

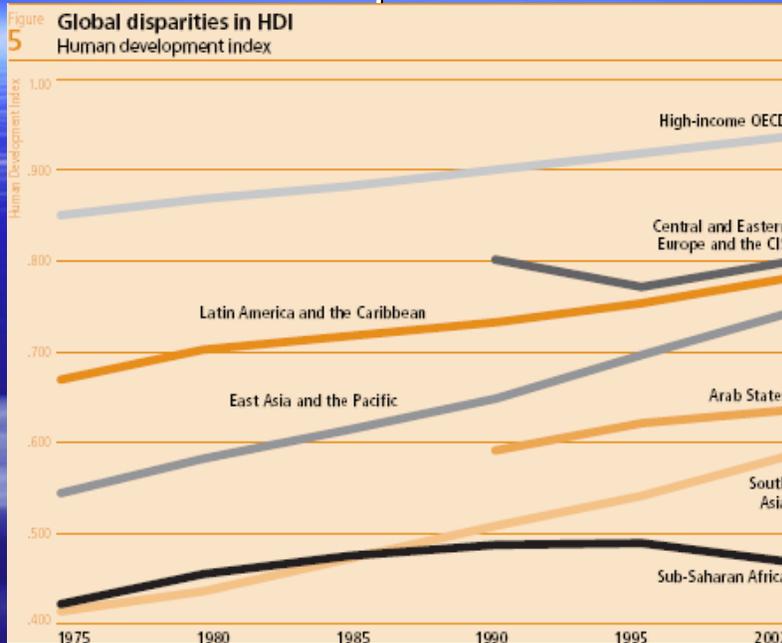
The Bank's Environment and Social Development Program in EAP

*CEPF Workshop
Medan, June 23-25, 2005*

The Regional Context

- Rapid economic growth and poverty reduction
- Urban transition and industrialization
- Institutional/governance challenges
- Social tensions, open conflicts, post-conflict reconstruction
- Vulnerability to natural disasters and the impact of climate change
- Integration of regional and global markets

Social Development Indicators



E/S Business Lines

SD program

- Poverty Reduction (CDD)
- Social Inclusion and Empowerment
- Social Accountability
- Supporting Development in Conflict-Affected Areas

EN program

- Policy Reform and Institutional Development
- Urbanization Challenges (Pollution Control)
- Biodiversity Conservation and NRM
- Climate Change, ODS and the Chemicals Agenda

Trends in Environmental Assistance

- Countries heavily focused on sustaining high growth rates, addressing regional and urban infrastructure shortages, MDGs
- IDA resources very constrained (VT, KH, LA, MO, IN; no longer available to China)
- Assistance predominantly mainstreamed through infrastructure and rural development sectors
- Stand-alone IBRD/IDA environment operations few and emblematic, e.g., NT2
- Strong and growing global environment program
- Increasing use of “mega” bilateral TF
 - entry points to policy dialogue and strategic analytical work
 - preparation of components complementing and “softening” Bank operations
 - preparation of stand-alone operations

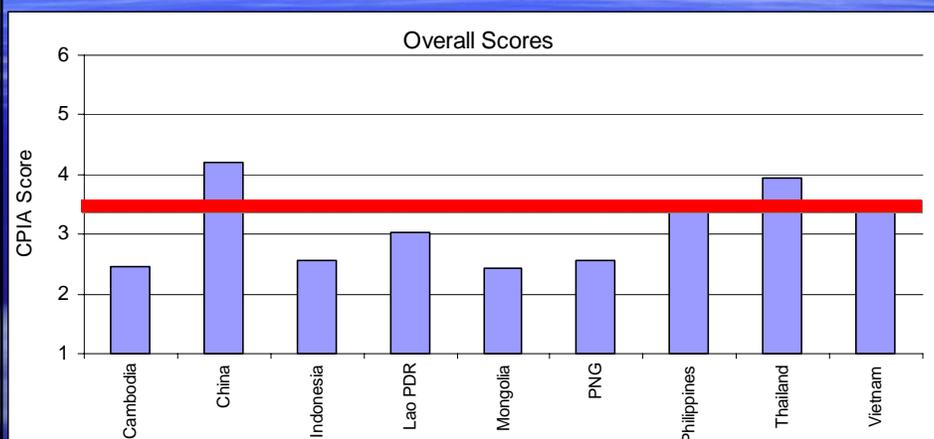
Environment Challenges and Opportunities in Indonesia

- **Currently ...**
 - Dialogue, analytical work on legal/institutional framework: EIA system, decentralization
 - Dialogue and donor coordination on forests
 - Modest GEF MSP program
 - Stable ODS, growing chemicals and CF program
- **Can we scale up assistance on biodiversity and NRM?**
 - Indonesia: One of the most biodiverse countries in world, high endemic value, extensive forest cover, high visibility
 - Environment Minister recognizes need to / wants support from Bank on improving country image
 - Potential for increased revenues from tourism and environmental services (e.g. Costa Rica)
 - But ... high reputational risk, linkages with very controversial forestry governance issues (e.g., concessions, illegal logging, land rights)
- **Opportunities in view**
 - Potential to break the impasse on Bank lending on forestry
 - RD-EN strategy mission in June
 - Scale up the biodiversity conservation work (grant-based, linked or stand-alone)
 - possible full-size operation linking CDD progeam and PA management

Challenges

- Suitable entry points and continuity in policy dialogue
- Capacity building / TA needs
- Lost opportunities
- Focus and impact
 - Scaling up from good pilot, small scale interventions, proven approaches
 - Dealing with cross-boundary issues

Country Policy and Institutional Assessment Environment



Challenges in the Biodiversity/NRM Assistance Program

- **Scaling up**
 - Moving from project-specific interventions to programmatic approaches
 - From PA focus to landscape/ecosystem approach
- **Addressing cross-boundary challenges**
 - PA corridors
 - Illegal wildlife and forest trade
 - Forest law enforcement and governance (FLEG) initiative
 - Public information disclosure programs
- **Strengthening partnerships**
 - With civil society and private sector

Issues of concern

- **Effectiveness of the current CEPF model**
 - Niche or scaled up?
 - Lessons learned?
 - Opportunity cost?
- **“Integration” with Bank operations/mainstream business**
 - What/how much is optimal/feasible?
 - Institutional set-up
 - Practice