

An aerial photograph of a large dam and power plant complex situated in a valley. The dam is a long, curved concrete structure with a reddish-brown top layer. Below the dam is a reservoir of dark blue water. To the right of the reservoir is a large power plant with several buildings and a complex network of electrical transmission towers and lines. The surrounding landscape is hilly and covered with sparse vegetation. The text is overlaid on the top half of the image.

# **Objective 2: Integration of Environmental Considerations into the Energy Sector**

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**Regional Meeting on Progress in Achieving the Objectives of the EECCA Environment Strategy**

**Kiev, Ukraine • May 18-19, 2006**

# What was discussed and agreed at Kiev?

## ■ Challenges

- Energy is basic to development.
- Modern energy services lead to better people's life.
- When fossil fuels and biomass are used to provide energy services, adverse environmental impacts can occur.
  - » Global, regional and local environmental problems
  - » Pollution of air, land and water are matters of concern.
- Poor populations affected by environmental problems because lack the means to access better energy alternative.

## ■ Recommendations

- EECCA countries need to develop an environmentally responsible energy sector by supporting and promoting mainstreaming of environmental considerations into countries' development programs, sector strategies, plans and investments.
- EECCA countries need to address the energy-environment interface and its impacts on the overall development process.

# Challenges for Mainstreaming

- Identifying and pursuing “win-win” policies, programs and interventions
  - Be clear about the environment-economic growth as well as environment-poverty linkages so an economic case can be made for mainstreaming
- Recognizing that trade-offs need to be made and ensuring that such trade-offs are socially optimal
  - Develop coordination mechanisms and appropriate negotiations skills in environment and other ministries
  - Internalize environmental and social costs into policy reforms and investment decisions

# What is encompassed under the energy sector?

- Production, transportation and conversion of primary sources of energy (e.g., hydro, coal, gas, oil and woodfuels)
- Refined petroleum products
- Electricity
- Heat
- Coal??

## *Economic-environment linkage 1: Improving environmental policies and governance leads to improved quality of growth*

- Strengthen sectoral capacity in environmental assessment, policy, management and enforcement
- Introduce good practices in environmental management
- Introduce pricing policies and incentives for improving environmental performance of energy activities
- Introduce appropriate environmentally related taxes in relation to energy
- Foster stakeholder involvement and public disclosure and participation
- Support training of regulators on SEA/EIA (**Georgia**)
- Support development of emergency environmental response systems (**Georgia**)

*Economic-environment linkage 2: Protecting and improving management of natural assets leads to improved competitiveness*

- Remove policy-induced distortions and review subsidies (**various countries**)
- Introduce pricing policies and incentives that promote energy conservation (**collection of payment remains a major problem - gas**)
- Support renewable energy technologies when available (**Ukraine, Moldova, Armenia**)
- Support measures to increase energy efficiency (**Various countries**)
- Promote clean technologies and processes
- Promote innovations in infrastructure design that enhance/protect ecosystems

*Economic-environment linkage 3: Protecting of people's health from environmental risk and pollution leads to improved people's quality of life and long-term labor productivity*

- Promote use of lower emission fuels (**Moldova**)
- Improve air quality
- Increase share of cleaner commercial fuels (**Moldova**)
- Improve heating systems (**Armenia, Belarus, Moldova**)
- Phase out leaded gasoline
- Support clean-up of past pollution (**Kazakhstan**)
- Promote access to sustainable energy services and enhance sustainable rural energy supplies (**Moldova**)
- Develop regulation/enforcement mechanisms and incentives to detect and control environmental hazards in the workplace

*Economic-environment linkage 4: Increasing access to environmental markets will lead to private sector investments in environmental related activities*

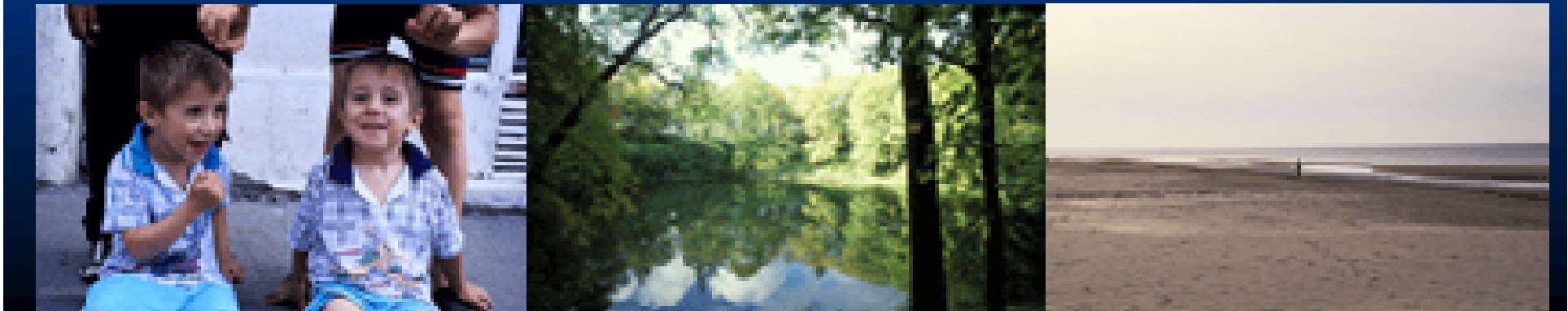
- Involve the private sector in providing services for environmental management
- Access markets for global environmental services such as carbon sequestration (**Ukraine** – but **Belarus, Tajikistan, Kazakhstan** have not ratified Kyoto Protocol so can not take part in emission trading)
- Introduce financial and fiscal incentives for LPG, biofuels

*Economic-environment linkage 5: Improving management and conservation of regional and common goods will lead to regional economic integration.*

- Adopt sound strategic environmental impact assessment for large infrastructure projects (Georgia, Azerbaijan)
- Promote regional sustainable development in transboundary watersheds which could promote cross-boarder energy trade

# World Bank Contribution to Belgrade Conference: Regional Study on Mainstreaming Environment into Economic Growth in the ECA Region

- Objective: To identify, document and disseminate experience and good practices in the ECA countries that support and promote mainstreaming of environmental considerations into country development programs, sector strategies/plans and investments.
- Focus sectors: Energy, mining, agriculture and forestry
- Focus countries: All ECA countries



# **Regional Study on Mainstreaming Environment into Economic Growth in the ECA Region**

- **We ask for your collaboration on the conduction of this study to identify past, ongoing and planned initiatives and participate in the country-specific case studies**