

**ASIAN DEVELOPMENT BANK**

**TAR: REG 35469**

**TECHNICAL ASSISTANCE**  
(Cofinanced by the Asian Development Bank and Government of New Zealand)

**FOR THE**  
**FORMULATION OF THE**  
**PACIFIC REGION ENVIRONMENTAL STRATEGY**

**2004–2008**

**June 2002**

## **ABBREVIATIONS**

ADB	-	Asian Development Bank
CEA	-	country environmental analysis
CSP	-	Country Strategy and Program
CSPU	-	Country Strategy and Program Update
PARD	-	Pacific Department
PDMC	-	Pacific developing member country
PRES	-	Pacific region environmental strategy
SOE	-	state of the environment
TA	-	technical assistance
WSSD	-	World Summit on Sustainable Development

## **NOTE**

In this report, "\$" refers to US dollars.

## I. INTRODUCTION

1. The Pacific region<sup>1</sup> is currently facing increasing environmental pressures. Common environmental problems include rapid deforestation and loss of biological diversity; destructive exploitation, and in some cases depletion of marine and mineral resources; degradation of coastal environments; climate change with associated extreme weather variability and potential sea level rise; poor waste management; inadequate sanitation; urban pollution and related threats to freshwater resources; as well as other land and sea-based pollution processes. Partly as a result of these pressures, some of the traditional ways of managing the environment are now disappearing.

2. In addition, Pacific countries have specific vulnerabilities, including poverty, geographic isolation, fragile environments, rapid population growth and urbanization, limited land resources, high dependence on marine resources and increasing use of imported and often inappropriate technologies. While the Asian Development Bank (ADB) has been providing support for addressing these problems for many years, its environmental assistance program since 1992 has been rather ad hoc, and has lacked a strong strategic direction. With planning already under way for the next Pacific regional strategy for 2004–2008, the time is ripe for a strongly articulated environmental response strategy. Accordingly, an ADB mission visited the Fiji Islands and Samoa from 18 to 22 February 2002. The mission met with officials from national governments and regional agencies to discuss the technical assistance (TA) objective, scope, and implementation arrangements.<sup>2</sup>

## II. ISSUES

3. Prior to 1992, ADB assistance to the environment sector in the Pacific region was mainly limited to the preparation of country reports for United Nations Conference on Environment and Development 1992 (the Earth Summit), when national environmental management strategies were prepared in most of the Pacific developing member countries (PDMCs). ADB's involvement in the environment area has more recently focused on (i) capacity building for environmental management, including legislation preparation and institutional strengthening; (ii) support to the South Pacific Regional Environment Programme, and to environment-related programs of the South Pacific Applied Geoscience Commission and Secretariat of the Pacific Community; and (iii) capacity building for strengthening live fish trade management<sup>3</sup> and capacity building to promote traditional environmental management.<sup>4</sup>

4. Furthermore, the ADB lending portfolio for the Pacific has a number of infrastructure loans that include various environmental components, especially in the areas of water supply, sanitation, solid waste and wastewater management, as well as urban environmental quality improvement.

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<sup>1</sup> The Pacific islands region occupies more than 30 million square kilometers of the Pacific Ocean, the total land area is 552,789 square kilometers of which, 461,690 square kilometers are occupied by Papua New Guinea. The region is unique and characterized by a high degree of ecosystem and species diversity with high vulnerability to a wide range of natural and environmental disasters. The region also has a high degree of economic and cultural dependence on the natural environment with an extraordinary diversity of cultures and languages, and traditional practices and customs centered around the marine and coastal environment.

<sup>2</sup> The TA (concept paper) is included in the 2002 Pacific Subregional Cooperation Strategy and Program Update. It first appeared in *ADB Business Opportunities* on 5 February 2002.

<sup>3</sup> ADB. 1999. *Technical Assistance for Strengthening Live Fish Trade Management in the Pacific Developing Member Countries*. Manila

<sup>4</sup> ADB. 2000. *Technical Assistance for Capacity Building to Promote Traditional Environmental Management in the Pacific Developing Member Countries*. Manila.

5. The current Pacific strategy,<sup>5</sup> however, has a relatively weak environmental focus. While recognizing the importance of environmental protection, it does not articulate a sufficiently detailed strategic response. Future interventions and approaches are not explicitly mentioned. This was also the case with the 1996 strategy.<sup>6</sup> The impression is that ADB's environmental assistance to the Pacific has somehow diminished since the 1992 Earth Summit.

6. Recent directions in ADB's approach to development assistance support the need for a strengthened and more focused environmental strategy for the Pacific region. The transformation of ADB from a project lending institution to a broad-based organization focusing on poverty reduction is well under way. Support for policy reform, good governance, and establishment of efficient institutions targeted at poverty reduction have become central foci. ADB's poverty reduction strategy,<sup>7</sup> the long term strategic framework,<sup>8</sup> and the new medium term strategy<sup>9</sup> consistently call for a renewed emphasis on the environment. On one side, environmental sustainability (leading to environmentally sound economic development) is recognized as a central pillar for a country (region) development strategy; on the other, environmental sustainability is also identified as one of the three main crosscutting themes (footnote 10, Appendix 2 of the MTS).

7. The new ADB environment policy<sup>10</sup> has five policy thrusts, all of which encourage the development of approaches such as the one proposed for this TA. The five core elements are (i) promote environment and natural resource management interventions to reduce poverty directly; (ii) assist DMCs to mainstream environmental considerations in economic growth; (iii) help maintain global and regional life support systems that underpin future development prospects; (iv) build partnerships to maximize the impact of ADB lending and nonlending activities; and (v) integrate environmental considerations across all ADB operations. In particular, the environment policy calls for the preparation of a country environmental analysis (CEA) as "... a process initiated before the country strategy and program [CSP], and continuing through the CSP preparation in order to, eventually, assess potential environmental issues associated with the CSP. Assessment is at the policy, program, and sector levels, and not at the project level". Guidelines for country environmental analysis are being developed, and these will need to be adapted to specific requirements of the Pacific Department (PARD), the outcome possibly being a regional CEA.

8. In accordance with the above CSP<sup>11</sup> formulation process, the Pacific region environmental strategy (PRES) will become a pre-CSP thematic (environment) assessment. As such it will provide a strong input to the proposed Pacific regional strategy. It will also meet a number of objectives contained in the ADB environment policy and will constitute the most important element of the (regional) CEA which, as called for in the environment policy, will require further environmental strategic assessment work to be undertaken at the policy, program, and sector levels through the regional strategy preparation process in 2003 and 2004.

9. Policy elements (ii) and (v) of the environment policy relate to the integration of environmental priorities into economic development both at the country planning level and at the

<sup>5</sup> ADB. 2001. *A Pacific Strategy for the New Millennium*. Manila

<sup>6</sup> ADB. 1996. *Strategy for the Pacific: Policies and Programs for Sustainable Growth*. Pacific Studies Series. Manila

<sup>7</sup> ADB. 1999. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila

<sup>8</sup> ADB. 2000. *Long Term Strategic Framework*. Manila

<sup>9</sup> ADB. 2001. *Medium Term Strategy (2001-2005)*. Manila

<sup>10</sup> ADB. 2002. *Environment Policy. Working Paper*. Manila.

<sup>11</sup> For the Pacific Region an overall Pacific Regional Strategy will be prepared. At the country level, only PNG and possibly Fiji will have a full CSP. For all other PDMCs, yearly CSPUs (which do include selected CSP elements) will be prepared.

level of ADB operations. This is an important thrust in international thinking about how to simultaneously advance economic and environmental development goals. A wide range of new techniques and methods is being tried around the world to support policy integration, and to allow for the environmental assessment of nonproject proposals (i.e., policies, legislation and acts, sector planning, etc.). Some of these techniques are broadly defined as strategic environmental assessment, policy integration approaches, etc. The proposed PRES will review some of these new approaches to determine their applicability to the PDMCs.

### III. THE TECHNICAL ASSISTANCE

#### A. Purpose and Output

10. The main purpose of the PRES is to produce a strong and well-articulated regional environmental strategy that will review major environmental challenges in the region and clearly formulate the strategic objectives and activities for ADB's assistance for 2004–2008. The focus will be on a clearly defined operational strategy detailing specific modalities for intervention, both through country or regional environmental assessments and lending programs, and the inclusion/mainstreaming of environmental priorities in the nonenvironmental projects pipelines. This strategic framework with its various components will constitute an important pre-Pacific regional strategy (2004–2008)<sup>12</sup> thematic assessment, and as such can be considered the most significant part of the proposed (regional) CEA for the Pacific.

11. The expected core output is the main PRES document, which will include the following:

- (i) state of the environment (SOE) section including an SOE summary for the Pacific region with a review of major environmental issues facing the region and a summary set of environmental indicators/data at the regional and when possible country level;
- (ii) evaluation section with a summary assessment review of the implementation progress in the last decade, an analysis of past assistance and lessons learned, and a review of priority frameworks for action;
- (iii) intervention strategy section (a) identifying the strategic objectives for ADB environment assistance during 2004–2008, in terms of both lending and nonlending interventions; (b) including a review of operational modalities to achieve the stated objectives and a review of opportunities for development partners' coordination with respect to environmental operations and mainstreaming of environmental priorities across all other interventions; and (c) constituting a major input into the new Pacific regional strategy for 2004–2008; and
- (iv) country environmental analysis section for strategy/program integration, (a) reviewing individual existing country CSPs<sup>13</sup> and CSP updates to identify areas for environmental mainstreaming, and as much as possible, incorporating the outcome of the intervention strategy into the CSPs and CSP updates, and (b) including an initial outline of project pipelines for funding from the Global Environment Facility/Kyoto<sup>14</sup> mechanisms and/or other multilateral funding mechanisms and/or ADB channel financing funds.

<sup>12</sup> This proposed document will be published in the Pacific Studies Series. A contents page is attached as Appendix 4.

<sup>13</sup> CSPs are expected to be formulated for Papua New Guinea and possibly the Fiji Islands.

<sup>14</sup> In December 1997, representatives of 160 countries comprising the Third Conference of Parties to the United Nations Framework Convention on Climate Change met in Kyoto, Japan, and agreed on the Kyoto Protocol to reduce emissions of greenhouse gases — primarily carbon dioxide, methane, and nitrous oxide in industrialized

## **B. Methodology and Key Activities**

12. Preparation of the PRES main document will involve the following:

- (i) review of the SOE reports and actual available environmental data/indicators sets in the PDMCs (both at the regional and country level) including a review/analysis of major environmental issues currently facing the region and the PDMCs, and preparation of a summary set of environmental indicators at the country and regional level as required;
- (ii) summary review of progress made over the course of the last decade in implementing Agenda 21 (the Earth Summit), as well as all the associated regional and national environmental management strategies prepared before and after the 1992 Earth Summit; including stocktaking of the review process undertaken for the preparation of the World Summit on Sustainable Development, and reviewing priority frameworks for action presented by the countries to the summit;
- (iii) summary review of past environmental assistance, development experience, and lessons learned; with a particular focus on ADB assistance;
- (iv) elaboration of the intervention strategy (strategic framework) including identification of specific objectives, strategic foci (sector, thematic, geographic), and operational modalities for ADB's environmental assistance and environmental mainstreaming with special attention to the areas where ADB has a comparative advantage;
- (v) identification of areas for coordination/division of labor with development partners;
- (vi) undertaking of the CEA for strategy/program integration by reviewing individual countries CSPs (Papua New Guinea) and CSP updates to identify regions, sectors, and thematic areas for policy integration and reorientation of the strategy and assistance programs to better meet the objectives identified in the intervention strategy (strategic framework); and identification of preliminary project pipelines for funding from the Global Environment Facility/Kyoto and other similar funding mechanisms as well as other ADB channel financing funds;
- (vii) review of the application of various tools and approaches for undertaking CEA to assess their applicability, including (i) strategic environmental assessment of plans, programs and policies, (ii) other policy integration methods, or (iii) any other methodology for CEA used or potentially usable in the PDMCs; and
- (viii) Selective use on a pilot basis of the above tools and approaches (in particular policy integration and strategic environmental assessment methods) on a limited number of proposed ADB interventions to carry out the CEA for strategy/program integration. A list of possible approaches is included in Appendix 5.

## **C. Cost and Financing**

13. The total cost of the TA is estimated at \$400,000. ADB will provide \$300,000 on a grant basis from the ADB-funded TA Program. The Government of New Zealand will provide joint cofinancing of \$100,000. Detailed cost estimates and financing arrangements are presented in Appendix 2.

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countries. Such emissions are believed responsible for climate change. The Kyoto Protocol, provides three mechanisms for cooperative implementation of greenhouse gases reduction targets: emissions trading, joint implementation, and the clean development mechanism.

## **D. Implementation Arrangements**

14. The TA will be executed by ADB and implemented over about 8 months. It is expected to commence in July 2002 and be completed by March 2003.

15. Several regional organizations have indicated interest in participating in the TA implementation and PRES preparation process. These institutions as well as the PDMCs' selected government representatives and nongovernment stakeholders will be consulted during the TA inception stage and invited to a midterm regional workshop in December 2002 and a final PRES workshop in March 2003.

16. The ADB environment sector committee will review the progress of the TA and provide appropriate guidance as required. Consultations with regional organizations, PDMC stakeholders, and ADB staff will be facilitated by the initial consultations, the two regional workshops, the presentation and discussion of the PRES at one or more internal ADB green bag seminars and environment sector network meetings, as well as the publication of the PRES both on the ADB website (various drafts and supporting documentation in progress) and as a special volume of the Pacific Studies Series.

17. Considering the current involvement of the ADB Regional and Sustainable Development Department in the international debate on CEA approaches/methodologies and its responsibility in the formulation of the ADB guidelines on CEA, TA implementation will require close coordination and consultation between Pacific Department and Regional and Sustainable Development Department on the main outputs, activities, and selected methodologies. The PRES will constitute an important thematic assessment supporting the proposed Pacific regional strategy 2004–2008. All these activities will provide opportunities to provide timely and participatory feedback on the relevance and adequacy of the proposed PRES.

18. A team of four consultants, recruited on an individual basis, will assist TA implementation. The team will consist of two environmental policy specialists-environmental economists (international consultants), primarily based at ADB headquarters for 6–8 months. Two environmental specialists (technical research assistants), expected to be recruited locally in the Philippines, will assist the international consultants. The consultants will be engaged individually by ADB. Outline terms of reference for the consultants are presented in Appendix 3.

19. The international consultants will be responsible for all the outputs included in the PRES and detailed in the outline terms of reference. They will coordinate preparation of and finalize (i) the inception report (including full description of activities and the detailed work plan) by the end of week 3, (ii) the midterm report (draft PRES) by the end of week 24, and (iii) the TA final report (main PRES document) by the end of week 32. The midterm and final reports will be prepared in accordance with the preliminary outline attached as Appendix 4 subject to any revision requested by and agreed upon with the TA mission leader.

## **IV. THE PRESIDENT'S DECISION**

20. The President, acting under the authority delegated by the Board, has approved (i) ADB administering a portion of technical assistance not exceeding the equivalent of \$100,000 to be financed on a grant basis by the Government of New Zealand, and (ii) ADB providing the balance not exceeding the equivalent of \$300,000 on a grant basis, for the Formulation of the Pacific Region Environmental Strategy, and hereby reports such action to the Board.

## TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators and Targets	Monitoring Mechanisms	Assumptions and Risks
<p><b>Goals</b></p> <p>Increase mainstreaming of environmental priorities into the Pacific operations of the Asian Development Bank (ADB) and mainstream environmental concerns in the Pacific developing member countries (PDMCs) development planning and programs/projects implementation.</p> <p><b>Purpose</b></p> <p>Formulate the new Pacific region environmental strategy (PRES) with clear strategic objectives and activities for ADB assistance during 2004–2008.</p>	<p>Early-stage introduction of environmental priorities in all (lending and nonlending) ADB Pacific operations and in the development planning cycles of the PDMCs.</p> <p>Fewer project-level cumulative environmental impact problems, and fewer clashes between macroeconomic and sector strategies and environmental priorities</p> <p>Finalization and publication of the PRES by end of 2003.</p> <p>Actual initial incorporation of PRES findings into the next Pacific regional strategy (2004–2008). As a result, the next Pacific regional strategy will be more environmentally sound. Full incorporation of PRES findings to be undertaken after TA completion.</p>	<p>Assessment of the implementation of the regional strategy. Evaluation elements and country performance assessments in country strategy and program (CSPs) and CSP updates (CSPUs). Technical assistance (TA), Knowledge products and services completion reports and other sector/project evaluation reports, Evidence that ADB and PDMCs are better balancing environmental considerations with economic and the social ones, at an early stage</p> <p>Close supervision of progress and completion of TA (PRES) by TA coordinator of the Pacific Department (PARD).</p> <p>Ensure adoption of integrated processes for the formulation of the next Pacific regional strategy by starting incorporating results of all thematic assessments including the PRES.</p>	<p>Slow acceptance and possible resistance to adopting new processes and mainstreaming environmental priorities in ADB operations and the PDMCs development planning.</p> <p>Delays in TA implementation and preparation of TA outputs. Future formulation of the new regional strategy may not be the result of a comprehensive and consistent process and ignore the findings of the thematic assessments.</p> <p>Guidelines for country environmental analysis (CEA) not finalized yet.</p> <p>Some uncertainties remaining on new ADB business processes.</p>

Design Summary	Performance Indicators and Targets	Monitoring Mechanisms	Assumptions and Risks
<p><b>Outputs</b></p> <p>Main output: the PRES document comprising the following elements:</p> <p>(i) State of the environment (SOE)</p> <p>(ii) Evaluation of past assistance (assessment of implementation progress, analysis of past assistance, and lessons learned)</p> <p>(iii) Intervention strategy (with strategic objectives for environmental assistance during 2004–2008).</p> <p>(iv) Review of tools and approaches for CEA (policy integration analysis, strategic environmental assessment of plans, programs, and policies, or other similar tools).</p> <p>(v) Selected case studies using the above tools/approaches for CEA</p>	<p>Participatory consultation, review, and finalization of the main PRES document.</p> <p>A clear environmental profile summary that discusses environmental constraints, needs, and opportunities</p> <p>A concise review of past environmental assistance experience</p> <p>A clear and implementable environmental assistance strategy for the Pacific.</p> <p>A methodological review highlighting main implications for ADB/PARD adoption of tools and approaches for CEA.</p> <p>A number of case studies undertaken and each summarized in a one-page box.</p>	<p>Approval and publication of the PRES by 2003. Close follow-up and supervision by PARD TA coordinator.</p> <p>Continuous supervision of TA progress. Delivery of the SOE section by the agreed deadline in accordance with the TA implementation work plan.</p> <p>Continuous supervision of TA progress. Delivery of the relevant section on assessment by the agreed deadline in accordance with the TA implementation work plan.</p> <p>Continuous supervision of TA progress. Delivery of the environmental strategy by the agreed deadline in accordance with the TA implementation work plan.</p> <p>Continuous supervision of TA progress. Delivery of the relevant section by the agreed deadline in accordance with the TA implementation work plan.</p> <p>Continuous supervision of TA progress. Delivery of the relevant section by the agreed deadline in accordance with the TA implementation work plan</p>	<p>Assumptions: Efficient supervision of the TA leading to the PRES. Adequate performance of the consulting team.</p> <p>Risk: Possible PARD staff resistance and delays in the finalization process.</p> <p>Some countries may not have updated SOE reports.</p> <p>A significant part of past assistance may have not been evaluated.</p> <p>Difficulties may arise in formulating specific operational modalities for ADB environmental assistance and overall environmental mainstreaming support.</p> <p>Most of the tools and approaches for CEA are not fully established and difficulties may arise in adopting them in ADB operations.</p> <p>Case studies may not cover the full range of issues involved in the use of such approaches and methodologies.</p>

Design Summary	Performance Indicators and Targets	Monitoring Mechanisms	Assumptions and Risks
<p><b>Activities</b></p> <p>(i) Undertake a secondary sources based review of the SOE in the PDMCs, provide a concise summary, and identify the remaining major environmental issues/challenges.</p> <p>(ii) Carry out a secondary sources based review of the progress in implementing the national environmental management strategies (1992) and evaluate effectiveness of past environmental assistance.</p> <p>(iii) Identify lessons learned from past international and national environmental interventions.</p> <p>(iv) Produce an intervention strategy consisting of main strategic objectives and priority — lending and non-lending—interventions for ADB environment assistance in the Pacific for 2004–2008.</p> <p>(v) Identify areas for coordination/ division of labor with development partners.</p>	<p>A World Summit Sustainable Development (WSSD) updated SOE for the Pacific region</p> <p>A WSSD updated evaluation/ assessment review</p> <p>A WSSD updated review of lessons learned</p> <p>Formulation of a coherent environmental strategy with a strong emphasis on mainstreaming; follow-up incorporation of the strategy recommendations into the next Pacific regional strategy</p> <p>Related consultative processes successfully undertaken</p>	<p>Close oversight of TA activities. Undertaking and completion of relevant activity as per TA implementation work plan</p> <p>Close oversight of TA activities Undertaking and completion of relevant activity as per TA implementation work plan</p> <p>Close oversight of TA activities Undertaking and completion of relevant activity as per TA implementation work plan</p> <p>Close oversight of TA activities Undertaking and completion of relevant activity as per TA implementation work plan</p> <p>Close oversight of TA activities. Undertaking and completion of relevant activity as per TA implementation workplan.</p>	<p>Countries may not complete their preparations for WSSD in time.</p> <p>Assumption: all reviews from national WSSD preparations are ready and available.</p> <p>Assumption: all evaluations /assessments carried out for WSSD are completed and available.</p> <p>Assumption: PARD staff fully support the adoption of environmental mainstreaming as a major strategic approach.</p> <p>Aid coordination may not cover detailed programs but remain limited to broad areas of assistance. Difficulty in accessing plans/programs of development partners</p>

Design Summary	Performance Indicators and Targets	Monitoring Mechanisms	Assumptions and Risks
(vi) Review CSPs/CSPUs using CEA methods to identify opportunities for strategy/program integration.	A number of CSPs and CSPUs as well as other Knowledge products and services reflecting environmental priorities as recommended by PRES and its intervention strategy	Close oversight of TA activities. Undertaking and completion of relevant activity as per TA implementation work plan.	Scheduling of CSPs and CSPUs to allow for the review process reflects PRES (intervention strategy) findings.  PARD staff are resistant to incorporating PRES recommendations in country and regional strategies and operations.
(vii) Review of tools/approaches used to undertake CEA (such as policy integration and strategic environmental assessment of plans, programs and policies as applicable to the PDMCs) .	Selected tools/approaches for CEA, (having relevance for ADB-PARD operations especially formulation of strategies such as CSPs/CSPUs) will be fully reviewed and assessed.	Close oversight of TA activities. Undertaking and completion of relevant review activity as per TA implementation work plan.	Assumption: availability of tools/approaches for CEA relevant to PARD operations. Available international literature/experience in applying these tools.
(viii) Selective use of the above tools and approaches for a sample of proposed ADB interventions	Completed a number of selected case studies with significant relevance for PARD operations.	Close oversight of TA activities. Undertaking and completion of case studies as per TA implementation work plan.	Availability of financial resources, time, and expertise for the undertaking of the case studies.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

<b>Item</b>	<b>Total Cost</b>
<b>A. Asian Development Bank<sup>a</sup> and Government of New Zealand Financing</b>	
1. Consultants	
a. Remuneration and Per Diem	
i. Environment Policy Specialists - Environment Economists (International consultants) (6 person-months total over 8 months)	132.0
ii. Technical Research Assistants, Environment Specialists (8 person/months total)	32.0
b. International and Local Travel	35.0
c. Reports, Communications, Publications, and Research Costs	23.0
2. Country Environmental Analysis Case Studies	85.5
3. Regional Consultations and Dissemination	33.0
4. Contingencies	60.0
<b>Total</b>	<b>400.0</b>

<sup>a</sup>The Asian Development Bank will provide \$300,000 from the ADB-funded TA program. The Government of New Zealand will provide \$100,000.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The technical assistance (TA) will require the services of the two international consultants (environmental policy specialist-environmental economists) primarily based at Asian Development Bank (ADB) headquarters and in the field as required (6 person-months over 8 months), and the two research technical assistants (environment specialists expected to be recruited locally in the Philippines and based at ADB headquarters (8 person-months). The consultants will be recruited on an individual basis.

### **A. Environmental Policy Specialist/ Environmental economist (International Consultant: 6 person/months, intermittent)**

2. The consultants' tasks will include the following:

- (i) Manage and coordinate TA implementation under the guidance of the Pacific Department (PARD) directors, ADB mission leader and in close association with the ADB Environment Sector Committee.
- (ii) Detail tasks and organize activities of the local technical assistant.
- (iii) Elaborate detailed design, work plan, methodology, and participatory process for the preparation of the Pacific region environmental strategy (PRES) as outlined in this TA paper.
- (iv) Establish a structure for the regional state of the environment component and guide the local technical assistants in undertaking this task.
- (v) Develop and implement a methodology for the analytical components of the PRES exercise, including in particular the evaluation assessment, the intervention strategy, and country analysis for strategy/program integration.
- (vi) Undertake overall organization and implementation of the consultation and dissemination exercises.
- (vii) Coordinate preparation and finalize, with overall responsibility for, the inception report (including the detailed work plan), the midterm report (draft PRES), and the TA final report (main PRES document) as detailed in the implementation arrangements and in accordance with the preliminary outline attached as Appendix 4.

### **B. Environment Specialists (Technical Research Assistants): total of 8 person-months**

3. The technical assistant's tasks will include the following:

- (i) Assist the international consultant with duties and the preparation of the TA inception report, the midterm report, and the final report.

- (ii) Prepare the regional state of the environment as a component of the PRES.
- (iii) Determine, and describe in detail, the environment assistance activities of all development partners in the Pacific; assist in preparing the Evaluation section including past experience assessment and lessons learned.
- (iv) Assist in undertaking analytical work required in the preparation of the intervention strategy and the country analysis for strategy/program integration.
- (v) Produce an outline of Global Environment Facility/Kyoto mechanism project pipelines, and other possible sources of funds including ADB channel financing agreements.
- (vi) Organize and implement all consultation and dissemination exercises.

### **C. Consultation and Dissemination**

4. The local technical assistants, directed by the international consultants, will be responsible for organizing the following consultations and dissemination tasks:

- (i) midterm regional workshop to expand upon the purpose of the PRES, and to allow for additional inputs from stakeholders from the Pacific developing member countries (PDMCs);
- (ii) final PRES regional workshop to present and discuss the final draft of the PRES with all relevant stakeholders;
- (iii) publication of the PRES and supporting case study documentation both on the ADB website (various drafts and supporting documentation in progress) and as hard copy (as a publication in the Pacific Studies Series);
- (iv) inclusion of the PRES in the documentation that supports the proposed regional country strategy and program for the Pacific; and
- (v) presentation of the PRES at one or more internal ADB green bag seminars and Environment Sector Network meetings.

### **D. Reference Documents**

5. The technical assistant will be responsible for undertaking literature review to support the innovative aspects of this TA.

### **E. Indicative Preliminary Framework for the Country Economic Analysis for Strategy/Program Integration: Strategic Environmental Assessment of Economic, Thematic, and Sector Work**

6. The consultant will review tools and approaches for CEA in consultation and partnership with relevant PDMCs and main regional environmental agencies. The objective is to share knowledge and learning processes as well as exchange experiences and lessons learned from past and ongoing regional and country level activities in these areas.

## PACIFIC REGION ENVIRONMENTAL STRATEGY

### DRAFT PRELIMINARY OUTLINE

#### 1. Introduction

- 1.1. Socioeconomic and environmental setting of Pacific countries.
- 1.2. The socioeconomic setting and main environmental implications.
- 1.3. The link between this strategy Pacific region environmental strategy (PRES) and the next Pacific regional strategy of the Asian Development Bank (ADB) as well as other country strategy and program (CSP) documents such as CSPs and CSP updates (CSPUs) and the subregional cooperation strategy
- 1.4. Incorporating environmental considerations into development planning
- 1.5. Undertaking environmental assessment of “upstream” proposals (policies, plans, and programs)

#### 2. Charting Progress: State of the Environment

- 2.1. Summary of major environmental challenges facing the region (including a review of state of the environment reports in the PDMCs)
- 2.2. Discussion of environmental constraints, needs, and opportunities
- 2.3. The quality and quantity of available environmental data

#### 3. Charting Progress: Implementation Assessment

- 3.1. Evaluation of environmental outcomes since the national environmental management strategies of 1992
- 3.2. Review of past ADB environmental assistance (including lessons learned)
- 3.3. Review of past development partner environmental assistance (including lessons learned)
- 3.4. The legislative and institutional framework in Pacific countries
- 3.5. Evaluation of environmental interest in civil society
- 3.6. Obstacles to environmental improvement: institutional and policy failures
- 3.7. Gap analysis and needs assessment
- 3.8. Review of the “priority frameworks for action” prepared by the PDMCs and presented to World Summit and Sustainable Development.

#### 4. The Intervention Strategy

- 4.1. Identification of strategic objectives for ADB environment lending and nonlending assistance during 2004–2008
- 4.2. Identification of strategic foci (sector, thematic, geographic)
- 4.3. Identification of operational modalities

#### 5. Country Environmental Analysis for Strategy and Program Integration

- 5.1. CSPUs as outlined for sector initiatives
- 5.2. Environmental impacts and opportunities associated with policies, programs, and sector-wide initiatives contained in CSPUs
- 5.3. Matrix analysis of incompatibilities and inconsistencies
- 5.4. Institutional/policy distortions and market failures
- 5.5. Strategic assessment of Economic Thematic and Sector Work and sector strategies

**6. Looking Ahead: The Agenda for 2004–2008**

- 6.1. Strategic directions for categories of countries
- 6.2. Strategic niches for ADB
- 6.3. Sectoral policy reforms
- 6.4. Interventions in specific areas/locations
- 6.5. Harmonizing CSPUs
- 6.6. Priority lending and nonlending interventions for ADB during 2004–2008
- 6.7. Identified opportunities for coordination of development partners
- 6.8. Project pipeline outlines

### **Indicative Preliminary Framework for the Country Economic Analysis for Strategy/Program Integration**

The strategic environmental assessment (SEA) has a diagnostic role in relation to the preparatory process leading to the formulation of the Pacific regional strategy (which include the thematic assessments such as the PRES). It can have benefits at a minimum of two levels

- (i) The first is during the development of individual sector strategies (water, energy, transport, etc) that are recognised as legitimate pre-CSP inputs in the CSP Conceptual Framework contained in Appendix 1 of "Business Processes for the Reorganized ADB". In addition, the ADB Environment Policy calls for the assessment of sector studies produced as part of ETSW and as part of any country development strategy and program preparation.

For example, ADB may wish to examine strategic issues in the water sector in Kiribati, as a consequence of concerns about supply, and as a precursor to a new TA or loan assistance.

As is the case with many small, atoll-based countries, Kiribati has difficulty supplying potable water for its population. There are a number of options open to the country, including: desalination; land use planning to protect groundwater recharge areas; imports; tertiary treatment of wastewater; and promotion of household rainwater tanks. All of the options have environmental consequences. A range of decision-aiding techniques exists to enable policy options to be systematically compared, and their relative impacts analyzed.

A strategic assessment study would apply decision-aiding techniques to the problem of water supply options for Kiribati. It would develop a model for determining options, developing comparison criteria, weighting of comparison criteria to take account of differing values, and ranking of choices. It will also show how this approach can involve the public in a focused conflict resolution exercise. Similar decision-aiding approaches can be applied in other countries with similar resource management problems.

Some of these strategic assessments can be undertaken for other (proposed) TA projects that are in various stages of development. Examples of where this linkage may occur include:

- PPTA for the Fiji Islands for Preparing a Rural Electrification Project;
- PPTA for Savaii Hydropower Project (Samoa);
- Technical Assistance to the Independent State of Samoa for Implementation of Urban Planning and Management Strategy.

- (ii) The second point at which strategic environmental assessment thinking has a role to play at the pre - Regional strategy thematic assessment stage is when draft CSPUs for individual countries are being produced. At this point, strategic assessment involves undertaking quick consistency and compatibility analysis, to make sure that sector interventions proposed for a country in a CSPU are

environmentally consistent and compatible. For example, an energy sector strategy for the Fiji Islands might indicate a need to extend electricity supply to rural areas. Traditionally, the focus would be on how to electrify in the cheapest and most equitable manner. In many cases this would lead to the conclusion that building new diesel-power capacity is the best solution. However, a strategic environmental assessment, of the type mentioned above, would indicate a lack of compatibility between the electrification goal and other objectives to reduce reliance on fuel imports and reduce greenhouse gas emissions.<sup>15</sup>

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<sup>15</sup> More methodological detail can be found in the reference document: Staff Consulting Contract No. ADM/99-247 (Strategic Environmental Assessment Project), produced by ENVD in early 2000.