Chapter 4

SEA EXPERIENCE IN DEVELOPMENT COOPERATION

EIA requirements are now an established component of development cooperation. Recently, the use of SEA to promote more sustainable and integrated approaches to sectoral and broader development plans, programmes and policies has also been emphasised by multilateral and bilateral donor agencies and by other international development organisations. This emphasis by the donor community has resulted in a growing SEA practice in developing countries and 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 in the field of SEA first; but other multilateral and bilateral donor agencies have important SEA initiatives underway and these are then described in alphabetic order in sections 4.1 (multilateral development agencies) and section 4.2 (bilateral aid agencies).

4.1 SEA in multi-lateral development agencies

4.1.1 The World Bank[1]

Two forms of SEA - sectoral and regional environmental assessments - have been part of World Bank policy and procedures for environmental assessment (EA) since 1989 when they were introduced by Operational Directive 4.00 (Annex A, 1989). These assessments are the responsibility of the borrowers and the World Bank assists them in making these assessments relevant and effective in terms of their development impacts. Sectoral EAs have been applied to "sectoral investments and adjustment loans and credits". The conversion of the EA Operational Directive into an Operational Policy/Bank Procedure (OP/BP 4.01, 1999) has further mandated the use – where relevant - of Sectoral and Regional EA. That conversion has also coincided with a broadening of environmental and social assessment approaches in Bank operations. EA is now part of a set (system) of environmental and social safeguard policies, the application of which has received a lot of internal and external attention. There is no formal provision for other types of SEA, but these are applied on a case-by-case basis including at the policy level.

The Third Environmental Review of the World Bank's experience examines the implementation of EA policy for the fiscal years 1996- 2000 (Green and Raphael, 2002). As in the previous review, covering 1992 to 1996, note is made of the increasing use and acceptance of sectoral EAs to address sector-wide issues and programmatic loans covering numerous similar sub-projects, e.g. roads, irrigation, etc. (see Box 4.1) . By addressing the issues early in the process of decision-making, the sectoral EA helps to eliminate environmentally damaging alternatives and reduces the information requirements for project EAs. Regional EAs are used to take a spatial, area-wide approach to development planning, and are acknowledged as potentially useful for addressing cumulative effects. Currently, there is less experience with regional EA than sectoral EA, although the Bank has been able to identify some 'good practice' examples (see 4.2).

> *"As part of its strategy of 'mainstreaming the environment', increasing use has been made of strategic assessment of structural and sector adjustment lending activities (World Bank, 1999, 2000). 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*

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

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"s (Mercier, 2001).

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 strategic options study identified 1500 km for 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
- Avoidance of 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)
- Transportation of hazardous materials, emergency response and environmental health and safety.

Source: Kjørven and Lindjhem (2000)

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 had important ecological functions). But the periodic flooding also sustains ecological systems and many forms of productive activities. The project has therefore 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 the following elements:

- 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
- recommendation of regional action plan to address the issues identified.

The REA studied the interaction of natural and man-made systems within the floodplains, including the ecological functions of the periodic floods and the current state of critical ecosytems 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 also documented the extent to which wetlands, gallery forests and aquatic ecosystems of the tributaries to the three rivers are threatened by on-going human activities. The REA found that the most disruptive activities were road construction, followed by poorly planned urban expansion, and effluent from the meat packing industry. Another significant finding was that poor urban sanitation services were directly undermining existing flood protection works. For example, many communities disposed of garbage along protective dykes, attracting 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) a component to strengthen EA procedures in key institutions within the seven provinces;
(ii) technical assistance for urban environmental management;
(iii) environmental education and awareness programs in communities benefiting from protection works; and
(iv) support to protection and management initiatives for wetlands and other ecosystems.

However, perhaps the most important contribution of the REA was its direct contribution to screening all potential investments under the project. From a total of some 150 possible investments, the REA helped reduce the number to 51 sub-projects, all with a clear economic, social and environmental justification. Once these sub-projects had been selected, project-specific EAs were prepared for all of them by the REA team. Upon completion of these EAs, the REA team went back and examined the likely cumulative impacts of all the 51 sub-projects, ensuring that such impacts would be minimised.

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

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

In view of the importance of country-level analytical and advisory work in defining strategic priorities and influencing development outcomes, the Bank has introduced a systematic diagnostic analytical tool - ***country environmental analysis (CEA)***. CEA is envisaged as a flexible tool composed of three broad 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)..

CEA is being promoted as having 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 – mainstreaming of environmental issues is more likely to happen when the diagnostic work is

carried out in advance of the preparation of 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;
- *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, thus shaping key lending and programmatic decisions at the country and sectoral levels and helping manage risks at the project level.

Box 4.3: The World Bank's Environmental Strategy

In July 2001, the World Bank approved its first environmental strategy. The strategy emphasizes the need to (i) integrated 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. It has the following three objectives:

- ***Improve the quality of life:***
  - Reduce environmental health risks;
  - Improve people's livelihoods
  - 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;
  - 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
  - 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 strengthening 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 seen also as a potential tool 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)

The CEA provides a framework for systematically linking country-level analytical work with strategic planning processes. Like other country-level diagnostic analyses, the CEA is supported by a wide range of collaborative work with clients and development partners to guide their development assistance. It is intended that CEAs will provide input into the Bank's policy dialogue with client countries, primarily through the country assistance strategy (CAS), and to help develop country strategies and formulate effective lending programs (World Bank 2003).

While many of the tools and analytical approaches used in the CEA blocks are very close to those of SEA, the focus of the CEA is the country as a whole. The lessons from past SEAs in a country would provide key inputs to the broader review in the CEA. Conversely, the CEA would identify sectors and policies where a more in-depth analysis through a SEA can provide more specific guidance in the policy development process.

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 to CEA (Pillai 2002). This showed that there has been no systematic, institution-wide approach – hence, leading to the the introduction of CEA as a key analytical tool. In addition, in support of its work on CEA, 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 Bank[2].

The World Bank also uses other forms of strategic environmental analysis:

Energy and Environment Reviews (EERs) are a specific example of upstream analytical work on environmental issues related to the energy sector. EERs have been largely supported by the Energy Sector Management Assistance Program (ESMAP), but they have also been supported as part of the Bank's country and sector assistance programs. Three general types of EERs have been undertaken:

- full-scale, which look comprehensively at energy and environment issues in one of more sectors in a country;
- rapid assessments;
- 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. Information on the EERs supported by ESMAP can be found at their website.

Although a limited number of EERs have been completed to date, the Bank is currently reviewing the results and impacts that EERs have had, and to what extent, and in what ways, EERs can be a useful tool for influencing energy and environment policies and programmes in client countries.

Poverty and social impact analysis (PSIA) has recently been developed by the World Bank to provide improved analysis to support PRSP and other processes. The approach is set out in a draft user's guide which provides a menu of possible economic and social tools and quantitative and qualitative techniques that can be used for such analysis (World Bank 2002). As a supplement to 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 as it draws from existing methods for the analysis of poverty and for social impact assessment. But PSIA seeks to address the fact that these methods have been

[2] These include studies in Egypt, Tunisia, in the Indian states of Andra Pradesh, Uttar Pradesh and Karataka, 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).

weakly applied to the design of government policy. Thus, 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.

Whilst the guidance suggests no template methodology, it identifies various elements (and tools that can be used to address each of them) that make for good PSIA – all of which are entirely consistent with the essential elements of developing and implementing strategies for sustainable development (see OECD/UNDP 2002):

- 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;
- Fostering policy debate and feeding back for policy adjustment.

The guidance also cautions that whilst there might be a logical sequence to addressing these elements of PSIA, this should not be taken 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 capturing and integrating the various elements of good PSIA (an example is shown in Table 4.1). In addition to providing the analyst with a framework for considering and articulating key aspects of PSIA for a given reform, such a matrix gives a template for making explicit some of the results and assumptions underlying such analysis.

4.1.2 African Development Bank (Banque Africaine de Développement)

The African Development Bank (AfDB) formulated its Environment Policy in 1990. Since then, it has issued a number of sustainable development-orientated policy documents (e.g. Energy Policy Paper; Forestry Policy Paper; Policy on Integrated Water Resources Management, etc). These documents 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.

An environmental evaluation of the effectiveness of implementing the AfDB's environmental policy from 1993 to 1998 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 that there is a clear need to move impact assessment "upstream" into project planning and also "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).

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

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 RMCs. They will for use by Bank staff and technical experts of Regional Member Countries (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 sectoral fields: 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 existing agendas, actors, discourses, knowledge requirements and bargaining styles within different policy-making sectors. Consuequently, 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:

- To assist RMCs carry out SIA as part of their decision-making process with respect to the development of 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 at achieving sustainable development goals;
- To 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;
- To provide consultants with a "how-to" tool when assisting either the RMC carrying out the SIA or when assisting Bank staff in evaluating the quality of a submitted SIA;
- To serve as a guideline to the Poverty Reduction and Sustainable Development Unit Department (PSDU) when assisting country environmentalists in their evaluation of the SIA report and PPP implementation; and
- To facilitate civil society organizations in their role as stakeholders.

When applying for policy-based, structural or sectoral adjustment loans from the Bank, the ***borrower*** is responsible for demonstrating 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. To that end, he/she can rely on the SIA process, which should be integrated in the normal activities within the PPP decision-making and implementation cycle.

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 the mandate to propose to the Board, lending instruments that respond to the Bank's vision; and to engage in the policy dialogue on environmental and social issues with the RMCs.

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. PSDU also has a clearance role for SIA screening (decision on whether an SIA is required or not). In particular, PSDU assists the country environmentalists in fulfilling their requirements under the SIA guidelines. The Unit gives environmental and social expert advice on missions and audits and provides peer-level advice on SIA studies. In addition, the Unit also 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 because dialogue with stakeholders and their concerns are key for any SIA assessment. Making preliminary information available often facilitates public understanding of the ramifications of the proposed initiative and leads to a more constructive input.

Options: The guidelines urge that the SIA process be introduced at the very early stage of project preparation and used to identify and assess alternative options for the proposed PPP, including '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 Bank[3]

Since the early 1980's, in response to the growing concerns about the region's rapid economic growth at the expense of the environment, the Asian Development Bank (ADB) has committed itself to integrating environmental concerns into the mainstream of its development activities. ADB has used SEA in various modes to foster integration of the environmental dimension into socio-economic development programming and planning at all levels - subregional, national, subnational and sectoral.

Over the last 20 years, major progress has been made in establishing a comprehensive system of environmental safeguards for ADB's operations. The Bank defined the scope of its environmental activities, including its assistance to Developing Member Countries (DMCs), and developed formal environmental assessment requirements, review procedures, guidelines, staff instructions, and a management system to monitor the progress of environmental interventions in projects and programs. ADB also helped strengthen the capacity of environmental institutions and key line agencies in DMCs. As environmental awareness at ADB and in the DMCs grew, environment was gradually integrated into sector development policies, and this, in turn, led to a sizeable environmental lending portfolio.

Early on, the ADB recognised that environmental impact assessment (EIA), as an add-on to project planning, was only partially effective. Often, the results of the EIAs were unable to affect the desired changes in the project design, because the environmental impact study was commenced after the design was more or less settled. In practice, the implementation of the prescribed mitigation measures and monitoring requirements documented in the EIAs was not always able to achieve the desired results, because such measures must be built into construction contracts and monitored on a day-to-day basis during implementation (ADB, 1994). As a consquence, the ADB has introduced SEA-type approaches into upstream activities such as country programming (e.g. country environmental analysis), subregional programming and

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

planning (e.g. Strategic Environmental Framework for the Greater Mekong Subregion), and Environmental-cum-Economic planning for sub-national areas.

New Environment Policy

The Environment Policy approved by the Board of Directors in November 2002 further 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 bank's developing member countries 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;
- Strengthened disclosure and public consultation requirements.

Country Environmental Analysis

The ADB has also moved environmental assessment upstream into the development of a Country Strategy and Programme (CSP) in each DMC by requiring a country environmental analysis (CEA). SEA is a recommended tool that is used to support the sector and policy analyses that are undertaken to prepare programmatic and sector interventions.

A CEA provides the necessary analysis for informed decision-making on environmental constraints, needs, and opportunities in a DMC, including those that impinge upon poverty partnership agreements. CEAs outline environmental issues that are most important to a DMC's development strategy and describe the ADB's role in helping to remove the environmental constraints on the DMC's 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, and continues through CSP preparation to assess potential environmental issues associated with the CSP. The ADB is working closely with the World Bank, IADB and other institutions in further developing the methodology and coordinating preparation of CEAs 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 mitigation measures and monitoring programmes. It is also used to review environmental sustainability objectives of the programme and propose a set of criteria, targets or indicators for evaluating the effects of the loan. For sector loans, SEA helps with the cumulative impact assessment of all projects envisioned as a part of the loan. It is also used to enhance the efficiency of subproject-level initial environmental examinations (IEEs) by avoiding the need to redo analyses for issues covered adequately in an SEA for the entire sector. The assessment of subprojects are able to concentrate on the site-specific impacts of the subproject

Environmental-cum-economic planning

The ADB has recognized that an overarching deficiency in integration of economic and environmental management in the Asia and Pacific region is its piecemeal approach. To overcome this problem, a nested vertical hierarchy of integrated economic, social and environmental plans (also called sustainable development plans) can be established to cover global, regional, national, sub-national, and local levels. The ADB's recommended approach 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. From this, 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. Whilst the ADB has funded a limited number of such studies at various levels, it anticipates that such a hierarchy of integrated plans will eventually emerge.

Subregional - Strategic Environmental Framework (SEF)

To support the Greater Mekong Subregion (GMS) Programme's[4] strategic thrust to protect the environment and promote sustainable development, the GMS Strategic Environmental Framework has been developed. Initially developed to guide investment decisions in the transport and water resources sectors, its ultimate goal 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 in these databases and systems will 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 the provision of 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 greatly added to the knowledge about existing environmental and social conditions. There are new programmes to develop national and subregional 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 subregional, national, and local development initiatives.

4.1.4 European Bank for Reconstruction and Development

EBRD's Environment Procedures describe a number of benefits of carrying out SEAs, but they do not require their implementation. Rather the Procedures state that "SEAs will be carried out as the need for them arises". The first to arise followed an EIA for the East-West Highway project in Slovenia in 1994 (Kennedy and Haumer 1999) (Box 4.5).

Box 4.5: SEA of Slovenia's transport system

The Minister of Environment in Slovenia was concerned that approving the East-West Highway project might imply endorsement of an overall motorway development programme for the country without having examined the overall environmental impacts of such a programme. Terms of reference were developed for an SEA of Slovenia's transport system with four objectives:

- To carry out a baseline study of existing environmental conditions in the North-South and East-West transport corridors of Slovenia;
- To identify alternative development scenarios for these corridors (modal and corridor);
- To identify and assess the environmental impacts associated with the alternative development scenarios in the Slovenian transport corridors;
- To make recommendations on medium- and long-term actions needed for selecting least cost transport alternatives while meeting environmental goals.

Responsibility for the SEA was subsequently undertaken under the PHARE programme with no further EBRD involvement. But it was later learned in 1995 that, subsequent to the signing of the EBRD loan, motorway corridors has been determined as a result of their inclusion in an overall 'Spatial Plan' for Slovenia, and that implementation of a 'Motorway Construction Programme' was being discussed by Parliament. As a result, the ministries agreed that the SEA could not "examine the environmental impacts associated with alternative development scenarios for Slovenian transport corridors as stipulated in the original TORs. Thus consultants were engaged by PHARE to carry out the SEA according to revised TORs, with two objectives:

- To assess the possibilities to achieve sustainable transport development by means of an active policy towards the reduction of traffic on motorways;
- To assess environmental management in the transport sector in Slovenia, and make recommendations for improvement.

The report concluded that, although "there are no legal requirements for SEA (at a level higher than corridors) for new infrastructure and certainly not for transport policy in general, it would be recommendable (sic) to consider the introduction of a more general environmental assessment of policies, plans and programmes in the transport and other sectors" (DHV 1996)

4.1.5 The Inter-American Development Bank[5]

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

For some years, the Inter-American Development Bank (IADB) has used the SEA process for various types of operations including regional-based projects, sectoral loans, investment loans with sectoral or multi-sectoral programmes or regional development initiatives, and for policy analysis (see section 6.4 and Boxes 6.18 and 6.20).

Over the last decade, there has been significant demand for SEA within the IADB. For example, 25 assessments were undertaken between 2001 and 2003, many in response to requests from project teams and country counterparts. On average, about 10 SEAs are conducted annually, but there are significant variations from year to year.

The demand for SEA from operations is reflected in the Bank's 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).

The demand for SEA is also being translated into policy directives in the Environmental Policy, currently under preparation.

SEA 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 - in country policies and sectors.

SEA will also be used for country strategy work. The Bank's country strategies 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, to seek strategic coherence among sectors, and to enable targeting to define the right priorities. Such strategic prioritisation is expected to be undertaken in the context of specific studies and assessments at the local, national, and regional levels, to set the framework of 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;
- Reducing some of the additional environmental requirement often added onto specific investment projects as a palliative to weak environmental policies and practices.

All of the SEAs undertaken for Bank 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. Thus, new IADB guidance is being prepared and is due to be issued in 2004. The guidance will provide a common framework but will be flexible to facilitate application to a variety of operations. It 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;
- 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 a decision-based process model (Box 4.6) which 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.

The project teams will be able to draw guidance, and adapt their processes to the specific needs of their operation, from this generic process, combined with case-studies presenting lessons-learned from past Bank SEAs.

4.1.6 United Nations Development Programme (UNDP)[6]

In the early 1990s, UNDP introduced the Environmental Overview (EO) approach - set out in its Handbook and Guidelines for Environmental Management and Sustainable Development (UNDP 1992) - as an SEA tool to support programming processes. Although EO is no longer current in UNDP, many UNDP Country Offices have adopted its tenets in their programming practices and the essence is captured in the current UNDP programming manual and guidance which sets programme policies and procedures. 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.

EO is regarded as a sound and effective approach and Box 4.7 describes how the method was trailed.

[6] With contribution from Linda Ghanime, UNDP.

Box 4.6: 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)

Box 4.7: 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, and 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;
- 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 and in practice 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, 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 characteristic 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 on the implementation of 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)
- A set of policies for handling urbanisation issues (Africa)

EO was 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 works at any scale: whether at project level, programme level, or country level. Brown (1997a, 1997b) has advocated using the adapted Environmental Overview 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:

> *"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. Also updates were made to UNDP's programming manual including considerations for quality programming.

Although the EO is not current within UNDP, the principles behind it are reflected in the current versions of the programming manual (available at www.undp.org/bdp/pm/) as well as in draft companion guidance such as the IPAT and revised EMG. Annex 2F to the programming manual provides a series of questions for quality programming which provide reference dimensions for the preparation of country programmes (CP) (Appendix 13). The essence of these questions are also incorporated in UNDP's informal Environmental Management Guidelines (not available publicly).

Country programmes 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.

Feeding into the UNDAF and CP, a Common Country Assessment (CCA) exercise is undertaken by the UN country team (led by the UN resident coordinator), providing the United Nations system with 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 contains:

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

The country programme is the basis of UNDP planned collaboration over a multi-year period. Review committees have an advisory and oversight function that supports the formulation and implementation of country programmes and projects to ensure high-quality programming of UNDP resources. These committees base their reviews, *inter alia*, on the considerations for quality programming, which 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).*

While most of the EO principles have been incorporated in the programming approach and guidance, there does not appear subsequently to have been further promotion and implementation of SEA, or the Strategic Overview per se. However, UNDP has taken a renewed interest 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.

4.1.7 United Nations Environment Programme (UNEP)

The *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 4.8). This approach aims to facilitate informed and balanced decision-making in support of sustainable development. It points toward appropriate

Box 4.8: UNEP manual on integrated assessment of trade-related policies

An integrated assessment considers the economic, environmental and social impacts of trade measures, the linkages between them, and 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 deciding 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, and 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.

Working with a multidisciplinary, international group of experts and national team members, UNEP has prepared a manual on integrated assessment of trade-related policies to be used in UNEP country projects on trade liberalisation and the environment and UNEP-UNCTAD capacity-building task force

country projects (UNEP 2001). UNEP introduced the approach to WTO negotiators at a workshop in 2001.

No single, all-encompassing approach is promoted. Rather the manual presents a range of approaches that can be used including 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 in identifying 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 work undertaken between 1999 and 2001 when UNEP 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 at the national level on actual 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 for the conduct of *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 are timing of assessment, stakeholder and public participation and appropriate methodology and indicators;
Step 3: *Use of methods and techniques* -- select 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.

UNEP has recently instituted a project to develop and test a Strategic Integrated Planning (SIP) methodology as a pro-active and integrated approach to addressing development and environment issues within a broad sustainable development context. UNEP's aim is to develop, refine and test a methodology through a partnership approach in various countries over the next two to three years. .

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 areas[7], each aimed at undertaking a series of steps which have much in common with the principles of SEA as well as good planning (Box 4.9).

Box 4.9: 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

Finally, UNEP has developed a second version of the EIA Training Resource Manual, which includes an SEA module (Sadler and McCabe, 2002). This was developed in response to continued requests for SEA assistance, information and training, particularly from developing countries. A key premise is that SEA capacity will be most effectively built when carried out as part of a systematic, needs-driven approach, rather than relying upon ad hoc initiatives or meeting donor requirements on a project-by-project basis. In implementing the strategy, UNEP intends to work with partner institutions in each developing region to adapt EIA and SEA to the particular situation and circumstances. Two initial pilot projects are underway in collaboration with the Regional Environmental Centre for Central and Eastern Europe (REC) and the Southern African Institute for Environmental Assessment (SAIEA). Further information can be found in the chapters on transitional countries and developing countries, respectively.

[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).

4.1.8 A proposed comprehensive approach for multilateral development banks

The multi-lateral development banks (MDBs) are perhaps ideally suited to SEA. Annandale *et al*. (2001) argue that whilst 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 more readily be achievable 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 4.10).

Box 4.10: 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. Common to all MDBs is the idea of project administrative or processing "cycles". The most significant change to current MDB practice proposed by Annadale *et al*. (2001) is a redesign of the Country Assistance Strategy (CAS) process with new and enhanced SEA inputs (Figure 4.1) 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.

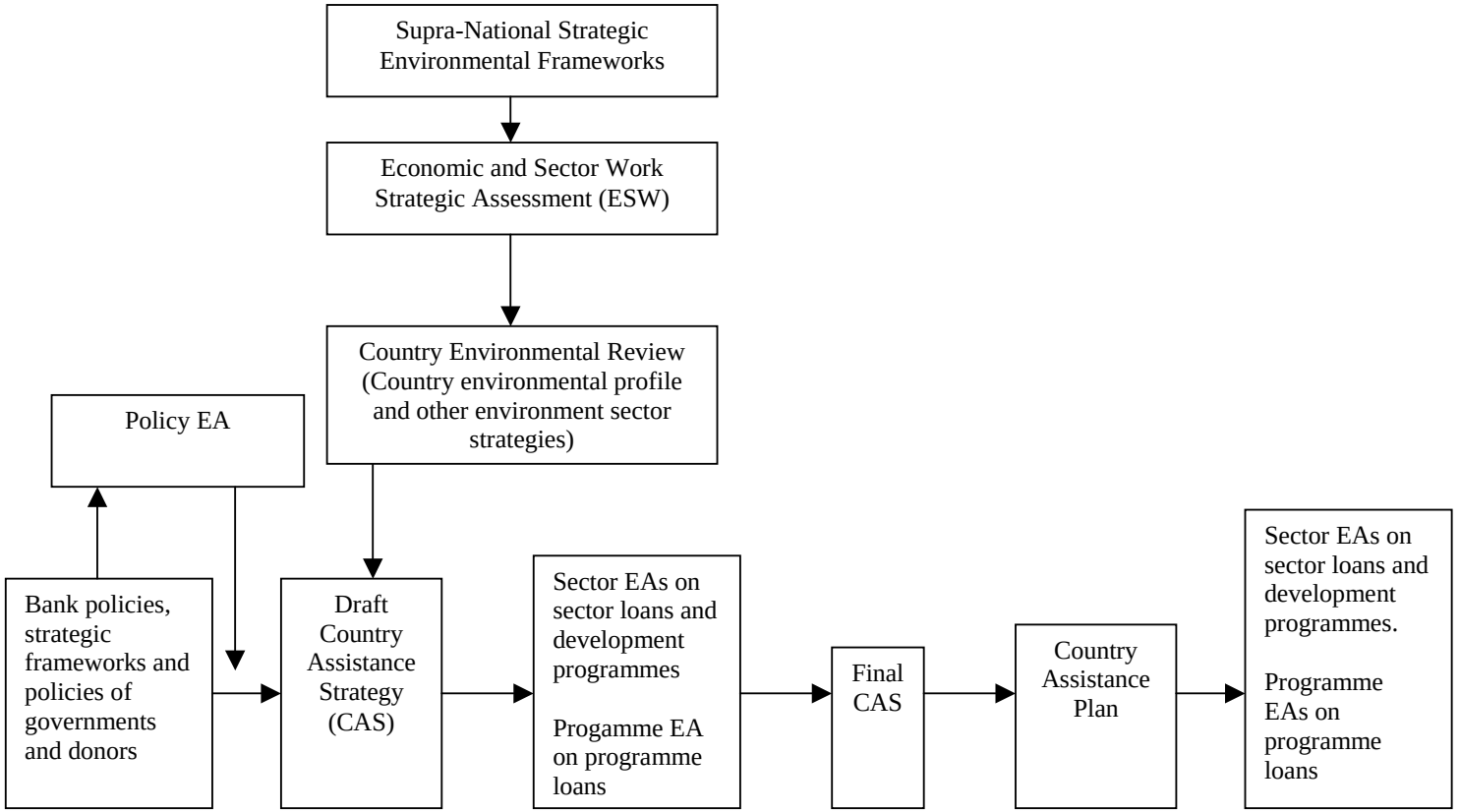
Moving to the right in Figure 4.1, a completed Draft CAS would include a preliminary lending and granting framework, as it currently tends to, but in this new Comprehensive SEA System, the Draft would be modified by the SEA inputs mentioned above. At this point, potential loans and grants may be clear 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."

Annadale *et al*. (2001) acknowledge that the way that SEA systems are implemented in developing countries themselves is extremely important, but do not explore the issue. We would argue that development cooperation agencies should think hard about the process and methods that are being exported and promoted, and how best to build capacity for SEA development. This is particularly important in the poorest countries that arguably need SEA the most but are least able to take up this process.

Figure 4.1: Proposed comprehensive SEA System for multi-lateral development banks
(Source: Annandale *et al*. (2001)



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. It guides CIDA employees through the agency's SEA process which was developed in consultation with the operational branches to complement existing decision-making structures and approval processes. The handbook:

- Includes a set of principles on SEA (based on principles developed in South Africa) that 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 9). 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.

- Outlines the process of conducting the SEA. The principal design criterion was to ensure that the process be flexible 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 4.11).

Box 4.11: 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)

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

4.2.2 Department for International Development (DFID), United Kingdom[9]

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 £I million were comprehensively revised in 2003 (Box 4.12). Below this threshold, screening is not mandatory but strongly recommended where there are potentially significant environmental impacts identified).

Box 4.12: DFID's screening guide

In 2003, DFID produce a revised "*Environment Guide - a guide to screening*". Indications are provided clarifying when and why it is necessary use the guide. It 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. It provides specific guidance on how to screen poverty reduction strategies and direct budget support initiatives, indicating 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 which 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.

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 more an expanded EIA[10]. 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 experience of SEA-like approaches in other countries. In Uganda, it has supported efforts to use SEA-type approaches in development planning, including participatory poverty and environment assessments which 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, in 2002, it helped the National Planning Commission to assess the need, demand, opportunities, feasibility and

[9] With contributions by Jon Hobbs and John Warburton, DFID

[10] The appendices of the report (WSAtkins 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.

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 has 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). DFID has collaborated with the Dutch EIA Commission to fund and support the Ghanaian National Development Planning Commission and Environmental Protection Agency to carry out an SEA of the Ghana PRSP (Box 6.16). In Andra Pradesh State in India, building on a process to prepare a state-of-the-environment report, DFID has teamed up with the World Bank to support an SEA (Box 4.13).

Box 4.13: Andhra Pradesh: Operationalizing Vision 2020 Environmental Management

Background

The Government of Andhra Pradesh (GoAP) in collaboration with McKinsey and Company, Inc., has prepared a long-term development strategy, published as *Vision 2020*, and requested World Bank assistance in identifying specific steps and measures to achieve the strategic goals in a number of sectors, including the environment sector.

The *Vision 2020* document integrates environmental improvements with the long-term goals for the State, stressing the need to "safeguard its environment and make its cities and villages clean, green, and safe to live in". It sets ambitious targets of increasing the area under forest cover from 23% to 33%, and of universal access to clean drinking water and basic sanitation, as a key public health investment. The document recognizes 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 internalize 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.

While *Vision 2020* emphasizes the importance of sound environmental management and provides broad directions, the document lacks specific analyses and prioritization of environmental problems, as well as recommendations as to what efficient, feasible and enforceable policies and measures could be.

Programme - includes four components:

- Assisting AP to prepare an *update of the State of the Environment* (SOE) report (November 2002 – September 2003).

Assistance to 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 on the environmental management arena provided a useful tool for identifying sectors and/or "hot spots" areas warranting in-depth follow-up work, such SEA of development plans and programs in these sectors/areas.

The work was expected to equip agencies responsible for environmentally sensitive sectors and/or degraded areas, as well as other relevant stakeholders, with the knowledge of main potential environmental impacts of the planned development path in a sector or area and least-cost strategies to avert or minimize environmental damages that may become a constraint to growth. Further, 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 this component to develop and succeed. In addition to the Department of Environment and Forests, and PCB, the likely candidates to be involved in this component are Energy, Urban, Industries, Mining, Rural Development, Finance, and Planning Departments. Among key guiding principles for selecting sectors or areas for the SEA were: (a) significant environmental impacts and (a) local champions to take up this work, e.g. demonstrated interest and commitment from the sectoral or local authorities. Further dialogue and the process of developing the SOE was used to scope this component.

While the exact scope of work that could be embraced by the title of the SEA was to be tailored to the needs and priorities in specific sectors/areas, the studies under this component were generally 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 .

- ***Assisting with the design of institutional and policy reforms in environmental management (***October 2003 – December 2004).

- ***Communication and dissemination*** (in parallel)

4.2.3 The Netherlands

Strategic Environmental Analysis (SEAN), has been developed and tested by the Dutch group AIDEnvironment, in co-operation with SNV (Netherlands Development Organisation) (AIDEnvironment and SNV 1999; Kessler 2000). This experimental methodology is designed for use at the earliest possible stage of policy-making to allow the relevant environmental issues to be identified and sustainable policy options to be defined and proposed to planners and decision-makers. The method is based on experiences with EIA, environmental profiles, and environmental planning, monitoring and evaluation, and comprises 10 steps (Box 4.14) "which are executed in a participatory manner, with systematic attention for the views and opinions of 'insiders' (local actors)" (Kessler 2000). The approach is integrative, focusing on the various linkages between environmental, social, economic and institutional issues. Where possible, the outcomes are win-win policy options. The approach can be applied over a period of several months, or can be compressed in a workshop of a few days.

SEAN has been applied under various conditions in different countries, mainly for supporting and strengthening local governments to undertake strategic and integrated planning, or in assessing and improving existing plans and planning processes. Experience has been gained mainly in Benin, Honduras, Nicaragua and Senegal, mainly for strategic planning purposes at national or local level, involving public institutions, local government and NGOs - see case 4.1). In most cases, the result is a local development vision and strategic plan, the establishment of commitment and local ownership, and sometimes the creation of a stakeholder platform. Manuals are now available in different languages (English, French, Spanish) as well as CD Roms and other training materials. For more information and newsletters, see: www.seanplatform.org.

For several years, the Developing Countries Section of the Netherlands EIA Commission has been working in a number of countries (Nepal, Pakistan, Sri Lanka and Vietnam) to support

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

The strategic environmental analysis approach aims to be systematic, analytical and practical. 10 methodological steps create a logical structure and provide guidance to participants in clarifying the complex issues involved.

Steps 1-4: Society-environment context analysis and impact assessment:

- Stakeholder analysis and mapping, interests and positions;
- Identification of environmental functions (production, regulation and cultural);
- Assessment of past and current trends of main environmental functions;
- Assessment of consequences (impacts) of trends on stakeholders including future generations;
- Defining a vision and norms, standards and thresholds.

Steps 5-6: Environmental problem analysis:

- Definition of the main environmental problems as defined and perceived by stakeholders;
- Identification of direct and root causes and responsible actors of problems, using the problem-in-context approach (root causes will be mainly socio-cultural, economic and/or institutional).

Steps 7-8: Environmental opportunity analysis:

- Definition of main environmental potentials and opportunities;
- Identification of win-win options (matching opportunities with causes of problems);
- Sustainability assessment of opportunities;
- Activities and actors to realise opportunities.

Steps 9-10: Formulation of a policy or plan with monitoring indicators:

- Synthesis of key factors and actors related to the environmental problems and opportunities;
- Integration with social and economic priorities;
- Strategic planning to define a vision, strategic orientations and priority actions;
- Institutional analysis and recommendations based on the strengths and weaknesses of the relevant institutions and existing development policies;
- Formulation of a monitoring system with indicators associated with strategy.

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

capacity-building and provide advice in scoping/reviewing phases of SEAs for particular projects. In Central America (Nicaragua, Guatemala and Costa Rica), the Mediterranean region (METAP countries) and South Asia (Vietnam, Pakistan, Nepal and Sri Lanka), the Commission has organised two-day SEA courses. Commission staff have contributed to numerous SEA workshops and to actual SEAs. The first attempts date to 1994 followed by an environmental sector study in Sri Lanka. More recently, assistance has been provided to the Plan Puebla Panama in Central America and the SEA of Ghana's PRSP (see Box 6.9). The Commission is also involved in assisting Turkey and Lithuania in implementing the European SEA Directive.

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), and 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).

Box 4.15: SEA in Development Cooperation

The final report of a recent OECD/DAC project to examine SEA experience in aid agencies 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". Similar skepticism reported by Sadler and Verheem (1996).

The review identified 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 categorised 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 pointed out a significant difference in the approach and outputs associated between these categories. An SEA typology for development cooperation was 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 Agency (Sida)

Sida has developed SEA guidelines for strategic environmental and sustainability analysis for use in the preparation of country strategies which emphasise points of contact between poverty, the environment and sustainable development (Sida 2000a, 2002b). Guidelines have also been produced for dialogue on SEA with partner countries on sector programmes, and includes both generic guidance more information and checklists for particular sectors (Sida 2002c).

To date only a few such strategic analyses have been carried out, prepared by Sida staff supported by external consultants, e.g. for China, Tanzania and the Balkan region (Segnestam *et al*., 2003). The objectives defined in the guidance document are:

- To understand how environment and sustainability are related to other aspects of development;
- To map the environmental and sustainability aspects that should be considered when the general scope of development cooperation is decided; and
- To develop a basis for decisions on environmental 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 and environment;
- economic policy and environment;
- health and environment;
- population and environment;
- capacity development;
- institutions;
- legislation and environment;
- human rights;
- equity and environment;
- conflict risk;
- vulnerability and environment;
- state of environment and sustainable development;
- country's work for sustainable development

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

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

and driving forces, national initiatives, framework and capacity, existing and planned Swedish cooperation, and strategic recommendations for the future (Segnestam *et al*. 2003).

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 (2002b)

4.2.6 United States Agency for International Development (USAID)

Under the U.S. 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 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 which, at a minimum, 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.

USAID commissioned a team led by Winrock International and the Harvard Institute for International Development to prepare a report on introducing strategic environmental planning (SEP) into country strategic planning process (Freeman and Vondal, 2000). In the introduction, it is stated that:

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;
- Identification of environmental strategic objectives and opportunities for addressing environmental issues under strategic objectives and activities in other sectors.

Source: Freeman and Vondal (2000).

> "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".

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;
- 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 strategic environmental questions at each stage, and provides examples of application from USAID Missions in Africa. In addition, it 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.

The report proposes both a structured process and procedures for consideration of environmental issues during Mission strategic planning exercises, and particularly for CSPs. It describes three elements necessary for SEP (the planning process, information, and analytical tools – see Box 4.18) and lists important principles 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 consists of breaking down the Country Strategic Plan (CSP) development into its different stages, posing strategic questions at each stage, and making 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, such as evaluations or reviews of problems in the SO sector are often commissioned and these can be designed to include relevant SO-specific environmental information. For Environment/Natural Resource-specific SOs, numerous background documents including Naational Environmental Action Plans (NEAPs) have been developed in the recent past, and USAID's Environmental Analysis and ETOA will 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-senses images. Many of these are now much cheaper and easier to use than in the past.

Source: Freeman and Vondal (2000)

A new and innovative Strategic Environmental Assessment and Monitoring (SEAM) system was introduced to USAID environment officers at their annual conference in Cumberland, Maryland, and pilot-testing was to begin in 2002.

The Africa Regional Mission of USAID works with African networks devoted to EIA to promote incorporating EIA into national laws, regulations and policies, and advocates strategic EIA and environmental monitoring in designing projects and programs throughout the Agency.

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 4.8 of this report. Below are described two different applications.

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

With funding from 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; and based on that, a vision and strategy 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 capacity building of local organisations), and then to define itsr 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 municipality level, showing ways to integrate environmental care into local development plans. During a six month period, a local NGO, with Dutch technical assistance, implemented the 10 SEAN steps (see Box 4.8). 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 10 specific themes, which captured the main 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, covering both solutions to perceived problems and identified opportunities.

Although, at first, some municipal members and institutions in the area were sceptical about this approach, 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, as an opportunity to support local councils in their own planning process. Building on this experience, the Netherlands Development Organisation (SNV) has now implemented the SEAN method in more than 30 different municipalities in Honduras and Nicaragua, with the major aim of strengthening local governments to undertake strategic and operational planning with a sustainable development focus, and 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, but 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 . Success factors determining the planning process include: local ownership and clear demand, involving the private sector, high quality facilitation, a minimum of time, local co-funding, consistent application of participatory tools and methods.

(iii) Even if limited time is available, the process facilitates the surfacing of common views 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 a certain level of 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 in making their own 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, while it is the lowest level at which government departments are well informed and can negotiate with other stakeholders.

(vi) One challenge is to further develop the SEAN method 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 more intensive), to implement, monitor and evaluate the activities that have been agreed upon.