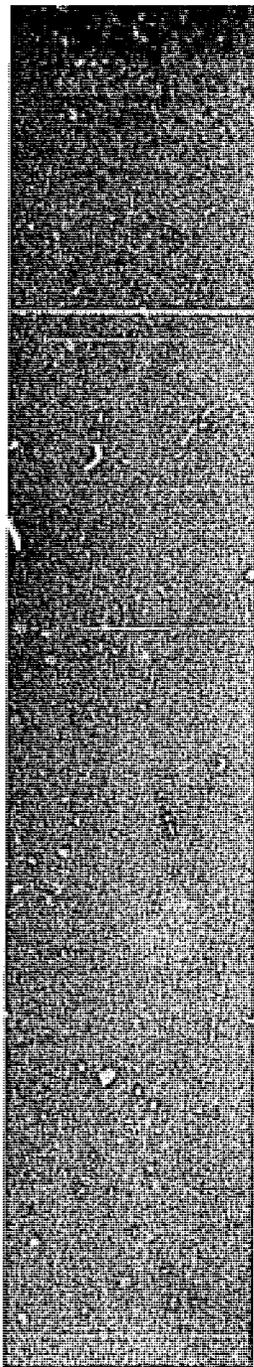


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Development Assistance and the Environment:

Translating Intentions into Practice

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SUSTAINABLE AGRICULTURE PROGRAMME

This Gatekeeper Series is produced by the International Institute for Environment and Development to highlight key topics in the field of sustainable agriculture. Each paper reviews a selected issue of contemporary importance and draws preliminary conclusions of relevance to development activities. References are provided to important sources and background material.

The Swedish International Development Authority (SIDA) funds the series, which is aimed especially at the field staff, researchers and decision makers of such agencies.

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Acronyms

AsDB	The Asian Development Bank
BMZ	Bundesministerium für Wirtschaftliche Zusammenarbeit/ Federal Ministry of Economic Co-operation, FRG
CIDA	Canadian International Development Agency
CIDIE	Committee of International Development Institutions on the Environment
EEC	European Economic Community
FAO	The Food and Agriculture Organisation of the United Nations
GTZ	Organisation for Technical Co-operation, West Germany
IFAD	The International Fund for Agriculture and Development
IUCN	International Union for the Conservation of Nature and Natural Resources
KfZ	Bank for Reconstruction and Development
ODA	Overseas Development Administration
OECD	Organisation for Economic Co-operation and Development
UN	The United Nations
UNDP	The United Nations Development Programme
UNEP	The United Nations Environment Programme
UNESCO	The United Nations Educational, Scientific and Cultural Organisation
UNIDO	United Nations Industrial Development Organisation
USAID	United States Agency for International Development
WHO	The World Health Organisation
WWF	World Wide Fund for Nature

DEVELOPMENT ASSISTANCE AND THE ENVIRONMENT: TRANSLATING
INTENTIONS INTO PRACTICE¹

Since the UN Conference on Human Environment in Stockholm in 1972, there has been a growing effort to incorporate environmental considerations into development assistance programmes and projects. It is now widely recognised that past policies which directed development aid primarily toward purely economic objectives have failed to prevent or, at the very least, to reduce the sometimes catastrophic effects of aid on the human and natural environments of developing countries.

In recognising this failure many national and international donor agencies have begun to allocate resources in order to incorporate environmental objectives into their aid policies. Thus during the last decade many aid agencies have begun to :

- develop procedural and technical guidelines for the inclusion of environmental concerns into the project cycle;
- create special conservation/rehabilitation programmes and projects; and

¹ This gatekeeper is based on a more detailed paper prepared by the author for a seminar to promote environmental assessment procedures within the European Commission (Wenning, 1989).

- help developing countries establish their own institutional capacities for environmental appraisal.

Many donors thus claim to have increased environmental awareness and activities within their agencies. But this is true to only a certain extent: some special environmental and conservation programmes and projects have indeed been developed and carried out using their funds and technical assistance. Yet a distinction must be made between supporting environmental projects with funds and technical assistance, and fully instituting environmental procedures into the project cycle.

This paper focusses on the implementation of environmental procedures by aid agencies and suggests one model for including the necessary steps throughout the project cycle.

Recent Development Policies and Environmental Impact Assessments

During the 1980's multilateral and bilateral aid agencies have committed themselves in various recommendations, resolutions and guidelines, adopted by organisations like the OECD, CIDIE, UNEP and the World Commission on Environment and Development, to make institutional changes towards the inclusion of environmental impact assessments (EIAs) into the project cycle (Table 1).

Table 1 Summary of international strategies and agreements on environmental aspects of development assistance activities

Year	Organisation	Name of Document	Nature of Activity
1980	CIDIE	Declaration of environmental policies and procedures relating to economic development	<ul style="list-style-type: none"> * Institute systematic examinations of all development activities * Ensure integration of appropriate environmental measures in the design and implementation of economic development activities * Support training of operational staff on environmental issues
1980	IUCN, WWF, UNEP, FAO, UNESCO	World Conservation Strategy	<ul style="list-style-type: none"> * Assessment of all projects for their ecological implications
1985/86	OECD	Recommendations of the Council of the OECD on the Environment and Development Assistance	<ul style="list-style-type: none"> * Assessment of development assistance projects and programmes from an environmental standpoint * Guidance on projects/programmes most in need of EIAs and issues to be considered in EIAs
1987	World Commission on Environment & Development	Our Common Future (Brundtland Report)	<ul style="list-style-type: none"> * New measures to ensure that all projects support sustainable development
1987	UNEP	Goals and principles of environmental impact assessment	<ul style="list-style-type: none"> * Environmental effects of activities likely significantly to affect the environment should be fully taken into account before any decision is made * Promotion of the implementation of appropriate procedures in all countries

To what extent have these commitments been fulfilled? Recent studies conclude that even though most donors have made progress, it is still too slow (IUCN/IIED, 1983; ERL, 1988). Three major points have been raised:

1. In general donors find it easier to provide funds and technical assistance than to institute effective procedures,
2. The discussion on EIAs has so far been concentrating largely on technical issues, their planning and the improvement of their methodological aspects,
3. Political and institutional aspects of integrating EIA procedures in all stages (from preparation to evaluation) of projects, programmes and policy development, have been dealt with insufficiently.

Of course, donor agencies differ in the degree to which they have introduced environmental appraisal methods and procedures. USAID was the first donor to institutionalise environmental assessment procedures in the 1970's, followed by the World Bank and CIDA. Only as recently as October 1987 did the German aid agencies (BMZ, GTZ and KFZ) introduce a similar system. Some regional development banks, especially the Asian Development Bank, have strengthened their environmental assessment procedures in recent years. Within Europe the national aid agencies of Denmark, France, the Netherlands, Norway, Sweden, the UK and the EEC itself, as well as several specialised UN-agencies (FAO, IFAD,

UNDP, UNIDO, and WHO) have either institutionalised arrangements in their development aid policy in only a rudimentary way or are still in the process of discussing the introduction of such procedures.

Consequently, within many aid agencies, the most useful environmental "know-how" often lies with individuals. Results are therefore dependent on these individuals' environmental awareness and ability to take and implement the necessary steps. But to achieve an environmental reflex throughout the aid process, an "institutional consciousness" has to be developed. This is only possible if information is gathered more systematically and planning instruments such as EIAs are improved and adequately integrated into the project cycle.

EIA and the Project Cycle

Classifying projects by potential impact

To help project officers identify a project according to potential impact on the environment, some aid agencies group existing programme and project types into categories based on the environmental harm that they may cause.

Criteria and procedures for determining whether an activity is likely significantly to affect the environment and thus undergo an EIA should be clearly defined by legislation, regulation or other means. Subject activities can then be quickly identified, and an EIA applied as the activity is being planned. Projects in

categories considered as causing no harm can proceed without any further consideration, whilst those in categories indicating negative environmental impacts can begin to guide the possible scope of an EIA. The UNEP Guidelines (UNEP, 1987) and an OECD recommendation (OECD, 1986) provide sample lists of activities most in need of environmental assessment. These include, for example, exploitation of water resources, new infrastructure, extractive industries, waste disposal and substantial changes in farming and fishing practice.

Project identification

An officer in charge of programmes or projects submitted to an agency for financial support can, on the basis of the classification scheme, quickly and reliably identify any activity likely to have significant environmental effects. As soon as this is decided it has to be ensured that:

- the preparation phase includes an EIA integrated with cost benefit and engineering feasibility studies;
- the content of an assessment is determined by a procedure to identify programme/project alternatives and the most significant environmental impacts associated with them.

Already at this phase it is important that the preparations should be done by the people responsible for the programme/project together with other interested parties (e.g. host governments, public). Of course, it must be recognised that

it can also be decided not to go ahead at all. In theory it should be possible to make alterations or to stop at any stage for environmental reasons.

Project preparation

After first identifying the most significant environmental impacts that might be caused by different alternatives in the post-preparation phase, the terms of reference for the assessment itself have to be drawn up.

Depending on the size and nature of the programme or project, the assessment can range from a one to two page analysis to a comprehensive EIA. In the first case the necessary information can be gathered and assessed by a small group of people (desk officer, technicians, host government and public affected) with the help of checklists, matrices, overlays and maps.

The second case is more complicated. More consultations with a broader group of people are needed (in addition to the above mentioned ones: NGOs, research institutes, interdisciplinary teams of experts), and existing information might be inadequate so that special subject studies have to be conducted. Because of the complexity of the problem such an assessment might need to include elaborate methods, e.g. systems diagrams, simulation modelling, networks, etc., that are already available but only used by a few agencies. However, many predictive methods presently used in assessment work are still inadequate and need to be improved.

Apart from assessing the environmental effects likely to be significant, other aspects should also be taken into consideration. For example, consideration of existing pressure on ecosystems (or parts of ecosystems) in that region and their development without the project being implemented, and relationships between ecological and social effects.

The crucial point at the preparation stage is that information should be gathered and solutions sought in cooperation with all interested parties, because no individual or methodology can singly identify all the impacts associated with a project.

Project assessment and approval of funding

At this stage of a programme or project the EIA has become part of the overall project assessment and two main considerations emerge. First, how to weigh environmental costs and benefits? And second, which parties should be involved in the actual approval of the project?

With regard to the former, a decision can be oriented towards monetary and/or non-monetary criteria. Non-monetary values might include a specified degree of cleanliness of air or water, protection of species or the preservation of a special landscape. Such criteria would be chosen, independently of any cost-benefit analysis, to protect human health, natural resources, wildlife, forests and so on. This can be done by setting precise limits (mg/cubic metre air or water; number of animals, plants, etc.)

and only a project design meeting these conditions could be implemented. A set of such standards was developed by the EMZ (BMZ, 1987). Such a catalogue is not meant to be comprehensive, but rather is intended as a framework for decision-makers. It is open to alterations and amendments and should be applied flexibly in accordance with local conditions.

Another approach is to express environmental costs in monetary terms and include them in a cost-benefit analysis. There are basically two approaches:

- to demand, as a general requirement, that in case environmental damage occurs the "project package" contains specific measures - and, therefore, costs - for the rehabilitation of the environment (either to restore the environment or to create environmental benefits elsewhere);
- to place economic values on the environmental damage done by the project, but this places a heavy burden on the analyst's ability to attach economic values to environmental damage.

Here it is also the development agencies' responsibility to find out those methods of weighing environmental costs most suitable for their own programmes and projects (which depends much on their size and nature and on the sectors and areas in which they are operating). Guidelines should be developed to facilitate the task of decision-makers.

It is vital that those parties interested or affected by the project should be involved in the preparation process. As a consequence they should also be consulted before the final decision is taken. The UNEP-Guidelines (UNEP, 1987) provide for this in Principles 6, 7 and 8 where it is suggested that government agencies, members of the public, experts in relevant disciplines and other interested groups (such as farmers and environmentalists) should be given an appropriate opportunity to comment on the EIA.

Development agencies will have to find ways to ensure that these requirements are followed in a proper way. The BMZ has begun by producing a list of environmental organisations in developing countries. A data sheet on each organisation gives detailed information on tasks, personnel, level of experience, and so on. The USAID has conducted a similar exercise by cooperating with environmental groups in developing countries.

The final decision to approve a programme or project should be in writing, stating the reasons and including provisions to prevent, reduce or mitigate damage to the environment. This document will later serve as a basis for control measures in the evaluation process.

Project implementation and monitoring

It is important that once the programme or project is approved it is implemented according to the plan of action laid down during the approval phase. It is crucial that the assessment process

continues beyond the point at which a decision is taken. The monitoring criteria laid down in the assessment should be used both to ensure that suggested mitigating measures are implemented and to assess the accuracy of the predictions made (e.g. the actual impact of the project on air and water quality, human health and ecosystem stability). If monitoring is carried out carefully, inaccurate predictions can be refined and improved. Moreover, findings can improve the general data base for future programmes and projects of a similar nature.

The proper implementation of environmental measures and the monitoring of the whole process requires special efforts by the donors. Recipient country officials and local experts should be also involved in promoting and carrying out environmental monitoring as part of the EIA process.

It is often necessary for the donor agency, together with the host country, to ensure that technical and institutional measures are carried out in a proper way. But financing the implementation of mitigation measures and monitoring is frequently a problem. It is therefore recommended that donor agencies provide for this in project budget and adapt their financial appraisal procedures accordingly.

Project evaluation and dissemination of findings

Evaluations should be performed at the end of the funding period and for some years after the programmes and projects have been put into operation, in order to determine the sustainability of

project provisions for environmental protection. Much can be learned from the evaluation process regarding the design and implementation of future projects. The results of these evaluations should be publically available and widely disseminated.

The Development of Procedural and Technical Guidelines

It is not possible to institutionalise a procedure of environmental assessment without guidelines and handbooks which help agency staff to know "what to look into, how to do it and when to do it". Here is an overview of categories and content of guidelines.

Categories

Agency guidance should state or explain policies, procedures and guidelines for environmental planning and assessment particular to the agency as well as give technical guidance that is not agency-specific but which could help, (e.g., in assessing environmental effects of projects) or inform on environmental problems and management measures (generic, sector policy, project preparation and management guidelines).

Content

Guidelines should refer to what happens before project appraisal, how to analyse projects, what to do on the basis of environmental planning, and assessment of specific sources.

The World Bank and USAID have had procedural guidelines for some time, but most agencies have not moved ahead with the preparation of such guidelines since 1983. While the institutional arrangements for these have remained largely unchanged, some new technical guidelines have been introduced to deal with specific subjects such as industrial processes and hazards, pesticides and wildlands. The BMZ and CIDA, which have prepared formal environmental assessment procedures, have recently developed some procedural and technical guidelines.

The AsDB and certain UN agencies have continued to develop a range of technical guidelines. The bilateral agencies in Denmark, the Netherlands and Norway are still involved in a preparation process whilst the British ODA is in the process of upgrading its guidelines. Unfortunately, there is not much evidence that technical guidelines, where they are available, are being used systematically.

Comprehensive, understandable guidelines are important tools in EIA and contribute to its success. It is, therefore, necessary that aid agencies define their specific need for guidelines, make sure that they meet the practical requirements of the settings they are aimed at, and use them properly.

Training and Education of Staff and Decision-makers

In several aid agencies the character of decision-making is very often informal and intuitive, largely because of a lack of knowledge on specific environmental subjects. Moreover information is often scattered and not easily available to individuals. It would be of much help if documentation were readily available for consultation (including a collection of important research done or underway, names and addresses of research institutes and government agencies and evaluation reports on different types of projects). There could be regular working groups at department level to discuss outstanding questions, and twice yearly training seminars with scientists, delegates from other agencies and outside consultants. Structured discussions and workshops, more than reading, raise difficulties and obscurities and at the same time provide better opportunities to resolve them.

Agencies should also be interested in training their staff on the basis that they have more than a fund-channelling function and their role amounts to more than merely "keeping the pipeline flowing". If staff know that the environmental success of a project is considered to be as important as its economic success, and that it is their responsibility to ensure this, projects would be handled in a more environmentally sound way. Recently the OECD has adopted and issued a recommendation on an environmental checklist for high-level decision-makers in bilateral and multilateral aid agencies (OECD, 1986). Senior

officials and their representatives on the boards of multilateral development assistance institutions are requested to make use of this checklist before approving a project. Also, member countries are invited to exchange experiences using the checklist.

Conclusions

Within the last 10 years most multilateral and bilateral aid agencies have committed themselves to include systematically environmental considerations into all their development activities. It is recognised that one way of achieving this goal is to use environmental impact assessments (EIAs) integrated into the project cycle and supported by appropriate guidelines and training and education of staff.

Unfortunately many aid agencies have not yet translated these commitments and intentions into practice. Even though they have developed a wide range of technical guidelines, most agencies have failed to establish procedural and institutional changes - a necessity for making environmental assessments an integral part of the project cycle and for building up an "institutional consciousness" on environmental matters.

There is already the knowledge, experience and guidance on what could be effective procedures and on what the main elements should be. But, there is much that requires further improvement, adjustment and even revision. Yet this cannot be a reason for

any further delays in revising existing procedures. Development assistance agencies must now take seriously their own commitments regarding environmental impact assessments and institutionalise genuine changes in their approaches to development activities.

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