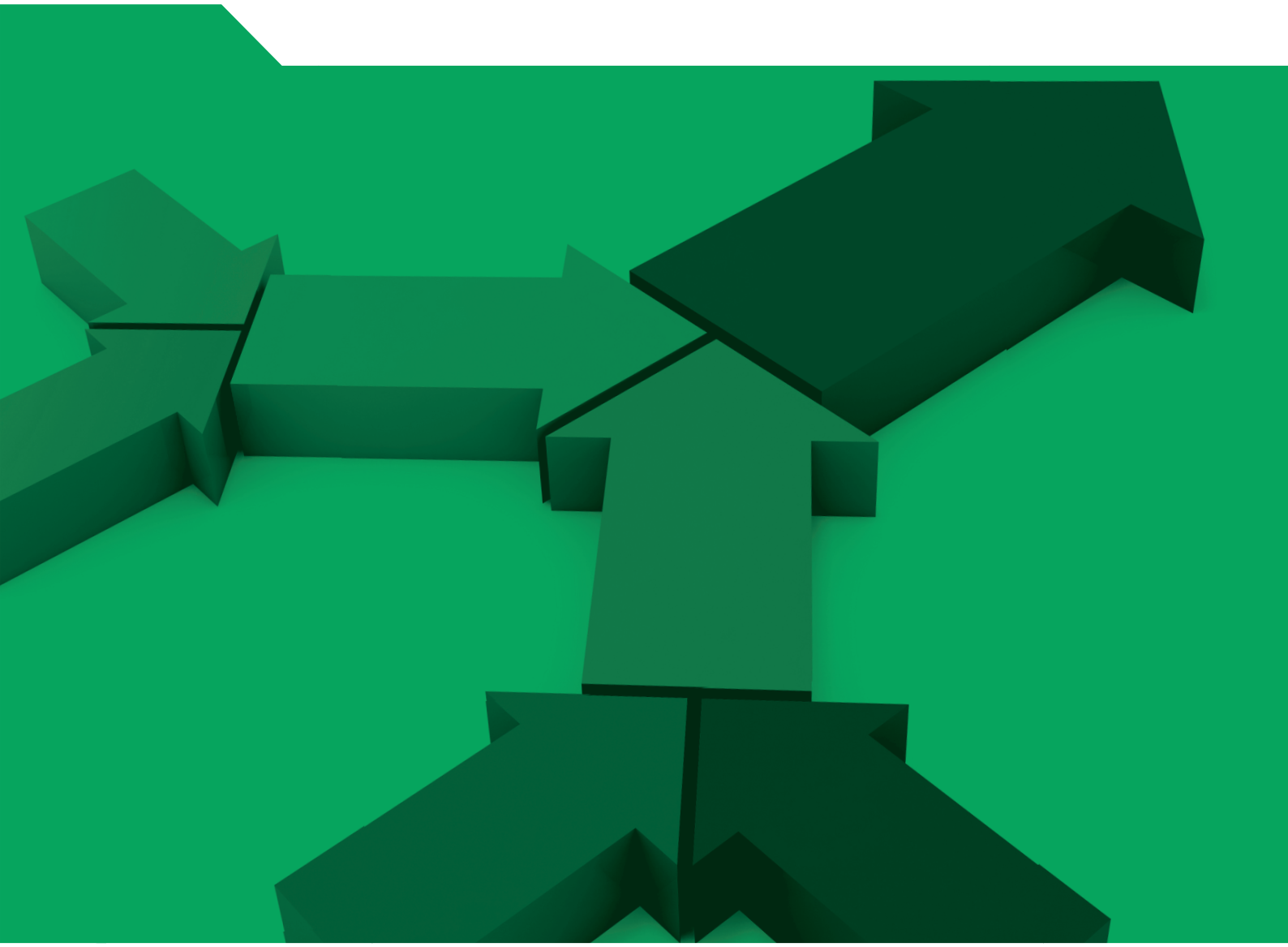
Strategic Environmental Assessment in Development Practice

A REVIEW OF RECENT EXPERIENCE



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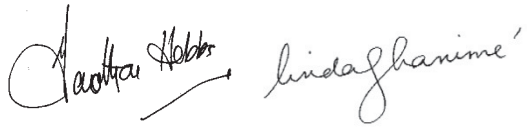
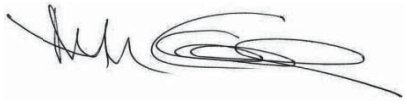
Foreword

In the Paris Declaration on Aid Effectiveness adopted in 2005, donors and partner countries jointly committed to "develop and apply common approaches for strategic environmental assessment at the sector and national levels (Section 41)." The Development Assistance Committee (DAC) Network on Environment and Development Co-operation (ENVIRONET) Task Team on Strategic Environmental Assessment (SEA) led by the United Kingdom and the United Nations Development Programme (UNDP) rose to that challenge and developed the DAC Guidelines and Reference Series *Applying Strategic Environmental Assessment: Good Practice Guidance for Development Co-operation* (the SEA guidance) in 2006. Subsequently, the Task Team has been monitoring instances of SEA application in a wide variety of contexts, with a view to identifying best practice. This volume results from this monitoring exercise. From a set of 100 cases of SEA applications being monitored, it explores the nine most interesting cases.

The contributors are identified for each case study country in this volume. Special thanks go to the UK Department for International Development (DFID), the Swedish International Development Agency (Sida) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Co-operation and Development (BMZ) for providing financial support for this work.



Jonathan Hobbs and Linda Ghanime
(Former Co-Chairs of the SEA Task Team)



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Acronyms

ABE	Agence Béninoise de l'Environnement (Beninese environmental agency)
ADB	Asian Development Bank
AMGP	Africa Mineral Governance Project
AusAID	Australian Agency for International Development
BRICSAVI	Brazil, Russia, India, China, South Africa, Vietnam and Indonesia
BMZ	Bundesministerium für Wirtschafliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Co-operation and Development)
CIDA	Canadian International Development Agency
CSO	Civil society organisation
CSPRES	Cellule de suivi de programmes de réformes économiques et structurelles (Beninese Economic and Structural Reform Programmes Monitoring Team)
DAC	Development Assistance Committee, OECD
DONRE	Department of Environment and Natural Resources, Quang Nam, Vietnam
EC	European Commission
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency, Ghana
EPC	Environmental Protection Council, Ghana
EVN	Electricity of Vietnam
FORIP	Field Operations, Regrouping and Irrigation Project, Mauritius
GBS	General Budget Support
GEACaP	Ghana Environmental Assessment Capacity Development Project
GEASP	Ghana Environment Assessment Support Project
GNHC	Gross National Happiness Commission, Bhutan
GoG	Government of Ghana
GoM	Government of Mauritius
GPRS	Ghana Poverty Reduction Strategy
GRN	Government of the Republic of Namibia
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH[1] (*)

[1] The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH was formed on 1 January 2011. It brings together the long-standing expertise of the Deutscher Entwicklungsdienst (DED) gGmbH (German development service), the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German technical cooperation) and Inwent – Capacity Building International, Germany.

GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German Technical Co-operation − now GIZ)
HIPC	Heavily Indebted Poor Country
ICED	Improving Competitiveness for Equitable Development, Mauritius
IMF	International Monetary Fund
IUCN	International Union for Conservation and Nature
LEP	Law on Environmental Protection, Vietnam
MAAS	Multi Annual Adaptation Strategy, Mauritius
MDG	Millennium Development Goal
MDP	Municipal Development Plan, Honduras
M&E	Monitoring and evaluation
MMR	Ministry of Mineral Resources, Sierra Leone
MOIT	Ministry of Industry and Trade, Vietnam
MONRE	Ministry of Natural Resources and Environment, Vietnam
MSA	Mauritius Sugar Authority
MTAP	Mining Technical Assistance Project, World Bank
NACEF	National Commission for Environment and Forestry, Sierra Leone
NCA	Northern Communal Area, Namibia
NCEA	Netherlands Commission for Environment Assessment
NDPC	National Development Planning Commission, Ghana
NEC	National Environment Commission, Bhutan
NGO	Non-governmental organisation
NSP	National Spatial Plan, Montenegro
PEI	Poverty Environment Initiative
PPC	Provincial People's Committee, Vietnam
PRSP	Poverty Reduction Strategy Paper
SEA	Strategic Environmental Assessment
SEMP	Strategic Environmental Management Plan, Namibia
SESA	Strategic Environmental and Social Assessment
SIDA	Swedish International Development Agency
SNV	Netherlands Development Co-operation Agency
SWAps	Sector wide approaches
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
VCF	Veterinary cordon fence
VGTB	Vu Gia Thu Bon River Basin, Vietnam
WAMSSA	West Africa Mineral Sector Strategic Assessment

Executive summary

Introduction

This report has three objectives: Firstly, it illustrates how SEAs can be applied in development co-operation by presenting nine detailed case studies. Secondly, it reviews the outcome of these nine SEAs by examining how the SEA process changed original policies, plans and programmes. Finally, it concludes with lessons that can be learned from these case studies, for future practice.

It reviews strategic environmental assessment experiences in development co-operation in the following developing countries: Benin, Bhutan, Ghana, Honduras, Mauritius, Montenegro, Namibia, Sierra Leone and Vietnam.

In 2006, a task team of experts from development agencies in the Development Assistance Committee (DAC) drafted the SEA guidance document "Applying Strategic Environmental Assessment: Good Practice Guidance for Development Co-operation".

The introductory chapter of this report provides contextual background on the situation before the SEA Good Practice Guidance was published. It contains some of the rationale behind the publication of the SEA guidance, and concludes with an overview of the structure followed in this review.

Chapter 1 outlines the latest status of SEA application in developing countries. The practice of carrying out SEAs in development co-operation is becoming ever more popular, and in recent years its implementation has evolved immensely. The case studies reviewed in chapters 2 to 10 are indicative of the early stage in the adoption and application of SEAs. Chapter 1 fills the reader in on the most recent developments, and includes examples of countries that have started using SEAs since 2009.

Chapters 2 to 10 explore SEA experiences in nine developing countries. These case studies illustrate important lessons for future SEA applications. The context in which the SEAs are carried out are extremely varied:

Vietnam:	Quang Nam Hydropower Plan
Bhutan:	Environmental Mainstreaming
Namibia:	Millennium Challenge Account Programme
Mauritius:	Multi-Annual Adaptation Strategy for the Sugar Cane Sector
Benin:	Poverty Reduction Strategy
Ghana:	Environmental Mainstreaming
Sierra Leone:	Mining Sector
Honduras:	Municipal Planning
Montenegro:	National Spatial Plan

The conclusion summarises the lessons learned from the case studies and recommends six key policies to improve SEA practices.

Key findings

1. ***SEAs contribute to development effectiveness and harmonisation***

In many countries where SEAs were carried out, the SEA process not only brought together ministries within governments, but also marginalised sections of society and civil society groups. There are encouraging signs that donors are collaborating to support SEAs, often promoting capacity-building exercises to achieve further harmonisation.

2. ***Long-term planning is important***

Many case studies emphasise the importance of long-term planning and engagement, instead of a one-shot attempt to implement an SEA. The case on the Mauritius study notes: "A follow-up to the SEA is essential to maintain momentum. Discussions between the donor and the government on how to use the results of the SEA in subsequent decision-making should not be neglected …ensure follow-up on SEA recommendations."

3. ***SEAs should be linked with multi-donor budget support***

Some cases identified the need for, and the benefit of, co-ordinated efforts by donor agencies. In the case of Ghana it was noted that: "Most SEAs to date have been funded as part of individual donor programmes and the onus for maintaining this momentum will now shift with multi-donor budget support to the Government of Ghana and its key ministries."

4. ***Partner governments and donors need to be engaged***

Many of the case studies highlighted the critical importance of engaging donor and partner governments at an early stage. In particular, the Vietnam case stressed the importance of commitment and interest from the partner country. Donor-driven processes are likely to be ineffective and unsustainable.

5. ***The SEA approach can be flexible***

Cases from Namibia, Montenegro and Honduras illustrated that a certain degree of flexibility can help make SEAs a success. Overly rigid process requirements may be unrealistic or discouraging to practitioners, especially if the time span is short. Flexibility is also needed for the use of the term "SEA". The experience in Bhutan highlighted the negative influence that use of the term SEA can sometimes have, given its association among government ministries with EIAs as a regulatory process.

6. ***Take baby steps when carrying out SEAs***

Being overly ambitious from the very beginning can be a risk, especially when the country lacks experience of conducting SEAs. In both Honduras and Vietnam, the case studies concluded that pilot SEAs should be carried out and should avoid being too ambitious.

7. ***Encourage public participation***

Several studies noted the significant contributions made by individuals and public bodies, although full public participation can be difficult to organise in strategic-level assessments at the national level. The Honduras case notes that a high level of public participation was achieved with effective workshops.

8. ***Technical skills are critical for sustainability***

Cases from Namibia, Honduras and Vietnam noted the importance of skills and technical capacities of developing country partners. This lesson emphasises the need for continued efforts to assist partner countries to develop technical and institutional capacities needed for the ongoing implementation of SEAs.

9. ***The need for a new SEA methodology under special circumstances***

The need for further development of SEA methodology and approaches has been identified in two case studies: Montenegro and Sierra Leone. The case of Montenegro highlights the complexity of an SEA of spatial planning that requires a balanced treatment of social, economic and environmental factors. The Sierra Leone case study highlights the considerable difficulty of conducting an SEA in a fragile state. The case raises an observation that conventional single-issue SEAs are likely to fail in circumstances where a country has no institutional memory or capacity and is subject to frequent changes in government or administrative structure.

10. ***SEA may reveal sensitive issues on resource distribution***

In Honduras, the SEA and planning processes revealed how access to natural resources is distributed among members of the municipality, exposing significant inequalities.

11. ***The economic benefit of SEA needs to be recognised to secure support from industries***

In Mauritius, the sugar industry was concerned about the potential costs of implementing mitigation measures and that implementation of SEA recommendations could slow the transfer of funds. Key economic benefits were made explicit by the SEA report and this swayed the industrialists.

Policy recommendations

1. Development agency partners should initiate hands-on SEA pilot and demonstration projects, integrating them into their ongoing development co-operation programmes and capacity-building activities. This can be sustained by working with partner-country institutions to identify and respond to their particular requirements for strengthening SEA process and practice.

2. The benefits of SEAs to development policy making should be better documented and demonstrated. Clear evidence of such benefit will add momentum to promote the implementation of SEAs. In particular, this effort should be directed at political leaders and senior managers, who are increasingly aware that an SEA is an administrative requirement as part of the approval chain, but have not necessarily grasped that an SEA is also a practical tool that can make development assistance more robust, successful and effective.

3. Development agencies need to further harmonise their approaches to SEA to be consistent with the Paris Declaration on Aid Effectiveness. Uncoordinated and fragmented approaches to SEAs are obstacles to its wider application. Despite positive advances by all stakeholders, donor agencies need to turn the spotlight on themselves and focus their attention on the way in which they plan, co-ordinate and execute their SEA processes and development programmes. This might represent an area for practical exchange among donor and partner countries to monitor progress and review experience,

possibly under the auspices of the SEA task team (reflecting the lessons from Vietnam where several donors have co-operated in support of a locally-led initiative as documented in this report).

4. SEAs should be used to strengthen the linkage between Millennium Development Goals and budgetary support. Since the Paris Declaration, budgetary support has increasingly become a major instrument of aid, and funds are ever more frequently paid directly to the relevant ministry. While recipient governments are required to stipulate carefully how they intend to allocate the development assistance, there is currently no built-in mechanism to ensure that such development plans guarantee a certain level of environmental sustainability (MDG 7). SEAs can be used to ensure that MDG 7 targets are explicitly incorporated within direct budget support mechanisms, as well as in sector-wide approaches (SWAps) agreements. More research and experience are needed to foster such applications.

5. Development partners need to strengthen SEA monitoring and follow-up, notably on capacity development. Experience from a number of the case studies indicates that, notwithstanding any agreements that may be in place, many developing countries lack the necessary institutional stability and continuity to promote and sustain SEAs with their own resources.

6. Development partners need to discuss and disseminate SEA good practices with emerging economies. The role of SEAs is critical in the emerging economies, such as Brazil, Russia, India and China, that are likely to shape our common economic and environmental future. However, partly because these countries are no longer priority targets for development assistance and capacity building by the donor community, little knowledge exists about SEA development in emerging economies. Comparative work on SEA practice in these countries is urgently needed.

Policy Statement on Strategic Environmental Assessment[1]

Poor people in developing countries are often the first to suffer from the results of poor policy, planning or investment decisions which undermine development and lead to resource degradation. The quality of development policy and planning processes will affect the long-term success of development and play a significant part in our progress towards the Millennium Development Goals (MDGs). The seventh MDG, in particular, commits us to ensuring environmental sustainability by making the principles of sustainable development an integral part of our policies and programmes.

Development assistance is increasingly being provided at the level of policies, plans and programmes developed and implemented through our partners' own institutions and systems, rather than through projects. Accordingly, the Paris Declaration on Aid Effectiveness, adopted in 2005, called upon donors and partners to work together to "… develop and apply common approaches for strategic environmental assessment at the sector and national levels." The DAC guidance on applying Strategic Environmental Assessment was endorsed in 2006 after intensive collaboration among DAC Members, developing country partners, the UNDP, the United Nations Environment Programme (UNEP), the World Bank and many other agencies.

A growing number of countries at all levels of development have legislation or regulations prescribing the application of Strategic Environmental Assessment (SEA) and many more are introducing it as part of their policy tools. This is creating unique opportunities for improving policy making and planning by incorporating environmental considerations into high-level decision-making and by opening new mechanisms for intergovernmental and societal dialogue to reach consensus on development priorities.

Many development co-operation agencies and their partners are already making good progress in applying SEA. Early implementation experience is yielding important lessons for the future. We have found that SEA can:

- safeguard environmental assets for sustainable poverty reduction and development;
- build public engagement in decision-making;
- prevent costly mistakes by alerting decision-makers to potentially unsustainable development options at an early stage in the decision-making process;
- simplify project-level environmental impact assessment (EIA) requirements thereby speeding up subsequent implementation of projects and programmes;
- facilitate trans-boundary co-operation around shared environmental resources and contribute to conflict prevention;

1 Adopted by the members of the OECD Development Assistance Committee at their High Level Meeting in Paris on 21 May 2008.

- identify the policy and legislative gaps needed for sustainability.

To further SEA implementation to guide decision-making, we will:

- encourage the use of SEA in our own development co-operation agencies;
- develop additional policy guidance on the application of SEA in relation to concerns such as adaptation to climate change, disaster management, conflict prevention, health and other issues, in order to guide our decision-making processes;
- support our developing country partners with financial resources and knowledge to develop institutional capacities for applying SEA in their countries;
- continue to explore innovative applications of SEA with our partners in regional development banks, the UN and civil society organisations;
- strengthen the linkages between SEA and project-level environmental assessment procedures;
- systematically monitor SEA experience in order to progress through "learning by doing" and identify "good SEA practice".

Introduction

This report has three objectives: Firstly, it illustrates how SEAs can be applied in development co-operation by presenting nine detailed case studies. Secondly, it reviews the outcome of these nine SEAs by examining how the SEA process changed original policies, plans and programmes. Finally, it concludes with lessons that can be learned from these case studies, for future practice.

The case for Strategic Environmental Assessment in development co-operation

Individual donors have their own priorities in terms of the type of aid packages and programmes that are offered to, and negotiated with, partner countries. Factors determining the overall budget and spread of investments will include political considerations in terms of popular understanding and support amongst voters for international aid, language and cultural considerations, historical patterns of influence and commercial interest. All donors wish to see their support being effectively used and need to know that they will be able to give a clear account through properly audited systems when the time comes to report back on successes and failures to parliament.

In practice, however, it can be very difficult to ensure that a development co-operation programme will deliver its anticipated goals and to quantify the level of success. Many constraints can intervene: finance may be diverted to other programmes, budgets may be cut, planned interventions may be inappropriate to local circumstances and timescales for delivering effective change may be much longer than the programmes themselves.

As a consequence, many donor agencies are subsequently faced with practical difficulties in answering searching questions from the media, international NGOs and other critical friends at home about the effectiveness of aid programmes. This is particularly the case where development co-operation affects the environmental sector, which for most people equates with wildlife conservation, rather than the building blocks for leading people out of poverty.

While cabinet members and foreign affairs ministries may set the priorities for a fixed term development co-operation programme, the responsibility for developing programme activities often rests with embassy staff who have to respond at short notice. Frequently, such programmes will involve new areas of work in which few if any of the current embassy staff have been engaged. In a survey among embassy staff in West Africa in 2008, a programme officer commented that he had been tasked with developing an aid programme to support "the decentralisation of national government ministries and agencies to district level" in three months. This officer fully recognised the scope and breadth of the assignment, which covered health, education, forestry, agriculture, urban planning, water supply, waste management, etc. but had no knowledge of the possible environmental, social or local economic consequences which might stem from transferring power and responsibility from national to local decision-makers. This response could be applied to many programmes which have been designed in principle to support the Millennium Development Goals but where the delivery mechanisms fail to take the environment or social welfare into account.

Strategic Environmental Assessment (SEA) is a framework to assess the environmental, and often social, implications of development policies, plans and programmes. It is increasingly recognised that SEA is a process which helps to make policies, plans and programmes more sustainable. What is not appreciated, however, is that an SEA also provides an essential tool for improving governance and fostering institutional reform. In the above-mentioned example of decentralisation, there was no understanding of, or capacity to handle, environmental issues at a local level. This is not uncommon. Well-intentioned programmes for building new schools and clinics may fail because local political influence dictates that these buildings be erected next to a swamp, acting as the breeding area for mosquitoes carrying malaria, or in a valley side prone to landslides. Effective decentralisation of power requires a thorough understanding of local

institutions and customs, and the introduction of tried and tested methods for environmental planning, regulation and monitoring.

A properly designed SEA of, for example, a decentralisation programme, would examine environmental risks and opportunities for all types of development being considered and provide generic advice on how to avoid costly mistakes. Equally importantly, such an SEA would examine decision-making processes and make recommendations on policy and planning requirements, evaluation and monitoring, and staffing issues. It could also be used to determine which parts of the overall programme would be most likely to bring environmental, social and local economic benefits and at what relative cost, thus helping to shape the effectiveness of the programme itself. The existence of the SEA report, prepared in advance of the programme adoption, would also give both the donor and partner government clear targets and indicators for measuring success.

The starting point: SEA Good Practice Guidance for Development Co-operation

In 2006, a task team of experts from OECD and partner developing countries (SEA Task Team) published a document called "*Applying Strategic Environmental Assessment: Good Practice Guidance for Development Co-operation*". The document was designed to assist development practitioners and developing country partners who are planning to carry out a Strategic Environmental Assessment.

The publication was motivated by the need to ensure that environmental risks and opportunities are given due consideration during the formulation of policies, plans and programmes which are developed by partner governments in conjunction with donors (representing the new, more strategic ways in which international aid is increasingly being provided). This change in the way aid is being provided has made the application of more familiar project-specific environmental impact assessments (EIAs) increasingly difficult, necessitating a shift towards a broader mechanism, namely the Strategic Environmental Assessment.

The Paris Declaration on Aid Effectiveness explicitly calls for the "development and application of common approaches to strategic environmental assessment".

The Paris Declaration on Aid Effectiveness

This Declaration was agreed by over 100 ministers, heads of development agencies and developing country partners in 2005. It calls for the "development and application of common approaches to strategic environmental assessment." The work of the SEA Task Team was therefore framed by a broad commitment to development effectiveness, and better co-ordination of aid delivery. The success of SEAs in international development needs to be measured by the extent to which it has reinforced the commitments made in the Paris Declaration.

The SEA Good Practice Guidance highlights key ingredients for the successful application of the SEA methodology, applied to policies, plans and programmes, particularly when formulated in the context of international development co-operation. It identifies 12 important groups of entry points through which SEAs can be introduced. It also serves the important role of bringing consensus around a common framework for SEA.

Since its publication, the SEA Good Practice Guidance has become the standard reference guide for international development agencies and their developing country partners challenged with better integrating environmental considerations into strategic decision-making processes.

Reviewing recent experiences

This report illustrates how SEAs can be applied in development co-operation by outlining nine detailed case studies. It reviews the outcome of SEAs by examining how the SEA process changed original policies, plans and programmes, and it present lessons to be learned for future practice.

This review can be interpreted as a monitoring report of the 2006 *Applying Strategic Environmental Assessment: Good Practice Guidance for Development Co-operation* document. It compiles case studies from Benin, Bhutan, Ghana, Honduras, Mauritius, Montenegro, Namibia, Sierra Leone and Vietnam. It highlights a range of applications from the mining sector to poverty reduction strategies, national and regional land use, and spatial planning.

Case studies in this review

Country	Donors	Application
Vietnam	Asian Development Bank	Quang Nam Hydropower Plan
Bhutan	UNDP, UNEP, UNDAF, Australia	Environmental Mainstreaming
Namibia	United States	Millennium Challenge Account Programme
Mauritius	European Union	Multi-Annual Adaptation Strategy for the Sugar Cane Sector
Benin	Germany, Netherlands	Poverty Reduction Strategy
Ghana	Various	Environmental Mainstreaming
Sierra Leone	World Bank	Mining Sector
Honduras	Germany, IUCN	Municipal Planning
Montenegro	UNDP, World Bank, Germany	National Spatial Plan

Each case study features four sections:

- **Context** section provides the historical, economic and social background of the country, as well as the environmental challenges the country is facing.
- **Process of SEA** section provides detailed descriptions on how exactly the SEA was conducted in the case. Typical topics include capacity development, awareness-raising and stakeholder consultation.
- **Results** section analyses what has been achieved through the SEA process. In particular, it investigates how the SEA has had an impact on policy, plans and programmes.
- **Lessons learned** section provides key lessons that may be valuable for future applications of SEAs.

Although attributing development successes to an assessment process such as SEA is difficult, the OECD/DAC SEA Task Team has reached a stage where it needs to take stock and evaluate the achievements and added value of SEA application in precise terms. There is a need to examine whether the application of SEA is underwriting development effectiveness called for in the Paris Declaration. This is why this review has been undertaken.

Chapter 1

SEA in developing countries: Uptake and development

Contributor: Peter Croal[1]

This chapter aims to provide an overview of the most recent uptake of SEA in developing countries. Nine case studies that follow this chapter present a good range of application of SEA in developing countries, but do not reflect the sharp increase in SEA application in developing countries since 2009. SEA is one mainstreaming approach that has played a valuable part in integrating environmental considerations into key policy documents, such as Poverty Reduction Strategy Papers (PRSPs), as well as strategies and budgets for key economic sectors.

1. Peter Croal works at the Canadian International Development Agency, and is the Chair of OECD DAC ENVIRONET Task Team on SEA.

Increased uptake of SEA by developing countries

This chapter aims to explore the most recent changes that have occurred within the field of environmental assessments in developing countries. The nine case studies that follow this chapter represent examples of SEAs which were carried out in the "early days" of SEA implementation. In 2009, developing countries started to sharply increase their use of Strategic Environmental Assessments, and this chapter focuses on these recent developments. The OECD DAC ENVIRONET SEA Task Team regularly surveys SEA activities in developing countries, and currently tracks over 150 separate initiatives.

Environmental and social considerations have not always been central to the national and sectoral policies in some developing countries. In certain countries, weak planning capacity may result in policies lacking strategic perspective with regards to the integration of the overall national objectives and goals; in worst cases, the achievement of one cluster of sectoral goals can compromise the achievement of goals of other sectors.

The environment is now recognised as an integral component of economic development and societal well-being. Conducting an SEA can assist governments in anticipating how the implementation of development plans and policies may impact on the environment. SEAs can be used as tools to ensure that environmental considerations are integrated into policies, plans and programmes for better development outcomes. SEAs can contribute to the integration of environmental considerations into key policy documents, such as *Poverty Reduction Strategy Papers (*PRSPs), as well as strategies and budgets for key economic sectors.

In countries with a strong history of integrating environmental issues into planning and decision-making, SEAs are merely a new tool to support advanced environmental integration and mainstreaming approaches. In recent studies stakeholders identified the top mainstreaming tools as (in decreasing order): environmental impact assessment (EIA), cost benefit analysis, ISO standards, and SEA, monitoring and indicators. EIA is the only tool that has been formalised in law in almost every country, so most people are aware of it, but stakeholders also identified a very wide array of other mainstreaming tactics, processes and tools. In other words, SEA is just one approach that has emerged from the West and is being formalised in many developing countries.

Many developing countries have started to legislate for the inclusion of SEAs within their policy making and planning processes. This is a huge step forward, and will contribute greatly towards the development of their capacity to carry out SEAs and enshrine environment sustainability into development plans. SEAs are improving the environmental awareness of key actors, who, through training in SEA and "learning by doing" are gaining new skills and capacity.

Why is SEA valued?

The increasing demand for SEAs is most likely due to the increasing burden of project-level EIAs in developing countries. There is a growing realisation that conducting an SEA earlier in the decision-making process will address some of the policy issues that can stall the EIA process later, at the project level. In keeping with the rationale for EIAs, governments are viewing SEAs as instruments that can assist in demonstrating the value of environmental assets. This is supported by the groundbreaking work of the Economics of Ecosystems and Biodiversity project, in conjunction with international environmental and economic institutions (www.teebweb.org).

Regional development banks and donors have increased the application of SEAs at the planning level for sector programmes and plans. Results of SEA implementation at this level include:

- better integration of inter-sectoral objectives and considerations in each plan;
- better inter-sectoral co-ordination among the different agencies that intervene in domains that are by nature multi-sectoral, such as tourism;
- increased incorporation of stakeholders' views at an early stage of planning, ensuring better programme buy-in by local authorities and communities;
- enhanced incorporation of environmental aspects that are often disregarded in sectoral plans, such as energy efficiency, green building and vulnerability to natural disasters;
- increased incorporation of social considerations into development plans, thus increasing the development effectiveness of aid investments.

A good number of countries supported by the UNDP-UNEP Poverty-Environment Initiative (PEI) have recently deployed SEAs as an analytical tool for the development of the PRSP process. In many cases, key actors in the mainstreaming process have been trained in SEA to develop their capacity to internalise the environmental mainstreaming process. Last year, the PEI programme facilitated a study tour for several West African countries, allowing them to share experiences of how SEAs can be used at the early stages of environmental mainstreaming programmes.

There is no doubt that the implementation of Strategic Environmental Assessments was initially encouraged by donor agencies. However, over the years, state agencies in developing countries have recognised the need for better tools to integrate environmental concerns into the planning process. SEAs are now considered a useful tool in the toolbox of many development practitioners. Donors are starting to take advantage of the SEA process too; this has led to higher demands for SEA implementation within their own development decision-making. This trend is in line with stipulations in the Paris Declaration on Aid Effectiveness (section 41-42) and is a requirement of the recent 2008 OECD DAC Policy Statement on SEA.

Bringing SEA to higher and more strategic decision-making levels

In the past five years, meteorological events due to climate change have accelerated the frequency of severe weather-related events. This has led to increased demands for disaster management planning, both at state and district levels, which in turn has resulted in development agencies looking for (and applying) environmental assessment tools. In the last two years the use of *vulnerability assessments* and *climate adaptation planning* to address climate change has increased significantly. While most of these types of assessments are currently being undertaken at state level, a few pilot projects at the district level have also been noted. It is anticipated that within the next few years, more and more districts will undertake these assessment and planning exercises using SEAs.

Many different approaches have recently been described as Strategic Environmental Assessments. This is legitimate up to a point, but partner countries and the development community must ensure that standard planning exercises such as land-use planning are not being interpreted as SEAs. For SEAs to be truly effective, they must be used in genuinely strategic policy, plan and programme initiatives.

It must be noted that most environmental issues fall under the remit of the State, and are governed by their respective Constitutions. It is therefore the central government that can make the biggest difference on environmental integration. Now is the time to call on each stakeholder to accelerate the role they have played to date in advancing better integration of environmental factors in development planning. What is needed is a focused and co-ordinated effort to sustain the momentum achieved by all major stakeholders in development co-operation, this includes:

- encouraging more frequent requests from partner governments to institutionalise SEAs, and muster the political will to follow the process through;
- providing capacity development in SEA methodology that focuses on "learning by doing", rather than on traditional training courses;
- implementing effective SEAs and environmental governance systems that involve government, civil society, private sector and the media;
- demonstrating clear links between well-functioning ecosystems, sustainable economic development and poverty reduction.

Examples of SEA practice in developing countries

Below are several recent examples (2009-2011) of the implementation of SEAs in developing countries:

Asia

- The People's Republic of China has passed a central law requiring SEAs for development plans and is implementing extensive SEA training.
- Indonesia is increasing its capacity in SEA for sectoral decision-making.
- Vietnam is applying SEAs in its sectoral reform programme.
- Cambodia is using SEAs for its decentralisation reform programme.

Africa

- Responding to requests, the Environmental Protection Agency (EPA) of Ghana organised a two-day training course on SEA in a developing country context at the Tenth Meeting of the International Association for Impact Assessment (IAIA).
- The Tanzanian Vice President's office is exploring the possibility to increase the use of SEAs in the natural resource sectors.
- Namibia uses SEAs to manage the current uranium rush.
- The Zambia Environmental Protection Council took the initiative to carry out two SEAs on tourism in the Victoria Falls area and the Kasaba Bay area (without any external support). Zambia has also successfully applied SEAs in the mining, chemical and sugar industries. The central government is now considering the legislation of SEAs due to the benefits experienced in the aforementioned sectors.
- Guinea Bissau has recently passed a federal law for SEAs and EIAs. The Guinea Bissau government received training support from the WWF, which trained the National Assembly with respect to hydrocarbon development.

- Morocco and Tunisia have used SEAs for impact assessments and strategy development with regards to large-scale investment programmes.
- Mali has applied an SEA within the national programme for small-scale irrigation, and has found the methodology also useful as a climate assessment tool.
- Following the discussion of SEAs at a Conference of Parties of the Convention for Co-operation in the Protection and Development of the Marine and Coastal Environment of the West and Central African Region (Abidjan Convention), a recommendation was adopted to encourage member states to implement SEAs for the development of policies governing the hydrocarbon industry.
- The WWF, with support from the Regional Program for Marine and Coastal Conservation in West Africa, has begun a programme to promote the socially and environmentally sound development of offshore oil and gas reserves through the use of SEAs.
- Eskom, a major power utility in South Africa, is using SEAs for high-level infrastructure planning.
- Kenya is undertaking SEA scoping studies for the Lamu/Tana regional development and Mara River policy options. Local SEA practitioners are developing skills for these SEA initiatives.
- The Government of Mauritania organised SEA training for civil society organisations.
- Senegal has developed a Memorandum of Understanding with the Netherlands Commission for Environmental Assessment (NCEA) to provide SEA capacity building.
- In Sierra Leone, UNEP and the WWF organised a week-long workshop on SEAs for over 100 participants representing the media, government and civil society. Sierra Leone is now considering legislating SEAs, conducting district-level SEAs, conducting an institutional-level SEA with the Sierra Leone Environmental Protection Agency and providing SEA training for members of the parliament and the media.
- Mozambique is using SEAs for private sector development in the natural resource sector. Climate change issues are being integrated into the SEA.

Latin America

- Peru applied SEAs to the development of its energy policy and has introduced SEA legislation.
- Regional development Banks have received requests for SEA capacity building in Colombia, Brazil, Peru, Chile, Guyana and Suriname. South American countries recognise the increased international demand for their natural resources and the efforts needed to ensure that development does not compromise social and environmental objectives.

Caribbean

- Trinidad and Tobago has applied SEAs for a waste water management strategy and is considering the development of an SEA unit to address the oil and gas sectors.

Governments are investigating how SEAs can be used to develop plans and policies to mitigate the impact of climate change.

Middle East

- Iran has been working with the UNDP to promote the use of SEAs in development planning. This has resulted in the establishment of the Environmental Assessment Centre, which will be inaugurated in 2011. Environmental impacts of strategic decisions have been explicitly mentioned in the Law of the Fifth Five-Year Development Plan of Iran (2011-16). SEAs will be established at national and sub-national levels and within sectors.

Chapter 2

Vietnam: Strategic Environmental Assessment on the Quang Nam Hydropower Plan

Contributors: Bruce Dunn, Jeremy Carew-Reid, Jiri Dusik, Pavit Ramachandran and Pham Anh Dung[1]

In 2005, with the passing of the revised Law on Environmental Protection (LEP), a new era in environmental assessment in Vietnam commenced, with the introduction of requirements for SEA of a range of national, regional and provincial strategies and plans. The SEA of the Quang Nam Province Hydropower Plan for 2006-15 provides a unique case study, as it was the first SEA undertaken following the requirements of the revised LEP.

Context

During the past decade, energy demand in Vietnam has grown at a rate of about 15% annually and is projected to continue to rise at a similar rate over the next 10-15 years. This reflects Vietnam's rapid economic development, with sustained GDP growth rates of 7%-8% over the last five to six years, and impressive reductions in poverty levels from 58% in 1993 to 24% in 2005.[2]

In order to meet this rapidly growing energy demand, the increased electricity supply (as provided for under the Sixth National Power Development Plan[3]) is expected to come from an expansion of energy generation from coal, gas and hydropower. Under the Power Development Plan, hydropower projects will be concentrated in nine main river basins, with 58 medium or large hydropower projects (over 30 MW) planned to be operating by 2020. Another 15 hydropower projects are planned for other basins in the country. Numerous smaller hydropower projects are not covered by the plan as these need only provincial (not central) government approval.

Given the scale of hydropower planning and the relatively short implementation schedule, the management of complex and cumulative environmental, social and economic impacts will be a critical issue for sustainable development in Vietnam. Potential impacts are likely to include positive and negative effects on different economic sectors, changes in hydrological processes and water supply, and threats to land and water ecosystems. Vietnam's 54 ethnic minority groups – who predominate in many upland areas targeted for hydropower development – are also likely to be disproportionally affected through loss of land, livelihoods and resettlement, and may face increased exposure to social risks such as HIV/AIDS.

SEA and hydropower in Vietnam

Until recently, hydropower proposals in Vietnam have been assessed through EIAs of individual projects. As a result, consideration of cumulative and strategic level issues (such as integrated river basin management and energy supply options) has been poorly considered. In 2005 however, with the passing of the revised *Law on Environmental Protection* (LEP), a new era in environmental assessment in Vietnam was ushered in, with the introduction of requirements for strategic environmental assessments of a range of national, regional and provincial strategies and plans.

While SEA capacity in Vietnam remains relatively weak, significant gains have been made through a number of national and donor-supported capacity development programmes which have been harmonised through the Vietnam Framework for Donor Co-ordination and Co-operation on SEA.[4] In the hydropower sector, capacity development for SEA has focused on a number of key government agencies including the Ministry of Natural Resources and Environment (MONRE), the Ministry of Industry and Trade (MOIT) and Electricity of Vietnam (EVN). To date these agencies, with financial and technical support from the World Bank and the Asian Development Bank (ADB), have collaborated in a series of three pilot SEAs aimed at strengthening SEA capacity, developing guidelines and procedures for SEA in the hydropower sector, and improving the sustainability of hydropower across the country.[5]

Process of SEA

SEA of the Quang Nam Province Hydropower Plan

Of the three pilot projects, the SEA of the Quang Nam Province Hydropower Plan for 2006-15 (Quang Nam SEA)[6] provides a unique case study, as it was the first SEA undertaken following the requirements of the revised LEP. It used a methodological approach recommended by MONRE's General Technical Guidelines for SEA in Vietnam (Vietnam SEA Guidelines).[7] As such, the pilot SEA was able to test the Vietnam SEA Guidelines and provide lessons, which have been subsequently adapted in other sectors.

The SEA was conducted over a period of 12 months on a plan already approved by the Quang Nam Provincial People's Committee (PPC) and the MOIT. When approved in 2006, the plan incorporated close to 40 hydropower projects, including 8 large projects ranging in size from 60 MW to 225 MW of installed capacity. By the time the SEA was completed the number of planned projects had increased to over 60, with proposals continuing to come in to the Quang Nam Department of Industry and Trade.

Challenges

Such an ambitious and ever-expanding plan presented a number of challenges for local authorities. First, planning for the Vu Gia-Thu Bon River Basin (VGTB), which is situated between the Truong Son Mountain Range on the border with Lao People's Democratic Republic and the Gulf of Tonkin, had to take into account the basin's complex topography and hydrology, its variable rainfall and its internationally significant biodiversity (Olson and Dinerstein, 1998). Second, any consideration of hydropower in the VGTB needed to assess how changes in land use might affect different economic sectors such as agriculture, forestry, mining, urban development and tourism and how in turn these changes might affect jobs, livelihood and poverty.

Limited technical and human resource capacity and a narrow legal mandate meant that the Quang Nam Department of Environment and Natural Resources (DONRE) had been limited in its ability to assess hydropower planning in an integrated way. Proposals submitted to DONRE could only be assessed on a project-by-project basis. The Quang Nam SEA provided the first chance for local authorities to consider a cumulative assessment of a broad range of social, economic and environmental themes of concern to sustainable development across the basin.

Methodology

The methodology adopted in the SEA used trend analysis as the primary analytical tool. The SEA commenced with a participatory process involving a range of local and national government stakeholders in identifying 80 environmental, social and economic issues important for development in the basin. Through further analytical work, this initial broad scoping was whittled down to a list of 15 key themes including hydrology, water quality, climate change, economic sector development, poverty, health and land and water ecosystems. These themes were then used as the basis for considering past and future social, economic and environmental trends in the river basin –with and without hydropower. Each of the analytical steps was carried out through extensive consultations with national and local stakeholders, building their commitment to the process and their capacity for follow-up activities in implementing the SEA recommendations. Wide stakeholder involvement also facilitated possible replication of the SEA approach for hydropower planning in other basins.

Based on the trend analysis, the SEA identified four critical strategic concerns associated with hydropower development in the basin: integrity of ecosystems, water supply, impacts on ethnic minority groups, and economic development in Quang Nam and Da Nang provinces.

Overall, the SEA concluded that the pace and scale of the proposed hydropower developments was at a level which cannot be sustained. While the hydropower plan would bring national benefits in terms of energy production and income, these benefits would not be captured within the basin locality unless measures such as a *river basin management fund* were established. This was due to the imposition of a series of direct costs on the province (resettlement, river bank protection, road reconstruction, monitoring and compliance, etc.), positive and negative impacts on different sectors (forestry, agriculture and fisheries) and the remittance of a significant proportion of financial revenues back to investors or to the central government level.

The SEA also highlighted a number of concerns regarding changes in the hydrological dynamics of the basin, which were likely to affect baseline environmental flows, with impacts on migratory fish species, downstream freshwater habitats and water supply in parts of the basin. In particular, concern was raised regarding potential impacts on the water supply of Da Nang City, which would be affected by an inter-basin water diversion caused by one of the large upstream hydropower projects. As a result, the SEA made a number of strategic-level recommendations relating to the integrated management of the basin, including a proposal to develop an "intact rivers" policy. This proposal aimed to secure the maintenance of one or two complete river sequences (from headwaters to sea) free of barriers to ensure a full sequence of habitats and fish migratory routes. The establishment of an integrated system of procedures for reservoir water releases and flood management was also recommended.

Results

Following the completion of the assessment, a national workshop involving MONRE, MOIT, EVN and senior leaders from Quang Nam and Da Nang provinces was held in Hanoi in October 2007. At the meeting, the Quang Nam Provincial Chairman indicated his concern regarding a number of issues raised. This led to a subsequent workshop in March 2008 (initiated by the PPC and organised by DONRE) to review the outcomes and recommendations of the SEA and agree on follow-up action.

At the workshop the Provincial Chairman strongly supported the SEA process and suggested that hydropower plans and strategies had been made without looking at the big picture, and as a result these projects might have negative impacts on the environment. The Chairman also stated that "the recommendations from the hydropower assessment for the VGTB will help us achieve sustainable hydropower development goals in particular and economic development goals in general." In addition, the Quang Nam PPC pledged its full support for the issue of biodiversity conservation and the recommendation to maintain a number of intact rivers in order to develop nature tourism and promote economic growth in the long term (WWF, 2008).

Since the completion of the SEA, progress in implementing a number of recommendations has been made. These include a freeze on all hydropower development within the Song Thanh Nature Reserve located high in the VGTB catchment, the trial of benefit-sharing mechanisms for hydropower in the VGTB by the Electricity Regulator of Vietnam (with support from the ADB and WWF), and the restructuring of the VGTB

River Basin Organisation and the development of an updated river basin plan (with support from the ADB).

Lessons learned

Value of *ex-post* assessment. The outcomes of this SEA highlight the need for strategic and cumulative assessment processes for hydropower planning and indicate that in some cases, *ex-post* assessments (*i.e.*, assessments undertaken on a completed plan) can still be effective in highlighting strategic concerns and identifying opportunities for enhancing sustainability. Yet, given the hydropower plan's prior approval, the assessment was not in a position to propose and assess a broad range of alternatives (such as alternative energy generation options) not already considered.

Trends analysis works. With respect to methodology, the use of quantitative and qualitative trends analysis and Geographical Information System spatial mapping provided for a systematic comparison between the existing baseline situation and the likely future trends without and with hydropower development. This allowed for a clear assessment of impacts caused by hydropower, and by other factors influencing the future environment. For example, the SEA identified that critical biodiversity corridors would be fragmented by planned roads (unrelated to hydropower development), with these impacts likely to be further exacerbated by the subsequent inundation of reservoirs. Importantly, the trend analysis was found to be a relatively straightforward method suited to the limited capacities of local planning agencies and one which could be readily integrated into government assessment procedures.

Value of social and economic assessment. Another important lesson was the value of adding social and economic assessments to the SEA. These assessments broadened the consideration of sustainability in the SEA, and increased its acceptability within government, which has tended to give overriding emphasis to meeting immediate economic objectives. The acceptability and understanding of the assessment was furthered through the involvement of a broad range of government stakeholders, and consultations with local communities directly affected by the proposed plan. While both the scope of the assessment and the consultation processes were time-consuming and intensive, with 22 person/months of national and international consultant inputs, the project's focus on participation clearly contributed to its success by increasing stakeholder ownership.

Real challenges come after the SEA

In conclusion, an important element to consider when designing an SEA is that the assessment process should not stand alone. It should be linked to the subsequent development plan implementation, monitoring and review, so that follow-up of the SEA's recommendations is possible. As was the case in this project, linking with a wide range of line agencies and development assistance programmes can also significantly increase the effectiveness of an SEA, through extensions of capacity building and follow-up technical and financial support to implementation of SEA recommendations.

Notes

1. Bruce Dunn works at the ADB. Jeremy Carew-Reid is the Director of ICEM - International Centre for Environmental Management, Australia. Jiri Dusik is a Partner at the Integra Consulting Services. Pavit Ramachandran works at the ADB. Pham Anh Dung works at the Ministry of Natural Resources and Environment in Vietnam.

2. ICEM (2008), Strategic Environmental Assessment of the Quang Nam Province Hydropower Plan for the Vu Gia-Thu Bon River Basin, Prepared for ADB, MONRE, MOITT and EVN, Hanoi, Vietnam (www.icem.com.au).

3. The Power Development Plan provides detailed planning for the period 2006-15, with a further vision to 2025.

4. The SEA Co-ordination Framework was established in 2006 under the leadership of the Ministry of Natural Resources and Environment, and has been supported by a number of donors including the Asian Development Bank, Danish International Development Agency, Deutsche Gesellschaft für Technische Zusammenarbeit, Swedish International Development Agency, Swiss Development Co-operation and the World Bank.

5. Projects include: *i)* World Bank, MONRE, MOI and EVN (2007), Pilot Strategic Environmental Assessment in the Hydropower Sub-sector, Vietnam. Final Report: Biodiversity Impacts of the Hydropower Components of the 6th Power Development Plan. Hanoi, Vietnam *ii)* ICEM (2008) *iii)* Ministry of Industry and ADB-GMS Core Environment Programme (2008) Pilot Strategic Environmental Assessment of Hydropower in Vietnam in the Context of the Power Development Plan VI. Hanoi, Vietnam *(www.gms-eoc.org*).

6. Prepared by ICEM (2008), through ADB Technical Assistance for Capacity Building in SEA of the Hydropower Sector (TA 4713:VIE). The project received financing of USD 450 000, which covered the SEA as well as training events, an international study tour, equipment purchases and the development of SEA guidelines for the hydropower sector in Vietnam.

7. The guidance incorporates relevant methodological suggestions from a number of good practice SEA guidelines from OECD countries including: OECD DAC (2007), *Applying SEA in Development Co-operation*; GRDP (2006), *Handbook on SEA for EU Cohesion Policy 2007-2013*; and UNECE and REC (2007), *Resource Manual to Support Application of the UNECE Protocol on SEA.*

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Chapter 3

Bhutan: Strategic Environmental Assessment and environmental mainstreaming

Contributors: David Annandale and A. L. Brown[1]

The Kingdom of Bhutan is known internationally for its exemplary efforts to safeguard the environment. In 2006, the National Environment Commission decided to move beyond safeguarding and implement Bhutan's concept of gross national happiness (Royal Government of Bhutan, 2002) as the objective of development. With harmonised donor assistance, the government has taken some impressive steps to mainstream environmental concerns into national five-year plans and sector policies. This case study outlines the development of environmental mainstreaming for the period from 2006 to 2008, based on SEA principles derived from the SEA Guidance.

Context

Sustainability dimension of gross national happiness

The Royal Government of Bhutan has made considerable progress in developing national policy and regulatory frameworks for the environment, and in the conservation of its forests, biodiversity and renewable natural resources. It has also established a measure of gross national happiness to guide national policy making.

In the early 2000s, the government realised that its unique concept of gross national happiness required thinking beyond environmental safeguarding and coming to grips with the more difficult issue of how to balance environmental concerns with economic, social and cultural development.

Unsuccessful SEA regulation in 2002

In 2002, Bhutan introduced wide-ranging SEA regulation (Royal Government of Bhutan, 2002), in the context of the Environmental Assessment Act 2000. The SEA regulation requires that

> *[A]ny agency that formulates, renews, modifies, or implements a policy, plan or programme including Five Year Development Plans which may have a significant effect on the environment, shall perform a SEA in accordance with this regulation, before the proposal is adopted or submitted to the Royal Government of Bhutan.*

This regulation appears to give a strong mandate to the government agency charged with implementing an SEA system. However, Bhutanese bureaucratic politics prevented the implementation of this regulation. A major stumbling block was the reluctance of powerful development ministers to have their policies, plans or programmes subjected to a perceived new regulatory hurdle. In addition, and perhaps consequently, the National Environment Commission (NEC), which became the default owner of the SEA regulation, was reluctant to push for its implementation. Some NEC officers considered that responsibility for SEA should be assumed by a planning agency with a remit to consider overall sustainability.

Tenth Five-Year Plan: A window of opportunity for SEA

A window of opportunity opened up when the gross national happiness Commission (GNHC) was drafting the Tenth Five-Year Plan. The environment minister at that time saw an opportunity in the Tenth Five-Year Plan guidelines to go beyond the "sector-level, project approval/safeguarding"- approach to environmental protection. He had a strong interest in line ministries taking responsibility for the environmental consequences of their programmes. As such, he pushed for the inclusion of the following requirement:

> *"...[E]nvironment is a cross-cutting issue that is intimately intertwined with poverty reduction. Therefore, all sectors, agencies, dzongkhags and gewogs[2] should mainstream environmental issues in all their policies, plans, programs and projects and build adequate mitigation measures to minimise any adverse impact on the environment."*

This opened up the opportunity to further promote SEA forethought, as it became politically possible to shift the focus to include environmental mainstreaming in the making of high-level plans in Bhutan.

This case study outlines how, with donor support, Bhutan has adopted and applied environmental mainstreaming as a process for implementing the sustainability dimension of the gross national happiness concept.

Process of SEA

Formal environmental mainstreaming activity began in the second half of 2006, and was initiated by the National Environment Commission (NEC). The agency looked to international experience with the implementation of SEAs and environmental mainstreaming, and particularly to the SEA Guidance. A specific decision was made to tie the NEC's environmental mainstreaming work to entry point 1 ("national overarching strategies, programmes and plans") as outlined in the SEA Guidance.

Capacity building

Initial preparatory work undertaken by the NEC in the second half of 2006 and the first half of 2007 focused mainly on capacity building in central (*i.e.* national) government agencies responsible for writing chapters in the Tenth Five-Year Plan. The NEC quickly developed a training programme to attempt to influence the writers of sector chapters.

Unfortunately, many ministries had already begun drafting chapters when the NEC training started, and they were reluctant to take on a new concept without adequate time for learning and deliberation. Nonetheless, the resulting Tenth Five-Year Plan does make limited attempts to recognise the environmental mainstreaming concept. For example, Section 5.5 of Volume 1 recognises environmental issues as a "cross-cutting development theme". In addition, a section dealing with conservation of the environment (3.3.2) explicitly states that: "The Royal Government will promote mainstreaming environmental issues into the development planning process through the national spatial planning framework and through awareness-raising and capacity building of relevant sectors." (Gross National Happiness Commission, 2008)

The NEC training also resulted in other positive outcomes:

Awareness-raising. The training raised awareness in line ministry staff who were not traditionally accustomed to thinking about environmental concerns. A specific component required participants to rewrite sector objectives, targets and indicators originally provided in the Tenth Five-Year Plan guidelines. This activity had the added benefit of forcing participants to think about alternative sector development paths and attracting the interest of donors.

Attracting interest of donors. In early 2007, the UNDP in Bhutan, assisted by the United Nations Environment Programme (UNEP), made environmental mainstreaming a significant part of the United Nations Development Assistance Framework (UNDAF) for 2008-12. The Australian Agency for International Development (AusAID) also agreed to participate in the mainstreaming activity through a Public Sector Linkages grant generated and implemented by Griffith University in Australia.

UNDP-UNEP initially focused on three line agencies (Ministry of Economic Affairs, Ministry of Agriculture, and Ministry of Works and Human Settlement), supporting the preparation of policy guidelines and organising workshops to create awareness and dialogue among key government officials on the concepts of environmental mainstreaming. The AusAID/Griffith team contributed to these workshops and undertook numerous other capacity-building activities, including 25 one-on-one training sessions in

the three ministries, the NEC and the GNHC. It facilitated short-term placements of Bhutanese officers in government agencies; workshops on how environmental mainstreaming could be implemented in the line ministries; and how to apply the Environmental Overview[3] to a new industrial policy being formulated by the Ministry of Economic Affairs.

Results

How the SEA process actually influenced the contents of the Tenth Five-Year Plan remains to be seen. Nevertheless, there have been visible steps toward environmental mainstreaming at the strategic level.

Environmental mainstreaming principles

The Australian supported work has engaged government officers from different agencies, applied the Environmental Overview to a new national industrial policy and resulted in a set of national Environmental Mainstreaming Principles (Box 3.1) (Brown and Tomerini, 2009).

Box 3.1. **Environmental mainstreaming principles**

- The need for commitment to environmental mainstreaming practice at the highest level of government.
- Take up and eventual ownership of this environmental mainstreaming commitment:
  - by authorities with central co-ordinating, planning and budgeting responsibilities;
  - by all sectors with development responsibilities.
- Development, within each of these bodies/sectors, of:
  - an understanding that proactive mainstreaming of environment must complement existing (reactive) environmental safeguarding activities, no matter how well the latter are practiced;
  - the application of environmental mainstreaming practice:
    - to all strategic planning and policy-making activities;
    - to all studies and negotiations that are components of these activities; together with consideration of environment integration at the earliest planning stages possible.
- The need for environmental mainstreaming practice within each sector to be based on an understanding of:
  - the linkage between the sector's development activities and the environment;
  - the reliance of existing development activities in that sector on environmental resources and services (ecosystem services).
- A search for environmental opportunities not just environmental constraints.
- Translation of mainstreaming practice into action plans and budget lines to implement the outcomes of the environmental mainstreaming processes within both the sectors and the co-ordinating authorities.
- The focus of mainstreaming environment must be into government's own structures and processes of policy and plan making.
- That mainstreaming looks to integrate environment within these existing structures and processes rather than invoking, in the first instance, new tools to achieve the environmental mainstreaming.

Guidelines for mainstreaming environment in policies and programmes

The combined UNDP-UNEP and AusAID/Griffith work has also resulted in Guidelines for Mainstreaming Environment in Policies and Programmes. When finally accepted by the government, these guidelines will be mandatory in all policy making and planning in the public sector, and should increase the Royal Government of Bhutan's effectiveness in integrating environmental and sustainability concerns into strategic planning.

Planning agency's recognition of environmental mainstreaming

A final direct outcome has been the acceptance of environmental mainstreaming as a legitimate concern of the national planning agency (the GNHC). This agency was originally reluctant to take on the environmental mainstreaming agenda, but now recognises that it is the key agency for enforcing the requirement to integrate environmental considerations into all sector development plans. However, this activity is weakly implemented and remains diluted across line ministries and the National Environment Commission. The GNHC is the key implementing agency of a follow-on Poverty-Environment Initiative (PEI) environmental mainstreaming project funded by UNDP-UNEP.

Other indirect outcomes

There are also two significant indirect outcomes from this mainstreaming activity that was originally inspired by the SEA guidance. First, it is clear that the concept of environmental mainstreaming is now much better understood (and accepted) across the government, than it was in late 2006. The initial NEC capacity-building exercise introduced mainstreaming to the Tenth Five-Year Plan chapter writers from a number of different agencies. Capacity building was substantially extended by the AusAID/Griffith programme, which focused in depth on five government ministries.

The second indirect outcome of this awareness-raising activity has been the acceptance of the legitimacy of environmental mainstreaming by non-environment sector agencies. This was an explicit aim of the NEC when it initiated mainstreaming activity in 2006, and is perhaps best encapsulated by a comment from a senior GNHC officer, who has noted that "…it has been unfortunate that the environment has been seen as a sector issue in Bhutan so far. But it is no longer treated that way."

Lessons learned

This brief review of environmental mainstreaming activity undertaken in Bhutan suggests five key learning points:

1. **The term "SEA" can be flexible.** Acceptance of the legitimacy of SEA approaches can sometimes best be achieved by careful use of language (in this case, not using the term "SEA" but referring to the approach as "environmental mainstreaming" helped to overcome a political impasse).
2. **Donors can work as a catalyst.** This case illustrated that donor interest and harmonisation can be a crucial lever for the adoption of a new policy concept.
3. **The ownership of SEA needs to shift to partner countries.** Shifting sole ownership of SEA/environmental mainstreaming activity from environment

agencies to include ownership by cross-government planning agencies is an important step in the move towards genuine sustainable development planning.

4. **Line ministries should be accountable for environmental consequences of their decisions.** Making line ministries take responsibility for the environmental outcomes of their policies, plans and programmes is a necessary pre-condition for environmental mainstreaming and requires intensive capacity-building efforts.

5. **The transaction costs involved in adopting mainstreaming should not be underestimated**. The paradigm shift required for the line ministries to adopt environmental mainstreaming as their responsibility requires intensive awareness-raising.

Notes

1. David Annandale is a Senior International Specialist with Integra Consulting Services. Lex Brown is a Professor of Environmental Planning in the Urban Research Program, Griffith University, Brisbane, Australia.
2. *Dzongkhags* and *gewogs* are administrative regions in Bhutan, at different levels.
3. The term "Environmental Overview" refers to a process developed by the UNDP in the 1990s as an interdisciplinary, in-country, participatory, structured process where a group examines a development programme proposal against a set of environmental and social systems in order to identify potential environmental and social opportunities (and alternative options) that enhance sustainable development outcomes (Brown 1999).

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Chapter 4

Namibia: Strategic Environmental Assessment of the Millennium Challenge Programme

Contributor: Peter Tarr[1]

The Government of Namibia presented a proposal to the Millennium Challenge Corporation in September 2006. Its principal objective was to reduce poverty and accelerate economic growth through targeted investments in the education, agriculture and tourism sectors. An SEA was applied to this programme, which identified risks and provided recommendations for risk mitigation. One of the most controversial aspects of the programme was the proposed establishment of a veterinary cordon fence along the Namibia–Angola border as a part of the agriculture component. Therefore the debate over the fence will be described in detail in this chapter.

1. Peter Tarr is the Executive Director of the Southern Africa Institute for Environmental Assessment.

Context

The Government of the Republic of Namibia (GRN) presented a Compact Proposal to the Millennium Challenge Corporation in September 2006 (hereinafter referred to as the Compact). Its principal objective was to reduce poverty and accelerate economic growth through targeted investments in the agriculture, tourism and education sectors.

The Compact included three major projects. The agriculture project aimed to increase the total value added from livestock in Namibia's northern communal areas, as well as to enhance human resource capacity and rural enterprise productivity. The tourism project aimed to help the Namibian tourism industry to grow by targeting income streams to conservancy households, which include some of the poorest populations in Namibia, while conserving the natural resources that serve as the foundation for the tourism industry. The education project aimed to improve access to textbooks and other learning materials, and construct and/or renovate schools and other learning infrastructure around the country.

The Millennium Challenge Corporation, which runs Millennium Challenge Account, conducted the SEA in compliance with Namibia's Environmental Management Act of 2007, which requires an SEA to be conducted on policies, plans, and programmes which may have significant environmental and social impacts.

Veterinary cordon fence

The most anticipated and a controversial aspect of the agriculture component was the proposed establishment of a veterinary cordon fence (VCF). Namibian Northern Communal Areas (NCAs) had a good economic reason to establish a VCF along the border with Angola. Namibia is divided into two regions by a VCF, which was put in place decades ago to control livestock diseases. This existing VCF benefits farmers south of the fence, allowing them to export directly to the lucrative European Union market. Northern livestock farmers receive no such benefits and their cattle must be quarantined for 21 days prior to slaughter, and even then can only be exported to regional destinations. Establishing the new VCF along the Namibia–Angola border was intended to open export opportunities for the farmers in the NCAs.

Process of SEA

Objectives of the SEA

The SEA terms of reference stated that, "a principal objective of the SEA process is to consolidate a list of assessment topics and evaluate existing baseline data and potential environmental impacts relevant to the planned activities. The SEA should also identify gaps in baseline data collection and completed assessments to date, using professional judgment and meaningful public consultation."

In accordance with the terms of reference, the key objectives of this SEA were to:

- determine which investments would most likely contribute to the Millennium Challenge Corporation poverty reduction goal in a sustainable manner;
- help clarify trade-offs between different investments in the same region;
- promote inter-ministerial and multi-donor co-ordination, particularly in the sectors where the Millennium Challenge Corporation is investing;

- promote the integration of Millennium Challenge Corporation-funded activities into the broader suite of ongoing development actions in northern Namibia.

SEA methodology

The SEA methodology included a review of available data and information; focus group meetings with authorities, service providers and rural communities; field surveys in Namibia and, to a lesser extent, Angola; consultation with experts in all the key sectors; and workshop sessions with the SEA team.

The SEA took one year to complete and was conducted in two phases (phase 3 was not carried out, based on the outcome of phase 1):

- Phase 1: Assessment of the vetenary cordon fence (VCF) component
- Phase 2: Full SEA on all components of the Millennium Challenge Compact proposal:
  - detailed thematic analysis reports
  - full SEA
- (Optional Phase 3: Resettlement Action Plan)

Phase 1 focused mainly on the social and environmental impacts relating to the VCF in order to contribute to the final Compact design. It also provided much of the baseline information needed for the Phase 2 studies. Based partly on the SEA team's Phase 1 conclusion that constructing the VCF within the envisaged time frame would carry a high risk for the Millennium Challenge Corporation, it was decided not to construct the VCF and therefore Phase 3 of the SEA was not needed.

Phase 2 of the SEA addressed overarching, multi-sectoral environmental and social impacts that could result from implementation of all the components of the Compact. Phase 2 was conducted in two parts:

1. **Detailed thematic analysis reports:** These reports covered the main Compact themes of livestock, indigenous natural products, tourism and education. Compact activities were assessed using three interlinked analytical frameworks of the natural environment, livelihoods of the rural poor, and the policy and institutional landscape. The analyses combined an assessment of the current situation and trends with an assessment of the linkages and cumulative impacts arising from Compact activities.
2. **Full SEA:** The full SEA is an assessment of cumulative impacts (within themes, between themes, and between the Compact and other activities being implemented in Namibia) and linkages in and across Millennium Challenge Account projects. The thematic analysis reports served as the basis for identifying and analysing mitigation measures for cumulative impacts, and for identifying linkages among Millennium Challenge Account projects that could strengthen the sustainability and success of each project, and the programme as a whole.

The SEA report also provided a comprehensive package of mitigation measures, recommendations, monitoring techniques and indicators in the form of a Strategic Environmental Management Plan (SEMP). The SEMP focused on minimising the unintended consequences of the cumulative impacts and linkages.

Stakeholder consultation and thematic analysis

Two stakeholder consultation teams held focus group meetings and interviewed key informants in the NCAs. The stakeholder consultation teams used standardised questionnaires incorporating questions provided by each thematic team.

Gender analysis: A team of local and international gender specialists conducted an in-depth gender analysis of Compact activities. Each thematic team received a copy of this report so that theme-specific gender issues could be incorporated into thematic analysis reports.

Geographical analysis: Maps were produced as part of the SEA to illustrate interventions on a spatial basis and to provide other baseline information. In addition, a geographical information system was produced for the Millennium Challenge Account to use during Compact implementation.

Environmental and social analysis: Assessment of environmental and social impacts was done using an impact assessment matrix, customised for the Compact and Namibian circumstances. Instead of listing basic environmental components (air, water) along the horizontal access (as in an EIA), the SEA team identified sustainability criteria (*e.g.* maintenance of access to natural resources). The matrix highlighted key impacts, allowing the thematic teams to determine their magnitude, spatial extent, duration of impact, probability of occurrence and significance before mitigation or enhancement is applied.

Thematic teams then provided recommendations based on the impact assessment discussion. Recommendations included mitigation measures, enhancements and guidance for implementation. *Mitigation measures* minimise the negative cumulative impacts identified by thematic teams. *Recommended enhancements* can help improve project sustainability and success. These recommendations will likely be incorporated into project and activity designs and into activity-level EIAs and environmental management plans.

Once the thematic reports were completed, a workshop was held with members of the SEA team to:

- compile linkage diagrams for each theme;
- identify linkages between themes;
- compile action plans for the interventions needed to prevent unintended negative consequences of programme activities;
- construct a matrix of synergies and antagonistic effects between all the programme components;
- develop the SEMP to address the antagonistic effects and enhance the synergies.

Results

Phase 1 – Veterinary cordon fence

As expected, the most contentious and pressing issue was the VCF, and was therefore the focus of Phase 1. The SEA team recommended constructing the VCF after the completion of the Compact to give stakeholders time to prepare for the change. However,

at the end, the Millennium Challenge Corporation decided to remove the VCF component entirely.

The SEA team identified three clearly defined options on the VCF. They were:

Option 1: No action (VCF is not constructed). Maintaining an open Namibia– Angola border will provide flexibility of livestock movement and reduced vulnerability for farmers to a generally unfavourable and unpredictable climate. However, adoption of this alternative will mean that markets for livestock will continue to be limited to local and regional consumers. In this option, the current quarantine system would remain in place. It was recognised that this option would likely result in disappointment at political levels and amongst the more commercially oriented farmers who would be denied access to overseas markets.

Option 2: Construct the VCF in year 3-4 of the Millennium Challenge Account Compact. This would allow a maximum of three years to get the frame conditions (*e.g.* local governance and land tenure) in place to mitigate the negative impacts of the fence and to prepare the receiving areas for livestock that would be brought back from the Angolan pastures. From experience in Namibia as well as other developing countries, particularly in Africa, the SEA team believed it would be unlikely that, over such a short period, enough progress would have been made towards getting the frame conditions in place.

The SEA team expected the following key negative impacts to result from the adoption of this option:

- social tensions in livestock receiving areas (assuming excess livestock will be relocated within the NCAs);
- high cost of mitigation;
- reduced livestock for HIV/AIDS-affected households could exacerbate livelihood impacts such as increased poverty for caretaking women and widows, increased school dropout rates for children in these families and reduced labour availability for crop and livestock production (the VCF and herd relocation would likely result in split herds, reduced availability of livestock which can be borrowed and reduced employment for temporary livestock labourers);
- reduced migration options for certain species of wildlife and consequently, localised habitat destruction, reduced viability of certain species (*e.g.* wild dog), escalating wildlife/human/livestock conflicts (*e.g.* near parks and in conservancies).

Option 3: Construct the VCF after the Millennium Challenge Account Compact is complete. Use the Millennium Challenge Account Compact to ensure frame conditions are in place. The key to this option is that it would keep southern Angolan rangelands accessible in the short term, offering NCA communities flexibility of movement of livestock. Flexibility is essential in arid and semi-arid environments. Climate change will likely result in rising temperatures in northern Namibia, compounding the intensity and frequency of droughts and floods, and generally result in more unpredictable weather. This will make seasonal movement of livestock and livestock movement over longer distances more critical. In Option 3, the GRN has the time to both improve frame conditions in the NCAs and also identify and prepare the livestock receiving areas. The receiving areas need to be carefully selected so as to reduce social (e.g. tribal and political) and gender impacts, for necessary social and environmental assessments to be conducted prior to moving cattle from Angola, and for appropriate rules to be established

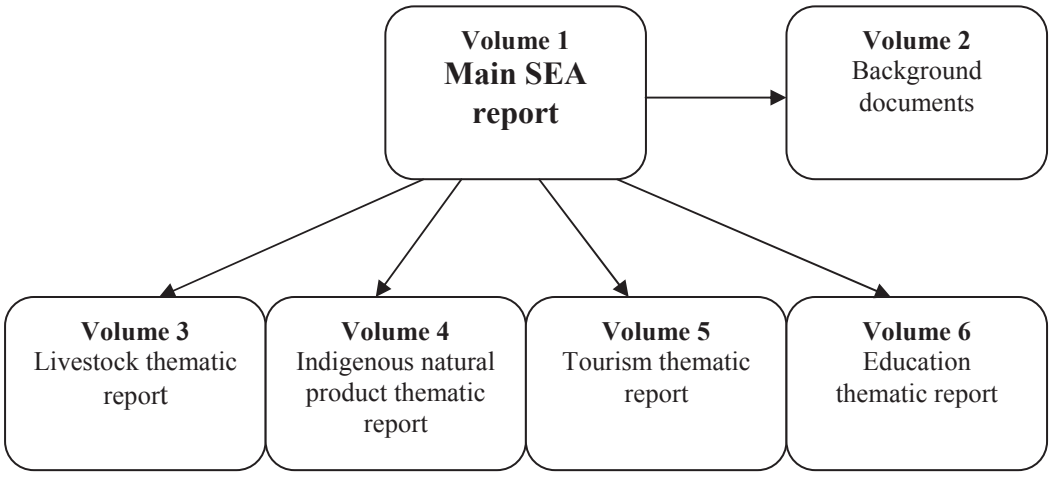
so that the rangelands in the receiving areas are not overgrazed and degraded by new herds.

The SEA team recommended Option 3 as the best option. However, based largely on the results of the SEA, the Millennium Challenge Corporation determined that the VCF was too risky from a social and environmental perspective, and therefore Option 1 was chosen, and the VCF activity was completely removed from the Compact at an early stage of programme planning. The Phase 1 assessment and decision-making process is a clear example of the value of conducting an SEA at an early stage in programme planning, and of taking the SEA process into account in programme and policy design.

Phase 2 – Thematic and full SEA

The output of phase 2 was a six-volume SEA report (Figure 4.1), with the main report being a synthesis of the analysis and recommendations. To enhance the user-friendliness of the package, all of the background information was provided in Volume 2. Given that implementation will likely be linked to and led by sector institutions, the more detailed thematic analyses were provided in separate volumes (3-6). Each of these volumes includes the main tools that will be useful during the implementation phase, *e.g.* EIA and environmental management plan frameworks.

Figure 4.1. **Six-volume SEA report as the output of Phase 2**



During Phase 2, the SEA team identified the following potential social and environmental issues of concern for each thematic area:

Agriculture

A number of issues were raised concerning livestock management.

- Zoning (identification and demarcation) of specific areas for land management interventions in the NCAs may result in the loss of free access to land for persons who previously used the land, leading to possible conflict within communities.
- Providing boreholes could have negative and positive impacts. They could result in further land degradation with subsequent loss of biodiversity, or (if done well)

spread livestock over a wider area and improve herding options. They could also increase conflict between water users.

- The development of new veterinary service centres could result in the indiscriminate disposal of hazardous, medical and sanitary waste.
- Quarantine camps require large tracts of land (over 5 000 ha) and, without careful consideration of stakeholder interests in areas where the camps are to be built, people may be deprived of access to livelihood resources (water, veldt products, grazing, etc.). If poorly managed, land degradation could occur in the quarantine camps through continuous over-grazing or under-utilisation. If located in important wildlife areas, quarantine camps could lead to a decline in wildlife populations, contribute to increased human–wildlife conflict and impact negatively on trans-boundary conservation and tourism initiatives.

Another key theme in the agriculture project was indigenous natural products. This component aimed to increase the volume, quality and value of the natural products collected and harvested by producer and processor organisations and to advance operational and business capacity. The SEA pointed out that the establishment of a central database that is populated with relevant market information may pose a risk to the resource base. If this information is not managed appropriately and through a system of controlled and differential access, there is a risk that it will be used irresponsibly by driving harvesting pressures unsustainably upwards. If correctly implemented, access to information should increase the ability of producers to make sound business decisions, thus improving indigenous natural products and the benefits they generate. However, if access to this information is not well managed, this information may contribute to elite capture or an enhancement of private initiatives, rather than collective strategies focused on women and marginalised groups.

Tourism

At a strategic level, the four main concerns of the tourism project were (in order of priority):

1. guarding against mass tourism (with the resultant cumulative impacts);
2. increased human–wildlife conflicts;
3. inter-regional and inter-conservancy rivalries for Millennium Challenge Corporation funds;
4. inability of communities and/or individuals to manage increasing levels of cash, with possible negative social and environmental impacts.

At a project level, the four main components that could cause significant negative, site-specific impacts are (in order of priority):

1. construction of lodges in sensitive areas;
2. construction of staff villages in Etosha National Park;
3. allocation of concessions in the northeast parks;
4. the construction of game camps in conservancies.

Education

The greatest potential impact during construction of schools etc. will be the increased threat of exposure to disease (*e.g.* tuberculosis, sexually transmitted diseases and HIV/AIDS) due to the influx of construction workers. Aside from the potential health threats, the influx of job seekers can also upset the social structure of small towns or villages and can lead to tensions between locals and migrants if not carefully managed.

Construction activities have the potential for low to medium negative effects on community health and school learners due to localised and temporary (but high) levels of dust, noise and pollution.

During implementation, the only possible negative project impact could be on water supplies, especially boreholes. Improved sanitation and water supply in the new institutions, as well as greater demand for such services as people become better educated and have more disposable income, may have a long-term impact on water supplies across the country, especially in the drier areas.

Challenges

Implementation of a programme as complex as the Millennium Challenge Corporation Compact, with the far-reaching goal "to reduce poverty in the Republic of Namibia through economic growth," will face challenges at all levels: regional, local, community, household and individual. It will also face challenges at the strategic level, which the SEMP identified and addressed. The SEMP is summarised in table 4.1.

Table 4.1. **Strategic Environmental Management Plan**

Issue/risk/ constraint	Recommended mitigation/ intervention	Key performance indicator (of success)	Who (responsible entity)	When
GRN's ability and capacity to efficiently disburse USD 300M in five years while maintaining proper consultation with stakeholders	- Use external contractors judiciously, but maintain strategic oversight - Create public–private partnerships - Build on current initiatives and existing structures	Money is spent on projects/activities as planned	Millennium Challenge Corporation/ Account	By end of Compact period

Table 4.1. Strategic Environmental Management Plan (continued)

Issue/risk/ constraint	Recommended mitigation/ intervention	Key performance indicator (of success)	Who (responsible entity)	When
Inappropriate and unsustainable development because of inadequate implementation of safeguards, inadequate monitoring and inadequate enforcement	- Environmental management plan must be part of contracts - Comprehensive monitoring and evaluation (M&E) plan (including environment and social monitoring) - Contract M&E implementation to an independent third party - Ensure M&E implementation team is adequately staffed	- 90% compliance with environmental management plan achieved at each site - Appropriate social and environmental safeguards applied to every project site - Each site visited at least three times and inspections documented - No bureaucratic delays due to review and approval of environmental documentation	- Millennium Challenge Corporation/ Account - Independent third party for implementation	During contract period until formal sign-off
Too much M&E, too many guidelines and requirements from donors (Millennium Challenge Corporation/ Account, World Bank, USAID, EU), some of which may be inconsistent with others	Streamline guidelines and procedures, use appropriately	No unreasonable delays due to bureaucracy	Millennium Challenge Corporation / Account	Ongoing during implementation
Inadequate stakeholder consultation due to taking shortcuts because of short time frame	Consider the option of no-cost contract extensions	No-cost contract extensions granted where needed	Millennium Challenge Corporation/ Account	As needed and appropriate
One-size-fits-all approach taken (perhaps also in response to short time frame)	Design localised and flexible solutions (in some cases, one solution will be applicable elsewhere, but not always)	- Area/region-specific approaches implemented - Activities adapted based on M&E findings, as needed	Millennium Challenge Corporation/ Account	During design phase, from start of Compact to mid-2009. Implementation ongoing

Table 4.1. Strategic Environmental Management Plan (continued)

Issue/risk/ constraint	Recommended mitigation/ intervention	Key performance indicator (of success)	Who (responsible entity)	When
Land tenure issues not adequately addressed	Use Millennium Challenge Corporation/ Account leverage to get appropriate and coherent tenure policy and regulations in place, and better administration and management	Land access rights are clear and conducive to programme and project implementation	Millennium Challenge Corporation/ Account	By mid-2009
GRN continues to allow conflicting land use, resulting in opportunity costs (*e.g.* military camp/prison in a prime tourism area)	Millennium Challenge Corporation/ Account and NPC must facilitate more consistent and better dialogue between stakeholders	No antagonistic land use conflicts recorded (number of events)	GRN	Baseline number of events at Compact start, then ongoing
In case of drought, GRN interventions (drought subsidies) conflict with community-based efforts (*e.g.* destocking)	Millennium Challenge Corporation / Account leverage on implementation of existing National Drought Policy	Response to drought in line with National Drought Policy	GRN	As appropriate
High-level antagonism/ inadequate support of wildlife and tourism as an engine for economic growth and legitimate user of prime land	- Sensitise decision-makers about the revenue generation potential of tourism (*i.e.* "market" wildlife and tourism in parliament) - Market tourism to Namibians	- GRN provides support to tourism investment, increases budget - Fewer land use conflicts involving wildlife areas and tourist sites - Local tourist numbers increase	GRN, tourism industry and Millennium Challenge Corporation/ Account	By end of Compact period

Lessons learned

- **Donor commitment is critical.** Because of MCC's commitment to the SEA and its process, the SEA team's recommendations were carefully considered during both strategic and project-level decision-making.
- **Short timescale is both a challenge and an opportunity.** Relatively short time set aside for the completion of the SEA (especially Phase 1) was both a challenge and an opportunity. The SEA team was placed under enormous pressure to provide critical advice (*i.e.* the advisability of the VCF) very early in the process, rather than at the end. However, the pressure forced the team to focus quickly and use tools (*e.g.* Geographic Information System) to aid its analysis.

- **Experienced professionals can make a significant contribution to the SEA.** The availability of a team of senior, experienced professionals enabled the SEA to be a rigorous analytical document, completed on time. The team composition was ideal given that it combined a mixture of local and international experts.
- Time flexibility is essential. The MCC was very accommodating when more time was needed to complete certain tasks and when aspects of the terms of reference needed to be revised based on SEA progress and findings and on conditions in the field; this type of flexibility is essential for a successful SEA.

Chapter 5

Mauritius: Strategic Environmental Assessment on the sugar cane sector

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In Mauritius, the sugar sector makes an important contribution to the economy and international trade. At the same time, this sector can harm the natural environment if inappropriately managed. In order to ensure environmental integrity, an SEA was conducted on the Multi-Annual Adaptation Strategy of the sugar cane sector. Although the SEA concluded that the strategy will make a positive contribution to the environment, some risks were also identified. The results provided critical information for decision-makers in Mauritius and donor agencies to minimise environmental risks.

Context

In Mauritius, the sugar sector is critical to the economy. Although the sector's contribution to Mauritius' GDP is relatively small (4% in 2005), it is one of the most predominant crops in the country. Sugar cane covers 40% of the country's land area and is grown on 90% of the total agricultural land. Approximately 11% of the total workforce is employed directly or indirectly in the sugar sector; cane-based products account for 5%-6% of national income and make a contribution of 30% to foreign exchange earnings (LMC International, 2006). The sector is particularly vulnerable to the EU sugar reform, as around 95% of the country's sugar production is sold in the EU.

Sugar and the European Union

Mauritius is a member of the African, Caribbean and Pacific countries that have benefited from the EU sugar protocol, which provides access to the EU market for specific quantities of sugar exports at a guaranteed price. In 2003, Australia, Brazil and Thailand submitted a complaint to the World Trade Organization that challenged the legality of the subsidies applied to sugar imported into the EU from African, Caribbean and Pacific countries. WTO ruled against the EU, which agreed to a reform that reduced the price paid to African, Caribbean and Pacific countries by 36% in 2009.

In helping these countries adapt to the reform of the sugar protocol, the EU is providing development assistance built on country-specific, multi-annual, comprehensive adaptation strategies. The Multi-Annual Adaptation Strategy (MAAS) for the sugar cane cluster 2006-15 is supported under the Sugar Reform Accompanying Measures. As of 2008, it is funded through the General Budget Support (GBS) Programme, Improving Competitiveness for Equitable Development Phase II (ICED II). ICED II supports the ten-year economic reform programme of the Government of Mauritius (GoM), which includes the restructuring of the sugar sector. The GBS provisions and conditions are specified in Annual Action Programmes.

The main components of the MAAS can be summarised as follows:

- Improving cost competitiveness of the sugar milling sector via centralisation of milling plants, thereby reducing the number from 11 to 4. This intervention will be accompanied by measures to downsize the labour force through various compensation packages.
- Mechanisation of field operations to improve the cost competitiveness of sugar cane production and increase sugar cane yield per hectare, and regrouping of small planters to enable them to benefit from economies of scale and improved sugar cane yields.
- Increased contribution of the sugar cane cluster to national electricity production through installation of new power plants in the remaining mills.
- Producing 30 million litres of ethanol annually from molasses in two sugar factories.
- Managing 5 000 ha of difficult areas of sugar cane through support measures to maintain sugar cultivation and converting the remaining areas to forests, other agricultural uses and integrated resort schemes.

From an environmental point of view, the reform of the sugar sector may have important consequences as it calls for land use changes and the expansion of other industrial and potentially polluting activities. As part of its environmental mainstreaming

approach,[2] the European Commission (EC) is determined to ensure that the national policies and strategies it supports will not result in significant environmental impacts. It thus promoted an SEA as a joint exercise with the GoM. The resulting recommendations would enhance the environmental performance of the MAAS, and shape the EC support to foster environmental enhancement.

Process of SEA

Inter-ministerial co-ordination

The SEA was promoted by the EC with the GoM, which already had concerns about the possible environmental impact on the sector. The SEA was conducted by the Mauritius Sugar Authority (MSA) which is in the authority in charge of implementing the MAAS. However, the Ministry of Environment and the Ministry of Agro Industry, Food Production and Security were closely consulted throughout the entire process. The Ministry of Environment was responsible for the preparation of the terms of reference, in collaboration with the MSA, while the bid evaluation and selection of consultants was done by the EC.[3]

Stakeholder participation

Stakeholders were involved from the start of the process, thanks to a Stakeholder Engagement Strategy. During scoping, six multi-stakeholder thematic workshops brought together 80 participants from government authorities and agencies, research institutes, civil society, professional organisations, the private sector and the EC. The workshops started with discussions on the environmental aspects of the sugar cane industrial cluster in Mauritius. They reviewed soil management, waste management, water management, air quality, energy generation and biodiversity. The scoping process culminated in a draft scoping report.

During the SEA study, individual consultations were held with experts to verify and expand preliminary analyses. These were complemented with site visits, detailed analyses and a series of three additional multi-stakeholder workshops. Technical consultations explored options for management of vinasse,[4] impacts of conversion of sugar cane lands to other uses, impacts of energy production and effects of sugar cane burning on air and soil quality. A concluding workshop brought together key authorities, academic experts, NGOs and representatives of smallholders of sugar fields to examine preliminary outcomes of the SEA of the MAAS. The draft SEA report was disseminated to approximately 160 agencies and individuals, with an invitation to comment.

The SEA process ended with an informal briefing to present main SEA outcomes and sensitive policy issues to officials in the European Commission in charge of EU assistance to Mauritius.

Methods

The main tool used in the SEA was trend analysis. It was used to interpret changes in key environmental issues through data sets that illustrate their evolution and storylines that qualitatively describe relevant trends, main drivers, territorial dimension and key concerns. The trend analysis helped trace past patterns in the Mauritian sugar cane cluster and predict future trends. As explained above, stakeholder engagement was a key component of the SEA.

Results

The SEA concluded that the MAAS is likely to achieve positive environmental effects, but with some risks (Table 5.1).

The SEA recommended measures to optimise environmental performance of sugar cane farming, mainly in relation to sugar cane burning, use of fertilisers and sustainable agricultural practices, and research on nutrient balance in Mauritius. Finally the SEA recommended a series of mitigation measures for reducing nutrient load to ground waters and coastal waters not strictly related to the MAAS but perceived as important, given the ongoing environmental pressure on coastal lagoons in Mauritius.

The SEA findings suggested indicators for monitoring the proposed environmental management system by the EC and GoM. The SEA report distinguished between core indicators (that addressed issues of highest importance) and additional indicators (that referred to important considerations which can be addressed through *ad hoc* arrangements).

Table 5.1. **The result of SEA on the Multi-Annual Adaptation Strategy for the sugar cane cluster 2006-15**

MAAS component	Positive impacts	Negative impacts	Mitigation/optimisation measures
Centralisation of milling plants	Optimisation of use of energy, water and management of waste waters	Increase transport demand for harvested sugar cane	Establishment of basic management system for optimising transport flows and ensuring compliance with forthcoming regulations on emissions from diesel vehicles
Mechanisation of field operations and regrouping of small planters	Improvement of soil management practices	Possible increase in sugar cane burning due to mechanised harvesting Risk of pollution of water courses	Requirement of regrouped planters not to burn sugar cane as result of mechanised harvesting Halt to sugar cane farming within riparian zones along water courses and the establishment of buffer zones along amelioration channels

Table 5.1. **The result of SEA on the Multi-Annual Adaptation Strategy for the sugar cane cluster** (continued)

MAAS component	Positive impacts	Negative impacts	Mitigation/optimisation measures
Installation of new coal/bagasse power plants in remaining mills and extension of capacity of CTSav plant	Enhancement of effectiveness in use of bagasse and decrease in reliance on import of heavy oil Reduction of polluting emissions, due to modernisation of combustion and flue gas treatment technologies	Generation of coal ash during off-crop operations	Exploration of opportunities for safe use of coal ash Upgrading of cogeneration plants and promotion of modern combustion technologies EIAs for power plants: inclusion of modelling of impacts on ambient air quality to ensure compliance with applicable standards Power generation facilities in sugar industry: development of ISO 14001 Environmental Management Systems Establishment of monitoring system for quality of coal used in cogeneration, and procedures for consulting the Ministry of Environment on changes of coal quality
Production of 30 million litres of ethanol annually from molasses		Generation of 350 000 m^3 of vinasse annually, potentially polluting Risk associated with transport of ethanol	Preparation of risk management plans for vinasse for all management options Development of safety management plans for transport and storage of ethanol
Management of 5 000 ha of difficult areas under sugar cane		Land use changes to potentially polluting activities (other crops, integrated resort schemes)	Site-specific planning for land use changes. Support from MAAS only if changes to crops appropriate for local climatic and soil conditions, and strict adherence to recommendations on use of agrochemicals Conversion to integrated resort schemes, residential zones or golf courses in coastal areas only after EIA for entire plan, involving in-depth, site-specific investigations of quality of receiving water bodies and analysis of cumulative impacts. All new urban developments to include sewer network for all houses and basic wastewater treatment facilities for sewage and grey waters

The SEA has been completed, but it continues to be used as a working document. The findings and recommendations of the SEA helped shape EC support to the MAAS as well as its implementation by the GoM.

Influence of the SEA on the MAAS

Although the MAAS was finalised by the time the SEA was carried out, the results of the SEA are influencing its implementation. On 7 November 2008, at a National Stakeholder Workshop, the GoM reported on the progress of MAAS implementation. The presentation described implementation of environmental safeguards and environmental improvement measures, addressing concerns identified in the SEA. For example:

- adoption of a green cane harvest and cool burning code of practice, which will help avoid negative impacts of cane burning prior to harvest;
- within the Field Operations, Regrouping and Irrigation Project (FORIP) of the MAAS, fertiliser application strictly follows the recommendations of the Mauritius Sugar Industry Research Institute;
- weed management through appropriate cultural practices that minimise use of herbicides is also practised in FORIP projects;
- air quality has improved due to investment in improved control equipment (use of electrostatic precipitators rather than wet scrubbers);
- use of coal (50 000 t) and generation of coal ash are being reduced due to cogeneration with bagasse;
- SOx and NOx emissions are reduced or eliminated, thanks to the modernising of cogeneration facilities;
- closure of mills will eliminate some discharge points into water bodies and the atmosphere, improving water and air quality;
- centralised mills are adopting maximum water recycling, and together with efficient water use, have decreased water usage and improved quality;
- CTSav (electricity company) made an application for carbon emission reduction credits on behalf of the Central Electricity Board, although it was turned down as corresponding approved methodology for coal/bagasse plants was not yet available.

Influence of the SEA on EC aid

The main accomplishment of the SEA was to raise the profile of environmental issues in the agenda of EC–Mauritius bilateral development co-operation.

For the 2008 Annual Action Programme of co-operation, an indicator related to waste water was introduced (percentage of households connected to the public sewer network). For 2009, there were plans for another environment indicator associated with the sugar sector, possibly lagoon water quality.

Under ICED II, the energy sector will also be supported; as such, the GoM has to finalise its energy strategy. The MAAS is directly related to the energy sector as it promotes increasing the use of bagasse[5] for co-generation of electricity and the production of ethanol. In supporting the energy sector, the EC intends to introduce a specific condition and/or indicator based on the results of the SEA.

Although budget support does not directly influence the definition of specific projects, it does set an evaluation framework that guides government actions.

Influence of the SEA on other national policy making

It is also expected that the SEA will influence the National Environmental Strategy of Mauritius, as expressed by the Ministry of the Environment to the EC (April 2008). The concept of an SEA is well accepted by the GoM. There is already some experience with the instrument (SEA for the identification of potential sites for marinas, water-ski lanes and bathing areas), and the new National Environmental Policy (2007) makes provision for the building of capacity for SEAs.

Lessons learned

- **Recognition of environment as a cross-cutting issue is critical.** For the SEA to be effective, all stakeholders must be aware of the importance of the environment as a cross-cutting issue. In this case, key stakeholders started out with a certain degree of environmental awareness, as evidenced by the fact that the MAAS already addressed some environmental concerns and integrated environmental enhancement measures, which helped the SEA to become a more focused exercise.
- **SEA can improve both environment and sector performance.** The consultative process of the SEA helped other stakeholders to align with the environmental integration effort (*e.g.* the sugar industry, other government authorities such as the Mauritius Sugar Authority). Even when the SEA is not initiated early in the planning process, if policy makers are committed it can still have a positive influence in shaping implementation, as shown in this example.
- **Public participation is essential.** Public engagement proved essential for the SEA to grasp the key issues and fine-tune mitigation measures. The development of a stakeholders' engagement strategy and scoping was crucial to refining the approach to the SEA and ensuring its efficiency and quality.
- **The economic benefit of SEA needs to be recognised to secure support from industries.** In Mauritius, the sugar industry was concerned about the potential costs of implementing mitigation measures and that implementation of SEA recommendations could slow the transfer of funds. In such a context, highlighting economic value was important to secure support from the industry. Two key economic values were explored: the value added of cogeneration (as an alternative to coal-fired power plants) and the use of state-of-the-art technologies (lower emissions and higher efficiency of combustion); and the opportunities for selling coal ash for use in construction, as an income-generating activity for the sector and also a lower-risk disposal option. Promoting the image of the sugar sector was also important to gain the support for an industry that could not afford criticism.
- **A follow-up to SEA is essential to maintain momentum.** Discussions between the donor and the government on how to use the results of the SEA in subsequent decision-making should not be neglected. Keeping momentum requires commitment from all key parties, and ongoing dialogue (EC–government) is necessary to ensure follow-up on SEA recommendations.
- **SEA can influence sectors beyond its scope.** The SEA can have a positive influence beyond the specific strategy assessed. In Mauritius' case, the SEA is

expected to influence other sector strategies, such as the Energy Strategy and the National Environmental Strategy.

- **Continued awareness-raising is needed.** It is critical to continue to address the environment as a cross-cutting issue in all development co-operation, and further build (directly or indirectly) awareness and capacities on SEA, leading to the development of national SEA systems. SEAs carried out in the context of national systems will counter the perception that they are externally driven or imposed and strengthen the process.
- **Evaluation of SEA can be useful.** Evaluating the SEA process once it is complete provides useful feedback on issues to be addressed in future SEAs.

Notes

1. Juan Palerm is a consultant on behalf of the Environmental Integration in EC Development Co-operation Project, EuropeAid. Jiri Dusik is a Team Leader of the SEA for Mauritius Multi-Annual Adaptation Strategy for the Sugar Cane Sector. Kassiap Deepchand works for the Mauritius Sugar Authority.
2. The European Consensus on Development calls for the systematic use of SEA, including in relation to budget and sector aid, as part of a strengthened approach to mainstreaming of cross-cutting issues (Statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy; "The European Consensus", *Official Journal of the European Union*, 2006/C 46/01, 24.02.2006). Also the Development Co-operation Instrument requires environmental screening and impact assessments to be undertaken as appropriate for project and sector-level interventions.
3. The terms of reference for the SEA were prepared based on the model provided in the Handbook for Environmental Integration in EC Development Co-operation (European Commission, 2007), consistent with the guidance. The SEA was carried out over a seven-month period (January to July 2007). It was funded by the EC with a budget of EUR 160 000, and was conducted by a team of consultants (two international and two local) hired by the EC.
4. Vinasse is a by-product of alcohol production. It is considered significantly polluting due to its high organic load (BOD of up to 40 000) and the high volumes produced (around 10-15 litres of vinasse per litre of ethanol produced).
5. Bagasse is the solid fraction that remains after crushing the sugar cane.

Reference

Landell Mills Consultancy International (2006), Evaluation of the Multifunctional Role of the Sugar Cane Cluster and Validation of the 2006-2015 Action Plan.

Chapter 6

Benin: Strategic Environmental Assessment of the Poverty Reduction Strategy

Contributors: Camille-Alex Dagba, Axel Olearius, Karina Nikov, Hugo van Tilborg, Katrin Dobersalske, Gwen van Boven[1]

Benin takes part in the Heavily Indebted Poor Countries Initiative and receives aid from the World Bank. The Agence Béninoise de l'Environnement (Beninese environmental agency) carried out a participatory Strategic Environmental Assessment (SEA) of the second Poverty Reduction Strategy Paper while it was being drafted. As a result, environmental issues are now covered in both a sectoral and a cross-cutting manner in the second PRSP.

Context

The Republic of Benin is located in the coastal region of West Africa. Benin is classified as a least developed country (Human Development Index = 0.492 in 2007, UNDP 2010). Some 31% of the 8.1 million inhabitants live on less than USD 1 per day (World Bank, 2007). Benin's economy is predominantly based on agriculture and the use of other natural resources. Agriculture and forestry provide nearly 70% of employment and 90% of export receipts. Benin's natural resources are threatened due to overexploitation and population pressure. However, the decision-making processes do not take environmental issues sufficiently into account, while uncoordinated sector policies and poverty further erode environmental sustainability.

Benin takes part in the Heavily Indebted Poor Countries (HIPC) Initiative and receives aid from the World Bank. As a precondition, Benin had to develop a Poverty Reduction Strategy Paper (PRSP) in 2003. In the first PRSP, environment had only been taken into account as a separate sector and no analysis of cross-cutting issues, notably the environment, had been conducted.

Poverty Reduction Strategy Paper

In order to obtain aid and debt relief through the HIPC Initiative, the International Monetary Fund (IMF) and the World Bank require a recipient country to develop a PRSP. In a PRSP, the country's government is asked to describe "the macroeconomic, structural and social policies and programmes over a three-year or longer horizon to promote broad-based growth and reduce poverty, as well as associated external financing needs and major sources of financing" (IMF, 2003). PRSPs are developed by bringing together domestic stakeholders as well as partner countries and institutions. The articulated development goals and priority areas are intended to guide government's and donors' expenditures. In September 2003, the Government of Benin approved the first PRSP for the years 2003 to 2005.

When the time came for Benin to start developing a follow-up to this process, the Agence Béninoise de l'Environnement (ABE) (Beninese environmental agency) decided to initiate the "greening" of the second PRSP.

Process of SEA

Partnership with donor agencies

As ABE set out to promote the greening of the second PRSP, it managed to garner the support of Beninese stakeholders and international actors such as the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)[2], the United Nations Development Programme (UNDP) and the Netherlands Commission for Environmental Assessment (NCEA).

The ABE co-ordinated a participatory SEA of the second PRSP while it was being drafted. This resulted in environmental issues being covered both in a sectoral and a cross-cutting manner in the second PRSP. Several challenges, however, still remain to be tackled.

Box 6.1. **Key SEA facts on second PRSP in Benin**

***Time frame*:** First preparatory consultations started in late 2005. The SEA process started in February 2006 and ended in February 2007. The follow-up is still in progress.

***Costs*:** According to estimations by the former director of the ABE, the process in Benin cost about EUR 200 000, taking into account all kinds of national and international inputs (expertise, studies, workshops, training, publications, etc.).

Raising the profile of SEA

Although the first PRSP included a specific chapter on environmental issues, the environment was only addressed as a separate sector and not as a cross-cutting issue. The relationships and interdependencies between poverty, agriculture and forestry were hardly taken into account. Moreover, a functional framework to facilitate the integration of environmental aspects in the different sectors was lacking.

At first, the ABE sought to tackle these deficits through measurable environmental indicators for the second PRSP, but then decided to promote the conducting of a SEA as a tool for broader mainstreaming and integration of environmental aspects into the national strategy. Through a screening analysis of Benin's first PRSP in 2005, the ABE was able to promote a SEA at the national level. It also gained the technical and financial support of international partners, namely the GIZ, UNDP and NCEA.

The ABE and the Ministry of Environment and Nature Protection successfully negotiated to conduct a SEA with the Ministry of Economic Development and Finance (which is in charge of the overall PRSP process), calling for environmental mainstreaming in the PRSP and Beninese environmental regulatory framework. The greening of the PRSP by means of conducting an SEA became one of several overarching objectives in the terms of reference for the PRSP. The development of the PRSP for the period of 2007 to 2009 started in October 2005, and the SEA was conducted in parallel.

The objectives of the greening of the PRSP and the SEA were to mainstream environmental issues and the sustainable use of natural resources and link them to poverty reduction, thereby developing policy alternatives, promoting sustainable development programmes and develop a set of measurable environmental indicators for the second PRSP.

Ensuring participation and co-ordination

Two ministries co-operated closely to conduct the SEA: the ABE (representing the Ministry of Environment and Nature Protection) and the Economic and Structural Reform Programmes Monitoring Team (CSPRES, representing the Ministry of Economic Development and Finance). CSPRES guided the overall drafting of the PRSP and encouraged the greening process, while the ABE assured the operational, technical and logistical co-ordination of the SEA.

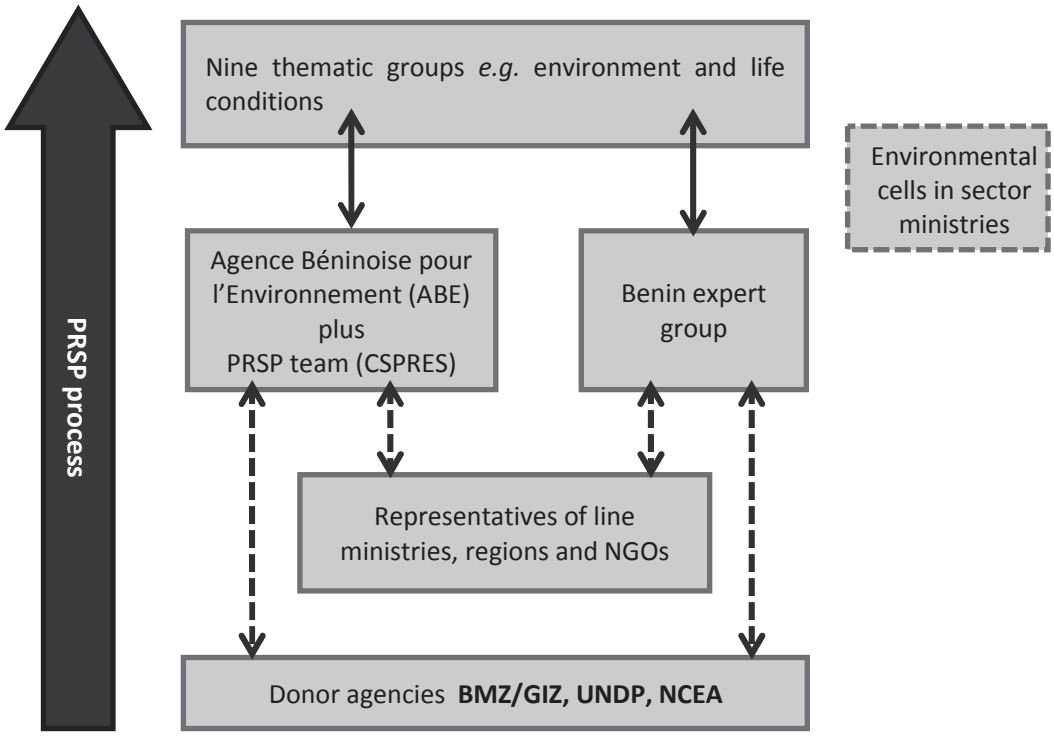
Furthermore, the initial steering model (Figure 6.1) for the SEA included:

- An editing team responsible for the PRSP chapter on "environment and life conditions" as one of nine PRSP chapters. The team received official permission to take part in and to contribute to the other sector chapters of the PRSP as well as their editing groups. They were therefore called "ambassadors for the environment".

- A Benin SEA expert group consisting of independent consultants and ABE staff who gave advice to the team responsible for the PRSP chapter on "environment and life conditions".
- Representatives of line ministries, regions and non-governmental organisations (NGOs) who were involved in the screening and scoping processes as well as in the final stages of the SEA.
- Environmental cells in line ministries. The existing entities were meant to be officially involved in the SEA from the beginning, aiming at integrating environmental aspects in the sector ministries. However, in reality their role was a minor one, due to either non-existence or weak capacities.
- Donor agencies. GIZ provided technical and financial support through the bilateral Natural Resource Management and Conservation Programme, UNDP through its country programme and NCEA through short-term technical advice. *The SEA Best Practice Guide* on SEA management provided a common reference framework.

A broad range of studies, training and workshops were important elements of the SEA. Instead of one single final SEA report, several information sheets were prepared on environmental issues, aimed at informing the various editing teams. The workshops included the screening and scoping phase, targeting policy makers and administration representatives from national and regional levels.

Figure 6.1. **Initial steering model of SEA process**



Documents produced

The greening of the PRSP process produced several 'output publications'. While a typical SEA may produce one large final SEA report, the SEA process in Benin produced no final report as such, but instead a range of output documents:

- a review study on the PRSP I as a screening report, written by a Beninese consulting team and reviewed by various stakeholders;
- a scoping workshop summary outlining the environmentally important issues and axes of the upcoming PRSP;
- information sheets for the thematic groups with concrete suggestions to use in their function as "ambassadors for the environment";
- the *Rapport de capitalisation*, an evaluation by the ABE and national consultants that summarises the SEA process and its outcomes;
- guidelines for the integration of environment and sustainability issues into the Poverty Reduction Strategy (which the ABE has started to elaborate during the SEA process), which offer general findings and recommendations on the application of the SEA findings for the greening of the PRSP II;
- information brochures for the broader public were edited and the PRSP greening process was discussed in workshops at a national level;
- the Beninese Association of Environmental Assessment Experts published a journal on the insights gained through the SEA process and the specific SEA application in the context of the Benin PRSP process.

Results

At the end of 2006 the main axes of the PRSP were formulated and environmental measures were broadly integrated, although not all of the original objectives were met (Table 6.1). In particular, the initial objective of improving environmental indicators had not been achieved and is still a matter of discussion in the follow-up process. It therefore remains in the Priority Action Plan, which is the implementation document of the PRSP.

Table 6.1. **Results of SEA on 2nd PRSP in Benin**

Objectives of SEA	Level of achievement
Mainstream environment and sustainable use of natural resources… and link them to poverty reduction	• Environment and Nature Conservation sector increased expenditures 2007-09 by a factor of 3.5 (later revised). • A substantial chapter on balanced and sustainable development has been included in the PRSP. • Environmental aspects in almost all other chapters. • SEA and greening process mentioned in the PRSP.
Develop policy alternatives	• 21 of 30 concrete suggestions have been taken into account, with a focus on: – infrastructure – environmental assessment system improvements – good governance
Promote sustainable development programmes	• Future work to be done.
Develop a set of measurable environmental indicators	• Some environmental indicators are found in the Priority Action Plan, but they are still difficult to measure. • Future work to be done

Despite the remaining challenges, the SEA has:

- improved the environmental dimension of the second PRSP, making it a highly comprehensive and strategic document relevant for planning at national and regional levels, covering environmental issues in a sectoral and a cross-cutting manner;
- facilitated a dialogue that involved all kinds of government stakeholders and contributed positively to the overall planning and elaboration process of the PRSP.

In addition, the preparatory SEA phase (screening) has:

- invigorated the overall PRSP process and contributed to constructive discussions among the various sectors. All stakeholders confirmed that the SEA made a vital contribution to integrating environmental considerations in the PRSP II.

Taking the various outcomes into account, the greening of the PRSP contributed positively to Benin's efforts to achieve the Millennium Development Goals by directly linking poverty reduction to environmental sustainability and by harmonising development policies. The Beninese development stakeholders followed a purely national approach to conducting SEAs based on their own experiences, the Beninese legal system and available funding. The process was largely driven by the motivation, expertise and commitment of Beninese stakeholders, with support from international expertise, funding and references (such as the SEA guidance), which greatly contributed to the Beninese experience.

Follow-up after the SEA

Aligning existing sectoral strategies to the PRSP. A general challenge at the national level was the fact that the PRSP II was elaborated after several of the sectoral ministries had already adopted their own strategies. In some cases, the PRSP II was perceived as "just one more overall document," which undermined its influence and

therefore made it more challenging to implement specific elements, *e.g.* environment-related recommendations.

However, the annual PRSP evaluation for 2007, backed by the SEA *Rapport de capitalisation*, helped identify this problem and in July 2008, the Ministry of Economy and Finance initiated an alignment process, carried out by the CSPRES. The line ministries were asked to review their strategies and align them to the PRSP, including harmonising the budgeting of priority activities within the Priority Action Plan. Similar to the greening of the PRSP, the ABE accompanied the line ministries in this process to ensure the environmental recommendations were integrated in the aligned sector strategies.

Developing capacity of environmental units in line ministries. An institutional challenge at the national level was the fact that the environmental cells in the line ministries had not been part of thematic groups throughout the SEA process, either because they did not exist in reality, or because their capacity was too limited to participate. The planned training in sector ministries on the environmental elements in the PRSP did not take place as planned.

Nevertheless, in order to enable environmental monitoring, the ABE initiated a reorganisation of the environmental units inside sector ministries following the greening process. The ABE also initiated a study on the institutional setting of the units, and the findings were validated in a workshop. As a result, new regulations were formulated, which, once adopted, should improve the performance of the environmental units in the sector ministries. According to the ABE, trainings and workshops will be conducted as soon as the regulation has been put into force.

Mainstreaming environment in local development plans. Concerning the post-greening process at local level, the ABE has been involved in the elaboration of new local development plans. Where SEA principles have been integrated, environment is now a cross-cutting as well as sectoral issue in its own right.

Lessons learned

A high-level commitment in Benin helped to make the SEA process influential. The SEA findings facilitated the planning process and follow-up actions. The SEA nurtured the stakeholders' goodwill towards taking the environment into account at policy level, even if in some sectors insufficient funds are available for environmental considerations. International actors such as the GIZ (on behalf of the German Federal Ministry for Economic Co-operation and Development) and UNDP have committed further support for follow-up in a cross-cutting and sectoral manner.

Without doubt, the individuals behind the SEA cannot be underestimated. It is critical to strengthen their positive role and to build institutional memory that will guarantee sustainability of the greening process, even if the individuals who drove the process were to leave. Furthermore, the greening process has shown that a high degree of flexibility with regards to the SEA approach was needed, which, in the Benin case, was often disrupted due to delays during the PRSP process.

Also, a proper follow-up of environmental measures and recommendations contained in the PRSP and the Priority Action Plan is critical. Without a proper monitoring system, it is hard to know whether any of the environmental aspects that have been incorporated

in the PRSP II are actually implemented. This is a long-term and challenging task for the ABE.

Notes

1. Camille-Alex Dagba (Benin Environment Agency), Axel Olearius, Karina Nikov, Hugo van Tilborg, Katrin Dobersalske (GIZ), Gwen van Boven (Netherlands Commission for Environmental Assessment).
2. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH was formed on 1 January 2011. It brings together the long-standing expertise of the Deutscher Entwicklungsdienst (DED) gGmbH (German development service), the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German technical cooperation) and Inwent – Capacity Building International, Germany.

Reference

International Monetary Fund (2003), *Benin: Poverty Reduction Strategy Paper*.

Chapter 7

Ghana: Strategic Environmental Assessment and its evolution

Contributors: P. Nelson and S. Doolan[1]

Unlike case studies that concentrate on a particular SEA, this example seeks to explain how ideas about EIA, SEA and environmental mainstreaming have been progressively developed in Ghana over the last 20 years. By tracing the evolution of environmental assessment processes over an extended period, it is possible to show how significant changes of attitude and understanding have been introduced by SEA and related processes, and to discuss outcomes in environmental governance that are not immediately apparent from examining the performance of individual SEAs.

1. Peter Nelson is a principal of Land Use Consultants, based in the UK. Sean Doolan is a climate change and environmental governance adviser at Netherlands Embassy, Accra, Ghana.

Context

Unlike case studies that concentrate on a particular SEA, this example seeks to explain how ideas about EIA, SEA and environmental mainstreaming have been progressively developed in Ghana over the last 20 years. The process has involved a constant dialogue between the Government of Ghana and a group of international donors and has drawn in expertise from other African countries.

The high cost of environmental degradation has been a recurring theme over the past 20 years in Ghana. This topic became a central issue for government and donors in 2005 in light of the World Bank Country Environment Analysis, and an earlier study sponsored by the UK Department for International Development in 2004. However, the framework for such analysis was clearly presented in the National Environmental Action Plan prepared by the Environmental Protection Council (EPC) in 1988 (Box 7.1). Annual costs of degradation have risen to 9.6% of GDP by 2005, compared with 4% in 1988, but the underlying causes remain largely unchanged.

Box 7.1. **Extracts from Executive Summary National Environmental Action Plan 1988**

The Economic Recovery Programme in 1983 has led to a positive growth performance in the economy, however at some social cost. It has been noted that the sustainability of Ghana's economic and social development depends ultimately on proper and responsible management of the natural resource base and the environment in general.

An attempt has been made to estimate the cost imposed on Ghanaians and the economy from environmental degradation in sectors such as agriculture, forestry, hunting, industry and mining. The willingness to pay by Ghanaians to avoid such negative impacts has been estimated using market prices where available. The picture is incomplete in a number of respects. Nevertheless, and conservative as these estimates may be, the costs of environmental degradation amounted to GHC 41.7 billion (Ghana Cedi) in 1988, the equivalent of 4% of total GDP.

A National Environmental Policy is to be adopted to provide the broad framework for the implementation of the Action Plan. The policy aims at ensuring sound management of resources and the environment and avoiding any exploitation of these resources in a manner that might cause rapid resource degradation and environmental pollution.

Brief history of environmental regulations in Ghana

Environmental and resource management practices were first introduced in Ghana in the early 1900s, relating to the identification of forest reserves and watershed protection. Use of legal instruments and regulations modelled on British parliamentary procedures has continued to shape environmental legislation since Independence in 1957.

However, significant degradation of Ghana's natural resources and environment has occurred throughout the 20th century based on agricultural expansion to support a rapidly increasing population and exploitation of forest timber and minerals. It was not until the 1970s, when Ghana sought economic assistance from the IMF, that substantial financial aid flowed in and the first steps to introduce comprehensive environmental legislation were launched.

The Environmental Protection Council was established in Ghana in 1974 and an informal system of environmental review leading to a certificate of clearance was instituted in 1989 when the EPC published draft guidelines for EIAs. In 1994, the Environmental Protection Agency (EPA) was created by Act of Parliament with extensive powers in the areas of regulation, permits and licence development. EIA procedures were issued in 1995 and given full legal status under the Environmental Impact Assessment Regulations approved in 1999.

The EPA has been assisted since 1999 by the Royal Netherlands Embassy with a succession of environmental programmes designed to strengthen capacity and environmental assessment procedures. These have included:

- Ghana Environmental Assessment Capacity Development Project (GEACaP), 1999-2001;
- SEA of the Ghana Poverty Reduction Strategy (Phases 1 and 11) 2002-04;
- Ghana Environmental Assessment Support Project (GEASP) 2005-07.

Since early 2006, a group of donors, led by the Royal Netherlands Embassy, and including the World Bank and European Union, has joined forces with the Government of Ghana to develop a new sector support programme for Natural Resources and Environmental Management, which is discussed in more detail later.

A major role played by the Netherlands-supported programmes has been to help the EPA to develop environmental assessment techniques. Between 2002 and 2005, the number of applications for EIA permits increased from 515 to 1 555.

The EIA Regulations make provision for assessment of a wide range of undertakings which include projects, plans and programmes, but not, specifically, policies. However, Strategic Environmental Assessments have been widely promoted in Ghana and the remainder of this case study examines the reasons why this has proved to be so enduring.

Process of SEA

The roots of Ghana's strong commitment to SEA can be traced back to an international meeting in Nigeria, at which the Executive Director of the EPA proposed the application of an SEA to the Ghana Poverty Reduction Strategy (GPRS I). This national strategy for guiding economic development and poverty reduction had been drafted generally in accordance with World Bank guidelines. However, it was widely recognised that a serious omission within the draft document was the absence of any consideration of the need for environmental mainstreaming.

SEAs on the Ghana Poverty Reduction Strategy

The EPA and the Royal Netherlands Embassy agreed that a pilot SEA should be undertaken on the GPRS and enlisted the help of the Netherlands EIA Commission, which carried out a scoping mission. A shortlist of international consultants was identified by the Royal Netherlands Embassy with support from the UK Department for International Development and the EPA selected a contractor to provide technical assistance. The international consultant joined a local Ghanaian consultant and a team of three officers from the EPA to conduct the two-month pilot. Their work quickly identified the need to consider all aspects of the GPRS and the importance of avoiding the use of

complex theory and modelling, focusing instead on the urgent need for capacity building at both ministerial and local district assembly level.

The full SEA was launched in August 2002 with two external consultancies and a team of six government officers (three environmental specialists from the EPA and three economic planning officers from the National Development Planning Commission (NDPC).

Over a period of 18 months, the status and profile of the SEA grew within both government and donor circles, assisted by the fact that the World Bank had made the preparation of the SEA one of the conditions for release of HIPC debt relief. In the autumn 2004, the SEA findings were presented at a national conference chaired by the Vice President and attended by ministers and donor representatives. The Vice President confirmed that government would, in future, require SEAs for all policies, plans and strategies presented to Cabinet.

In addition to continuing interest from the Netherlands in supporting work on the second GPRS (GPRS II), Danish support for a major three-year programme on water and sanitation included the use of SEA to support preparation of a National Water Policy, an Integrated Water Resource Management in the Densu River Basin, and trial schemes for water and sanitation improvements at district level.

Following completion of the SEA of GPRS I, work commenced on the review leading to the development of GPRS II (2006-09). Officers from the EPA and the NDPC were attached to each of the five review committees and contributed their experience in SEA implementation to the group discussions.

Table 7.1. **Review of SEA practice in Ghana**

Title	Subject Area	Start/ Time (months)	Agents/ Donors
GPRS II	National policy	2005 (6)	WB/DFID/UNDP
Port of Tema Master Plan	Ports	2006 (12)	GPHA
Transport Sector Development Plan	Transport	2006 (3)	MoT
Draft National Transport Plan	Transport	2005 (12)	Danida
National Water Policy and Water Basins	Water	2005 (12)	Danida
Health and Environmental Sanitation	Health/Sanitation	2005 (11)	Danida RNE
District Development Plan Pilots	Planning	2008 (1)	EPA,TCPD, NDPC
Mining Sector EIA	Mining	2005 (36)	EU
Mining Sector SEA	Mining	2008 (24)	
National Energy Policy	Energy	2008	UNDP
Districts with Drylands Programme	Agriculture	n.a.	UNDP
Country Development Programme/Framework	Agriculture	n.a.	CIDA
Food and Agriculture Development Support	Agriculture	2007	CIDA
Water and Sanitation Programme	Water/Sanitation	n.a.	CIDA
National Wetlands Conservation Strategy	Wetlands	2008 (6+)	EPA/GEASP
Millennium Development Challenge	Agriculture	2008 (12)	US/MCC
Tourism Policy Strategy and Action Plan	Tourism	2008 (4)	GEASP
Shelter Policy	Shelter		GoG
Urban Development and Growth Policy	Urban Growth	In progress	WB
Agriculture Policy	Agriculture	In progress	GIZ
Transport Integration Plan	Transport	In progress	EU

n.a. = not available.

The local consultant also played a major role in participating in all of the review committees' deliberations. Although this process ensured that SEA findings from GPRS I were taken into account in mainstreaming environmental concerns in group discussions, the SEA findings and the final outcome is less apparent in the text of GPRS II.

Nevertheless, the use of SEAs by the government of Ghana has grown significantly; between completion of the SEA of the GPRS in October 2004 and the beginning of March 2009, some 20 SEAs have been initiated on major policies and strategies (Table 7.1).

Partnership with donor agencies

The most visible support from donors came through multi-donor budget support for Natural Resources and Environmental Governance. The programme was developed during 2006 and the new budget support mechanism was launched in 2007. Around EUR 10 million a year is transferred to the Ministry of Finance and Economic Planning by the donor group for use within the Ministry of Lands and Natural Resources and its agencies (covering forestry and mining); the Ministry of Environment, Science and Technology; and the EPA.

Use of the funds is at the discretion of the Government of Ghana. The broad programme is defined through Medium Term Development Plans for the respective ministries and agencies, and in annual targets and triggers for expenditure against budgets (which are set out in matrices and shared among the Government of Ghana and donors). The existing matrices include commitments to prepare SEAs for all policies, plans and programmes that are instituted by the Natural Resources and Environmental Governance programme.

In 2009, the EU, in co-operation with other donors asked the Government of Ghana to elaborate on its longer-term commitments to the sector by preparing a letter and statement of development policy. At the time of writing, the letter and statement of development policy are still in draft and awaiting ministerial approval. However, the new document is expected to strengthen government commitment towards sustainable development, the treatment of environment as a cross-cutting issue alongside climate change adaptation, proposals to refine environmental policy and extensive use of SEA in delivering these policy goals.

Results

The development of SEAs in Ghana has featured in a number of reviews. The Ghanaian model of SEAs has been successful in increasing awareness of environmental issues within government departments, some sectors of civil society and some (but by no means all) district assemblies. The SEA process has also been embraced by donors as a valuable technique for vetting their own involvement in aid programmes.

Lessons learned

While acknowledging the substantial progress that has been made, important questions still remain. Most SEAs to date have been funded as part of individual donor programmes and the onus for maintaining this momentum will now shift with multi-donor budget support to the Government of Ghana and its key ministries.

Chapter 8

Sierra Leone: Strategic Environmental and Social Assessment of the mining sector

Contributor: Fernando Loayza[1]

A Strategic Environmental and Social Assessment (SESA) of the mining sector in Sierra Leone was undertaken between 2006 and 2007 in order to support legal and policy reforms and to assist in the country's economic recovery. The SESA created a platform for dialogue involving all key mining stakeholders including traditionally sidelined interest groups like villagers, civil society organisations and non-governmental organisations. The greatest challenge ahead for Sierra Leone is to maintain capacity development and governance strengthening around the mining sector.

Context

Sierra Leone in West Africa is a country with 6 million people, many of whom live in extreme poverty. The country's economy was destroyed by violent internal conflict during the period 1991-2001 and both the environment and social welfare suffered heavily. Now efforts to rebuild the economy are focusing on export-oriented activities since the local market is too small to provide the necessary stimulus. Agriculture, forestry, tourism and mining have formed the traditional economic base. Agriculture, forestry and fisheries are recovering to meet local needs. In the longer term, tourism may again provide a significant source of inward investment but only when the country's war-torn image has been eradicated. Mineral development will continue to play a critical role in Sierra Leone's recovery.

The mining sector has been important to the economy since the early 1930s with diamonds, rutile and bauxite being the principal minerals exported. Currently the industry accounts for 20% of GDP and provides a livelihood for up to 300 000 people. Following the reopening of rutile and bauxite mines and with the prospect of new diamond and gold mines being developed, export revenues (USD 200 million in 2006) could ultimately exceed USD 370 million.

Expansion of mining activity requires substantial reform of legislation and taxation and the Government of Sierra Leone sought World Bank assistance in developing a new minerals policy. This support was provided through a strategic environmental and social assessment (SESA)[2] of the mining sector undertaken between 2006 and 2007. The World Bank funded the work under its Programmatic Governance Reform and Growth Grant Series, and subsequently provided a technical assistance loan[3] to attract investment and modernise Sierra Leone's mining sector.

The SESA was undertaken in order to support legal and policy reforms and to assist in the country's economic recovery. The SESA created a platform for dialogue involving all key mining stakeholders including traditionally sidelined interest groups like villagers, civil society organisations (CSOs) and NGOs. SESA identified environmental and social priorities in the mining sector, assessed existing capacities for addressing these priorities, assessed how the proposed mining reform and the political economy of the existing mining sector would affect Sierra Leone's capacity to manage these priorities, and proposed an action plan to enhance this capacity during the implementation of the mining reform.

Process of SEA

The policy dialogue launched by the SESA has continued through two initiatives: the West Africa Minerals Sector Strategic Assessment that has brought a regional dimension into the policy dialogue, and, the Justice for the Poor programme that considers the application of law and accountability mechanisms in mining communities. Synergies between the SESA and these other initiatives have helped to mainstream environmental and social considerations in mining sector reform by providing more favourable conditions for institution building, greater transparency and enhanced participation of local governments and civil society. The greatest challenge lying ahead for Sierra Leone is to maintain capacity development and governance strengthening around the mining sector. This is not an easy task for a society devastated by years of internal conflict and resource mismanagement, where there is a huge demand for reducing poverty and unemployment.

The SESA was undertaken to comply with the World Bank's procedures on policy development lending, but the buy-in and involvement of Sierra Leone's government was also regarded as a priority. The government established an Inter-Sectoral Steering Committee of representatives of the transport, tourism, forestry, mining and other sectors, and the SESA was housed at the National Commission for Environment and Forestry (NACEF). The government's decision to locate the SESA at the NACEF was seen by the SESA team as a weak link in terms of influencing mining reforms. Efforts were therefore made to report to, and ensure the participation of, the Ministry of Mineral Resources (MMR) in all key SESA activities. The MMR subsequently participated along with the NACEF in the provincial workshops that established the SESA's priorities and discussed its findings and the national workshop, which validated the SESA's policy recommendations.

Stakeholder consultation

The SESA's ultimate purpose was to influence the reform of mining policy in ways that could help to ensure protection of the environment, and enhance potential environmental and social benefits arising from mining development. The SESA began by identifying key stakeholders who are directly or indirectly affected by mining. These include the government at all levels, local authorities, NGOs, representatives of women and children living in mining communities, miners and mining companies. In parallel, the key environmental and social issues arising from large-scale, small-scale and artisanal mining operations were identified. The results of both analyses provided essential information for stakeholders to exchange ideas through open participation in workshop sessions and to reach consensus on the environmental and social priorities for mining reform (Box 8.1).

Box 8.1. **Workshops for selecting SESA's priorities**

Workshops were organised in Sierra Leone's four provinces. Each workshop began with a presentation of SESA objectives, process stages and the main environmental and sustainable development issues in the Sierra Leone mining industry. Discussions covered between 20 and 25 issues presented by the SESA consultants, as well as other issues that stakeholders believed to be important. The stakeholders then prioritised each issue as being of high, medium, or low importance with respect to environmental and health risks, social and cultural risks, and the number of people affected. They were also asked whether they thought there was the political will to resolve each problem and their opinion on the cost of implementing a solution to the problem. Finally, they prioritised the issues vertically, choosing what they believed were the five most important issues to be resolved. In one workshop the prioritisation was done on a consensus basis (south), in two workshops it was done in stakeholder focus groups (east and north), and in the other workshop it was done individually (west).

Public participation included individual meetings with civil society and government officials, as well as site visits and the workshops. Analysis centred on understanding the behaviour of the key stakeholders in relation to the SESA's priorities. Key issues included how the behaviour of key stakeholders was affected by the incentives and constraints posed by the institutional and environmental regulatory framework. Examples included responses to the performance of the NACEF and the effects of local custom and law, including the land tenure system.

The analysis helped to clarify which institutional gaps and political economy drivers are most critical in leading to environmental degradation and social exclusion in mining activities in Sierra Leone. A similar assessment considered the extent to which planned policy reform would address these gaps and constraints, and hence what additional changes would need to be incorporated within the reforms to enhance their sustainability. Finally, the SESA assessed the risks that the proposed policy reform might be taken over or distorted by stakeholders in danger of losing advantages due to potential changes in the status quo.

The SESA's findings and recommendations were presented and validated by all key stakeholders at a national workshop held in Freetown in June 2007. In early 2008 the World Bank published an overview of the SESA findings and recommendations (World Bank, 2008b) as a contribution to the policy dialogue with the new administration of Sierra Leone headed by President Koroma (who was inaugurated in October 2007). The full SESA report was published in July 2008.

Main findings and recommendations of the SESA

Through the national and regional workshops, SESA stakeholders selected the following environmental and social priority concerns that would hamper sustainable development driven by mining growth unless they were resolved by mining reform:

- Cross-regional (national) priorities:
  - land and crop compensation and village relocation;
  - sanitation and water pollution;
  - deforestation and soil degradation;
  - child labour;
  - post-closure reclamation.
- Regional priorities:
  - mine employment (Southern province);
  - provision of infrastructure (especially paved roads and electricity) (Southern province);
  - community development and participation (Southern and Western provinces);
  - regulations to mitigate the negative impacts of blasting (Eastern province).

The failure of existing policies to address these priorities effectively was considered to have arisen from:

- imprecisely worded legislation and regulations;
- lack of specificity for mining activities that left interpretation to be determined on a case-by-case basis;
- poorly defined responsibilities for various ministries and between central, provincial and local authorities;
- lack of monitoring of company and miner performance;
- consistently weak implementation of laws and regulations that leaves enforcement to rely on voluntary initiatives and pressure from civil society.

The SESA confirmed that some of these shortcomings would be addressed by the proposed mining reform, including better definition of environmental requirements at all stages of mining operation and provisions to ensure that more of the revenues generated by mining operations would be destined for local communities and mining regions. However the SESA also identified other critical institutional and governance adjustments that would be needed. Most of these institutional weaknesses and political economy distortions revolve around land tenure issues and lack of monitoring and enforcement that go beyond the mining sector reforms. These include:

- asymmetries in power among stakeholders (for example, Chiefs), which are magnified by lack of transparency and accountability;
- customary relationships which have evolved out of the needs of an agrarian society and are ill-equipped to address temporary and high-risk environmental activities like mining;
- the existence of powerful individuals such as middlemen and traders who could easily take advantage of wide open, nonexistent or inconsistent negotiation frameworks.

The SESA concluded that complementary reforms would be required in other sectors including:

- strengthening governance for environmental and natural resources management;
- enhancing the contribution of mining to local development;
- effective incorporation of artisanal miners in mining reform.

Specific main recommendations from the SESA in these areas are summarised in Box 8.2.

Box 8.2. **Summary of key recommendations from the SESA**

Strengthening environmental governance

- clarify roles and responsibilities and strengthen capacities of key Sierra Leone environmental and mining sector institutions; establish monitoring frameworks that enable participation by local governments and civil society;
- address funding, governance, legal and regulatory issues that inhibit the performance of Sierra Leone's environmental protection agency (NACEF);
- facilitate access to justice by local groups against mining companies not adhering to environmental and social safeguards, including a dispute resolution mechanism;
- monitor and evaluate EIAs for both large-scale and mechanised small-scale mines, focusing on priorities identified by stakeholders, including compensation and reclamation of land, water management, sanitation and deforestation;
- communicate the results of EIAs to stakeholders and local communities while clearly identifying the social and environmental obligations of mining companies.

Contribution of mining to local development

- involve land users and villagers in allocation decisions for mining leases, licenses and infrastructure works;
- require tripartite negotiations among local communities, mining companies and government, involving women and youth in decisions that affect them;

Box 8.2 **Summary of key recommendations from the SESA (cont.)**

- include in the new mining law a compensation framework for people facing involuntary resettlement with a focus on enhancing long-term livelihoods of affected people and their families.

Effective incorporation of artisanal miners

- pilot innovative initiatives to help local communities and women benefit from artisanal mining while supporting development of alternative livelihoods to artisanal mining and reducing dependence on child labour;
- encourage the organisation of artisanal miners in co-operatives and associations, exposing them to innovative training programmes and marketing opportunities to increase their productivity and income and reduce their environmental and social footprint.

Results

Arguably, the main outcome of the SESA has been to deepen the policy dialogue around mining reform within Sierra Leone; between the Government of Sierra Leone and the World Bank; in West Africa, specifically the Manu River countries of Guinea, Liberia and Sierra Leone; and, in the World Bank's mining department. It remains to be seen in what ways this dialogue will be translated over time into specific policy changes. A greater understanding of the SESA's existing and potential influence on the mining reform will also be provided by independent reviewers who are undertaking an evaluation of the World Bank's pilot programme on SEA.[4]

In Sierra Leone, as in many other developing countries, stakeholders at the interface between environment and mining are not traditionally consulted when mining policies are formulated. This SESA broke the mould by giving all stakeholders, but particularly those usually sidelined from the policy dialogue, the opportunity to voice their concerns, set policy priorities and recommend specific policy interventions. The SESA team effectively worked as consultants for the SESA stakeholders to advise them on complex policy issues. Policy and institutional analysis prepared by the SESA team was subsequently considered by the stakeholders as an input from which to choose their own environmental and social priorities and validate revisions in mining reform.

The extent to which the SESA has helped to mainstream environmental and social considerations effectively into Sierra Leone's mining policy is still uncertain. However, progress is being made by the MMR in implementing reform that will potentially add clarity to the policy framework. For example, the Ministry is currently finalising Sierra Leone's new Mines and Minerals Act which will address, amongst other items, environmental protection, community development, and health and safety. The Government of Sierra Leone is also seeking to establish a National Minerals Agency designed to strengthen government capacity to manage the sector and to increase transparency. Amongst the salient factors that affect policy formation will be:

- the extent to which environmental constituencies are consolidated and strengthened in Sierra Leone;
- the gradual strengthening of the currently limited capacity of the state to regulate economic activities and promote public well-being.

Both of these are processes that go beyond mining reform and the ability of the SESA to promote social and policy change. Nevertheless, they may have been positively affected by the SESA.

Mining Technical Assistance Project

Further developments to support the implementation of the SESA recommendations are likely to arise from the Mining Technical Assistance Project (MTAP)[5] which is planned to support mining reform in Sierra Leone. It includes actions that deal with environmental and social risks and opportunities associated with mining development. The proposed interventions focus on institutional capacity building. These are:

- strengthening of environmental and social impact assessment regulations and procedures in line with the recommendations of the SESA;
- strengthening of the MMR's environmental unit;
- strengthening of the Sierra Leone environmental agency's capacity to monitor and control mining projects;
- supporting the preparation of laws, regulations and procedures for consultation, compensation and distribution of benefits from mining operations to villages and local communities.

The MTAP would also provide grants for capacity building of mining communities.

Proposals to mobilise government, industry and civil society actors under the goal of enhancing environmental and social management and alleviating poverty are unusual in mining reforms. The activities incorporated in the preparation of the MTAP cannot be solely linked to the SESA, as they may also have been inspired by good practice within the mining sector across the globe. Yet, it cannot be denied that the SESA's findings and particularly the policy dialogue created by the SESA has raised the profile of environmental and social priority issues in mining sector reform. Moreover, the SESA has provided the rationale for focusing the environmental dimension of the MTAP on capacity building and institutional strengthening as a prerequisite for sound environmental management in Sierra Leone's mining sector.

The role of access to land and mining rights

The SESA has also highlighted the fact that environmental and social impacts from mining are linked to processes for accessing land and mineral rights in Sierra Leone. In doing so the SESA has built on previous work, especially that undertaken by the Justice for the Poor.[6] In 2008, a new programme on Strengthening Community-Level Accountability in Sierra Leone's Mining Sector was launched by the Justice for the Poor. It seeks to increase the understanding of the way that local-level accountability is established by law and what actually happens in practice. Embracing the SESA's approach, it will stimulate public debate on accountability issues to inform and influence mining reform. The programme recognises the contribution of the SESA in clarifying and stressing the importance of good governance and institution building for promoting sustainable development in mining activities.

Regional co-ordination in West Africa

When the preparation of the MTAP started in 2006, it became evident that other West African mineral rich-countries also had a need to reform their mining policies. It became apparent that a regional approach for mining-induced development would need to be considered in order to achieve economies of scale, take advantage of global demand for goods and services, and develop a cost-effective infrastructure given the small size and low development levels of West African national economies. In February 2008, West African Anglophone and francophone countries convened in Conakry, Guinea, and agreed to explore a regional initiative involving gradual harmonisation of mining policies and legislation. The Manu River countries of Guinea, Liberia and Sierra Leone agreed to pilot the regional approach supported by the World Bank and other donors. Over time this initiative has evolved into a regional programme, the Africa Mineral Governance Project (AMGP), bringing together all African countries that share the Africa Mining Vision 2050.7 This programme will be supported by the World Bank in close partnership with other donors, such as the African Development Bank, African Union, European Union, French Development Agency, USAID, DFID, UNDP and GIZ.

A strategic assessment called the West Africa Mineral Sector Strategic Assessment (WAMSSA) was launched in 2008 to inform the preparation of the AMGP. It focuses on environmental and social issues associated with sub-regional mining development in the Manu River Union of the countries piloting the AMGP. The WAMSSA's approach has been based on the SESA with a more ambitious policy dialogue that extends from the local to the national and the sub-regional levels (a brief description of WAMSSA is provided in Box 8.3). The WAMSSA is keeping alive the policy dialogue opened by the SESA because Sierra Leone is a potential beneficiary of the AMGP, but the WAMSSA also complements the SESA as it will provide the regional dimension of the environmental and social challenges of mining-induced development of Sierra Leone.

Box 8.3. **The West Africa Mineral Sector Strategic Assessment (WAMSSA)**

The primary objective of the WAMSSA is to *i)* identify the regional policy, institutional and regulatory adjustments required to integrate social and environmental considerations into minerals sector development and *ii)* formulate recommendations that enhance the wider environmental and social benefits of mining sector development in regional infrastructure development and economic diversification. The WAMSSA is a policy dialogue based on a participatory process with communities, mining companies, governments and experts; and an analysis of the issues at stake. The participatory process and the analytical component complement each other in a process that is concluded at a final validation of the outcomes.

The specific outcomes of the WAMSSA, which will feed into the Africa Mineral Governance Project, are: *i)* broadened regional dialogue on harmonisation of environmental and social policies related to mining, *ii)* greater donor co-ordination on regional integration around mining and *iii)* a policy action matrix and implementation modalities for environmental and social issues at the regional level and by country as required for mining to be a regional driver for economic integration and sustainable development.

The WAMSSA aims therefore to contribute to the informed engagement and participation of West African regional institutions (the Economic Community of West African States, the West African Economic and Monetary Union, Manu River Union, the New Partnership for Africa's Development, international finance institutions, development partners, the mining industry, NGOs and CSOs) in a regional dialogue on mining and sustainable development.

Higher profile of SEA within the donor agency

When first developed, SEAs were perceived within the World Bank's mining department as another tool developed by environmentalists for environmentalists. However, these mining specialists now recognise that an SEA, including social considerations, is a process that provides a greater understanding of larger environmental, social and political economy policy issues that are critical for the success of any mining reform. Moreover, the policy dialogue set in motion by the SESA is regarded as a necessary process to elicit the views of key stakeholders including local communities and grassroots organisations. It also contributes to policy effectiveness by lowering the likelihood of potential conflicts around mining development as well as stepping up the legitimacy of mining sector reforms.

The SESA has had an unintended but significant impact in setting the context for SEA to be used as a mining sector tool for policy formulation at the World Bank. Since the Sierra Leone SESA was undertaken, application of strategic environmental and social assessment in the World Bank's mining supported projects has increased in different regions and countries such as Eastern Europe (Kosovo), South Asia (Pakistan), Eastern Asia and Pacific (Papua New Guinea), and Africa (West Africa and Malawi).

Lessons learned

It is often said that planning is easier to achieve than implementation; this is certainly true for the SESA. While the SESA national validation workshop took place in June 2007 and the SESA report was completed in July 2008, the main components of the mining reform in Sierra Leone were still under consideration in early 2009.

Keeping the policy dialogue alive after the SEA report

In a country with severe constraints in institutional memory and capacity, incipient checks-and-balances mechanisms and a new administration, the greatest challenge lies in keeping the policy dialogue alive and delivering on the findings and recommendations of the SESA. Both the programme on Strengthening Community-Level Accountability in Sierra Leone's Mining Sector and WAMSSA have had some influence in this respect. It is anticipated that the new administration will own the WAMSSA process and will therefore recognise and support the SESA that preceded (and to some extent created) the WAMSSA. However, this is only a fortunate coincidence that raises the important issue of the need for long-term stakeholder involvement and protracted dialogue for effective policy SEA.

For SEA, like EIA, the greatest risk of failure emerges once the SEA/EIA report is completed. Implementation of EIA's environmental management plans is often limited because of lack of adequate monitoring and enforcement. With regards to the SEA, unless there are inherently strong environmental and social constituencies, the implementation of policy recommendations is left completely to the goodwill of governments. When transparency is weak, there is little or no judicial independence from the executive branch, and there are poor or non-existent grievance-redressing institutions. Governments are invariably ineffective in regulating themselves. This is why the policy dialogue within SEA and mobilisation of environmental and social constituencies needs to be extended beyond the preparation of the SEA report. In the SESA this came through the WAMSSA; it would be advisable that other SEA initiatives plan for a sound post-report implementation process in advance.

A fragile state requires sustained institutional capacity building

In a country like Sierra Leone where institutional capacity, good governance and the rule of law were devastated by years of internal conflict and resource mismanagement in diamond mining, a process like the SESA may be compared with a drop of water falling into a pool. It may create some ripples in the short term but it may not make a difference in the long term. Capacity building, institutional strengthening and the development of a strong checks-and-balances system will require sustained efforts over long periods. This is why it is critical to adopt a strategic approach not only by choosing priorities as part of the SEA but also by using SEAs to inform policy process and high-level plans. An effective SEA of policy reform can only result from one or a few SEAs undertaken in critical sectors only. The selection of SESA has been strategic because of the importance and unique economic role of mining in Sierra Leone.

All in all, the main lesson emerging from the SESA points to the need to avoid thinking of an SEA as a short-term process leading to the preparation of a report to influence decision-making. Instead, an SEA needs to be a sustained process focused on one or a few key sectors under a framework for long-term policy dialogue and a protracted effort for institutional strengthening. Unless these conditions are met, it is unlikely that SEAs will make a lasting contribution to environmental and social sustainability. To achieve sustainability, SEAs need to make policies progressively more responsive to public well-being, avoiding policy capture by political elites or powerful interest groups. The SESA was planned in a more traditional and modest way. However, because of the WAMSSA and the Justice for the Poor programme, it may turn out to be an innovative and promising process supporting not only the formulation but also the implementation of the mining sector reform in Sierra Leone.

Notes

1. Fernando Loayza is senior SEA specialist at the World Bank. Also note that some part of this paper draw heavily on World Bank (2008a).
2. The World Bank uses the term "strategic environmental and social assessment" instead of the more general "strategic environmental assessment".
3. Mining Technical Assistance Project (MTAP).
4. Preliminary results from this evaluation were released in June 2009 and revised results in June 2010.
5. Currently, the MTAP is intended to be converted from a country-specific operation into the first in a series of projects under the recently proposed Africa Mineral Governance Project (AMGP).
6. Justice for the Poor is a World Bank research and policy programme dedicated to the theoretical and practical challenges of promoting justice reform in a number of countries in Africa, East Asia and the Pacific.
7. Africa Mining Vision 2050 focuses on resource exploitation, infrastructure, labour force and skills, taxation, mining inputs, technologies, licensing and governance and aims over time to see sustained and sustainable development of mining and mining-related infrastructure.

Reference

World Bank (2008b), *Contributions to Policy Dialogue in Sierra Leone Trade, Mining, the Environment, Youth Employment and Social Accountability. Overview of Four Recent World Bank Studies,* Freetown.

Chapter 9

Honduras: Strategic Environmental Assessment on Municipal Development Plans

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Honduras introduced SEA in the planning process of Municipal Development Plans. This exercise started with pilot experiments in 10 municipalities, and is expected to be introduced in other municipalities. Although the outcome of the pilot SEA process was largely positive, developing technical capacity and ensuring financial sustainability still remain as important challenges.

Context

Honduras is one of the poorest countries in Latin America. Low levels of economic development and education are compounded by problems related to environmental degradation. Extreme vulnerability to recurring natural disasters and poor environmental resource management contribute to air and water pollution, deforestation, water scarcity, soil erosion and desertification. Environmental degradation exacerbates the problems of the rural poor, who depend heavily on natural resources for basic food production, fuel, water and income generation.

Honduras is party to the main United Nations conventions on protecting biodiversity, combating desertification and addressing climate change. It co-operates with various international actors to eradicate poverty and promote the sustainable use of natural resources. Honduras recognises the need to improve local development plans in order to achieve these objectives. It has made some progress in democratic decentralised processes in the recent past, as this case study will show.

Municipal Development Plans and environmental challenges

In order to achieve the goals established in its Poverty Reduction Strategy, the Government of Honduras has created a devolved system whereby Municipalities develop and implement Municipal Development Plans (MDPs). The MDPs guide the day-to-day planning and the management of investments and actions which contribute to the development of municipalities. MDP processes are required to be participatory; it is essential that the citizens of each municipality in question play an active role in formulating the plan.

However, shortcomings have been observed in the way MDPs are formulated; these include a lack of attention to environmental, social and economic factors in the planning phases. Although environmental degradation is a key factor contributing to poverty in many municipalities, this dimension of development has seldom been addressed in sufficient detail in the MDPs.

When, in 2008, municipalities were required to update their MDPs in order to qualify for the IMF Poverty Reduction Strategy Fund, it was an opportunity to improve the planning process, bringing the MDPs in line with national land use legislation and improve the mainstreaming of environmental issues within municipal planning procedures.

Process of SEA

It was decided that a Strategic Environmental Assessment could help to update the MDPs. The first pilot SEA was implemented during the planning process which led to the revised MDPs, at the start of January 2008. The process commenced with an initial training course for stakeholders, and the first final MDP drafts were produced in June 2009. Beside technical and methodological support, bilateral and multilateral co-operation partners covered the costs for the development of guidelines, local consultations, workshops, training and capacity-building activities.

The focus of this SEA exercise, considered a pilot project, was on:

- capacity development for municipal technicians;

- facilitating co-ordination with different national government institutions, such as the Ministry of the Interior and Justice (Secretaría de Gobernación y Justicia) and the Ministry of Natural Resources and Environment (Secretaría de Recursos Naturales y Ambiente), and various organisations, such as the GIZ, the International Union for Conservation of Nature and the Global Mechanism of the United Nations Convention to Combat Desertification;
- learning and innovation to ensure that lessons learned in this process are useful to other actors interested in updating MDPs.

The rationale behind the approach was three-fold: to ensure that the environment was adequately taken into account in the MDP planning process, to ensure SEA and planning capacities were developed and retained in the municipalities themselves, and to promote SEAs as a tool for environmental integration in municipal planning at the national level.

Capacity development for SEA

The municipalities carried out the SEAs and planning themselves; having been provided with training and ongoing support to equip them with the necessary skills and know-how. Training was provided to local technicians through three one-week seminars delivered by international experts and follow-up was provided throughout the planning/SEA process.

Thus the SEAs were implemented by municipal authorities and technicians, with the support of the Ministry of Natural Resources and Environment, assisted by international organisations, such as the GIZ (on behalf of the German Federal Ministry for Economic Co-operation and Development); the International Union for Conservation and Nature (IUCN) and the Global Mechanism of the United Nations Convention to Combat Desertification.

Training and support was structured as in Figure 9.1.

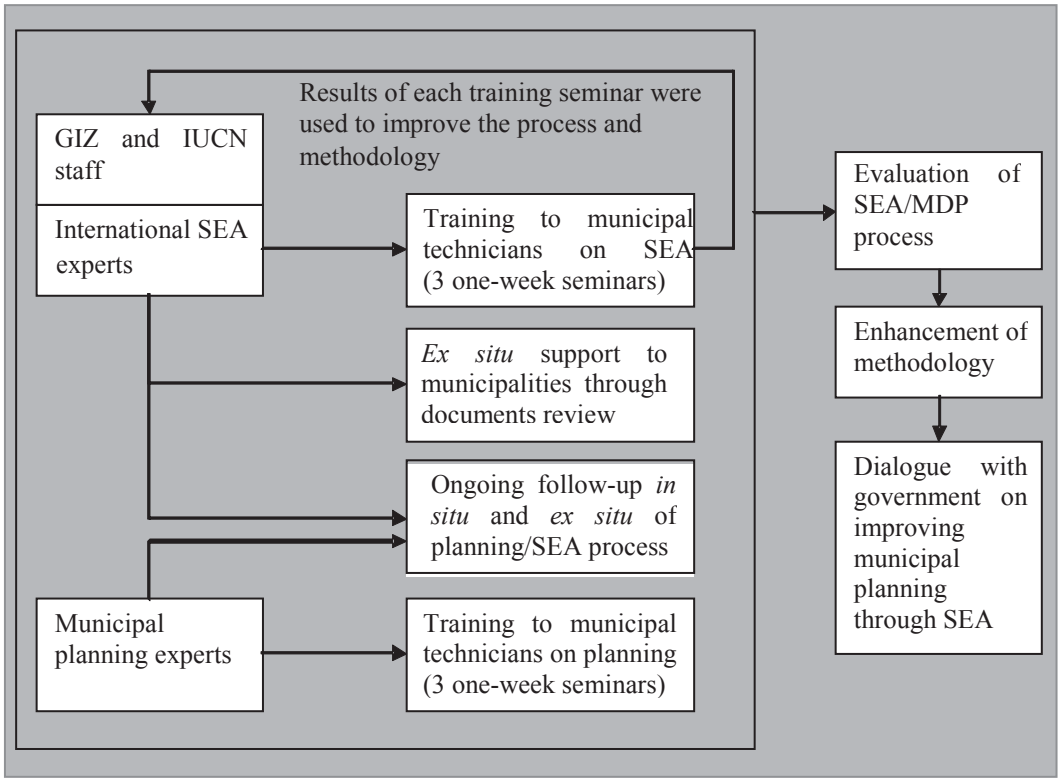
Promoting SEA

An ongoing dialogue with the Government of Honduras (mainly the Ministry of the Interior and Justice, and the Ministry of Natural Resources and Environment) promoted SEA as a tool for municipal planning. These efforts were reinforced by the pilot experience. A manual detailing guidelines to implement an integrated planning/SEA process was prepared to assist future implementation.

As a result, SEAs became an integral (although nominally separate) component of the MDP review and updating process. The SEA pilot was carried out in 10 municipalities from the Departments of Choluteca (8 municipalities) and Olancho (2 municipalities).[2]

The SEA process used was based on the SEA guidance, as well as the process developed by the Central American Commission for Environment and Development (Unidad de política y gestión ambiental, 2007), which are highly complementary. Experience acquired by the Netherlands Development Co-operation Agency (SNV) in the use of other tools, such as strategic environmental analysis, also provided useful inputs.

Figure 9.1. **The structure of SEA training and support**



Four key steps in implementing SEA

The SEA paralleled the review and the updating of the MDPs. The MDP review and updating can be divided in four stages: preparation, diagnosis, planning, and consolidation and approval.

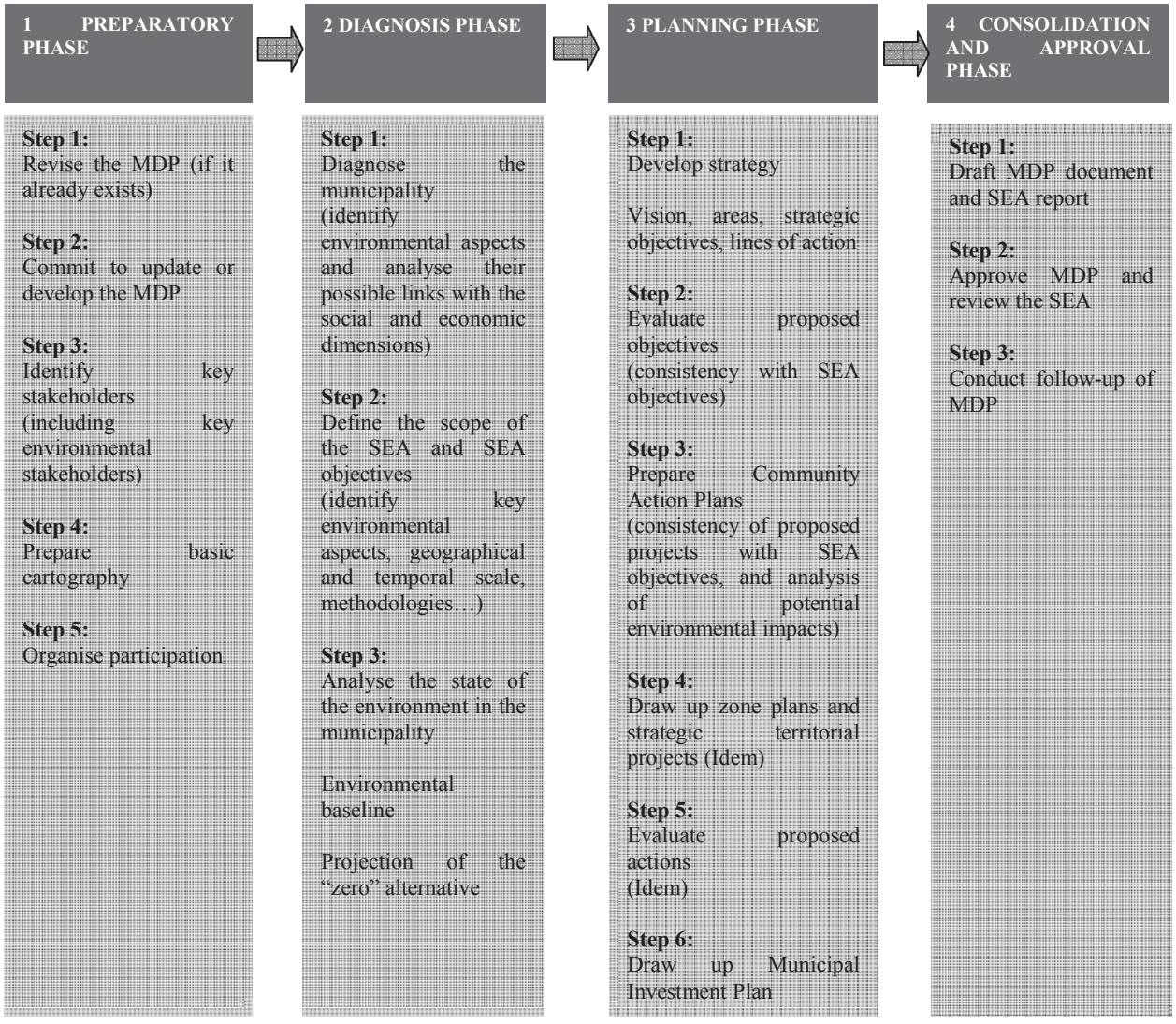
The process is summarised in a diagram below (Figure 9.2), where the SEA components are highlighted in blue. For example, the diagnosis explicitly includes an analysis of the environmental situation and of the links between the environment and the social and economic situation of the municipality.

The planning process associated with the implementation of the SEA was based on consultation with the general public and included the following steps:

- municipal assessment (diagnosis): identify environmental, economic, social and institutional factors key to the development of municipalities, including an explicit reflection of the links between environmental factors and development;
- the municipal assessment led to the identification of key environmental aspects of importance to the municipality. These, in turn, were used to define SEA objectives;
- an environmental baseline was prepared, focusing on the key environmental aspects, and the "zero" alternative developed (projection into the future of environmental sustainability under the assumption of no MDP);

- formulation and evaluation of priority strategic development goals, taking into account consistency with environmental recommendations and SEA objectives;
- identification and prioritisation of municipal projects based on environmental criteria;
- evaluation of proposed actions and identification of measures to mitigate adverse environmental effects;
- design of a monitoring and evaluation system, including environmental indicators.

Figure 9.2. **Steps taken for SEA in Honduras**



Results

Thanks to the implementation of SEAs within the municipal planning processes in Honduras, it is possible to better mainstream environmental concerns within the MDPs. The process of conducting SEAs has brought positive learning experiences to all

stakeholders, and lessons learned can be applied to future municipal planning processes. Significant achievements include:

- **Enhanced actions on International Convention commitments**. The new national plans ensured the implementation of goals and actions that Honduras has signed up in its commitments to international conventions. These include measures in the National Action Programme to Combat Desertification such as: 1- institutional strengthening and the development of local capacities to manage natural resources, the environment and sustainable production systems effectively; and 2- the implementation of land use and natural resource management, defined by resource users in participatory processes and promoted in the MDPs.
- **More investment in sustainable natural resource management.** Examples include the use of rainwater tanks and improved wood stoves in the southern regions, and the designation and management of water supply micro-watersheds.
- **Policies to enhance resilience to climate change and natural hazards.** Areas prone to drought, flooding, wildfire and other natural hazards were identified, and measures to mitigate these risks were defined.
- **Key environmental factors were identified**. Environmental factors were identified and their implications for the economic, social and institutional sectors determined. For example, drought (identified as a key environmental factor affecting municipalities located in the southern area of Honduras) and its impact on land productivity, food availability and income generation was analysed during the planning process. Several other examples of links between the environment and social and economic development were identified and reflected in the MDPs. These include integrating environmental education in school curricula; the contribution of environmental degradation to poor health; the idea that projects aimed at extending piped water be accompanied by campaigns to promote efficient water use and savings; the need to enhance environmental governance, etc.

Actors and institutions have learned and adopted new skills:

- **The SEA tool was adopted** by the authorities as an instrument to support local management.
- **Improved planning processes** have been put in place by the authorities as a result of calls for transparency and active participation.
- **Higher technical capacity.** The expertise of municipal technical personnel was improved so that they can now spearhead efforts to formulate and implement local development plans.

Follow-up and remaining challenges

The 2009 political crisis abruptly stopped the rolling out and institutionalisation of SEAs. In June 2009, before the *coup d'état*, the MDP updating and SEA processes were in their final stages, and full completion was expected by July 2009. An assessment of the pilot process was being completed in order to better present findings to the government, and the approach was fine-tuned. At the time of writing, however, no prediction can be made with regard to the government's commitment or to the financial sustainability of the process.

Nonetheless, the pilot project has generated interest within the national authorities to carry out similar processes. Currently, the norms for updating MDPs already make reference to SEA. Before the *coup d'état*, the Ministry of Interior and Justice had started to develop the methodological guidelines for updating MDPs, including SEAs as part of the process. Both the norms and methodological guidance for MDPs developed by the national institutions (which include using SEAs), may guarantee the continuity of this approach. New training processes are expected to be held by the Secretary of Governance and Justice, funded under the national budget with the assistance of international co-operation.

Lessons learned

The achievements of this SEA pilot project were many and positive. Many lessons were learned which will be useful to improve future pilot projects:

- **Full commitment of the local authorities was essential for success, though financial resources for duplication are limited.** The planning and SEA process used were much more demanding than the basic MDP updates commonly carried out by local authorities. Demands were therefore much higher in terms of time dedication, resources employed (financial and human) and technical capacities. In the foreseeable future it may not be feasible to commit this much time and financial resources to Municipal planning processes, and any duplication or follow up would require external technical and financial support. Nevertheless capacities developed pave the way for more efficient future planning processes.
- **Full support and commitment of local technicians was critical** to support local authorities. Local technicians had to dedicate extra time, including time away from their communities for training, all of which was essential for success.
- **Too many municipalities were selected for the pilot experience.** This placed a large work load on the donors supporting the process to ensure effective ongoing support to the planning and SEA processes, and which could not be met to the degree desired. Future assessment experiences could better be limited to only two or three municipalities.
- **SEA may reveal sensitive issues on resource distribution**. The SEA and planning processes revealed how access to natural resources is distributed among members of the municipality. Although this has not led to conflict, thanks to professional facilitation, national and local governments need to be aware that sustainable development sometimes involves difficult negotiations between interests. In the south, for instance, investors from outside the municipalities are the owners of the best irrigated lands next to the rivers and the smallholders are forced to cultivate increasingly marginal lands on slopes prone to soil erosion in the higher parts of the watersheds. While this situation was not challenged in principle during the planning process (smallholders simply claimed technical and financial assistance to be able to diversify and make their farming systems more productive), access to land and water could easily become an issue in the future.
- **Lack of reliable information was a major constraint**. There were important limitations in the quantity and quality of information available (*e.g.* to prepare the environmental baseline and the "zero" alternative), and the generation of such

information was beyond the scope of resources and time available. Gaps in information were to a certain extent covered by local knowledge.

- **Public participation was very positive and essential for success.** Extensive participatory workshops were organised, ensuring all elements of the MDP/SEA process reflected the concerns of the local population.
- **It was imperative to carefully design the integrated planning and SEA processes from the start.** Although the general contents of MDP review/updating are specified in regulations and official guidance, the details of the process reflect large variations across the country. The planning process used in Honduras presents limitations to how SEAs can be incorporated, and efforts were necessary to agree on the most adequate approach. Agreement on the step by step planning and SEA processes to be used is a must.
- **The financial sustainability of this process is questionable** due to the limitation of financial resources available for municipal authorities. Although part of the process was funded by the municipalities themselves, most of the municipalities in Honduras require external funding to carry out their MDP development and updating. However, a training/capacity-building component is aimed at reducing this dependency.

Notes

1. María Delfina Flores, Anselm Duchrow, Bernhard Frey and Axel Olearius work at Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. Juan Palerm is an independent consultant. Marta Pérez de Madrid works at the International Union for Conservation of Nature (IUCN).
2. In Choluteca: Duyure, Namasigüe, San Marcos de Colón, Santa Ana de Yusguare, El Corpus, Orocuina, Morolica, El Triunfo; and in Olancho: San Esteban and Gualaco.

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Chapter 10

Montenegro: Strategic Environmental Assessment on the National Spatial Plan

Contributors: Peter Nelson, Bobbi Schijf, Marina Markovic
(with inputs from Biljana Djurovic)[1]

The first SEA pilot generated a lot of interest, and showed good receptiveness to SEA in Montenegro, but also demonstrated that there is limited SEA expertise available within the country. The SEA pilot provided useful practical illustrations of what an SEA can contribute. Perhaps most importantly, this case study shows how a successful SEA process can provide a better understanding of the cumulative impacts of a series of smaller projects, thus preventing costly mistakes as well as providing better insight in the trade-offs between environmental, economic and social issues.

Context

Situated in South East Europe, Montenegro is a small but very rich and diverse country in terms of landscape, biodiversity, climate and natural resources. Currently, it is one of the fastest growing economies among the Balkan states. However, rapid and poorly constructed development, combined with ineffective planning and environmental controls, pose significant threats to long-term prosperity and quality of life, despite the designation of Montenegro as "an ecological State" within the Constitution.

Socialist past and European future

Montenegro has been an independent country since May 2006, emerging from a period of isolation and instability during the Balkan conflicts of the 1990s. Formerly part of Yugoslavia and administered by a centralist socialist government, Montenegro is in transition to a market economy. The country had the fastest growing tourism economy in Europe in 2007 and has attracted a high level of investment.

Montenegro exhibits many characteristics of western European economies but, not surprisingly, it still retains strong links to its socialist past. The draft National Spatial Plan (NSP) had been prepared according to the format of earlier plans under the 1995 Planning Act. A key feature of such plans is a strong emphasis on previous five-year programmes for transport, infrastructure and energy development, and the rolling forward of these initiatives.

Historically, planning was reserved for the central government and there was little consultation with the public, although academic institutes were actively engaged in the planning process. Montenegro's aspirations to join the EU have led to efforts to harmonise with European legislation and practices, including the EU SEA Directive (2001/42/EC). The application of SEAs to Montenegrin planning procedures introduces new elements such as an explicit analysis of trade-offs, while strengthening existing practices in areas such as participation.

Publication of the draft NSP in August 2006 paved the way for the first pilot SEA in Montenegro. SEA legislation had been adopted in Montenegro in 2005 and was scheduled to come into force in 2008. Launched as a capacity development exercise for government officials and NGOs, the SEA rapidly became a central part of the public debate on the direction of development in Montenegro. Its findings highlighted policy inconsistencies and consequences and featured prominently on national television and in regional consultation meetings on the draft plan.

Process of SEA

The draft NSP was chosen as a pilot for the SEA because the timing of the plan coincided with the SEA capacity development efforts, but also because of the far-reaching environmental and social consequences such a plan could entail. The NSP addresses such major issues as the choice and location of hydro-energy power stations, the routing of strategic road corridors, population and economic imbalances among the northern (mountainous) and central and coastal regions, and the management of tourism development pressures.

Local actors and development partners

At the outset, the development of the NSP was the responsibility of the Ministry of Environmental Protection and Physical Planning, and it proposed to undertake the SEA for the NSP. The SEA was then incorporated into a regional SEA training and capacity-building programme initiated by the World Bank and implemented by the Netherlands Commission on Environmental Assessment.

A subsequent ministerial shuffle transferred environmental protection to the new Ministry of Tourism and Environment, while spatial planning became a function of the Ministry of Economic Development. In addition, an independent review commission of some 20 expert members was given the responsibility for commenting on each relevant milestone in the process. The review commission had an important role (its recommendations being mandatory) and it shared responsibility for the contents of the NSP. In addition, the SEA conclusions were presented to the Parliamentary Committee on Economic Planning and to the National Council on Sustainable Development.

Donor support for institutional and governance reform in Montenegro has been very considerable over the last three to four years, prompted both by the declared aim of the government to seek membership in the European Union, and also by the need to address ongoing residual political tensions within the region. Support to the process of developing the NSP included both technical and financial inputs, principally by the GIZ and World Bank. In parallel with the final drafting of the NSP, UNDP supported the public participation process for the SEA (using Swedish funds). The World Bank, UNDP and GIZ were in constant contact, both formally and informally.

Gaining expertise

Shared understanding of the scope, purpose and role of the SEA changed over the course of the SEA development. The initial brief and advisory terms of reference prepared by the Netherlands Commission for Environmental Assessment in April 2006 called for a fully integrated study involving government departments and specialists, with an external international expert acting as facilitator and trainer, working over a six-month period. It was intended that the SEA should focus on a few key environmental issues (infrastructure and energy, in particular) and should demonstrate the likely outcomes of alternatives to assist decision makers in their choice of development trajectory.

However, the formal terms of reference issued by the World Bank invited international companies to tender, rather than seeking to involve ministries directly. This was due to a lack of in-country capacity and insufficient time on the part of government staff to engage in the pilot SEA exercise, as well as meeting the tight and often changing time frame for plan development.

Drafting of the NSP itself was contracted out to a private sector consortium led by the engineering and planning firm, Montenegro Inzinjering, and supported by specialist planning consultants from Belgrade and Ljubljana. The SEA was tendered internationally and undertaken by Land Use Consultants (UK) with assistance from a local NGO, EXPEDITIO, specialising in architecture and sustainable development.[2]

Broadening the focus

After Land Use Consultants had undertaken a brief but intense scoping study, it was agreed that the SEA should examine *all* aspects of the NSP, since its findings would be released in the public domain as part of a national debate on the NSP. This meant that the

focus should not be restricted to key environmental themes or strategic alternatives since the NSP addressed a wide range of environmental, social and economic challenges. The scoping report recommended application of a detailed methodology based on the SEA guidance.

In order to assess individual policies of the plan, a set of sustainability criteria was drawn up, based on key objectives in relevant government policy documents (including the National Strategy for Sustainable Development) and the environmental criteria in the European SEA Directive. Each section of the NSP was examined to determine environmental risks and opportunities arising from specific policy objectives. This examination relied mainly on expert judgment.

Dialogue between planners and the SEA team

The timing of the SEA in relation to the closing stages of plan drafting made it difficult to fully integrate SEA findings into the planning process. A good level of debate was nevertheless possible between the plan authors, Ministry of Environmental Protection and Physical Planning, Ministry of Economic Development and the SEA team. This was remarkable, given that discussions often covered contentious issues and were undertaken, through translation, in the course of public meetings. A similar dialogue also took place between the SEA authors and NGOs representing the public interest.

During the course of the SEA, there were many complex political and economic arguments within government, parliament and the public arena about the content of the plan. One of the principal reasons for the long gestation of the plan had been the government's difficulties with developing a coherent and comprehensive plan that would address free market economic issues after many decades of a planning system that was centrally controlled and conducted without public involvement.

Results

The NSP, formally adopted by the government in March 2008, incorporated a number of recommendations of the SEA. One of the principal findings of the SEA related to the absence of specific policy statements, targets and action plans for the delivery of planning objectives. The final NSP did take these into account, along with several other SEA recommendations. For example, the SEA recommendations pertinent to tourism were addressed by introducing guidelines that call for sustainability requirements in tourism development.

However, the majority of observations in the SEA on the need to make hard choices on energy supply options and the selection of preferred highway corridors were not incorporated in the NSP. According to the NSP, proposals for follow-up activities to the SEA recommendations are intended to be covered in subsequent, lower-tier spatial plans.

Perhaps more importantly, the SEA made a highly valuable contribution to the public discussion that was part of the plan development. It affected attitudes and built the capacity of some of the stakeholders, most notably members of the civil sector who played a prominent and constructive role in the process. On the other hand, the SEA did not impact substantially on the development of institutional capacities.

Donor harmonisation

This Montenegrin case is an excellent example of donor harmonisation and division of labour. While the World Bank and the Netherlands Environmental Assessment Commission concentrated on technical support for the SEA, GIZ supported the analytical studies on which the plan was based, and the UNDP supported the public participation process. The UNDP shared the SEA report with the relevant stakeholders who participated in the public debates, and organised round table discussions in all regions. The SEA was one of the main reference documents for the UNDP, NGOs and other players in the international community for comments on the draft NSP. In addition, the latest European Commission report on Montenegro has many references to the SEA.

However, one issue which has not yet been resolved is how to transfer real ownership of the SEA process, and the skills and experience needed to undertake SEAs to Montenegrin authorities and consultancies.

Lessons learned

- **Expectations for a single SEA should not be set too high**, especially where the process is being used for the first time. Attitudes of key stakeholders are often entrenched and the shift towards more balanced and open planning will not happen overnight. On the other hand, the groundswell of interest in use of an SEA in Montenegro has been very striking and future planning processes will likely receive a stronger public and NGO response.
- **Flexibility is a key requirement.** This case highlights the dynamic nature of the planning process and the need to tailor each SEA approach to rapidly changing institutional contexts. If a time frame for an SEA is very limited, such flexibility is more difficult to achieve. This case also demonstrates, once again, that an SEA is likely to be more influential when it is started early in the planning process.
- **For the purpose of spatial planning, an SEA needs to give equal weight to economic and social dimensions**. Spatial planning poses unique challenges because of the integrated nature of environmental, social and economic issues. In this context, the SEA needs to be carried out differently from sectoral SEAs, which often have a greater focus on the environmental consequences of a given policy, plan or programme.

Notes

1. Peter Nelson is the Principal of Land Use Consultants, based in the UK. Bobbi Schijf works at the Netherlands Commission for Environmental Assessment. Marina Markovic works at the Priority Actions Programme Regional Activity Centre (PAP/RAC). Biljana Djurovic works at the Montenegrin Ministry of Tourism and Environment.

2. The SEA was overseen by the environmental officer responsible for SEA/EIA in the Ministry of Environmental Protection and Physical Planning. Within Land Use Consultants, the work was undertaken by three specialists covering environmental, social and economic disciplines with a fixed price budget of USD 50 000 contributed by the World Bank. An overrun in costs (20%) was incurred by the consultancy team in order to deliver the required product.

Conclusion

Contributors: Peter Nelson, Barry Sadler and Jonathan Hobbs

This concluding chapter draws together a number of themes that run through the book and presents the findings and tentative conclusions. A final section makes some recommendations for further development of SEA practice in development co-operation. This chapter is drafted from the perspective of the editors and their conclusions and recommendations are designed to stimulate further discussion and review, rather than set out a prescribed course of action.

What this review did

The goals of this review were to:

- illustrate how SEA can be applied in development co-operation through detailed case studies;
- review the outcome of SEAs by examining how the SEA process changed original policies, plans and programmes;
- derive lessons to be learned for future practices.

The first goal has been achieved through detailed description and analysis of the nine case studies. These case studies provide development co-operation practitioners with excellent cases to learn lessons from.

This chapter aims to conclude the review by summarising the outcome of each SEA application case and by deriving general lessons applicable to future practice.

Did SEA make a difference?

The case studies make it clear that once an SEA process has been launched, environmental issues are more likely to be given greater coverage alongside social and economic topics. This does not mean that environment concerns will automatically be given higher priority where difficult trade-offs are required, but does suggest that decisions are more likely to take account of SEA findings including the results of public consultations and stakeholder views.

Where an SEA is built into the process of formulating policies, plans and programmes, it is more likely to change attitudes and procedures in government. For example, the latest statement of policies on Natural Resources and Environment from Ghana has emphasised the role of SEAs: "Strategic Environmental Assessment (SEA) and related sustainable development appraisal and impact monitoring processes will be employed at all levels to ensure that environment is both visible and mainstreamed in the text of policies, plans and programmes and related MTEFs / budgets."

However, as each of the case studies in this volume confirms, SEAs of national policies and plans invariably place as much emphasis on social and economic factors as they do on environmental ones, and most policy-level SEAs involve a wide range of ministries, NGOs, civil society representatives and sometimes even parliamentarians as stakeholders, as described in the Sierra Leone case study. This is generally seen as a positive development that helps to place the environment centre stage along with social and economic concerns.

In many situations, commissioning agencies for SEAs will be Ministries for Financial and Economic Planning, Mining, Transport, Water and other development sectors. Technical support may come from external agencies, the Ministry of Environment or an Environmental Protection Agency, but the drivers of the SEA process are likely to be politically, commercially or industrially motivated. High-level SEAs can cover critical issues relating to political and legal reform, control of corruption, macroeconomics and financial budgeting. Therefore a strong case can be made for the inclusion of SEAs in formative work on country programmes and strategies, especially where multi-donor budgetary support is anticipated. In this capacity an SEA offers a valuable tool for supporting new approaches to multi-sector budget support.

Convincing sceptical senior administrators of the value of SEAs will usually fall to task team members and other environmental advisors. At local level, responsibility for identifying the role and need for an SEA invariably rests with individual staff who may themselves have no direct training in environmental matters, and will also be managing wide-ranging portfolios for poverty alleviation, gender reform, health, governance, decentralisation and a host of other priorities on the development agenda. A recurring problem exists in ensuring that these staff members are kept up to date and give priority access to SEA capacity building where appropriate. This suggests that appropriate training in the use of SEAs as a planning and management tool should be developed for all staff of development agencies, in addition to the current focus of awareness-raising about the merits of SEAs within partner countries.

References to the SEA Guidance

Specific reference is made to the SEA guidance in four of the nine case studies, (Benin, Ghana, Montenegro and Namibia), although the detailed methodology was only used in the case of Montenegro. Two of the case studies (Mauritius and Sierra Leone) followed EU and World Bank frameworks. However, in most if not all of the examples, the SEA guidance was referred to, along with other standard text book approaches.

Ownership and capacity development of SEA

All of the case studies have involved local stakeholders and, in most examples, local consultants have participated in preparation of the SEA. But, with the exception of Ghana, most SEAs have been led by international specialists and the actual level of engagement of government personnel has varied.

However, developing capacity to conduct SEAs requires a long-term view. It is clear that a substantial amount of motivation and capacity building will be required before most partner countries are in a position not only to manage but also to staff their own SEA programmes. This finding is not surprising, if the parallel process of developing EIA skills and good practice is considered as an example. In most countries (including the more advanced industrialised nations) five to ten years of practical experience was required before the majority of EIAs reached acceptable standards.

Key findings

Outcomes and lessons in each of the nine case studies have been reviewed in order to look for similarities and differences of view. Interestingly a consistent pattern emerges and there are no substantive areas of disagreement. The findings have been grouped together by common theme.

1-SEAs contribute to development effectiveness and harmonisation

The 2008 DAC High Level Meeting endorsed a Policy Statement on SEA, which highlights the value and importance of harmonised SEA approaches as outlined in the Paris Declaration and aims to signal high-level collective commitment to their implementation**.** The experience of using SEAs in Benin and Ghana to review their poverty reduction strategies has clearly demonstrated the value of the process in helping to ensure that aid programmes are effectively targeted, and that donors can work together more effectively. SEAs played an important role in the review of mining policy in Sierra Leone and the related assessment of the minerals sector in West Africa. The SEA not

only brought together ministries within individual governments and civil and marginalised sections of society, it also promoted increased co-operation among adjacent countries in the region. There are encouraging signs that donors are collaborating more in developing and promoting capacity-building exercises to achieve further harmonisation.

2-Long-term planning is important

Some cases emphasise the importance of long-term planning and engagement, instead of a one-shot attempt to implement an SEA. The case on **Mauritius** study notes:

> "A follow-up to the SEA is essential to maintain momentum. Discussions between the donor and the government on how to use the results of the SEA in subsequent decision-making should not be neglected. Keeping momentum requires commitment from all key parties, and ongoing dialogue (EC-government) is necessary to ensure follow-up on SEA recommendations."

The **Benin** SEA of the Poverty Reduction Strategy noted:

> "Without doubt, the individuals behind the SEA cannot be underestimated. It is critical to strengthen their positive role and to build institutional memory that will guarantee sustainability of the greening process, even if such individuals were to leave..."

The report on the SEA of the spatial plan for **Montenegro** cautions that:

> "Expectations for a single SEA should not be set too high, especially where the process is being used for the first time. Attitudes of key stakeholders are often entrenched and the shift towards more balanced and open planning will not happen overnight."

3-SEAs should be linked with multi-donor budget support

Some cases identified the need for, and the benefit of, co-ordinated efforts by donor agencies. The case of Ghana noted the relevance of SEA to multi-donor budget support; a strong focus on SEA for policies already exists, and the case study notes that:

> "Most SEAs to date have been funded as part of individual donor programmes and the onus for maintaining this momentum will now shift with multi-donor budget support to the Government of Ghana and its key ministries."

The same theme is picked up in the **Vietnam** study where it is concluded:

> "As was the case in this project, linking with a wide range of line agencies and development assistance programmes can also significantly increase the effectiveness of an SEA, through extensions of capacity building and follow-up technical and financial support to implementation of SEA recommendations."

4-Donors and partner governments should be engaged

Most of the case studies have highlighted the importance of developing co-operative partnerships among donors and country partners. The EU-sponsored SEA of the sugar industry in **Mauritius** stressed the importance of active engagement of government in the

SEA. In **Benin**, the case study notes that "A high-level commitment in Benin helped to make the SEA influential." The **Bhutan** study observed that donor interest and harmonisation is a crucial lever in securing the uptake of new policy concepts. The review of experience in **Ghana** highlights the fact that "SEAs in Ghana have been enthusiastically endorsed by donors as a valuable aid for vetting their own involvement in programmes."

5-Flexible approaches to SEAs need to be adopted

Many cases stressed the importance of keeping the SEA process flexible, particularly with regard to the timeline. The case on **Namibia** attributes part of its success to the fact that the clients (Millennium Challenge Corporation and government) were very accommodating when changes to the terms of reference were required. Flexibility is essential for a successful SEA. The **Benin** study notes a high level of flexibility is needed to accommodate delays in the planning process.

The flexibility on the timescale is often identified as one of the success factors. The case on **Montenegro**, which had a short time span for the spatial planning SEA, notes that flexibility is the key requirement and it is harder to achieve if the SEA programme is very short. Similarly, the case on **Honduras** suggests that the timescale adopted for the SEA was too short and should be lengthened in future.

However, the **Namibia** study offered an alternative view that short timescales are both a challenge and an opportunity for the SEA. They have the advantage of creating pressure which helps teams to focus quickly on the key issues.

Flexibility is also needed for the use of the term "SEA". The experience in **Bhutan** highlighted the negative influence that use of the term SEA can sometimes have, given its association among government ministries with EIAs as a regulatory process. The solution in this case was to apply the phrase "environmental mainstreaming" because it proved to be less politically sensitive in this context.

The SEA task team has itself debated the choice of name early in its work, but recognised that the term "SEA" is increasingly widely used as an acronym without the need for a full explanation. SEA is often understood to encompass a family of related tools that can be adapted to suit a particular purpose. There is generally a relaxed view about the choice of title as long as the process embodies the key principles defined in the SEA guidance. One such example is the fact that the World Bank sometimes uses the terms SEA and social and environmental strategic assessment (SESA) interchangeably.

6-Take baby steps when carrying out SEAs

Being overly ambitious from the very beginning can be a risk, especially when the country lacks experience of conducting SEAs. In both Honduras and Vietnam, the case studies concluded that pilot SEAs should be carried out and should avoid being too ambitious. In particular, the Honduras case noted that too many municipalities had been included in the initial SEA of the spatial plans. As a result, the required level of commitment and resources was higher than could be sustained without external financial and technical support.

7-Encourage public participation

Several studies noted the significant contributions made by individuals and public bodies, although full public participation can be difficult to organise in strategic-level assessments at the national level.

The **Honduras** case notes that a high level of public participation was achieved with effective workshops. Similarly, the case on **Montenegro** noted that the groundswell of public support for the SEA in Montenegro has been very striking and augers well for future planning processes.

8-Emphasise technical capacity

Local technical capacity was often noted as both a major success factor and a challenge to SEA applications. For example, the **Namibia** report credits much of the SEA's success to the fact that the SEA implementation team was able to call on a mix of local and international experts and the availability of senior professionals was important in delivering a rigorous and analytical SEA on time. In contrast, the **Honduras** study notes that one of the limitations was the capacity of local technicians who would require substantially more training to continue the process (once the donors withdraw). In **Vietnam**, it is suggested that donors should consider giving basic secretarial support to SEA processes.

9-The need for a new SEA methodology under special circumstances

The need for further development of SEA methodology and approaches has been identified in two case studies: Montenegro and Sierra Leone.

The case of **Montenegro** highlights the complexity of an SEA of spatial planning that requires a balanced treatment of social, economic and environmental factors (noting that this is what decision-makers require for planning purposes). This emphasises the integrated assessment or sustainability appraisal approach to SEA rather than concentration on biophysical environmental issues which occurs at the other end of the SEA range of methods and approaches.

The **Sierra Leone** case study highlights the considerable difficulty of conducting an SEA in a fragile state. The case raises an observation that conventional single-issue SEAs are likely to fail in circumstances where a country has no institutional memory or capacity and is subject to frequent changes in government or administrative structure. In these circumstances it is argued that:

> "…[T]he main lesson emerging from the SESA points to the need to avoid thinking of SEAs as a short-term process leading to the preparation of a report to influence decision-making. Instead, SEAs need to be a sustained process focused on one or a few key sectors under a framework for long-term policy dialogue and the protracted effort of institutional strengthening."

The World Bank has recognised that environmental issues are invariably linked to institutional failings and has been pioneering a new approach to institution-centred SEA (I-SEA) that is particularly focused on governance issues.

10-SEA may reveal sensitive issues on resource distribution.

In Hondouras, the SEA and planning processes revealed how access to natural resources is distributed among members of the municipality, exposing significant inequalities. Although this has not led to conflict, thanks to professional facilitation, national and local governments need to be aware that sustainable development sometimes involves difficult negotiations between interests.

11-The economic benefit of SEA needs to be recognised to secure support from industries.

In Mauritius, the sugar industry was concerned about the potential costs of implementing mitigation measures and that implementation of SEA recommendations could slow the transfer of funds. In such a context, highlighting economic value was important to secure support from the industry. Key economic benefits were made explicit by the SEA report and this swayed the industrialists.

Policy recommendations for development agencies

Based on the above findings, the following recommendations are made concerning the practice of SEAs in development co-operation.

Development partners should initiate hands-on SEA pilot- and demonstration projects*,* integrating them into their ongoing development co-operation programmes and capacity-building activities. Currently, SEA good practice is still more talked about than carried out in development co-operation. Having considered the evidence provided through case studies and training programmes, it can be concluded that substantial momentum has been developed in promoting SEAs among partner countries. This can be sustained by working with partner-country institutions to identify and respond to their particular requirements for strengthening SEA process and practice.

The benefits of SEAs to development policy making should be better documented and demonstrated. Clear evidence of such benefit will add momentum to promote the implementation of SEAs. In particular, this effort should be directed at political leaders and senior managers, who are increasingly aware that an SEA is an administrative requirement as part of the approval chain, but have not necessarily grasped that an SEA is also a practical tool that can make development assistance more robust, successful and effective.

Development partners need to further harmonise their approaches to SEA to be consistent with the Paris Declaration on Aid Effectiveness. Uncoordinated and fragmented approaches to SEAs are obstacles to its wider application. Despite positive advances by all stakeholders, development partners need to turn the spotlight on themselves and focus their attention on the way in which they plan, co-ordinate and execute their SEA processes and development programmes. This might represent an area for practical exchange among donor and partner countries to monitor progress and review experience, possibly under the auspices of the SEA task team (reflecting the lessons from Vietnam where several donors have co-operated in support of a locally led initiative as documented in this report).

SEAs should be used to strengthen the linkage between Millennium Development Goals and budgetary support. Since the Paris Declaration, budgetary support has increasingly become a major instrument of aid, and funds are ever more frequently paid directly to the relevant ministry. While recipient governments are

required to stipulate carefully how they intend to allocate the development assistance, there is currently no built-in mechanism to ensure that such development plans guarantee a certain level of environmental sustainability (MDG 7). SEAs can be used to ensure that MDG 7 targets are explicitly incorporated within direct budget support mechanisms, as well as in sector-wide approaches (SWAps) agreements. More research and experience are needed to foster such applications.

Development partners need to strengthen SEA monitoring and follow-up, notably on capacity development. Experience from a number of the case studies indicates that notwithstanding any agreements that may be in place, many developing countries lack the necessary institutional stability and continuity to promote and sustain SEAs with their own resources. The donor community needs to confront this issue of continuity and legacy of SEA capacity-building programmes, focusing on whether a viable SEA regime has been established within partner countries. Such monitoring and follow-up of SEA activities can enhance learning from experience and better link SEA with obligations under the Paris Declaration.

Development partners need to discuss and disseminate SEA good practices with emerging economies. The role of SEAs is critical in the emerging economies, such as Brazil, Russia, India and China, that are likely to shape our common economic and environmental future. However, partly because these countries are no longer priority targets for development assistance and capacity building by the donor community, little knowledge exists about SEA development in emerging economies. Comparative work on SEA practice in these countries is urgently needed.

Where next?

Through the SEA guidance, the SEA task team achieved a general consensus on the fundamentals of SEA as applied to international development. Using the SEA guidance as a foundation for implementing SEA in practice will not guarantee better development outcomes, but it will certainly improve its prospects.

This publication has shown how the application of SEAs has had a significant, positive influence on development outputs, outcomes and effectiveness in a diverse array of circumstances and countries. The uptake of SEAs is steadily increasing; the lessons learned are helping to refine SEA practice and improving its effectiveness. Critical barriers to the greater use of SEAs are, as the World Bank's work shows, frequently institutional and attitudinal. One of the essential needs in overcoming such barriers is the communication of success stories which can act as advocacy tools. This publication has provided some of these.

The SEA task team tracking mechanism is being used to keep abreast of donor and partner country activities. A second volume of case studies is already under consideration as the SEA task team's tracking system records around 100 examples of SEA implementation. A massive amount of information on trends and developments in environmental management is already available through bilateral and multilateral development agencies, although currently it is dispersed among individual agencies. Pulling this information together can help development agencies and their partners gain a coherent appreciation of progress in SEA practice, *e.g.* with regard to co-operation and harmonisation consistent with the Paris Declaration. This publication has initiated a process of such progress reporting, with the aim of improving SEA practice and enhancing common, harmonised approaches to SEA in the development community.

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Annex A

Capacity development for Strategic Environmental Assessment

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The OECD DAC SEA task team has paid significant attention to help build capacity of individuals and organisations involved in development co-operation to make use of SEAs. This annex reports on some of the activities that have been undertaken by those engaged in SEAs for development co-operation. It outlines the progress that has been made and describes some of the tools that have been developed to support capacity building.

Introduction

This review has concluded that the lack of relevant capacity remains as a major constraint to the implementation of SEAs. The donor community has already initiated various capacity development and training programmes to meet this challenge. This annex reviews two capacity development programmes implemented by the Netherlands Commission for Environmental Assessment and the German agency GIZ.

The preparation of the Guidance in SEA for development co-operation has been a core activity for the OECD DAC SEA task team over the past five years. Its tasks have included disseminating information, and helping to build capacity among existing and potential users of the guidelines and preparing advisory notes. This chapter reports on some of the activities that have been undertaken by those engaged in SEA for development co-operation. It outlines the progress that has been made and describes some of the tools that have been developed to support capacity development for the implementation of SEAs.

Capacity development for SEA: A Dutch approach

Current thinking about capacity, as well as research into the effectiveness of capacity development, has led to a more complex conceptualisation of the term "capacity". It is now interpreted more broadly, to mean different levels and types of capacity, from the individual level to the institutional level. The Netherlands Commission for Environmental Assessment (NCEA) has been working to make the institutional dimension a more explicit part of its SEA capacity development, and has drawn some lessons from the various experiences.

Institutionalising of SEAs is the structural embedding of SEAs into a country's planning practice. In the NCEA's view, SEA is institutionalised when:

- sufficient expertise in SEA application is available;
- a sound legal and financial basis for SEA is in place;
- there is a clear institutional structure with agreed allocation of roles and responsibilities in the SEA system.

Clearly, these characteristics are closely interlinked.

Generally, not all three pillars receive equal attention: the expertise in application of SEAs to develop plans and programmes is continually growing. In tandem, a lot of work is being done on SEA legislation, *e.g.* as a result of requirements for EU accession. However, there is less attention for the institutional structure of the SEA system.

Figure A.1. **Three pillars for institutionalising SEA**

How to develop institutional capacity?

1. Start with an institutional analysis by using local studies, plans and programmes and existing studies such as OECD country reports and, World Bank country assessment strategies. Based on the outcomes of the institutional analysis and the roles and responsibilities generally needed in SEA (Box A.1) a country-specific SEA institutional framework can be gradually moulded.

Box A.1. **Roles and responsibilities that need to be allocated**

- screening on the need for SEA of individual plans/policies;
- SEA terms of reference drafting;
- quality review of SEA report and process undertaking SEA studies;
- monitoring plan/programme implementation;
- supporting SEA processes with legal and procedural advice;
- organising and managing the SEA process including public participation;
- drafting SEA regulations or legislation;
- maintaining a register or database of individual SEAs;
- maintaining a website/library on SEA in general;
- creating high-level commitment/political support;
- SEA awareness-raising and training;
- funding SEA in state/department budgets;
- developing SEA guidance material.

2. Seek partners in ministries and layers of government to form networks which can jointly improve capacity for sustainable governance. Here, people are invited to discuss roles and responsibilities. If necessary, international advisors can help these network participants in their own thinking process. Such networks are attractive targets for sponsorship by donor organisations that want to assist development of institutional capacity by stimulating inter-agency co-operation. In the end, these networks can become institutionalised, with staff and budgets.

3. Experiment with pilot models for SEA institutional set-up for individual SEA processes on an informal basis. When these prove successful, they will boost SEA acceptance and speed up formalisation. Choose pilots with potentially big added value and low controversy and avoid externally driven SEAs.

4. Make careful use of existing examples of SEA models in countries with similar characteristics, but avoid a copy-paste exercise.

Lessons learned

Since 2000, the NCEA has assisted around 15 countries with the introduction of SEAs. There are many positive results, but practical experiences increasingly stress the need for a careful design of the institutional structure for an SEA. Some of the lessons learned are summarised in the paragraphs that follow:

Assure sufficient time and resources for SEA

In several cases, the EIA departments of environment ministries have been given responsibility for the implementation of an SEA. However, these departments are invariably already overloaded with EIA work. They are responsible for everything: drafting legislation, quality control of impact assessments for single projects and plans, issuing environmental licenses, taking care of training, arranging inspection and enforcement − and always with limited human and financial resources. This can make it difficult to take on additional responsibilities for SEAs.

Ensure inter-ministerial co-ordination

Countries that are in the process of introducing SEAs often face the contentious issue of deciding on the co-ordination of mandates and ownership. There are examples where both the Ministry of Environment and the Ministry of Development Planning claim to be in charge of SEA introduction and development. A deadlock invariably results if no agreement is reached on the most adequate institutional embedding for the SEA process. This stresses the importance of consensus on allocation of roles and responsibilities from the outset.

Support committed leaders widely

A couple of countries identified SEAs as a priority in their multi-annual plans. Key persons, who were convinced of the benefits of SEA, started ambitiously: an analysis was made of existing strategic planning practice, SEA regulation was elaborated, capacity-building workshops took place and practical experience was gained through SEA pilots. However, insufficient commitment and support remained among colleagues to ensure effective continuation when this key person or SEA champion left. Wider commitment and capacity should have been explicitly built into the initial programme to ensure continuation of the SEA work.

Guarantee financial continuity

In general, donors tend to finance individual SEAs or SEA programmes with a fixed budget and strict deadlines, whereas SEA practice often requires flexibility and a long-term commitment. SEA pilots and introduction programmes take at least a couple of years. SEA institutionalisation, however, needs a 10-15 year time horizon to allow for a continual learning process, exchange of SEA experiences and SEA strengthening. Continuity in political support and financing for each SEA and for strengthening the system itself is essential for a careful design and building of the required institutional framework.

Don't "copy & paste" SEA institutional models

SEA institutions and SEA practice should co-evolve gradually; there is no blueprint for the SEA institutional model. Instead, the model is the outcome of a gradual process of testing different options. For this reason, the SEA institutional architecture should not be legally prescribed in the first instance, but be decided on over time on the basis of practical experience with SEA. Different options can be considered, here are two examples:

SEA teams around individual SEAs

In Turkey, the Ministry of Tourism created an SEA unit for their Tourism Master Plan. In Ghana, the SEA team was created for the SEA for the PRSP. This team had members of the Environmental Protection Agency and of the National Development Planning Commission. Both teams were temporarily installed for approximately 18 months. The first stopped functioning when the SEA was finalised, while the second has continued to operate but with new remits.

SEA teams/staff for SEA introduction programmes

In Georgia, a seven-member SEA task force was installed, with clear terms of reference and a two year budget. In Colombia, the Ministry of Environment appointed a permanent staff member responsible for guiding SEA introduction.

Capacity development for SEA: A German approach

In 2006, GIZ developed an SEA training course, as part of the support given by the German government for capacity development to developing countries. Its main goals are to:

- provide an overview of the main conceptual and methodological approaches of SEA;
- increase practical knowledge of performing SEAs through case work on practice-oriented planning situations in developing countries;
- illustrate the benefits of SEAs through real examples.

The target groups include environmental and planning experts of public administration, decision-makers, experts from the consulting sector and NGO representatives.

The course (full version) is designed for a period of 4½ days. Streamlined versions are conducted over two to three days. However, good results are achieved even with a rapid version of half a day to expose decision-makers to the essentials and benefits of SEAs.

Background and context

The SEA course follows the approach to SEAs and capacity development outlined in the SEA guidance and provides tools to support its implementation. It shows how to integrate environmental and sustainability considerations into policies, plans and programmes. Accordingly, the course has been endorsed by OECD DAC ENVIRONET as an official training approach for implementing the SEA guidance.

Important elements of an SEA as formulated in the SEA guidance, which are relevant for the course, include:

- **Non-blueprint approach**: The course is not based on a rigid understanding of how a perfect SEA should look. Actual impact assessments in developing countries might have very different shapes depending on local practices and institutional conditions, influenced by available resources and capacities, or the aims and objectives for the SEA. The course supports a meaningful and flexible application of core elements of an SEA.
- **Outcome/result orientation**: The final goal of capacity development for SEAs is not a well-done SEA but improved sustainability and environmental considerations in planning and decision-making. Therefore, the training does not focus merely on certain techniques for assessment but on the inter-linkages between planning, SEA and decision-making.
- **Learning orientation**: The course strengthens the capabilities to continuously improve the decision-making and implementation process. It aims at stimulating these institution-building processes rather than enabling a stand-alone SEA. It tries to build on the implementing country's existing capacities and potentials rather than establishing new ones. This implies that the course will be hand-tailored along the concrete conditions and institutional systems of the country for each application.

The needs in capacity development in the context of SEA are formulated in the SEA Guidance as follows:

- There is limited knowledge among decision-makers and administrations regarding the potential value of SEA for development effectiveness. Therefore, some modules of the course focus strongly on the links of SEA to the planning and decision-making process and the benefits SEA can provide in this respect.
- There can be limited experience of using systematic decision-making tools such as SEA within the relevant institutions. To respond to this challenge, the course leads through a whole SEA process with practical exercises and explains concrete tools and methodologies.

Training concept, method and contents

The course is based on the Harvard Business School case methodology, which is a well-established approach for practice-oriented, interactive learning. Teaching is mainly based on the intensive examination and discussion of a particular case of relevance to the teaching objectives. The Harvard case methodology stimulates exploration and development of conclusions by the trainees, rather than providing ready-made teaching messages. It has a high relevance for the development of practice-oriented knowledge required by people who are involved in SEA activities, and employs innovative methods of learning and group interaction.

This methodology is applied in SEA training to allow participants to gain hands-on exposure to the crucial steps of an SEA through so-called case works. Using different materials, participants of the training will practically structure and implement an SEA in the fictitious country of Ganama. An important module towards the end of the training focuses on real-life examples of planning challenges presented by selected trainees. The peer trainees analyse the cases in the light of the lessons learned and provide advice on how to tackle the challenges.

The case-based approach requires the development of a consistent case during course preparations. So far, the following cases have been developed and are available:

- transport planning;
- land use planning;
- regional development planning;
- poverty reduction strategy paper;
- climate change.

A case usually consists of the following case works (but can be reduced to a lower number of case works for streamlined applications):

- Case work 1: Screening/review the need for the SEA;
- Case work 2: Determine the right issues and scope of assessment;
- Case work 3: Analyse the baseline trends;
- Case work 4: Analyse proposed development objectives and their alternatives;
- Case work 5: Analyse proposed actions and their alternatives ;
- Case work 6: Link policy, plan or programme and SEA;
- Case work 7: Use effective means of participation;
- Case work 8: Manage SEA effectively within budgetary and time constraints.

Experience with applications

The SEA course has been delivered in a range of countries with diverse participants from both development partners and partner countries. In Vietnam, the national efforts to build up an SEA system have led to an internationally supported National SEA Training Programme. This programme developed local materials for SEA training in key sector ministries. The training was modelled on a flexible interactive SEA training approach developed under Sida's SEA capacity-building project in Yunnan, China but it also incorporates elements of case-based SEA training promoted by the GIZ course, and it includes Vietnamese SEA case studies in order to adapt to the local context.

An example from Tunisia illustrates the value of the interactive training course. For a large infrastructure programme, a pilot SEA (without legal requirements) was conducted in order to gain a common view on SEA, its potentials and methodological approaches. The training was given to members of the Tunisian public administration and private consultancy companies. This was a crucial step in order to avoid an EIA-focused assessment and to give the administration the chance to discuss their specific concerns with the consultancy firms. The consultancy firms that wanted to make an offer for the large-scale SEA, were required to participate in the training.

In academic circles, the SEA training has gained attention due to its combination of methodological approach and practical application combined with international (and practical) efforts to promote SEA in development co-operation. GIZ agreed with the international McGill-UNEP Master Programme in Environmental Assessment at McGill University (Canada) to use the training package for its students from all over the world. After the training, the students were given the possibility to exchange their views on the training. They also discussed its relevance to their personal context with experts from German development co-operation, which facilitated an important learning opportunity for both sides. Currently, GIZ is discussing the use of the GIZ training with a German university in the context of a new Master Programme in Development Studies.

Challenges

The implementation of the SEA guidance over the last years made apparent some crucial challenges of capacity development, which should also be reflected by relevant training courses. The following conclusions reflect how far the GIZ course responds to these challenges and/or might be further developed:

- Training such as the GIZ SEA training based on the SEA guidance can only serve as a start-off for broader capacity development approaches. In many countries, the German development co-operation supports such long-term efforts.
- Especially with a view to the challenge of broader institution building and learning processes in partner countries, it is necessary to not only address professionals practically involved in SEA implementation but also high-level decision-makers, stakeholder groups, etc. In this respect, the highly condensed version of the course might become increasingly relevant as a kind of awareness-raising tool. The demand for the rapid version of the course increased over the past years, reflecting this sentiment.
- A further aspect of the envisaged broader SEA capacity-building processes for developing countries is that the course should be suitable for training of trainers and regular applications in the country without further outside support. For certain situations, the course should not be performed as a stand-alone exercise but in close co-operation with training institutions in the country to incorporate it into regular training schemes. Despite the relatively demanding preparations for the course (*e.g.* case development), it can easily be integrated into country training programmes, as in Vietnam.
- Sometimes it is necessary to conduct the course in the context of challenges resulting from concrete *planning emergencies* (*e.g.* the post-tsunami reconstruction planning in Aceh, Indonesia). For this purpose, case simulations are highly efficient. However, these cases have to be tailored to the concrete challenges.
- Other course applications are related to SEA institutionalisation in particular countries, often in the context of legislation processes on SEA (*e.g.* in Namibia). For these cases, it is most important to reflect the envisaged institutional set-up of the relevant country in the composition of the case (*e.g.* through adjusting the sequences of the simulated SEA to the ones required in the country).
- In line with broader applications of the course, it is necessary to develop some quality assurance mechanisms and to provide a platform for an exchange of experiences among the increasing number of trainers. GIZ organised such a platform which took place in September 2009 and addressed current and future trainers from development co-operation agencies and partner countries.

Key lessons of capacity development for SEA

- There is need for continued capacity development in the field of SEA at grassroots (community), institutional and decision-making levels.
- Local communities, if capable and informed, can play an important role in providing inputs into decision-making and policy formulation.

- Notwithstanding the fact that there are some similarities in SEA challenges throughout the world, effective SEA capacity development is dependent on the country, area and region's specific context, institutional setting and participation culture.
- Assessing the effectiveness of SEA capacity development is a challenge because of the influence of these context-specific factors.
- A good legal framework is vital as a basis for institutional capacity development. That means that capacity development is also required for law-drafting experts. These specialists should be made aware of good examples of legislation from other countries, and encouraged to consult with other countries in their region when drafting law.
- Capacity should be built to communicate SEA information in language that is understood by decision-makers.

Priority actions needed to improve SEA capacity

- Training needs to be provided at all levels, including that of decision-makers.
- There is a need to improve or establish the legislative base, not just for SEA, but EIA as well.
- Guidance material is also important: developing countries find it useful to have a platform for learning, integrating and adapting material for their specific context. This guidance should include documents on SEA best practice and information that helps practitioners, decision-makers, policy developers and planners to understand the usefulness of SEA better.
- Increasing the number of SEAs undertaken in each country can contribute to the awareness of the added value of SEA.
- Fostering co-operation and collaboration among stakeholders is a key element in promoting effective SEA development in respective countries.
- EIA/SEA practitioners should mentor newcomer professionals primarily through a "learning by doing" concept and not just through teaching theory.
- Training needs to be continuous and not a one-off event.

Notes

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A REVIEW OF RECENT EXPERIENCE

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