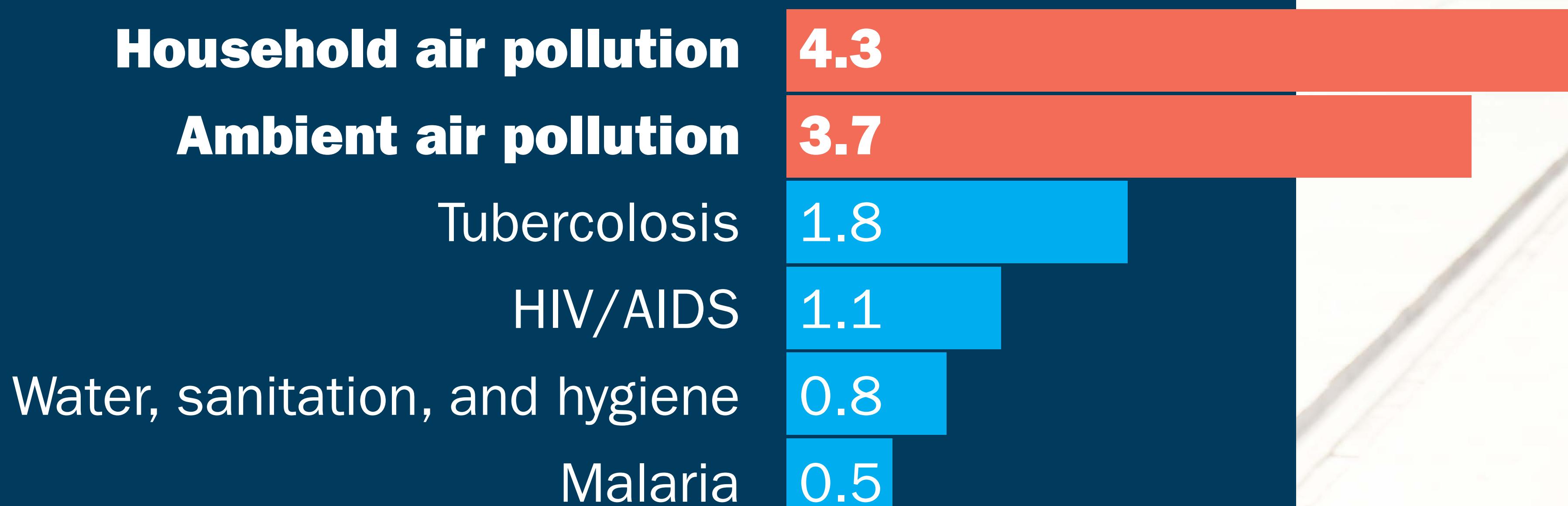


# Pollution imposes economic costs of 4 to 5 percent of a country's gross domestic product

This number is often higher than the official development assistance received

**Annual millions of deaths caused by pollution and major health concerns**



of annual deaths (8.4 million out of **9 million**) caused by **pollution** occur in **lower-middle-income countries**



**Annual deaths from pollution**

**1.7**  
million  
**children**

**4.9**  
million  
**older people**

## Pollution and the poor

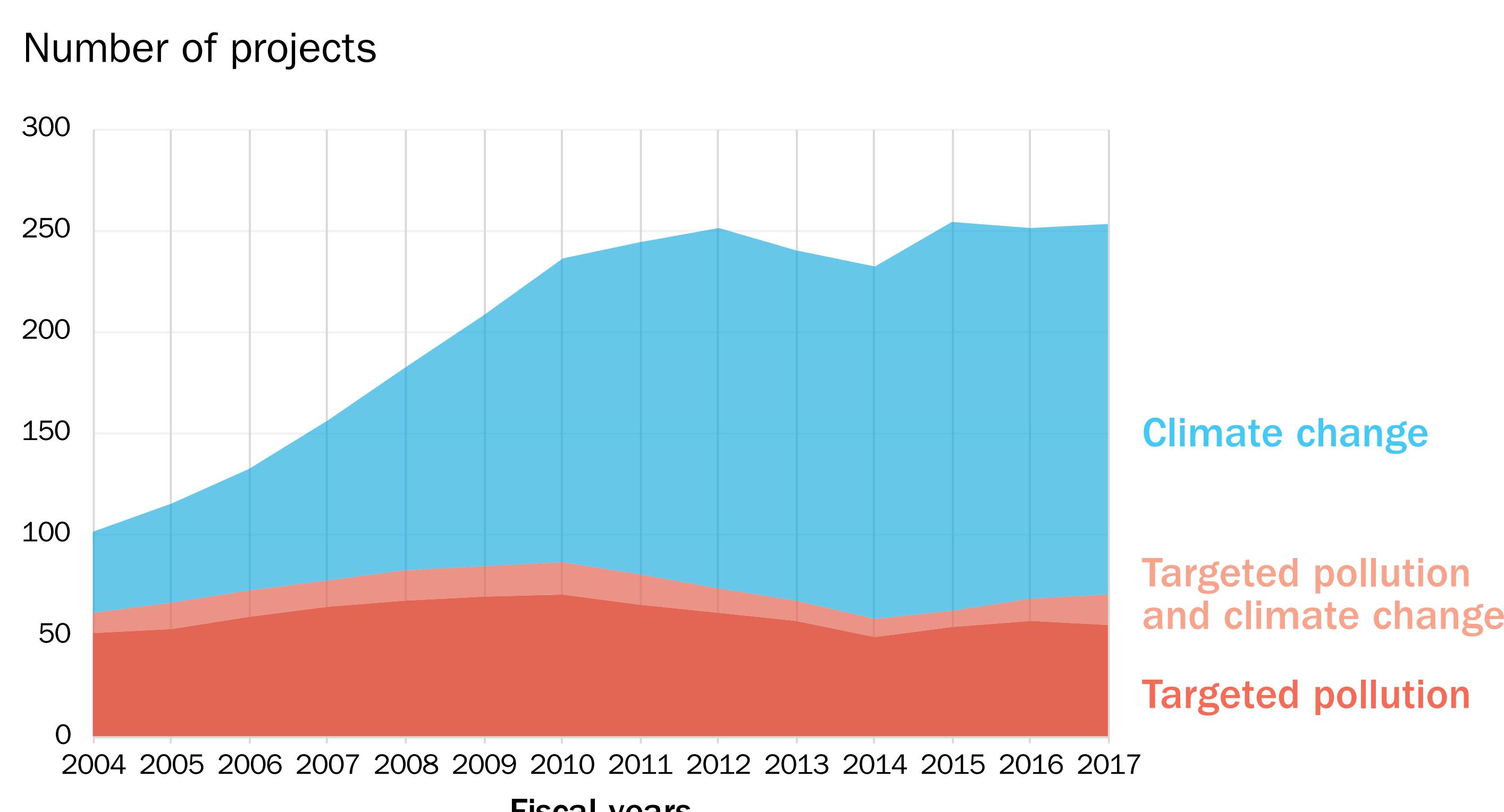
Within developing countries, **the poor are hit particularly hard by pollution** because they are more exposed to it and lack access to pollution mitigation measures. Poor people live in areas with the worst environmental conditions—for example, in informal settlements that lack access to clean water, sewerage, or waste disposal—and are close to solid waste dumps or open waste burning sites, which contribute to ambient air pollution. The poor also often rely on wood or charcoal for cooking, which exposes them to dangerous levels of household air pollution.



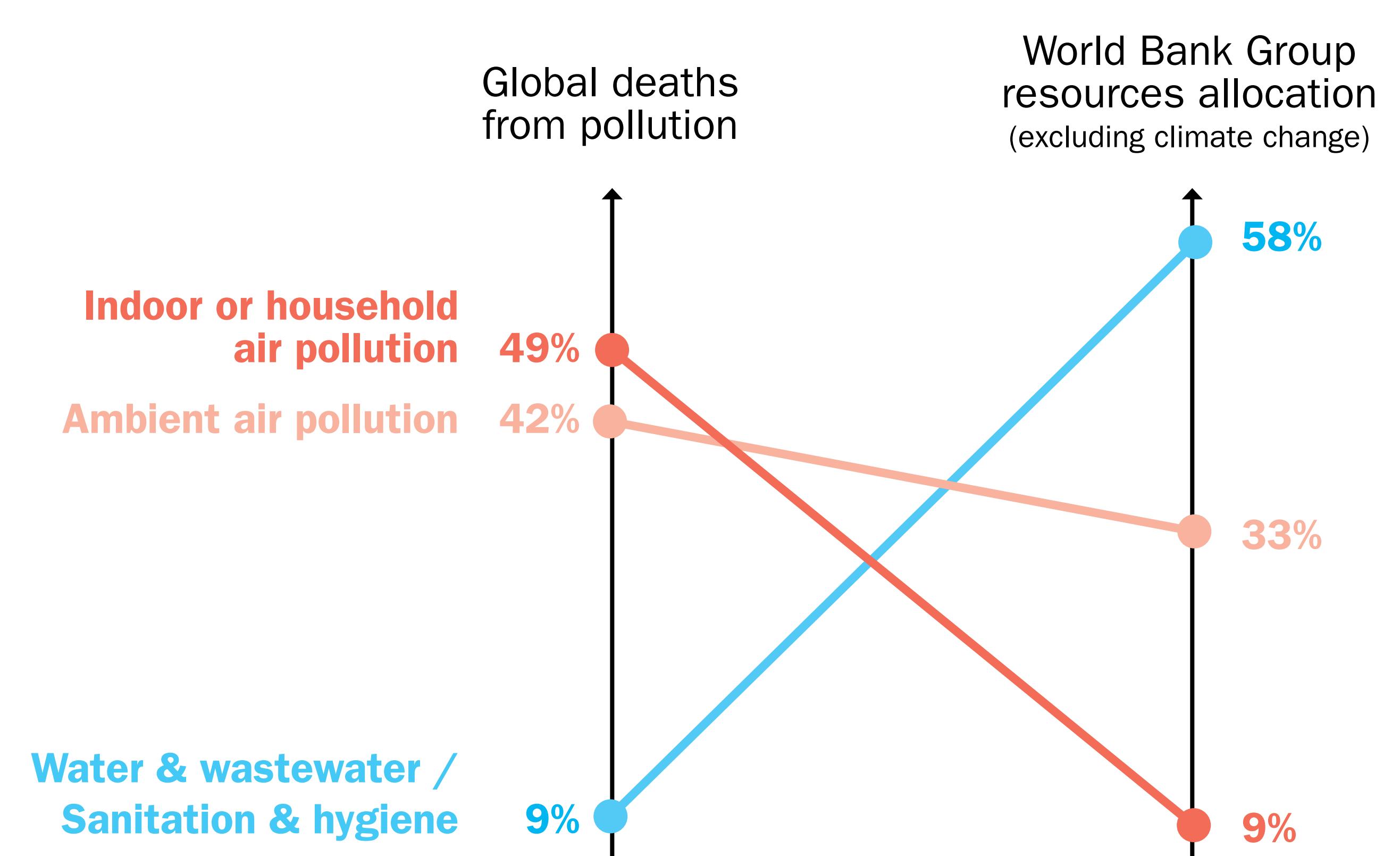
## 2. A SILENT EMERGENCY

IEG drew lessons and insights from analyzing pollution management in over 100 World Bank Group client countries between 2005 and 2016.

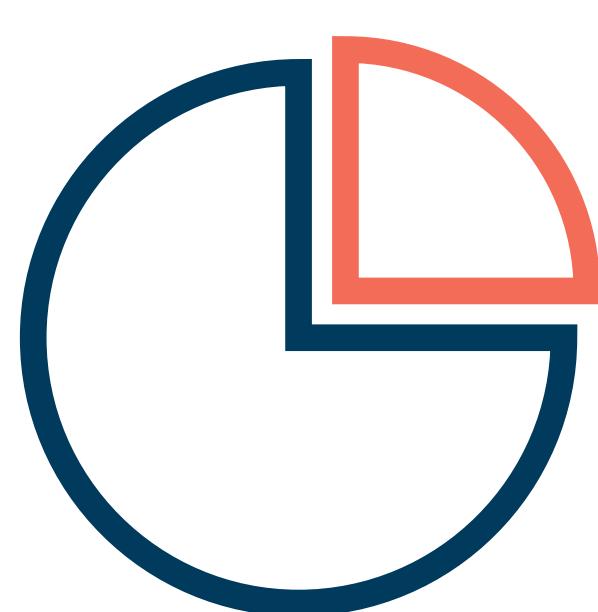
Despite the increasing pollution levels in many World Bank Group client countries, the institution's pollution management portfolio **remained constant and shrank** in relative terms, with the bulk of attention being devoted to **climate change**.



The World Bank Group's resource allocation is not synchronized with client country needs. Pollution priorities are often not reflected in World Bank Group country strategies. Most frequently missed were outdoor and indoor pollution.

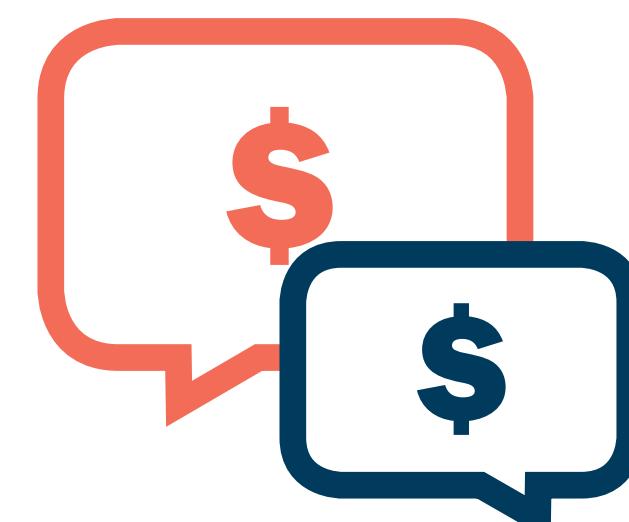


## WHY DOES THIS RECEIVE SO LITTLE ATTENTION?



### DATA PAUCITY

There is a lack of quality data on pollution and its cost.



### POLITICAL ECONOMY

Governments often perceive environmental concerns as being luxury goods they cannot afford, or as a responsibility of rich countries to support through concessional financing.



### DISPROPORTIONATE IMPACT ON POPULATIONS

Pollution most severely affects the poorest, who often lack voice in the national policy dialogue; or government priorities may not be aligned with their concerns.

## WHAT WORKS?

## Success factors for creating policy environment and public sector investment

### CHAPTER 3

## Policy

The lack of data is at the root of the issue. Yet, pollution monitoring is not enough on its own and is more likely to fail when compared to pollution prevention.

Diagnostic work that helps assess the magnitude of pollution, as well as the prioritization of pollution in a country's development agenda, is important for the success of both investment and policy operations.

Resolving institutional issues and fostering interagency coordination are key to policy reform and to ensuring that pollution management is incorporated into the agendas of all relevant agencies.

Policy reform can take significant time, so interventions can be more effective if they use instruments that allow for longer periods of engagement.

### CHAPTER 4

## Pollution-abating investments

Addressing air pollution through urban transport interventions works, but broader and sustained benefits were achieved in projects with a comprehensive approach that included both upstream policy support and downstream investment measures.

Addressing pollution through solid waste management and water treatment is challenging. Project success often depends on the ability to recover costs, and on the institutional capacity of the authorities in charge.

IFC, the World Bank Group institution focused exclusively on the private sector, successfully provides advisory services that help client companies reduce or recycle waste, increase energy or resource efficiency, or introduce renewable energy.

There are indications of the positive role that the private sector can play in operating wastewater and waste management facilities. IFC advisory support helps to set up needed public-private partnership arrangements, and government support to these has proven to be the most important success factor.

### CHAPTER 5

## Mainstreaming private sector safeguards & performance standards

Most IFC investments in pollution-intense industries are successful in meeting pollution prevention standards.

There is still room for improvement: one-third of IFC projects don't meet air emissions and water management guidelines.

Client or project commitment and technical and financial capacity are the most important factors.



View the full report

### 3. THE PATH FORWARD

IEG recommends a sequence of concrete action steps the World Bank Group and its client countries should take to ensure that pollution management is prioritized and adequately funded.

#### OBSERVATION

Many countries are not aware of the severity of pollution because they lack data. Yet World Bank's efforts to set up country-level pollution monitoring systems have been relatively rare, despite a recent surge.

Pollution does not get adequately prioritized in country strategies. The World Bank's country-level environmental diagnostic, the Country Environmental Analysis, has been instrumental in prioritizing pollution in policy dialogue. Yet, these have only been prepared for 42 countries (28 percent of client countries) and the extent to which those country strategies reflect identified pollution concerns is limited.

Overall, the World Bank Group's engagement has declined as a share of the overall portfolio even as global pollution levels have risen. The World Bank Group has also missed opportunities to fight indoor and outdoor air pollution, which are responsible for the highest share of deaths caused by pollution.

The Bank Group's climate change mitigation portfolio provides an opportunity to address outdoor air pollution, helping to build the case to client countries for interventions that yield co-benefits: pollution and greenhouse gas reduction.

About one-third of IFC client companies do not meet the relevant requirements for air emissions and wastewater.

1

#### IMPROVED POLLUTION MONITORING

2

#### COUNTRY PRIORITIZATION

3

#### EMPHASIS ON POLLUTION CONCERNS

4

#### CO-BENEFITS OPPORTUNITIES

5

#### STANDARDS COMPLIANCE

#### RECOMMENDATION

IEG recommends strengthening the World Bank's efforts, including technical assistance and capacity and institutional building, to develop client country pollution measurement and monitoring systems, especially in countries where such capacity is low.

IEG recommends strengthening the World Bank's country analytical work to ensure a more comprehensive integration of the identified pollution priorities in the Systematic Country Diagnostics and subsequent country strategies.

IEG sees a need to intensify efforts to scale up and recalibrate the World Bank's efforts in pollution management to address the most important pollution priorities, including outdoor and indoor air pollution, as well as specific pollution threats (lead, mercury, chromium, or e-waste) when warranted by their potential harm.

Thus, IEG recommends that the World Bank Group leverage its climate change portfolio to better combat local and regional air pollution.

IEG therefore recommends strengthening IFC's advisory support to help its investment clients to better comply with pollution requirements.