

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
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May 25, 2004

Ms. Anumita Roychowdhury
Associate Director, Research and Advocacy
Centre for Science and Environment
41, Tughlakabad Institutional Area
New Delhi 110062
INDIA

Dear Ms. Roychowdhury,

*Concerns Regarding World Bank's Handbook Titled
"Urban Air Pollution: Policy Framework for Mobile Sources"*

Thank you for your letter of April 29 to Mr. Wolfensohn regarding the Bank's report on mobile source air pollution. We would like to respond to the specific concerns raised in your letter, and to inform you of our most recent revisions to the report as part of our consultation process.

We have carried out an extensive consultation process for this report over the past year, including the workshop in Asia which you attended, in Latin America, and in the U.S., and an electronic consultation that ended 30 April 2004. We have received dozens of comments, some requesting a greater emphasis on technical solutions while others questioning what they perceived to be our overly positive stance on technical solutions, and have attempted to modify the report accordingly in an open, objective, and balanced manner.

As you know, the largest number of comments have revolved around the fuel sulfur issue, and more specifically the appropriateness of immediately adopting ultralow fuel sulfur standards in developing countries. Having discussed this issue with a number of groups—various members of the International Council on Clean Transportation (ICCT), the United States Environmental Protection Agency (USEPA), Natural Resources Defense Council (NRDC), and Mexican authorities—we believe we have come to mutual agreement with them on this issue, and in particular with respect to our "guidelines" for fuel quality.

We address below the specific comments in your letter (italicized):

1. We do not agree with the advice to policy makers in developing countries to delay improvements in fuel and vehicle standards.

We would like to make it very clear that the Bank's report does not question the emission and health benefits of improving fuel quality and vehicle technology, and certainly does not urge policymakers to *delay* tightening standards. What the report says is that there will be differences in the timetable by which developing countries move to more stringent fuel quality and vehicle exhaust emission standards, based on air quality and health concerns, fuel supplies and refinery situations, and the cost-effectiveness of such measures compared to other air quality interventions. As an example, the largest environmental and health gains associated with lowering sulfur levels in fuels can be achieved by moving from the typically high levels in developing countries (thousands of parts per million (ppm) sulfur) to levels near 500 ppm. This has become clear through the consultation process and no one has disputed this finding.

We recognize, and this has been reflected more succinctly in the revised report, that some countries have already moved to 500 ppm or have adopted a concrete timetable to do so, including India. The report points out that there are cities and countries that should seriously consider moving rapidly to ultralow sulfur fuels accompanied by very tight emission standards requiring advanced exhaust emissions control devices, including those countries that have taken steps to lower sulfur to 500 ppm, those with serious vehicular air pollution problems, where new refineries or major refinery upgrades are planned, and where such measures are cost-effective relative to other options available.

2. The handbook makes sector reforms conditional to action on fuel quality improvements. This is not acceptable.

We believe this is a misinterpretation of the handbook. It does not say that fuel quality improvements are "conditional" on sector reforms. What it says is that environmental improvements, including fuel and vehicle standards, have proceeded much more slowly in those countries and sectors where economic reform has not taken place. While it is certainly possible, for example, to enact tighter fuel and vehicle standards in countries with protected fuel and vehicle industries, this may be an inefficient, expensive, and ultimately non-sustainable way to hasten fuel and vehicle improvements. Therefore, the report advises that policy makers and the public should not view air quality solutions as simply technological but rather related to issues such as fuel pricing, refining and petroleum industry protection, and the management of public transport companies. This is explained in the section titled "Making technical instruments effective."

3. We also do not agree with the way the handbook downplays the relative significance of health impacts of urban air pollution by juxtaposing inter-sectoral comparison to claim that that the total and absolute health burden are still very high from traditional risks in our countries (water, lack of sanitation etc). Therefore, aggressive steps are not required in the air pollution sector.

Again, we feel that this is both a misreading and misinterpretation of the report which does not say that aggressive steps are not required to improve urban air quality. What the report does in this regard is to place urban air pollution in the overall context of key environmental risks facing developing countries. The World Health Organization (WHO), from which the relative burden of disease numbers that we have provided in the report are taken, is increasingly taking the approach that environmental risks should be assessed holistically, and that the ultimate

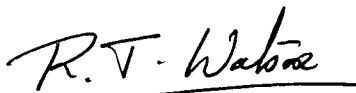
policy objective should be to reduce the *overall* exposure to environmental health risks. The numbers in the report, and in the WHO Health Report, show the range of environmental impacts facing developing countries. Urban air quality impacts are sometimes considerable, and almost always exacerbate the overall environmental health impacts facing developing countries. Where urban air quality and associated health impacts are severe, countries should take steps to reduce urban air pollution through a variety of ways outlined in the report, and these steps can be taken in concurrence with addressing other environmental health impacts.

4. *We also find the "theory of short-term significance of diminishing returns" misleading.*

A major theme throughout the report is that cost-effectiveness must be an important consideration for undertaking environmental improvements in developing countries given very real resource constraints. As the example of sulfur reduction in fuels amply demonstrates, there are clear diminishing returns to air quality improvements. While the report does not say that a country should not move to the highest standards or cleanest fuels, it does say that policy makers and the public should not lose sight of the large, and usually most cost-effective, absolute and relative benefits that can be gained from initial air quality steps. If countries cannot immediately afford (or cannot effectively implement) the strictest air quality and technology standards, they should not put off dramatic reductions in air pollution that can be achieved through less costly and more easily achievable measures. Conversely, if lower cost per disability-adjusted life year (DALY) measures have already been taken—for example, if a country has already adopted Euro II standards and 500 ppm sulfur fuel specifications—then it goes without saying that one of the next important steps to consider is when to move to Euro III and, more importantly, Euro IV.

Thank you for sharing your thoughts with us on the handbook and I hope this letter provides you with a greater understand of our position.

Sincerely,



Robert Watson

Chief Scientist and Senior Advisor
Environmentally and Socially Sustainable Development Vice Presidency