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**Reducing Poverty
and Protecting the Environment**

A Call to Action

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**An Address
to the
United Nations
Conference on Environment
and Development**

**Lewis T. Preston
President
The World Bank Group**

**Rio de Janeiro, Brazil
June 4, 1992**

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Washington, D.C.**

First printing June 1992

Mr. President, excellencies, distinguished guests, ladies and gentlemen: The Earth Summit is a historic occasion, and I am honored to be participating on behalf of the World Bank. I would like to thank the Government of Brazil for hosting this Conference, and I congratulate Maurice Strong, Tommy Koh and the UNCED Secretariat for making it possible. This meeting is an important step toward helping us meet the greatest challenge of our time: achieving sustainable development.

Shared Responsibility

Today, over a billion people live in acute poverty. Within the next forty years, the world's population will grow by about 4 billion people, most of them in poor countries. To meet their needs, food production will have to double. Industrial output and energy use will triple worldwide, and increase five-fold in the developing countries. This will place great strains on the environment.

At the same time, the loss of habitat, species and genetic resources is already damaging natural ecosystems; the degradation of soils and water is limiting agricultural productivity and contributing to famine and disease; and global warming threatens the earth's climate.

These problems are formidable. Working together, we can overcome them. Based on the experience gained from both successes and failures, better environmental decisions can be made; improved technology is available; and resources can be mobilized. We may not have all the answers, but we know enough to make a beginning. It is time for action.

Clearly, the developing countries must take the necessary steps to address the daunting problems they face. But it is the industrial countries which have primary responsibility for addressing global environmental issues, caused in large part by them. In addition, the richer countries must solve their own environmental problems.

The industrial countries have reached a level of income and are developing the technology to protect the environment through better resource management. By sharing this knowledge with developing countries—and backing it with the necessary financial support—industrial countries can also help developing countries meet their environmental challenge.

We all have a stake in safeguarding the planet and the future of our children and grandchildren. International cooperation is the key to success.

The Poverty-Environment Link

As set out in the World Bank's *World Development Report 1992*,* the protection of the environment is essential to development. Without adequate environmental protection, development is undermined. Without development, resources will be inadequate for needed investments, and environmental protection will fail. In short, promoting development and protecting the environment are complementary aspects of the same agenda. Both are necessary to reduce poverty.

The poor are most often exposed to the greatest environmental health risks. Living in crowded slums, they routinely endure unsafe water and sanitation, and exposure to pollution. It is also the poor who live on less productive and easily degraded land. Desperate farmers who need to feed their families have no alternative but to cultivate environmentally fragile areas.

The poor cannot buy their way out of this predicament. Environmentally responsible development is the only solution. The positive links between promoting income growth, reducing poverty and protecting the environment must be vigorously pursued.

Policy Choices

Policies which make economic sense, as well as environmental sense, are the most important positive links. For example:

- removing subsidies that encourage overconsumption of natural resources;
- clarifying property rights as an incentive to better resource management;
- accelerating the provision of clean air, water, sanitation and health services to improve living standards;
- promoting agricultural research and extension which can boost productivity in environmentally sound ways;

*New York: Oxford University Press, 1992.

- empowering and involving local communities so that they can participate in the decisions and investments affecting their long-term interests;
- promoting the role of women, so often the principal managers of resources; and
- implementing programs aimed at slowing the population growth rate which is placing unsustainable pressure on natural resource use.

As well as positive links, of course, there are cases where trade-offs have to be made between economic development and the environment. If the benefits of a project are offset by negative effects on health and the quality of life, this is not development. Assessing these trade-offs is conceptually difficult, requires judgments, and will often be contentious. It is essential that diverse views be heard and that national governments then make their decisions accordingly. Carefully assessing costs and benefits is especially important for developing countries, where resources are scarce and yet basic needs still must be met.

The Most Urgent Problems

In the global environmental debate, not enough attention has been given to some of these most basic needs. Inadequate sanitation affects one-third of the world's population. One billion people are without safe drinking water, and 1.3 billion are exposed to indoor pollution caused by soot and smoke. The livelihoods of hundreds of millions of farmers and forest dwellers are threatened by declining productivity due to soil erosion, deforestation and other symptoms of poor environmental stewardship.

These problems exemplify the link between poverty and the environment. They demand urgent attention.

The World Bank's Role

International institutions can and must play a leading role in bringing about a new era of international cooperation for sustainable development. At the World Bank, our fundamental objective—to reduce poverty—remains constant. The Bank's effectiveness in combating poverty, while protecting the environment, is the benchmark against which our performance as a development institution should be judged.

Like everyone else, we have learned from experience. As a result, we are reinforcing our poverty reduction programs and ensuring that environmental considerations are fully integrated into our economic thinking and lending activities. The Bank will expand its work in areas where urgent action is required, such as water supply and sanitation, agricultural research and extension, energy conservation, reforestation, family planning, health and education—particularly education for girls.

We are also improving our policies and, even more important, their implementation. Our lending for specific environmental purposes is expanding; and Bank-supported projects now include environmental assessments. Consultation with the local people affected by development projects is a priority. We are working together with *all* our partners in the effort to achieve sustainable development.

Forging strong operational links between actions to address global issues and pressing national problems is vital. For this purpose, the Bank is supporting its developing country members in designing comprehensive environmental action plans to carry out the challenging objectives embodied in UNCED's Agenda 21. We are also helping to mobilize the resources needed to implement these country programs, particularly through consultative group meetings.

Additional Resources

The bulk of developing countries' incremental investment needs for environmental purposes must come from savings that they achieve through improved economic policies; from private sector sources; and from improved trade. But good economic policies and greater trade alone are not enough. Substantially increased aid flows are crucial if the low-income countries are to meet their national environmental needs.

There is therefore a compelling case for providing IDA (the International Development Association)—the Bank's concessional lending arm—with additional funds to help the poorest countries meet their environmental objectives. We have proposed an "earth increment" for IDA-10, covering the period 1993–95. This would be additional to the volume of resources needed to maintain the IDA-9 funding level in real terms. If donors are prepared to support such an initiative, we would be prepared to propose to our Board an annual allocation from the IBRD's net income as the Bank's own

contribution to this “earth increment” to help address *national* environmental issues.

The costs of addressing *global* issues will be additional, and the primary responsibility here rests with the industrial countries. The United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank—together with governments, the scientific community and a host of other organizations—have pooled their talents and resources to create the Global Environment Facility (GEF). It is a unique mechanism which draws upon the different strengths of its participants in addressing agreed global environmental priorities.

The GEF has already demonstrated its ability to mobilize additional resources and to implement well-designed programs and projects in an effective manner. It is prepared to play a major role in the international effort to protect the global environment. I strongly urge donors to support its replenishment next year.

The additional costs of protecting the environment may appear high in absolute terms. They are modest, however, in comparison with the benefits to be gained in economic development, poverty reduction and improvement of the human condition. The question is *not* whether we can afford to do it; the question is, can we afford *not* to do it.

Conclusion: Action Now

Mr. President, ladies and gentlemen: The time has come to stop arguing over who is to blame for environmental degradation. We need a common effort to ensure our common future. Sustainable development is our shared responsibility. This Conference offers a unique opportunity to commit ourselves to programs that can more effectively achieve it. We must *act* now.

Thank you.



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