has initiated further analysis. Chair Johnson remarked that macro-policy reforms being addressed by the Bank should begin to incorporate ways to reverse the depletion of natural resources in a manner similar to its approaches to restore depleted physical capital and infrastructure. He said that Bank policy lending must also include social and environmental policy reforms.

One European official questioned how much the Bank should focus on renewable energy programs, particularly since renewable and alternative energies form only a small portion of developing countries' fuel supplies. Another participant recommended against the Bank's devel-

oping a systematic energy policy in order to deal flexibly with energy matters case by case. Other participants felt that the Bank is not doing enough on energy efficiency policies. One government representative recommended that the Bank collaborate with governments, other international organizations and private companies to further encourage the use of renewable energy.

Watson responded by predicting that by 2050 half of the world's energy will come from one form of renewable energy or another. He concluded that the Bank needed to start making decisions that reflect such a future. He also mentioned the ongoing debate of whether the environmental strategy underway should deal with fossil fuel energy issues since the Bank continues to support fossil fuel projects when they clearly alleviate poverty.

One participant said that not enough was said about the Bank's environmental strategy process. He asked how European and other donors would be involved. Another representative added that the environmental strategy needs a clear action plan to follow through on its objectives.

One participant suggested looking to the Bank for assistance in convincing government officials, particularly Ministers of Finance, of the real economic costs of environmental degradation and the economic benefits to be gained through maintaining environmental services. He also recommended that the Bank undertake a comparative assessment of the effectiveness of environmental policies pursued by developing countries.

A number of participants called for improved interactions with bilateral and multilateral institutions, particularly the UNDP. They agreed with one official's observation that the sustainable development agenda before them was extremely complex, involving complicated interactions among social, environmental and economic factors at local, national, regional and global levels. This European representative also stressed that a key challenge is to simplify issues so that they can be dealt with in a practical way. Watson informed participants that he would send a memorandum to answer in greater depth the many relevant concerns raised.

### CONCLUDING REMARKS

Chair Johnson highlighted key issues discussed and to be pursued in the near future. He noted that many participants called for the adoption of more practical and simpler explanation of issues related to environmentally and socially sustainable development. He said that much attention had been given to working on pragmatic implementation strategies and linkages among them and political processes in UN and other international sustainable development contexts.

Johnson emphasized the importance of capacity and institution building, stating that the Bank is not only a major financier for these activities but could improve its efforts by utilizing its knowledge management systems, professional training techniques and the Comprehensive Development Framework. The Framework focuses strategically on key aspects of sustainable development including social policy, science and technology, economic growth, natural resources and physical capital. Johnson noted the important exchanges on how to address linkages between effective natural resource and macroeconomic management; rural and urban development; national and global concerns; biotechnology and food safety.

Johnson said this first informal forum had been a success as an attempt to find ways to bring environmental, social, gender and economic perspectives into closer alignment. He expressed the desire for future meetings to continue this strategic dialogue and to enable the World Bank to draw upon European experience and expertise in sustainable development, the environment and social policy.