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**Assessment of the Advisability
of Delegating
Environmental Authorities to
Africa Bureau Field Missions**

Technical Report No. 9

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Prepared for the Agency for International Development,
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Preface

This study was commissioned by the A.I.D. Africa Bureau's Environmental Officer, John Gaudet, with the support of Jerome M. Wolgin, director of the A.I.D. Africa Bureau's Office of Analysis, Research and Technical Support. Their comments and assistance throughout the study were deeply appreciated.

Case reviews, undertaken by Professor Frank McCormick's ecology students at the University of Tennessee, greatly facilitated the review of a large number of A.I.D. documents.

List of Acronyms

A.I.D.	Agency for International Development
ASAP	Agricultural Sector Assistance Program, Malawi
ASSET	A.I.D. Staff Strengthening through Environmental Training Program
BEO	Bureau Environmental Officer
CE	Categorical Exclusion
DFA	Development Fund for Africa
EA	Environmental Assessment
EMCU	Environmental Monitoring and Coordination Unit
EO	Environmental Officer
EPAT	Environmental & Natural Resources Policy & Training Project
GC	General Counsel
GO__	Government of _____
IEE	Initial Environmental Examination
IEE/CE	Combination IEE/Categorical Exclusion form
KEDS	Kenya Export Development Support Program
MAELPS	Madagascar Economic Policy Reform Program
MASS	Madagascar Agricultural Sector Strategy 1990-1997
M&E	Monitoring and Evaluation
NEPA	National Environmental Protection Act
NEPRP	Niger Economic Policy Reform Program
NRBAR	Natural Resource Based Agricultural Research Project, Senegal
NPA	Non-Project Assistance
PAAD	Program Assistance Authorization Document
PAIP	Program Assistance Initial Proposal
PID	Project Identification Document
PL-480	Public Law 480 (having to do with providing U.S. food to foreign countries)
PMPR	Production and Marketing Reform Program, Rwanda
PP	Project Paper
PRAMS	Program of Reform in the Agricultural Marketing Sector, Cameroon
RA	Research Assistant
REA	Regional Environmental Advisor
REDSO	Regional Economic Development Support Office (for A.I.D.)
REDSO/WCA	REDSO/West and Central Africa Office
REO	Regional Environmental Office
SAVEM	Sustainable Approaches to Viable Environmental Management
WARD	Watershed and Applied Research Development Project, Cape Verde

Executive Summary

This study asks and answers the following question: How would delegation of environmental authorities to the Africa Bureau's field missions affect the quality of environmental reviews of nonproject assistance (NPA)? Currently, final authority for assessing the environmental impacts of nonproject assistance rests with the Bureau Environmental Officer (BEO) in A.I.D. Washington.

The study team was asked to answer this question by analyzing the environmental review process used for a small number of representative projects/NPAs. For each project/NPA, mission environmental reviews were compared with the BEO's response to those reviews. Questions were asked regarding whether "reasonably foreseeable environmental impacts" were identified and whether missions incorporated environmental conditionalities into final program documents.

The study of these issues took place within the context of a rapidly evolving approach to environmental review of NPA. Despite this lack of stability in the environmental review process, the study team drew the following conclusions:

1. The intent of the evolving application of Regulation 216 (commonly referred to as Reg 16) by the Bureau Environmental Officer to NPA has been to identify the "reasonably foreseeable environmental impacts" of NPA programs. When negative impacts are identified, "environmental conditionalities" are added to NPA program documents. Pressures to obligate funds and the BEO's potential veto at a key point in the approval process provides the BEO with leverage in persuading mission staff to include recommended environmental conditionalities in design documents. This suggests that the BEO in A.I.D. Washington performs an essential review function.

2. The same cannot be said for mission-based environmental reviews. In seven out of nine cases, mission environmental reviews failed to address adequately "reasonably foreseeable impacts." These failures appear to be related to obligation pressures, which undermine attempts at appropriate pre-planning and weaken field capacity to carry out environmental reviews. This combination tends to encourage project/NPA designers to view environmental review as a hurdle rather than as an important planning tool. Under these circumstances, delegating increased authority for environmental reviews to field missions could jeopardize the integrity of the review process.

3. Even if the Bureau eased obligation pressures and enhanced the technical capacity of missions to undertake environmental reviews, it would still face several problems in attaining high quality environmental reviews of NPA. Those problems include:

- a. The BEO's modified Reg 16 environmental review process for NPA is not consistent with standard environmental assessment practices. As the Bureau moves to extend Reg 16 to NPA, these problems will have to be corrected. This will require developing an environmental

review process for NPA that is consistent with standard environmental assessment practices.

b. As the Bureau proceeds down this path, it is important to understand that there is little experience anywhere in the world with environmental review of policy-based activities. There is also substantial disagreement in the economics research community about whether the net environmental impacts of policy-based lending are positive or negative. Moreover, environmental impact researchers also generally agree that it is easier to identify the biophysical and social impacts of projects than it is to assess those impacts for policy changes. Despite these problems, many countries are attempting to extend impact assessment to policies, and there is some reason to believe that this may be a reasonable way to proceed. The Bureau should consider asking A.I.D. to rewrite Reg 16 to take into account the special problems associated with assessing the net environmental impacts of policy-based activities.

3. The Bureau should also consider engaging in a learning process that helps it understand the nature of the relationship between its policy-based activities and the environment. There is little evidence of learning in the current review process -- and even less evidence that what is learned at one stage is applied in subsequent stages -- so this step could, by itself, constitute an important development.

While these considerations go beyond the issue of the impact of delegation of environmental authority on the quality of environmental assessments, the failure to address them adequately will undermine any effort to sustain or enhance the quality of environmental reviews of NPA.

1. Introduction

Over the past several years, the Bureau for Africa of the United States Agency for International Development (A.I.D.) has been decentralizing its operations by delegating approval authority to field missions for activities that previously required approval from agency officials in Washington. This study assesses the advisability of extending the delegation of authority to the assessment of the environmental impacts of nonproject assistance (NPA) under the Development Fund for Africa (DFA).

This study of the advisability of delegating environmental authority to field missions took place within the context of a rapidly evolving approach to environmental review of NPA. Initially, NPA activities were exempt from environmental review. Subsequently, Section 496(H)(2)(b) of the Development Fund for Africa required that: "Assisted policy reforms. . . include provisions to protect. . . long-term environmental interests from possible negative consequences of the reforms."¹ Although it is not clear how the Congress intended the Bureau to meet this requirement, the mandate led the Bureau Environmental Officer (BEO) to develop an environmental review process for NPA that is based on a highly modified application of Reg 16.² More recently, the Africa Bureau's NPA guidance formally subjected NPA to the requirements of Reg 16 when the Bureau stated that:

. . . non-project sector assistance programs are subject to regulation 16 and the same scrutiny for potential environmental examination as projects; i.e., a full Initial Environmental Examination (IEE) is required to be submitted for AID/W concurrence . . . with the PAIP."³

The recent changes in procedure for environmental review of NPA means that it is difficult to obtain a clear picture of the assessment process. Because of this, part 2 of this report describes A.I.D. and Africa Bureau environmental authorities and practice as applied to projects. Part 3 analyzes the extension of those authorities and practice to a small number of NPA activities, while part 4 draws conclusions and makes recommendations.

¹ Section 496(H)(2)(b) of chapter 10- Development Fund for Africa, Sec. 496 of Sec. 562 (a) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991, Public Law 101-513; 194 Stat. 2076, p. 156.

² 22 CFR 216 (41 FR 26913, June 30, 1976).

³ "Africa Bureau Non-Project Sector Assistance Guidance," p. 16, n.d.

2. Environmental Review in A.I.D. and in the Bureau for Africa

Environmental Review in A.I.D.

Environmental review of A.I.D. projects is guided by Reg 16, which requires that the environmental consequences of projects be identified and considered **prior to a decision to proceed with a project**. Environmental reviewers are thus expected to identify "reasonably foreseeable environmental impacts;" make threshold decisions about the need for either an Environmental Assessment (EA) or an Environmental Impact Statement (EIS); and, in cases where adverse environmental impacts are identified, include actions to mitigate them.⁴

The environmental review process of projects developed under Reg 16 can be either long and complicated or quite simple (figure 1). On initiation of environmental review (step 1), project designers must determine the extent of the review (step 2). The extent of the review can be limited when a project qualifies for either an exemption (step 3) or a categorical exclusion (step 4). If none of the above apply, project designers must undertake an Initial Environmental Examination (step 8).

Exemptions may be granted either for emergencies (such as disaster assistance) or for foreign policy reasons. When an activity qualifies for an exemption, a written explanation for the exemption is required (step 5), and the environmental review process ends. Categorical Exclusions are granted for a set of defined activities (such as training) unlikely to have negative environmental impacts, or when activities are beyond A.I.D.'s manageable control, such as when activities are implemented with a host-country's resources. As in the case of exemptions, the environmental review process ends with a written statement indicating that the activities fall under the Categorical Exclusion provisions of Reg 16.

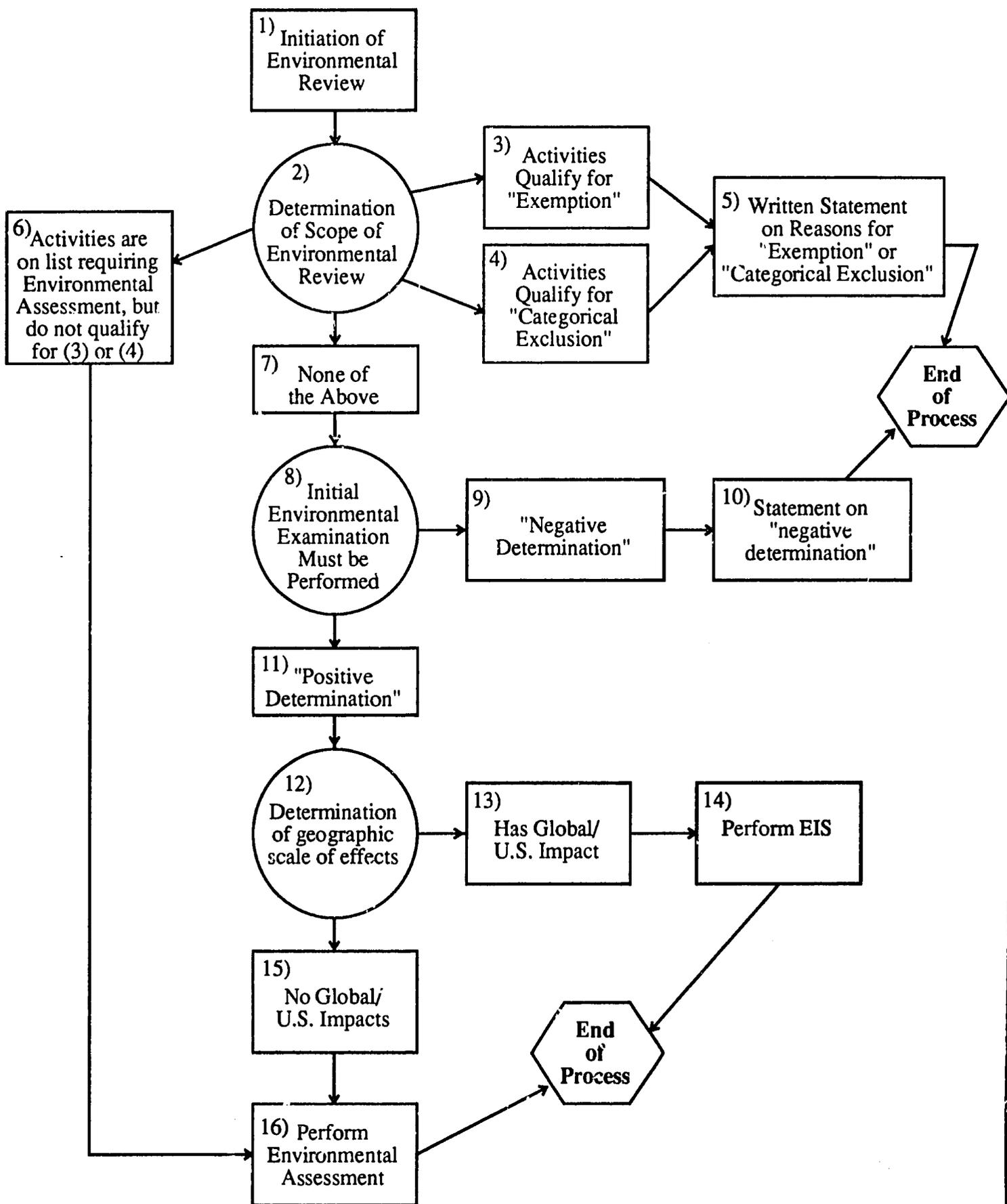
As noted above, Reg 16 contains "blacklisted" activities generally thought to have significant negative effects on the environment.⁵ Projects with these "listed activities" (step 6) require an Environmental Assessment (EA) (step 16). If project activities are not on the "blacklist" or not eligible for either an exemption or a categorical exclusion, environmental reviewers must undertake an Initial Environmental Examination (IEE) (step 8). Its purpose is to

⁴ An Environmental Impact Statement (EIS) for A.I.D. projects is prepared only when anticipated negative impacts are global in scale or potentially affect the United States (see 22 CFR 216.7). This situation occurs very infrequently, so no further reference to EIS is necessary.

⁵ Those activities are referred to as "The Black List" in Reg 16 [22 CFR 216.2(d)(1)]. Blacklisted activities include irrigation and water management projects, new lands development, and industrial plant projects.

Figure 1

REGULATION 16 ENVIRONMENTAL REVIEW PROCESS



determine whether any of the project's activities have "reasonably foreseeable environmental impacts."⁶ If environmental reviewers conclude that there are no "reasonably foreseeable environmental impacts," this is a Negative Determination (step 9). At this point the review process ends, and project design proceeds. If "reasonably foreseeable environmental impacts" are identified, a Positive Determination is made (step 11).

A Positive Determination requires reviewer, to determine whether likely impacts are global or whether they could affect the United States. When such impacts are anticipated, an Environmental Impact Statement is required (step 14). Ordinarily, positive determination is followed by an Environmental Assessment (step 16).⁷

Environmental assessments are meant to be part of the design process and they start with a scoping process to identify the issues to be addressed in the ensuing assessment. Once scoping is completed, relevant specialists conduct the assessment. The resulting report includes a description of environmental considerations, recommended mitigation and enhancement measures, and a monitoring and evaluation plan. If an Environmental Assessment or Environmental Impact Statement is required, these reports play an integral part in the project approval process.

Initially, the originators of a project within a mission determine whether an activity qualifies for a Categorical Exclusion, an Exemption, or if an Environmental Assessment or Environmental Impact Statement is required. Bureau Environmental Officers (BEOs) in A.I.D./Washington review and approve (or disapprove) the missions' recommendations. If the BEOs disapprove, they can request modifications or reconsideration.

Environmental Review of NPA in the Bureau for Africa

The Bureau's environmental review of NPA has been evolving rapidly. Initially, NPA programs were granted Categorical Exclusions.⁸ As interest in the potential environmental impacts of policy change grew, however, the Bureau Environmental Officer attempted to apply Reg 16 to policy reform activities (NPA) in ways that were significantly different from the "standard"

⁶ Such examinations are supposed to occur while Project Identification Documents (PID, for projects) or Program Assistance Identification Documents (PAID, for NPA) are being drafted.

⁷ An Environmental Assessment or Environmental Impact Statement is not required following a Positive Determination if a Negative Declaration [see 216.3(3)] is made. Negative Declarations occur only when a substantial number of EAs relating to a similar activity have been developed, if a programmatic assessment covering the activity has been prepared, or if design criteria for averting the significant effects on the environment have been developed.

⁸ This appears to have been based on an assumption that changes in policies do not have significant environmental impacts.

approach presented in Figure 1. He designed an environmental review document that combined Categorical Exclusions (CEs) with Initial Environmental Examinations (IEEs).⁹

Although most NPA activities continue to receive Categorical Exclusions, Categorical Exclusions were combined with brief Initial Environmental Examinations. Those examinations almost always lead to Negative Determinations, which indicate the anticipated absence of "reasonably foreseeable environmental impacts." Despite such determinations, the Initial Environmental Examination or Categorical Exclusion document often contains suggested environmental conditionalities to mitigate negative environmental impacts.¹⁰ Positive determinations of NPAs appear to be exceedingly rare.¹¹

The intent of this evolving application of Reg 16 has been to identify the "reasonably foreseeable environmental impacts" of NPA programs. When negative impacts are identified, "environmental conditionalities" are added to the Bureau's Initial Environmental Examination or Categorical Exclusion document and NPA program documents (PAIPs and PAADs).

As with projects, NPA designers initiate the environmental review process for NPA in the Africa Bureau. They can obtain assistance in the preparation of the Initial Environmental Examination or Categorical Exclusion document from Mission Environmental Officers, from Regional Environmental Advisors, Regional Environmental Offices, or from the Bureau Environmental Officer (BEO). The NPA originator, the Mission Environmental Officer, and the Mission Director (or a person designated by the director) sign the document. The signed document is forwarded to the BEO in Washington for review and approval. A dialogue and negotiating process often ensue between the BEO and the mission. While the BEO is considering whether to approve the field-based determination, he often suggests that certain environmental conditionalities be incorporated into program design documents and the Initial Environmental Examination or Categorical Exclusion document. Once the mission and the BEO approve the document, it is sent to the General Counsel, Africa Bureau, for final clearance.

⁹ The document is entitled Initial Environmental Examination or Categorical Exclusion (See Annex 1). It is the standard document that the Bureau uses for environmental review of NPA.

¹⁰ Of the nine activities reviewed for this study, all but one were given Categorical Exclusions for at least a part of the activity (See "Recommended Environmental Action," Annex 2).

¹¹ Consequently, environmental assessments of NPAs are rarely undertaken.

3. Case Analysis and Review

Study Methodology

The fundamental question to ask about the evolving environmental review process of NPA programs is: how would complete delegation of authority to missions of the environmental review process affect the quality of environmental reviews of NPA programs?

The study team was asked to address this question by analyzing the environmental review process for a small number of projects and NPA cases. The study was a Washington-based "desk study," so access to data and individuals was limited to what was available in Washington. To avoid spending too much time on gathering documents, the team and the BEO agreed to focus on nine cases with relatively complete documentation (see Appendix C for a description of the cases).¹² Complete documentation was available for most but not all of these cases.¹³

Analysis of the environmental review process for the nine policy-based programs was guided by generalized "best practices" of environmental assessment.¹⁴ In each instance, case reviewers were asked to answer the following three questions:

1. Did the missions' review documents address "reasonably foreseeable environmental impacts?"
2. Did the Bureau Environmental Officer address "reasonably foreseeable environmental impacts" when reviewing these documents?

¹² A previous study of delegations of other authorities suggested that document gathering in Washington can be a significant problem. See "Highlights of the Africa Bureau Analysis of Compliance with Project and Non-Project Guidance under Existing Delegations of Authority," Management Systems International, Washington, D.C., June 1992, p. 2. While some of the cases were projects rather than NPAs, the projects chosen had strong policy components to them. The BEO treated environmental review of those policy-based projects as if they were NPAs.

¹³ Complete documentation was defined as any project or program for which initial planning documents (PID, PAIP), the mission IEE/CE document, the BEO's response to the mission IEE/CE document, and final planning documents (PPs and PAADs) were available. There was no IEE/CE document available for the Senegal case study, and the PAIP was missing for the Niger case study. The team hoped that activity review guidance from Washington to the missions might be available for each case, but this proved impossible to obtain.

¹⁴ For discussion of best practices see: Edward Yates, "Environmental Impact Assessment: What It Is and Why International Development Organizations Need It," Executive Office of the President of the United States, Council on Environmental Quality, Washington, D.C., 1989; Idrissa Samba, "Summary Guidelines for Preparing an IEE, EA, EIS," Mission Environmental Officers Training, REDSO/WCA, Abidjan, March 1992; and, Coursebooks and Sourcebooks of A.I.D.'s environmental impact assessment training courses, ASSET, Institute for International Research, 1815 N. Fort Myer Drive, Arlington, VA 22209.

3. Did the mission incorporate conditionalities into the PP/PAAD that the BEO recommended?

Case reviews were conducted by a case analysis leader (a professional ecologist) assisted by a group of research assistants (RAs), divided into two- and three-person teams. Each team analyzed one case, based on uniform instructions from the analysis leader, and presented findings in Case Reports. To ensure consistency among the reviewers, all RAs, the case analysis leader, and the overall study team leader (an economist) reviewed draft case reports. Revised Case Reports were discussed and refined by a smaller team consisting of the case analysis leader, the overall study leader, and a management specialist. The Case Reports are summarized in Appendix C.

The team planned to supplement the Case Reports with interviews of those involved in the design of each of the cases in order to learn more about the actual process followed in the field to determine when in the design stage the IEE/CE document is prepared; how IEE/CE review was viewed by project/program designers and reviewers; and how mission, regional, and Washington officers view their role in the design, review, and implementation process. Unfortunately, interviews proved to be logistically impractical. Instead the team conducted an open-ended in-depth focus group interview with a small number of Bureau officers in Washington. This was supplemented by review of an earlier study of the environmental assessment process in the Bureau.¹⁵ These efforts provided the team with a general sense of how the environmental review process is viewed and practiced in the field.

Review of the cases was meant to provide a "desk study" assessment of the technical adequacy of the IEE/CE document. The interviews and review of the earlier environmental assessment practices paper in Africa were meant to give a sense of how the environmental review process of NPAs was working. Together, it was hoped that this would provide insight on how well environmental review of NPAs is working. It was also hoped that this would provide insight into the advisability of delegating environmental authority to missions.

It is important to note that each of the projects/NPAs chosen for study is fairly new.¹⁶ One, the Niger Economic Policy Reform Program (NEPRP), was an early precursor to the DFA. Six of the projects/NPAs focus on issues of agriculture and natural resource management.¹⁷ Virtually all are intended to expand traditional and nontraditional exports.¹⁸ Six of the nine activities are predominately NPAs, while three are traditional projects that incorporate important

¹⁵ J. Hecht, et al., "Environmental Assessment in Africa: Final Project Report," October 1991, International Resources Group, Washington, D.C.

¹⁶ The oldest was approved late in 1989, while five were approved after June, 1991.

¹⁷ Madagascar SAVEM, Cape Verde Watershed Management, Niger Economic Policy Reform Program, Cameroon Agricultural Marketing Reform, Senegal Agricultural Research, and Malawi Agricultural Sector Assistance Program.

¹⁸ Except for Cape Verde Watershed Management.

policy elements.¹⁹ Although the sample is small and nonrandom, it is considered reflective of the Bureau's NPA activities that are likely to exert short- and long-run positive and negative effects on the environment.

Before proceeding with results of this analysis, it is important to identify the methodology's limitations. A desk study of program documents limits review to generalized "best environmental assessment practices."²⁰ The team's application of the "best practices" criterion is based on experience gained from previous assessments. Regulations implementing the National Environmental Protection Act have been in effect for over twenty years, so few assessments occur for which there are no reasonable precedents. Those reasonable precedents form the basis of the "best practices" criterion.

Whether "reasonably foreseeable environmental impacts" exist in any one case depends, in part, on many site-specific considerations. Site visits are ordinarily used to investigate the likely occurrence of impacts anticipated from prior experience with similar activities. Since none of the project/NPA documents provided sufficient detail on these local considerations, the Case Reviews had to focus on whether mission/REDSO IEE/CE documents and the BEO's response to those documents meet "best practices" considerations. In this sense, each analysis team was asked to speculate on the basis of: (a) the case material; (b) what it knew about similar interventions elsewhere; (c) knowledge of the environments to be affected based on previous in-country experience; and (d) A.I.D. country environmental profiles.

Case Reviews

Results of the Case Reviews, summarized in Table 1, present an interesting portrait of the environmental review process. Discussion of that portrait is organized around the study team's three questions. Before proceeding to those questions, it is important to point out that environmental review in the Bureau appears to focus exclusively on negative environmental impacts. In none of the nine cases examined was the concept of "net" environmental impact addressed. Exclusive focus on negative environmental impacts is inconsistent with standard environmental assessment practices as well as with Reg 16.²¹ It casts environmental review in a negative light. It also deprives the Bureau of an opportunity to identify those instances in which what is good for development is also good for the environment. In the context of Africa's problems, the potential for such win-win opportunities are probably large and the Bureau misses a potentially important chance to highlight these gains.

1. Did the mission-submitted IEE/CE document address "reasonably foreseeable environmental impacts?"

¹⁹ Cape Verde Watershed Management, Madagascar SAVEM, and Senegal Agricultural Research.

²⁰ See footnote 15 for a description of "best environmental assessment practices."

²¹ Reg 16 explicitly refers to "reasonably foreseeable significant effects, both beneficial and adverse" [22 CFR 216.1(c)(4) and (5)] when defining EA and EIS.

Table 1
Summary Matrix of Environmental Review Analysis

Programs	Issue 1	Issue 2	Issue 3
Madagascar MAELPS (687-T-603A, 687-0102) 7/88 ²²	yes	partially	yes
Niger NEPRP (683-0259, 683-0263) 8/88	no	yes	partially
Cameroon PRAMS (631-0083) 8/90	partially	partially	yes
Madagascar SAVEM (687-0110) 9/90	yes	yes	yes
Kenya KEDS (615-0249) 6/91	no	no	N/A
Senegal NRBAR (685-0285) 7/91	no	partially	N/A
Cape Verde WARD (650-0017) 9/91	no	no	N/A
Malawi ASAP (612-0235, NPA 612-0239) 9/91	no	yes	yes
Rwanda PMPR (696-0135) 9/91	no	partially	yes

Issues

1. Did the mission (or REDSO) IEE address reasonably foreseeable environmental impacts?
2. Did the Bureau Environmental Officer address reasonably foreseeable environmental impacts when reviewing the IEE?
3. Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?

²² Date of the original PAAD or PP.

The reviewers concluded that the Mission/REDSO IEE/CE document failed to address "reasonably foreseeable environmental impacts" in six out of nine cases.²³ In one case, the IEE/CE document partially addressed these impacts; in only two other cases were the impacts successfully addressed. The only cases judged adequate by the case analysis teams were those in Madagascar, where the program is heavily influenced by explicit environmental concerns. While the sample provided for this study is nonrandom and small, it is clear that Mission/REDSO environmental reviews generally failed to address "reasonably foreseeable environmental impacts."

This conclusion is reinforced by independent interviews of environmental officers and program designers and implementers. Those interviews suggest that mission staff responsible for developing projects and NPAs tend to view the environmental review process as a hurdle rather than as an important and useful planning tool. As a result, IEE/CE documents tend to be completed later rather than early in the design process.²⁴ This appears to be related to an "obligation bind" facing Project/NPA designers. These pressures undermine attempts to do more up-front planning. They also lead planners/designers to view legislatively mandated requirements, such as Reg 16, as hurdles to be overcome. There is also some evidence that demands for obligation put pressure on those charged with implementing Reg 16 not to slow the obligation process either by requiring more up-front analysis or by requiring significant modifications to PIDs and PAIPs.

2. Did the Bureau Environmental Officer (BEO) address "reasonably foreseeable environmental impacts" when reviewing the IEE/CE document?

Despite obligation pressures, in most instances, the BEO's comments on mission-submitted IEE/CE documents generally did meet the "best environmental assessment practices"

²³ Two examples are particularly suggestive of mission failure to identify "reasonably foreseeable environmental impacts." The Rwanda Production and Marketing Policy Reform Program aims to increase manufacturing and agricultural production and exports through liberalization of the import system. USAID/Rwanda proposed granting a Categorical Exemption to the program. The mission IEE/CE document did not identify any environmental impacts despite the fact that the Environmental Profile on Rwanda emphasizes that deforestation, overgrazing, shortened fallow periods, and traditional methods of crop production on Rwanda's hilly terrain threaten the fertility of Rwanda's fragile soils. This report also indicates that lack of adequate measures to control soil erosion have caused a serious loss of topsoils. These environmental problems are well known in Rwanda, so it would have been appropriate for the mission to identify how expansion of agricultural production and exports would impact on this precarious environmental situation in agriculture. Similarly, USAID/Kenya's IEE/CE document for its Kenya Export Development Support Project (KEDS) proposed granting a Categorical Exclusion to the project. The document failed to identify any "reasonably foreseeable environmental impacts" despite the fact that this project is expected to lead to an expansion of nontraditional agricultural exports. Such an expansion will either require bringing more land under cultivation with attendant environmental consequences or farming existing land more intensively (i.e., using modern inputs such as pesticides and fertilizers). In either event "reasonably foreseeable environmental impacts" are readily identifiable, but none were discussed in the IEE/CE document.

²⁴ Although documentation made it difficult to determine when in the process the IEE/CE document was prepared, in no case was the IEE/CE document signed prior to PID/PAIP approval.

criterion. The BEO fully addressed "reasonably foreseeable environmental impacts" in three cases and partially addressed those impacts in four more. Moreover in these seven cases, the BEO's environmental review either correctly noted "reasonably foreseeable impacts" or identified ways to mitigate environmental damage.²⁵ Additionally, quite often the BEO recommended that conditionalities or mitigating activities be included in final program documents.²⁶ This suggests that, in most instances, the BEO performs an essential review function.

But what about those instances in which the BEO's review failed to meet the "best practices" criterion?²⁷ While the team was not asked to determine why the BEO's review did not meet the best practices criterion for all cases, it is clear that he operates under severe constraints. He is single-handedly responsible for environmental review of fifty to sixty projects/NPAs per year. Many of the mission IEE/CE environmental reviews for these projects/NPAs come in late in the fiscal year and review of them by the BEO occurs under severe obligation pressures. Exclusive reliance on one individual for environmental review under circumstances in which a premium is placed on rapid review is likely to result in some inadvertent error or oversight.

3. Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?

²⁵ Several examples of differences between Mission and BEO environmental reviews are suggestive of the important role that the BEO plays. Mission environmental reviewers of the Senegal Natural Resource Based Agricultural Research Project proposed granting a Categorical Exclusion to this project because it was a research project. The BEO in Washington disagreed and argued that application of research findings to agricultural practices could have significant impacts on soil conservation, soil erosion, and on fallow periods. Since each of these have been identified as significant environmental problems in Senegal, the BEO proposed that a monitoring system be developed to assess the impact of new agricultural technologies on soil conservation, soil erosion and on fallow periods. Similarly, environmental reviewers of the Niger Economic Policy Reform program (NEPRP), which was designed to increase the export of agropastoral products, proposed granting a Categorical Exclusion to the program because it had no impact on the environment. The BEO in Washington disagreed with this recommendation and proposed that the mission study the long-term impacts of the program on the environment and work with the government to develop an indicator system to track those impacts. He suggested that this include impact of the program on land use, soil fertility, and soil erosion.

²⁶ For example, in the Malawi Agricultural Sector Assistance Program, the BEO proposed that the PAAD incorporate institutional linkages to provide for the mitigation of expected negative environmental impacts of the reforms. This included A.I.D. support for the initiation of the Environmental Monitoring and Coordination Unit (EMCU) within the Natural Resource and Environmental Division of the Department of Research and Environmental Affairs. It also included a review of opportunities for a buy-in for a linkage between Bunda College of Agriculture and Oregon State University to study environmentally sound agricultural practices.

²⁷ This includes Kenya KEDS and Cape Verde WARD. In Kenya KEDS the BEO did not identify the potential environmental impact of the expansion of nontraditional agricultural exports on land use, fallow periods, and on ground water quality. In Cape Verde WARD, he did not identify the potential environmental impacts of construction of 30 drop-inlet structures in the Ribeira Seca and 300 others in eleven other watershed areas. Since these are "black listed" activities in Reg 16, approval of them should have been subject to an environmental assessment.

Review of PPs and PAADs revealed that the BEO's recommendations, including the addition of environmental conditionalities were always integrated into project and NPA design. Discussion with the BEO revealed why this occurred. The BEO and General Counsel must approve all PPs and PAADs. If missions do not incorporate environmental conditionalities suggested by the BEO, final approval for PPs and/or PAADs is likely to be delayed or not granted. Obligation pressures and the veto power of the BEO at a key point in the approval process appear to provide the BEO with leverage in persuading mission staff to include environmental conditionalities in design documents.

4. Conclusions and Recommendations

This study assessed the advisability of the Africa Bureau of A.I.D. delegating Reg 16 authority for NPA to field missions. Final authority for assessing the environmental impacts of NPA currently rests with the Bureau Environmental Officer and its General Counsel in Washington. The team addressed this issue by asking how delegation of authority would have affected the quality of environmental review of a small number of projects/NPAs approved over the past four years.

For each project/NPA, mission environmental reviews were compared with the BEO's response to those reviews. In each instance, questions were asked regarding whether "reasonably foreseeable environmental impacts" were identified and whether missions incorporated environmental conditionalities into final program documents. No attempt was made to determine whether those conditionalities were implemented successfully or whether they ultimately made a difference in project/NPA success.

The study of these issues took place within the context of an evolving approach to environmental review of NPA. Initially, NPA activities were exempt from environmental review. Subsequently, Section 496(H)(2)(b) of the Development Fund for Africa required that NPA programs include provisions to protect long term environmental interests from possible negative consequences of the reforms. This requirement led the Bureau Environmental Officer (BEO) to develop an environmental review procedure for NPA that was based on a highly modified application of Reg 16. More recently, the Africa Bureau's NPA guidance formally extended Reg 16 to NPA. None of the cases studied here were approved after the issuance of this new guidance.

Despite this lack of stability in the environmental review process, it is clear that the intent of the evolving application of Reg 16 by the Bureau Environmental Officer to NPA has been to identify the "reasonably foreseeable environmental impacts" of NPA programs. When he identified negative impacts he added "environmental conditionalities" to NPA program documents. Obligation pressures and his potential veto at a key point in the approval process appear to have provided the BEO with leverage in persuading mission staff to include recommended environmental conditionalities in design documents. This suggests that, in most instances, the BEO in A.I.D. Washington performs an essential review function.

The same can not be said for mission based environmental review. In seven out of nine cases studied, Mission environmental reviews failed to adequately address "reasonably foreseeable impacts." Although, the team can not provide a full explanation for this finding, it appears to be related to several problems. First, project/program designers appear to view environmental review as a hurdle rather than as an important planning tool. Second, continuing obligation pressures undermine attempts to do more up-front planning. When combined with an apparently weak technical capacity to carry out environmental reviews, this finding is not so surprising.

Under these circumstances delegating increased authority for environmental reviews to field missions without taking steps to ease obligation pressures and to enhance the capacity of missions to do better environmental analysis could only jeopardize the integrity of the review process.

Even if the Bureau eased obligation pressures and enhanced missions' technical capacity to undertake environmental reviews, it would still face several problems that need to be addressed to assure that "reasonably foreseeable environmental impacts" are identified and dealt with in NPA design and implementation. Those problems include:

1. The BEO's modified Reg 16 environmental review process for NPA is not consistent with standard environmental assessment practices. Combining Categorical Exclusions and/or Negative Determinations along with the identification of environmental conditionalities into one document (Initial Environmental Examination or Categorical Exclusion) is inconsistent with standard environmental review practice. CEs are meant for activities without "reasonably foreseeable environmental impacts." IEEs are meant to determine whether "reasonably foreseeable environmental impacts exist." Collapsing these two separate steps into one document is confusing: either the impacts are reasonably foreseeable or they are not. Confusion is exacerbated by granting activities a Negative Determination while simultaneously stipulating environmental conditionalities in this combined document. Such stipulations suggest that there are reasonably foreseeable negative environmental impacts. If this is the case, Reg 16 requires that an Environmental Assessment be undertaken.²⁸ Since most activities appear to be given either a Categorical Exclusion or a Negative Determination along with a modified IEE that identifies environmental conditionalities, few, if any, Environmental Assessments are attempted.²⁹

As the Bureau moves to formally extend Reg 16 to NPA, these problems will have to be corrected. This will require developing an environmental review process for NPA that is consistent with standard environmental assessment practices.

2. As the Bureau proceeds it is important to understand that there is little experience **anywhere in the world** with environmental review of policy-based activities.³⁰ Those who

²⁸ Except as noted in note 7, in cases in which a Negative Declaration is made.

²⁹ Except for tropical forestry, this conclusion holds even for most of the activities under Ghana TIP where EAs were foregone in favor of baseline environmental reviews. Annex O, p. 1.

³⁰ There is also some debate about whether those impacts are primarily negative or positive. Critiques of the impact of policy-based activities on the environment can be found in D. Pierce and C. Brown, "Natural Resource Consequences of Agricultural Export Adjustment Policies: A Theoretical Framework", mimeo, n.d., and W. Cruz and R. Repetto, "The Environmental Effects of Stabilization and Structural Adjustment Programs: The Philippines Case," World Resources Institute, September 1992. Arguments that adjustment is likely to have strong positive environmental effects can be found in IBRD, World Development Report, 1992, New York: Oxford University Press, 1992 and K. Cleaver and G. Schreiber, The Population, Agriculture and Environment Nexus, Africa Region, World

have studied the review process for policy-based activities have suggested that it is generally easier to address bio-physical and social impacts at the project or community level.³¹ Differences in the timing between policy change and ultimate environmental impact also tend to make it more difficult to assess the environmental impacts of policy changes. If policy changes cut across sectors, impact assessment is further complicated. Despite these problems, a number of countries are attempting to extend impact assessment to policies and there is some reason to suspect that this may be a reasonable way to proceed.³²

Reg 16 was written with projects in mind, so the Bureau may wish to consider asking A.I.D. to rewrite Reg. 16 to take into account the special problems associated with assessing the net environmental impacts of policy-based activities.

3. While the Bureau is considering how to improve the environmental assessment of NPAs, it might also consider engaging in a learning process that helps it understand the nature of the relationship between its policy-based activities and the environment in a way that makes it possible to use knowledge gained at one point in this learning process in subsequent activities. This includes identifying which environmental conditionalities actually matter in what kinds of circumstances. Since there is little evidence of learning in the current review process -- and even less evidence that what is learned at one stage is applied in subsequent stages -- this step could, by itself, constitute an important development.

One cost-effective approach to better learning would be for AFR/ARTS to undertake a modest scale research/study effort to untangle the web of relationships between its policy-based activities and the environment. The model to be followed might be that which the Bureau used to assess the impact of adjustment on the poor.³³ The results of that research now inform the design of NPA programs in Africa.

While these considerations go beyond the issue of the impact of delegation of environmental authority on the quality of environmental assessments, the failure to address them adequately will undermine any effort to sustain the quality of environmental assessments.

Bank, 1992.

³¹ R. J. Burdge, "A Brief History of Major Trends in the Field of Impact Assessment," Impact Assessment Bulletin, vol. 9, no. 4, p. 102, 1991.

³² C. Wood, et al, "Strategic Environmental Assessment: EA of Policies, Plans, and Programs," Impact Assessment Bulletin, vol. 10, no. 1, 1991.

³³ See any of the reports from the Cornell Food and Nutrition Project funded by Africa/ARTS.

Appendix B: Recommended Environmental Action

as stated in the Initial Environmental Examination or Categorical Exclusion

Project	Determination	Contingencies or measures for mitigation as stated in IEE
Cameroon PRAMS (1990) (631-0083)	CE	PAAD to include a section on natural resources and environmental considerations, especially a review of other donor assessments.
Cape Verde WARD (1991) (650-0017)	CE	None
Kenya KEDS (1991) (615-0249)	CE	None
Madagascar MAELPS (1989) (687-T-603A, 687-0102)	CE and ND ¹	Collection of baseline data and follow-up surveys to measure land use changes on cultivated area for export crops.
Madagascar SAVEM (1990) (687-0110)	CE and ND ²	Each development grant must be approved for compliance with Reg. 216.
Malawi ASAP (1990) (612-0235, 612-0239)	ND	Include in PAAD recommendations for increased staff to ensure development of environmentally sustainable land practices, monitoring, indicators, etc.
Niger NEPRP (1992) (683-0259, 683-0263)	CE and ND ³	Studies and training recommended for the technical assistance component. Special study to be carried out for the NPA portion.
Rwanda PMPR (1991) (696-0135)	CE	Monitoring and assessment of impact on poor.
Senegal NRBAR (1991) (685-0285)	CE and PD ⁴ CE and ND	None

List of acronyms:

CE = Categorical Exclusion PD = Positive Determination

ND = Negative Determination

¹ CE was granted for the initial IEE of 1988. ND was granted for the 1st amendment of 1989, but referring to the criteria for CE under 216.2(c)(1)(i).

² The IEE facesheet recommends both CE and ND. The summary of findings refers to the criteria for CE, but also discusses recommendations of the guidance cable for safeguards to be included.

³ The "IEE" facesheet recommends both ND and CE. CE is recommended under Reg 216 for studies, training, etc. ND is recommended for the NPA component (PAAD amendment).

⁴ One "IEE" facesheet recommends CE and PD. It is signed by RLA, PDO and EO, but not by BEO. Another "IEE" facesheet recommends ND and CE. It is signed by RLA, but not by the BEO. Our documentation does not include an IEE signed by BEO, but there is a cable concurrence in ND/CE.

Appendix C: Case Reviews

Case Review I

Malawi: Agricultural Sector Assistance Program (ASAP) (612-0235 -- project; 612-0239 -- NPA)

Project brief: The NPA/project intends to improve smallholder access to agricultural land, input & output markets, and decent wages through policy reform, TA and training to assist in its implementation.

1) Did mission/REDSO IEE address "reasonably foreseeable environmental impacts?"

No, the first IEE issued did not contain specific input about environmental concerns. Rather, it seemed to focus on "Agro-economic" policy and reform.

2) Did BEO address "reasonably foreseeable" environmental impacts in reviewing IEEs?

Yes. The BEO reviewed the IEE and concluded that the "reasonably foreseeable" environmental concerns needed to be included in the revised IEE. It was decided that these concerns -- deforestation, soil erosion and groundwater quality -- had to be addressed and an evaluating and monitoring system needed to be implemented. The Mission amended the original activity to include the directions of the BEO.

3) Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?

Not applicable. There were no conditionalities in the IEE.

Case Review II

Madagascar: Sustainable Approaches to Viable Economic Management (SAVEM) (687-0110)

Project brief: The project intends to conserve Madagascar's natural resource base and improve the management of protected areas through creation of a national environmental body, training, special studies, development of a conservation data base, and conservation and development grants.

1) *Did mission/REDSO IEE address "reasonably foreseeable environmental impacts?"*

Yes. The Mission IEE did address "reasonably foreseeable environmental impacts" as evidenced by the project outline and strategy which included measures to involve the rural community and development of remedial actions to better manage natural resources and decrease the encroachment upon protected areas.

2) *Did BEO address "reasonably foreseeable" environmental impacts in reviewing IEEs?*

Yes. The BEO did address "reasonably foreseeable . . . environmental impacts" by including guidance and suggestions in the approval message. The document contained ten areas of concern (see PP, pages 85 - 89).

3) *Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?*

Yes. The Missions did incorporate conditionalities of the IEE in the PP. The conditionalities were discussed in the project paper and expanded in the eleven annexes (see Annex V, p. 113 for legislative action requirements and Annex VI, p. 115 for project analysis).

Case Review III

Rwanda: Production and Marketing Reform Program (PMPR) (696-0135)

Project brief: The NPA intends to increase production and employment through supporting Rwanda's broad-based structural adjustment program. The NPA utilizes policy reform, cash transfers, local currency generation and technical assistance.

1) *Did mission/REDSO IEE address "reasonably foreseeable environmental impacts"?*

No. The Rwanda Mission determined that the program met the criteria for Categorical Exclusion (CE) in accordance with Section 216.2(c) of Regulation 16 and was therefore exempted from further review. The BEO concurred. While a CE appears justified in regards to Section 216.2(c)(2)(i), (iii), and (vi) of the regulation, the reviewers felt that the program could have potentially far-reaching environmental (social, economic, physical, and natural) impacts.

2) *Did BEO address "reasonably foreseeable" environmental impacts in reviewing IEEs?*

Yes, partially. In spite of the CE approved for the activity, the BEO did address various concerns about impacts and other issues in the PAIP and PAAD guidance cables. The reviewers felt that the reasonably foreseeable economic and social impacts were sufficiently addressed by the BEO in the two guidance cables. However, there was no mention of impacts that might potentially affect the physical and natural environment. The reviewers think that this issue should have been addressed and integrated into the Monitoring and Evaluation (M&E) System.

3) *Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?*

Yes. All of the concerns and conditionalities were incorporated to some extent in the PAAD, some more completely than others.

Case Review IV

Madagascar: Madagascar Economic Policy Reform Program (MAELPS) (687-0102)

Project brief: The NPA is an amendment to earlier NPA activity and intends to increase exports through supporting reform of export crop taxation policy and other policies to stimulate private sector participation in agricultural export trade.

1) *Did mission/REDSO IEE address "reasonably foreseeable environmental impacts?"*

Yes. The PAIP recognized the importance of protecting the natural resource base. "The Madagascar Agricultural Sector Strategy 1990 - 1997" (MASS) provides a means to address the reasonable foreseeable environment impacts. This document outlines a means of sustaining the economic reforms and incorporates social, biological and physical impacts that may be of consequence to the reforms A.I.D. is attempting to accomplish.

2) *Did BEO address "reasonably foreseeable" environmental impacts in reviewing IEEs?*

Partially. The BEO's evaluation recognized the interrelation of the environment and this A.I.D. program. Careful examination of the few PAIP margin inserts and various underlined and bracketed text, repeatedly recognized foreseeable environment impacts and proposes edited text to lessen detrimental environmental impacts. However, the BEO's review of the original PAIP and Amendment is lacking in scope, thoroughness, and wordage to provide adequate direction for foreseeable environmental impacts.

3) *Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?*

Yes. The mission has incorporated the BEO's conditionalities into the latest document, MASS.

Case Review V

Cameroon: Program of Reform in the Agricultural Marketing Sector (PRAMS) (631-0083)

Project brief: The NPA activity intends to liberalize the markets for targeted export crops and related inputs. The program utilizes conditionality with cash transfers.

1) Did mission/REDSO IEE address "reasonably foreseeable environmental impacts?"

Partially. While the IEE preparer *did* recognize that changes in economic policy could have "indirect impacts" on the environment, his description of potential problems was incomplete. The impacts cited included increased land clearance and use of agricultural chemicals to take advantage of the liberalization of coffee markets. However, the reviewers felt that the IEE should have described the impact of processing more coffee beans. The PAAD stated that there would be a need for more washing factories to be located near the farmers but there was no mention of this in the IEE.

2) Did BEO address "reasonably foreseeable" environmental impacts in reviewing IEEs?

Partially. Because the BEO provided for environmental impact findings to be put in the PAAD, the reviewers felt there was at least limited consideration of environmental impacts evident in the actions of BEO. However, the reviewers observed a lack of planned management of environmental impacts in the IEE response.

3) Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?

Yes. The reviewers felt the mission in Cameroon did a good job of including environmental conditionalities in their implementation of the PRAMS program. There are two projects in place that work as part of the NWRD project that are reported in the PAAD. Both of these programs deal with soil conservation. The Kilum Mountain Project has focused on environmental education in the villages surrounding the mountain and the PAFSAT project is focused on the development of sustainable fixed farming systems. There are also plans in place to continue and expand programs that encourage soil conservation. These programs, when implemented in conjunction with the PRAMS, program adequately meet the long-term needs on environmental conservation and education.

Case Review VI

Kenya: Kenya Export Development Support Program (KEDS) (615-0249)

Project brief: The project intends to increase exports through TA to assist policy implementation, export financing scheme development, institutional development in GOK to improve trade policy analytic capacity, and TA and training to the private sector.

1) *Did mission/REDSO IEE address "reasonably foreseeable environmental impacts?"*

No. The KEDS project is designed to increase Kenya's non-traditional exports using technical assistance and training. KEDS was granted a Categorical Exclusion which stops any further assessment on environmental impacts. The reviewing team identified possible environmental impacts which it felt warranted assessments of possible environmental impacts.

2) *Did BEO address "reasonably foreseeable" environmental impacts in reviewing IEEs?*

No. BEO approval of the IEE and the Categorical Exclusion made no environmental assessment or plans to further investigate environmental impacts. Although indirect, the increase in demand for non-traditional exports that the private sector will eventually create could cause negative environmental impacts if the agro-processing/horticulture producers are not sufficiently trained and prepared to handle the demand. If successful, an estimated one million jobs may be created in Kenya between 1990-1999, with 667,000 of those expected to be in agriculture and horticulture. If proper practical training is not provided, possible physical and biological problems may include overuse, misuse or mismanaged lands, crop growing on unsuitable land types, and soil quality degradation.

3) *Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?*

Not applicable. There were no conditionalities in the IEE.

Case Review VII

Cape Verde: Watershed and Applied Research Development Project (WARD) (650-0017)

Project brief: The project intends to improve agricultural production and incomes through improving the capacity of local governmental research and engineering institutions. Local currency will be used to fund various agriculture-related engineering projects.

1) *Did mission/REDSO IEE address "reasonably foreseeable environmental impacts?"*

No. The IEE granted WARD a categorical exclusion since the activities which may have had an impact were funded through PL-480 local currency. But the reviewers felt that many of the project activities could have negative impacts and that an EA should have been conducted given the nature of the activities -- regardless of funding mechanisms. Included in WARD project off-farm soil and water conservation activities are the construction of 30 drop-inlet structures in the Ribeira Seca and 300 others in the other eleven watersheds, the construction of 5 major cross-channel structures in the Ribeira Seca and 20 others in the remaining 11 watersheds. Also included in project activities is the development of irrigable lands in the form of land leveling and terracing of 9 hectares for irrigation in the Ribeira Seca watershed, the construction of 10 kilometers of lined canals, and the construction of three diversions for water conveyance. In fact, the WARD project soil and water conservation activities are considered by USAID as "blacklist" activities.

2) *Did BEO address "reasonably foreseeable" environmental impacts in reviewing IEEs?*

No. The BEO approved the IEE determination with no conditionalities. Because the reviewers felt that, due to the potential for negative impacts of project activities, an EA is warranted in this case, they felt the BEO should have recommended an EA.

3) *Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?*

Not applicable. There were no conditionalities to the IEE.

Case Review VIII

Niger: Niger Economic Policy Reform Program (NEPRP) (683-0259)

Project brief: The NPA/project activity seeks to increase exports of agro-pastoral products, especially via official channels, through policy and institutional reforms. The activity supplies cash transfers related to conditionalities as well as TA and training to help in implementation.

1) *Did mission/REDSO IEE address "reasonably foreseeable environmental impacts?"*

No. Despite the fact that the IEE called the two non-projectized portions of the activity "environmental actions," the reviewers felt that it failed to account for important physical, biological, and social environmental impacts.

2) *Did BEO address "reasonably foreseeable" environmental impacts in reviewing IEEs?*

Yes. The BEO stated that the IEE should focus on the long-run environmental impacts of the introduction of the policy reforms in Niger in order to fulfill the requirements of the DFA. A special study was proposed to identify long-term impacts of the policy changes undertaken and to help the GON identify environmental indicators which would be useful in informing activities to mitigate environmental impacts.

3) *Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?*

Partially. The mission incorporated conditionalities relevant to the two disbursements but did not include the special study described in Item 2, immediately above.

Case Review IX

Senegal: Natural Resource Based Agricultural Research Project (NRBAR) (685-0285)

Project brief: The project intends to generate improved and sustainable technology for Senegal's cereals-based farming systems by using technical assistance to improve the capacity of Senegal's Agricultural Research Institute.

1) Did mission/REDSO IEE address "reasonably foreseeable environmental impacts?"

No. The IEE was vague and failed to incorporate all three types of impacts, (physical, biological and social), as stated in the NEPA guidelines. Several social impacts, crucial to the success of the project, were severely underestimated. The reviewers questioned the rationale of the threshold decision.

2) Did BEO address "reasonably foreseeable" environmental impacts in reviewing IEEs?

Partially. The BEO did address reasonably foreseeable physical aspects of the environmental impacts. The PP was much more specific than the PID in detailing the reasons why certain existing technologies were not spreading. However, it seemed as though the BEO failed to consider fully social impacts and factors, such as gender and community differences.

3) Did the mission incorporate conditionalities stated in the IEE into the PP/PAAD?

Yes. The conditionalities of the IEE were, for the most part, incorporated in the PP.