

RECEIVED JUN 05 1987

Minister of Finance



Ministre des Finances

Mr. Alan Levy
President
Canadian Environmental Law
Association
243 Queen Street West
Toronto, Ontario
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JUN - 2 1987

Dear Mr. Levy:

Thank you for your letter of April 1, 1987 regarding the resolutions passed at the Energy Probe Symposium on October 30-31, 1986 on the multilateral development banks and their role in environmental protection.

The World Bank has already taken some important steps to address the relationship between environment and development. Since the 1970s the World Bank has been increasing its capacity to assess the environmental impact of its projects. The need for greater attention to environmental issues also has been recognized in the regional development banks. World Bank policies on involuntary resettlement, tribal peoples, management of wildlands and regulation of pesticide procurement and use have been developed, and policies on the preservation of cultural properties, the prevention of industrial accidents and health-threatening pollution are under preparation. We would stress, however, that further steps need to be taken.

At the most recent meeting of the World Bank/IMF Development Committee on April 9-10, 1987, the Bank's paper "Environment, Growth and Development" was discussed and endorsed. The paper recommends an action plan for countries to better integrate natural resource management into country economic planning. The Bank President has indicated a commitment to expanding Bank assistance to countries in order to address natural resource management issues at a policy level and to increase the allocation of Bank staff to environmental assessment work. Indeed, the President's proposed reorganization of the World Bank would include a significant strengthening of the environmental

.../2

assessment capacity of the Bank by creating an environment department and increasing the environment staff available in each of the regional departments. In all, environment staff would increase from 17 to the equivalent of 100 full-time staff people.

One of my greatest concerns is the economic efficiency of the investments supported by institutions such as the World Bank. Environmental damage or inefficient use of scarce and non-renewable resources decreases dramatically the efficiency of any project. This is one of the reasons why we have supported actively an effective environmental policy in the Bank. In sum we are in agreement with the concern about environmental impact that underlies the resolutions passed at the Energy Probe Symposium.

Despite the generally reasonable record of the World Bank on environmental issues, we have had concerns about particular projects. For this reason we believe that there is room for the Bank to stress environmental issues at an earlier stage in country programme and sector reviews. This would ensure that potential ecological problems will be identified and prevented before any damage can be done. In addition, we believe the Operations Evaluation Department of the Bank should improve and expand its review of environmental factors in projects.

Canada has taken a particular interest in environmental issues in the World Bank and will continue to do so. The substance of your concerns is being conveyed to the Bank management both in the Board of Executive Directors and in annual meetings of the Bank and at the Development Committee.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Michael H. Wilson". The signature is fluid and cursive, with the first name "Michael" and last name "Wilson" clearly distinguishable.

Michael H. Wilson