



# Sustainable Development: From Theory to Practice

ISMAIL SERAGELDIN

**E**VERYWHERE we look, achieving sustainable development is moving beyond rhetoric to action. Whether it is removing subsidies that damage the environment and cost the treasury scarce funds or defining new indicators of the direction and pace of environmental change, opportunities are being seized in all sectors to marry the forces of economic growth with those that support the foundations of sustainable development—wise resource management, equitable distribution of benefits, and reduction of negative effects on people and the environment from the process of economic growth.

The World Bank has been actively exploring the link between what were once thought of as mutually exclusive goals: rapid economic growth and an improved quality of the environment. We now have marshaled compelling evidence that a combination of sound policies, advance planning, and judicious investments can help us meet both goals. In fact, the experience of the past decade has clearly shown the positive synergies between growth and environmental improvement.

These themes are explored in the four papers that follow this introduction. Although the challenges are still daunting—over 800 million people worldwide are hungry because they cannot afford to buy the food that they need, and inadequate water supply and sanitation services create health problems for millions in the world's rapidly growing megacities—we are identifying cost-effective solutions to many of these problems and are beginning to address the fundamental problems associated with empowering the poorest (who are often located in rural areas) to lift themselves out of poverty.

Andrew Steer identifies the principles of the “new environmentalism” that is taking

root in a growing number of countries around the world. While many of these principles—set priorities carefully, incorporate environmental concerns from the start, concentrate on cost effectiveness, and take advantage of “win-win” opportunities—may now seem intuitive and straightforward, they stand in sharp contrast to the practice of environmental policymaking in industrial countries over the past three decades. While the new environmentalism gives strong emphasis to the careful analysis of costs and benefits, it also recognizes the vital importance of the political economy of achieving sustainability. Smart governments seeking to make real progress on the environment will build constituencies for change, involve local people, and invest in partnerships. The World Bank is now supporting environmental policy reform in almost seventy countries and has an active portfolio of environmental loans of more than \$11 billion. Underpinning this support are the principles of the new environmentalism.

Wendy Ayres and Alex McCalla present some of the major themes from the Bank's Fourth Annual Environmentally Sustainable Development (ESD) Conference, “Rural Well-Being: From Vision to Action.” Globally, more than two billion people are at risk from nutrient deficiencies, and another billion are actually harmed by cognitive disabilities, blindness, or hunger. Reducing poverty and hunger requires fostering rural development in general and smallholder agriculture in particular. The policy program to achieve this includes adopting sound macroeconomic policies, liberalizing external trade, investing in new technologies, increasing the efficiency of irrigation, improving the management of the rural resource base, providing infrastructure, and—above all—removing

inequities in public spending on health and education services.

Patricia Annez and Alfred Friendly report on the World Bank's agenda for action following the Habitat II conference. By the start of the next century, eight of the earth's ten megacities will be in developing countries. Priority actions to address the problems of urban growth include reducing emissions of lead and particulates; providing basic services, including clean water and sanitation, to slums; enabling private sector participation in the provision of these services; and making the finances of cities sustainable. Reform of urban government, including decentralized decision making, is key to taking these steps toward sustainability, as is the enhancement of opportunities for employment.

Finally, John Dixon and Kirk Hamilton suggest new answers to the question, “Where is the wealth of nations?” Building on pioneering efforts, the results of which were published by the World Bank in 1995, they estimate total wealth for over 100 countries as the sum of human resources (including social capital), produced assets, and natural resources. The new estimates differ to some extent from those published earlier, but the authors' analysis still suggests that returns to human resources are the dominant form of wealth worldwide, while natural resources are more than 10 percent of wealth in most developing regions. Particularly important is the finding that agricultural land constitutes more than 80 percent of natural resource wealth in low-income countries. These results, while preliminary, suggest that renewing emphasis on the sound management of agricultural land and building human capital should be policy priorities for developing countries. [F&D](#)

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**Ismail Serageldin,**

*a national of Egypt, is the World Bank's Vice President, Environmentally Sustainable Development.*