

Chapter 4

SEA EXPERIENCE IN DEVELOPMENT COOPERATION

EIA requirements are now an established component of development cooperation. Recently, multilateral and bilateral donor agencies and other international development organisations have emphasised the use of SEA to promote more sustainable and integrated approaches to sectoral and broader development plans, programmes and policies. This emphasis by the donor community has resulted in growing SEA practice in developing countries and has been a vector for the wider introduction and adaptation of SEA for domestic applications. The World Bank is in a leading position in this regard and we describe its activities first. Other multilateral and bilateral donor agencies also have important SEA initiatives underway. These are then described in alphabetic order in sections 4.1 (multilateral development agencies) and section 4.2 (bilateral aid agencies).

In the last few years, poverty reduction strategies have become the most prominent strategic planning processes in development cooperation. Multilateral development banks, bilateral donor agencies, international organisations and many poor countries now see such strategies as the main framework within which to address sustainable development. Poverty alleviation is a driving theme of the UN Millennium Development Goals (MDG) and the Plan of Implementation of the World Summit of Sustainable Development (WSSD) agreed at Johannesburg in 2002. They both make it clear that an integrated approach is necessary to achieve poverty reduction. MDG 7 (target 9) sets a key objective to ‘integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources’ (UNGA 2001). Endorsed at the World Summit on Sustainable Development, it potentially represents the overriding focus for SEA in the next decade (see section 4.3).

4.1 SEA in multi-lateral development agencies

4.1.1 *The World Bank*¹

SEA provision and procedure

World Bank policy and procedures for environmental assessment (EA) have been in place for fifteen years and include provision for sectoral and regional level environmental assessment. Both forms of SEA were introduced by Operational Directive 4.00 (Annex A, 1989). This was subsequently converted into an Operational Policy/Bank Procedure (OP/BP 4.01, 1999), confirming a requirement for borrowers to conduct sectoral and regional EA, as and where relevant. For example SEA would typically be conducted for sectoral investments and adjustment loans and credits with Bank assistance to ensure the process was relevant and effective in terms of their development impacts.

The introduction of OP/BP 4.01 also coincided with a broadening of environmental and social assessment approaches in Bank operations. EA at the Bank is now part of a set (system) of ten environmental and social safeguard policies which apply to all investment lending (about two thirds of the new lending during the last years). They receive considerable internal and external attention. In August 2004, the Bank’s Board approved a new Development Policy Lending policy (OP/BP 8.60) - a major development that promises to influence the use of SEA in World Bank operations. This new policy significantly updates Operational Directive 8.60 on adjustment lending and requires the Bank to determine if specific country policies

¹ With contributions by Kulsum Ahmed and Jean Roger Mercier, World Bank)

supported by the operation are likely to have significant effects on the environment and natural resources of the client country. In such cases, an assessment must be conducted - using existing analytical work - of the borrower's systems for reducing the adverse effects and enhancing the positive effects of the specific policies being supported. Programme documentation must describe how any significant gaps in the analysis or shortcomings in the borrower's systems will be addressed before or during programme implementation, as appropriate.

The implementation of EA policy for the fiscal years (FY) 1996- 2000 was examined in the Third Environmental Review of World Bank experience (Green and Raphael, 2002). Like the previous review (covering FY 1992 to 1996), it notes the increasing use and acceptance of sectoral EA to address sector-wide issues and programmatic loans covering numerous similar sub-projects, e.g. roads, irrigation, etc. (see Box 4.1). Sectoral EA addressing issues early in

Box 4.1: SEA of Gujarat State Highways Programme, India

The World Bank financed a programme to improve the Gujarat state highway system. First, a study of strategic options identified 1500 km for a detailed feasibility study. On this basis, approximately 800 km of roadway was selected for improvement within the available budget and was subjected to an SEA. The SEA covered the following aspects:

- environmental and social impact at a state-wide level (e.g. classifying highway corridors into three levels of environmental sensitivity);
- Guidelines and methodology for the conduct of the project level EIAs;
- Early coordination with large number of administrative and technical agencies;
- Mitigation and monitoring plans relating to road construction and operations;
- Avoiding impacts through design and routing changes (e.g. keeping the cleared zone to absolute minimum consistent with safety constraints);
- impact zones included immediate right of way (to 100m) and indirect area of influence (to 10 km);
- some relocation of people and plots (various instruments were used including letters of credit);
- recognition of protected areas and sites of heritage and cultural significance (Gujarat has numerous roadside shrines and temples);
- social assessment of state-, district- and local-level impacts (socio-economic, demographic and community profiles);
- consultation with local stakeholders and interested parties (village meetings and focus group interviews); and
- transportation of hazardous materials, emergency response and environmental health and safety.

Source: Kjørven and Lindjhem (2000)

the process of decision-making, and so helps to eliminate environmentally damaging alternatives and reduce the information requirements for project level EA. Regional EA is used to take a spatial, area-wide approach to development planning, and is acknowledged to have useful potential for addressing cumulative effects. Currently, the Bank has less experience with regional EA than sectoral EA, but has there are some 'good practice' examples (see Box 4.2).

In recent years, the Bank has made increasing and broader use of SEA. It has employed a more diverse suite of tools as part of its corporate strategy to 'mainstream and upstream the environment' (World Bank, 1999, 2000). Mercier (2001) explains the relationship to OP/BP 4.01 procedure as follows:

Box 4.2: Regional environmental assessment of Argentina flood protection

A regional environment assessment (REA) was undertaken for an investment programme to protect communities occupying the flood plains of the Paraguay, Parana and Uruguay rivers in northern Argentina. This region had suffered enormous losses from periodic flooding (which also has important ecological functions). But the periodic flooding also sustains ecological systems and many forms of productive activities. So the project adopted a “living with floods” strategy. Proposed construction works included flood defences in areas of economic importance and with greatest vulnerability to repeated flooding. Non-structural measures included: strengthening institutional capacity and coordination to deal with periodic flooding; upgrading flood warning, preparedness and shelter in areas not warranting structural defences; and capacity-building and technical assistance to support these activities

The REA was initiated at an early stage of the decision-making process and included:

- description of the interaction of hydro-ecological and socio-economic systems of the region;
- screening of potential investments to select sub-projects with clear economic, social and environmental benefits;
- analysis of alternatives for each site using criteria of least possible interference with natural flooding patterns
- analysis of the cumulative effects of all flood protection projects;
- public consultation aimed at improving the design of all sub-projects;
- design changes to take into account the results of the REA and public consultation;
- identification of mitigation and monitoring measures;
- identification of institutional weaknesses in dealing with the flood problem; and
- recommendation for a regional action plan to address the issues identified.

The REA studied the interactions of natural and man-made systems within the floodplains. These included the ecological functions of the periodic floods and the current state of critical ecosystems such as wetlands and gallery forests. The study found that, to a surprising extent, many ecosystems and human activities depended on the floods. This had a direct impact on the way the project was designed. Criteria for the selection of investments were modified to ensure that flooding would continue, but not threaten human well-being and economic infrastructure.

The study documented the extent to which wetlands, gallery forests and aquatic ecosystems of the tributaries to the three rivers are threatened by human activities. It found that the most disruptive activities were road construction, followed by poorly planned urban expansion and effluent from the meat packing industry. Poor urban sanitation services were directly undermining existing flood protection works. For example, many communities disposed of garbage along protective dykes. This attracted rodents which weakened the dykes by digging tunnels making them ineffective against floods.

The REA assisted the design of four key project components to help improve the environmental and economic benefits of the project:

- (i) strengthening EA procedures in key institutions within the seven provinces;
- (ii) technical assistance for urban environmental management;
- (iii) environmental education and awareness programmes in communities benefiting from protection works; and
- (iv) support to protection and management initiatives for wetlands and other ecosystems.

Perhaps the most important outcome of the REA was its direct contribution to screening all potential investments under the project. It helped reduce the number of possible sub-projects from 150 to 51, all with a clear economic, social and environmental justification. Once these sub-projects had been selected, the REA team prepared project-specific EAs for each one. When they were completed, the REA team returned to examine the likely cumulative impacts of all the 51 sub-projects, to ensure that such impacts would be minimised.

Source: World Bank (1996b), Kjørven and Lindjhem (2002)

“ Regional and sector assessment of Bank-financed developments by borrowing countries now take place alongside and often support what the Bank calls ‘targeted environmental interventions’, for example to implement national environmental action plans, promote biodiversity conservation and ecosystem planning and build EA and management capacity. In addition, ten environmental and social safeguard policies and instruments have been developed for quality assurance of all Bank-financed operations. SEA is identified as a key means of moving the safeguard policies ‘upstream’ to ensure compliance of national, regional and sectoral programme”.

SEA diversification at the Bank

In 2001, the Bank approved its first environmental strategy. This commits the Bank to using SEA as a central instrument for helping countries move towards sustainable development (Kjørven and Lindhjem 2001) (Box 4.3). It broadens the perspective of environmental (and, to some extent, social) assessment and adds a more proactive ‘do good’ approach to the ‘do no harm’ principle of mitigating the adverse impacts of development projects. New para-SEA tools are now used across a range of Bank-funded activities. Monitoring of these activities has started and reporting will follow.

Box 4.3: The World Bank Environmental Strategy

In July 2001, the World Bank approved its first environmental strategy. This emphasises the need to:

- (i) integrate environment into poverty reduction and development strategies and actions and explicitly target health, sustainable livelihoods and vulnerability reduction impacts;
- (ii) create conditions for the private sector to become the driver of sustainable economic growth; and
- (iii) help find equitable solutions to regional and global environmental challenges.

The strategy has three objectives:

- ***improve the quality of life:***
 - reduce environmental health risks;
 - improve people’s livelihoods; and
 - protect against vulnerability to environmental change:
- ***improve the quality of growth:***
 - support reforms to improve incentives and encourage efficient use of natural resources;
 - promote environmentally sustainable rural and urban development; and
 - assist clients to strengthen their environmental management capabilities;
- ***protect the quality of regional and global commons:***
 - convene stakeholders on collective solutions to transboundary problems;
 - maximise the overlap between local and regional/global benefits; and
 - apply Bank skills and experience as an executing agency under international conventions with specific mandates and funds.

Use of SEA and related tools: The strategy calls for strengthened analytical tools, particularly at the strategic level. SEA is positioned as a means of integrating the environment into sector development planning processes (*‘mainstreaming’*) through early identification of issues, evaluation of alternatives, assessment of cumulative impacts, etc. It is also seen as having potential to address policy-based lending (*‘upstreaming’*), especially to International Development Association (lower income) countries. Examples of related tools for this purpose include country environmental analyses and poverty and social impact analysis, and overlay analysis to relate local and global environmental issues.

Source: World Bank (2002)

Country-level analytical and advisory work is important in defining strategic priorities and influencing development outcomes. So the Bank has introduced a systematic diagnostic analytical tool called *country environmental analysis (CEA)*. This is promoted as a flexible tool with three analytical building blocks: assessment of environmental trends and priorities; policy analysis; and assessment of institutional capacity for managing environmental resources and risks (World Bank 2002a). It has three main objectives (World Bank 2003):

- *To facilitate mainstreaming* by providing systematic guidance on integrating information on, and analysis of, key environment, development and poverty links into the country policy dialogue. The mainstreaming of environmental issues is more likely to happen when the diagnostic work is carried out before preparing poverty reduction strategy papers (PRSPs), CASs, and large structural adjustment operations and other programmes;
- *To guide environmental assistance and capacity-building* supported by the Bank or other development partners through an assessment of capacity issues, especially in relation to specific environmental priorities; and
- *To facilitate a strategic approach to environmental safeguard issues* by providing information and analysis about environment-development links at the earliest stages of decision making. This will help shape key lending and programmatic decisions at the country and sectoral levels and help manage risks at the project level.

CEA provides a framework to systematically link country-level analytical work with strategic planning processes. Like other country-level diagnostic analyses, CEA is linked with a wide range of collaborative work with clients and development partners to guide their development assistance. It contributes to the Bank's policy dialogue with client countries, primarily through the country assistance strategy (CAS) and also helps in developing country strategies and formulating effective lending programmes (World Bank 2003). Many of the tools and analytical approaches used in CEA approximate to SEA. Their focus is large-scale and general. In an individual country, lessons can be drawn from previous SEA applications to provide key inputs to the broader review in the CEA. Conversely, the CEA can identify sectors and policies where a more in-depth analysis through SEA could provide more specific guidance for policy development.

The Bank has reviewed its use of a range of environmental diagnostic methods that might be used in a CEA toolkit (World Bank 2002b). It has also completed a desk review of Bank experience with CEA to identify the strengths and weaknesses of the existing tools and their applicability in this context (Pillai 2002). This showed that there has been no systematic, institution-wide approach and led to the introduction of CEA as a key analytical tool. In addition, the Bank recently published a review of international experience with country-level environmental analytical tools, prepared by the Stockholm Environment Institute (Segnestam *et al.* 2003). CEA pilot studies have been initiated in all regions in the Bank².

Other forms of strategic environmental analysis

The World Bank also uses other forms of SEA.

² These include studies in Egypt, Tunisia, in the Indian states of Andhra Pradesh, Uttar Pradesh and Karnataka, Morocco, Bangladesh, Pakistan, Ghana, Colombia, Dominican Republic and Ethiopia. A study in Serbia and Montenegro has been completed. Pilots are being undertaken in parallel with the development of the CEA methodology and will provide feedback on preliminary lessons (World Bank, 2003).

Energy and Environment Review (EER) is a specific example of upstream analytical work on environmental issues related to the energy sector. It has been mainly supported by the Energy Sector Management Assistance Program (ESMAP), but as part of the Bank's country and sector assistance programs. Three general types of EER have been undertaken:

- full-scale - looking comprehensively at energy and environment issues in one of more sectors in a country;
- rapid assessments, which are carried out to quickly prioritise key energy-environment issues in a country - based on existing data. This may lead to a full-scale EER; and
- targeted issues, such as fuel quality, sulphur emissions, or indoor air quality.

Full-scale EERs are underway or have been completed in Bulgaria, Egypt, Iran, Macedonia, Sri Lanka and Turkey, while rapid and more targeted EERs are underway or completed in Bangladesh, Bolivia, China, Mongolia, Thailand, Vietnam, Eastern Europe and Central Asia Region, and Latin America and the Caribbean Region. The Bank is currently reviewing the results and impacts of EERs, and to what extent, and in what ways, they can be a useful tool for influencing energy and environment policies and programmes in client countries. Further information on the EERs supported by ESMAP can be found at www.esmap.org.

Poverty and social impact analysis (PSIA) has been developed to provide improved support to PRSP and other processes used by the Bank. The approach is set out in a user's guide with a menu of possible economic and social tools and quantitative and qualitative techniques. To supplement the guide, the Bank plans to issue a toolkit with more in-depth guidance on available economic tools, and an intensive learning programme is being organised to provide further guidance on available social tools.

PSIA is not strictly new. It draws from existing methods for the analysis of poverty and for social impact assessment. But it address the fact that these methods have been weakly applied to the design of government policy. So PSIA is used to mean "analysis of the distributional impact of policy reforms on the well-being or welfare of different stakeholder groups, with particular focus on the poor and vulnerable". In doing so, it aims to address issues of sustainability and risks to policy reform that accompany social impacts of policy changes.

Although the guidance suggests no formal methodology, it identifies various elements (and tools that can be used to address each of them) that make for good PSIA:

- asking the right questions;
- identifying stakeholders;
- understanding transmission channels;
- assessing institutions;
- gathering data and information;
- analysing impacts;
- contemplating design and compensatory schemes;
- assessing risks;
- setting up monitoring and evaluation systems; and
- fostering policy debate and feeding back for policy adjustment.

These elements are entirely consistent with the essential steps to developing and implementing strategies for sustainable development (see OECD/UNDP 2002).

The guidance acknowledges that there might be a logical sequence to addressing these elements of PSIA. But it cautions against taking this to imply that they need to be undertaken in a strict chronological order or that all the steps will be feasible in all country circumstances. "Pulling these elements together in a coherent, strategic and integrative fashion is what makes for good PSIA". A summary matrix may be a useful tool to aid analysis in (eg Table 4.1). It can provide a framework for the key aspects of PSIA for a given reform. It can also serve as a

Table 4.1: A summary matrix for Poverty and Social Impact Analysis of policy change (Source: World Bank 2002)

Reform:									
Objective:									
Channel		Stakeholders *		Effect on the poor (or target stakeholder group)			Critical assumptions (including counter-factual)	Institutional changes	Indicators
General	Specific	Potential winners	Potential losers	Direct short-run	Indirect short-run	Medium-run			
Labour market	Formal Informal								
Prices	Output demand Output supply Input demand Input supply Other								
Access	Private goods and services Public goods and services								
Assets	Physical Financial Human Social Natural								
Transfers and taxes	Private transfers Public transfers and taxes								
Net impact									
Other generally relevant assumptions (eg economic growth, political stability, external environment)									
Key risks									
Information base and analytical methodology									
Mitigation or enhancement measures									
Summary recommendations									

*: Stakeholders include those who influence policy and those who are influenced by it

template in which some of the results and assumptions underlying the analysis can be made explicit.

Pending developments and future directions

In order to help clients respond to the recently-approved policy on Development Policy Lending, OP/BP 8.60, the Bank expects to focus the SEA programme in the medium term on three main objectives (Ahmed and Mercier 2004):

- to promote greater use of SEA in conjunction with DPL and programmatic operations (primarily linked to infrastructure sectors);
- to promote capacity-building for client-led SEA through programmatic economic and sector work and other capacity-building tools; and
- to participate with development partners, donors and clients in harmonisation efforts on critical elements of SEA good practice.

Specific activities to move forward with these three objectives are part of the World Bank's structured learning programme on SEA. They includes new directions for capacity-building within the Bank and among client countries (see <http://www.worldbank.org/sea>)

4.1.2 African Development Bank

The African Development Bank (AfDB) formulated its Environment Policy in 1990. Since then, it has issued a number of policy documents orientated to sustainable development (e.g. on energy,; forestry and integrated water resources management). These provide staff, regional member countries (RMCs) and the public with guidance and practical advice on policy implementation, and on environmental issues to be considered in project design in order to achieve environmental sustainability.

The effectiveness of implementing the AfDB's environmental policy from 1993 to 1998 has been evaluated by the bank. This concluded that environmental assessment at the Bank has evolved from a reactive tool for avoiding negative impacts towards a positive, proactive planning tool. It is also noted a clear need to move impact assessment "upstream" into project planning and "downstream" into supervision of implementation. The use of strategic impact assessment (SIA) has now been recommended to address sustainable development concerns at the policy, plan and program level and draft guidelines have been prepared (Box 4.4).

Box 4.4: Draft strategic impact assessment guidelines for the African Development Bank

Objective: Guidelines for Strategic Impact Assessment (SIA) are being developed by the African Development Bank with the aim to change attitudes and culture within the Bank and its regional member countries (RMCs). They will be for use by Bank staff and technical experts of RMCs in assessing the impacts of policies, plans and programmes (PPP) on Bank-financed, policy-based lending, structural and sector adjustment projects and programmes. The guidelines are also aimed at guiding the Bank task managers and proponent RMC governments in applying for loans to assess environmental and social impacts at policy programme and plan level.

Annexes include more detailed criteria and tailored checklists to guide addressing specific SIA issues in various sectors: agriculture, infrastructure, transport, health, education, land development, irrigation, industry, energy, water management, fisheries, forestry, waste management, tourism, telecommunications, spatial planning, land use, trade, nature conservation and modern bio-technology.

Limitation: The guidelines recognise that no single SIA methodology is apt to be applied uniformly to the different tasks in the diversity in PPPs; and that approaches need to be adaptive to different agendas, actors, discourses, knowledge requirements and bargaining styles within different policy-making sectors. Consequently, the AfDB guidelines provide only general instructions for assessing impacts.

Roles and responsibilities: The guidelines cater to a number of players in the SIA process. They aim to:

- assist RMCs carry out SIA as part of their decision-making process in developing PPPs for which they require ADB lending. As part of applying for policy-based lending, structural and sectoral adjustment loans, RMCs are expected to demonstrate to the AfDB that environmental and social issues have been taken into consideration in the decision-making process, and that the PPP aims to achieve sustainable development goals;
- assist the Bank's country environmentalists in evaluating the quality of SIAs submitted by the RMCs to the Bank. Dialogue between the Bank, the initiating RMC government and civil society is essential during the SIA preparation process;
- provide consultants with a "how-to" tool when assisting either the RMC in carrying out the SIA or when assisting Bank staff in evaluating the quality of a submitted SIA;
- serve as a guideline to the Poverty Reduction and Sustainable Development Unit (PSDU) when assisting country environmentalists in their evaluation of the SIA report and PPP implementation; and
- facilitate civil society organizations in their role as stakeholders.

When applying for policy-based, structural or sectoral adjustment loans from the Bank, the **borrower** must demonstrate to the Bank that environmental and social considerations are part of the PPP development process.

The country environmentalist is responsible for the practical aspects of SIA implementation – ensuring that environmental and social considerations are integrated into policy-based, structural and sectoral adjustment programmes and plans. The SIA process should be integrated in the cycle of PPP decision-making and implementation.

By comparison, the task manager must use the results of the SIA as one of the tools for negotiating the loan agreement between the Bank and the borrower. He/she has the authority and mandate to propose lending instruments to the Board that respond to the Bank's vision; and to engage with the RMCs in the policy dialogue on environmental and social issues.

The PSDU should ensure that the Bank's lending approvals comply with the Bank's vision, policies

and guidelines, particularly those relating to cross-cutting issues. It is responsible for clearing SIA screening (the decision on whether an SIA is required or not). The Unit also assists the country environmentalists to fulfil their requirements under the SIA guidelines. It gives environmental and social expert advice on missions and audits and provides peer-level advice on SIA studies. In addition, the Unit assists task managers in policy dialogue on environmental and social issues with RMCs.

In preparing the SIA, public participation and the involvement of civil society organisations is encouraged by the general policies of the Bank. Such dialogue with stakeholders to elicit their concerns are key for any SIA assessment. More constructive inputs from the public are likely when preliminary information is made available to them – this facilitates their understanding of the ramifications of the proposed initiative.

Options: The guidelines urge that the SIA process be introduced at the very early stage of project preparation. They suggest that SIA be used to identify and assess alternative options for the proposed PPP. The should include the 'status quo' or do nothing alternative to provide a benchmark for comparison of other alternatives.

Source: Eugene Shannon. African Development Bank

4.1.3 Asian Development Bank³

Since the early 1980's, the Asian Development Bank (ADB) has responded to growing concern about the impact of the region's rapid economic growth on the environment. It has made significant progress in establishing a comprehensive system of environmental safeguards for its operations. The Bank has developed formal EA requirements including review procedures and guidelines, staff instructions, and a management system to monitor the progress of environmental interventions in projects and programmes. These all aim to integrate environmental concerns into the mainstream of the Bank's development activities. It has used various forms of SEA in socio-economic development programming and planning at all levels - subregional, national, subnational and sectoral. It has also been active in strengthening the capacity of environmental institutions and line agencies in developing member countries (DMC). As environmental awareness at the ADB and in the DMCs has grown, environment has been gradually integrated into sector development policies, and this, in turn, has led to a sizeable environmental lending portfolio.

Early on, the ADB recognised that EIA was being used as an add-on to project planning; and, at best, this was only partially effective. Often, EIA results were unable to affect necessary changes in project design because the study was commenced after the design was more or less settled. In addition, the implementation of prescribed mitigation and monitoring requirements documented in EIA reports were not always successful. They were not built into construction contracts or supervised on a day-to-day basis during implementation (ADB, 1994). As a result, the Bank introduced SEA-type approaches into upstream activities such as country programming (e.g. country environmental analysis), sub-regional programming and planning (e.g. the Strategic Environmental Framework for the Greater Mekong Subregion), and environmental-cum-economic planning for sub-national areas.

³ With contribution by Robert Everitt, Environmental and Social Safeguard Division, Regional and Sustainable Development Department, and Dewi Utami (ADB)

New environment policy

In 2002 a new environment policy was introduced. It strengthened the consideration of the environment at the ADB. The policy was prepared through a broad consultation process with governments and civil society within the region and with many major donor countries. It mandates the integration of environmental considerations in all ADB operations at various stages of project and programme cycles, including planning, preparation, implementation and evaluation. The policy requires environmental assessment of all project loans, programme loans, sector loans, sector development programme loans, financial intermediation, and private sector investment operations.

Key aspects introduced by the policy include:

- environmental assessment as an on-going process throughout the project cycle;
- increased emphasis on environmental management plans to ensure mitigation during project implementation;
- strengthened environmental screening procedures; and
- strengthened disclosure and public consultation requirements.

Country environmental analysis

The ADB has moved EA upstream into the development of a country strategy programme (CSP) in each DMC by requiring a country environmental analysis (CEA). SEA is a recommended tool to support the sector and policy analyses that are undertaken to prepare programmatic and sector interventions. CEA provides the information necessary for informed decision-making on environmental constraints, needs, and opportunities in a DMC, including those that impinge upon poverty partnership agreements. It outlines environmental issues that are most important to DMC development strategy and describes the Bank's role in addressing the environmental constraints on sustainable development. The assessment is directed at the policy, programme and sector levels. It is envisaged as a participatory process that is initiated before the CSP preparation, and it continues throughout this process to assess potential environmental issues associated with the strategy. The ADB is working closely with the World Bank, IADB and other institutions in further developing CEA methodology and coordinating its application in selected countries.

Policy-based and sector lending

SEA is sometimes applied by the ADB to programme loans, to help prepare a matrix of environmental impacts of policy and institutional actions, mitigation measures and the institutional basis for implementing and monitoring them. It is also used to review environmental sustainability objectives of the programme and to propose criteria, targets or indicators for evaluating the effects of the loan. For sector loans, SEA helps with the cumulative impact assessment of all projects envisaged as a part of the loan. It is also used to enhance the efficiency of subproject-level initial environmental examinations (IEE) by avoiding the need to redo analyses for issues covered adequately in a SEA for the entire sector. The assessment of subprojects is then able to concentrate on their site-specific impacts.

Environmental-cum-economic planning

The ADB recognises that a piecemeal approach is an overarching deficiency in the integration of economic and environmental management in the Asia and Pacific. Overcoming this problem requires a nested hierarchy of integrated economic, social and environmental plans (also called sustainable development plans) that covers global, regional, national, sub-national and local levels. The approach recommended by the ADB is environmental-cum-economic planning (its experience is detailed in Appendix 7). In practice, this approach has limitations due to the costs of the needed planning studies and the need for strong institutional commitments to develop and implement the plans.

The Bank has carefully reviewed a wide range of integrated environmental and economic plans. It concluded that global, regional, and national plans rarely contain sufficient detail for direct implementation. Equally, at the other end of the spectrum, project and local plans are often disconnected from national, regional, and global goals. A particular gap in the hierarchy of plans in the Asia and Pacific region is at the sub-national level. Some sub-national plans have been developed for river basins, integrated area development regions, provinces, islands, and biosphere reserves. Planning guidelines developed by the ADB have been applied in a small number of integrated plans in Indonesia, Malaysia, Philippines, China and Thailand (ADB, 1988). An important lesson from these plans is the need to vertically link economic-cum-environmental plans at all levels to ensure that they are consistent and compatible. The Bank has funded a limited number of such studies at various levels and anticipates that such a hierarchy of integrated plans will eventually emerge.

Subregional - strategic environmental framework (SEF)

A strategic environmental framework (SEF) has been developed to support the Greater Mekong Subregion (GMS) Programme⁴ which aims to protect the environment and promote sustainable development. It was initially established to guide investment decisions in the transport and water resources sectors. The ultimate goal of the SEF is to ensure investments in all sectors are environmentally and socially sustainable. This means that environmental and social aspects, as well as cumulative impacts, are considered at an early stage in the planning process for all projects. Various environmental and social databases have been developed within the SEF. The information systems are expected to assist national level policy-makers, as well as NGOs, the private sector, and academic and international institutions in drawing up more sustainable plans and programs and analyzing and assessing their potential impacts.

A key element of the SEF is dedicated to providing accurate environmental information to support decisions about development. Under the auspices of the Working Group on Environment, various activities have been undertaken to expand knowledge and create reliable information. Studies of remote watersheds and important wetlands have not only provided additional information, but have also greatly added to knowledge about existing environmental and social conditions. There are new programmes to develop national and sub-regional environmental

⁴ The Greater Mekong Subregion Programme promotes closer economic ties and cooperation among the six countries that share the Mekong River: Cambodia, Yunnan Province of the People's Republic of China (PRC), Lao People's Democratic Republic (Lao PDR), Myanmar, Thailand, and Viet Nam. Home to some 250 million people, the GMS covers 2.3 million square kilometers. Its rich human and natural resources make it a new frontier for economic growth in Asia.

performance assessment systems within the SEF. These aim to enable governments and other stakeholders to plan development that optimises the sustainable use of resources. They will also be able to measure the environmental losses and gains in respect to sub-regional, national, and local development initiatives.

4.1.4 The Inter-American Development Bank⁵

Over the last decade, there has been significant demand for SEA within the Inter-American Development Bank (IADB). In the early stages, SEA development was characterised by what Milewski (2004) calls the ‘wild west syndrome’; i.e. it was anything you wanted it to be as long as it was related to plans, programmes or policies. For some years now, the IADB has used the SEA process flexibly in relation to various types of operations. It is seen as complementing and preceding project-level assessments in defining policies and sectoral programmes, identifying key issues and mainstreaming environmental considerations where they matter most. Key areas include regional-based projects, sectoral loans, investment loans with sectoral or multi-sectoral programmes, and regional development initiatives and policy analysis (see section 6.4 and Boxes 6.18 and 6.20).

On average, about 10 SEAs are conducted annually, but there are significant variations from year to year. For example, 25 assessments were undertaken between 2001 and 2003, many in response to requests from project teams and country counterparts. The demand for SEA is expected to continue as recognised in the Bank’s new Environmental Strategy (IADB, 2003):

“Additional work needs to be done to incorporate environmental concerns at the policy or program level, using methodologies such as Strategic Environmental Assessment (SEA). This effort is important to address up front social and environmental issues related to broad regional development programs and policy loans. The proper application of SEAs coupled with good project level environmental impact assessments are necessary in the development and review of large infrastructure projects, given the complexity of operations, their indirect impacts, the need to establish a constructive dialogue with the affected stakeholders, their bi-national or regional dimensions, and the often-fragmented institutional framework and scant resources available in many cases.” (IADB 2003, par. 3.13)

The Strategy outlines specific actions for the Bank’s environmental activities, including:

“Strengthening environmental quality of Bank operations. ...The Bank will seek to assure the appropriate application of both upstream environmental assessment (strategic environmental assessment) as well as downstream environmental impact assessment at the specific project level”. (IADB 2003, par. 5.10).

New directives for SEA are included in the IADB Environmental Policy, currently under preparation. It is anticipated that SEA will also be used for country strategies. These are the key programming instrument with which the Bank establishes a dialogue and formal agreement with each country on a specific project ‘pipeline’. The Bank places importance on incorporating consideration of environmental issues (seen as cross-cutting) in this phase. The aim is to seek strategic coherence among sectors and to enable targeting to define the right priorities. Strategic prioritisation is expected to be undertaken in the context of specific studies and assessments at the

⁵ With contributions from Joseph Milewski (IADB) and Maria Partidario.

local, national and regional levels, to set the framework for the Bank's environmental support in each country.

Beyond country strategies and policies, the Bank is starting to undertake SEA for the CCLIP - a new financial instrument that essentially provides a public sector line of credit.

It is expected that the more systematic use of SEA in the Latin America and Caribbean region will address issues early in the decision-making cycle, and help make decisions more cost-effective by:

- avoiding some environmental and social costs by tackling problem areas upfront,
- reducing direct project liabilities,
- reducing uncertainty in decision-making which, in itself, often translates into costly investment delays; and
- reducing some of the additional environmental requirement often added to specific investment projects as a palliative to weak environmental policies and practices.

All of the SEAs undertaken for IADB operations have been carried out without specific guidance, and have varied greatly in scope and objectives. This has enabled creativity, experimentation, and flexibility in elaborating the processes and exploring a range of possibilities in a variety of contexts. But, at the same time, project teams have requested the Bank to develop guidance on SEA based on field experience. New IADB guidance is being prepared and is due to be issued in 2004. It will provide a common framework but will be flexible to facilitate application to a variety of operations.

The guidance has three key objectives:

- to provide support to project teams, so that environmental, social and sustainability issues might be mainstreamed early in the decision-making process;
- to improve project-level EIA by 'flagging' and addressing sector-wide issues in anticipation of project specific investments; and
- to simplify the involvement of stakeholders, including project managers at the IADB, country and regional levels.

The SEA model being adopted by the Bank is outlined in Box 4.5. It provides a framework, adaptable to the nature and timeframe of each initiative – so that SEA is structured as a key process but with flexible implementation and adapted to the specific needs of each initiative. This generic process, combined with case-studies presenting lessons learned from past Bank SEAs, will allow project teams to adapt their processes to specific operational needs.

4.1.5 United Nations Development Programme (UNDP)⁶

In the early 1990s, UNDP introduced the Environmental Overview (EO) approach as an SEA tool to support programming processes. It was set out in its Handbook and Guidelines for Environmental Management and Sustainable Development (UNDP 1992). The EO is no longer current within UNDP, but it is regarded as a sound and effective approach. Box 4.6 describes how the method was trialed. Many UNDP country offices have adopted its underlying principles in their programming practices and these are also captured in the current version of the UNDP

⁶ With contribution from Linda Ghanime, UNDP.

Box 4.5: The proposed six-step SEA methodology for the IADB

1. Understand the nature of the proposal

- Clarify aims and objectives of the proposal;
- Understand the context (eg policy-making or planning process, legal and institutional framework, sectoral development);
- Understand expected environmental and social opportunities and potential conflicts;
- Identify major environmental and social outcomes / value-added that justify the need for SEA.

2. Set the context for SEA

- Identify relevant strategic environmental and social goals, objectives and principles, and also sustainable development objectives if adequate;
- Establish SEA objectives;
- Define adequate multi-sectoral focus and inter-relationship;
- Design a suitable process for SEA adjusted to the policy-making or planning process and to the institutional context.

3. Define a Participation approach

- Identify key stakeholders;
- Establish a communication plan;
- Identify adequate participation mechanisms.

4. Scope major issues and alternatives

- Develop an adequate problem-solving approach and refer to key environmental and social issues;
- Identify possible alternatives to the proposal that meet initial, or revised, aims;
- Identify the strategic consequences of different alternatives;
- Interact with the relevant stakeholders;
- Identify forms of improvement of the proposal (e.g. solving conflicts).

5. Assess environmental and social outcomes and benefits

- Establish adequate assessment criteria;
- Assemble relevant background studies that enable adequate problem analysis and meeting the assessment criteria;
- Compare and evaluate alternatives based on their social and environmental implications;
- Interact with the relevant stakeholders;
- Elaborate final assessment and requirements.

6. Establish a scheme for subsequent action

- Establish monitoring schemes;
- Define institutional arrangements for subsequent actions;
- Assure feedback mechanisms.

Source: Partidário (2004)

programming manual (available at www.undp.org/bdp/pm/) and in other guidance described below. UNDP programming is the process of assessment and analysis, objective setting, strategy development, implementation, monitoring and evaluation and allocation of resources in support of national development.

Box 4.6: Trialing the Environmental Overview approach

In the mid 1990s, the Environmental Overview (EO) approach was applied by UNDP in the formulation stages of aid programmes. It was trialed extensively in training programmes in developing countries for the assessment of aid projects. EO involves four critical aspects:

- the project/programme must be in its draft formulation stages;
- there must be sequential completion of each of three structured 'questions' of the EO;
- the EO must be undertaken in a participatory way, using a broad mix of specialists and others; and
- the process must include modification of the draft project/programme as an integral part of the EO. The tool should be recognised as a creative process, not just a document.

The tool is flexible. It has been applied to non-geographically based projects and programmes, to sectoral activities and to policies. The EO can be completed with considerable speed, perhaps in a single day, or less. It asks a set of questions, similar to those asked by conventional EIA, but with different emphasis. First it asks questions concerning the baseline conditions for the project/programme. This is followed by questions concerning the impacts and opportunities and how the draft project/programme can be redrafted in an operational strategy to take these, and the baseline conditions into account. Additional questions focus on modifications that should be made to the original design. Answering these questions results in a brief document, but it is the interactive process of assembling the EO that is the heart of the process. It is claimed that the EO represents an innovative procedural form of SEA in the development context, and that the characteristics of the EO conform to many of the emerging principles for effective SEA espoused by contemporary writers.

EO was effectively applied to a range of UNDP activities:

- tourism development and management (Cambodia & Tonga);
- planning for the resettlement of tsetse-fly cleared area (Zimbabwe);
- state enterprises reform programme: privatisation (Vietnam);
- Institutional support to the implementation of the National Shelter Strategy (Indonesia & Namibia);
- essential oils project (Bhutan);
- improvement of land settlement schemes (Mekong Secretariat);
- achieving international competitiveness through technology transfer and development (Philippines);
- technical assistance to the Roads Branch (Swaziland);
- employment generation through development of small, medium and micro enterprises (South Africa);
- regional development policies for a province (Thailand); and
- a set of policies for handling urbanisation issues (Africa)

EO has been shown to have potential for capacity-building, for structural adjustment programmes and for feasibility studies for project-based developments. It also works for land use planning policies and on sectoral development problems such as urbanisation. It operates at any scale: whether at project level, programme level, or country level. Brown (1997a, 1997b) has advocated using the adapted EO for wider applications as part of the formulation of development projects, programmes and policies.

Source (Brown, 1997b)

During the mid-1990s, efforts were made to adapt the EO into a proposed Strategic Overview described as (UNDP 2003):

“An interdisciplinary, in-country, participatory, structured process where a group examines a development programme proposal against a set of environmental and social systems, identifies potential environmental and social opportunities as well as alternatives, options and modifications to enhance the sustainable development outcomes. The process is based on multi-stakeholder, participatory procedures at the earliest stages of policy and programme formulation in order to systematically integrate equity, environmental management and sustainable development considerations into development activities”.

Drawing from the experience in developing the EO and proposed Strategic Overview, several integrated programming tools were proposed in the late 1990's: an integrated programming and assessment tool (IPAT), revised environmental management guidelines (EMG) and a good practice handbook on integrating sustainable human development in project design. Updates were also made to the UNDP programming manual incorporating considerations for quality programming. Annex 2F to the programming manual provides a series of questions for quality assurance, which provide reference dimensions for the preparation of country programmes (CP) (Appendix 12). The essence of these questions are also incorporated in informal UNDP environmental management guidelines (not available publicly).

Country programmes (CP) set out UNDP activities for the country concerned, building on the United Nations Development Assistance Framework (UNDAF) - a strategic framework for the country-level activities of the entire UN system. A common country assessment (CCA) exercise feeds into these approaches. This is undertaken by the UN country team (led by the Resident Coordinator). It provides a common analysis and understanding of key development issues with a focus on the Millennium Development Goals (MDGs) and the other commitments, goals and targets of the Millennium Declaration and international conferences, summits, conventions and human rights instruments of the UN system.

Mechanisms for undertaking CCA often involve thematic groups comprising a wide range of development partners. The CCA document includes:

- An assessment and analysis of key development problems and trends, including those addressed by the global conferences and conventions; and
- A set of key issues that provide a focus for advocacy and a basis for providing the UNDAF;

The country programme is the basis of UNDP planned collaboration over a multi-year period. Review committees have an advisory and oversight function and base their reviews, *inter alia*, on the considerations for quality programming. They are presented in annex 2F of the programming manual. These same considerations are used in the planning and design of programmes and projects. They include stakeholder participation, contribution to poverty reduction, protection and regeneration of the environment, governance, incorporation of lessons learned and capacity development and sustainability as well as issues of integration, and synergies.

UNDP advocates the programming approach where the problem to be addressed cuts across sectors, themes and geographical areas.

“All UNDP-supported programmes and projects must be environmentally sustainable. Negative impacts need to be avoided or minimized; positive impacts should be strengthened and environmental opportunities seized. The Environmental Management Guidelines are to be used

irrespective of the sectors covered by a programme or project." (UNDP Programming Manual 4.1.10).

Most of the EO principles have been incorporated in the programming approach and guidance. But, subsequently there appears to have no further promotion and implementation of SEA, or the strategic overview per se. However, UNDP has renewed its interest in UNDP in SEA and is now piloting its application to poverty reduction strategies (in Tanzania, Vietnam and possibly Rwanda) with the objective of drawing lessons and experience both for programming and building country capacity.

4.1.6 United Nations Environment Programme (UNEP)

For more than a decade, the Economics and Trade Branch of UNEP has pursued a programme of activities related to EIA and SEA activities in response to Agenda 21 under a mandate from the UN Conference on Environment and Development in 1992. UNEP'S Governing Council (17th Session, Nairobi, 1992) specifically asked the organisation to:

".... (undertake) further development and promotion of the widest possible use of environmental impact assessment, including activities carried out under the auspices of United Nations specialised agencies', and

.... promote widespread use of environmental impact assessment (EIA) procedures by governments and, where appropriate, international organizations as an essential element in development planning and for assessing the effects of potentially harmful activities on the environment".

During the 1990s, UNEP developed an EIA training resource manual as a focus for capacity-building. Recently, a second version was issued incorporating a module on SEA (Sadler and McCabe, 2002). This was developed in response to continued requests to UNEP for assistance, information and training in SEA, particularly from developing countries. UNEP intends to work with partner institutions in each developing region to adapt EIA and SEA to the particular situation and circumstances. The UNEP SEA module will provide one of the inputs to another being prepared by UNECE to support implementation of the SEA Protocol to the Espoo Convention (see Chapter 2).

UNEP has also issued guidance on EIA and SEA good practice (Abaza *et al.*, 2004). It is intended as a resource document for those involved in EIA and SEA practice, training and professional development. The guidance emphasises concepts, procedures and tools in current use or those that are potentially relevant for several purposes: integrated impact assessment; implementing EIA and SEA as tiered systems; and adopting a differentiated approach to SEA of development policies, plans and programmes that recognises how they differ. Specific reference is made throughout the document to the context and requirements for EIA and SEA application in developing countries and countries in transition.

Integrated assessment of trade-related policies is an approach developed by UNEP (2001) to help policy-makers and practitioners examine the economic, environmental and social effects of trade policy and trade liberalisation (Box 4.7). This approach aims to facilitate informed and balanced decision-making in support of sustainable development. It points toward appropriate

Box 4.7: UNEP manual on integrated assessment of trade-related policies

An integrated assessment considers the economic, environmental and social impacts of trade measures, and the linkages between them. It aims to build upon this analysis by identifying ways in which the negative consequences can be avoided or mitigated, and ways in which positive effects can be enhanced. The tool serves a number of purposes: exploring the linkages between trade, environment and development; informing policy-makers across government departments and international negotiators; developing policy packages to integrate policy objectives on trade, the environment and development; and increasing transparency in policy-making.

An assessment can be undertaken as part of negotiations within national governments to decide approaches to trade policy and liberalisation. It can be carried out before, along side, or following international trade negotiations, to investigate the environmental and social impacts of policies that may be, or have been, introduced. *Ex ante* assessments can help to plan the nature and timing of trade measures, and the introduction of complementary policies. *Ex post* assessments provide a retrospective examination of the impacts of a trade policy. They can provide evidence of effects that can be mitigated or encouraged through the introduction of complementary policies designed to promote sustainable development. Both *ex ante* and *ex post* assessments can provide lessons and data for future assessment.

UNEP worked with a multidisciplinary, international group of experts and national team members to prepared a manual on integrated assessment of trade-related policies. This is for use in UNEP country projects on trade liberalisation and the environment and UNEP-UNCTAD capacity-building task force country projects (UNEP 2001). The approach was introduced the to WTO negotiators at a workshop in 2001.

No single, all-encompassing approach is promoted. Rather the manual presents a range of approaches. They include formal modelling, qualitative analysis and other methods such as benefit-cost analysis, risk assessment, multi-criteria analysis, extended domestic resource cost analysis, life cycle analysis, global commodity chain analysis and scenario building. In effect, this integrated assessment methodology is a conventional toolbox approach where the challenge is to identify what suite of assessment methodologies is appropriate to the task/situation in hand. Meaningful stakeholder participation is posited as a central element of the approach, providing data, insights and information that is not available to the traditional economic policy analyst.

The manual was developed in parallel to another UNEP initiative. Between 1999 and 2001, it worked closely with national institutions in six countries to identify environmental, social and economic effects of trade liberalisation. This involved data collection and empirical research by country experts on interactions and linkages between trade, environment and development policies and objectives. The assessment projects covered various sectors: fisheries (Argentina and Senegal), cotton (China), banana (Ecuador), cocoa and rubber (Nigeria), and forestry (Tanzania).

Sources: UNEP (2001, 2002)

policy responses to mitigate any harmful impacts of proposed actions and to promote positive effects. For example, trade agreements can be modified prior to or after implementation by the adoption of “flanking” policies that simultaneously promote economic, environmental and social goals. These policies can be applied at national, regional or global levels.

A four-part framework *an integrated assessment* is described as follows.

Step 1: Identifying the purpose – establishing appropriate parameters for *integrated assessment*.

Step 2: Designing an integrated assessment – key issues to be decided at the beginning of the process: timing of assessment, stakeholder and public participation and appropriate methodology and indicators.

Step 3: Use of methods and techniques – selecting those that support the particular priorities of the user.

Step 4: Integrated policy response – ranging from the macroeconomic, such as changes in fiscal and monetary policies, to the microeconomic, including environmental and social policy.

Another approach promoted by UNEP is *Integrated Coastal Area and River Basin Management* (ICARM). In 1999, UNEP's Technical Cooperation Branch and the Priority Actions Programme Activity Centre (PAP/RAC) of the Mediterranean Action Plan jointly developed a conceptual framework and planning guidelines for ICARM (see: www1.unep.org). Several demonstration projects were sponsored for specific river basin-coastal areas⁷. Each aimed to undertake a series of steps which have much in common with the principles of SEA as well as good planning (Box 4.8).

Box 4.8: Steps in Integrated Coastal Area and River Basin Management

1. Assessment and data/information management

- Development of an environmental and socio-economic profile.
- Establishment of a computer-based database for environmental and socio-economic conditions.
- Use of remote sensing techniques and GIS system.
- Definition of management scope.

2. Identification of conflicts and opportunities

- Development of environment-development scenarios.
- Environmental carrying capacity analysis.

3. Plan and strategy development

- Identification of management goals and objectives.
- Analysis of alternative management strategy.
- Establishment of a strategic action plan (SAP).

4. Implementation of plan and strategy

- Regulation, control and legislation.
- Application of economic instruments.
- Development of programmes for public awareness.
- Capacity building and education.
- Environmental impact assessment.
- Strategic environmental assessment – for the developed SAP.
- Economic evaluation of costs and benefits.

5. Monitoring and evaluation

Source: www1.unep.org/icarm

⁷ eg. Krka river basin (Croatia); watershed area of the Rhone river (France); Penang Island (Malaysia); Lower Limpopo river basin (Mozambique); Cetina river basin (Croatia and Bosnia and Herzegovina); Senegal river basin (Senegal).

Recently, UNEP has introduced an ambitious project to develop and test a framework for integrated assessment and planning for sustainable development in partnership with a number of developing and transitional countries. It aims to strengthen and improve existing plans and planning processes through a series of pilot or demonstration projects. These will incorporate an integrated assessment of critical issues and linkages of poverty, trade, environment and sustainable development in selected sectors or regions (UNEP 2004). This approach is being undertaken as part of the formal planning system of the country concerned using a generic methodological framework and kit of analytical tools. It is expected to reinforce specific policy initiatives and concrete actions being taken to develop and implement sustainable development strategies or equivalent frameworks, consistent with the approach outlined in the WSSD *Plan of Implementation*. It also aims to provide countries undertaking the pilot studies with the necessary expertise to conduct future integrated assessments in other sectors. UNEP intends to evaluate the lessons of the pilot projects with a view to refining the framework and providing guidance and training on the methodology of integrated assessment and its wide dissemination.

4.1.7 A proposed comprehensive approach for multilateral development banks

Collectively, the multi-lateral development banks (MDBs) play a major role in introducing and promoting SEA practice in developing countries. Annandale *et al.* (2001) argue that although responsibility for policies, plans and programmes (PPPs) in developing countries is usually divided among departments and jurisdictions, MDBs tend to have more control over the different levels of the PPP hierarchy. As a consequence, the notion of “tiering” – one of the key tenets of SEA - might be achievable more readily by MDBs, leading to efficiency gains and improved environmental outcomes in recipient countries. They propose an outline for a generic, comprehensive SEA system that could be applied to lending and granting activities of MDBs, linking SEA with the programming cycle (Box 4.9). Annadale *et al.* (2001) acknowledge that the

Box 4.9: Proposed comprehensive SEA system for multi-lateral development banks

The primary focus of MDB activity is providing technical assistance (TA) and loans to developing member countries. Generally speaking, more resources are expended on loans than TA. The idea of project administrative or processing “cycles” is common to all MDBs. The most significant change to current MDB practice proposed by Annadale *et al.* (2001) is a redesign of the country assistance strategy (CAS) process to include new and enhanced SEA inputs so that it is integrated and sustainability-led.

“These consist of a new *policy EA process* and a new *supra-national strategic environmental framework process*. Enhanced inputs would include *country environmental reviews* (CENRs; based on current environmental profiles and environment sector strategies) and *strategic assessment of economic and sector work* (ESW). These new and enhanced inputs would obviously be combined with all of the other existing, non-environmental, inputs to CAS development.

A completed draft CAS would include a preliminary lending and granting framework, as it currently tends to. But in this new comprehensive SEA system, the draft would be modified by the SEA inputs mentioned above. At this point, potential loans and grants may be clear enough to enable either sector EA or programme EA to be instituted as ex-post assessment, if required.

A final CAS would then provide the framework for country assistance plans (CAPs), as is currently the case. Two environmental assessment steps would remain. First, there would be a need to undertake sector EA and programme EA in the post-CAP phase, if programme loans and sector loans have not been well

defined at the draft country operational strategy studies (COSS) stage. Finally, all that would remain for EA would be the residual issues associated with specific projects as defined in CAPs.”

The proposed comprehensive SEA system aims to provide linkages for tiering of EA. “Those environmental issues that do ‘flow’ through from the draft CAS can be assigned to either sector EA, programme EA, or sub-national E-c-E planning (see Appendix 7) by developing member country governments. In this way, residual environmental issues might be grouped according to whether they should be best dealt with at a sector, programme, or sub-national level. Some issues, of course, will reappear through the tiers and will receive increasingly detailed consideration as they travel down the hierarchy.”

way that SEA systems are implemented in developing countries themselves is extremely important, yet they do not explore the implications. 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.

4.2 SEA in bilateral aid agencies

4.2.1 Canadian International Development Agency (CIDA)

CIDA has prepared an SEA handbook to provide guidance on implementing the federal 1999 *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*⁸ (CIDA 2003). The handbook is intended for those who may be involved in the development of a policy, plan, or programme, i.e. Cabinet liaison staff, environmental specialists, programme and project analysts, and policy makers. Two features of the handbook stand out.

- It includes a set of principles on SEA (based on principles developed in South Africa) provide general guidance on how to conduct an effective SEA, outline their implications for CIDA and the key actions that need to be taken (Appendix 6). These principles (e.g. flexibility, sustainability, early integration, participative) allow for a variety of SEA applications depending on the context of the policy, plan or programme.
- It outlines the agency’s SEA process. This was developed in consultation with the operational branches to complement existing decision-making structures and approval processes. The principal design criterion was process flexibility so that it can be adapted to the many different types of policies, plans, and programmes that CIDA develops and implements. As a result, the foundation of CIDA’s SEA process is a series of questions to be posed throughout the development of an initiative (see Box 4.10).

⁸ See section on Canada in Chapter 3 on SEA Experience in Developed Countries.

Box 4.10: CIDA process for SEA

CIDA's SEA process involves asking the following series of questions throughout the development of an initiative:

- What is the existing situation? (in a particular sector or region);
- What are the goals and objectives of the policy, plan or programme? How do these support CIDA and Government of Canada policies (particularly those related to the environment and sustainable development)?
- What are the different feasible options for delivering the policy, plan or programme?
- What are the most pronounced environmental issues (positive or negative) associated with each of the preferred options?
- How significant are these environmental effects?
- What can be done to avoid/lessen negative effect issues and to enhance positive ones?
- What is the best feasible policy, plan or programme?
- How do I measure, monitor and report on the environmental effects?

Source: CIDA (2003)

4.2.2 Department for International Development (DFID), United Kingdom⁹

As aid delivery mechanisms have moved away from specific projects to strategic assistance, DFID has recognised the need for a concomitant change in environmental assessment methods and procedures. To cater for this change, DFID's mandatory screening procedures for expenditure in excess of £1 million were comprehensively revised in 2003 (Box 4.11). Below this threshold, screening is not mandatory but strongly recommended where potentially significant environmental impacts are identified.

The revision of DFID's procedures took account of previous experiences with SEA- type approaches. For example, in 2000, DFID funded an SEA of Tanzania's draft transport policy, although, in hindsight, this was recognised to be more an expanded EIA¹⁰. Debate on the transport policy has collapsed but the analysis should be useful if development of the policy resumes. DFID is also working with UNDP to support an SEA of Tanzania's PRSP. It also has experimented with SEA-like approaches in other countries.

⁹ With contributions by Jon Hobbs and John Warburton, DFID

¹⁰ The appendices of the report (WS Atkins 2002) presents detailed framework matrices which address the 31 policy objectives in the national transport policy, assessing for each of the socio-economic and environmental elements of the objectives, those aspects which have beneficial effects or adverse implications. For each element, the matrices assess/provide: the potential impacts of the policy, comments/assumptions, a qualitative assessment of effect (positive, neutral or negative), risks to/opportunities for achievement of environmental/social targets, and recommendations. The depth of analysis is limited due to the SEA being performed late in the process of developing the policy, and to limited time allowed.

Box 4.11: DFID's screening guide

In 2003, DFID produced a revised "*Environment Guide - a guide to screening*". It indicates when and why it is necessary to be used. The guide now focuses on the environmental screening of significant strategic interventions as opposed to the historic focus on infrastructure support. As such it represents a move towards strategic environmental assessment/ sustainability appraisal approaches.

The responsibility for undertaking screening rests with the line manager. A step-by-step guide to the completion of an Environmental Screening Note is provided. Specific guidance is included on how to screen poverty reduction strategies and direct budget support initiatives. This indicates what further measures will be necessary and where additional support can be obtained should more detailed investigation be considered prudent. In addition to examples of screening notes, a series of checklists are provided. These cover development themes such as: national development plans, fiscal reform, privatisation and reform of state owned enterprises, trade and direct foreign investment, education policy, tackling corruption, local government reform, humanitarian relief, accession to the WTO, etc. The screening system provides the opportunity to consider the wider environmental impacts- both negative and positive.

A screening note will still be produced in co-funded proposals and, as a minimum, DFID will comply with developing country partners environmental legislation and regulations.

Examples of DFID experience include the following.

- In Uganda, DFID has supported SEA-type approaches in development planning, including participatory poverty and environment assessments. These have had a marked influence on integrating environmental and sustainability concerns into the country's Poverty Eradication Action Plan (PEAP) (Box 6.14).
- In Nepal, help was provided to the National Planning Commission to assess the need, demand, opportunities, feasibility and requirements of introducing an SEA to improve future consideration of poverty-environment linkages in the planning process (Box 6.14 , Table 6.4).
- In South Africa, DFID worked with the Department of Water Affairs and Forestry to develop and test an approach to SEA of Stream Flow Reduction Activities in Water Management Areas (see case 6.7).
- In Ghana, the agency collaborated with the Dutch EIA Commission to fund and support the National Development Planning Commission and Environmental Protection Agency to carry out an SEA of the Ghana PRSP (Box 6.16).
- In Andhra Pradesh State, India, DFID and the World Bank supported an SEA type process to help prepare a long-term development strategy that integrates the environment as a key component (Box 4.12).

Box 4.12: Andhra Pradesh: operationalizing Vision 2020 environmental management

Background

The Government of Andhra Pradesh collaborated with McKinsey and Company, Inc. to prepare a long-term development strategy, published as *Vision 2020*. It requested World Bank assistance to identify specific steps and measures to achieve the strategic goals in a number of sectors, including the environment.

The *Vision 2020* document integrates environmental improvements with the long-term goals for the State. It stresses the need to “safeguard its environment and make its cities and villages clean, green, and safe to live in”. It sets ambitious targets to increase the area under forest cover from 23% to 33%, and for universal access to clean drinking water and basic sanitation, as a key public health investment. The document recognises the critical importance of developing a sound institutional and policy framework to achieve the vision of a “clean and green” Andhra Pradesh. Specifically, it recommends to internalise environmental considerations in development planning, improve standards setting, strengthen compliance through complementing command-and-control regulations by market based incentives, and increase the role of stakeholders in decision making and enforcement.

Vision 2020 emphasizes the importance of sound environmental management and provides broad directions. But the document lacks specific analyses and prioritization of environmental problems, as well as recommendations on possible efficient, feasible and enforceable policies and measures.

Programme - includes a number of components including:

- Assisting AP to prepare an *update of the State of the Environment (SOE)* report (November 2002 – September 2003).
- Assistance for an in-depth *assessment of environmental priorities and mitigation strategies* in selected sectors/areas (May 2003 – May 2004), identified through the SOE update process. The process of preparing the SOE report and engaging various actors in the environmental management arena helped to identify sectors and/or “hot spot” areas warranting in-depth follow-up work. An example is SEA of development plans and programmes in these sectors/areas.

The work was targeted at agencies responsible for environmentally sensitive sectors and/or degraded areas, as well as other relevant stakeholders. It aimed to inform them about the main potential environmental impacts of planned developments in a sector or area, and about least-cost strategies to avert or minimize environmental damages that could constrain growth. It was also expected to identify opportunities to enhance positive environmental impacts. The “buy-in” and demand from sectoral agencies was seen as crucial for the success of this component. In addition to the Department of Environment and Forests and the Pollution Control Board, the likely candidates to be involved in this component were the government departments responsible for energy, urban affairs, industries, mining, rural development, finance, and planning. Key guiding principles for selecting sectors or areas for the SEA included: the probability of significant environmental impacts; and the existence of local champions to take up this work (e.g. demonstrated interest and commitment from the sectoral or local authorities). This scope of this component was developed through further dialogue and the process of developing the SOE.

The scope of SEA was to be tailored to needs and priorities in specific sectors/areas. But the studies under this component were to comprise three basic elements: (a) formulating development plans for a sector or/and geographical area (preferably more than one scenario), (b) assessing the environmental consequences of these plans and the cost of mitigation programs, and (c) proposing specific actions as to integrate environmental considerations in the least cost manner.

4.2.3 *The Netherlands*¹¹

The Directorate General for International Cooperation (DGIS, a department of the Ministry of Foreign Affairs), together with the Netherlands' embassies, are responsible for governmental support of development cooperation activities. They do not have mandatory guidelines for the application of SEA, although there are internal guidelines for environmental screening to help in checking for impacts. DGIS and embassies are responsive to, and also stimulate, requests from environmental and/or planning ministries in developing countries for support in undertaking SEA. This is provided by the Netherlands Commission for Environmental Impact Assessment (NCEIA). Preference is given to countries with which the Netherlands has a bilateral relationship in international cooperation.

The NCEIA provides advisory services and related training activities to support the development of SEA in a country as well as advice on the terms of reference for SEA. It reviews the outcome, and gives coaching on SEA processes and the development of SEA systems. When applied, SEA is undertaken in the framework of the national context. Recent NCEIA activities¹² include: several two-day introductions on SEA in Guatemala, Nicaragua and Costa Rica; introduction and training in SEA for the CITET (EIA Centre for North African and Middle Eastern countries); SEA needs assessments, coaching and system-building in Mozambique (see Box 4.13), Bolivia,

Box 4.13: SEA development in Mozambique

At the request of the Ministry for Coordination of Environmental Affairs (MICOA) in Mozambique, the Netherlands Commission for Environmental Impact Assessment (NCEIA) provided advice on the environmental assessment of infrastructure for the transport of bulk goods from a titanium smelter in Chibuto, north of Maputo. Several facts were important to the advice given: this infrastructure was planned in a coastal zone reserved for tourism development; other favourable mining concessions had been issued; and the infrastructure could boost development in the region. So it was recommended that a decision on transport infrastructure should be based on an integral assessment of all interests through an SEA.

The SEA process is still underway, and it is too early to draw conclusions on its influence on planning. But it is clear that this SEA has stimulated interest within MICOA in the potential role of assessment tools in development planning. As a result, Mozambique has become one of the pilot countries under the World Bank-Netherlands' Partnership Programme where a needs assessment is being conducted on the use of various assessment tools (eg SEA, poverty and social impact assessment) in support of planning. An inventory of the current use of such tools showed that SEA is the most used tool, albeit not very often. Stakeholders (including various ministries) agreed that SEA would be the preferred tool to use in the future and that capacity-building is required. The needs assessment resulted in an action plan, including:

- identification of a number of SEA pilot applications;
- training and technical capacity-building for those involved in the pilots; and
- evaluation of the pilots, leading to recommendations on SEA application and guidelines in Mozambique.

¹¹ With contribution by Petrie van Gent, and Rob Verheem (Netherlands Commission for EIA), Rob van den Boom (DGIS) and Jan Joost Kessler (AIDEnvironment).

¹² The NCEIA is also assisting Turkey and Lithuania in implementing the European SEA Directive.

Southern Caucasus countries and Sri Lanka; and contributions to many workshops. DGIS and the Netherlands embassy in Ghana are collaborating with DfID to support the SEA of the Ghana PRSP (see Box 6.16). This is being carried out by the National Development Planning Commission and the Environmental Protection Agency, with advisory support provided by the NCEIA. Finally, the NCEIA is developing an SEA database which will provide a broad array of easily accessible information.

In support of the World Bank Structured Learning Programme for SEA, DGIS is funding NCEIA to provide technical to help strengthen World Bank staff capacity in SEA and to review SEA good practices in the Bank.

DGIS has also supported the development of the Strategic Environmental ANalysis (SEAN) methodology by AIDEnvironment in cooperation with SNV - Netherlands Development Organisation (AIDEnvironment and SNV 1999, Kessler 2000). SEAN is designed to help identify relevant environmental sustainability issues and to integrate these into policies, plans and programmes at the earliest possible stages of planning and policy-making at local, regional and national level. The method has several phases of preparation: scoping, detailed analyses, synthesis and monitoring. It involves 10 steps (see Box 4.14), each with tools and approaches to be implemented in a participatory manner involving local stakeholders and decision-makers. This process can be applied either over a period of several months or compressed into a workshop of a few days. It focuses on the linkages among environmental, social, economic and institutional issues, and, where possible, attempts to integrate them into 'win-win' outcomes and sustainable development policy choices.

Box 4.14: Strategic Environmental Analysis (SEAN): The Main Steps

Ten analytical steps create a logical structure and provide guidance to participants in clarifying the complex issues involved. These steps can be implemented as a whole, or a selection can be made based on an assessment of what has already been done and available information.

Steps 1-4: Society-environment context analysis:

- Stakeholder analysis and mapping interests and positions; identification of environmental functions (production, regulation and cultural) with importance defined for different stakeholders.
- Assessment of past and current trends/changes of main environmental functions.
- Assessment of environmental, social and economic consequences of defined environmental trends.
- Defining a sustainability vision and bottom-line norms, standards and thresholds.

Steps 5-6: Environmental problem analysis:

- Definition of the main development problems as defined and perceived by stakeholders.
- Identification of direct and root causes (and responsible actors) of problems in a participatory and integrated manner, using the problem-in-context approach (root causes may be of socio-cultural, economic and/or institutional nature).

Steps 7-8: Environmental opportunity analysis:

- Definition of main environmental potentials and development opportunities; identification of win-win options (matching opportunities with causes of problems).
- Sustainability assessment of main opportunities (using priorities and bottom-line standards as existing in national policy documents and/or as defined in step 4); defining activities and responsibilities to realise opportunities.

Steps 9-10: Strategic planning and monitoring

- Synthesis of previous steps to define a vision with main strategic orientations for sustainable development; integration with social and economic priorities; institutional analysis and recommendations for relevant institutions to implement the defined strategic orientations.
- Definition of a monitoring system with sustainability indicators to monitor performance and progress of the defined strategy.

Source: AIDEnvironment and SNV (1999); Kessler (2000)

SEAN has been applied in various countries, including Cameroon, Nicaragua, Honduras and Benin, to support and strengthen local governments in undertaking strategic and integrated planning and in assessing and improving existing plans and planning processes. It aims to involve public institutions, local governments and NGOs (see case 4.1) and to create a local development vision and strategic plan, raise awareness among decision makers, strengthen commitment and local ownership and establish a stakeholder platform. Guidance manuals are now available in a number of languages and there is a self-introduction to SEAN on CD Rom. (For information see: www.seanplatform.org).

4.2.4 OECD Development Assistance Committee

In 1995, the Working Party on Development Assistance and Environment approved a project to examine SEA as applied to development co-operation. This useful exploratory study reviewed, documented and analysed the collective experience of bilateral donors, multilateral financing institutions and developing countries in applying SEA (OECD/DAC, 1997) (see Box 4.15). It identified 41 cases where such agencies or partner countries had attempted some form of SEA. Most of these had been to evaluate the policies, programmes or planning frameworks of either the donor/lender or the partner government (types IB/IIB in the typology in Box 4.15). In the majority, the main focus appears to have been on economic development, with environmental analysis considered as a complementary or supportive initiative.

Of the 41 cases identified in the OECD study, in only four cases was the SEA process integrated into the partner government's policy, programming or planning framework (type IIA):

- SEA Around Victoria Falls - Governments of Zambia and Zimbabwe, assisted by IUCN, financed by CIDA, 1996 (see Box 6.22);
- Gaza Environmental Profile - The Netherlands/Palestine EPA, 1995;
- Argentina Flood Protection Project - Government of Argentina, in co-operation with World Bank, 1995 (see Box 4.2); and
- Environmental Management Plan for Dakshina Kannada District, India - Government of India, assisted by Denmark, 1994.

In only one case was the evaluation concerned directly with evaluating the partner government's own policy, programming or planning framework (type IIB):

- EIA of Bara Forest Management Plan - IUCN/Government of Nepal, 1995 (see Box 6.23).

The study report recommended to implement a promotional strategy to implement more widespread use of SEA/SIA with donor and lending agencies and developing countries (OECD/DAC, 1997). It

also recommended that the Working Party encourage greater collaboration in SEA/SIA with the multilateral finance institutions and partner countries. In 2002, the Working Party returned to this challenge and established a Task Team on SEA. The proposal for a work programme notes that “to improve and promote the further understanding and application of SEA/SIA it will be necessary to demonstrate the added value of the approach in development cooperation. There is therefore a need for a review of current experiences and examples of best practice” OECD/DAC (2002). This book aims to provide such a review. The work programme itself is described in Box 7.1.

Box 4.15: SEA in Development Cooperation

In 1995-1997, the Working Party on Development Assistance and Environment of the OECD/DAC undertook a project to examine SEA experience in aid agencies. The project report (CIDA/DGIS, 1997) revealed that “it is apparent that the concept and general goal of SEA are understood and accepted by most environment professionals in the development assistance community. The concept is not as familiar to managers at the policy and corporate levels of aid agencies, and those that do understand are generally less willing to adopt SEA without further evidence of the resulting costs and benefits”.

The review identifies over 40 examples of the application of various forms of strategic assessment in a wide variety of development contexts. The majority of these studies were cooperative efforts between the donor/lender and the partner government. However, substantive joint ventures were not common. There were a number of cases in which developing countries had taken the initiative to request and/or conduct SEAs.

The report categorises SEAs into:

- (a) those undertaken primarily as a means to upgrade environmental management capacity and institutional competence within a sector, and
- (b) those that were designed to address environment/development issues within a regional context.

It points out a significant difference in the approach and outputs associated between these categories. An SEA typology for development cooperation is suggested to clarify the context within which such assessments are undertaken:

- Type I-A: Integration into donor’s or lender’s policy, programming or planning framework;
- Type I-B: Evaluation of donor’s or lender’s policy, programming or planning framework;
- Type II-A: Integration into partner government’s policy, programming or planning framework; and
- Type II-B: Evaluation of partner government’s policy, programming or planning framework.

The report notes that “a number of donors and lenders have already incorporated some form of SEA within their policy and operational frameworks and others are seriously considering doing so”.

CIDA/DGIS (1997)

4.2.5 Swedish International Development Cooperation Agency (Sida¹³)

SIDA has developed SEA guidelines for strategic environmental and sustainability analysis for use in the preparation of country strategies (CS) (available at [www.sida.se/Sida/articles/15300-15399/15361/CountryStrat02\[4\].pdf](http://www.sida.se/Sida/articles/15300-15399/15361/CountryStrat02[4].pdf)). These emphasise key links between poverty, the environment and sustainable development (Sida 2002b). The guidelines define the objectives as to:

¹³ With contribution from Anders Ekbohm, University of Göteborg, Sweden

- understand how environment and sustainability are related to other aspects of development;
- map the environmental and sustainability aspects that should be considered when the general scope and focus of development cooperation is decided; and
- develop a basis for decisions on environmentally sustainable interventions.

The guidelines do not prescribe a specific process or set procedures. Rather they cover analytical methods and focus, in particular, on the linkages between environmental and other development issues. Sets of 5-10 strategic questions are provided on a range of key themes:

- poverty, poverty reduction and environment;
- economic policies and environment;
- health and environment;
- population change, migration and environment;
- development of capacity and institutions;
- legislation and environment;
- human rights and democratic development;
- equity and environment;
- conflict risk;
- vulnerability and environment;
- state of environment and sustainable development; and
- country's work for sustainable development.

Box 4.16 provides an example of questions for the theme 'economic policies and environment'. In addition, 5-10 indicators for each theme are suggested – mainly existing indicators monitored by international organisations.

Box 4.16: Sida's strategic questions on economic policy and the environment

Strategic question: What are the connections between the country's economic policies and the environment?

Underlying questions to support the analysis:

- Is the country's economy based on unsustainable resource consumption?
- Are there "critical" sectors or actors that contribute particularly to environmental degradation?
- Are there subsidies that cause significant emissions or overexploitation of resources?
- Are policy instruments (regulations, taxes) used to contribute to sustainable resource use?
- Do quotas, concessions, and permits contribute to unsustainable resource use?
- Is the country financing its debt service through unsustainable exploitation and export of natural resources?
- How have the structural adjustment and economic reforms affected the environment?
- Are there existing initiatives in the country to analyse and understand these issues?

Source: Sida (2002a)

These strategic analyses can be very detailed and extensive in scope, provided that their findings are integrated with the country analysis and that the main conclusions are part of the country strategy document. Typically the reports derived from these analyses cover environmental state, pressures and driving forces, national initiatives and responses, national policy frameworks,

commitments and capacity, existing and planned Swedish cooperation, and strategic recommendations for the future (Segnestam *et al.* 2003).

With the assistance of an external helpdesk at Göteborg University (www.handels.gu.se/econ/SEA-helpdesk), a brief strategic environmental policy analysis is produced within each country strategy process (10-15 per year). Occasionally, in-depth strategic 'environmental sustainability' analyses are carried out. Typically, they are commissioned by Sida's country desk officer as part of the country analysis process, and produced by international consultants. Recent examples of country SEAs include China, Vietnam, Ethiopia, Tanzania and the Balkan region.

SIDA country strategy assessments are process-oriented and emphasize dialogue between environmental economists (within and outside Sida) and the other subject-matter specialists involved in the country strategy process. Guidelines have also been produced for such dialogue on SEA with partner countries on sector programmes and include checklists for particular sectors (Sida 2002b).

The external SEA helpdesk provides advice and statements pertaining to all draft documents produced during the process. It is also commissioned to assist the country teams with analysis, conduct training in SEA, and ensure that the key environmental sustainability issues are adequately addressed in each country strategy process.

4.2.6 United States Agency for International Development (USAID)

Under the US Foreign Assistance Act, 1961, all USAID strategic plans must include an analysis of the actions needed in host countries to achieve conservation and sustainable management of tropical forests and biodiversity, and of the extent to which the actions proposed for support by USAID meet the needs identified. In response, each USAID country mission conducts an environmental sector analysis prior to making strategy-related decisions. At a minimum, this covers the country's biodiversity and tropical forest resources. Country strategic plans are formulated following guidance which requires a comprehensive *environmental threats and opportunities assessment* (ETOA) (USAID 1995). These assessments vary considerably in detail and level of analysis: some are short appendices to the country strategic plans; others are long reports (150 pages or more) with a detailed review of the state of the environment and key environmental issues. There is a strong emphasis on cross-sectoral linkages with non-environmental USAID programmes and strategic objectives in the country. Box 4.17 provides an example of a regional ETOA for Africa.

Recently, USAID commissioned a report on introducing strategic environmental planning (SEP) into country strategic planning process (Freeman and Vondal, 2000). The introduction states that:

“USAID's experience in Africa in the past 25 years, and that of other donors, points to the need to think strategically about the environment and natural resources, to take a long-term view (10-20 years), to be flexible, and to develop concrete actions for achieving strategic goals”.

Box 4.17: USAID’s regional environmental threats and opportunities assessment for Africa

In May 2000, a comprehensive environmental threats and opportunities assessment (ETOA) was conducted by USAID’s Regional Economic Development Services Office (REDSO) for Eastern and Southern Africa as part of the process for preparing a strategic plan. It involved:

- a review of information on environmental threats and opportunities relevant to countries in the region of study;
- environmental review of proposed strategy components to identify critical factors and linkages with other sectors, transboundary issues, and areas of opportunity in environmental and other programmatic areas; and
- identification of environmental strategic objectives and opportunities for addressing environmental issues under strategic objectives and activities in other sectors.

Source: Freeman and Vondal (2000).

It defines SEP as:

“a planning process that recognizes environmental needs and possibilities in all sectors, and undertakes to identify them at the earliest point in USAID program planning”.

The country strategic plan (CSP) is the indicated context for this work, especially for early definition of topical and geographical priorities, cross-sectoral coordination possibilities, synergies and donor coordination.

The report aims to guide mission planners, analysts and programme implementers through each of the five stages of the CSP development process:

- mission-wide strategic problem analysis, trends and assessments;
- Strategic objective (SO)-specific assessments;
- SO environmental issues review;
- SO development hypotheses; and
- SO performance monitoring plan.

Drawing on USAID experiences of supporting planning approaches related to SEP and other emerging approaches, the report profiles various tools and information resources that can be employed in SEP. It offers procedures and questions at each stage and provides examples of application from USAID missions in Africa. The report provides a guide to resources that can be employed and suggestions for when it would be most useful and efficient to call on environmental expertise or other skilled professional help. It also proposes both a structured process and procedures for considering environmental issues during mission strategic planning exercises, particularly for CSPs. Three elements are described as necessary for SEP (the planning process, information, and analytical tools – see Box 4.18) and a list of important principles is given to guide the process.

Box 4.18: Elements in strategic environmental planning: proposed to USAID

1. A planning process that ensures review of relevant environmental issues

The strategic planning process entails:

- explicit consideration of inter-sectoral environmental linkages and synergies;
- identification of proactive environmental elements;
- consideration of impacts in the formulation of development hypotheses; and
- logical consistency in the chain: problem > hypotheses > intermediate results> illustrative activities > indicators.

The process breaks down the Country Strategic Plan (CSP) development into its different stages, poses strategic questions at each stage, and makes use of information resources and analytical approaches appropriate to the questions.

2. Environmental information resources to inform the planning effort

A number of information resources can be drawn upon at different stages of the CSP. The *Environmental Threats and Opportunities Assessment* (ETOA) is an information and analytical resource that can be applied to all strategic objectives (SOs). Similarly, the required *Environmental Analysis* of biodiversity and tropical forests can be expanded to capture information on trends in agricultural land quality, urban and town environments, and demographic trends related to pressures on land and forest resources. For individual SOs, special planning studies are often commissioned (eg evaluations or reviews of problems in the SO sector), and these can be designed to include relevant SO-specific environmental information. For environment/natural resource-specific SOs, numerous background documents have been developed in the recent past, including National Environmental Action Plans (NEAPs). USAID's Environmental Analysis and ETOA will also be helpful, though special studies may be needed to update the mission's knowledge or re-assess priorities.

3. Data gathering and analysis tools that facilitate the strategic planning process

Models and tools for data gathering and analysis can be used, especially geo-spatial tools such as GIS and remotely-sensed images. Many of these are now much cheaper and easier to use than in the past.

Source: Freeman and Vondal (2000)

4.3 The role of SEA in poverty reduction strategy papers (PRSP)

The first generation of national strategies for sustainable development (NSDS) have come and gone. This experience reveals a range of common tasks in the more successful initiatives which provide entry points and leverage opportunities for applying policy-level SEA (see Appendix 14). In this context, SEA can be seen as a tool that can enable better informed options to be considered and more robust decisions to be reached. SEA is an analytical approach that can operate at key leverage points through the NSDS cycle - provided there is political will to allow this to happen. Typically, this is likely to be easier to apply where there is a formal provision for SEA, e.g. whether in legislation, regulations or administrative orders.

So far, however, this approach has been little practised in strategic planning frameworks, including in the preparation of poverty reduction strategies - the latest addition to the family of

strategy approaches. Such strategies are promoted by the World Bank which also strongly advocates the use of SEA. But the poverty reduction strategy papers (PRSP) completed to date have paid only weak attention to environmental concerns. Poverty and Social Impact Assessment (PSIA) is the main diagnostic tool used (see section 4.1.1) but this takes little or no account of environmental considerations. In 2002, the World Bank and IMF received a report on a *comprehensive review of the PRSP approach* (started in mid-2001). It provides descriptions of good practice for countries and partners, numerous country examples and coverage of sector issues. The key points of the report are set out in Box 4.19. It is notable that the environment receives no mention.

A number of bilateral aid agencies have drawn attention to the ‘neglect of the environment’ in PRSPs. For example, in a submission to the World Bank in December 2001, DFID noted that

“For lasting growth and poverty reduction it is critical that relevant poverty-environment issues are given priority in PRSPs, and that those dealing with the environment in-country are actively engaged in the PRS process. Reviews by DFDI and the World Bank have revealed a mixed picture. Some countries PRSPs (eg Bolivia, Honduras, Mozambique and Uganda) have given priority to relevant poverty-environment issues, but even these countries have been less successful in identifying how they should be addressed. Very few PRSPs have costed interventions in the policy matrix, especially where action is needed across sector. Only a few PRSPs (eg Bolivia, Uganda) include poverty-environment indicators. Crucially, even where the environment is covered in the PRSP, environment agencies and civil society groups are rarely engaged in the process. . . . We therefore urge the Bank to focus on mainstreaming the poverty-environment agenda among staff working on PRS issues” (www.worldbank.org/poverty).

Box 4.19 Progress with PRSPs: key points of the comprehensive review by World Bank and IMF

Note: This box is based on extracts drawn from the main review report and the separate summary of main findings (available on: www.worldbank.org/poverty/strategies/review).

“It is clear that the development of PRSPs is a major challenge for low-income countries, in terms of both analysis and organisation. Besides managing a complex policy dialogue with development partners, low-income governments have to put together an integrated medium-term economic and poverty reduction strategy, complete with short- and long-term goals and monitoring systems; these are a set of tasks few industrial countries could systematically do well. And in many countries, these tasks must be managed with limited technical and institutional capacity and in ways that reinforce – rather than undermine – existing national institutions, processes, and governance systems. Thus, there is a need to have realistic expectations about the PRSPs that are being developed”.

“The central message is that there is broad agreement among low-income countries, civil society organisations and their development partners that the objectives of the PRSP approach remain valid ... and that there have been improvements over time in both process and content.... There is widespread agreement on four key achievements of the PRSP approach to date:

- a growing sense of ownership among most governments of their poverty reduction strategies;
- s more open dialogue within governments and with at least some parts of civil society than had previously existed;
- d more prominent place for poverty reduction in policy debates; and
- an acceptance by the donor community of the principles of the PRSP approach”.

“While it is premature to draw any firm conclusions about the development impact of the PRSP approach, there are nonetheless a range of good practices by countries and their development partners. In reality, there are only a few concrete cases where such practices are in place”.

Interim PRSPs

“The requirements for an I-PRSP were deliberately minimal, although this was evidently not widely understood by all stakeholders. The I-PRSP was to describe the existing situation (with respect to poverty: the existing poverty reduction strategy and macroeconomic and policy framework) and set out a plan for developing the full PRSP (including the participatory processes; plans for identifying and developing appropriate policies, targets and indicators; and a system for monitoring and evaluating implementation). Policy commitments and targets for the outer years were to be revised in the full PRSP”.

“While the quality of I-PRSPs has varied, their preparation has served a useful purpose by encouraging countries to take stock of existing data and policies, to launch a broader process of rethinking current strategies, and to produce time-bound road maps for the preparation of their first full PRSP. In many cases (e.g. Mongolia and Nicaragua), I-PRSPs were longer than expected, as countries put forward quite comprehensive documents. At the same time, however, the roadmaps were sometimes relatively weak with respect to plans for participatory processes (e.g. Senegal); plans to fill data gaps (e.g. Sierra Leone) and the proposed institutional arrangements for the PRSP (e.g. Moldova and Tajikistan). This appears to have been due to both an unclear understanding about the intended nature of an I-PRSP, coupled with pressures imposed by HIPC and/or PRGF timetables”.

“Although I-PRSPs were initially viewed as a transitional device, they may still be useful in many of the nearly three dozen low-income countries that will need to prepare PRSPs for access to Bank/Fund concessional lending and/or debt relief”.

“In order to qualify for debt relief, many countries prepared their I-PRSPs too hastily. In fact, the push by many countries to reach their Decision Point at the earliest possible date came at the expense of the quality of some I-PRSPs roadmaps, for example, participation plans and proposed institutional arrangements”.

Full PRSPs

Ten countries [at the time of the review] have now finalised their first full PRSPs. These varied considerably in form and content, reflecting each country’s own starting point, capacities and priorities. Each of the documents included the four elements proposed in the joint Bank/Fund paper on PRSPs (Operational Issues, SM/99/290, 12 Dec 1999):

- (a) a description of the participatory process used in preparing the PRSP;
- (b) a poverty diagnosis;
- (c) targets, indicators and monitoring systems; and
- (d) priority public actions.

However, the PRSPs varied considerably in the relative weight given to the treatment of the core elements and to key areas within these elements, and in style and format of presentation. Key points raised about PRSP documents and the approach include:

- PRSPs have generally built on existing data and analyses and on prior strategies;
- They reflect considerable improvement in both process and content relative to their corresponding I-PRSPs;
- They have received attention at the highest political level in almost all countries, and many provide useful information about the institutional arrangements for preparation and implementation;
- In some cases, documents have clarified the linkages between PRSPs and existing governmental plans and decision-making processes – especially budget formulation;

Participation

- PRSPs have established a presumption in favour of openness and transparency and broad-based participation – the approach has often led to an improved dialogue within the various parts of government and between governments and domestic stakeholders, and has brought new participants into the policy dialogue;
- However, some concerns have been expressed about inadequate engagement by certain groups or institutions seen as key to successful poverty reduction efforts;
- Sectoral ministries generally are less fully involved than core ministries, such as the Ministry of Finance or the Ministry of Planning;
- The role of parliaments in the PRSP process has generally been limited, although individual parliamentarians have been involved in some countries;
- In most countries, bringing civil society organisations into the process has improved with time;
- In some cases, there have been constraints to deepening and widening the process to all constituents to meet their expectations;
- There is some evidence that civil society’s efforts have affected PRSP content, particularly in drawing attention to problems of social exclusion and the impoverishing effects of bad governance;
- In some countries, there may be a risk of “participation fatigue”;

Poverty diagnostics

- Despite the significant advances in poverty data and analysis in PRSPs relative to pre-existing government strategies and policy frameworks, analysis of the impact of the policy actions on the lives of the poor appears to have been limited;
- Poverty and social impact analysis of major policies and programmes has typically not been undertaken as part of PRSPs;

Targets, indicators, monitoring and evaluation (M&E)

- Many PRSPs set long-term targets that seem overly ambitious relative to prior achievements and/or likely available resources;
- PRSPs often lack good indicators of intermediate processes that would help track the implementation of public programmes;
- Many PRSPs have detailed plans for improvement of M&E capacities, but the institutional structure for monitoring has not always been clearly defined;

Priority public actions

- PRSPs are generally weak regarding the prioritisation and specificity of public actions;
- Some early PRSPs have made progress in identifying pro-poor growth policies;
- There were various shortcomings in the macro-economic frameworks put forward in the early PRSPs, both in terms of presentation and content. All included ambitious growth targets and could have benefited from a sharper analysis of the likely sources and levels of growth;
- Key cross-cutting issues (e.g. gender, HIV/AIDS, good governance, rural development) have been addressed to varying extents;
- All PRSPs have emphasised access to services as a key concern, with improved access to education a priority;
- In general, the primacy of the private sector for growth is acknowledged;
- Most PRSPs have dealt with issues concerning trade openness in only a limited way;

Until recently, no PRSP process had involved any form of formal environmental assessment (either as an input to its development, or as a post-hoc audit) that might equate to SEA or ‘para-SEA’ (Jan Bojo, World Bank environmental economist, pers.com.). The Bank’s Environment Department undertakes an unofficial review of PRSP documents as they are submitted. A scoring

system is used to ascribe ratings for the way in which the PRSP addresses a range of 17 environmental and other variables (0 for no mention to 3 for good practice). Draft reviews are shared for comment with Bank Country Teams. So far, about 50 such reviews have been completed (a mix of full and interim PRSPs). An example is provided by Vietnam, which achieved an average score of 1.9 (Table 4.2). For comparison, the top score to date was for Mozambique (2.2).

Table 4.2: Environmental review of Vietnam PRSP
(Bojo and Reddy 2003a)

Variable	Description	Score	Cumulative score
A. Issues in Focus			
1. Land use	Degradation, deforestation, erosion, overgrazing, mining, etc.	3	3
2. Water	Drinking water, irrigation, fishery and water pollution	2	5
3. Air	Quality and pollution	1	6
4. Biodiversity	Threats to ecosystem, eco-tourism opportunities	1	7
B. Causal link assessment			
5. Poverty and natural resource degradation	Resource dependence and inequality	3	10
6. Environmental health	Contagious and vector-borne infections, eg diarrhoea, malaria	1	11
7. Vulnerability	Impacts of climate variability (hurricanes, floods, drought)	2	13
8. Property rights	Tenure and natural resource management	2	15
9. Incentives	Prices, subsidies, taxation, trade, debt, exchange rate, income and employment policies	1	16
10. Empowerment	Decentralisation and partnerships	2	18
11. Gender	Concerns relating to gender and environment links	1	19
C. Response systems			
12. Environmental management	Regulation, legislation, institutions, information, environmental standards, and economic instruments like cost recovery, product pricing, private sector participation	3	22
13. Investment in natural capital	Projects and programmes relating to land and water resource management, air quality and pollution abatement	3	25
14. Investment in man-made capital	Projects and programmes relating to water supply, sanitation, urban infrastructure & housing for poor	3	28
15. Monitoring natural resource outcomes	Deforestation, protected area, soil & water conservation, renewable energy use	2	30
16. Monitoring human development	Housing, sanitation, preventative care (life expectancy, infant mortality, etc.)	2	32
D. Process and planning			
17. Participatory process	Process of environmental integration into PRSP preparation & implementation	1	33
<i>Average score</i>		1.9	

The World Bank has now conducted two reviews of the environmental performance. The second (Bojo and Reddy 2003b) showed considerable variation across countries (Box 4.20). There was a continuing low average level of mainstreaming, but a strong tendency for full PRSPs to integrate environmental factors than interim PRSPs. An updated version was due to be released in October 2004.

Box 4.20: Variance in PRSP environmental performance

Using the ratings listed in Table 4.2, the World Bank's second review of PRSP environmental performance re-assessed the degree to which integration (mainstreaming) of environmental factors occurs in 50 PRSPs (30 of which are now full PRSPs), Joint Staff Assessments (JSAs), and PRSP Progress Reports (PRSP-PRs) (Bojo and Reddy, 2003b).

"The main findings are:

- *High variance.* There is considerable variation in environmental mainstreaming. It ranges from marginal attention (0.3) to consistent mainstreaming across sectors (2.4).
- *Low but improving average.* The average score across the sample is only 1.3 on the 0–3 scale. It is not reasonable to expect all countries to score a "3" across the board, as priorities differ across countries. The average is an improvement over the 2002 assessment, which averaged 0.9.
- *Full PRSPs are better mainstreamed.* In comparison to interim PRSPs, there is a tendency for full PRSPs to better integrate environmental factors. As the sample matures, we expect mainstreaming to further improve.
- *High-scoring countries.* Countries in the high-scoring cluster are Zambia, Ghana, Cambodia, Mozambique, Azerbaijan, Sri Lanka, Yemen, Honduras, Nicaragua and Bolivia".

Building on the World Bank's approach, the Southern African Institute for Environmental Assessment (SAIEA) has developed a framework for the quantitative analysis of poverty/environment linkages and integration in PRSP (Croal, 2003). It also uses a cumulative index, but for a different set of key questions/issues. These cover the context of the PRSP, the focus issues, causal links, response systems, and the PRSP development process. Each question is scored (0 = issues not mentioned, 1 = issues mentioned but not elaborated, 2 = issues elaborated, 3 = best practice on environment/poverty integration) (Table 4.3).

The SAIEA methodology goes further than the World Bank system and suggests indicators to identify if a PRSP has integrated poverty and environment issues, covering:

- assets of the poor;
- opportunities to use assets;
- enabling conditions (barriers and links between assets and opportunities);
- macro environment and potential crises (remedial or preventative; regional, national or international level, leading to potential impact on the poor); and
- expected results {add brief explanation?}.

Table 4.3: SAIEA proposed framework for PRSP assessment

(Source: Croal, 2003)

Does the PRSP?	Score	Comment
(a) PRSP Context		
Integrate environment as a cross-cutting theme?		
Consider environment as a strategic objective?		
Consider environment as an integral element of monitoring and evaluation?		
Consider environment as a theme which requires risk management?		
Evaluate environmental history and resultant situation of the country (cause and effect?)		
Integrate poverty environment issues into national development frameworks?		
<i>Sub total</i>		
(b) Focus Issues		
Evaluate land use and resultant environmental problems (desertification, deforestation, erosion, overgrazing etc?)		
Evaluate issues related to loss of species and natural habitats?		
Evaluate water use and resultant environmental problems (access to potable water, water use and sustainable management, water quality and quantity, water equity)?		
Evaluate air issues and resultant environmental problems (air pollution, ozone depletion, greenhouse gasses, dust?)		
Respect Multilateral Environmental Agreements to which the country is a party (Ramsar, CBD, CMS, Climate Change etc)		
Evaluate natural resource methods of extraction and sustainability limits (including inputs such as energy, other raw materials?)		
<i>Sub total</i>		
(c) Causal links		
Consider poverty profiles and resultant natural resource degradation (resource dependency and inequality?)		
Evaluate environmental vectors and resulting health issues (malaria, gastrointestinal illness etc) resulting from land, air, water or biomass degradation?		
Address environmental degradation and links to HIV/AIDs?		
Consider vulnerability of the population to social, economic and health stress due to environmental degradation and events (floods, storms, infertile soil etc)		
Address property rights and entitlements (land tenure, access, control over management?)		
Analyze economic catalysts and their relationship to environmental quality *price stability, market access, taxation, subsidies, policies, exchange rates, trade etc?)		
Make foreign investment more pro-poor and pro-environment?		
Encourage sustainable consumption and production?		
Enhance development cooperation and debt relief?		
Consider devolution of land and environmental management to local and community authorities (partnerships, co-management, decentralization, conservancies, empowerment?)		
Consider anti-corruption efforts to protect the environment and the poor?		

Consider gender equality in environmental management?		
<i>Sub total</i>		
(d) Response systems		
Consider how the environment can be managed sustainably (regulation, legislation, policy, taxation, incentives, voluntary, environmental standards, co-management, institutional development?)		
Evaluate how the country's ecosystems have the capacity to buffer any serious natural disasters or environmental shocks?		
Consider economic valuation of natural capital (including commercial and social use functions as well as ecological functions)?		
Implement pro-poor environmental fiscal reform?		
Integrate poverty – environment issues into economic policy reforms?		
Encourage more private sector involvement in pro-poor environmental management?		
Address how the environment can be monitored and evaluated regularly?		
Evaluate how investment in natural resources can be improved (land and water resources management and conservation, air quality, sustainable extractive industry management?)		
Expand access to environmentally sound and locally appropriate technology?		
Evaluate investment for human needs (health, housing, infrastructure, energy, water, education etc)		
Evaluate human and institutional capacity needs for sustainable environmental management?		
<i>Sub total</i>		
(e) PRSP development process		
Have input from a broad range of environmental specialists, preferably in country?		
Have input from a broad range of policy, technical, social and scientific experts, preferably in country?		
Have input from a range of “publics” from the country and elsewhere?		
Have input from a range of environmental NGO's, and local environmental ministries and institutions?		
Allow sufficient time for proper consultation and redrafting?		
<i>Sub total</i>		
TOTAL	Out of 120	

Following the conclusions in the World Development Report 2000/2001 (World Bank 2002), the World Bank Institute has launched a series of workshops on “mainstreaming environment in poverty reduction strategies” under the name “Attacking Poverty”. A dedicated website has been established for workshop participants and others interested in PRSP and sustainable development strategies (www.worldbank.org/wbi/sdstrategies/mainstreaming). The workshops aim to promote the exchange of experience and knowledge in linking environment and poverty. But further experimentation in the use of SEA in PRSP preparation is needed. This will require something of

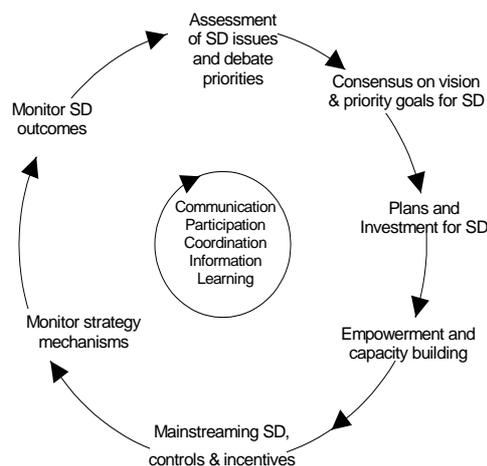
a leap of faith on the part of policy-makers and a commitment on the part of SEA practitioners to operate much more holistically, and well beyond their traditional ‘environmental’ confines. The incentives for developing countries to initiate such an approach remain to be identified.

For any strategy for sustainable development to be effective, its preparation and implementation need to integrate environmental, social and economic dimensions and the potential impacts of policy options and of implementing actions (whether through plans, programmes or other initiatives). This process must be closely linked with research and analysis and with SEA. In this context, the focus might be on the following linkages:

- *strategy processes* that link the main centres of policy debate and decision-making – government, business and civil society – on a continuing basis, which will facilitate assessment of options for and proposals for sustainable development; and
- *the use of SEA* as an instrument that brings together diverse sources of knowledge in an inter-disciplinary context, preferably on a continuing basis, will lead to better strategies.

A practical approach for doing this is the ‘continuous improvement’ framework (see Figure 4.1), which would integrate SEA and policy actors in a step-by-step, learning and adaptation process of change driven by multi-stakeholder groups. There is emerging political consensus that this is the right approach to strategies: for example, in NSDS policy guidelines developed by the OECD and eight developing countries (OECD DAC, 2001) and guidelines developed by the UN (UN DESA, 2002). These apply to all forms of strategy aiming at sustainable development including poverty and environmental strategies. In the final analysis, the test lies in their implementation and the evidence is not yet to hand and the jury is still out.

Figure 4.1: A ‘continuous improvement’ approach to sustainable development strategies (Source: OECD/UNDP 2002)



Note: The figure shows some of the more important relations between the mechanisms shown in Figure 4.1. As portrayed, it suggests that the overall process involves a rigid sequence of steps. However, in practice, these are on-going and necessarily overlap. Key features of the central tasks are stakeholder identification, strengthening capacity, collaboration and outreach.

Case 4.1: Application of the Strategic Environmental Analysis (SEAN) methodology in Cameroon, and in Honduras and Nicaragua

(Source: Jan Joost Kessler, pers.comm, 1998 and 2003)

The SEAN methodology is described in Chapter 6 and Box 4.14 of this report. Two different applications are described below.

(a) Quick scan SEAN for developing a regional strategy for northern Cameroon

With funding from the Netherlands Development Organisation (SNV), the SEAN method was used in 2003 to develop a strategic development plan for the northern region of Cameroon. The challenge was to link up to existing plans and make use of existing studies and materials, involve different stakeholders, generate commitment and also execute the analysis in a 3-day workshop.

The workshop was structured as follows:

1. *Day 1: Analysis of regional development context*, to determine the main problems, opportunities, underlying factors and key actors. Based on that, a vision and strategy was developed for a desirable future of the region (in line with mission and development themes of main stakeholders). This was done during the workshop, on the basis of existing knowledge, using SEAN steps in a quick manner.
2. *Day 2: Analysis of the institutions and key actors*, to make an inventory and to know strengths and weaknesses of each institution and their plans and policies.
3. *Day 3: Analysis of the demands for support* by the institutions and key actors, to be able to realise the vision and strategy.
4. *Day 3: Decisions on what support donors will provide*, and what will be provided by the local and regional institutions, and what competencies will then need to be developed.

The approach can be used by any organisation to define its development priorities (for building the capacity of local organisations), and then to define its own required competencies, partners, budget and operational plans.

(b) SEAN for integrating environmental care in municipality planning in Honduras and Nicaragua

This type of application started in 1997. It aims to support local development planning at the municipality level, and show ways to integrate environmental care into local development plans. During a six month period, with Dutch technical assistance, a local NGO implemented the 10 SEAN steps (see Box 4.14). The process included a variety of workshops, mini-workshops, informal meetings, research carried out by university students, detailed work by resource specialists, and reporting. The SEAN steps were carried out for the 10 main themes/issues in the municipal area (e.g. tobacco cultivation, urban waste management, forest management, sustainable agriculture). Reports were prepared on the outcomes of the SEAN steps for each theme. They covered both solutions to perceived problems and identified opportunities.

At first, some municipal members and institutions in the area were sceptical about this approach, but they all actively made use of the results by integrating relevant issues in their strategic and operational planning. The whole exercise has raised a lot of interest among other councils and donors. It is seen as an opportunity to support local councils in their own planning process. Building on this experience, SNV has now implemented the SEAN method in more than 30 different municipalities in Honduras and Nicaragua. A major aim has been to strengthen local governments to undertake strategic and operational planning with a sustainable development focus, by adopting participatory approaches. The concepts are not new, but putting these in practice by using a practical method is new.

Conclusions

A number of lessons can be drawn from the various experiences of applying the SEAN methodology.

- (i) The resulting strategic plan is not an environmental plan. Rather it is an integrated (sustainable development) plan. This underlines how the SEAN methodology takes the environmental domain (goods and services provided to human society) as a starting point to find solutions and opportunities in the areas of overlap with the socio-economic and institutional domains.
- (ii) The planning process is at least as important as the content of the 10 methodological steps. A number of factors determine the success of the planning process: local ownership and clear demand, involving the private sector, high quality facilitation, a minimum of time, local co-funding, and consistent application of participatory tools and methods.
- (iii) Even if limited time is available, the process facilitates common views to surface among different actors involved. Participants are satisfied about the method as a logical framework to structure discussions in broad stakeholder 'negotiation platforms'. For many participants, it was the first time to collaborate actively with other disciplines, and for government officers to exchange views and information with NGOs.
- (iv) One of the main differences between the strategic plan resulting from an SEAN and existing Environmental Action Plans is the emphasis on priority themes agreed upon by participants at the meso-level, as well as some commitment to work on agreed activities.
- (v) In Latin America and in many African countries, the approach is particularly useful at the meso-level, e.g. to support districts and local councils prepare their development plans as part of a decentralisation and capacity-building process. The meso-level is the highest level at which local stakeholders can deal with concrete issues concerning the natural resources on which they depend, and at which they can organise themselves. But it is the lowest level at which government departments are well informed and can negotiate with other stakeholders.
- (vi) A challenge is to develop the SEAN method further as a tool for integrated planning, by linking tools from other disciplines. The entire planning process also requires continuous facilitation support (i.e. over a longer period of time, not by being more intensive) to implement, monitor and evaluate the activities that have been agreed upon.

