

# IMPROVING COLLABORATION BETWEEN THE WORLD BANK AND THE ORGANIZATION OF AMERICAN STATES ON ENVIRONMENTAL ISSUES IN LATIN AMERICA AND THE CARIBBEAN<sup>1</sup>

## OAS DISCUSSION PAPER

### Executive Summary

The paper proposes specific institutional measures to foster a more active partnership between the World Bank Socially and Environmentally Sustainable Development Sector Management Unit (IBRD/LCSES) and the Unit for Sustainable Development and Environment of the OAS (OAS/USDE), key international NGOs, and the Global Environment Facility (GEF). It explores the constraints to collaboration, analyzes trends in development assistance, and sketches a general framework for strengthening levels of collaboration among technical assistance and donor organizations active in natural resource management issues in Latin America and the Caribbean. Biodiversity, water resources, and disaster reduction proposals and projects are suggested as examples of how an improved collaborative framework between the Bank, the OAS, and cooperating institutions can be implemented. Improving the climate for donor coordination is in the best interest of both client nations and the assistance community. Recent trends include the following:

- An opening towards greater hemisphere-wide coordination to address transboundary and regional (multiple-country) environmental issues, particularly between IBRD/LCSES, OAS/USDE, the Global Environment Facility, and regional agencies and institutions such as the Treaty for Amazonian Cooperation (TAC), Inter-American Development Bank (IDB), the Andean Development Corporation (CAF), and the University of the West Indies (UWI).
- The desire of the countries that donors commit themselves early in the planning process to help build strong partnerships and facilitate institutional adaptations in client nations;
- The specific endorsement by the Bolivia Summit<sup>2</sup> of the concept of proactive agreements among the donor community and of other regional and international

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<sup>2</sup> Declaration of Santa Cruz de la Sierra and Plan of Action for the Sustainable Development of the Americas, Santa Cruz, Bolivia, December 1996.

agreements dating from the United Nations Conference on Environment and Development (UNCED);

- Formal commitments between donor organizations that improve the chances of providing timely technical assistance, the identification of funding mechanisms, and project implementation; and
- Regional or transboundary projects, which are of particular interest to the GEF and in accord with existing UN conventions as a means of using scarce financial resources more efficiently.

A more collaborative relationship between the Bank and OAS/USDE could contribute to greater efficiency in the design and implementation of technical assistance and investment proposals and projects in the following ways:

#### *Project Design, Funding Prioritization, and Portfolio Quality*

- In formulating policy analysis as an input to improving the design of environmental technical assistance projects (ETAPs) for addressing pollution problems.
- In preparing coordinated, feasibility-level national projects for several countries comprising a region or sub-region in coordination with the Bank's lending portfolio.
- In assisting with the public consultation process, through a closer affiliation with the Strategy for Inter-American Public Participation project, as a follow-up to the recommendations of the evaluation of the Bank's activities conducted by the U.S. General Accounting Office.<sup>3</sup>
- In developing regional sets of principles that could contribute to the redesign of institutions, the improvement of related policy framework, and the harmonization of environmental legislation.
- In facilitating an interactive decision-making process involving key actors from a wide range of sectors.
- In developing criteria to optimize human and financial resources required and creating a matrix of potential funding sources (this would be particularly useful in the Small Island Developing States, or SIDS).
- In assisting with project supervision and drafting operational indicators of progress that could ensure better portfolio quality.
- In complying with decisions taken by countries of the hemisphere in established political fora.

#### *Dissemination*

- In promoting multidisciplinary seminars to increase cross-fertilization between countries and projects.
- In promoting and fostering "best practice," "win-win" strategies, and cooperation among LAC countries on coordinated environmental policies, strategies, and action

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<sup>3</sup> U.S. General Accounting Office, Multilateral Development Banks: Public Consultation of Environmental Assessments, 1998 (GAO/NSIAD-98-192).

plans through a consultation mechanism for the formulation, strengthening, and harmonization of environmental laws and regulations and for their enforcement.

## **Introduction**

The main purpose of the present paper is to provide a framework for strengthening levels of collaboration among technical assistance and donor organizations active in natural resource management issues in Latin America and the Caribbean (LAC). This could help the countries of the hemisphere to better prepare and channel requests for technical and financial assistance to these organizations.<sup>4</sup> However, the prime focus here will be on the benefits that can accrue to the World Bank Socially and Environmentally Sustainable Development Sector Management Unit, Latin America and the Caribbean (IBRD/LCSES), and the countries by developing projects on biodiversity, water-resource management, and disaster reduction together with the Unit for Sustainable Development and Environment of the Organization of American States (OAS/USDE) and making better use of the substantial experience base of the OAS/USDE with project management. The projects developed would logically be funded through normal Bank lending mechanisms, be used by the Bank to develop joint projects with other lending institutions/partner organizations, or be submitted to the Global Environment Facility (GEF) for funding with the IBRD/LCSES functioning as Implementing Agency and the OAS/USDE as Executing Agency.

The Bank President, Mr. James D. Wolfensohn, recently noted that interagency collaboration to manage regional or global issues will “make a difference to future generations and will forge a path we want our children to follow.” Mohamed T. El-Ashry, the CEO and Chairman of the GEF, also noted that institutional partnerships are “the only option for achieving socially and environmentally sustainable development.”<sup>5</sup>

Several additional realities support the contention that a closer working relationship between IBRD/LCSES and the OAS/USDE in the Americas is important. First, the level of confusion that prevails in a number of countries in dealing with the donor community has affected grant and loan execution levels and the quality of services provided. Second, poor project planning has led to unnecessary overlap and waste to the point where the donors themselves are competing to expend funds on priority projects. Third, development banks and technical assistance agencies have a poor record of collaboration, which has led to banks spending money to, in essence, redo studies and plans that have already been prepared by another group. These tendencies have contributed to a high level of “donor fatigue,” potentially affecting the programs of ministries of environment or sustainable development that have little independent power and are generally not self-sustaining. Not only would there be greater institutional efficiency, but client governments would also benefit from an improved relationship between these groups, and granting mechanisms such as the GEF would be able to support priority projects early in the planning cycle and in a more organized fashion if they were based on a well-defined institutional strategy/delivery mechanism.

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<sup>4</sup> The environmental activities of several agencies are summarized in the annex, which was prepared by the Interagency Task Force on Bolivia Summit Follow-up under the coordination of the OAS/USDE.

<sup>5</sup> United Nations Environment Programme. 1998. *Our Planet*. Vol. 4, No. 4.

## **I. INSTITUTIONAL CONTEXT**

### **A. The Role of the IBRD/LCSES**

**Sectoral context.** LCSES works towards the effective management of environmental and social impact issues that resonate across all sectors, and towards incorporating them into the business practices of the region. The LCSES business plan supports this approach and provides technical support to three of the four major elements of the LAC Regional Strategy: (1) the reduction of poverty (especially hard-core rural indigenous poverty), (2) quickening the pace of economic growth, and (3) modernization of the state.

**Sector strategy and objectives.** Support for “the reduction of poverty” focuses upon environmental technical assistance aimed at pollution prevention (brown), biodiversity protection and natural resource management (green), coastal-zone management and water (blue) projects, reduction of vulnerability to natural hazards (white) projects, and the strengthening of indigenous rights and community-based groups (social). This includes the preparation and implementation of environmental technical assistance projects (ETAPs) and Institutional Development Fund (IDF) grants for capacity building. Technical support to lending operations in Andean and Central American countries and Mexico, targeting indigenous poverty alleviation through investments in rural agriculture, education, health and infrastructure, is an important priority. LCSES also has a special interest in promoting regional or transboundary projects and investments.

“Quickening the pace of growth” requires increased investment in basic education, health, and infrastructure, which LCSES supports by ensuring environmental sustainability through quality environmental assessment, technical leadership, and training. In particular, the design and implementation of sectoral environmental assessment projects (SEA), including provisions for new infrastructure finance facilities, are a strategic indicator of progress in this area. LCSES places special emphasis on formulating guidelines for the management of environmental and social issues in fund/facility projects, guarantee operations, sectoral loans, and other operations in which subprojects are not fully identified or located at the time of appraisal.

“Modernization of the state” entails strengthening systems of governmental accountability through direct participation by local communities, government, and non-governmental organizations (NGOs) in these processes. LCSES provides leadership in participatory approaches to project preparation and analytical work. “Best practice” approaches have been particularly important in the privatization of state-run enterprises by requiring environmental audits that indicate environmental and social liabilities such as contaminated sites or affected populations.

LCSES is continually assessing sector work and project quality-at-entry, focusing on (1) domestic capacity building, and borrower commitment and involvement; (2) supervision, monitoring/evaluation, and risk management; and (3) selection and sequencing of instruments to match and support borrower capabilities.

**Project Portfolio.** LCSES currently supervises 93 projects and 13 studies across the environmental spectrum with 22 in the pipeline for FY99. It is managing 5 Global Environment Facility (GEF) projects for a total of \$43 million. Its staff of roughly 100 professionals forms a multidisciplinary team.

## **B. The Role of the OAS/USDE**

The Organization of American States (OAS) is the world's oldest regional organization, dating from the 1889 International Conference of American States, which established the International Union of American Republics. The Charter of the OAS was signed in Bogota in 1948. The OAS has 35 member states. Its basic purposes are to strengthen peace and security, promote representative democracy, assist in resolving disputes between member states, work toward the effective limitation of conventional weapons, and support economic, social, and cultural development.

The OAS/USDE was assigned the role of coordinating the follow-up of the Plan of Action of the Summit on Sustainable Development convened in Santa Cruz, Bolivia, in December 1996. For this purpose the Interagency Task Force on Bolivia Summit Follow-up was formed in January 1997 and currently includes members from fourteen institutions.<sup>6</sup> Regular meetings have been held since that time. The Task Force has seven working groups, of which the Bank chairs two: Cooperation on a Model Project of Energy Infrastructure (the Santa Cruz–São Paulo Gas Pipeline) and Sustainable Cities and Communities.<sup>7</sup> The Bank is also active in the working groups on drinking water, innovative financing for sustainable development, and natural hazards. Catalogues of ongoing development projects have also been produced by all the participating agencies and are summarized in the annex to this paper.

**USDE and technical assistance.** The USDE provides technical cooperation and training in development planning, environmental management, and the design of specific investment projects. Technical assistance is provided on a regional basis and aims to minimize the conflicts and negative environmental impacts that often accompany the use of natural resources. Much of this work requires intensive socioeconomic and biophysical analyses

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<sup>6</sup> Besides the Bank, these are the Andean Development Corporation, the Canadian International Development Agency (CIDA), the United Nations Economic and Social Commission for Latin America and the Caribbean (ECLAC), the Inter-American Development Bank (IDB), the Inter-American Institute for Cooperation on Agriculture (IICA), Pan American Health Organization (PAHO), the United Nations Environment Program (UNEP), the UN Development Program (UNDP), the United States Agency for International Development (USAID) and Environmental Protection Agency (USEPA), the United Nations Interagency Committee on Sustainable Development (UNIACSD), and the American Energy Organization (OLADE).

<sup>7</sup> The other five and the institutions in charge of the working groups are Establishment of a Hemispheric Network on Environmental Law (OAS); Innovative Financing for Sustainable Development: Financing Biodiversity Conservation (IDB); Coordination of Technical Cooperation for Improving Access to and Quality of Potable Water (PAHO); Cleaner Production (UNEP/ROLAC); and Mainstreaming Natural Hazard Vulnerability Reduction in Development (OAS). The Sustainable Cities and Energy Infrastructure working groups completed their tasks as of September 1998.

that feed into prefeasibility studies for potential Bank or GEF financing. The integrated process used by USDE in preparing technical project materials to the prefeasibility level is summarized in figures 1 and 3 and Table 1.

**Project portfolio.** Over its 35-year history, the OAS/USDE has executed projects with a net value of approximately US\$100 million. However, the mere expenditure of internal and external technical assistance moneys is not an accurate measure of the Unit's success. A more appropriate test is that these moneys have led directly to investments approaching US\$4 billion from development banks and the private sector.<sup>8</sup>

**Support to the agency/country dialogue.** The experiences of the OAS/USDE in such activities as the Inter-American Water Resources Network (IWRN), the Inter-American Dialogue on Disaster Reduction, and the Bolivia Summit follow-up, through the work of the Interagency Task Force noted above, support the tenet that a well-organized approach can improve institutional relationships. The result will be that policy on both a national and a regional level is advanced, national and regional project proposals are developed, project financing possibilities are increased, and a forum is provided for achieving interagency understanding and partnership-building required to implement any regional strategy.

Establishing the framework for a dialogue at the inter-American level requires coordination among many units of government, international organizations, and civil-society sectors, as well as a long-term commitment to the dialogue process. This is particularly the case when the desired outcome is an ongoing technical dialogue that will meet the standards of the Bank and the GEF, the intent of other global or regional agreements, and the desires of OAS member states for real investments with which to better manage biodiversity. A dialogue that aims for anything less is not worth pursuing.

### **C. The Role of the Global Environment Facility**

The GEF is a mechanism that provides grant and concessional funds to eligible countries for projects concerned with environmental management. It finances projects and other activities in four focal areas: (1) biological diversity: its conservation, the sustainable use of its components, and the fair and equitable sharing of the benefits arising from genetic resources; (2) climate change: the stabilization of greenhouse-gas concentrations at a level that may prevent dangerous interference with the climate system, and adaptation to the adverse effects of global climate change; (3) international waters: the application of the various elements of a comprehensive approach to the sustainable development and existing transboundary water-related problems in international waters and their drainage basins; and (4) ozone-layer depletion: the adoption of measures to protect human health.

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<sup>8</sup> OAS/USDE, "Catalog of Technical Cooperation Projects Completed and in Execution Related to Regional Development and Environment", Washington, D.C., 1997 (internal report, unpublished).

Figure 1

## Key Elements in the Process of OAS/USDE Technical Assistance for Integrated Development Planning

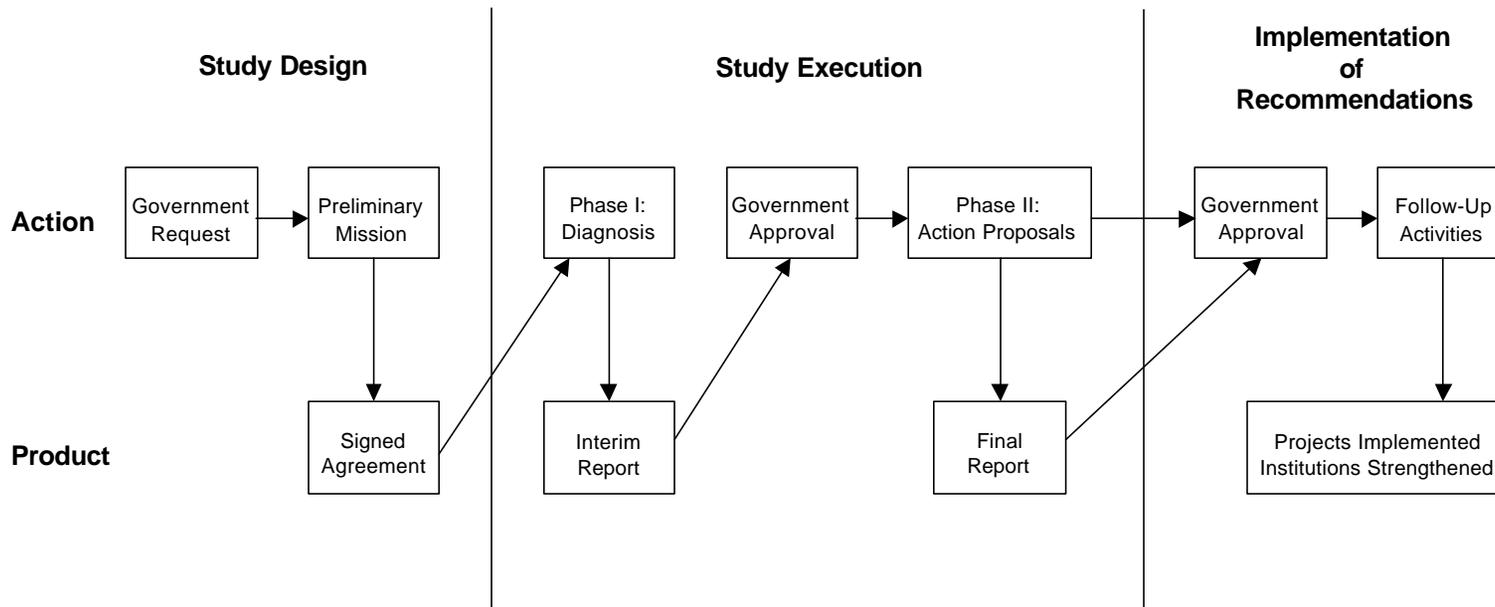
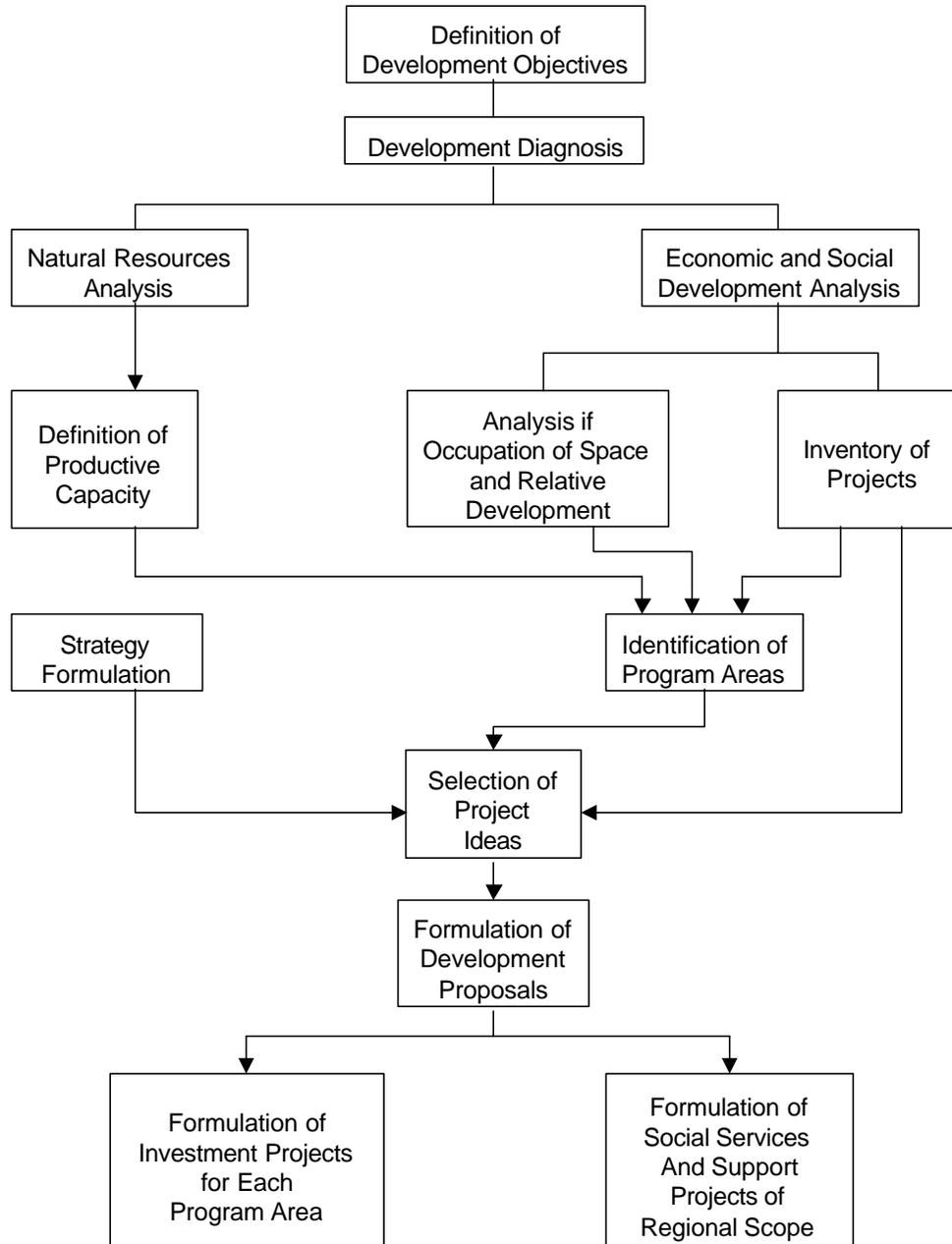


Table 1  
Synthesis of the Process of OAS/USDE Assistance for Regional Development Planning

Stages	Study Design	Study Execution		Implementation of Recommendation
		Phase I Developing Diagnosis	Phase II Project Formulation and Preparation of Action Plan	
<i>Activities</i>	Receipt and analysis of request for cooperation Preliminary Mission * pre-diagnosis * preparation of cooperation agreement	Diagnosis of region * sectoral analysis * spatial analysis * environmental analysis * synthesis: needs, problems, potentials, constraints Relation to national plans, strategies, priorities Development strategies * formulation and analysis of alternatives * identification of project ideas	Project formulation (profile or prefeasibility) and evaluation * production sectors (forestry, agriculture, agroindustry, industry, fishing, mining) * support services (marketing, credit, extension) * social development (health, education, labor training, housing) * infrastructure (transportation, energy, communications) * urban services * natural resource management Action plan preparation * formulation of packages of projects * policies for priority areas and sectors * enabling and incentive actions * investment timetable * evaluation of funding sources * institutional development and training promotion	Assistance for specific programs and projects Assistance in incorporating proposed investments into national budget Advisory services for private sector actions Support to executing agencies Support in inter-institutional coordination
<i>Products</i>	Signed cooperation agreement * definition of products of study * financial commitments of participants * preliminary workplan	Interim Report (Phase I Report) * diagnosis of region * preliminary development strategy * identified projects * potential financing identified	Final Report (Prefeasibility Level) * development strategy * action plan * formulated projects * supporting action * financing partner identified	Financing Institution / Government execution of: * feasibility and final design studies * implementation of projects * changes in legislation and regulations Improved operational capability of institutions
<i>Time Frame</i>	3 to 6 months	9 to 12 months (12 to 18 months historically)	12 to 18 months	Variable

Figure 2

### OAS/USDE Generation of Projects / Prefeasibility Proposals



and the environment against the adverse effects of human activities that may modify the ozone layer. Also eligible for funding are activities that address land degradation, desertification, and deforestation as they relate to these four focal areas.

The GEF Operational Strategy establishes programmatic and strategic criteria and principles for project selection and development. It defines the Operational Programs, which are intended to provide “a conceptual and planning framework for the design, implementation and coordination of a set of projects to achieve a global environmental objective in a particular focal area.” The ten programs defined in the Operational Strategy and detailed in the Operational Programs are as follows:

#### Biodiversity

- OP1: Arid and Semiarid Zone Ecosystems
- OP2: Coastal, Marine, and Freshwater Ecosystems
- OP3: Forest Ecosystems
- OP4: Mountain Ecosystems

#### Climate Change

- OP5: Removal of Barriers to Energy Efficiency and Energy Conservation
- OP6: Promoting the Adoption of Renewal Energy by Removing Barriers and Reducing Implementation Costs
- OP7: Reducing the Long-term Costs of Low Greenhouse-Gas-Emitting Energy Technologies

#### International Waters

- OP8: Water-Body-Based Operational Program
- OP9: Integrated Land and Water Multiple Focal Area Operational Program
- OP10: Contaminant-Based Operational Program

The Operational Strategy states that Operational Programs in biodiversity will cover "long-term protection and sustainable use of biodiversity" and lists various types of activities in both categories that would be included in the scope of the programs. Thus far, the GEF biodiversity portfolio has been concentrated heavily on conservation projects. Of the twenty-seven biodiversity projects funded in the GEF pilot-phase work program, only two were wholly or primarily for sustainable use. However, at least nine that are primarily for protected areas also have sustainable development/use components, including the Argentina Patagonia Coastal Zone Management Project.

GEF-assisted International Waters projects tend to fall into one of two broad categories: (1) putting institutional, financial, technical, and managerial mechanisms in place to assist with the implementation of existing strategic action plans (the Danube, the Black Sea, and the Gulf of Aqaba) or (2) the development of such strategies and action plans. Because of their transboundary nature, International Waters projects involve upstream policy-oriented activities that engage stakeholders in the technical and scientific communities as well as government policy-makers. The projects make adequate provision for fully engaging these types of stakeholders in the preparation or implementation of the strategies. However, only

in a few projects have local or community-based stakeholders been actively involved, although most of the projects identify NGO groups as potential partners.

Programming in the International Waters focal area can be distinguished from the other focal areas by its emphasis on international collaboration rather than unilateral national action, and the fact that it is not guided by an international convention, as are biodiversity and climate change.

Partly for these reasons, GEF has adopted a distinctive strategy for the focal area. Two of the programs (OP8 and OP9) require international collaboration, whereas the third (OPRO) does not. OP8 and OP9 devote their primary attention, at least in the first phase of development, to the creation of institutional mechanisms and the diagnosis of the problem and put less emphasis on investment activities to correct problems than the other focal areas do. The centerpiece of the GEF strategy in the International Waters focal area is the concept of "strategic fact-finding" as a means of arriving at a consensus on what actions are needed to address threats to international waters. The use of the process of strategic joint fact-finding and the formulation of the Strategic Action Program (SAP) as the primary components of projects appears to be the most appropriate approach for OP8 and OP9. First, it builds the capacity of recipient countries for international collaboration and for domestic cross-sectoral planning and policy making. Second, it enables GEF to ensure that the national actions are well targeted and that recipient countries have demonstrated a commitment to them before they are funded. Third, because the issues are of high national concern to the participating countries, there is some basis for hoping that the structures for international collaboration and national coordination and policy making established by the projects will remain viable after GEF funding is ended. Fourth, the processes provide an opportunity for countries to jointly pursue sustainable development opportunities in their shared basins.

Table 2 summarizes the current status of GEF-funded projects in LAC. In the pipeline are 22 Biodiversity initiatives applying for medium-sized grants (many in search of an institutional home in the Bank). The Climate Change pipeline is much smaller—5 or 6 initiatives, which include renewable energy, energy efficiency, an enabling activity, and "short-term measures" addressing priority problems of climate-change management and emergency response mechanisms. There is only one International Waters project under active preparation (for Argentina). Collaboration and coordination between LCSES and the OAS/USDE could potentially be instrumental in assisting with the supervision of a number of these projects and in developing new project proposals.

**Table 2: GEF Investment Work Program**

	<b>GEF Grant (US \$ millions)</b>	<b>Total Project Cost</b>
<b>Biodiversity</b>		
Bolivia: Biodiversity Conservation	4.5	8.4
Brazil: Biodiversity Fund	20.0	25.0
Brazil: National Biodiversity Project	10.0	20.0
Ecuador: Biodiversity Protection	7.2	8.8
Mexico: Protected Areas Program	16.4	42.2
Nicaragua: Atlantic Biodiversity Corridor	7.1	21.5
Bolivia, Peru: Lake Titicaca	3.1	--
<b>Sub-total</b>	<b>68.3</b>	<b>125.9</b>
<b>Climate Change</b>		
Regional (Caribbean) Planning for Adaptation to Climate Change	--	6.7
Costa Rica: Tejona Wind Power	3.3	31.3
Jamaica: Demand Side Management Demonstration	3.8	12.5
Mexico: High-Efficiency Lighting Pilot	10.0	23.0
<b>Sub-total</b>	<b>17.1</b>	<b>79.8</b>
<b>International Waters</b>		
OECS Ship-Generated Waste Management	12.5	50.5
Wider Caribbean Ship-Generated Waste Management	5.5	5.5
Argentina and Bolivia: Preparation of a Strategic Action Plan for the Bermejo River Basin	2.9	5.8
Argentina and Uruguay: Plata Maritime Front (preparation)	--	--
Argentina: Patagonia Shelf	8.7	--
Caribbean SIDS	7.0	--
Caribbean Freshwater (preparation)	0.3	*
Brazil: Upper Paraguay Basin	6.3	16.4
Brazil: São Francisco	4.4	20.2
Costa Rica, Nicaragua: Rio San Juan (preparation)	--	--
<b>Sub-total</b>	<b>47.9</b>	<b>98.4</b>
<b>Grand Total</b>	<b>~133.3</b>	<b>~304.1</b>

\*To be determined.

#### **D. OAS Collaboration with the GEF**

In 1994, under the restructured GEF, which explicitly promotes cooperation with other international organizations, the OAS/USDE started to cooperate in the preparation and execution of GEF-funded projects.

The Unit is currently Grant Recipient/Executing Agency for the four-year US\$6.65 million GEF-funded Caribbean: Planning for Adaptation to Global Climate Change Project. The overall objective of the project is to support Caribbean countries in preparing to cope with the adverse effects of global climate change, particularly sea-level rise, in coastal and marine areas, through vulnerability assessment, adaptation planning, and the related capacity-building.

With UNEP as Implementing Agency, the OAS is currently executing the GEF-assisted Project for the Bermejo River Basin in Argentina and Bolivia. This project, in the area of International Waters, is seen as a possible means of reversing the environmental degradation of the land and water resources of the binational basin. The project is designed to provide information for and permit the formulation of a Strategic Action Program for the Basin. Its primary objective is to promote environmentally sustainable development, taking into consideration the program of investments being prepared by the Binational Commission for the Development of the Bermejo River Basin.

Two other project preparation activities (PDF funds) and one project to support the implementation process of the Conservation Plan for the Upper Paraguay River Basin (PCBAP-Brasil), financed by the World Bank, are currently under way. In its October 1998 session, the GEF Council approved two Brazilian projects presented by UNEP with OAS as Executing Agency: Integrated Management of Land-Based Activities in the Sao Francisco Basin, Phase I, and Implementation of Integrated Watershed Management Practices for the Pantanal and Upper Paraguay River Basin. The third one is a PDF Block B proposal for the Central American Isthmus for the Integrated Water Resource Management and Sustainable Development of the San Juan River Basin and its Coastal Zone (Costa Rica and Nicaragua).

A new PDF-B project (OPNo.9) is under preparation for the Caribbean region on integrated management of freshwater resources to be presented to the GEF Council by mid-1999. OAS/USDE will act as Executive Agency in collaboration with UNDP for PDF-B implementation. It is envisioned that three GEF implementing agencies will take part in the actual project: the World Bank through investment planning and management practices, UNDP through institutional capacity building (Agenda 21) and UNEP through the organization of technical meetings and forums according to its mandates under the Cartagena Convention.

Another aspect of services provided by OAS/USDE is to assist a group of countries in preparing prefeasibility projects leading to individual country lending. By focusing on a shared issue or theme, such as water-resource management or vulnerability reduction of

economic infrastructure to natural hazards and climate change, OAS/USDE can efficiently and effectively assist the individual countries in developing their interests and preparing compatible national project proposals for negotiations with the IBRD or other development banks.

Table 3  
**SPECIFIC OBJECTIVES OF OAS/USDE GEF PROJECTS**

Upper Paraguay River Basin Ongoing	São Francisco River Basin Ongoing	San Juan River Basin Proposed
<ul style="list-style-type: none"> <li>• Strengthen Basin institutions and enhance the ability of federal, state, and local agencies to manage the Basin resources, including the development of appropriate economic instruments to enhance the management of natural resources.</li> <li>• Formulate and establish the institutional management structure of the UPRB to strengthen its regional role, sustainability, responsibilities, and authority.</li> <li>• Assist the Government of Brazil to incorporate sustainable development concepts, including land-based environmental concerns, into its development policies, plans, and programs for the Basin and the protection of the Pantanal. This will include the exchange and use of information and data between agencies, organizations, and the public and the promotion of institutional networking.</li> <li>• Evaluate the legal and institutional framework of the UPRB and suggest adjustments to the organizational structure that take into consideration stakeholder participation for water-resources management in the Basin and foster stronger cooperative efforts by the existing organizations with responsibility in the Basin.</li> <li>• Identify and evaluate the nature of interactions within the UPRB, the Pantanal, and the Lower Paraguay River Basin, under various different scenarios, with the participation of Bolivia and Paraguay.</li> <li>• Develop a mechanism to ensure multi sectoral and public participation in the process of Basin management and a public awareness and information program for natural resources conservation and management.</li> </ul>	<ul style="list-style-type: none"> <li>• Define and evaluate the nature of interactions within the SFRB, including the riparian zones, the delta area, the coastal zone, and the offshore marine ecosystem affected by the river.</li> <li>• Devise strategies to ensure that a comprehensive management program for the SFRB and its coastal zone is developed and integrated into other environmental management programs, particularly the Coastal Zone Management Program of the Secretariat of Environment of Brazil.</li> <li>• Strengthen Basin institutions and enhance the ability of federal, state, and local agencies and organizations to manage the Basin and its coastal zone, including the exchange and use of information and data between agencies, organizations, and the public, and the promotion of institutional networking.</li> <li>• Identify and implement Basin-wide land conservation and management practices and conservation-oriented agricultural technologies to limit erosion and the entry of toxic waste into the Basin.</li> <li>• Develop a mechanism to ensure multi sectoral and public participation in the process of basin management.</li> <li>• Strengthen the capacity of state and local agencies to participate in water and environment permitting/licensing.</li> <li>• Identify and evaluate the use of economic instruments (both water quantity and quality) in the management of the Basin.</li> </ul>	<ul style="list-style-type: none"> <li>• Assist the Costa Rican and Nicaraguan Governments in preparing an Integrated Watershed and Coastal Zone Management Plan that will include but not be limited to mitigation measures to alleviate adverse impacts; restorative measures to rehabilitate its ecosystems, and overall development and management strategies to ensure environmentally sound and sustainable development of the San Juan River Basin.</li> <li>• Promote environmental management and sustainable development in the San Juan River Basin and its coastal zone.</li> <li>• Assist the countries to incorporate land-based environmental concerns into their respective development policies, plans, and programs for the Basin and for the protection of their coastal zones.</li> <li>• Assist the countries to incorporate transboundary environmental concerns, including biodiversity protection and reduction of land degradation into their development policies, plans, and programs for the Basin.</li> <li>• Conduct pilot demonstration activities during the formulation of the Integrated Watershed and Coastal Zone Management Plan as a means of gaining the necessary information and experience for future management purposes.</li> </ul>

## SPECIFIC OBJECTIVES OF OAS/USDE GEF PROJECTS

CPACC Project Ongoing	Bermejo River Basin Ongoing
<ul style="list-style-type: none"> <li>• Strengthen the regional capability for monitoring and analyzing climate and sea-level dynamics and trends, seeking to determine the immediate and potential impacts of global climate change.</li> <li>• Identify areas particularly vulnerable to the adverse effects of climate change and sea-level rise.</li> <li>• Develop an integrated management and planning framework for cost-effective response and adaptation to the impacts of global climate change on coastal and marine areas.</li> <li>• Enhance regional and national capabilities for preparing for the advent of global climate change through institutional strengthening and human resource development.</li> <li>• Identify and assess policy options and instruments that may help initiate the implementation of a long-term program of adaptation to global climate change in vulnerable coastal areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess major present and emerging transboundary environmental problems in the Basin and its area of influence.</li> <li>• Provide public participation and demonstration projects designed to provide for the collection and analysis of the feasibility and costs of implementing remedial measures to the environmental problems affecting the Basin.</li> <li>• Formulate a Strategic Action Program for the integrated water resource management of the Bermejo River Binational Basin, identifying and harmonizing existing and proposed development initiatives in the Basin, and integrating methods and procedures for the solution of priority transboundary environmental problems.</li> <li>• Prepare of a Strategic Action Program providing a multi sectoral, holistic approach to environmental management and economic development in the binational basin. The document will include the synthesis of data and experiences, feasibility assessments, and cost analyses developed during project execution, as well as the results of program elements that address the legal, institutional, and human and natural resource bases essential for implementation of the remedial actions identified.</li> </ul>

PDF-B Freshwater resources in the Caribbean SIDS  
(proposed)

Develop a project proposal for GEF funding to improve management of freshwater resources and related coastal implications

- Consult with national and regional stakeholders.
- Conduct regional and national assessments of freshwater resources problems and management strategies, including linkages between freshwater issues and problems and the problems of coastal water quality and biological diversity.
- Identify and evaluate innovative technological, economic, fiscal, and policy approaches to meet freshwater resources needs appropriate to the scale and available financial resources of small island states at the regional and national levels.
- Prepare program of actions to ensure sustainable freshwater management and planning and related improvements in the environmental quality of coastal areas.

### **E. Framework for Potential OAS Collaboration with the IBRD**

The OAS brings several strengths to the equation of greater collaboration with the Bank, but all flow from the common objective of enhancing the quality of Bank-financed projects. First, it can, jointly with other agencies or separately, provide increased technical assistance to help prepare prefeasibility-level proposals (for loans) and information required for GEF grant requests.<sup>9</sup> Second, it can continue in its partnership role with the Bank as Executing Agency for projects with loan or GEF financing. Third, through its convening power, it can provide political and logistical support to the Bank to improve dialogue with the countries (either individually or on a subregional basis) so as to improve implementation rates for Bank loans or grants. Fourth, it can help the Bank set priorities for projects, expand access to NGOs, and implement the capacity-building and public participation aspects of investment projects in LAC. It thus serves as a link between affected interest groups, the client (borrower) government, and the Bank.

The OAS/USDE is the logical office of the OAS General Secretariat to forge a more active relationship with the Bank. This Unit has experience in all the methods outlined above, and it has the respect of potential partners throughout the hemisphere and the technical staff required to interact with experts from the countries, NGOs, the Bank, and the GEF. However, progress on any of these fronts will require that both the Bank and the OAS support a more open mode of operation in their dealings with each other, the end of better serving the countries.

Cooperation with and participation by the OAS in projects or technical operations can take various forms. The OAS could act as financial and technical intermediary for projects; as Implementing Agency for Bank- or GEF-funded activities; as a source or gatherer of information; as a convener of meetings with governments and partner organizations; as a consultant or contractor to implement technical aspects of projects and carry out studies

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<sup>9</sup> Project Concept Document (PCD), Project Appraisal Document (PAD), and Project Information Document and Proposal (PID).

concerned with sectors or activities in which it possesses demonstrated expertise and practical experience; as a vehicle for disseminating technical information; and as an instrument for promoting participation by local communities in investment programs and policy formulation. Examples of each of these possible forms of cooperation follow below.

**Participation as executing or technical assistance agency.** The OAS is currently formulating the Inter-American Strategy for Public Participation (ISP) to identify concrete mechanisms for securing the universal rights and obligations of individuals, civil society, and governments and to promote participatory decision-making in issues of environment and sustainable development. The strategy is being formulated by conducting demonstration studies, analyzing relevant legal and institutional frameworks and mechanisms, sharing information and experiences, and establishing a basis for long-term financial support for public-private alliances. The ISP is a significant effort to support collective actions by the 34 OAS member states to strengthen partnerships between the public sector and civil society. This effort is being financially supported by the GEF, the OAS, USAID, UNESCO, and other donors.

As another example, the OAS/USDE is currently executing three contracts with the European Community Humanitarian Office (ECHO) and is implementing the Caribbean Disaster Mitigation Project (CDMP) with funding from USAID. The focus of these projects is reduction of the vulnerability of economic and social infrastructure to natural hazards and better community preparedness for emergencies, all through local participation. These projects include the participation of 17 OAS member states, with additional support from the U.S. Department of Energy in collaboration with the IBRD, the IDB, CAF, PAHO, the Secretariat of the International Decade for Natural Disaster Reduction (IDNDR) and the Pan American Highway Institute (PIH).

**Promotion of dialogue between the Bank, NGOs, and government authorities.** The OAS has a long record of collaborating with NGOs in all phases of project development and implementation. Technical projects connected with natural-resource use, management, and protection offer the Bank opportunities for promoting dialogue between the governments and the NGOs, especially at the local and national levels. Bank staff involved in the programming cycle and in project-related activities should promote involvement of the OAS at the outset of project development.

**Institutional strengthening.** Depending on the policies and procedures adopted, Bank staff would be able to study and propose appropriate measures for strengthening the capacity of the local, national, and regional institutions. Programs to support the strengthening of NGOs, for example via the ISP, could include aspects of coordination, cooperation, and joint work with other national, regional and international NGOs.

## II. POTENTIAL AREAS OF COLLABORATION

## A. Water-Resources Management

**Introduction.** Despite extensive efforts by countries in the Americas to improve the use and management of water resources, demands continue to rise, contamination degrades quality, and natural hazards such as floods and droughts disrupt human activities and cause human suffering and economic losses. Population growth, limited administrative capacity, fragmented organizational structures, and a need to improve planning, management, and conservation are among the factors contributing to growing water problems in the Americas. Particularly important are problems of accommodating increasing demands for drinking water and sanitary services in urban areas and the potential competition between economic sectors and regions that share water resources.

The Americas cross all the earth's climatic zones and, unlike the lands of the Eastern Hemisphere, are linked by ocean currents along their western coast (the eastern boundary currents), making El Niño a hemispheric event. Three of the largest river basins in the world (the Amazon, the Mississippi, and the Plata) drain most of the land area of the Americas. South America has the largest volume of freshwater flow of any continent, and the freshwater produced in the hemisphere amounts to nearly twice the runoff of all the other continents combined. Common interest in the management of the vast and largely unexplored resources of the Caribbean Sea offers an opportunity for constructive interchange between the insular and continental states.

In this context, the heads of state and government of the Americas, gathered in Santa Cruz de la Sierra, Bolivia, in December 1996, have reaffirmed their determination to move forward toward the sustainable development of water resources and to implement the pertinent decisions and commitments set forth in the Rio Declaration, Agenda 21, and the Plan of Action of the Miami Summit of the Americas (Partnership for Pollution Control). They went on to identify the following priority areas for action: (1) access to and availability of safe water; (2) the management, use, and conservation of inland waters, the marine environment, and coastal areas; (3) stakeholder participation; (4) transboundary water issues; and (5) economic valuation of water resources. The leaders of the Americas, considered that governments should carry out specific initiatives dealing with those areas. Water resources and coastal areas were incorporated into the Plan of Action of Santa Cruz de la Sierra as initiatives on potable water (initiatives 1 and 47), integrated water-resources management (initiatives 48 to 54), and coastal and marine resources (initiatives 55 to 58).<sup>10</sup>

The Inter-American Water Resources Network (IWRN), established in 1994 under the coordination of the OAS, was an important forum during the preparations for the Bolivian Summit. The IWRN is an important regional effort that joins governmental, non-governmental, academic, and international organizations with research industry, and other private sector groups to transmit and exchange information and experiences related to water resources. The II Inter-American Dialogue on Water Resource Management, held in

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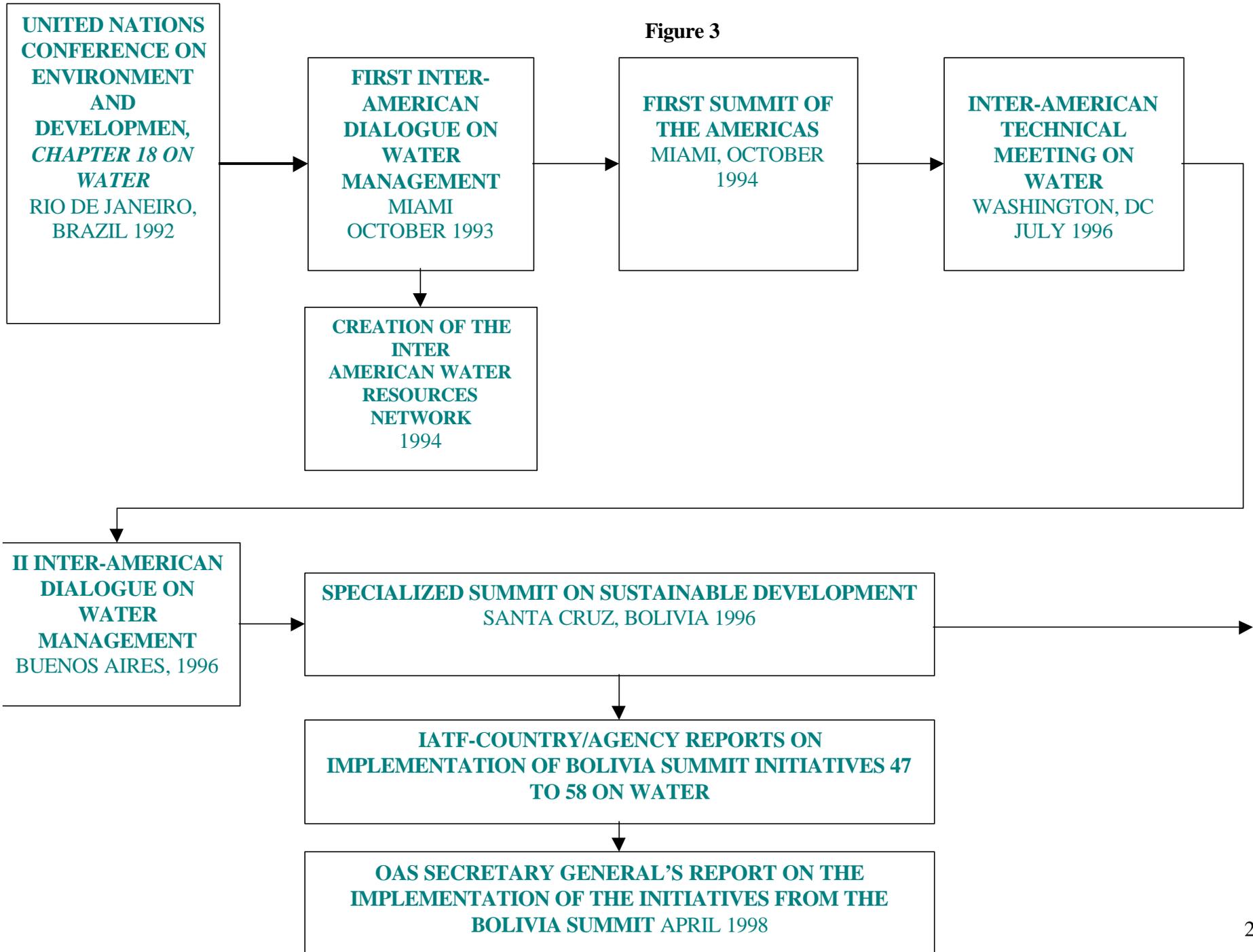
<sup>10</sup> Organization of American States, in Official Documents of the Summit Process from Miami to Santiago, "Summit of the Americas on Sustainable Development: Plan of Action for the Sustainable Development of the Americas", Washington, D.C. 1998, pp. 298, 299.

Buenos Aires in September 1996, with representatives of 24 countries participating, was an opportunity to discuss, at the technical level, important issues of interest of the water resources community just before the Santa Cruz Summit. The III Dialogue was held in March of 1999 in Panama, the result of three subregional consultations<sup>11</sup> and a joint technical meeting on water held at the OAS in December 1998. Dialogue III will be followed by a high-level expert meeting addressing health and water issues to be jointly convened by the Pan-American Health Organization (PAHO) and the OAS tentatively scheduled for mid-November, 1999. Figure 3 helps shows this process of meetings, which is helping the countries to set priorities for an Inter-American Plan of Action on Water Resources Management and in turn will help the Bank to plan investment strategies that have been developed by the countries.

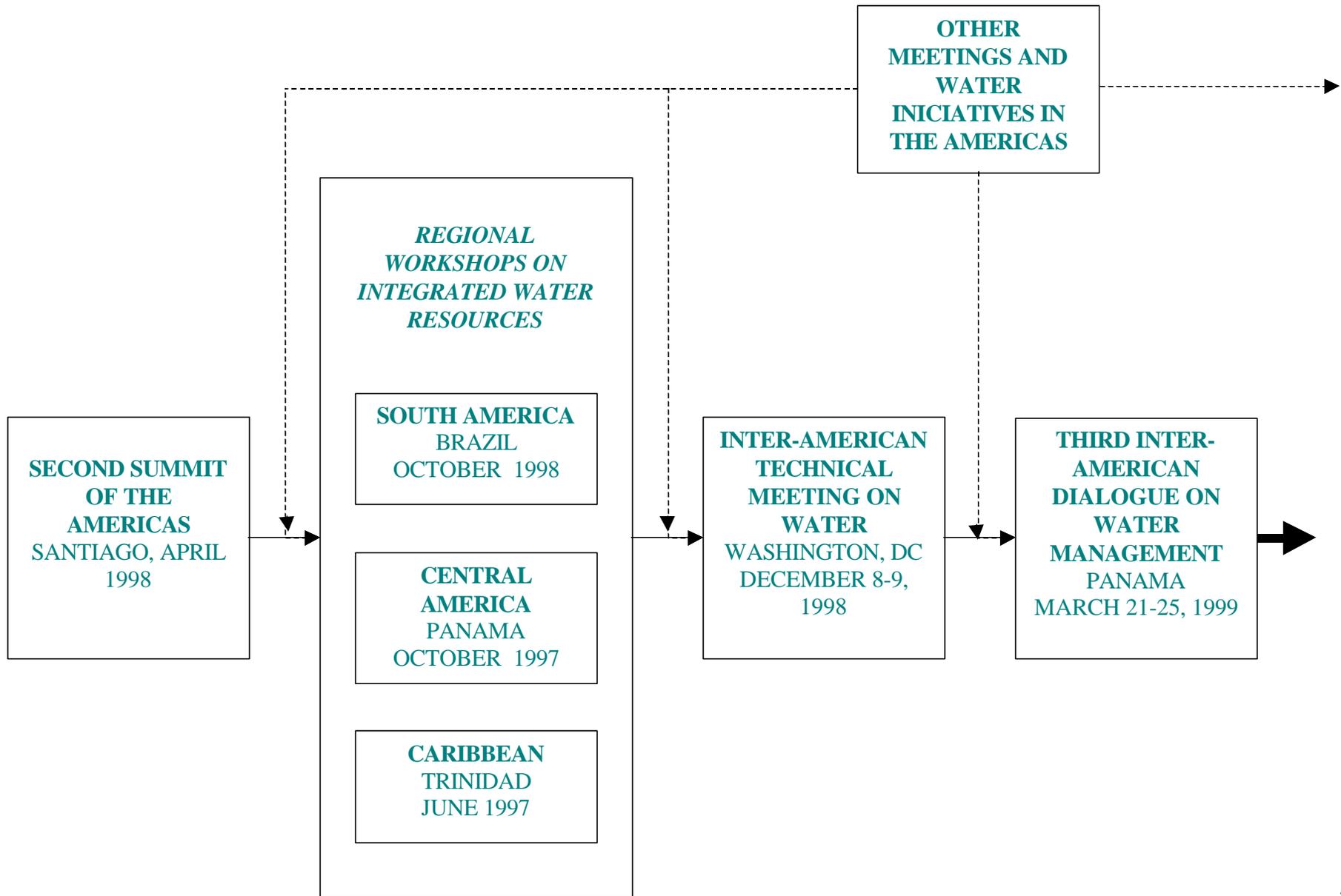
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<sup>11</sup> For the Caribbean, in Trinidad, June 1997; for Mesoamerica, in Panama, October 1997; for South America, in Brazil, October 1998.

**Figure 3**



**Development of an Inter-American Plan of Action on Water Resources Management 1992-1999 (Page 2)**



**Access to and availability of safe and adequate water.** There has been a significant shift from past trends. The traditional projects on sewerage, wastewater collection and disposal, and solid-waste management have given way to comprehensive approaches to river-basin management and to integrated, multi-institutional environmental protection efforts and responsibilities. The Clean Water Program (Programa Agua Limpia) in Mexico and the Good Water Project (Projeto Agua Boa) in Brazil, to ensure safe water for human consumption, are good examples of these new approaches. The programs include protection of water sources, the installation and rehabilitation of equipment, and monitoring. In the Caribbean, impressive efforts are being made by Barbados, Belize, Jamaica, and Trinidad and Tobago on pollution control and coastal areas. Colombia is structuring a Clean Water Information System as an orientation and planning instrument for investment priorities. The system will facilitate the coordination of actions to make the water-supply agencies more responsible for the conservation of the watersheds. Peru is adopting innovative water legislation that supports both the private sector and decentralization. Under the new legal framework, the action of the state will be redirected from complete responsibility for water allocation and the construction and operation of water development projects to a role of mainly support and control, with the responsibility for managing water use entrusted to private users. Under a 1994 agreement between the United States and the Central American Alliance for Sustainable Development (ALIDES), the USEPA and ALIDES are working with seven Central American countries on jointly developing compatible systems of environmental legislation, regulations, and standards. Most Latin American and Caribbean countries have either upgraded their water laws or are in the process of drafting new ones, incorporating concepts that originated in Dublin (1991) and Rio (1992) and even surpassing Agenda 21 on the identification of mechanisms for implementation.

**Management, use, and conservation of inland, marine, and coastal waters.** The Latin American and Caribbean countries are adopting integrated and comprehensive approaches to water-resources management in river basins and coastal areas. The changes introduced in the legal framework have incorporated new concepts such as the principle of decentralization of water resources management, the involvement of governments, users, and communities in the decision-making process, and the view of water as an economic commodity. These trends favor the development of water markets, encourage water conservation, and promote private-sector participation. In Peru, five autonomous river-basin authorities are being established in the Pacific Coast watersheds. In Brazil, the Water Resources Management System will foster decentralization of governmental actions through the creation of river-basin committees and water agencies. The formulation of policies and legislation on integrated water-resources management and conservation in Central America has been given high priority in the framework of the Central American Alliance for Sustainable Development. In the Caribbean, Jamaica approved legislation to strengthen water-resources management under which, since January 1, 1997, an environmental permitting and licensing system has been developed to monitor and minimize the negative impact of development on the environment through an effective process based on environmental audits and impact assessments. Furthermore, the Plan of Action for

Small Island Developing States (SIDS) considers freshwater management as one of the highest priorities for sustainability of the economic base of the region.

**Public and stakeholder participation.** Greater access to information on projects and activities has enhanced the participation of communities in the decision-making process. Communities and interested groups directly affected by specific projects now have the opportunity to express their concerns, propose alternatives, and provide solutions for better management of water resources. Many countries have developed extensive education programs that cover a large spectrum of activities linked to the environment, not only through government institutions but also in academia, the private sector, professional societies, community associations, and NGOs. In Brazil, the Secretariat of Water Resources is emphasizing the involvement of the communities in water resources development through the Citizens for Water movement and the preparation and dissemination of informative publications and booklets for schoolchildren. Argentina is implementing a countrywide plan for educational activities in schools and user communities to make students and users aware of the importance of rationalizing water use. Peru is developing and conducting training programs for water users. The National Institute for Natural Resources (INRENA) develops and implements training programs for water users. A cycle of workshops on “Environment: Institutional Participation and Citizenship” is an annual event in different parts of the country in support of environmental education.

**Transboundary water issues.** Canada and the United States have a long history of cooperating to settle transboundary issues. Cooperation between Mexico and the United States has often focused on shared water resources and the water quality in arid watersheds. Ground and surface-water conservation and management are being discussed binationally for several shared watersheds along the border, including, for example, the Upper San Pedro River Basin, the Santa Cruz River Basin, and the Rio Grande. Furthermore, through NAFTA side agreements on the environment, the United States and Mexico are working together to certify and leverage funds for a wastewater treatment facility. The 1992 Integrated Border Environment Plan is entering a second phase aimed at reducing pollution and improving understanding. Belize and Mexico are negotiating an agreement for joint monitoring of the Hondo River. The Dominican Republic and Haiti have reactivated the technical Joint Commission in charge of the development of the frontier zone. Colombia and Venezuela are carrying out joint activities in border areas, especially along the Orinoco River. The same approach is envisaged for the Catatumbo, Carraipía-Paraguachón, Táchira, Arauca, and Meta river basins. In the Amazon Basin, several joint undertakings in the border areas are being implemented with the assistance of the OAS General Secretariat, among them the Plan for the Integrated Development Program of the Border Communities of Iñapari-Assis (Brazil-Peru), an Environmental Zoning and Land-Use Planning of the Vila Pacaraima-Santa Elena do Uairém Border Area (Brazil-Venezuela), and the Plan for the Integrated Development of the Putumayo River Basin (Colombia-Ecuador). Other recent initiatives in Latin America are the GEF-funded Project for the Formulation of the Strategic Action Plan of the Bermejo River Basin, between Argentina and Bolivia, for which the OAS is the executing agency jointly with UNEP, and a joint project between Brazil and Uruguay for the Integrated Management of

the Cuaréim River Basin. Twelve projects are under way for coordinated management and border integration in Meso-America. The GEF-funded Planning for Adaptation for Climate Change (CPACC) project, executed by the OAS, is helping 11 countries to cope with the adverse effects of global climate change, particularly sea-level rise in coastal and marine areas, through vulnerability assessment, adaptation planning, and capacity-building. Incentives are being developed for more efficient use of water.

**Economic valuation of water.** Several countries, including Argentina, Brazil and Mexico, have adopted the "user/polluter pays" principle to improve the allocation of water resources and the effectiveness of pollution control. A number of water supply and sanitation projects in Latin America and the Caribbean promote water conservation through tariff rationalization and the reduction of unaccounted-for water. Peru is establishing a system of tradable water-property rights aiming to introduce economic principles into the allocation of water resources. Two ongoing projects there, the Land and Water Resource Management Project and the Water Management and Coastal Pollution Control Project, will assist in establishing water markets. Mexico has implemented an effluent-fee system taking into account the quality of the water body as a mechanism for pollution control. The system is being tested in the Lerma-Chapala Basin.

**Coastal and marine resources.** Despite the efforts of the last few years, the Caribbean countries face many challenges to managing their water resources in a socially acceptable, environmentally sustainable, and economically efficient manner. Environmental degradation is a serious threat, caused by oil activities as well as by the release of urban wastewater and industrial waste. There has been a strong effort in recent years to overcome those conditions, and environmental institutions are generally adequate. However, the countries face constraints in terms of finance, management, and enforcement capability. A good example of cooperation is the CPACC project mentioned above. The recommendations of the joint IBRD/ECLAC/OAS Seminar on Integrated Water Resources Management: Institutional and Policy Reform, held from June 24 to 27, 1997, in Port of Spain, Trinidad, focused on the urgency of managing water resources in an integrated manner--more specifically, on the need to take strategic rather than reactive action; to address freshwater, marine, and coastal resources as a management continuum; and to develop strategic partnerships and networks for fostering information sharing and exchange.

## **B. Management of the Amazon River Basin**

The Amazon Basin covers an area of 7.8 million km<sup>2</sup>, which amounts to 45% of South America and 5% of the land area of the entire globe. It holds one third of the world's tropical forests and 10% of its biota. More than 16% of the world's freshwater pours through the Amazon River, with an average flow in excess of 175,000 m<sup>3</sup>/sec. This corresponds to a volume of water five times that of the Congo River and twelve times more than the Mississippi. The Amazon and its tributaries form a network of navigable waterways some 25,000 km long. The Amazonian countries have set aside 30% of the area of the region, some 220 million hectares, as national parks, protected areas, and special reserves.

The Amazon Basin also has an important natural-resource base to support economic development. It contains the world's largest known bauxite reserves and is a major source of natural gas, thermal energy sources, iron ore, manganese, gold, and other minerals, such as niobium and titanium, that have new technological applications. These and other commodities produced in the region are in increasing export demand. The proper management of the Amazon natural resources, within a framework of sustainable development, is vital for the countries of the Basin and for the entire world. With more than 8,000 km of contiguous borders, portions of 8 of the 12 countries of South America, and a population of 30 million people, it represents a key region in which to achieve multinational objectives of sustainable development.

Under the Treaty for Amazonian Cooperation (TAC), which they signed in 1978, the Amazonian countries agreed to carry out joint efforts and actions to promote development, environmental conservation, and rational use of the region's natural resources. Bilateral agreements were also signed on conducting integrated binational studies and formulating border-zone projects for environmental management and sustainable development.

The activities carried out so far in the region's border areas, with the assistance of the OAS, are indicative of the efforts that the Amazonian countries are making to deal with the sustainable development of the Basin. They also show the advantages of treating regional development incrementally by means of border integration projects in order to generate and spread the basic elements of the region's potential for future development. They emphasize the importance of starting the process in areas that are representative of both the potential and the limitations of Amazonia. Integrated assistance in selected sub-regions or subbasins of the Amazon seems to be an efficient way to enable the countries to solve transboundary and management issues concerning shared resources. The objectives set by the countries participating in the border studies include creating conditions for sustainable development in those areas and, at the same time, permitting the formulation of specific development projects that can serve as models for the extension of development planning and environmental management to other areas in the Amazon region.

The binational activities have enabled countries to improve and harmonize national information on their border areas and make them available for multiple objectives (such as environmental zoning and the implementation of demonstration projects). They have also furthered the creation of new technical, institutional, and administrative mechanisms for use by the local authorities to promote more frequent and productive dialogue with regional and national decision-makers. They emphasize the importance of strengthening national authorities for transboundary river basins and providing them with adequate mandates.

Land-use planning and management can orient the settlement process towards making efficient use of resources, setting standards to minimize potentially polluting activities, delimiting lands for protection or conservation, and improving the physical and social infrastructure of the territory.

Demonstration projects for multiple use of forests, directed towards the identification, quantification, and development of individual species, will provide a number of non-wood forest products that have commercial value. They can also help to diversify and make greater, more comprehensive use of natural and planted forests for the benefit of the people associated with those ecosystems. These types of projects are very attractive to civil society. Over 300 Amazonian organizations representing environmentalists, extractivists, smallholders, and organized communities in the Basin, constitute a vital source of social and political support for government policies and actions designed to upgrade living conditions of the forest people while conserving their natural-resource base. National efforts to develop this kind of model for the sustainable use of forest resources--through appropriate technology and financial resources--should be supported by the international cooperation community, and may be eligible for GEF assistance.

Integrated planning for sustainable development in the Amazon Basin is still in its infancy. The challenge to the countries and to the international agencies assisting them is very large. It is still possible to avoid some of the big mistakes being made in other major international river basins of the world and provide alternative approaches to face the challenges posed for the sustainable development of these basins.

### **C. Mainstreaming Biodiversity**

**Introduction.** The Western Hemisphere boasts an extraordinary biodiversity: more than 50% of the world's protected areas and 70% of the biosphere reserves are in the Americas. The governments have made it quite clear that they value biological diversity for a number of reasons and are willing to dedicate material and human resources to its management. This underlying premise is perhaps best supported by the fact that, with the exception of the United States, all the nations of the hemisphere have signed and ratified the UN Convention on Biological Diversity. However, it is equally clear that the simple act of ratifying an international agreement does not guarantee action, or necessarily result in new policies or investment strategies to improve the management of biodiversity.

Interestingly enough, there is considerable agreement on the status of biodiversity management in the hemisphere. Superficially, things look pretty good. There are more mega-diversity sites in the Americas than in any other subregion of the world and this, in turn, has attracted much investment in biodiversity management. There are many large and active programs in both the government and nongovernmental sectors addressing priority issues. The GEF has identified biodiversity as one of its priority areas and LAC has a robust biodiversity pipeline, with 22 medium-sized grant requests in the pipeline and 6 currently being funded.<sup>12</sup>

However, if one digs beneath the general headlines, the news about the management of biodiversity is not all that positive. It is obvious that very serious threats continue to confront the biological inheritance of this hemisphere. The World Bank notes that "seven

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<sup>12</sup> Current GEF-funded biodiversity projects include Bolivia: Biodiversity Conservation; Brazil-Brazilian Biodiversity Fund; Brazil: National Biodiversity Project; Ecuador: Biodiversity Protection; Mexico: Protected Areas Program; Nicaragua: Atlantic Biodiversity Corridor.

of the 10 countries with the world's highest deforestation rates are in Latin America and the Caribbean," including Costa Rica, Ecuador, Guatemala, Haiti, Jamaica, Mexico, and Paraguay.<sup>13</sup> The Natural Resources Defense Council (NRDC), a well-respected Washington, D.C., international policy think-tank, concluded that national actions "have fallen well short of tackling the root causes of forest destruction and biodiversity loss in the Western Hemisphere."<sup>14</sup> Its 1997 assessment of the status of biodiversity management also noted that "there remains a strong concern about the distance between the rhetoric of sustainable development and the reality of what is happening to forests, wetlands, and other natural riches of the Americas." There is a sense that there has been "too much 'talk' at international gatherings and not enough—or often inconsistent—'action' at the national level."<sup>15</sup>

This negative assessment is not new, nor is it a reflection on any of the efforts under way to help governments manage biodiversity better, but rather a way to prod governments and technical assistance and financial organizations to develop more creative methods for addressing these issues.

Since most of the countries in the hemisphere have biological diversity that they consider to be of international significance, national programs that protect these resources are critical to the aims of the Convention on Biological Diversity and the Inter-American Biodiversity Information Network (IABIN). Because the precise value of these resources is not clear, and because nearly all the countries require technical and financial assistance to manage them, a regional strategy should strive to protect them as a basis for a hemispheric approach to a subject as complex as biodiversity management.

Given this background, investment in the region should focus on improving the management of systems of protected areas or biodiversity resources of regional significance so that the incremental costs of addressing biodiversity concerns in investment programs can be calculated. These projects may, in turn, qualify for GEF funding.

**Biodiversity management and transboundary national parks.** The OAS/USDE coordinated the planning of the La Amistad International Biosphere Reserve of Costa Rica and Panama. Because of the uniqueness of the area and the corresponding level of international interest in this effort to plan transboundary biodiversity conservation, the OAS developed several important national, binational, and international partnerships to ensure that the incremental costs of maintaining this area as a park were fully explored and investment projects proposed did not compromise the concept of the park. The lessons learned in this project are certainly applicable today, particularly considering the availability of GEF funding for regional activities preserving significant biological resources.

The core area of the reserve will consist of approximately 200,000 ha each in the existing Volcán Barú National Park in Panama and Chirripó National Park in Costa Rica. A

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<sup>13</sup> World Bank, *The World Bank Atlas: 1995*, Washington, D.C., 1994, pp. 26-27.

<sup>14</sup> NRDC, *Falling Trees and Fading Promise*, Washington, D.C., 1996.

<sup>15</sup> *Ibid.*, *Biodiversity Flashpoints in the Americas*, Washington, D.C., 1997.

number of adjacent indigenous territories, forest reserves, and wildlife areas represent potential buffer and/or extractive zones for more intensive resource management. Because of its location and altitude variation (from sea level to 3,800 m) the region contains nearly a dozen different Holdridge life zones. Its biodiversity is truly of international significance.<sup>16</sup> In May 1982, the Presidents of Costa Rica and Panama signed an agreement to create the International Park based on two principles: to conserve the region's biodiversity and to serve as a model for peace and friendship between the two nations. The following year UNESCO accepted the area as a World Heritage Site.

The work of designing the institutional, administrative, and management strategies and securing funding for the development projects necessary to support the process of sustainable development in the region is still in progress. Nevertheless, several important lessons have been learned that should be taken into account when new transboundary park-biodiversity projects are planned.<sup>17</sup>

- Border issues: International protected areas along borders contribute to reducing border tensions and issues of access by rural inhabitants to natural resources. Commonalities on the two sides of the border in the problems of managing these protected areas and the surrounding buffer or multiple-use areas may at times require a binational approach.
- Planning as a process: A coordination commission is often a necessity at the outset of planning in order to reduce interagency competition for the control of resources, to involve local people, and to serve as a centralized authority for the receipt and distribution of technical assistance and project development funds. But planning cannot be done by a committee. Iteration must be a part of any participatory planning process so that the objectives can be focused.
- Financing: A foundation or some other means of “privatizing” the channeling of funds for management of a park or protected area is increasingly seen as a viable management tool.
- The reality of interagency conflicts: High-level political support is fundamental for moving forward the concept of an international park or other similar management arrangement. Otherwise, sectoral agencies will tend to subdivide park planning and management functions into areas covered by each specific mandate.
- Conservation “outside the gates”: The protection of core areas and the concept of biodiversity conservation in La Amistad have favorably affected the management of adjacent areas, providing a range of incremental benefits not normally contemplated in the planning process.
- Using available data: The collection of vast amounts of new data is not necessarily required for preparing an initial management and investment strategy, even to calculate

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<sup>16</sup> Organization of American States and Conservation International. “Strategy for the Institutional Development of La Amistad Biosphere Reserve,” San José, 1990. (Report to the Government of Costa Rica).

<sup>17</sup> Juan José Castro, Manuel Ramírez, Richard E. Saunier, and Richard A. Meganck, “The La Amistad Biosphere Reserve,” Richard E. Saunier, and Richard A. Meganck (eds.), *Conservation of Biodiversity and the New Regional Planning*, Washington, D.C., OAS, 1995, pp. 113-126.

the incremental costs/savings involved in the medium to long term. The important thing is to garner wide stakeholder support for the concept of establishing a reserve and then begin to refine plans with new data, more sophisticated strategies, etc.

#### **D. Integrated Disaster Reduction**

**Introduction.** As the IDNDR draws to a close, the focus of concern in Latin America and the Caribbean has clearly shifted from emergency preparedness and disaster relief to reduction of the vulnerability of the economic and social infrastructure, and of their populations, to natural disasters. Increasing economic losses from hazardous events in these regions, even as loss of life is decreasing, reflects the accumulation of omissions and errors in development models and practices. The result is that development gains during the past four decades are threatened with an accumulation of vulnerable infrastructure components. In some cases this vulnerability represents a most significant challenge to the sustainability of national, sectoral, and institutional development efforts into the next century.

The relationship between achieving development objectives and reducing the vulnerability of social and economic infrastructure to natural hazards is illuminated by evolving atmospheric, hydrologic, and solid-earth scientific investigations. These activities offer increased information not only for designing incremental, integrated mitigation activities into development assistance projects but also for considering the variability of normal climate and geophysical events, as well as the risk of catastrophic loss, in the process of preparing and executing investment projects.

The need for emphasizing a reduction in the vulnerability of social and economic infrastructure is mandated by the Plans of Action of the Bolivia and Santiago Summits and the Inter-American Program for Sustainable Development adopted by the Inter-American Commission on Sustainable Development. It is also called for by the Declaration of Cartagena (1994), the Declaration of Yokohama of the United Nations World Conference on Disaster Reduction (1994), the Strategic Plan of Action of the Hemispheric Congress on Disaster Reduction and Sustainable Development (1996), and the First and Second Inter-American Dialogues for Disaster Reduction (1997 and 1998).

A look at activities to date by individual countries and regions shows what is being done and how, and also points to additional areas for action.

**Disaster reduction in transportation corridors.** Transportation corridors are a manifestation of the evolving trade agreements in the hemisphere. The World Bank and the OAS, together with the IDB, CAF, and the Pan American Highway Institute (PIH), are supporting national and regional efforts through the Latin America Society of Road Transportation Environmental Units (SLUAV) to increase the capacity of the transportation sector to meet environmental management guidelines related to road-corridor development, including the reduction of vulnerability to natural hazards. A regional project for MERCOSUR is also focusing on reducing the vulnerability of road corridors.

The work on transportation corridors is related to the area of sustainable cities. The World Bank chairs the working group in this area of the Interagency Task Force on Bolivia Summit Follow-Up. A report from the working group identifying sustainable cities and trade corridors as an emerging issue for the future was prepared as part of the material for the OAS Secretary General's report to the Inter-American Council for Integral Development, which was transmitted to the Santiago Summit. Follow-up on this activity should continue. Another working group on mainstreaming disaster reduction in development, to address the issue of the vulnerability of economic and social infrastructure to natural hazards, has been formed by the Task Force. This working group, with the strong support of the IBRD and chaired by the OAS, is preparing criteria for post-disaster reconstruction initiatives and examining methodologies for vulnerability assessment of infrastructure to be used in development project formulation.

The OAS/USDE, together with the United Nations Center for Regional Development (UNCRD), the Pan-American Health Organization (PAHO), and IDNDR has carried out three regional workshops to discuss the impact of trade corridors, and particularly their transportation component, on the implementation of the sustainable cities initiatives from the Plan of Action of the Bolivia Summit. The participation of LCSES in supporting the activities identified by the workshop participants would bring a needed orientation from a development-finance perspective to enable cities to prepare and implement investment projects.

The OAS/USDE has proposed for Central America a pre-investment project for reducing the vulnerability of the Pan American Highway corridor and intermediate-sized cities to natural hazards. Such a project complements the mandated study of managing the highway corridor through a private-sector concession and the ongoing vulnerability studies of individual capital cities, and responds to the basic need for a more secure efficient road transportation system in the region in the context of the Central American Economic Integration System (SIECA). The LCSES should explore joining the OAS/USDE in carrying out this study.

Also, in Central America, the electrical energy sector has prepared and presented a regional plan for natural hazard vulnerability reduction.

**Reduction of school vulnerability to natural disasters.** This area builds on emerging national programs in Latin America and the Caribbean. The education sector in at least 10 countries is preparing profiles of projects to retrofit existing schools and address new school construction. These projects will raise design and construction standards to minimum life-safety standards or continuity-of-service standards when schools are to be used as emergency shelters.

The Central American countries have adopted plans for the national reduction of school vulnerability and collectively, through the Central America Council on Education and Culture (CECC), have presented a regional plan for education-sector disaster reduction to the SIECA. A similar effort is under way in the Eastern Caribbean.

The OAS/USDE is coordinating the creation of the Hemispheric School Retrofit Trust Fund (HSRTF) with the U.S. Peace Corps/Crisis Corps, Partners of the Americas, and Rotary Club International. Through the Trust Fund, local school retrofit projects flowing from national vulnerability reduction plans would receive support in the areas of project organization, technical assistance, and resources (materials and tools) to complement local inputs. The LCSES should explore participation in the HSRTF through the coordination group of the Trust Fund.

The OAS/USDE, the IDNDR Secretariat, and Partners of the Americas, together with regional organizations, are participating in the preparation of a hemispheric plan for addressing school infrastructure vulnerability, designing academic programs to integrate disaster reduction into curriculums at all levels, and arousing public awareness and participation. The plan is made up of national and regional plans, together with overarching policy and strategic action initiatives. The LCSES should look into participating in the coordination group of the Plan and adopting loan and grant guidelines to ensure less vulnerable schools and school populations.

**Flood-Plain Management.** The OAS/USDE is executing a series of projects to lay the base for integrated flood-plain management in small valleys in Central America. The projects focus on multisectoral local participation in assessing the vulnerability of economic and social infrastructure and selecting mitigation measures, hydrologic monitoring and local alert systems, and community-based emergency preparedness and response.

LCSES should consider direct support to these projects with technical expertise and pre-investment support for the preparation of prefeasibility and feasibility investment projects for mitigation actions. In addition, the LCSES, in coordination with the OAS/USE, should explore the possibility of developing the terms of reference for the latter's involvement in implementing a GEF block "B" grant in support of integrated land and water projects in Central America related to reduction of flood hazards in small valleys.

**Inter-American Dialogue on Disaster Reduction.** The IBRD and OAS/USDE were joined by PAHO, IDNDR, and the Latin America Network of Social Research on Disaster Prevention (La Red) in organizing the Second Meeting of the Inter-American Dialogue for Disaster Reduction, held in December 1998. One of the main topics was incremental, integrated reduction of the vulnerability of economic and social infrastructure to natural hazards. The LCSES acted as a co-sponsor, and will support program development and the participation of key national organizations, such as those working with IBRD loans through social investment funds (FIS in Latin America and BNTF in the Caribbean).

**Country disaster reduction initiatives.** This area includes activities in response to the increasing interest of national governments in shifting primary policy and strategic action initiatives away from disaster response and recovery to integrated, incremental reduction of the vulnerability of economic and social infrastructure to natural hazards.

The IBRD has initiated an action proposal for creating national roundtable discussions on disaster reduction (e.g., with Mexico) and is in conversations with national governments (e.g., Ecuador) on creating comprehensive vulnerability mapping and vulnerability reduction programs. At the request of the IBRD, the OAS/USDE has participated in preliminary conversations concerning these projects. The OAS/USDE can become a partner of the LCSES in designing and implementing these projects with technical coordination. The national, and eventually regional, roundtable discussions might become a key activity of the Inter-American Dialogue for Disaster Reduction.

The OAS/USDE has developed new tools, including software packages (PerfilMap and AQUILES), to prepare initial profiles of vulnerability to natural hazards in the agriculture, energy, and transportation sectors. Basic vulnerability analysis is crucial to preparing efficient, effective investment programs to reduce disasters. The LCSES should join the OAS/USDE in this initiative with technical support in sectors of interest aiming at the preparation of prefeasibility and feasibility loan projects and the design of a tourism infrastructure module for the software programs mentioned above for use in the Caribbean and Central American countries.

### **III. STRATEGIES AND ACTIONS**

#### **A. General**

Several strategies could be used to create a closer working relationship between the OAS/USDE and the IBRD/LCSES, assuming recognition by the Bank that the knowledge, experience, and skills of the OAS/USDE can contribute substantially to the preparation and execution of projects financed. The following recommendations are made:

- The LCSES and the OAS/USDE should develop a formal agreement to promote collaboration in all phases of project development and implementation.
- The technical and institutional capacity of the OAS/USDE should be used in support of projects for the management and conservation of natural resources in maintenance of biological diversity and management of water resources.
- The two organizations should exchange information on ongoing and planned programs and projects regularly through the Interagency Task Force.
- The field offices of both organizations should be alerted to this development at an early point in the discussions.

## B. Water Resources

**Transboundary water issues.** To foster cooperation for the sustainable development of transboundary river basins and regional seas of the hemisphere, it is of great importance to undertake an assessment that will identify the main challenges and opportunities to improve the management of shared resources. Maximum use should be made of management mechanisms such as international treaties, water-resources authorities, commissions, or other institutional arrangements. The OAS Secretariat could be the catalyst to implement these activities, with the active participation of interested countries and international agencies. These activities should be followed by a series of international meetings to share experiences and derive lessons learned in the Americas and elsewhere. The first of these assessments could be carried out in South America, more than 73% of which is framed by just three international river basins (the Plata, the Amazon and the Orinoco). The treaties for Amazonian Cooperation and for the development of the Plata River Basin, which bring together 11 of the 12 South American countries, provide an adequate institutional framework and make this region a good place to start.

**Economic valuation of water.** The costs of operating and maintaining water systems are constantly increasing. Market pricing of water is necessary but not sufficient to ensure the efficient allocation of water and to improve water delivery services. Guidelines for action should include the following:

- Improving the efficiency of irrigated agriculture and drinking-water systems as a priority concern;
- Improving legislation and making regulatory systems more effective; and
- Developing institutional capacity to make delivery more responsive to demand.

**Stakeholder involvement in water resource management.** Capacity-building requires an informed public, the existence of a trained cadre of water-resource professionals and technicians, efficient mechanisms for the coordination of water policies and programs, and the open exchange of information and experiences among water resources managers. The OAS/USDE should consult with IBRD/LCSES and jointly submit a proposal to the GEF to provide core funding for the Inter-American Water Resources Network. Guidelines for action should include the following:

- Disseminating information about project plans, their social and environment impact and their costs to the general public by the World Bank, the IDB, and CAF, and other multilateral organizations in a timely fashion, as part of a public information program.
- Helping to establish sites in the major national water management agencies and information centers for the purpose of electronically publishing water information, policies, legislation, environmental impact statements, plans, project descriptions, and other information of interest to the public and the water resource community.
- Assisting in the preparation of social economic surveys and reviews of regional and environmental practices and their relations with population when formulating water resources projects at the feasibility level.

- Assisting the design and implementation of courses, seminars, workshops, and publications to engage the active participation of the many communities living in the river basin, in order to increase the inhabitants' awareness of environmental concerns, avoid the disruption of the ecological balance, and promote the protection of their habitats.

### **C. Amazon River Basin**

- The natural resources of the Amazon Basin must be used in such a way as to ensure sustainable development, efficiency of production and a minimum of negative impacts. These goals require integrated resource management and close coordination among the countries in the Basin.
- In dealing with very large river basins, the challenge is to maintain an integrated approach throughout, but reconnaissance studies of the whole basin must be succeeded by more detailed analyses of medium to small areas.
- Project size and scope should be determined by natural ecosystem boundaries rather than political boundaries. Border area projects encompassing ecosystems have the potential to unite neighboring countries for the task of preserving, conserving, or rehabilitating shared natural resources. They can provide considerable economies of scale in areas such as information sharing (including the results of demonstration projects), data management, technology exchange, and training.
- The impact of unforeseen political problems can be minimized by designing country components as semi-independent projects that can proceed unhindered even if unfavorable conditions should arise in adjacent countries. Successful implementation requires adequate sources of funding for strengthening regional structures.
- GEF remains the most important source of funding for biodiversity worldwide and the largest single source of grants for international waters. Given the magnitude of problems facing the countries that share major river basins and the limited quantity of GEF funds, the most practical approach might be to focus, jointly with the World Bank, on a subset of ecosystems in multi-country river basins (or subbasins) like the Amazon. The Amazon can provide lessons that would be useful elsewhere and catalyze complementary actions or multiplier effects that could serve as models for planning and programming for other international river basins.
- There are many opportunities to build upon some of the projects currently being implemented with the support of the OAS in the areas of international waters and biodiversity.

### **D. Biodiversity**

- The OAS/USDE should convene a meeting with LCSES and GEF staff to discuss opportunities for furthering collaboration.

- The OAS/USDE should facilitate a discussion of the long-term financial requirements for managing IABIN together with key countries, LCSES, and other organizations.
- The OAS should explore the possibilities of developing its work plan in a coordinated fashion with LCSES projects as a means of facilitating financing and, where appropriate, GEF grants.
- The OAS, in coordination with LCSES, should identify a select group of representatives of civil society (NGOs, academia, and private sector) and involve them in an inter-American dialogue on biodiversity as a means of enhancing GEF-funded biodiversity activities.
- The OAS should gain support to establish a working group on biodiversity within the Interagency Task Force on Sustainable Development in the Americas. The IBRD is a member of the Task Force and could potentially chair the working group.
- LCSES, in coordination with the OAS/USDE, should develop terms of reference for the latter's involvement in implementing the GEF block "B" grant in support of appropriate projects aimed at mainstreaming biodiversity management into national development and investment strategies and programs.

#### **E. Integrated Disaster Reduction**

- The LCSES, in continuing its country-specific roundtable and hazard mapping and vulnerability reduction programs, should explore the use of OAS/USDE technical expertise and organizational contacts in designing and implementing country projects.
- The OAS/USDE should continue to involve LCSES staff in the organization and coordination of initiatives such as future meetings of the Inter-American Dialogue for Disaster Reduction, the Hemispheric School Retrofit Trust Fund and, the Hemispheric Plan for Education Sector Disaster Reduction, and should continue collaboration with the LCSES on the development of the Hemispheric Plan for a Guide to Environmental Management of Transportation Corridors.
- The OAS/USDE should explore with the LCSES direct involvement in regional and national activities such as the regional workshops on sustainable cities and trade corridors, the Projects on the Reduction of Vulnerability to Floods in Small Central American Valleys, the demonstration projects flowing from the Hemispheric School Retrofit Trust Fund, and further development of the PerfilMap and AQUILES software programs with field testing.

## **IV. CONCLUSIONS**

The Bank/OAS partnership could improve delivery of technical assistance in the following ways:

### **Project Design, Funding Prioritization, and Portfolio Quality**

- In formulating policy analysis as an input to improving the design of environmental technical assistance projects (ETAPs) for addressing pollution problems.
- In preparing coordinated, feasibility-level national projects for several countries comprising a region or sub-region in coordination with the Bank's lending portfolio.
- In developing regional sets of principles that could contribute to the redesign of institutions, the improvement of their related policy framework, and the harmonization of environmental legislation.
- In facilitating an interactive decision-making process involving key actors from a wide range of sectors.
- In developing criteria to optimize human and financial resources required and creating a matrix of potential funding sources (this would be particularly useful in the SIDS).
- In assisting with project supervision and drafting operational indicators of progress that would ensure better portfolio quality.

### **Dissemination**

- In promoting multidisciplinary seminars to promote cross-fertilization between countries and projects.
- In promoting and fostering "best practice," "win-win" strategies, and cooperation among LAC countries on coordinated environmental policies, strategies, and action plans through a consultation mechanism for the formulation, strengthening, and harmonization of environmental laws and regulations and for their enforcement.