

PM



**CIDIE**

Committee of International Development  
Institutions on the Environment

**Fifteenth Meeting of the Committee of International  
Development Institutions on the Environment (CIDIE)  
Nairobi, 5-6 September 1994**

**REPORT**

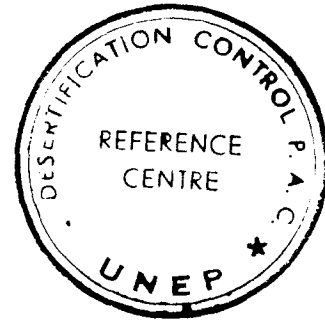


**United Nations Environment Programme (Host)**



12/n-12315

Fifteenth Meeting of the Committee of International  
Development Institutions on the Environment (CIDIE)  
Nairobi, 5-6 September 1994



REPORT

United Nations Environment Programme (Host)

## CONTENTS

---

	<b>Page</b>
Introduction . . . . .	1
Opening of the meeting . . . . .	1
Commission on Sustainable Development . . . . .	1
Global Environment Facility . . . . .	3
Round Table Discussion and Information Exchange by CIDIE Members on UNCED Follow-up in each Organization . . . . .	4
Presentation of Report on "Post-UNCED Role and Functioning of CIDIE" . . . . .	8
Post-UNCED Role and Functioning of CIDIE . . . . .	9
Closure of the meeting . . . . .	13

---

Annex I	List of Participants . . . . .	15
Annex II	Annotated Agenda of the Meeting . . . . .	21
Annex III	CIDIE Welcoming Statement . . . . .	27
Annex IV	Statement by the Director of the Division of Sustainable Development, of the United Nations Department for Policy Coordination and Sustainable Development . . . . .	35
Annex V	Consolidated Comments in Reaction to the Report: "The Post-UNCED Role and Functioning of CIDIE" . . . . .	41

## INTRODUCTION

1. The Fifteenth Meeting of the Committee of International Development Institutions on the Environment (CIDIE) was held at the United Nations Environment Programme Headquarters in Nairobi, from 5 to 6 September 1994. The meeting was attended by five CIDIE member institutions, those being, the African Development Bank (AfDB), the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Food and Agriculture Organization of the United Nations (FAO), and the United Nations Environment Programme (UNEP).
2. The meeting was also attended by the Director of the Division of Sustainable Development, of the United Nations Department for Policy Coordination and Sustainable Development (UN/DPCSD) at the invitation of the Secretariat, and representatives of three observers; the Organization for Economic Cooperation and Development (OECD), the International Development Research Center (IDRC), and the United Nations Educational Scientific and Cultural Organization (UNESCO).

## OPENING OF THE MEETING

3. The Chairman, Mr. Schlingemann, opened the meeting on behalf of UNEP's Executive Director, Ms. Dowdeswell. The opening statement is attached as Annex 2.
4. The provisional annotated agenda of the meeting was introduced by the Chairman and subsequently adopted without amendment (annex 1).

## COMMISSION ON SUSTAINABLE DEVELOPMENT (CSD)

5. The DPCSD representative, Ms. Waller-Hunter, was invited by the Chairman to present her views on the possible relationship between CIDIE and CSD (Annex 3) in the general context of the UNCED follow-up. She reflected on the prominent role outlined in Agenda 21 for International Financial Institutions (IFIs) and the need to enhance their input into the CSD process. Having briefly elaborated on how she envisages CSD's evolution, she stated that it would be highly desirable for CIDIE to assume a wider role in contributing to the resolution of the problems related to the implementation of Agenda 21 and strengthening the link between the work of CIDIE and CSD, which could lead to greater involvement of CIDIE members in the post-UNCED process. She recommended that CIDIE should be fully geared to have relevance to the institutional arrangements post-Rio. She addressed three areas regarding the possible relationship between CIDIE and CSD, which are outlined below:

*i) CIDIE could be instrumental in enhancing the role of IFIs in the CSD. She suggested that CIDIE could monitor shifts in its members budgets and policies in favor of integrating environment in development through implementing Agenda 21, and report there-on to the CSD. CIDIE could report on progress*

*made in the sectors under discussion in the CSD, in a similar manner to the governmental reporting process and the Committee could envisage presenting a strong joint statement to the CSD. She commented that certain CIDIE members individually provided inputs to papers for consideration by CSD and submit papers to workshops, seminars and intergovernmental meetings related to the CSD and even participate in CSD panel meetings. She noted that these activities should continue pending the outcome of the discussion on CIDIE's future and these papers could be made available to all CIDIE members as valuable inputs to discussions on substantive issues within the purview of the CSD.*

*ii) CIDIE could be instrumental in providing an interface in the implementation of Agenda 21 and CSD decisions at the national level. She suggested that CIDIE could develop guidelines for its members, similar to the work undertaken by the DAC Working Party on Development Assistance and Environment. These could focus on ways and means to integrate economic and financial instruments for sustainable development in national policy formulation, including the development of sustainable development strategies. Involvement of local expertise in these activities would make a contribution to the overall objective of capacity building. CIDIE could also facilitate the sharing and linking of databases on sustainable development.*

*iii) CIDIE's potential role as a think-tank. She stated that CIDIE's role as a think-tank would be highly welcome, given the need for improved information flows and the generation of innovative ideas. CIDIE should focus on issues where its members have a comparative advantage and expertise that is not readily available elsewhere. CIDIE could produce reports on appropriate financial structures and instruments to finance sectors on CSD's agenda. This would enable a link to be forged with the CSD Work Programme without attempting to address it in full, and could further the discussion on a matrix approach to link sectoral and cross-sectoral issues.*

6. She stressed that she wholeheartedly welcomed a revitalized CIDIE as a partner for sustainable development and thus for the CSD.

7. The subsequent discussion centered on queries (AfDB, EIB, EBRD) regarding the added value of CIDIE adopting a coordinating role with regard to the contributions of member institutions to CSD, and specifically to CSD's Ad Hoc Group on Finance, as opposed to direct contact. In response, the DPCSD representative, emphasized that while CSD was tapping the intellectual capacity of certain IFIs (ie. Bretton Woods Institutions) currently no system for regular and coordinated exchanges of required information exists. Therefore, facilitating systematic reporting could be CIDIE's most important input. She offered examples of substantive issues which CIDIE could address, referring to the section on innovative financial resources and mechanisms in the draft outline of the Secretary-General's Report and the draft proposed agenda for the Ad Hoc Working Group on Finance. She commented that this would

simultaneously facilitate discussion in CIDIE as a think-tank and allow information to be incorporated in the CSD context, building on the practical experience IFIs have in the future implementation of ideas discussed within the Ad Hoc working group on Finance. Further discussion, centered on the extent to which IFIs can act as mechanisms to provide additional financial resources for sustainable development and the ability of IFIs, as opposed to UN organizations, to influence national policies and legislation (EIB).

### **GLOBAL ENVIRONMENT FACILITY (GEF)**

8. The UNEP/GEF representative, Mr Pyhala and the Chairman, Mr. Schlingemann, who have both been involved in the GEF restructuring process, informed the meeting of the nature of GEF's pilot phase and the obstacles encountered and outcomes of the discussions on its restructuring, replenishment and governance. They elaborated on discussions concerning the roles of the three implementing agencies, NGOs, recipients, the STAP (Scientific Technical Advisory Panel), the Secretariat, the Council and regional banks, as well as joint implementation, the scope of GEF's work, and other substantive and political issues. The Chairman commented that the replenishment agreed at \$2 billion, was considerably less than expected. The UNEP/GEF representative elaborated on UNEP's role in the GEF.

9. Attention focused on participation of UN specialized agencies and Regional Development Banks in the preparation and implementation of GEF policies and programmes and the relationship CIDIE members to the GEF. EBRD expressed disappointment that the discussions on the participation of Regional Development Banks in the GEF process has proceeded so slowly. In response to a question from the EBRD concerning private sector financing, the UNEP/GEF representative commented that synergetic avenues existed and the possibility of co-financing had not been excluded. FAO expressed concern that attention has centered around NGO representation, at the expense of UN specialized agencies, commenting that with one representative permitted for all the agencies, it was difficult to ascertain who would attend, furthermore FAO had not received any feedback on the recommendations that they made at the Rome GEF inter-agency meeting in March 1993, where amendments to proposed guidelines for GEF cooperation with the UN specialized agencies were being suggested. It was pointed out that the discussion on participation is progressing, but only gradually. The Chairman commented that the issue of participation would also be discussed in the context of the further debate on project cycles. UNEP/GEF remarked that when projects are discussed, the banks involved should be invited to attend. FAO felt it should assist more in the up-stream stages of GEF projects, and that STAP should make use the scientific capabilities of the specialized agencies. UNEP/GEF commented that with the reconstitution of STAP, closer links are being forged and that scientists from other agencies should be able to attend and even to join the staff. GEF will have a project implementation programme, which will ensure greater transparency in project preparations. It was pointed out that CIDIE could give

an overview of who was doing what, contributing to the GEF adopting an integrated approach.

### **ROUND TABLE DISCUSSION AND INFORMATION EXCHANGE BY CIDIE MEMBERS ON UNCED FOLLOW-UP IN EACH ORGANIZATION**

10. The AfDB representative, Mr Aw, presented AfDB progress in implementing Agenda 21. AfDB has allocated resources in the past three years to: additional staff, staff development, studies aimed at enhancing understanding in critical areas of natural resource management, EIA's, and networking and capacity building. To incorporate environmental concerns in project cycles, AfDB has introduced the step-wise approach to project screening and has made EIA an integral part of future potential investments. To ensure that EIA recommendations and mitigating measures are fully incorporated, environmentalists are gradually being included in the preparation, appraisal and supervision of projects. To integrate environmental concerns in country programming, AfDB will increase staff awareness, through an environmental management training programme. The programme will also establish an Environmental Resource Center within the Bank. Environmental issues have been introduced in Economic Prospects and Country Programming Papers and Country Environmental Profiles are being prepared primarily to raise staff awareness in the field concerning prevalent environmental problems and hence the type of projects needed in the respective countries.

11. AfDB is increasingly focusing on training regional member country officials. The Network of Environment and Sustainable Development in Africa, NESDA (AfDB, World Bank and UNSO) supports national planning processes (over 25 NEAPs), strengthens national capacities, expands the network and disseminates information. AfDB publishes ECO-Afrique and has initiated working paper series on environmental and social policy. The report, 'The ADB and the Environment' is to be published annually and two policy formulation studies on specific topics have been commissioned. AfDB has adopted policies on poverty reduction and population, a forestry policy document, and sectoral guidelines for the industry and forestry sub-sector. It will develop guidelines on mining, coastal and marine environmental protection, involuntary displacement and resettlement in development projects and the determination of indicators for sustainable development for natural resources in Africa. AfDB's technical assistance window has supported capacity building of institutions in charge of the environment. Furthermore, AfDB is involved in discussions to define the role and mandate of RDB's in the GEF, and hopes that collaboration will be secured soon. AfDB has actively participated in the Intergovernmental Negotiating Committee for an International Convention on Desertification. AfDB has moved to foster stronger working relations with NGOs, including a forum at their Annual meeting involving NGOs to discuss collaborative ventures.

12. The subsequent discussion centered on queries concerning overlapping national frameworks and harmonization of strategic sustainable development planning. The DPCSD representative eluded to UNDP and DPCSD initiatives to harmonize the numerous reporting requests made to governments, UNDP compiling an inventory on the type of requests and their impact on country approaches and IUCN is identifying key elements in sustainable development strategies. She also explained the Greenplanners Network initiative which involves practitioners exchanging information at an expert level, the Chairman commented that such an exchange of experiences could be one of the uses of CIDIE meetings. In response to a question from the EBRD concerning conflicting EIA requirements, AfDB commented that EIA is sometimes done in the country itself and although some conditionalities may exist, usually countries demonstrate an understanding of the need to incorporate environmental concerns in projects.

13. The FAO representative, Mr. Botero, presented a summary report on post-UNCED developments in FAO. FAO has established a Department of Sustainable Development (DSD) covering cross-sectoral issues and coordinating FAO's contributions to the UNCED follow-up. DSD has three divisions (Research, Extension and Training; Women and People's Participation to Development; Rural Development and Agrarian Reform) and two independent units (Environment and Sustainable Development Coordination and Remote Sensing). FAO has twelve Special Action Programmes for Sustainable Agriculture and Rural Development and two additional programmes, one on food security in low-income food-deficit countries and the other on transboundary pest control. The Plan of Action on Nutrition is being implemented at the national level.

14. FAO provided technical and legal advice to the Interim Secretariat of the Convention on Biological Diversity (citing the possibility of a joint UNEP, UNESCO and FAO secretariat) and the Intergovernmental Negotiating Committee for the Elaboration of an International Convention to Combat Desertification. Contributions were made to Working Groups of the WHO/UNEP Intergovernmental Panel on Climate Change. FAO provided the technical secretariat to the UN Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks. Contributions were made to the UN Global Conference on the Sustainable Development of Small Island Developing States and inputs will be made to its follow-up. FAO has collaborated in meetings on specific chapters of Agenda 21 and FAO's activities as Task Manager for Chapters 10, 11, 13, 14 are reported to the IACSD and CSD. FAO has inter-divisional groups to produce guidelines, position papers, training materials, workshops and training sessions, these cover: Policy and Planning, Trade, Climate Change, Energy, Biodiversity, Desertification, Pollution, Integrated Coastal Area Management, Agroforestry, Education and Geographic Information Systems and Biotechnology. They are related to various Inter-Departmental Working Groups (Environment and Sustainable Development, Land Use planning, Science and Technology). The Steering Committee on Environment and Sustainable Development has provided guidance to strengthen environmental and sustainability concerns in FAO's programme. FAO listed



in the report provided to the Secretariat prior to the meeting, publications and tools of special interest to CIDIE, particularly regarding work on sustainability analysis.

15. The EBRD representative, Mr. Kennedy, pointed out that many recommendations of the Earth Summit's Agenda 21 are already being implemented by the EBRD. Since the Bank's inception, for example, it has adopted strict environmental procedures and every project it funds is screened for possible environmental impact. He outlined a number of specific responses to Agenda 21 with reference to the private sector and entrepreneurship, environmentally sound technologies and processes, energy efficiency, transport, agriculture and forestry, and local communities and indigenous people. EBRD stressed its emphasis on private sector financing in general and the provision of assistance to small and medium-sized enterprises (SMEs) in central and eastern Europe as a key priority. The investment requirements of SMEs are, however, usually too small for the Bank to fund directly, and the Bank has, therefore, developed special SME funding arrangements through locally based Financial Intermediaries (FIs), which are then authorized to act on the Bank's behalf. EBRD-funded FIs are fully responsible for undertaking the same environmental due diligence and appraisals procedures for investments as the EBRD.

16. The subsequent discussion centered on the extent that Banks can influence private sector borrowers and impose conditionalities on intermediaries, with respect to environmental considerations in their projects, beyond presenting the options. The EBRD explained that projects are assessed on a case-by-case basis, aiming at securing maximum environmental benefit at least financial cost. EBRD commented that Eastern Europe has always had strict environmental legislation but that it was not enforced. The environmental considerations incorporated are up to borrower, within certain minimum requirements. The EIB echoed this, informing the meeting that it is their policy that it is the borrower's decision as to which rule to apply, as long as it does not fall below EU standards. The Chairman commented that the question of Banks' responsibility in this regard was an interesting issue to bring to CIDIE for further discussion. The CIDIE coordinator commented that with regard to the statement on environment and sustainable development signed by UNEP and commercial banks, the organizer expressed the possibility of addressing issue within CIDIE, remarking that this was consistent with CIDIE's work.

17. The EIB representative, Mr. Schul, presented the Annual Report of the EIB in the implementation of the declaration of environmental policies and procedures relating to economic development. With regard to the institutional arrangements governing implementation of the EIB's environmental policy, the procedures outlined in the previous report remain valid. A second external audit (the previous one was carried out by the WWF in 1992) largely confirmed the validity of EIB's environmental assessment procedures. There has been a confirmation of EIB's relationship with environmental NGOs based on mutual respect and collaboration rather than confrontation. A one-day training session for EIB staff was organized with WWF on practical implications of "sustainability". An ex-post evaluation study was launched on the performance of EIB's waste water treatment plants in Europe (to be completed

in 1995). An "environmental summary table" which is used as a checklist and summary of environmental issues raised by the project, of the alternatives studied and of mitigating measures taken, is being tested.

18. EIB identified key emerging issues as: the preparation of an environmental policy paper to update the 1984 declaration of the Governors; the external auditors having shown that the EIB is captive of the inadequacies of the EU legislation on Environmental Impact Assessment, EIA (Community Directive 85/337), procedures might have to be reinforced to assure a better democratic process in assessing investments participation by the EIB. With regard to collaboration and co-ordination with fellow CIDIE members, a visit was paid to the EBRD to verify compatibility of environmental screening methods.

19. The UNEP representative, Mr. Hiraishi, referred to UNEP's Governing Council's Seventeenth Session, which revised UNEP's programme priorities. The post-UNCED review of UNEP's Programme has emphasized a results orientated approach, accountability and transparency and strengthening of the regional offices. The budgetary revision has altered the distribution of funds among the programmes, with capacity building being a major emphasis. UNEP referred to the UNEP Corporate Programme Framework 1994-1995 (UNEP/CPR.43/10), which outlines the changes being undertaken. UNEP also commented on its role as Task Manager for eight areas of Agenda 21 and its contribution to the Second CSD session, and preparations currently underway for the Third CSD Session.

20. The UNESCO-ROSTA representative, Mr. Vitta, presented UNESCO's post-UNCED activities. UNESCO has been designated Task Manager for cross-sectoral issues of Chapter 35 of Agenda 21 "Science for Sustainable Development". UNESCO will prepare a report on science with UN partners and NGOs such as ICSU. Post-UNCED activities are integral to UNESCO's Work Plan for the biennium 1994-95. In the Major Programme Area "Education and the Future", the UNEP-UNESCO joint "International Environmental Education Programme" seeks to; refine the knowledge base and develop action frameworks for integrated environment management, foster development of new or oriented education for capacity strengthening, and mobilize support for an integrated approach to population, environment and development. In the Programme Area, "Environment and Natural Resources Management", five sub-programmes cover; Coordination and cooperation for the follow-up to UNCED, The Intergovernmental Oceanographic Commission and marine-science related issues, terrestrial ecosystems: conservation and management of their resources (including the Man and the Biosphere Programme), earth, and water sciences. UNESCO also mentioned the UNISPAN initiative which promotes research cooperation in Africa, finding donors to support technologies that are ready for commercialization.

21. The OECD representative, Ms. Soderbaum, made a presentation on OECD's responses to UNCED. In order to converge and link policies, horizontal activities between OECD directorates have been established (Environment, Development Cooperation, Trade, International Energy Agency, Development Centre, Centre for

Eastern European Economies in Transition). A conceptual framework is also being developed on sustainable consumption patterns. The DAC working party, is continuing to implement its mandate, which was renewed to 1998 and is active as a forum for consultation between bilateral donors, with multilateral donors attending as observers (UN, World Bank and NGOs). The working party encourages coherence in criteria used by policy makers and monitors policies. The OECD work on resource flows is utilized by the CSD to monitor sustainable development. Work is in progress on the review of aggregate reporting forms and codes.

22. The discussion centered on an analysis of DAC's work programme, to draw out issues that might assist CIDIE in modifying its own rolling work programme and ensuring closer cooperation between CIDIE and DAC and hence bilateral and multilateral donors. The Chairman emphasized the value of DAC guidelines and good practices documents on certain issues, as a possible cooperative modality that CIDIE should consider. EIB questioned how the sustainability of lending portfolios can be measured, commenting that to measure sustainable development through financial flows was just to gauge the cost of corrective measures rather than sustainability and that IFIs could sometimes contribute more to sustainability by refusing to finance certain projects. The Chairman commented that baseline scenarios and measures are needed to be able to monitor and improve the incorporation of environmental considerations in development projects. The DPCSD emphasized the importance of indicators particularly as sustainable development encompasses much more than environment and development and involves social and economic aspects. Further to queries from FAO concerned DAC's work on national planning frameworks, OECD replied that it was to be discussed at the October working party meeting, considering what methodologies are effective, placing them next to what donors and recipients develop, adding that such harmonization could be of interest to CIDIE.

23. Participants in the meeting agreed that this type of information exchange and discussion was extremely useful. Member institutions, who were not present, has been requested to submit their written contributions to the CIDIE Secretariat for consolidation in the Report. So far, these contributions have not been received.

#### **PRESENTATION OF REPORT ON "POST-UNCED ROLE AND FUNCTIONING OF CIDIE"**

24. CIDIE's Coordinator, Mr. Amin presented the "Post-UNCED Role and Functioning of CIDIE" report, prepared in response to the fourteenth CIDIE meeting. The report assesses CIDIE's past performance, evolution and current relevance and considers elements for a possible future work programme, in order to provide a platform for discussion and decision. The report draws out relevant elements of CIDIE's declaration specifically; CIDIE as a forum for dialogue, a flexible mechanism drawing on the diversity of its members for innovation, knowledge exchange, a focal point for interaction (also with observers), and to spark and gel discussions on substantive issues. The report examines the evolution of CIDIE's work programme, responding to new development which have altered CIDIE's character. The report

describes the policy environment post-UNCED, with Agenda 21, CSD's work and relevant UN General Assembly resolutions referring to the involvement of IFIs and UN organizations in the follow-up to UNCED and the work of the CSD. The report outlines possible relationships to other bodies, especially the CSD and IACSD, which as an ACC subsidiary is an internal UN mechanism.

25. The most pertinent chapters identify possible issues for a future work programme, he stated that it was difficult to ascertain from past reports what constituted a CIDIE decision, which had posed a problem in the preparation of the paper. He outlined the two options for CIDIE's future orientation, an option to focus solely on procedures and methodologies, or a wider policy oriented focus related to sustainable development and the UNCED follow-up. He commented that these were not necessarily mutually exclusive. Orientating CIDIE to respond to UNCED does have to exclude relevant elements of the current mandate, especially in light of CIDIE's flexible nature and the potential for cross-fertilization given the diverse nature of member institutions and capacities. A parallel policy and programme development approach, could address cross-sectoral issues, from which both CIDIE members and CSD could benefit. The report mentions eight areas in which CIDIE could order effective proposals, some of which had already been addressed in the earlier discussion such as; national frameworks for sustainable development, capacity-building, integrating environment and development into decision-making and information for decision-making. Programme development would allow CIDIE to continue to develop and harmonize methodologies and procedures for integrating environment and development in decision-making and facilitate joint activities.

26. With regard to membership, he pointed out that a diversity of opinion existed, with some members considering the distinction between members and observers as no longer necessary, some favoring including bilaterals, and some wanting to continue concentrating on the interface between UN agencies and IFIs deeming that to be CIDIE's comparative advantage. He remarked that the annual report, should not be solely descriptive, but should consider responses to emerging issues in a pro-active manner. He stressed UNEP's decision to strengthen CIDIE's secretariat, maintaining it as somewhat autonomous from UNEP to effectively service the needs of the Committee, while benefiting from UNEP's environmental experience. He informed the meeting that AsDB had queried whether UNEP should continue to provide secretariat. He commented that having UNEP as a full-time chairman would build on UNEP's coordination mandate to catalyze initiatives, alternatively the meetings could be chaired by the respective institutions hosting meetings. He ended by stating that participants should consider a procedure by which to consult other members and thus canvas opinion on the future of CIDIE.

## **POST UNCED ROLE AND FUNCTIONING OF CIDIE**

27. As emphasized in the Chairman's summary, the subsequent discussion raised a number of question marks concerning CIDIE's future role and functioning and

resulted in suggestions regarding substantive issues that CIDIE could address and the concomitant institutional arrangements. A course of action was agreed upon to facilitate reaching timely conclusions on CIDIE's future. Participants unanimously praised the quality of the background report. Written comments received are consolidated in annex 4.

28. The first question mark, raised primarily by EBRD, queried whether low attendance at the meeting, illustrated a lack of interest in CIDIE and thus a reason to discontinue CIDIE in the future. The Chairman agreed that there was a need for clarification on the possible implications of this point. Attention was drawn to the absence of the World Bank and UNDP, the CIDIE coordinator explained the reasons behind this and conveyed the positive sentiments received from UNDP regarding CIDIE.

29. Various participants highlighted their concern at the possible duplication of efforts in light of the many meetings and proliferating inter-agency bodies in the UNCED follow-up period, wondering whether CIDIE had outlived its usefulness and therefore questioning the value of continuing with CIDIE. Information concerning the differences among these bodies was provided by the DPCSD representative and the CIDIE coordinator. DPCSD remarked that IACSD coordinates the UNCED follow-up and CSD decisions and that its role does not include the involvement of IFIs. The CIDIE coordinator added that IACSD is limited to the UN system which includes the World Bank and IMF, and as an ACC subsidiary has strict attendance rules. Its work is geared to addressing and in particular assigning responsibility for dealing with the CSD's multi thematic work programme in any particular year. FAO commented on IACSD's heavy agenda which allowed no space for substantive decisions. With regard to the Environmental Sub-group of the MFI Cofinancing Working Group, DPCSD commented that she saw little possibility of that group contributing to the CSD, in particular due to its rather narrow scope, EIA not being the kind of issue that CSD is most interested in. DPCSD noted that the GEF is a financial mechanism for global environmental problems and thus is not a substitute for IFIs in CSD. CIDIE's coordinator explained that UNEP's IAEG was to be a flexible mechanism for partners in UN system, to channel resources and discuss the policy implications of emerging diverse issues and posed no conflict to CIDIE. FAO noted that IAEG had not formally been constituted yet. EBRD and UNESCO suggested that CIDIE look at the work programmes of these other bodies in order to determine areas of overlap and whether CIDIE is the correct forum to discuss the various issues. In a similar vein, EIB and EBRD suggested the UN give a clearer indication as to where the focus of IFI reporting should be.

30. Questions were also raised as to the viability of CIDIE's initial mandate and the pertinence of CIDIE's original starting point and even its old motivation (EBRD). EIB expressed the view that CIDIE's environmental brief has largely been achieved, at least as far as what can be discussed in an international arena. Members agreed that if CIDIE is to continue it needs a revision or update of its mandate to respond to the post-UNCED environment. AfDB commented that CIDIE should definitely continue,

he quoted an African saying that you do not kill something if it is fulfilling well. Therefore CIDIE should be given a new mandate and judged on the basis of that mandate. FAO, seconded by AfDB, expressing surprise that CIDIE had not modified its focus earlier, gave specific suggestions for amending CIDIE's declaration, reaffirming CIDIE's support to the Rio Declaration and the implementation of UNCED and offering CIDIE's contribution to CSD's work, particularly regarding those chapters of Agenda 21 most relevant to CIDIE's role.

31. The discussion raised a number of issues which are pertinent for future attention. With regard to reporting to CSD, the Chairman noted that while some individual IFIs have direct contact with the CSD, there is a need for the CSD to receive information from IFIs, preferably in a harmonized manner. EBRD reiterated its query as to why IFIs should go through CIDIE. The chairman noted that if all agencies reported in similar fashion to CSD, there would be no need for CIDIE to fulfil this role, but that it is far from that ideal situation. FAO referred to the many elements outlined by the DPCSD which fall within the spirit of CIDIE's work, for example debt for nature swaps and the tapping of private financial markets. The DPCSD agreed that CIDIE should go beyond its original work (although environment in decision making remained a pertinent issue) to address such issues as financial mechanisms, economic and fiscal instruments, bilateral/multilateral flows. She reiterated CIDIE's potential, important role in streamlining and guiding IFI input to the CSD, commenting that the DPCSD would have to create a mechanism to coordinate inputs or it could use CIDIE as an existing mechanism. EIB suggested that CSD should officially recognize CIDIE as the main channel of financial expertise into its work and CIDIE meetings must be integrated into the CSD effort as from mid-1995. Participants questioned the DPCSD representative as to the possibilities, with respect to timing, for CIDIE to provide inputs, for example on the subject of private financing, to the Ad Hoc Working Group on Finance.

32. The value of information exchange was discussed, with members commenting on the shared benefit of information on recent developments, such as the exchanges at this meeting. The CIDIE coordinator commented on the free exchange of valuable experience, with even a few members that could lead to important conclusions on future initiatives. The Chairman suggested that representatives to CIDIE should be of similar positions within their respective institutions to maximize the benefit of such interchanges. It was widely felt that with the MFI cofinancing sub-group dealing with EIA, there was no need for CIDIE to address the issue. The chairman commented that there are so many EIA aspects that the group would be busy with it with for quite some time. The CIDIE coordinator pointed to a possible niche for CIDIE in contributing to more unified national frameworks, environmental briefs, strategies and NEAPs, informing each other of trends at national level, sensitizing banks, which would also limits their problems with NGOs. FAO, DPCSD and EIB supported the idea that CIDIE should act as a think-tank for financial matters related to environmentally sustainable development and Agenda 21. EIB suggested that it could help improve decision making procedures in IDIs, clarify the role of financial intermediaries, the financing of corrective measures with outside capital at market

rates in debt stricken countries, define "environmental" projects, and specify the financial needs of sustainable developments and performance criteria for IDIs. FAO commented that certain institutions could work together or commission documents on specific issues. EBRD commented on the opportunity to develop guidelines and good practices documents similar to those produced by the DAC working party, which would illustrate important issues, thereby assisting future work and information dissemination.

33. Opinion on membership diverged between FAO which favors broadening membership to catalyze and enrich CIDIE activities and EIB which felt that if membership expanded certain members would perceive that their issues were not being addressed. EIB and AfDB suggested conducting back-to-back meetings, with the DAC Working Party or/and CSD's Ad Hoc Group on Finance, to facilitate exchanges. AfDB mentioned the need to strike a balance between Northern and Southern NGO observers. DPCSD indicated that it would seek permanent observer status in the future. EIB noted that the Secretariat needs strengthening, possibly with financial expertise. While DPCSD commented on the very encouraging will within UNEP to strengthen the Secretariat, the need for neutral coordination and its full acceptance of UNEP's role in this regard. In response to queries from EIB and EBRD concerning CIDIE's chairmanship, the UNEP representative and Chairman acknowledged the need for clarification and indicated that the arrangements for the current session were an intermediate solution, inter alia attributable to UNEP's restructuring.

34. Following discussion as to the procedure for drawing concrete conclusions for CIDIE's future, participants agreed that the Secretariat should produce a report of the meeting and an issues paper which should outline tangible proposals for a rolling work programme, based on the discussions at the meeting. The proposals could include permanent tasks such as information exchange and work on specific sectoral and cross-sectoral issues and possibilities to liaise and coordinate reporting to the CSD. These documents, accompanied by a letter from the Executive Director of UNEP, Ms. Dowdeswell should be circulated to all CIDIE members for prompt comments, suggestions and indication of their commitment and willingness to continue with CIDIE. The Executive Directors letter should call on the opinion of the member institutions, stressing that in light of their replies, if it is felt that there is sufficient supportive basis for the continuation of CIDIE, she will call another meeting to shape and refine proposals made in the paper. This meeting would then either take place in March 1995, back-to-back with the CSD's Ad Hoc Working Group on Finance (also feeding into the DAC working party meeting in April) or at an earlier date (December-January). The first option would allow CIDIE to make an input to the debate of the CSD Ad Hoc group on Finance. All participants emphasized the need for a timely follow-up to this meeting.

35. Prior to the close of the meeting, CIDIE members participating requested the inclusion of the following statement in the report: "Members participating at the 15th meeting of CIDIE deplore that attendance to this crucial meeting was so limited, particularly in view of the need to examine the post-UNCED role of CIDIE, for which

the Secretariat had prepared a very comprehensive background document. Participants at the meeting appreciate very much the presence at the meeting of Ms. Joke Waller-Hunter, Director of the Division for Sustainable Development of the UN/DPCSD, who provided the meeting with most useful information on the Commission for Sustainable Development and its work. They also welcome the presence of representatives of the OECD, IDRC and UNESCO.

### **CLOSURE OF THE MEETING**

36. The Chairman commended the rich, open and frank discussion which had taken place and which constitutes one of the main strengths of a body such as CIDIE. He thanked the participants for their contribution and closed the meeting.





**ANNEX I**  
**LIST OF PARTICIPANTS**



Fifteenth Meeting of the  
Committee of International Development Institutions  
on the Environment  
(CIDIE)

LIST OF PARTICIPANTS

---

**CIDIE MEMBER INSTITUTIONS**

**AFRICAN DEVELOPMENT BANK**

Mr. Oumar Aw  
Principal Environmentalist  
01 BP 1387  
Abidjan  
Cote d'Ivoire  
Tel: (225) 205417  
Fax: (225) 204907

**EUROPEAN BANK FOR  
RECONSTRUCTION AND  
DEVELOPMENT**

Mr. William V. Kennedy  
Senior Environmental Specialist  
1 Exchange Square  
London EC2A 2EH  
Tel: (44 71) 338 6567  
Fax: (44 71) 338 6848

**EUROPEAN INVESTMENT BANK**

Mr. Jean-Jacques Schul  
Head of Technical Advisory Services  
L-2950 Luxemburg  
Tel: (352) 4379 6466  
Fax: (352) 4379 6476

**FOOD AND AGRICULTURE  
ORGANIZATION OF THE  
UNITED NATIONS**

Mr. Luis Santiago Botero  
Chief, Environment and Sustainable  
Development Coordinating Center  
Via Delle Terme di Caracalla  
00100 Rome  
Italy  
Tel: (39 6) 522 55088  
Fax: (39 6) 522 53152

**UNITED NATIONS ENVIRONMENT**

Mr. Taka Hiraishi  
Ag. Director  
Office of Policy Development and  
Inter-Agency Affairs  
P.O.Box 30552  
Nairobi  
Kenya  
Tel: (254 2) 623231  
Fax: (254 2) 217837/623929

Mr. Adnan. Z. Amin  
CIDIE Coordinator  
Tel: (254 2) 623365

Mr. Mikko Pyhalla  
UNEP/GEF  
Chief, Clearing-House Unit

Mr. Sirat Chowdhury  
Environmental Law and Institutions  
Programme Activity Centre

Mr. K. Madhava Sarma  
Ozone Secretariat

Ms. Linda Lee Spencer  
INFOTERRA Programme Activity  
Centre

## **SPECIAL INVITEES**

### **CHAIRMAN**

Mr. Frits Schlingemann  
Ministry of Foreign Affairs  
2500 EB The Hague  
The Netherlands  
Tel: (070) 3484331  
Fax: (070) 3484303

### **UNITED NATIONS DEPARTMENT FOR POLICY COORDINATION AND SUSTAINABLE DEVELOPMENT**

Ms. Joke M. Waller-Hunter  
Director for Sustainable Development  
2 UN Plaza  
New York, NY 10017  
United States of America  
Tel: (1 212) 9630209  
Fax: (1 212) 9631267

## **OBSERVERS**

### **UNITED NATIONS EDUCATIONAL SCIENTIFIC AND CULTURAL ORGANIZATION**

Mr. Paul B. Vitta  
Director and UNESCO Representative  
ROSTA  
P.O.Box 30592  
Nairobi  
Kenya  
Tel: (254 2) 622353  
Fax: (254 2) 215991

### **INTERNATIONAL DEVELOPMENT RESEARCH CENTER**

Ms. Eva M. L. Rathgeber  
Regional Director  
P.O.Box 62084  
Nairobi  
Kenya  
Tel: (254 2) 713160  
Fax: (254 2) 711063

### **ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT**

Ms. Bettina Soderbaum  
Administrator  
2 Rue Andre-Pascal  
Paris  
France  
Tel: (33 1) 45249026  
Fax: (33 1) 45241650

## **BILATERALS**

**PERMANENT MISSION OF FINLAND  
TO UNEP**

Mr. Ilkka Raisenen  
Deputy Permanent Representative  
P.O. Box 30379  
Nairobi  
Kenya  
Tel: (254 2) 334777/8  
Fax: (254 2) 335986

**ANNEX II**  
**ANNOTATED AGENDA OF THE MEETING**





## ANNOTATED AGENDA

### Fifteenth Meeting of the Committee of International Development Institutions on the Environment (CIDIE)

5-6 September 1994

**Monday, 5 September 1994**

#### **Registration**

*Registration of meeting participants -- CIDIE Focal Points,  
Representatives of UN Agencies, bilaterals, IGOs and NGOs*

#### **Opening of the Meeting**

*Welcoming Statement - Executive Director of UNEP*

#### **Adoption of Agenda**

Agenda Item 1

#### **Commission on Sustainable Development (CSD)**

(Director, Division of Sustainable Development - UNDPSCD)

*Role of financial institutions in the Commission on Sustainable  
Development and the follow up to UNCED*

The representative of the UNDPSCD will make a presentation focussing on the CSD process as well as the IACSD and the role that CIDIE members could play in this respect. With the agreement of CIDIE members, the representative may be asked to act as a resource person for the discussion on the post-UNCED role and function of CIDIE. Presentation could be followed by general discussion.

#### **COFFEE**

Agenda Item 2

#### **Global Environmental Facility (GEF)**

*The role of regional development banks and specialized agencies  
of the UN in the implementation phase of the GEF.*

The Senior Adviser to the Executive Director of UNEP for GEF will make presentation. The representatives of the World Bank and UNDP will also be asked to outline how their organizations are responding to the new GEF arrangements.

## **LUNCH (hosted by UNEP)**

### **Agenda Item 3**

#### **Round table discussion and information exchange by CIDIE members on UNCED follow up in each organization**

Each CIDIE member could make a short presentation on the response of each member institution to the outcome of UNCED. these statements could also be made available to the Secretariat for consolidation in a CIDIE information document as part of the report.

### **Agenda Item 4**

#### **Presentation of UNEP paper on "Post-UNCED Role and Functioning of CIDIE"**

## **COFFEE**

Agenda Item 4 continued

**Closure of Session**

**Tuesday, 6 September 1994**

Agenda Item 4 (continued)  
**Post-UNCED Role and Functioning of CIDIE**

General Discussion

Agenda Item 5  
**Development of a New CIDIE Framework Action Programme**  
*(Closed session for CIDIE members)*

On the basis of discussions under the previous agenda items, the Committee may wish to deliberate on the development of a new CIDIE Programme of Action.

**COFFEE**

Agenda Item 5 (continued)  
**Development of a New CIDIE Framework Action Programme**

**LUNCH**

**Conclusions of Programme of Action for post-UNCED CIDIE**

The Committee may wish to decide on matters related to institutional arrangements and procedures for the establishment of a new Programme of Action.

The Committee may also wish to further consider the issue of CIDIE membership, the role of bilateral agencies and NGOs in CIDIE.

**Other Business**  
*(Closed session for CIDIE Members)*

- Reporting

The Committee may wish to decide on how future meetings should be reported. To date reports have been more in the nature of summaries of discussions which has subsequently led to lack of clarity on specific decisions.

- Venue and Agenda for 16th Session

The Committee may recall that the invitation of the EBRD to host the next CIDIE meeting in London had been accepted at the fourteenth meeting.

**Close of Business**

**RECEPTION (hosted by UNEP)**

**ANNEX III**  
**CIDIE WELCOMING STATEMENT**



## CIDIE WELCOMING STATEMENT.

Distinguished participants.

It is a pleasure and a privilege for me to extend to you a warm and cordial welcome to Nairobi, UNEP Headquarters and the Fifteenth Annual Meeting of the Committee of International Development Institutions, CIDIE. UNEP's Executive Director, Ms. Elizabeth Dowdeswell, has asked me to convey to you her greetings and sincere apologies for not being able to participate personally. She wishes us success in our deliberations, especially in light of the importance of the task facing us, that of addressing CIDIE's role and functioning in the post-UNCED context. UNEP has strongly reinforced its commitment to supporting CIDIE and as such Ms. Dowdeswell will be reviewing the results of the meeting with much interest.

Distinguished participants

This 15th CIDIE meeting, is its second meeting after UNCED. I expect that it should give us the benefit of further insight with which to contemplate CIDIE's position, within the framework of institutional arrangements that have emerged as a result of UNCED. Our task today is to ensure that CIDIE has an effective and coherent role in supporting the principles agreed upon at UNCRD, encompassed in Agenda 21 and conventions and institutional arrangements that have been set up as a result. As dealt with in depth in the background document 'Post UNCED Role and Functioning of CIDIE', we believe that the post UNCED developments have reaffirmed CIDIE's role. Therefore, our deliberations should be focused on how CIDIE responds, adjusts and moves forward.

The issues in Agenda 21 are of fundamental concern to the work of our respective institutions and CIDIE as a whole. As such, CIDIE members have a crucial role to play in implementing Agenda 21, with our respective activities pertaining to practically every sphere of sustainable development. Our understanding of the issues has evolved, as has the complexity of task facing us, with the broadening of the sustainable development agenda. CIDIE should allow maximum flexibility to facilitate the incorporation of these new demands in the realm of the environment, such as women, sustainable human development and population, which will be dealt with at the respective forthcoming conferences. However, CIDIE must endeavour to retain sight of its original mission, to incorporate environmental considerations in development assistance on the ground. CIDIE should therefore not waiver from its environment focus, in order to ensure a clearly defined role and concerted, sustained action.

The mobilization of new and additional resources for sustainable development, has clearly not been forthcoming post-Rio period. CIDIE, by incorporating environmental aspects in the vast portion of developmental assistance funds that its member institutions accounts for, possesses substantial potential to contribute to



addressing this main drawback and hurdle in the UNCED follow-up. Now more than ever, it is vital and expected that development assistance incorporate environmental considerations. In this way post-UNCED developments have worked to reinforce and expand the rationale behind and need for CIDIE, the situation demands partnership for progress. Needless to say CIDIE's rationale cannot be defended without a reformulation of CIDIE's role and functioning, backed up with concrete and substantive actions and fundamentally, the recognition and reaffirmation by members of wholehearted support for CIDIE and its objectives.

Having said that, it is obvious that CIDIE should not in any way duplicate the efforts of the proliferating inter-agency and inter-governmental coordinating bodies. CIDIE must sharply define where its valuable niche lies, for it retains a unique contribution by facilitating coordination between multilateral banks and UN system organizations, and bilateral development institutions and NGOs. If this unique contribution is properly harnessed through the reformulation of CIDIE's role and functioning, it can ensure complementarily with other bodies, resulting in mutually beneficial outcomes. CIDIE members each have a comparative advantage in a particular area covering the nexus between environment and development, together forming a wealth of expertise, skill, creativity, coming together with information and technical exchanges, joint activities and productive dialogue. In this way, CIDIE should seize its potential to be more than the sum of its parts. By maximizing the benefit of the resources at our disposal, complementary research, harmonization, integration of different capacities and experiences available, the eradication of duplication and participation among our diverse members, CIDIE will ensure that the lessons of more advanced members in a particular area can be capitalised upon by others, so accelerating the pace of progress towards reconciling environment and development. Collaboration is crucial, especially with regard to the limited resources available. CIDIE, unlike any of its emerging counterparts, gives development institutions a window on UN activities and provides a platform for future joint programming.

Distinguished participants.

Clearly the adoption of Agenda 21 and subsequent important developments at the inter-agency and inter-governmental level are critical in defining a new role for CIDIE. The ACC Task Force on Environment and Development regarded CIDIE as "a forum for policy dialogue and exchange of information, also for the introduction of environmental considerations in development activities, with a view to developing common approaches and procedures. While not being per se a coordinating mechanism, it facilitates cooperation among member institutions in the field of the environment". Bearing this in mind and building on the work of CIDIE's 14th meeting, our deliberations will be aimed at deciding on how to adapt and move forward in unison, redefining CIDIE's role. If CIDIE decides to substantively respond to UNCED, it needs a work programme that goes beyond what is currently being done, hence we need to contemplate in considerable detail a revised work programme.

One approach that may be considered is a parallel approach in terms of a policy development function within the work programme and a programme development function. This would allow a flexible, innovative approach to dealing with major issues being addressed in various fora, in particular the CSD and to take a more analytical approach to cross sectoral and emerging issues. The CSD's Multi-Year Thematic Programme of Work provides a number of areas for useful work for CIDIE. CIDIE could operate as a think-tank to undertake joint activities benefiting all members as well as providing an input to the evolution of these issues at an intergovernmental level through the CSD. Certain sectoral issues are of importance to CIDIE, but given the mandate and cross sectoral competence of CIDIE, together with the operational role of most member institutions, concentrating on the following areas would help to energize CIDIE, identify and prioritise areas and align CIDIE with post-UNCED developments.

CIDIE should also take this opportunity to discuss a more ambitious role with regard to the post-UNCED institutional arrangements, developing consistent relationship to other bodies, including the CSD, IACSD, IAEG and GEF. By aligning CIDIE's work programme to that of the CSD, CIDIE could anticipate where it can be of use to the CSD and accordingly prioritise its activities. To date regional, subregional multilateral institutions have been notably absent from CSD reporting and representations. This deprives the CSD of a rich source of ideas and information for implementation Agenda 21 and also leads to our members being marginalised in the UNCED follow-up. Therefore, the Committee may want to address in some detail, a process that would enable such institutions to participate fully in CSD, through CIDIE or individually. With regard to the IACSD, CIDIE could consider ways in which members not represented at IACSD might interact with the relevant task managers either individually or via CIDIE and how IACSD and CIDIE may interact on substantive issues. The new IAEG which will meet in the Autumn, will address policy issues and any issues emanating from the programme level that require to be addressed at the policy level. CIDIE may want to consider how it can interact with the IAEG involving issues of importance to both bodies.

#### Distinguished participants.

The consideration of institutional arrangements related to the future work programme and functioning of CIDIE is the following step. The recurring issue of membership needs once more to be addressed, with regard to consideration of expanding the membership, and the current observer status of bilateral development donors and non-governmental organizations, involved in the protection of the environment. As recognized at the 14th meeting, bilaterals represent a significant source development assistance and are repositories of considerable expertise and it is generally felt that they would be valuable addition to CIDIE. The relationship and dialogue with NGOs also needs to be defined more clearly. The private sector should also be recognized as a major player, therefore CIDIE should consider how it can best develop an effective model of dealing with them. The Committee may want to

consider establishing a working group to develop clear criteria and approaches to resolve future membership decisions.

Members may also want to consider how future meetings may be reported on. In the present format, confusions have arisen concerning the decisions drawn at the meetings. To avoid lack of clarity on specific decisions, the reports could be summaries of conclusions rather than discussions, to develop a clearer understanding of intersessional work requirements.

UNEP, for its part has reaffirmed its commitments to strengthen its collaborative links with CIDIE members. In line with Agenda 21's reaffirmation of UNEP's mandate with regard to providing, "policy guidance and coordination in the field of the environment, taking into account the development perspective". (Chapter 38, para 21-23), UNEP has decided to strengthen CIDIE's secretariat and substantively encourage commitment throughout its programme enhancing CIDIE's links with key programme areas and regional offices in order to provide a further tangible input to the CIDIE work programme. As was noted at the 14th meeting, UNEP is not a development institution per se, however UNCED has ensured that UNEP's international catalytic and coordinating role in the environment field takes full consideration of the development perspective, in accordance with the imperatives of sustainable development. Agenda 21 in the identification of 14 priority areas for UNEP, included support to governments, development agencies and organs in the integration of the environment aspects into their development policies and programmes. As such, UNEP, is conscious of its position as CIDIE secretariat, in contributing to retaining the vital environment focus of CIDIE's work.

In response to consensus concerning the strengthening of the secretariat, UNEP has appointed the Chief of UNEP's Inter-Agency Affairs Unit, CIDIE coordinator and a programme officer and support staff are to be recruited.

Placing CIDIE in central location facilitates programmatic linkages with key UNEP offices, such as those responsible for environmental economics and industry and environment, GEMS, GRID, environmental law and conventions. For this purpose we have invited their representatives to this meeting, and I would like to welcome them. The regional dimensions of CIDIE could also be galvanized, using CIDIE to improve the links between UNEP regional offices and CIDIE member regional and sub-regional financial institutions.

Distinguished participants.

I sincerely hope that this meeting will provide an important opportunity to enhance our collaboration substantively in order to achieve concrete result. Even given the unfortunate absence of various fellow CIDIE members, I look forward to the discussions and outcome of this meeting, to charter the future valuable course for CIDIE. I wish you every success in your deliberations and expect that you will come up with innovative solutions to the new challenges which face CIDIE, allowing it fulfil

its considerable potential in the post-UNCED era. I thank you very much for your attention.



**ANNEX IV**  
**STATEMENT BY THE DIRECTOR OF THE DIVISION OF SUSTAINABLE**  
**DEVELOPMENT, OF THE UNITED NATIONS DEPARTMENT FOR**  
**POLICY COORDINATION AND SUSTAINABLE DEVELOPMENT**



**STATEMENT BY THE DIRECTOR OF THE DIVISION OF SUSTAINABLE  
DEVELOPMENT, OF THE UNITED NATIONS DEPARTMENT FOR  
POLICY COORDINATION AND SUSTAINABLE DEVELOPMENT**

**(a) Introduction**

I would first of all like to thank UNEP for inviting me to this meeting and for providing the excellent background document. I very much appreciate the intention of the Committee of International Development Institutions on the Environment (CIDIE) to play an ambitious and active role and to strengthen its links with the Commission on sustainable Development (CSD).

Since the New York Declaration on environmental Policies in 1980 the work on financial and economic aspects environment and development has rapidly evolved:

- a. In the first period the development of guidelines for and introduction of environmental impact assessment procedures formed the core of the activities;
- b. The publication of the Brundtland Report (1987) gave further impetus to a fundamental discussion on integration of environmental aspects into economic policies;
- c. In the process leading up to the Earth Summit in rio much attention was given to the development of new financial mechanisms, including GEF, related to new conventions on global issues and to the implementation of Agenda 21; and finally
- d. The adoption and implementation of the Rio Declaration and Agenda 21 and the establishment of the CSD. A period that is characterized by the search in practice for new and additional financial resources and for the appropriate mix of economic and financial instruments.

Agenda 21 has given a prominent role to International Financial Institutions (IFIs) and refers in various of its Chapters to their importance in the post-UNCED process. For example, Chapter 21 emphasizes that the success of the follow-up to UNCED is dependent upon an effective link between substantive action and financial support, and that this requires close and effective cooperation between United Nations bodies and the multilateral financial organizations.

Moreover, Agenda 21 recommends that the regional and subregional development banks and funds should play an increased role in the implementation of Agenda 21. This was reiterated many times at the First Substantive Session of the CSD in May of this year and reflected in the summary of the chairman of the CSD.



It is not surprising that delegates to the CSD would like to see a greater involvement and enhanced visibility. They are all well aware of the impact that the Banks and the Fund have on the economic development and investments in many countries. That's where change towards sustainable development should come about!! (I am not going to address the issue of membership at this stage, but if you would ask me who should become the first new member, my answer would be the IMF).

In my view CIDIE can play an important role in enhancing the involvement of the IFIs in the CSD.

Before elaborating on the role of CIDIE vis-a-vis the CSD, let me briefly indicate how I personally see the CSD evolve.

We have had two meetings, the first one was largely organizational and established a three years thematic work-programme. The second session discussed the sectoral issues on its agenda (list), may be without advancing the discussion considerably, and addressed more substantively the so-called cross-sectoral issues. Many of them will re-appear on the agenda each year. I foresee, or should I say "hope", that in future sessions the CSD will focus on:

1. Assessing progress at the national level through improved reporting and a more systematic review of national achievements;
2. Addressing and assessing the instruments for integrating environment and development in decision making and assessing the effectiveness of national and international instruments for achieving sustainable development based on the experiences.

This will entail also in the first years to come a substantive discussion on indicators.

3. Discussions on the highly interlinked subjects of innovative financial mechanisms (economic instruments), changing consumption and production patterns and trade and sustainable development. In the end they all boil down to the need for an internationally harmonized approach towards the internalization of environmental externalities, but there is a long way to go, with many intermediate steps that the CSD should define.
4. Addressing the interlinkages between the various sectoral issues, rather than addressing the issues themselves, as they are normally dealt with in a more substantive way in other intergovernmental fora.

This can only be done with the full involvement of the UN system, the Bretton Woods Institutions and the major groups.

I hope that these issues are challenging enough for CIDIE attention.

I don't want to conceal that, in my view it would be indeed highly desirable if CIDIE could assume a wider role in the future and be more active in contributing to the resolution of problems related to the implementation of Agenda 21. This would strengthen the link between work of CIDIE and that of the CSD and lead to a greater involvement of CIDIE members in the post-UNCED process.

When reviewing the role of CIDIE, the purpose of this meeting, I would recommend that it will be fully adjusted to the institutional arrangements that have been created after Rio.

**(b) CIDIE and CSD**

When discussing the relationship between CIDIE and CSD I would like to address three issues:

1. How could CIDIE be instrumental in enhancing the role of IFIs in the CSD process?
2. How could CIDIE be instrumental in providing an interface in the implementation of Agenda 21 and CSD decisions at the national level?; and
3. What should be CIDIE's focal areas in its potential role as a 'think tank' on sustainable development?

Let me take them one by one and start with enhancing the role of IFIs in the CSD process.

Of course a number of individual CIDIE members have become potent players in the first two years after UNCED. They dispose of a vast amount of development assistance funds. Given the very slow progress with regard to obtaining additional financial flows for the implementation of Agenda 21 and the resulting wide gap between financial requirements and available funds, the shifting of resources in the budgets of CIDIE members in favour of integrating environment and development through implementing Agenda 21 could provide at least some relief. The very first contribution of CIDIE to the CSD could be a consequent monitoring of those shifts and report there-on to the CSD. Similarly the CIDIE members could report like national governments, major groups and other members of the international community, on progress made in the sectors under discussion in the CSD. CSD members could envisage to present a strong joint statement to the CSD.

Individual CIDIE members do already play an active role in providing inputs in papers for consideration by the CSD and papers for various workshops, seminars and intergovernmental meetings related to the CSD. Some are also active participants

in CSD related meetings or when challenged, in CSD Panel Meetings. this practice should not be stopped or be delayed by CIDIE coordination. Of course it could be helpful if documents prepared by CIDIE members would be made available to all CIDIE members as input for discussion on substantive issues (CIDIE's role as think tank).

The second major issue that I would like to address is CIDIE's potential role in facilitating the implementation of Agenda 21 and CSD decisions at the national level.

The IFIs are extremely important actors in influencing, developing and implementing national policies. They have direct access to Finance, Economic and Planning Ministries. If this influence would be used in implementing approaches advocated by Agenda 21 and the CSD into national policy development, a major step forward could be made towards sustainable development. CIDIE could develop guidelines for their members, similar to work undertaken by the DAC working party on development and environment. They could focus on ways and means for the integration of economic and fiscal instruments aimed at sustainable development, in national policy instruments, including sustainable development strategies. Involvement of local expertise in these activities would make a contribution to the overall objective of capacity building.

CIDIE members could also play an important role in sharing and linking databases on sustainable development.

Finally the role of CIDIE as a "think tank"

There is certainly a need for improved information and the generation of innovative ideas in a number of areas that are at the core of the CSD's on-going and future work. A role for the CIDIE as a "think tank" on sustainable development would be highly welcome, also given the limited financial and human resources of the secretariat. It should focus on those areas where its members have comparative advantage and expertise that is not readily available elsewhere. If you would ask me for my shopping list then I would say that CIDIE should come up with reports on appropriate financial structures and instruments to finance the sectors on the agenda of the CSD (cf the World Bank report drinking water). Thus a link is provided with the Work programme of the CSD, without making an attempt to address it in full length. It would further the discussion on the so-called matrix approach, where sectoral and cross sectoral issues are linked.

This is all I would like to say at this stage. I have limited myself to the linkages between CSD and CIDIE as was requested to do. Let me repeat that I wholeheartedly welcome a revitalized CIDIE as a partner for sustainable development and thus for the CSD.

**ANNEX V**  
**CONSOLIDATED COMMENTS IN REACTION TO THE REPORT:**  
**THE POST-UNCED ROLE AND FUNCTIONING OF CIDIE**

## **CONSOLIDATED COMMENTS IN REACTION TO THE REPORT: "THE POST-UNCED ROLE AND FUNCTIONING OF CIDIE".**

### **CIDIE's FUTURE**

EBRD commented that the report is based on a fundamental assumption, that is not justified by CIDIE's recent history, nor related developments in the UN system, namely that CIDIE itself should continue to exist and that the only issues are that of a practical nature. Therefore, EBRD feels that the third option facing CIDIE is that, given the number and type of formal and informal coordinating bodies which have been created both within and without the UN since the adoption of Agenda 21, CIDIE should recognize that it has fulfilled its original mandate, and disband. However, EBRD is not necessarily of the opinion that CIDIE should be abolished, but the continued existence should be discussed prior to turning to the possible issues for a new work programme.

EBRD stressed that discussions at previous meetings have felt that CIDIE must look at a number of options before reaching a decision. EBRD points out that the report refers to *decisions* taken at the 13th and 14th meetings, where in fact these were *suggestions* that were reported in the summary record, and do not constitute a decision. For example, the AsDB *suggested* that CIDIE should facilitate coordination between multilateral banks and UN Organizations. Furthermore, EBRD feels that the relevant Agenda 21 chapters related to cooperation between UN bodies and international financial institutions, do not necessarily "provide a very clear justification not only for the continuation and strengthening of the CIDIE mechanism, but also for the elaboration of a more structured and consistent relationship to the CSD process".

FAO remarked that the CIDIE Declaration needs to be updated with references to UNCED, Rio Declaration and Agenda 21 Chapters to which CIDIE can contribute (Chapters 2, 8, 33, 37 and 40).

AsDB suggested that in order to comprehensively review the terms of reference of CIDIE, consideration be given to constituting a working group to come up with specific recommendations for the next CIDIE meeting.

### **OPTIONS FOR FUTURE WORK**

EBRD commented that if agreement is reached on CIDIE's continued existence, it agrees with the two identified options. EBRD (and it believes most financial institutions) would opt for wider policy oriented focus related to sustainable development and the UNCED follow-up. Firstly, due to the fact that procedural/methodological issues faced by MFI's are fundamentally different from those faced by UN organizations, and a forum like CIDIE is not necessary to discuss them. Secondly, MFI's have recently formed an informal Environmental Sub-Group of the MFI's Co-financing Group, chaired by the World Bank, to discuss and exchange views on these topics. The sub-group is scheduled to meet in Washington

from 15-16 September, to address procedural questions such as the role and value of environmental classification systems, which would only be of interest to MFI members, especially those likely to be involved in co-financing projects.

FAO would favour the procedural/methodological issues option, in order to maintain focus in future work and avoid duplication with other bodies.

### **POSSIBLE ISSUES FOR A FUTURE WORK PROGRAMME**

FAO commented that CIDIE should not coordinate, but should act as a forum for information/ experience exchange and as a think-tank to promote concepts, methods and initiatives. CIDIE should avoid duplication with CSD and IACSD. CIDIE should not assign lead agency roles in the organization of work, but could establish Task Forces and *ad hoc* groups to develop specific activities. CIDIE should take account of the fact that UN entities have been designated Task Managers and consult, particularly with DPCSD on Chapters 2, 8, 33, UNDP on Chapter 37, and DPCSD and UNEP on Chapter 40.

FAO feels that the work programme should closely follow that of the CSD. CIDIE should harmonies work, particularly with regard to Earthwatch and Development Watch and the question of indicators of Sustainability, CIDIE would be an appropriate forum for in-depth work on this issue. Priority should be given to a few issues: Integrating environment in decision making, especially environmental accounting, collection and analysis of environmental data and its integration with economic data.

Financing for sustainable development, innovative financing mechanisms, supporting the work of the *ad hoc* group on Finance of the CSD and assisting the GEF, Capacity 21 and other sources with strategic advice. The incremental cost of action on global issues. FAO is of the opinion that consumption patterns, poverty and environment and capacity building, should be left to other bodies.

EBRD commented that the role of CIDIE members in CSD is of particular relevance and the EBRD endorses the suggestion that a process to enable CIDIE members to participate fully in CSD discussions should be addressed. However, EBRD points out that from the point of view of MFI's, if they were to address procedural/methodological issues outside CIDIE, while addressing post-UNCED issues individually (but together with UN organizations) at the CSD sessions, than by definition they would be hard pressed to find a justification for a separate and remaining role for CIDIE.

EIB commented that CIDIE should be a think tank for financial matters related to sustainable development, Agenda 21. It should help improve decision making procedures in International Development Institutions, clarify the role of financial intermediaries, the financing of corrective measures with outside capital at market rates in debt stricken countries, define "environmental" projects and specify the

financial needs of sustainable developments and performance criteria for IDIs. CIDIE should be a forum of interchange of ideas with academic circles, NGOs, bilateral agencies.

## **REPORTING**

EBRD acknowledged that future reports should be more in the nature of a summary of conclusions rather than of discussions. However, it is difficult to make any judgements on reporting without first deciding on the need for CIDIE.

## **MEMBERSHIP**

FAO feels that membership should be broadened to include development institutions interested in environmental aspects of development in policies. There is no need to distinguish between full members and observers, as CIDIE operates on the basis of consensus not a vote. Organizations that could be invited to contribute on an *ad hoc* basis include; World Institute of Development Economic Research (UNU/WIDER), IIED, WRI, ENDA, Third World Network, regional and sub-regional integration and development institutions, the private sector and bilateral institutions.

EBRD believes it is difficult to make any judgements on membership without having first come to a mutual understanding about the need for CIDIE.

## **SECRETARIAT**

FAO commented that provided CIDIE retains an environmental focus, it has no objection to UNEP continuing to provide the Secretariat. However, FAO would be open to discussing other arrangements, including a rotating chairmanship and secretariat.

AsDB referred to the April 1993 meeting where it was specifically mentioned that since UNEP is a global organization dealing with the environment (and it is not a development institution like the multilateral development banks and UNDP), it may not be appropriate for UNEP to act as Chairman or Coordinator of CIDIE. UNEP should nevertheless, be invited to participate in CIDIE.

EIB commented that the CIDIE/UNEP secretariat needs strengthening, possibly with financial expertise.