

OED Précis



Operations Evaluation Department

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Environmental Assessments and National Action Plans

Since the late 1980s, the World Bank has made important strides in helping borrowers integrate environmental assessments (EAs) and national environmental action plans (NEAPs) in their project and strategic planning. EAs are now firmly rooted as part of the Bank's normal business activity.

many environmental action plans competing for government attention and scarce resources, and some countries seem to perceive them more as a Bank requirement for access to additional lending than as a strategic planning tool.

and sustainable development. The Bank, which had been helping borrowers prepare national environmental strategies since the late 1980s, responded by issuing in 1992 Operational Directive 4.02, which introduced policy and procedures for NEAPs. Environmental action plans are intended to be demand-driven, participatory, and result in a time-bound plan of action to help countries integrate environmental concerns in their overall development strategies. NEAPs are required of all IDA borrowers and suggested for IBRD clients. Together, EAs and NEAPs are expected to strengthen borrowers'

And many international organizations have adopted them as models for their own environmental assessments. Two recent World Bank studies, one a self-evaluation based on a desk review by the Environment Department (ENV) and the other an independent field-based study by the Operations Evaluation Department (OED), arrive at similar findings and recommendations.

Background

The Bank first outlined its policies and procedures for EAs in Operational Directive 4.00, Annex A, issued in 1989. The directive describes EA as a flexible procedure whose depth and breadth depend on the type of project being planned. Noting that EAs are the responsibility of the borrower, the updated directive (Operational Directive 4.01, issued in 1991) identifies three categories of projects, each with different requirements for environmental impact assessment: Category A, requiring full EA; Category B, requiring environmental analysis; and Category C, requiring neither EA nor environmental analysis. Between 1989 and 1995, the Bank screened more than 1,000 projects for their potential environmental impacts, including 99 approved Category A and 415 Category B projects. These assessments span all sectors, almost all borrowing countries, and a wide array of projects.

The studies agree that the quality and effectiveness of EAs have improved significantly over the past five years. Identification and assessments of environmental impacts have especially improved, as has planning for mitigation, monitoring, and management. Despite the achievements, challenges remain. In particular, public consultation and analysis of project alternatives need to be strengthened as does supervision of agreed action plans.

NEAPs, when pursued through local participation, have encouraged consensus on environmental issues and have strengthened environmental management. Nevertheless, OED's evaluation of the effectiveness of the action plans showed that NEAPs have yet to achieve their full potential. They are among

The 1992 Rio Earth Summit called on all countries to prepare national environmental action plans to accelerate environmentally sound

* *Effectiveness of Environmental Assessments and National Environmental Action Plans: A Process Study.* by Alcira Kremer and others. OED Report No. 15835. June 1996. and *The Impact of Environmental Assessment: Second Environmental Assessment Review of Projects Financed by the World Bank July 1992-June 1995.* by Olav Kjørven and others. Environment Department. August 1996. The OED study is available to Bank executive directors and staff from the Internal Documents Unit and from Regional Information Centers. The ENV study is available through the Bank's Public Information Center. Précis written by Farah Ebrahimi and Ronald Parker.

capacities in environmental management. Since the late 1980s, more than 90 countries have started the NEAP process; about 74 national plans have been completed.

In mid-1996, the Environment Department and OED completed separate evaluations of the effectiveness and impact of EAs on Bank-supported projects and borrowers' strategic planning. While the former study was based on a detailed desk analysis of EAs across all sectors and regions, including in-depth interviews with staff involved in the EA process, the latter study assessed both EAs and NEAPs, combining desk reviews, field case studies of eight countries, and surveys. In addition, the Environment Department completed a desk stocktaking and best practice review of NEAPs in 1995. (See box on the methodology of the studies).

Environmental assessments

Achievements to date

Both studies noted significant improvements since the Environment Department's first review in 1992. In that study, ENV found that environmental assessments had yet to be fully integrated in either the Bank's or borrowers' strategic planning for two reasons: borrowing country institutions were too weak and the Bank's knowledge and resources still too limited to help countries prepare assessments and implement projects according to their provisions. But by the ENV's second review in 1995, important progress had been made—progress readily acknowledged by the OED study as well.

Both OED and ENV noted that EA directives, among the most comprehensive in the world, were being followed. The EA process had become institutionalized within the Bank as part of the project cycle and accepted by the borrower as an important part of project preparation. Assessment reports, including mitigation plans, were being routinely prepared for projects with poten-

tially significant environmental impacts. Increasingly, other multilateral financial institutions were using Bank-developed EAs to evaluate development projects. The ENV review attributed these achievements to more EA training, both within the Bank and in borrower institutions, improved guidance, and most important, increasing EA experience in the field, marked by improved quality of local consultants. Despite the achievements, the studies noted areas for improvement. These are summarized below.

Future challenges

Project preparation and design. The ENV study identified public consultation and analysis of alternatives as particularly demanding aspects of EA work. It noted that these efforts frequently require special skills or prior experience. But in many developing countries public consultation is still an evolving practice, and local consultants may not be fully familiar with the process. Moreover, analysis of alternatives requires skills in economic

analysis, which may still be weak in implementing agencies and among EA teams.

While agreeing with these assessments, the OED study highlighted timeliness of EAs as particularly important for EA effectiveness. The study found that many EAs focused on comprehensiveness rather than on timely identification of major risks. Part of this problem stemmed from the Bank's terms of reference for EAs, which required predictions and evaluation of multiple impacts, sometimes without focusing on the most important ones. Although the process produced volumes of material at considerable cost to the borrower, some assessments appeared to have come too late to significantly alter project location, size, or other major design decisions. The OED study found that in only 9 of the 53 projects reviewed were those parameters modified as a result of EA findings. And only in China and Poland among the eight countries visited did the majority of respondents consider EAs to have influenced project design.

Box: Methodologies of the studies

The OED study derived its findings from eight country case studies prepared for the assessment, including field visits to each country, an analysis of 53 projects, a literature review, and three commissioned papers prepared by independent environmental experts. In addition, the evaluation team conducted a mini-survey of Bank and borrower staff (including 70 interviews and several focus groups) to determine their views on the effectiveness and impact of EA and NEAPs. The countries selected, Bolivia, China, Madagascar, Mauritius, Morocco, the Philippines, Poland, and Uruguay, provided a representative sample of regions and of the differences between countries that had an approved NEAP and those that did not. The 53 projects illustrated current practice across a range of sectors, including agriculture, energy, power, transport, urban, industry, water and sanitation,

emergency recovery, and environmental management.

The Environment Department's *Second Environmental Assessment Review* was a desk review covering all Category A and selected Category B projects approved between July 1992 and June 1995. The study reviewed project documents such as environmental data sheets, EA reports and summaries, staff appraisal reports, project legal documents and supervision reports, and other papers focusing on specific aspects of EA work. In addition, task managers, environmental specialists, and regional environmental divisions provided essential information through discussions and interviews. Similarly, the Environment Department carried out a separate stocktaking and best practice review of more than 30 NEAPs entitled *National Strategies: Learning From Experience*, published in 1995.

Two caveats are important, however: (1) EAs are often focused more on mitigatory measures than on changes in design or location, because the latter are often appropriately selected prior to or during preparation of EAs. And (2) most projects whose design and location were influenced by EAs were Category A projects, whereas most of those considered in the OED study were Category B projects, reflecting their actual representation in the portfolio. (For Category B projects, design change is normally not necessary since impacts are generally limited.)

The ENV study found that sectoral EAs and EAs with careful analysis of alternatives often had the greatest impact on project design, while project-level EAs influenced design principally through mitigation, monitoring, and management plans. Timeliness of EA findings becomes less of a problem when EAs are moved upstream and conducted at sector and regional levels rather than at the project level. Indeed, such EAs—which even in industrialized countries are still rare—are proving to be effective instruments in addressing environmental issues early, before project decisions are made.

Project classification. The ENV review found greater consistency between operations and environment staff in screening projects than it had in 1992. Nevertheless, it noted that sometimes the need to classify projects drew attention away from the actual environmental issues associated with the proposed project. OED agreed that screening by categories had improved, but noted screening was still not uniform across the Bank. Projects with similar environmental impacts were sometimes placed in different EA categories across regions. Moreover, not every project type lent itself to the three-tier classification system. That may explain why discussions on classification were sometimes not brought to closure (six of the projects reviewed had not yet been assigned a category).

Supervision. The ENV study noted that for Category A projects, which require full environmental assessments, implementation generally seemed to progress better on environmental than on some of the other project-related areas, suggesting that EAs might be playing a positive role in project supervision. Nevertheless, the study noted that even in Category A projects, Bank supervision is not always sufficient to detect and address environment-related problems as projects evolve. The OED study agreed, noting that the evaluation teams' site visits showed that EA provisions often were not well integrated into implementation. Both studies agreed that EA results and recommendations need to be more adequately reflected in legal documents, bidding, and contract documents to improve the effectiveness of EA during implementation.

National environmental action plans

Achievements to date

OED found that the benefits of NEAPs increased with local ownership of the process. Moreover, both ownership and positive impacts increased when there was participation of nongovernmental organizations (NGOs) and coordination with other international organizations. In the best cases, NEAPs helped create a forum for debate and stronger environmental management institutions, introduce environmental protection policies, prepare innovative pilot projects, and increase public awareness of environmental issues.

Future challenges

Nevertheless, in most cases, the NEAP process was less than fully effective for several reasons. First, NEAPs are among many strategy options competing for the attention of borrowing governments. Since 1985, many international development agencies have sponsored national environmental strategies, and in some countries one or more of these plans are already established.

While there is diversity among strategies, there is also much overlap. In such an environment, making Bank lending conditional on completion of a NEAP can seriously erode ownership of the exercise, including support from NGOs. Moreover, different countries are at different stages of environmental preparedness and subjecting them all to the same NEAP process overlooks these differences. For extremely large and diverse countries, such as China and India, preparing a national-level environmental strategy can prove particularly unwieldy.

Second, many NEAPs appeared to be one-time efforts that ended with a document; few countries have thus far succeeded in establishing an ongoing, self-sustaining strategic environmental planning process at the national level. To keep NEAP implementation on track requires considerable environmental management and consultancy capacity, which most developing countries still lack. Paradoxically, in some cases, NEAPs forced the use of international consultants, thus failing to strengthen local capacity. Finally, there has been insufficient coordination between Bank teams working on NEAPs and those working on country assistance strategies. Often the latter have not adequately incorporated recommended NEAP actions.

Recommendations

The Bank and its borrowers are beginning to accumulate significant experience in environmental management. The Bank needs to maximize and disseminate what it is learning while fostering borrower ownership of environmental objectives. Specifically, it has an obligation to make its environmental processes as efficient and effective as possible, and it needs to be more attentive to client needs. Among the recommendations of the two studies:

- *Move the EA process upstream.* Improving the timeliness and hence the impact of EAs on project design requires pushing the process further upstream. That can be done through

greater use of sectoral and regional EA assessments. These broader strategic EAs allow environmental considerations to be integrated in sector decisions from the outset, before project decisions are made.

- *Focus on key issues and better analysis of design.* Terms of reference need to focus on key impacts. Local environmental agencies should be provided with technical support and resources to take on year-round monitoring for EA preparation.

- *Improve the EA process downstream by formalizing mitigation measures and strengthening supervision.* As much as possible, environmental mitigation measures identified by EAs should be summarized in language appropriate for legal agreements and included in tender documents and contracts. Action plans should be consistent with local capacity to implement them in the field. And borrower field staff should be trained in supervision of environmental management plans. EA directives and other relevant documents should be made available in local languages, accompanied by brief manuals and checklists to enable borrower staff to better understand the lengthy EAs. To ensure adequate supervision, environmental audits should be conducted both during and after implementation.

- *Tailor the NEAP process and requirements to country circumstances.* There should be more flexibility in Bank requirements concerning NEAPs and increased Bank support of strategies supported by other donors and international NGOs. In particular, the Bank should better coordinate the NEAP process with those of other donors to minimize duplication of effort.

- *Integrate environmental priorities identified in the NEAPs in the design of country assistance strategies.* Improve

recognition of the connection between environmental degradation and chronic poverty.

Actions are underway to strengthen the effectiveness of EAs, including improved guidance in key areas such as strategic EAs, health impact assessment, analysis of alternatives, and environmental monitoring. These are areas where the Bank is on the "cutting edge" in terms of advancing EA as an environmental management tool in developing countries.

Bank management, in its response to the OED process review, agreed with the conclusions of the study on EAs. It noted that the Bank is issuing clear guidance on moving the EA process upstream through greater use of regional and sectoral EAs and better analysis of alternatives. It added that the Bank is increasing training of Bank and borrower staff in the EA process and will continue to provide EA regulatory advice to borrowers. It is issuing guidance to simplify reports and to make them more accessible to borrower staff and consultants. Implementation of the recommendations will be assessed in the Third Review of EAs planned for 1998.

With regard to NEAPs, management noted that Bank-supported environmental action plans have had significant, positive effects in several countries in helping governments identify and prioritize environmental challenges, raise awareness of environmental issues, and identify ways to address them. It agreed with OED that the design of NEAPs should be adapted more to the needs, capacity, and planning horizons of clients and that the environmental priorities identified in NEAPs should be better reflected in country assistance strategies and economic and sector work, adding that it is taking steps to address each of these issues. It noted that the Bank will continue its work on environmental indicators and incorporate them more fully in strategy docu-

ments and in broader measures of development progress, including adjustment of the national accounts.

The Committee on Development Effectiveness welcomed the conclusion of the two studies that the Bank has made progress in improving the EA process in client countries and that it has emerged as a leader in this area. The committee noted that both studies had identified supervision of the EA process as an area in need of improvement and encouraged management to continue its efforts to strengthen supervision. Similarly, it agreed that a key purpose of EA work was to assess investment alternatives, a difficult issue requiring more attention. The committee believed that management needed to make its objectives clearer with regard to capacity building for EAs and NEAPs, and it needed to set benchmarks for achieving them. With regard to OED's finding that EAs were often completed too late in the project cycle, the committee noted management's assertion that significant efforts were underway to integrate EA with economic, financial, institutional, and engineering analyses early in project preparation and to increase the use of sectoral and regional EAs as appropriate. The committee welcomed management's commitment to strengthening the link between EAs and country assistance strategies, adding that the Bank was working to incorporate environmental concerns into macroeconomic and sectoral analysis and working on "greening" of National Accounts.

The committee urged more cooperation among the Bank, IFC, and MIGA to ensure that policies and practices with regard to environment were coordinated. Finally, the committee remarked that government ownership of NEAPs was weak, noting that in most cases the action plans were developed only because IDA required them for funding.

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