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THE WHITE HOUSE

WASHINGTON

January 5, 1994

PRESIDENTIAL DECISION DIRECTIVE/NSC-19

MEMORANDUM FOR THE VICE PRESIDENT

THE SECRETARY OF STATE
THE SECRETARY OF TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
DIRECTOR, OFFICE OF MANAGEMENT & BUDGET
UNITED STATES TRADE REPRESENTATIVE
REPRESENTATIVE OF THE UNITED STATES TO THE
UNITED NATIONS
CHIEF OF STAFF TO THE PRESIDENT
DIRECTOR OF CENTRAL INTELLIGENCE
ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY
CHAIR, COUNCIL OF ECONOMIC ADVISERS
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THE CHAIRMAN, JOINT CHIEFS OF STAFF
CHAIRMAN, EXPORT-IMPORT BANK
ADMINISTRATOR, AGENCY FOR INTERNATIONAL
DEVELOPMENT
ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY
DEPUTY ASSISTANT TO THE PRESIDENT FOR
ENVIRONMENTAL POLICY
ADMINISTRATOR, NATIONAL AERONAUTICS AND SPACE
ADMINISTRATION
DIRECTOR, NATIONAL SCIENCE FOUNDATION
DIRECTOR, UNITED STATES INFORMATION AGENCY

SUBJECT: Environmental Policy on the Multilateral
Development Banks and The Global Environment
Facility

This Presidential Decision Directive directs the implementation of United States environmental policy related to the multilateral development banks (MDBs) and the Global Environment Facility (GEF). Our policy reflects the importance of both the MDBs and the GEF in addressing environmental problems around the world. It also recognizes (1) that U.S. leadership in the environmental reform of the banks and the restructuring of the GEF is essential if we are to achieve our global environmental objectives and (2) that our policy leadership must be backed by a financial commitment commensurate with our leadership role.

Our goals must be to assure that the development agenda of the MDBs is both environmentally sustainable and socially equitable, and that the GEF is an effective vehicle for funding projects that achieve global environmental benefits. To accomplish these goals, the United States should pursue a policy based on four tenets: (1) greater public access to information and greater public participation in both donor and recipient countries to assure public support for the institutions and their projects; (2) increased U.S. oversight of the MDBs and the GEF to assure that the projects funded are environmentally sustainable; (3) continued strong financial support of these multilateral financial institutions consistent with appropriate reform and restructuring; and (4) strengthened diplomatic efforts to seek international support for our environmental reform agenda.

ENVIRONMENT AND THE MULTILATERAL DEVELOPMENT BANKS

Because the MDBs are a major source of development assistance, it is essential that we work with them to ensure that their programs are environmentally sustainable over the long term. To accomplish this, we must pursue a focussed agenda.

First, we must strengthen our own ability to provide effective oversight of MDB environmental performance. This will require that the Department of the Treasury promote greater coordination among agencies, as well as an increased emphasis on environmental review during the early stages of MDB project planning and policy development. The Environmental Protection Agency and other technical agencies should augment their existing provision of scientific and technical expertise in support of the Department of the Treasury. The Agency for International Development should lead with bilateral assistance projects that fully integrate environment and development goals. AID should also support the Department of the Treasury's MDB activities with its technical expertise.

Second, we must continue to press the MDBs for improvements in their policies and procedures that affect the environment. We need to ensure that the banks (1) improve environmental screening of projects; (2) require the preparation of environmental impact assessments for all projects with significant environmental effects, including private sector projects supported by MDB loans; and (3) improve their mix of staff skills in the environment and social sectors. We must also press for stronger policies in the areas of public access to information, public participation in the design and implementation of strategies, programs, and projects, and an effective procedure to obtain review of proposed projects.

These changes will require support from other countries that participate on the boards of the MDBs. We should increase diplomatic efforts to seek international support for our agenda. The Vice President and I will both use opportunities to seek

support from foreign leaders for the environmental strengthening of the MDBs. I ask that agencies involved in environment and development, particularly the Departments of Treasury, State, Interior, and Commerce, the Agency for International Development and the Environmental Protection Agency, stress the same agenda in their contacts with foreign counterparts.

Finally, we must continue strong financial support for the MDBs as we intensify our efforts to advance our environmental agenda in these institutions. We must also positively express to Congress and the American public our clear support for the basic activities and purposes of the MDBs. Without a strong and dependable contribution from the United States, we will lose our leverage to improve the environment in the developing world.

THE GLOBAL ENVIRONMENT FACILITY

The GEF is critical to our efforts to address threats to the global environment, including global warming, loss of biodiversity, and pollution of international waters. It is also our to assist countries with economies in transition to curb depletion of the ozone layer. A successful GEF is in the interest of the United States and is an important investment in the future environmental security of our nation and the world.

In light of this, the United States must provide leadership in the restructuring process of the GEF. The GEF must complement, not substitute for, strengthened environmental and social programs in the multilateral development banks and the United Nations development organizations. It must be restructured to sustain the financial support and confidence of developed and developing countries. It must fund only the highest quality projects that enjoy broad support among the participating governments. It must become broadly acceptable as the financial entity for implementing the international conventions on climate change and biodiversity.

We should pursue the following objectives in the GEF restructuring process: (1) the participating governments, both donors and recipients, should have ultimate authority over the GEF; (2) management responsibility, including work plan and project approval authority, should reside within a body composed of representatives of the participants; (3) the World Bank should supply administrative support and financial management of the facility but should not control the GEF's policies, programs, eligibility criteria, or projects; (4) the GEF should involve non-governmental organizations and local communities in all phases of the project cycle; (5) the GEF should be transparent and accountable both to its recipients and donors and to the conferences of the parties for the climate and biodiversity conventions, and therefore must establish clear procedures insuring access to information on GEF projects and associated projects throughout all phases of the project cycle.

If the GEF is appropriately restructured to meet these objectives, the United States should become a major contributor to the GEF Core Fund. AID should also expeditiously fulfill the balance of the \$150 million U.S. commitment to the GEF's pilot phase, using existing resources. This should be done through a combination of parallel financing and co-financing of GEF projects.

William J. Clinton