

Chapter 14

DONOR APPROACHES

Gibson (2002) notes that “bilateral and multilateral development aid agencies have been moving along various paths towards sustainability assessment. Environmental assessment in some form is commonly applied in the project planning and/or approval process and is increasingly applied at the programme level. Sustainability as a now a nearly universal official objective of development efforts is evident in leading local development practice (e.g. in the application of sustainable livelihoods approaches) as well as in policy guidance. Links between assessment and sustainability are also apparent at least in the official policies of many agencies, though these links are often fragmentary and generally not well developed.

The most common deficiencies are narrow approaches to both environmental assessment and sustainability, and limited integration of the two. Many environmental assessment processes focus only or chiefly on biophysical considerations (rather than the full suite of social, economic, cultural and ecological factors and interrelationships), and are applied as mere evaluation tools rather than as an integral part of the conception, planning, design and implementation process. Similarly, sustainability commitments are often treated as a limited obligation to ensure consideration of long term environmental effects (environmental sustainability), or as a requirement to examine whether the intended benefits of a project are likely to continue (sustainability of projects' main intended benefit flows rather than of the full set of their contributions to sustainability)”.

14.1 Australia - Ausaid

Sustainability analysis (SA) is integral to Ausaid’s planning and management and a core element of its quality assurance efforts, and is used to inform the development and management a sustainability strategy (this defines the benefits to be sustained and specifies how each of the main constraints to sustainability will be addressed in implementation).

Ausaid uses preliminary sustainability analysis to broadly identify and analyse the main factors that are likely to have either a positive or negative impact on sustainable benefits. It is seen as an extension of risk analysis except that long-term outcomes beyond the direct influence of project management are considered. The analysis is required to be prepared by the project design team after the formal assessment of risk has been undertaken, using the same interactive techniques with stakeholders to develop a sustainability strategy matrix (logical framework approach). At prefeasibility stage, the level of detail and analysis required is usually broad, but sufficient to identify any grounds for rejecting a proposal on the basis of lack of likely sustainability.

The level of detail in the sustainability strategy is refined during the feasibility design stage. The appraisal should confirm the adequacy of the sustainability strategy and, if necessary, it should be expanded or developed. The strategy should provide a realistic and accurate plan for maximising the sustainability of the activity’s outcomes Those implementing the strategy are required to review and update it at least annually.

Source: Ausguidelines 18, Promoting practical sustainability
(www.ausaid.gov.au/ausguide/ausguidelibes/3-3-9.cfm)

14.2 Canadian International Development Agency (CIDA)

One of the main purposes of the Canadian Environmental Assessment Act, 1992, is to “encourage responsible authorities to take actions that promote sustainable development and thereby achieve or maintain a healthy environment and a healthy economy (CEAA,s.4(1)(b)). In line with this commitment, the Canadian International Development Agency (CIDA) has recognised the need to use sustainability assessment in its work and has commissioned a number of ‘exploratory’ consultation papers from the University of Waterloo¹. These papers have highlighted a number of key issues for CIDA in relation to policy integration and process consolidation and set out a rationale for using SA in development cooperation which have relevance to all aid agencies (Box 14.1).

Box 14.1: Applying sustainability assessment at CIDA: Implications for policy integration and process consolidation

Immediate issue:

How to apply a CIDA regulation on sustainability assessment under the Canadian Environmental Assessment Act (CEAA), 1992, that would (Rogozinski & Gibson 2004):

- Ensure effective application of CIDA’s sustainability-based policies in programme and project decision-making;
- Apply appropriately to the kinds of activities that CIDA is and will be undertaking (including the increasing emphasis on programme-based approaches);
- Avoid adding to the intricacy of CIDA decision-making and reporting.

Fundamental issues:

How to integrate and simplify decision processes at CIDA to:

- Ensure more consistent and better integrated application of CIDA’s sustainability-based policies in programme and project decision-making and implementation;
- Facilitate more effective pursuit of multiple benefits leading to poverty reduction plus greater overall contributions to sustainability in development assistance expenditures;
- Provide a more effective policy-linked base for monitoring and accountability reporting to various audiences (Parliament, Treasury Board, Commissioner for Environment and Sustainable Development, UN and OECD development assistance bodies, others in the donor community, NGO partners, recipient countries, media, etc.);
- Reduce procedural complexity;

And in a manner that:

- Reflects the increasing emphasis on donor cooperation and programme-based approaches, and
- Complements the positive evolution of CIDA’s role in development assistance and in Canadian foreign policy.

Rationale

A sustainability based approach to environmental assessment would provide a positive means of:

1. Consolidating and specifying CIDA policies under a globally recognized overall objective;
2. Ensuring CIDA policy commitments are consistently addressed in programme and project selection, design and implementation, through the diverse activities of CIDA branches, delivery mechanisms, etc. (essentially by acting as a policy implementation mechanism);
3. Establishing a consistent core base for Agency accountability – for defending decisions and reporting results;
4. Recognizing interdependencies such as between poverty reduction and environmental rehabilitation;

¹ A memo on policy options for implementing SA (Rogozinski & Gibson 2004) and several papers on CIDA processes, policies and programme-based approaches (Gibson 2002, Rosenthal 2003, Rogozinski 2003, 2004).

5. Identifying and maximizing opportunities to gain multiple benefits from individual programs and projects;
6. Requiring more consistent and defensible treatment of trade-offs among objectives; and
7. Initiating more general integration and simplification of CIDA decision processes at both program and project levels.

Options

In response to the above challenges, four options are suggested (each of which has its own strengths and weaknesses):

1. **Minimalist assessment:** continue with current policies and processes and attempt to negotiate a CIDA Regulation allowing narrowly defined assessments and limited application to physical works;
2. **Sustainability-based CIDA regulation with strategic assessment:** Combine a CIDA regulation with expansion of strategic level environmental assessments, to establish a linked process encompassing sustainability concerns at both program (strategic) and project levels;
3. **Sustainability Assessment:** adopt sustainability assessment as an organizing core for programme and project planning, decision making, monitoring and reporting;
4. **Full Government sustainability assessment:** The federal government could adopt a sustainability assessment requirement for general application by federal departments and agencies, at both strategic and project levels.

Conclusions:

Sustainability assessment is a comprehensive and integrated decision-making process that facilitates linked consideration of the full range of sustainability factors over the entire life of a development programme. It offers CIDA the opportunity to integrate and apply its full policy suite more effectively in service of its mandate for sustainable development. Sustainability assessment also offers a foundation for rationalizing CIDA's processes, creating new opportunities to achieve multiple benefits and to eliminate inefficiencies on the ground by harmonizing planning, decision-making, monitoring and reporting processes from the strategic through to the project levels. If CIDA chooses to adopt sustainability assessment, it will need to select a package of policy and process implementation strategies.

Source: Rogozinski & Gibson (2004)

14.3 World Bank

Since 1989 the Bank has undertaken environmental assessment of projects (either full assessments or sometimes less demanding environmental analyses) which might have potential environmental risks. Recently it has started to emphasise assessments at the strategic (regional and sectoral) level and has initiated a structured learning programme on SEA. The Bank has also introduced complementary obligations to evaluate proposals in light of its safeguard policies. The main responsibility for assessment work lies with prospective borrowers, but Bank staff screen the assessments and undertake some assessment work at the strategic level.

It would seem that, at least on paper, the Bank's environmental assessment requirements have much in common with sustainability assessment requirements. Its concept of environmental assessment is broad and incorporates looking at alternatives and addressing socio-economic as well as strictly environmental effects. Such breadth is also promoted by the Bank's "do no harm" safeguard policies which cover socio-economic, ecological, and fair process considerations (e.g. treatment of indigenous people, resettlement of people displaced by projects, disclosure of information and participation of NGOs). But these policies tend to focus on reducing negative effects rather than enhancing positive ones (World Bank 2001, esp. para 85). Moreover, the Bank's environmental policies include a "mainstreaming" initiative that stresses positive linkages joining environmental protection with poverty reduction and economic improvement.

The Bank produces commendable open reviews of its environmental performance, including its environmental assessment work. These are mainly prepared by staff of the Bank's Operations Evaluation Department (OED) and highlight important improvements since the initiation of assessment and safeguard requirements. But they also reveal that practice falls short of promise (Box 14.2). Similar findings have emerged from recent reviews by other donor agencies.

Box 14.2: Review of World Bank environmental performance and assessment work

Evidence presented in a review by the World Bank's Operations evaluation Department (World Bank 2001) suggests:

- Country Assistance Strategies have tended to treat the environment as just another sector competing for attention, rather than as a cross-cutting theme, and have not made explicit (and built upon) the link between environmentally sustainable development and poverty reduction;
- The Bank's safeguard policies (to prevent or mitigate environmental harm from its projects) were sound in concept but unaccompanied by clear standards and inconsistently implemented. This has diverted attention to damage control;
- The Bank's efforts in dealing with global issues have been hampered by conflicts between their early formulation as goals external to member countries and the Bank's strong country orientation;
- The structure of priorities, incentives, and accountability processes – from senior management on down the line – has not supported a strategic emphasis on the environment, rigorous monitoring, or positive recognition of environmental staff and activities.

The same review observes that the Bank has so far demonstrated limited commitment to integrating environmental sustainability into the larger sustainable development agenda:

The concept that environmental sustainability is an integral part of sustainable development has not been explicitly accepted at a strategic and policy level, although a great deal of importance has been given to specific aspects of the environmental agenda in terms of projects and safeguards. The long-term, systemic nature of environmental issues is difficult to reconcile with the short time horizons and sectoral structure of the Bank and its borrowers. The long-term holistic vision of the Comprehensive Development Framework has yet to take hold.

The recommendations arising from these evaluations are not surprising. They centre on:

- Earlier assessment (including at the strategic level where more influence on project selection and design options is expected);
- Stronger implementation tools (such as specification of mitigation obligations in contracts), and most importantly;
- More effective structures and incentives for consideration of environmental concerns throughout the system;
- Better integration of environmental, economic, financial, institutional, and engineering analyses, including more attention to the links between environmental enhancement and poverty reduction.

[MORE TO BE ADDED]