

COUNTRY ENVIRONMENTAL ANALYSIS

Introduction

A country environmental analysis (CEA) is to be prepared as an input to the country strategy and program (CSP) exercise. The CEA will provide the background information necessary for informed decision making on environmental constraints, needs, and opportunities in a developing member country (DMC), including those that impinge upon poverty partnership agreements, as appropriate. The CEA will outline environmental issues that are most important to a DMC's development strategy and describe ADB's role in helping remove the environmental constraints on the DMC's sustained development. The CEA is directed at the policy, program, and sector levels, although it may highlight important environment issues associated with projects in the pipeline. The CEA is envisaged as a participatory process that is initiated before the CSP, and continues through CSP preparation to assess potential environmental issues associated with the CSP.

The CEA is prepared by the regional department concerned, and will focus specifically on relevant sectors and institutional analysis of direct concern to ADB operations.¹ The analysis will be tailored to the requirements of each DMC, and will purposefully build on complementary work by other agencies. In addition to enhancing the consideration given to environmental factors in formulating policies, plans, and programs, the information and analysis contained in the CEAs will support and facilitate the downstream environmental assessment of individual ADB-financed projects. The CEA will also provide a basis for monitoring country environmental performance.

An ADB environmental specialist or qualified outside consultant should prepare the CEA—working as part of the team responsible for preparation of the CSP.

Recommended Content of the Country Environmental Analysis

At this stage of development there is still limited experience with CEA.² This section outlines the recommended contents for a CEA.

1. Background Information

a. Role of Environment and Natural Resources in Economy

- description of the role environment and natural resources in the economy and identification of the extent to which poor communities depend upon environment and the natural resources for their livelihood and well being
- estimates of the sector share of GDP from natural resources and agriculture
- identification of opportunities for sustainable development in the environment and natural resource sectors

¹ The Pacific Department will instead prepare a regional environmental strategy as an input to the Regional Strategy for the Pacific.

² Country environmental analysis is a new requirement. Methods and approaches are under development and are being tested as part of the development of the CSP in various DMCs. Those wishing more information should consult with the RSES division of RSDD.

b. Key Environmental Issues faced in the country

- review of the key environmental indicators, qualitative and quantitative information at the sub-national level distinguishing the problem in different geographic areas, sectors and ecosystems
- identification of policy failures, market and institutional failures, social, economic and cultural factors
- discussion of impacts on livelihoods, health and vulnerability of poor communities and issues of global and regional concerns
- identification of the opportunities and constraints the environment places on development. The review would identify the extent to which environment could contribute to economic growth and the gains to be made from environmental improvement in specific sectors

c. Regulatory and Institutional Framework

- identification of main stakeholders
- review of the environmental standards, regulations, enforcement mechanism and instruments
- assessment of appropriateness and effectiveness of regulatory environment
- capacity and capability assessment of environmental agencies and other organizations involved in environmental permitting, assessment, monitoring, and enforcement
- identification of and evaluation of the effectiveness of formal or informal mechanisms for cross-sectoral coordination of policies and actions
- examination of the extent and nature of public consultation in decision-making

2. Priorities for Action

a. Past Environmental Record

- review of the country's record in dealing with difficult environmental issues (e.g., energy, chemical, and other highly polluting industries)
- assess record in complying with environmental conditions in projects financed by international financial institutions

b. Environmental Information Needs

- identification of data gaps that need to be filled for a better understanding of the country's environmental problems, either through one-time studies or through improved on-going monitoring
- identifying key indicators to be monitored so that trends in the main environmental problems can be assessed. These indicators should be based on existing or easily collected data and be policy-relevant

c. Review of Country Strategy and Program

(i) Overview of CSP

- a brief overview ADB sectoral strategies and work programs, highlighting environmental lending projects, if any
- links between ADB strategies and work program with the Government, bilateral and multilateral funding agencies operating in the country

(ii) Assessment of environmental consequences of CSP

- assessment of the impact of the CSP on the key environmental issues facing the country
- links between environmental implications and the objectives in individual sectors need to be identified
- including possible win-win situations (e.g., reducing land degradation problems to help achieve agricultural growth targets, or reducing water pollution to help achieve health targets) as well as possible trade-offs (e.g., the impact on pollution or biodiversity of road development)

(iii) Conclusions and Recommendations

- an overall assessment of the potential environmental benefits and adverse implications
- general recommendations to ensure environmental sustainability of the planning and implementation of the country program

3. Appendixes

Appendix 1. Indicators for Monitoring Environmental Performance

- definitions of key environmental indicators
- presentation of trends (i.e. a time series) of key environmental indicators

Appendix 2. Key Environmental Institutions in the Country

- organizational listing of institutions responsible for environment and natural resource management in the country

Appendix 3. ADB Multi Year Lending Program

- tabular summary of ADB multi year lending program

Appendix 4. ADB Multi Year Technical Assistance Program

- tabular summary of ADB multi year lending program