

THE ENVIRONMENT PROGRAM

Recent Achievements and
a New Agenda for the Poor

Environment Division
Office of Environment and Social Development

Asian Development Bank

ACRONYMS AND ABBREVIATIONS

ADB	-	Asian Development Bank
ADF	-	Asian Development Fund
AEO	-	<i>Asian Environment Outlook</i>
ALGAS	-	Asia Least-cost Greenhouse Gas Abatement Strategy
ASEAN	-	Association of Southeast Asian Nations
CAP	-	country assistance plan
CBD	-	Convention on Biological Diversity
CDM	-	Clean Development Mechanism
COF	-	country operational framework
COS	-	country operational strategy
DMC	-	developing member country (of ADB)
EA	-	environmental assessment
EIA	-	environmental impact assessment
ESCAP	-	Economic and Social Commission for Asia and the Pacific
GDP	-	gross domestic product
GEF	-	Global Environment Facility
GHG	-	greenhouse gas
GIS	-	geographic information system
GMS	-	Greater Mekong subregion
GNP	-	gross national product
ha	-	hectare
IEE	-	initial environmental examination
IOS	-	interim operational strategy
km	-	kilometer
Lao PDR	-	Lao People's Democratic Republic
MBI	-	market-based instrument
MDB	-	multilateral development bank
NFYP	-	Ninth Five-year Plan (of the PRC)
NGO	-	nongovernment organization
NPC	-	National People's Congress (PRC)
PRC	-	People's Republic of China
RES	-	renewable energy source
RDB	-	regional development bank
SALT	-	Sloping Agricultural Land Technology

SDP	-	Sector Development Program
SEA	-	strategic environmental assessment
SME	-	small and medium enterprises
SPREP	-	South Pacific Regional Environment Program
TA	-	technical assistance
UNDP	-	United Nations Development Programme
UNEP	-	United Nations Environment Programme
UN	-	United Nations
US	-	United States
WGE	-	Working Group on Environment
WHO	-	World Health Organization

Note: "\$" means US dollars unless otherwise stated.

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FOREWORD

Since the historic Earth Summit in Rio in 1992, the Asian Development Bank's (ADB) environment agenda has evolved from "impact mitigation" to "impact prevention," as it aggressively responds to escalating demand from its developing member countries (DMCs) for assistance in environmental management. The environment program during this period has expanded to cover environmental integration in country operations and sector work, along with targeted interventions in loan projects to achieve direct environmental benefits.

In the 1990s, ADB's environment agenda has evolved from "impact mitigation" to "impact prevention." It has expanded to cover environmental integration in country operations and sector work, along with targeted interventions in loan projects to achieve direct environmental benefits.

ADB and its partners have made considerable progress, but considering the scale of environmental issues, the impact of these programs has been insufficient to change the broad, negative environmental trends throughout the Asian and Pacific region. Moreover, the financial crisis that struck parts of Asia in the middle of 1997 slowed down the pace of progress in the national environment programs of ADB's DMCs, which suffered from budget cuts as priority was switched to financial recovery programs.

Despite the financial crisis, ADB has unrelentingly pursued its strategic development objectives of reducing poverty, protecting the environment, supporting human development, and improving the status of women, as well as promoting economic growth.

However, realizing that development continues to bypass so many people in the region, ADB on 9 November 1999 announced that it was making poverty reduction its overarching objective. This decision strengthened ADB's environment agenda and the program focus will shift to support this objective.

Poor people perceive their environment in many ways: as a source of risks, a provider of necessities; as quality of life; and potentially as an opportunity to escape poverty. Poverty occurs when people do not have access to enough assets to provide a decent livelihood. They are forced to trade off different assets in ways that stop them, or their children, from accumulating assets in the future—for example, withdrawing children from school to work in the fields, or overgrazing land to survive drought.

ADB will explore sustainable means of providing people with alternatives to running down their environmental assets. This can involve teaching them better farming methods, and by providing higher value crops, or alternative incomes. It also involves creating social and human assets—for example, capacity building in sustainable development techniques, and helping local institutions to manage natural resources such as forest, fisheries, and wildlife.

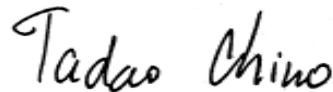
But achieving the twin objectives of poverty reduction and environmental protection requires work on a larger scale. Both should be integrated with

national development strategies, sector development policies, and regional and local master plans for effective resource management.

In this context, ADB will give more attention to state, local, and municipal governance because it is at these levels that economic, demographic, and environmental planning needs to occur, where disputes over resource rights will be resolved, and where enough local action can be enabled to make a real difference.

Without immediate and firm action, the environmental outlook is not bright for the region. With Asia's population poised to rise by 50 percent within the next generation, and given a modest economic growth, more pollution will be generated and food resources will be strained. More species and ecologically sensitive areas will be lost in the coming years as the rural poor, as well as the rich and powerful, continue to exploit natural resources.

The challenges ahead are many and so are opportunities for us to make a difference. I hope that this publication will increase people's awareness on ADB's environment strategies and program, and create synergies in ADB and among development organizations and member countries for the benefit of the poor in the Asian and Pacific region.



Tadao Chino
President
Asian Development Bank

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PREFACE

This volume looks back at ADB's environmental achievements over the last five years and forward to the major elements of its environment program pipeline in the next two years. The book is divided into four parts.

Part I describes ADB's recent accomplishments (1995-1999) and includes progress in mainstreaming environment into its operations, building institutional capacity, forging links with other organizations inside and outside the region, and promoting environmental awareness in ADB and in the region. This section also reports on the steady rise in volume of annual lending for environmental projects, which has reached a total of \$7 billion. On an annual basis, it constitutes almost 13 percent of total public sector lending volume or an equivalent of \$850 million. There has also been a dramatic increase in volume of technical assistance projects for capacity building in environmental management since the early 1980s. To date, 317 technical assistance projects amounting to \$200 million have taken place in 35 DMCs.

Part II describes the key elements of ADB's new program and major operational strategies, including a close look at what poverty reduction will mean to the environment program as well as recent past achievements in this field. The section also describes ADB's new plans for strengthening environmental reviews, environment policy integration, implementation strategies, and other operations.

Part III presents a brief account of the environmental challenges faced by DMCs. It also describes ADB's assistance to their efforts in the last five years and the pipeline of technical assistance and investment projects with environmental objectives. Countries are grouped as follows: the People's Republic of China and Mongolia, Central Asian republics, South Asia, Southeast Asia, and the Pacific.

Part IV describes selected issues and themes as they relate to the environment. The topics covered are: conserving biodiversity, sustaining Asia's cities, managing water resources, investing in forest management, promoting cleaner production, preventing hazards and disasters, addressing regional and global environmental issues, promoting environmental governance, and facilitating the transfer of funds from the Global Environment Facility. This section also details ADB's achievement in these fields as well as its future strategy.

This volume comes at a time when ADB has shifted its overarching objective to poverty reduction, which will necessitate a complementary change in the environment program. As such, the book will be updated every two years to provide an up-to-date picture of an environment program that will respond to ADB's new focus, and the challenges of an ever-changing region.