


POSITION PAPER



**WSBI/ESBG response to the World Bank Group
Consultation on the definition of its new Environment
Strategy**

February 2010



Introduction

The World Savings Bank Institute (WSBI) and its sister organisation the European Savings Banks Group (ESBG) welcomes the opportunity to comment on the definition of the new World Bank Group (WBG) Environment Strategy. WSBI/ESBG appreciates the WBG's efforts to achieve a new environment strategy taking into account the opinions of stakeholders who are directly involved, such as developing country clients, development partners and foundations, members of the public, private sector and industry representatives and non-governmental organisations.

In 2001 the WBG launched an Environment Strategy called "Making Sustainable Commitments: An Environment Strategy for the World Bank", which provided a vision, objectives and suggested specific environmental efforts, targets and institutional measures to be implemented over a period of approximately ten years. WSBI/ESBG members note that the strategic objectives of the 2001 WBG Strategy are still valid and will form the starting hypothesis for the new Strategy.

WSBI/ESBG is submitting a number of specific responses to the questions posed by the WBG in its consultation in order to assess internal and external client demand through the definition of environmental sustainability priorities. The objective is to identify key areas in which the WBG should engage to support its internal and external client base with the aim of addressing environmental priorities more effectively and moving towards increased environmental sustainability.

WSBI/ESBG considers the abovementioned approach of the WBG to establish a new environment strategy as comprehensive with respect to the questions and issues raised in the stakeholders' consultation. However, WSBI/ESBG suggests that it would be desirable for the WBG to coordinate its initiatives with other international initiatives already in place, such as the United Nations Principles for Responsible Investment and the European Union's environmental initiatives.

In this way synergies may be found and more coherence given to public policies on an international scale.

WSBI/ESBG members note the 2010 World Development Report "Development and Climate Change" which calls for action on climate issues particularly in developing countries. WSBI/ESBG members agree with the WBG that we are at a critical moment globally and that environmental sustainability must be central to development. WSBI/ESBG members support WBG's affirmation that climate change has a serious impact on development gains in client countries and is a potentially serious risk for industry, investors and financial institutions.

WSBI/ESBG and the environment

In light of environment activities carried out by the WSBI/ESBG Joint Office including the publication of the Charter for Responsible Business, the Resolution on the Environment, the Guidance Framework on climate change and the environment and climate change related workshops for members, WSBI/ESBG considers it appropriate and useful to provide a joint response to the WBG consultation with the aim of transmitting to the World Bank Group its vision and priorities with regard to environment and sustainable development.

WSBI/ESBG members are all committed to sustainable development and are long-standing social corporate players, at both a local and regional level. With the environmental challenge becoming one of the most pressing collective challenges ever faced globally, the members' responsible engagement in favour of the future of the planet comes as an expected part of the return to society that they stand for and of their long-term commitment to the communities in which they operate.

Indeed, WSBI/ESBG members have a lot to contribute and a number of them are already engaged on this path, with initiatives ranging from the offer of environmentally-friendly products and services, the implementation of environmentally-responsible investment policies, the introduction of pro-environment criteria in project financing to financial support for alternative energy schemes and eco-innovation. They have also introduced environmental concerns in their business policies and many of them are addressing their carbon footprint by setting targets for the reduction of CO₂ emissions in general building and transportation policies.

WSBI-ESBG members' response to the questions raised in the consultation

WSBI/ESBG members have expressed their views on how they believe the new WBG Environment Strategy should be defined and on the environmental priorities by region, country and sector. WSBI/ESBG members' positions can be summarised as follows:

1. Developing countries face both challenges and opportunities with regard to achieving environmentally-sustainable development. The World Bank Group (WBG) is a relatively small source of finance for influencing major economic transformation in developing countries. What should the role of the Bank be in helping developing countries to address these challenges and opportunities?

WSBI/ESBG members believe that the WBG can play a central role in helping developing countries to achieve environmentally-sustainable development by raising awareness. This can be done through the provision of best practice examples, facilitating contacts between financial solution providers and promoting sustainable development through the enhancement of environmentally-friendly products. The opportunities in developing countries are plentiful since some basic activities such as eco-sanitary facilities or water harvesting in certain regions need financial support from international institutions such as the WBG; the latter should promote the financing of these activities among interested stakeholders, governments and financial institutions.

2. The WBG has worked to become a country/client-driven organisation. What do you believe the balance should be in the World Bank Group's role between the specific priorities given to country/client and global public goods agendas?

WSBI/ESBG members believe that, although a country/client agenda is important because it forms the framework of the global public goods agenda, the WBG should take a sectoral approach given the global dimension of business and operations. This is because each sector has a different impact on the environment. For example, the energy sector has a more substantial direct impact on the environment than the financial sector, which has a significant indirect impact. Furthermore, in a country/client agenda there are several aspects to be borne in mind, which could create potential distortions to global competition. For example, the application of different legislation in different countries/regions such as China, the European Union or the United States may create different levels of commitment for the private industry, which could eventually affect competitiveness. The WBG should therefore evaluate the formal policies, laws and regulations that are relevant for private industry when investing in different countries.

Finally, along these lines WSBI/ESBG would also favour some kind of overarching supra/international approach over country/client agendas; this could provide information and highlight the interdependencies between global public issues such as climate change and the challenges/changes for each country.

3. Should the WBG implement a systematic approach for assessing environmental sustainability in sector portfolios?

WSBI/ESBG members think that a systematic approach would be desirable in order to create a methodology and to allow for the comparison of results for assessing environmental sustainability in sector portfolios. However, in order for a cross-sector systematic approach to be achieved, focus should initially be on selected sectors such as the energy and infrastructure sectors and must accommodate the peculiarities of each individual sector.

4. How do you view the ideal balance of short and long-term trade-offs among development and environmental sustainability?

WSBI/ESBG members believe this is a very complex question. Projects should be designed in a way that ensures no conflicts exist in the objectives both regarding short-term effects on development as well as long-term effects on environmental sustainability. In developing countries, there have been numerous cases in which this balance has not been achieved and where advances on development issues have been to the detriment of the environment.

WSBI/ESBG members believe that the ideal balance will depend on finding the appropriate business case for environmental sustainability, at both macro and microeconomic levels. Developing countries should benefit from projects realised in their own territories. A very good example is the Clean Development Mechanism (CDM), which allows net global greenhouse gas emissions to be reduced at a much lower global cost by financing emission reduction projects in developing countries where costs are lower than in industrialised countries. At the same time, CDM projects mean industrialised countries are investing in developing countries and therefore contributing to their development.



About WSBI-ESBG – The Global Voice of Savings and Retail Banking.

WSBI (World Savings Banks Institute) is one of the largest international banking associations and the only global representative of savings and retail banking. Founded in 1924, it represents savings and retail banks and associations thereof in 92 countries of the world (Asia-Pacific, the Americas, Africa and Europe – via ESBG, the European Savings Banks Group). It works closely with international financial institutions and donor agencies and promotes access to financial services worldwide – be it in developing or developed regions. At the start of 2008, assets of member banks amounted to more than €10,000 billion, with operations through more than 380,000 branches and outlets.

ESBG (European Savings Banks Group) is an international banking association that represents one of the largest European retail banking networks, comprising about one third of the retail banking market in Europe, with total assets of € 6,061 billion (1 January 2008). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

WSBI and ESBG members are typically savings and *retail* banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their *region*. WSBI and ESBG member banks have reinvested *responsibly* in their region for many decades and are a distinct benchmark for corporate social responsibility activities throughout Europe and the world.



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