

The purpose of these *Key Sheets* is to provide decision-makers with an easy and up-to-date point of reference on issues relating to the provision of support for sustainable livelihoods.

The sheets are designed for those who are managing change and who are concerned to make well-informed implementation decisions. They aim to distil theoretical debate and field experience so that it becomes easily accessible and useful across a range of situations. Their purpose is to assist in the process of decision-making rather than to provide definitive answers.

The sheets address three broad sets of issues:

- Service Delivery
- Resource Management
- Policy Planning and Implementation

A list of contact details for organisations is provided for each sub-series.

Overview of the debate

Environmental assessment (EA) encompasses a wide range of tools applied at three levels:

- During the preparation of national and regional policies, new legislation and sectoral plans and programmes (known as strategic environmental assessment, SEA);
- During project design to recommend a preference among various options (including no-go) (environmental impact assessment, EIA), followed by an environmental management plan;
- After the project has been agreed on (impact-management planning), and during the project and after it is completed (post-development audit) (these are outside the scope of this sheet).

EA has been used mainly at the project level, but over the last decade it has evolved considerably:

- It is being applied at **strategic levels** of decision-making (policy, plan and programme levels).
- It has **diversified** to cover long-term sustainability, poverty approaches and socio-cultural impacts.
- EA and environmental policies are being adopted by the **private sector**.

Key issues in decision-making

Development agencies focus increasingly on issues of sustainability, poverty reduction and the livelihoods of the poorest. EA provides a systematic framework to address these challenges. It encourages participation by those most affected by environmental degradation – the poor. Most countries have laws requiring EA. Donors' procedures influence how these laws are implemented. Governments, private investors, and the public see the benefits of EA, but its effectiveness is constrained by the factors described below.

Capacity in EA Low capacity and expertise are perhaps the most significant obstacles to effective application, review and enforcement of EA. Capacity is needed among environment and sectoral ministries, the private sector, NGOs, researchers, academics, consultants and the public.

Low capacity creates a vicious circle: poor understanding of EA results in poor compliance. This makes procedures ineffective and means the value of EA is not recognised. Plus, environment authorities may see EIA as a source of core funding from application fees, rather than as a way to promote sustainability. Abuses include the imposition of EIAs selectively on proponents thought able to pay.

Possible approaches to increasing awareness and capacity include:

- Awareness-raising campaigns to encourage participation in EA, planning and decision-making;
- Provision of tools and guidelines, and delivering training targeted at their application;
- Encouraging participation by local organisations in EA carried out by international experts;
- International co-operation in developing EA capacity.

Covering EA costs The cost of EA is often omitted from policy, programme and project budgets. EA is often seen as an added expense or an obstacle rather than an aid in the planning process.

Bringing environment and development together The pressure for short-term goals and rapid economic growth can be strong. Environmental protection and sustained development take second place to immediate economic and social objectives. This is exacerbated by corruption and weak civil society. EA can clarify the options and help capture the benefits of better environmental management and protection, so leading to development that is more sustainable in the long term.

EAs are more effective if embedded in a well-designed, nationally driven EA process. Ensuring government ownership of the EA is essential for this. Actions to strengthen government and the role of civil society can support effective EA. Key questions include:

- Do clear laws and procedures on EA exist? Are they enforced? Do they define responsibilities and time frames? Do the authorities have the capacity and resources to enforce and implement EAs?
- Are sector and planning ministries aware of EA requirements and their responsibilities? Do they have the capacity to fulfil these? Do they cooperate with those responsible for enforcement?
- What is the status of the authority responsible for EA (often the ministry for environment)? In many countries, this is weak and has little influence on other departments and their activities.
- What is the quality of EA, and how transparent is the process? How much influence does civil society have? Are the poor able to articulate their views in decision-making processes?

Involving the public Participation by interested and affected parties is integral to EA. It leads to more effective design, implementation, operation and management. Recognizing and overcoming constraints to participation will result in more effective EA, streamline processes, and reduce conflicts. Constraints include poverty, gender, inaccessibility, illiteracy and levels of education, political and cultural contexts, language barriers, legal systems and confidentiality requirements.

Here are some common objections to public participation in EA and some suggested remedies:

- It's too early; we haven't yet got a proposal. (*Participation avoids rumours and builds trust.*)
- It will take too long and will cost too much. (*The cost of not involving people can be higher. Scoping – consulting stakeholders to ensure the appraisal will focus on significant and material issues – can help reduce the time and cost.*)

Expertise and websites

- DR-EIA, www.dr-eia.org
- IIED Strategies, Planning and Assessment Programme, www.iied.org/spa/
- International Association for Impact Assessment, www.iaia.org
- Manchester University, Environmental Impact Assessment Centre, www.art.man.ac.uk/EIA/
- NEDA Guide for Environmental Appraisal, www.minbuza.nl/SubSites/Gea/index.htm
- Netherlands Commission for Environmental Impact Assessment, Utrecht, www.eia.nl
- Strategic Environmental Analysis, www.seanplatform.org
- World Bank Environmental Assessment Sourcebook, www.worldbank.org

Many environmental and engineering consultancies have extensive experience in environmental assessment.

Environmental Assessment *continued*

- It will stir up opposition and activists will take over the process. (*This will happen anyway. Public participation can deal with issues before the opposition raises them.*)
- Only the articulate will participate. (*Use techniques that enable the 'silent majority' to be heard.*)
- We will raise expectations we can't satisfy. (*Clarify what is relevant and possible, and what is not – scoping again.*)
- The local community won't understand the issues involved. (*They will if you keep it simple. Local people have a good understanding of their own surroundings.*)

Strategic environmental assessments (SEA) The importance of conducting SEAs at policy, plan and programme levels is increasingly recognised.

- Traditional EA (of specific projects) ignores options that may be more environmentally beneficial, as well as cumulative and indirect impacts. It occurs after key decisions have been made.
- Donors have moved away from supporting infrastructure development (the traditional use of EA), towards programmatic, regional, sector-financing and direct budgetary support.
- Donors and governments are mainstreaming the environment in their development work.
- There is increasing focus on reducing poverty and ensuring sustainable livelihoods. SEA can shape policies, plans and programmes so they focus on issues most relevant to the poor.
- Awareness is rising of the interlinkages between resources and systems. Integrated resource development, such as coastal-zone and river-basin management, are receiving more emphasis.

SEA does not replace project-level EA, but precedes, complements and simplifies it by addressing potential concerns and opportunities early. SEA studies can, for example:

- Assess macro and sectoral policies (structural adjustment, poverty reduction, trade);
- Assess whether an energy policy is compatible with a national sustainable development strategy;
- Identify institutional capacity to deliver the intended benefits of an activity or minimise its impacts;
- Help select and prioritise individual projects within a development programme (e.g., hydropower developments in a river basin);
- Evaluate the environmental implications of alternatives (earlier than in a project EA); and
- Identify potential direct, indirect and cumulative impacts of proposed regional development plans, and scope future project-level EAs.

Diversification of EA Traditional EA focuses on physical and biological impacts, leaving social, economic and sustainability issues to social impact assessments, cost-benefit analyses and sustainability appraisals. Integrated assessments could replace these various approaches. EA is expanding to include these issues, as well as (for example) analysis of social investment opportunities. This broader focus complements the move towards poverty-based and livelihoods approaches.

The private sector The private sector increasingly recognises the value of EA. Led by the oil-and-gas sector – pressured by shareholders and the public – firms are taking fuller account of environmental, social and poverty concerns. They increasingly acknowledge the win-win effects of such investments: contented workers, more robust agreements, quicker decisions and approvals from host governments, satisfied customers, good corporate image, and greater shareholder value.

Firms and financial intermediaries are developing their own EA methods, often setting new standards. Examples include: refined stakeholder identification and analysis of social characteristics; more extensive and effective public participation; and support for community development programmes.

Stakeholder engagement is a major element of EA strategies. Firms and NGOs increasingly consult and try to influence each others' policies and practices. Firms have established strategic partnerships and working arrangements with NGOs, and these linkages are broadening as organisations such as the OECD, donors and governments support business partnerships promoting poverty-focused and responsible development.

Key literature

- Annandale, D.J. et al. (2001) 'The potential role of strategic environmental assessment in the activities of multilateral development banks'. *Environmental Impact Assessment Review* 21:407–29.
- Dalal Clayton, B. & Hughes, R. (1998) *A directory of impact assessment guidelines*. IIED, IUCN & WRI.
- World Business Council for Sustainable Development (1996) *Environmental assessment: A business perspective*. www.wbcsd.org/newscenter/reports/1996/environmental-assessment.pdf

Key Sheets are available on the Internet at: www.keysheets.org
or through the websites of DFID and the Netherlands Ministry of Foreign Affairs

Department for International Development
Rural Livelihoods Department
Tel: +44 (0) 20 7023 0022
Fax: +44 (0) 20 7023 0624
Email: rl-policy@dfid.gov.uk
Website: www.dfid.gov.uk/

Netherlands Ministry of Foreign Affairs
Environment and Development Department
Tel.: +31 70 348 6422
Fax : +31 70 348 4303
Email: dml@minbuza.nl
Website: www.minbuza.nl/English

Series Editor: John Farrington
Administrative Editor: Paul Mundy

October 2002