

## Chapter 7

# RETROSPECT AND PROSPECT

### 7.1 Points of departure

Over the past decade, there has been rapid development of SEA processes and practice and a corresponding explosion of literature covering this field. Recognising this, our aim has been to undertake a broadly-based empirical review of SEA practice, taking stock of trends and issues in developing and transitional countries and amongst international lending and aid agencies. From that perspective, we have extended our consideration of the scope of SEA processes and elements beyond formal systems - whether instituted separately, under EIA systems or based on approximate processes of policy and plan appraisal - that we have termed *para-SEA*. As a reminder, this term includes those processes and elements that have some, but not all, of the characteristics of formal SEA procedure.

In retrospect, our reasons for taking this approach are worth revisiting. The prevailing view of SEA is as a formal instrument instituted through legal or administrative arrangements established by developed countries. Many normative definitions in the SEA literature are derived from this paradigm and elaborated in terms of procedural features and characteristics. This model also appears to be promoted internationally through SEA capacity-building and training. But often there is no critical perspective on the pros and cons of its application in developing countries where elements of this approach may be reflected partially or incompletely in policy- or plan-making. A key principle of SEA is that it should be fit-for-purpose, adapted to the context and circumstances of countries and their political culture and institutional arrangements. Our concern is that this thrust may need to be reconsidered and possibly replaced in developing countries by a more pragmatic, needs-driven strategy that builds on and improves existing policy and planning processes. After all, a key principle of SEA is that it should be fit-for-purpose, adapted to the context and circumstances of countries and their political culture and institutional arrangements.

In order to provide a basis for an informed interpretation and commentary on the above issues, it is important to take stock of and understand what is happening in SEA in different parts of the world. This is the focus of the preceding chapters. In this chapter, we attempt to pull together the many threads of international experience in SEA and identify future directions of this field.

Our conclusions require two caveats which arise from the basic characteristics of SEA. Firstly, and most importantly, SEA is a fast-moving and still diversifying field, especially if its boundaries are defined broadly as in this review. Secondly, in many parts of the world, it is too early to come to a definitive view of the status and effectiveness of SEA application. What follows should therefore be regarded as preliminary conclusions regarding the main aspects and lessons of international experience with SEA and with particular reference to its uptake in the South.

### 7.2 Conclusions and recommendations

In the following sections, we draw some conclusions from our survey of SEA processes and practice. These are summarised as a series of 'headlines' of the story to date. They are organised in approximate order from global and generic developments to regionally or methodologically-oriented features. We hope that it will provide an *aide memoir* on the SEA

agenda that is emerging internationally and the trends and issues that require attention and discussion..

### ***7.2.1 SEA revisited and reconsidered***

In the three observations-cum-propositions below, we represent our re-interpretation of the nature and scope of the field of SEA. But these views are not necessarily widely or fully accepted by other commentators.

- *The development and implementation of SEA systems and elements represents the most striking trend in impact assessment during the past decade although its dimensions may not be fully appreciated.*

A key feature of SEA is the scale and rapidity of its adoption and adaptation in different countries and regions following the early precedent established by US federal and state experience at the level of plans and programmes. It was only in the 1990s that a new generation of SEA systems was introduced and taken up by an increasing number of developed and transitional countries. Recently, there has been increased interest in, and greater use of, SEA procedures and methods by international aid and lending agencies. This is driving new applications in the developing world where the SEA agenda is becoming re-focused on poverty and related issues. Despite the flood of literature on SEA, much of the rich experience associated with these trends in developing and transitional countries appears to have been overlooked and possibly may not be widely understood. From that perspective, it can be argued that SEA practice has run ahead of theory. The gap may be just as difficult to bridge as that between theory and practice because it runs against the grain of conventional wisdom on the field.

- *SEA comprises a family of processes and tools that, individually and collectively, are being applied to new aspects and areas, leading to continued extensions of the field that have procedural and methodological implications.*

The concept of SEA as a family of approaches with proliferating applications is widely accepted. A new, more encompassing paradigm of SEA is emerging. It is one characterised by procedural and methodological pluralism that extends well beyond the common definitions found in the literature. In our view, SEA is an umbrella concept that accommodates a broad range of processes for assessing the environmental and sustainability effects of options and proposals at the policy and planning level. The area covered by this frame of reference is elaborated in the typology of approaches outlined in Chapter 1 and exemplified in subsequent chapters. EIA-based systems stand out as the main cornerstone on which SEA is founded. Undoubtedly this approach will continue to be important or predominant in the case of the European Union and UNECE region (see below). Internationally, near-equivalent processes operated by certain lending and aid agencies (see Chapter 4) are more prevalent together with an array of domestic, individualised, para-SEA processes and elements in many developing countries. At this end of the spectrum, the boundaries of SEA are fluid and ill defined. We recognise that impact assessment theorists will not be the only ones to find this ambiguity unsatisfactory. For the time being, we are content to live with a relatively open-ended map that is inclusive of a number of routes to the same end, rather than marking only an EIA-recommended highway - particularly for developing countries.

- *The emergence of SEA symbolises and forms part of a more fundamental and potentially far-reaching change in approach – one that integrates the environment into the policy and planning mainstream in support of sustainable development.*

This larger transition is widely promoted in international law and policy. Most recently, it was a major theme threaded throughout the WSSD agenda and *Plan of Implementation*. In this context, SEA is one of the tools available for taking a more integrated, strategic and cross-sectoral approach to incorporating environmental (and social) considerations into development decision-making. Although not yet well defined, such an approach is understood as addressing the root causes of environmental problems and their structural linkages. Many of these are beyond the traction of conventional impact management and mitigation measures. In practice, with few exceptions, SEA still largely approximates to this latter focus of policy analysis and action, and the same goes for many other tools and measures. Nevertheless, there are a number of entry points for using SEA and related processes to gain a firmer perspective on the environmental sustainability of proposed initiatives. For example, many countries already have policy frameworks that can be used for this purpose, notably strategies for sustainable development, biodiversity conservation and climate change. Furthermore, new opportunities are opening up for linking SEA with economic and social appraisal tools to gain a greater measure of sustainability assurance and there is growing interest in the next generation of integrative approaches. A number of issues remain outstanding in that regard and are discussed further below.

### **7.2.2 Key trends in SEA process development**

- *The initial phase of SEA development has been characterised by diversified arrangements, increasing adoption by countries and international agencies, and a steady extension in coverage of levels and types of decisions.*

Prior to the EU SEA Directive coming into force, it is estimated that approximately 25 countries and international agencies had operating SEA systems, i.e. with identifiable arrangements and practices. Others were in the process of introducing SEA, or had done so, but had not moved to implementation. Within this larger group, SEA frameworks vary with respect to their legal and non-statutory basis, their arrangements for implementation, their scope of application to policy, legislation, plans, programmes and other proposals, and their relationship to decision-making. So far, few, if any, countries could be said to have SEA systems that are comprehensive in their coverage, i.e., that apply to all strategic proposals with potentially important environmental effects. As a general rule, SEA is more commonplace and better developed at the level of plans and programmes than for policy and legislation. Yet, SEA of policies and legislation is no longer exceptional as often claimed in the literature. On the contrary, a number of countries apply SEA at this level; some under a dedicated system using a minimum, flexible procedure (e.g. Denmark, Netherlands E-test) and others using the same procedure that is applied to plans and programmes (e.g. Canada).

- *A second phase of SEA development is underway, driven by supra-national and multi-lateral legal instruments.*

The transposition and implementation of the EU SEA Directive by the 25 member states of the European Union will increase the number of countries with formal SEA systems. It will eventually lead towards the consolidation and standardisation of approach at the level of plans and programmes. At the time of writing, member states are at different stages in their transposition of the new Directive into national legislation and in preparing guidance

materials. If experience with the EIA Directive is any guide, significant variations can be expected in the manner and effectiveness of implementation of the SEA Directive in the newly enlarged EU. Further ahead lies the even larger challenge of implementing the SEA Protocol to the Espoo Convention across an even larger, more diverse group of 35 signatories that eventually may include non-UNECE member countries. Recently, a work programme was adopted by the Parties to the Convention to prepare countries for implementation of the Protocol. This promises to play an important role in SEA capacity-building, particularly among the NIS and Balkan Stability Pact group of countries, much as the earlier round of EIA capacity-building under the Espoo Convention was important in raising standards among CEE countries.

- *Currently, a new, third phase of SEA development in developing countries is being opened through the activities of international assistance and lending agencies.*

A major change has taken place in international development and cooperation policy. Increasingly, the focus of lending and aid is shifting toward the macro level (eg direct budgetary support) and away from funding individual projects, with a corresponding growing interest in the use strategic assessment approaches. This transition is perhaps most evident at the World Bank, where SEA of sector and financial intermediary lending has been in place for more than a decade and is now undertaken in accordance with environmental and social safeguard compliance policies. Recently, the Bank has also promoted greater use of SEA for policy-based lending. Other multilateral financial institutions and bilateral aid agencies have endorsed similar approaches in support of strategies that deliver on WSSD undertakings and the Millenium Development Goals.

Looking ahead, the work of the OECD DAC Environet Task Team on SEA is expected to shed further light on the nature and scope of these activities and on the effectiveness of different models (Box 7.1). Such an evaluation will be important for a number of reasons, not least because the use of SEA by international development agencies has a strong capacity-building component. Currently, there is a high demand from developing countries for SEA training. This activity has become something of a growth industry that is likely to influence the models of SEA that are introduced in developing countries. In that light, the area of training and capacity-building itself warrants closer scrutiny from SEA practitioners and others than it has received to date.

### **7.2.3 Status of SEA and experience in different parts of the world**

- *Most developed countries now have SEA arrangements in place but many have yet to implement them. Only a relatively small number have in-depth experience in this area. The quality and effectiveness of much SEA practice remain questionable and increasing attention is being given to this area, although much more needs to be done.*

Whatever its pros and cons, there is no doubt that the EU SEA Directive has changed the SEA landscape. It has increased the number of countries with provision for SEA and imposed minimum procedural requirements on 25 member states that collectively represent a significant proportion of the developed world. *Prima facie*, there are grounds for concern with the casting of the SEA Directive in the narrow mould of the EIA Directive, given the diversity of arrangements and approaches in other developed countries (see Chapter 3). However, these arguments are now moot and, increasingly, attention will turn to issues of compliance and implementation. But problems related to implementation should not be underestimated given the SEA experience of other countries.

### **Box 7.1: Work programme of the OECD DAC Task Team on SEA/Sustainability Appraisal**

The objectives of the Task Team include developing and promoting the practical use of SEA in the formulation and assessment of development policies, plans, programmes and “mega projects” and to help ensure that:

- environmental considerations are effectively incorporated into strategic decision-making at the formative stage;
- the linkages between environmental, social and economic factors are better understood and addressed; and thus
- the outcomes of policies, plans and programmes have better prospects to contribute to sustainable development.

To this end, the Task Team has developed a 10-point programme that aims to:

- improve understanding of SEA based on reviewing international experience and practice, particularly through case studies;
- establish and evaluate the relationship of SEA to other approaches to policy formulation, assessment and implementation used in development cooperation (such as Poverty and Social Impact Assessment and Country Environmental Analysis); develop any potential synergies between these approaches; and consider how the transaction costs of these similar approaches can be reduced;
- identify, develop and promote SEA ‘methodologies’ based on agreed principles;
- promote transparency, stakeholder participation, accountability and other prerequisites of effective SEA, as a contribution to good governance;
- contribute to harmonised approaches in the application of SEA (as part of general environmental assessment harmonisation) to development policies, plans and programmes formulation, assessment and implementation;
- encourage the alignment of SEA approaches applied by development cooperation agencies with the priorities and processes of developing countries;
- provide a forum for further dialogue on the development of SEA;
- promote the value of SEA to decision-makers and others engaged in formulating, assessing and implementing development policies, plans and programmes;
- provide practical guidance for both decision-makers and practitioners on:
  - (a) how SEA can be effectively applied in development cooperation processes, and to which types of actions? and
  - (b) how to plan, design, undertake and monitor an effective SEA in development policy, plan and programme formulation, assessment and implementation? and
- launch the DAC SEA Guidance at the IAIA Global Conference on SEA in Prague in September 2005.

Source: OECD/DAC (2004)

Weaknesses in SEA practice have been reported generally and for individual countries, e.g. Canada, where process audits have been undertaken by the Commissioner for Environment and Sustainable Development. Areas of concern include the appropriateness of SEA approaches at the policy level compared to the planning level, the transparency of SEA processes and their openness to public input, and the lack of monitoring and follow up. In addition, there has been a ground swell of interest in SEA principles and guidance on good practice, drawing primarily on experience in leading countries (see Appendix 11). There is much more that could and should be done in these areas. In particular, greater attention should be paid to the value added by the SEA process to policy development and plan-making and the measures for quality assurance and control that can ensure better outcomes (see section 7.3.1).

- *There is a strong planning tradition in countries in transition that has typically incorporated SEA elements and provided a sound basis for their further development, including the establishment of a new generation of SEA systems. There are significant variations between the systems in NIS and CEE countries. In the latter, in some cases, advances in SEA legislation and practice have been impressive, even by international standards.*

The evolution of SEA in NIS and CEE countries reflects certain features of the planning systems of the ex-socialist regime of the USSR and the different modalities of internally- and externally-driven reforms. On the breakdown of the former USSR, all NIS (and the Baltic states) inherited the then current process of state environmental review (SER) or expertise. With limited modifications, this framework continues in force in all NIS and applies in principle to strategic proposals. However, other than on an ad hoc basis, it does not appear to be implemented at this level and SER systems are perhaps best represented as an interim, para-SEA process.

The status of SEA is quite different in CEE (now including Baltic) countries driven by a combination of internally- and externally-imposed reforms - first towards closer alignment with internationally accepted practice and now, in the case of new EU member states, towards compliance under the SEA Directive. In the interim, some of these countries enacted and implemented progressive SEA legislation. They have considerable practical experience, particularly at the level of land use plans. This experience deserves to be much better known, not least because regional networks for professional exchange and pilot applications have served to catalyse change that was uniquely adapted to the prevailing political and planning culture. It points towards further opportunities for 'east-east' networking and capacity-building. CEE experts could support such initiatives in NIS and Balkan Stability Pact countries. Here such an approach was used successfully but now may be replaced by EU-driven arrangements.

The wider message is that it really is time to move beyond the traditional north-south relationship and provide new, creative frameworks for self-help and mutual support. In southern Africa, for example, the work of the Southern African Institute for Environmental Assessment (SAIEA) focuses on using local expertise in undertaking and building capacity for EIA and in promoting SEA. SAIEA is the southern African node under the Capacity Learning for EIA in Africa (CLEIAA) initiative - a network that links together a number of such regional centres and associations across Africa. Finally there are larger inter-regional linkages that could be productive in terms of SEA capacity-building. For example, the Regional Environmental Centre for Central and Eastern Europe (REC) and the South African Council for Scientific and Industrial Research (CSIR) have recently been collaborating to share experiences and organise exchange visits as part of a broader, more generic notion of transitional countries. In this context, transitional countries include both post-industrial central and eastern Europe and certain African, Asian and Latin America states that are characterised

by significant levels of socio-economic development and under-development. Table 7.1 suggests some important elements for SEA capacity building.

**Table 7.1: Elements of SEA capacity and their development**

(Source: adapted from Sadler 2003c)

| Elements of SEA capacity development                   | Components of effective SEA systems  |
|--|--|
| Supporting conditions and 'infrastructure' for SEA     | <ul style="list-style-type: none"> <li>• Political stability;</li> <li>• Sound governance;</li> <li>• Clear role for NGOs and civic groups;</li> <li>• Environmental awareness of local communities.</li> </ul>  |
| Designing and strengthening institutional arrangements | <ul style="list-style-type: none"> <li>• Clear framework of law, regulation and policy;</li> <li>• Transparent procedure;</li> <li>• Guidance on implementation;</li> <li>• Defined agency roles and responsibilities;</li> <li>• Mechanisms for compliance and follow up, etc.</li> </ul> |
| Improving professional competencies and skills         | <ul style="list-style-type: none"> <li>• Ability of practitioners to implement the SEA process, apply appropriate tools and perform the main activities to an acceptable level of competence and professionalism.</li> </ul>   |

- *Much is happening at the level of international agencies, but SEA at the domestic level in developing countries is best described as mixed and difficult to interpret. Only a small number of developing countries have established recognisable SEA-type processes or elements, although many more have considerable experience of para-SEA processes.*

Multilateral development agencies have been promoting and using SEA approaches in the context of their investment projects in developing countries. For example, the World Bank has used sectoral and regional environmental assessment since 1989 and has recently developed a broad family of SEA-like diagnostic and assessment tools, eg country environmental assessment, energy and environment reviews, poverty and social impact analysis (see section 4.1). The Bank is now committed to using SEA to help borrower countries to move towards sustainable development, in part through a structured learning programme. Key aims of this programme are (Ahmed and Mercier 2004).

*“to define better how SEA can add value to World Bank operations; to establish what forms of SEA can be identified as most useful to staff and clients; and to help build capacity within the World Bank staff to provide better assistance to countries on SEA”.*

Bilateral development agencies have only more recently begun to experiment with SEA in the context of their activities. But they are keen to examine how best to adopt and use the tool, as evidenced through their collective work through the OECD DAC (Box 7.1). In this work, it will be important to explain, clearly and simply, the aims and potentials of SEA to senior decision-takers so that they 'buy-in' to the process. Furthermore, SEA might best be promoted within development cooperation, at least initially, by concentrating on its application to the emerging key areas of donor focus: direct budgetary support; major strategic policies and action plans (eg poverty reduction strategies); key sectors; and mega regional projects (eg trans-national pipelines).

The SEA procedures and methods that are applied by the multilateral financial institutions and the main bilateral assistance agencies have been instrumental in introducing SEA into developing countries, particularly the poorer low-income countries. Most indications are that this will continue for the foreseeable future. Indeed, Peter Croal argues persuasively that the use of SEA in developed countries, and by their development agencies, can provide an important lever to promote SEA in developing countries (see Box 7.2).

**Box 7.2: The leverage of donors: a personal reflection**

By Peter Croal, CIDA

“It is imperative that developing countries embrace the practice and benefits of SEA to ensure that higher level decision-making commences with a more sustainable foundation. Opportunities and support for leveraging the application of SEA in developing countries can come from developed countries where there is an existing formal requirement for SEA. For example, in Canada, the 1999 Federal Cabinet Directive on SEA requires that SEA be applied to policies, plans and programmes that need to be submitted to a Minister or the Cabinet for approval. This provides a ‘default’ mechanism to trigger SEA in developing countries. Thus, if Canada were to approve an education programme for a developing country, it would be necessary to apply SEA to the programme; but it would make sense for the developing country to undertake an SEA for the more discrete and detailed aspects of the programme as they become identified and prepared. Both applications of SEA would be mutually supporting and would ensure better development outcomes in the long term. Requirements to apply SEA could also become an element of a memorandum of understanding between a donor and a developing country.

Donors can play an important role in promoting the application of SEA and sector-wide approaches (SWAPs) to development in developing countries, much as they did 10-15 years ago when EIA was a condition of many bilateral development agreements”.

If that interpretation is correct, then the various agencies need to make a much more concerted effort to coordinate their requirements and activities.

The multi-lateral development banks are perhaps ideally suited to help with the development of SEA, for example, along the lines of a multi-level comprehensive approach as proposed by Annandale *et al.* (2001) (see section 4.1.7). They acknowledge that the way that SEA systems are implemented in developing countries themselves is extremely important, but do not explore the issue. We would argue that development cooperation agencies should think hard about the process and methods that are being ‘exported’ and promoted, and how best to build capacity for SEA development. This is particularly important in the poorest countries that arguably need SEA the most but are least able to take up this process.

Clearly, there is growing interest and demand to learn about and use in SEA in developing countries. But, at present, most of the examples of SEA application in developing countries are, in practice, connected to and driven by projects funded by multilateral development banks and, to a lesser extent, bilateral aid agencies. There are fewer examples of domestically-driven applications. Only perhaps in South Africa (an atypical developing country) have we seen the emergence of a ‘home-grown’ approach to SEA (see section 6.1.1). Yet there is a far richer experience of *para* SEA approaches in developing countries, geared increasingly towards addressing broader sustainability concerns and embedded in an array of land use and strategic planning processes. The evidence from SEA workshops in developing countries is that there is reluctance to promote SEA as an additional formal assessment requirement, and a preference to incorporate the principles and best practices of SEA in order to improve existing policy-making, planning and decision-taking processes.



### 7.3 Future directions and ways forward

Looking ahead, we see three main, inter-related avenues for the further development of SEA:

- *environmental focus* - strengthening existing SEA arrangements and approaches as mechanisms for environmental sustainability assessment and assurance;
- *sustainability focus* - utilising SEA as a component or means of integrated assessment of the effects of policy and planning proposals in relation to the environmental, social and economic objectives of sustainable development;
- *convergence focus* - promoting the convergence of SEA within integrated assessment and planning systems for sustainable development.

Some common threads run through all three lines of approach, notably environmental integration, although the relative emphasis shifts in moving from the existing SEA approach to sustainability appraisal or integrated assessment and planning. These routes can be seen as sequential, progressive steps, securing one base before progressing to the next. And the process will take time. In doing so, it will be essential to maintain the integrity of assessing the environmental effects of proposals in order to ensure these are sufficient to protect the environment. At present, we have serious reservations that SEA as a separate process, and as now applied, provides sufficient environmental safeguards; and also about moving toward more integrated approaches until that issue is resolved.

With that reservation in mind, below, we discuss these three alternative directions for SEA development separately. But, in practice, it is more likely that progress will be simultaneously incremental in all three. Such is the nature of experimentation and learning. Furthermore, each alternative is likely to be driven by different (often competing) needs, agendas, proponents and groups of practitioners.

#### 7.3.1 Improving SEA quality and effectiveness

The quality and effectiveness of SEA are becoming subjects of increasing concern and attention for process administrators and practitioners. This is evidenced by the discussion at the 8<sup>th</sup> Intergovernmental Policy Forum on Environmental Assessment, held in association with IAIA 2004 (Vancouver) (CEAA, 2004). Recent evaluations of SEA implementation, including work reported in this volume, have helped to clarify these concerns and identify ways and means of improving SEA procedure and practice.

In summary, there are three main building blocks for improving SEA quality and effectiveness (see also Table 7.2):

- First, strengthen the institutional arrangements that serve as quality ‘controls’. At a minimum, these include procedural requirements and guidance to ensure compliance and consistency of implementation, ‘basics’ that are lacking even in some well-established SEA systems (see section 7.2.3). The main steps and elements of the SEA process themselves provide means of quality assurance, particularly scoping, review of report quality, public comment, and monitoring and follow up (which is widely recognised as lacking).

- Second, undertake reviews of SEA effectiveness and performance, using a systematic framework and criteria to evaluate the lessons of practical experience (learning by doing). This should apply both to the micro level of SEA of an individual policy or plan proposal and to the macro level of the implementing SEA systems. In both cases, the focus should be on the contribution of SEA to decision-making and, as far as possible, on the results achieved. Ultimately, the outcomes of the SEA process define how well it works and whether it meets its fundamental purpose(s).
- Third, promote SEA good practice through benchmarking standards and measures for carrying out the process and the main activities and elements. A start to this has been made already, notably through IAIA activities in specifying principles (Box 2.4) and performance criteria (Box 2.5). In our view, this work now should be extended beyond the procedural and focus on environmental safeguards and required outcomes, i.e. substantive performance - at the end of the day, this is what really matters.

**Table 7.2: Elements of review of SEA quality and effectiveness**

(Source: Adapted from Sadler, 2004)

| Main element   | Primary function                 | Components   |
|--|----------------------------------|--|
| Policy or plan monitoring & environmental management | Implementation and intervention  | <ul style="list-style-type: none"> <li>• Tracking plan or policy implementation against objectives.</li> <li>• Monitoring environmental effects and measures.</li> <li>• Management actions as necessary.</li> </ul>   |
| Effectiveness & performance review                   | Learning and process improvement | <ul style="list-style-type: none"> <li>• Evaluating the contribution of SEA in policy or plan preparation.</li> <li>• Review of quality of SEA information.</li> <li>• Audit of SEA process and procedure.</li> <li>• Identifying environmental outcomes of policy and plan implementation.</li> </ul> |
| Benchmarking & reporting EIA good practice           | Setting and improving standards  | <ul style="list-style-type: none"> <li>• Drawing lessons of experience.</li> <li>• Identifying the elements of good practice.</li> <li>• SEA principles, performance criteria and step-by-step guidance.</li> </ul>  |

### 7.3.2 *Towards a sustainability approach*

Our original intention was to explore emerging experience and future for sustainability appraisal or assessment in this concluding chapter, believing it still to be a ‘frontier’ challenge. But in exploring the field, we were quickly struck by the sheer volume of experimentation and initiatives being undertaken (in this area) under its umbrella term. It was clear that we could not do justice to this subject within the confines of a final chapter. Therefore, a second volume devoted to sustainability appraisal is in preparation.

SEA provides an initial entry point to sustainability appraisal. It already has features and characteristics of an integrated, sustainability-oriented approach - notably when considering social, health and economic effects either directly or using specialized forms of impact assessment. These include social impact assessment (SIA) and health impact assessment (HIA), as well as longer established economic appraisal tools. When used in combination, these procedures approximate to integrated assessment or sustainability appraisal. Much has

been written in the SEA literature on this transition. But, far more importantly, a number of countries and international organisations are beginning to experiment with, and implement, sustainability appraisal. Examples include the approach to sustainability impact assessment of trade policy used by the EC and new UK planning regulations that require a process of sustainability appraisal (which, *inter alia*, will need to be integrated with the requirements of the EU SEA Directive).

If the promise of this approach is to be fully realized, a number of institutional and methodological issues need to be addressed. These include the appropriate provision and arrangements for implementing sustainability appraisal within policy-making and planning processes. In this respect, perhaps the most critical issues are “*how* environmental, social and economic information is analyzed, integrated and presented to decision-makers” (Buselich 2002) and, above all, within what framework of sustainability objectives and measures- (Sadler, 1999). For present purposes, we define sustainability appraisal as an integrated assessment of the environmental, social and economic effects of proposed actions at all levels of decision-making, from policy to projects, which is undertaken against a national or international framework of sustainability principles, indicators or strategies. With important exceptions, we consider that the discussion of these issues in the impact assessment literature lacks a cutting edge and is predominantly theoretical and methodological. To date, there have been few surveys of the larger field of sustainability appraisal or what is happening in practice. We hope our forthcoming volume on sustainability appraisal (Dalal-Clayton and Sadler, 2004) will help shed further light on this field.

By any standards, sustainability appraisal will be difficult to implement, particularly for many developing countries where capacity is limited and institutional pre-conditions are missing. The approach may be best introduced incrementally, for example by modifying the EIA and SEA process to address key questions. But it is also clear that further progress on this front is related to the extent to which different levels of integration are in place (Lee 2002), eg.

- *vertical integration of assessments*, which are undertaken at different stages in the policy, planning and project cycle (‘tiering’);
- *horizontal integration of assessments*, i.e. bringing together different types of impacts – environmental, economic and social – into a single overall assessment, at one or more stages in the planning cycle (others have called this *substantive integration*);
- *integration of assessments into decision-making*, i.e. integrating assessment findings into decision-making at different stages in the planning cycle (sometimes called *process integration*).

### **7.3.3 Promoting integrated assessment and planning**

The development of an integrated assessment and planning or policy-making process perhaps represents the final stage of structural convergence. We envisage this stage as one where sustainability appraisal of the environmental, economic and social effects of proposed actions is an integral part of planning and policy-making rather than applied as a separate or arms-length procedure.

The WSSD *Plan of Implementation*, agreed at Johannesburg, emphasises the importance of taking a ‘holistic and inter-sector approach’ to implement sustainable development, in general, and to deliver on the Millennium Development Goals, in particular. Work undertaken by UNEP (2001) and other international organisations has underlined the importance of integrated assessment and planning, particularly for addressing the root causes of

sustainability issues and taking account of the linkages among environment, economic and social factors. This is particularly important at the strategic level in the context of international development.

Currently, a major shift is taking place in development assistance strategies of the multi-lateral lending agencies and bilateral donors. This realignment is focused on new pro-poor policies that combine a range of actions previously taken separately; for example to alleviate hunger, improve public health and provide basic infrastructure. It also involves a shift from the micro to the macro or strategic level, with much greater emphasis given to direct budget support, policy-based lending and support, and sector programme development rather than funding individual projects and capacity-building. A major issue, especially in lower-income countries, is how the rural poor can achieve sustainable livelihoods while maintaining environmental sustainability (one of the seven Millennium Development Goals).

In turn, this underlines our earlier emphasis on the importance of ensuring that the integrity of environmental assessment is maintained, whether in an expanded process of sustainability appraisal or as part on the larger structure of integrated assessment and planning. Many people are concerned that the environmental dimension will be watered down in moving from SEA toward convergence with other appraisal and planning processes. Nor is it clear if there are processes that approximate to integrated assessment and planning and, if so, what are their pros and cons. Currently we are surveying this field in support of a major initiative by UNEP (2003) to undertake a number of demonstration projects on integrated assessment and planning (which will be coordinated with the OECD/DAC initiative on SEA (see Box 7.1).

#### **7.4 Challenges to real progress?**

In the preceding chapters, we have set out evidence of the rapid uptake of SEA around the world and illustrated the breadth of applications. Clearly, there is much overlap and sometimes contradiction in terminology and considerable variation in emphasis and approach. But this is also a healthy reflection of both the demand for an assessment tool upstream of projects (EIA is accepted to be unsatisfactory at this level) and the enthusiasm to apply SEA and related approaches to further the aims of sustainable development. As we have seen, this eagerness to 'get on and do it' has driven SEA practice well ahead of theory.

It is also evident that much thought and energy is being devoted to how and when to best apply SEA approaches. The real challenges to achieving both the aims and potential of SEA are not methodological. Rather they lie in the institutional and political arena. Further progress will be dependant on:

- explaining more clearly what SEA is – particularly to those who need to be convinced to request its application (politicians, policy-makers, planners, decision-takers, senior bureaucrats, etc.);
- clarifying to those same audiences what SEA can achieve (why it is important, what benefits it can provide), and when and how it can be applied. It will be important to position SEA more as an aid to existing planning and decision-making processes, and less as a new formal requirement;
- working to secure political commitment so that SEA is 'enabled', i.e. that it is able to be applied at the appropriate stages in policy- and decision-making cycles (not at the end when major decisions and commitments have already been taken – a problem still suffered by EIA); and

- ensure that its role is understood and welcomed so that outputs/results are expected and have a place in the processes SEA seeks to support (i.e a genuine seat at the decision-making table).

SEA has evolved a great deal over the past decade and there is now a need to take stock and consolidate before moving forward, particularly in developing countries. We hope this volume helps in that regard, both generally and specifically in supporting the work of UNEP and establishing a baseline for the OECD DAC Environment Task Team described above. Looking ahead, the DAC initiative should be particularly useful in clarifying terms, confirming principles, assembling best-practice case studies and developing guidance that is designed for and relevant to developing countries. It will complement the activities that will be undertaken to implement the SEA Directive in the European Union and subsequently the SEA Protocol to the Espoo Convention on a pan-European basis.

