

ASIAN DEVELOPMENT BANK

TAR:OTH 37002

TECHNICAL ASSISTANCE
(Financed by the Japan Special Fund)

FOR

**INTEGRATING ENVIRONMENTAL CONSIDERATIONS INTO DEVELOPMENT
POLICIES, PLANS, AND PROGRAMS**

March 2003

ABBREVIATIONS

| | | |
|------|---|--|
| ADB | – | Asian Development Bank |
| CAR | – | Central Asia republic |
| CEA | – | country environmental analysis |
| CSP | – | country strategy and program |
| DMC | – | developing member country |
| EBRD | – | European Bank for Reconstruction and Development |
| ECRD | – | East and Central Asia Department |
| NGO | – | nongovernment organization |
| TA | – | technical assistance |
| UNDP | – | United Nations Development Programme |
| UNEP | – | United Nations Environment Programme |
| WB | – | World Bank |

NOTE

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

This report was prepared by X. Ma.

I. INTRODUCTION

1. The long-term strategic framework and poverty reduction strategy of the Asian Development Bank (ADB) require ADB to promote environmentally sustainable development in developing member countries (DMCs). To effectively implement these strategies, ADB's recently approved Environment Policy¹ emphasizes the need to mainstream environmental considerations in economic growth in the DMCs and requires environmental concerns to be integrated into all stages of ADB business processes. A key to ensure this important transition is the country environmental analysis (CEA), to be undertaken as part of the country strategy and program (CSP) preparation. This regional technical assistance (TA)² aims to assist the governments of DMCs covered by the East and Central Asia Department (ECRD) (para. 13) to intensify the level of integration of environmental considerations into development planning process through the preparation of CEAs. The TA framework summarizing the objectives, goals, scope, inputs, outputs, and performance targets is in Appendix 1.

II. ISSUES

2. The unique natural resources are significant assets, and sustainable use of these natural resources is an essential part of long-term development in the five Central Asia republics (CARs), Azerbaijan, and Mongolia. However, the natural resources assets were poorly managed during the former Soviet Union period, and environmental degradation in these countries has not been reversed during the transitional period of the last decade. Land degradation associated with inappropriate agricultural activities is widespread and worsening in some areas, resulting in reduced productivity of farmlands and grasslands. Transboundary water resource management problems have increasingly become a constraint to national and regional economic development, and water quality deterioration has contributed to the outbreaks of waterborne diseases. As industrialization continues, industrial pollution is expected to become more pervasive and more costly to control, especially for small- and medium-sized enterprises; and new pollutions from vehicle emissions, solid wastes, and municipal wastewater due to accelerating urbanization have increasingly created unfavorable living conditions and threatened the health of urban populations. The annual economic loss attributable to environmental degradation in these countries is estimated between 4-8% of gross domestic product, indicating that economic growth since late 1990s could be compromised if the economic costs of environmental damages are considered.

3. The governments of CARs, Azerbaijan, and Mongolia realize these environmental problems and are committed to environmentally sustainable development. They have also realized there is a significant gap between the goal of environmentally sustainable development and the mechanisms that they currently have to reach this goal. The key constraints to effective environmental management include inadequate legal frameworks and regulation systems, lack of market-based policies, fragmented institutional and financial mechanisms, and weak enforcement. Lack of integration of environmental and economic policies and plans is the most important constraint to establishing an effective system of environmental management in these countries. Environment policies and plans are often still considered to be self-contained activities or an add-on by decision-makers in economic development departments and, sometimes, even in environmental protection agencies. Macro-level economic and financial policies often do not encourage sustainable use of natural resources and provide incentives to not comply with environmental requirements. For example, market prices and perverse

¹ ADB. 2002. *Environmental Policy of the Asian Development Bank*.

² The TA was first listed in *ADB Business Opportunities* (Internet version) on 8 January 2003.

subsidies do not reflect the value of environmental resources (such as water, land, and air), and thus encourage overuse of natural resources and polluting management practices. Economic development policies and plans developed by the key economic agencies are often not reviewed and assessed by environmental protection agencies, and as a result, environmental sustainability is often left out of key economic planning criteria. Poor institutional linkages between the economic planning and environmental protection agencies are due, partly, to the lack of reliable information and data collection systems and capacities that allow accurate and comprehensive analysis of environmental impacts and implications of national and sector policies and programs.

4. The governments of these countries have increasingly realized that, as an issue that cuts across sectoral responsibilities, the goals of environmental management cannot be achieved by the environmental protection agencies alone; and that effective environmental management requires that environmentally sustainable development be mainstreamed into the operation of the government as a whole. ADB's new Environmental Policy recognizes the need³ to intensify the level of integration of environmental considerations in DMCs' strategy and planning formation processes, and directs ADB's operational priority to help DMCs formulate development strategies and priorities in close linkage with key environmental considerations, i.e., to mainstream environmental considerations in the economic and socioeconomic development process. Accordingly, as part of the country CSP preparation, the CEA, a comprehensive, country-level diagnostic environmental analysis, is now required based on systematic collection and analysis of environmental information, and identification of key areas of intervention and capacity building. The CEA will (i) analyze information about key environmental issues, (ii) highlight the environmental implications of key development policies, (iii) evaluate the country's environmental capacity, (iv) review and assess ADB and other development partners' past environmental assistance, and (v) recommend ADB's assistance and partnerships. The CEA provides the opportunity of bridging environmental, economic, and other sectoral work and facilitates a dialogue with key stakeholders in each country and coordination among development partners.

5. Improved environmental and natural resource management is essential for achieving the overarching goal of poverty reduction and sustainable growth for all DMCs, but in the CARs, Azerbaijan, and Mongolia, implementing this thrust is particularly urgent. Since the 1990s, ADB has provided a series of TAs and studies addressing environmental issues in these countries, with focuses on capacity building, development of environmental plans, and environmental profile,⁴ and the CEA process will build on the results of these earlier efforts. The past ADB

³ Other key funding agencies, such as the World Bank and European Bank for Reconstruction and Development, have also developed their environmental policies in recent years to address this need.

⁴ ADB. 1999. *Technical Assistance to the Republic of Kazakhstan for Strengthening Environmental Management*. Manila; ADB. 1995. *Technical Assistance to the Kyrgyz Republic for Strengthening Environmental Institutions and Improving Procedures for EIA*. Manila; ADB. 1997. *Technical Assistance to the Kyrgyz Republic for the Environmental Monitoring and Management Capacity Building*. Manila; ADB. 2000. *Technical Assistance to the Kyrgyz Republic for the Environmental Monitoring and Management Capacity Building II*. Manila; ADB. 2000. *Technical Assistance to the Republic of Tajikistan for Strategy for Improved Flood Management*. Manila; ADB. 2000. *Technical Assistance to Tajikistan for Capacity Building for Environmental Assessment and Monitoring*. Manila; ADB. 1997. *Technical Assistance to the Republic of Uzbekistan for Strengthening of Institutions Engaged in Environmental Protection*. Manila; ADB. 2001. *Technical Assistance to the Republic of Uzbekistan for Institutional Support for Sustainable Agricultural Development*. Manila; ADB. 2001. *Technical Assistance to the Republic of Uzbekistan for Capacity Building for Urban Water Supply*. Manila; ADB. 1994. *Technical Assistance to Mongolia for Strengthening the Environmental Management Capability of the Ministry of Nature and Environment*. Manila; ADB. 1999. *Technical Assistance for Institutional Strengthening and Collection of Environmental Statistics*. Manila; ADB. 1999. *Technical Assistance for Regional Cooperation for Sustainable Mountain Development in*

assistance, however, tended to focus on the environmental protection agencies, such as ministries of environment, for certain areas of capacity building, such as environmental monitoring and environmental impact assessment at the project level. Other stakeholders outside the domain of environmental agencies, notably economic planning agencies, are often excluded. One lesson learned is that assistance in capacity building is more effective if it is provided based on a broader and systematic analysis of environment aspects of development, including environmental implications of economic policies and reforms, environmental challenges, and the capacity of the government as a whole to address the challenges in the context of sustainable growth. ADB's new Environment Policy clearly requires ADB to expand the scope of environmental assistance, and bring the environmental considerations into a proper perspective in relation to macroeconomic policies and key sectoral plans.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

6. The TA is a part of ADB's move to achieve its strategic goal to help the governments of CARs, Azerbaijan, and Mongolia integrate sustainable management of environmental and natural resources in the economic and social development planning process at the national level. The main objectives of the TA are to help the governments (i) develop and disseminate an accurate and comprehensive understanding of the national environmental management regimes among the wide range of policy makers and development planners, with clear contextual linkages to the national economic development goals; and (ii) identify priority areas in policy, institutional, and legislative mechanisms, and programs/projects that will improve synergy between environmental/natural resources management and national economic development planning, including planned and potential support from ADB.

7. To meet the objectives, the TA will produce a set of specific outputs and deliverables: (i) Greater and clearer awareness and better understanding among national level policy-making and economic planning authorities about the key environmental and natural resources management issues and their linkage with macro-level economic and social development plans. (ii) A comprehensive CEA report for each CAR, Azerbaijan, and Mongolia, covering key environmental challenges, environmental implications of main development policies, the country's capacity to deal with the challenges, ADB and other key agencies' past environmental assistance and effectiveness, and recommended ADB assistance and partnerships. A framework of follow-on initiatives and actions in key sectors to improve synergy and integration of environmental consideration will be developed to guide ADB's assistance. (iii) A substantial input to CSPs, allowing these programming processes to integrate environmental management as a key element in development planning.

B. Methodology and Key Activities

8. The main activities of the TA include (i) compilation and analysis of basic information on the state of environment and environmental management regime, including key environmental and sustainability indicators, environmental trends, links of environmental quality with economic

Central Asia. Manila; ADB. 2000. *Technical Assistance for Regional Environmental Action Plan (REAP) in Central Asia*. Manila; ADB. 2000. *Technical Assistance for Combating Desertification in Asia*. Manila; ADB. 2001. *Technical Assistance for Promotion of Renewable Energy, Energy Efficiency, and Greenhouse Gas Abatement Projects (PREGA)*. Manila; and ADB. 2001. *Technical Assistance for Ten Years After Rio: Promoting Subregional Cooperation for Sustainable Development*. Manila.

growth and poverty reduction, and governments' existing policies, plans, and programs in response to the various environmental issues; (ii) identification of key macroeconomic and sectoral policies that may have significant environmental implications, and analysis of environmental performance of main economic sectors; (iii) assessment of institutional capacity and performance including review of institutional mandates; institutional integration and coordination in economic development planning and environmental and natural resources management; budgetary programming; and coordination among governments, funders, and other stakeholders; (iv) review and assessment of effectiveness of past initiatives supported by ADB and other agencies; and (v) formulation of recommendations to strengthen integrated environmental management as an integral part of national economic development planning, and priority areas to be supported by international development agencies in general, and by ADB in particular.

9. An important means of enhancing country ownership of the CEA and its findings is to involve all key national stakeholders in each stage of CEA preparation. The CEA preparation will adopt a participatory approach; the analyses and assessment work will be conducted through reviewing documents inside and outside the governments, and dialogue through interviews and meetings with all the key stakeholders including national experts, nongovernment organizations (NGOs), private sector representatives, officials of governments from economic development departments as well as environmental agencies, and other funding agencies.

10. A national consultation workshop will be held in each participating DMC to share the findings of the TA, review the CEA report, and seek consensus on the identified priority areas and follow-up initiatives to mainstream the concept of environmental sustainable development, and ADB's role. Representatives of all key stakeholders will participate in the workshop.

11. Coordination and demarcation with the European Bank for Reconstruction and Development (EBRD), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), and World Bank (WB) is important for the TA. ADB, EBRD, UNEP, and WB are each carrying out environmental analyses as part of their strategies and program development for CARs, Azerbaijan, and Mongolia. ADB, EBRD, UNEP, and WB have agreed to cooperate, particularly in sharing of background information, considering the need to have a similar information base. There is also a need to coordinate data analysis and strategy development to avoid conflicting or redundant programs. However, each agency needs to develop independently its strategy and programs that set out specific follow-up activities, based on the agency's unique mandates and portfolios.

C. Cost and Financing

12. The cost of the TA is estimated at \$550,000 equivalent consisting entirely of foreign exchange. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. Cost estimates are in Appendix 2.

D. Implementation Arrangements

13. The countries to be involved in the TA are Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan. CEAs will be prepared for Kazakhstan, Kyrgyz Republic, and Tajikistan in 2003, and for Azerbaijan, Mongolia, Turkmenistan, and Uzbekistan in 2004, in accordance with the timetable of CSP preparation for each country.

14. ADB will be the Executing Agency for the TA. The Agriculture, Environment, and Natural Resources Division of ECRD will administer and supervise the TA. ADB environmental specialists in ECRD will review the reports prepared by the consultants, discuss CEAs and other reports with key stakeholders through CSP missions and the workshops, and finalize the CEAs. ADB will coordinate with EBRD, UNDP, UNEP, and WB for information exchange, and discuss the analysis results of CEAs through CSP missions and the national workshops.

15. The TA will be implemented in close cooperation with the national governments. As the national partner agency, the ministry of environment in each country (or another national agency as assigned by the government) will be responsible for communication and coordination among related ministries and departments. The governments of participating countries will (i) suggest local consultants for ADB's consideration; (ii) assist as necessary the consultants engaged by ADB in the provision of their services under the TA, and make available, free of charge, all relevant documents, data statistics, and maps; and (iv) assure that representatives from the key economic planning departments (such as ministries of finance, economic development, energy, water resources, agriculture, and health, and other related agencies) as well as environment agencies will participate in the workshops under the TA.

16. Two international consultants will be recruited on an individual basis. The TA implementation will require 14 person-months of international and 50 person-months of domestic consultants including a TA project assistant for 10 person-months at ADB headquarters. The consultants will be engaged by ADB in accordance with its *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. The international consultants will have substantial experience in environmental economics and environmental management, including prior experience in the countries included in the TA. Completion of the TA will take 22 months from March 2003 to December 2004.

17. The consultants will be responsible for data and information gathering and analysis, and preparing the draft CEA for each participating country. The consultant will organize the consultation workshop in each country to solicit comments on the CEA. The workshops will be attended by the key stakeholders, including government representatives, NGOs, national experts, and private sector representatives. The consultants will revise the CEA reports, responding to the comments, and assist ADB staff to finalize CEAs. The terms of reference for the consultants and the outline of CEA are in Appendix 3 and 4.

18. The consultants will submit a detailed work plan within 4 weeks after the commencement of their services, an interim report at the end of 2003, and a final report at the end of the TA. A draft CEA for each country will be submitted within the CSP time frame (Appendix 1). The draft CEA should be translated into the local language and delivered to the workshop participants for review.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$550,000 on a grant basis for Integrating Environmental Considerations into Development Policies, Plans, and Programs, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

| Design Summary | Performance Indicators/Targets | Monitoring Mechanisms | Assumptions and Risks |
|--|--|--|---|
| Goal Integrate environmental considerations into economic planning procedures in Central Asia republics (CARs), Azerbaijan (AZE) and Mongolia (MON) | Implementation of recommendations to mainstream environmental sustainable development | Policy dialogue with governments Economic and development reports, country review missions Environmental and sustainability indicators developed under the technical assistance (TA) | Environmentally sustainable decision making is a priority at central levels |
| Purpose (i) Develop and disseminate accurate information and comprehensive understanding of the national environmental management regimes among the wide range of policy makers and development planners (ii) Identify priority areas in strategies and programming that allow improved synergy between environmental management and macro-level economic development planning, including planned and potential support from ADB. | Systematic and comprehensive collection and analysis of information reflecting environmental challenges, environmental implications of key development policies, country environmental capacity, and lessons learned including from external environmental assistance; Information dissemination at workshops and through other channels Policies, plans, and programs developed to reflect the priority actions | Asian Development Bank (ADB) staff review missions, meetings with key stakeholders Monitoring of changes in strategies and programs | Integration of environmental considerations into economic planning procedures supported at central and local levels Availability and access to information on country environment and the linkage between environment and development of key economic sector Timely cooperation among key government agencies |
| Outputs (i) Greater and clearer awareness and understanding at the national level policy making and economic planning authorities about the key environmental and natural resources management issues and their linkage with macro-level economic and | Key government officials' involvement and participation in country strategy and program (CSP) meetings, country environmental analysis (CEA) review, and the TA workshops/seminars | ADB staff review Timely communications among ADB, country counterpart officials, and international and domestic consultants | Data availability and analytical capacity Political will to create synergy between environmental management and economic planning Sufficient capacity in central environmental protection |

| Design Summary | Performance Indicators/Targets | Monitoring Mechanisms | Assumptions and Risks |
|---|---|--|--|
| <p>social development plans</p> <p>(ii) Preparation of CEA report for each CAR and Azerbaijan and Mongolia</p> <p>(iii) Improved CSPs that reflect environment and natural resources management as a main stream in the development planning</p> | <p>Satisfactory CEA reports covering the aspects specified in the CEA outline (Appendix 4). For Kazakhstan (KAZ), it will be drafted in March 2003, discussed at the workshop in April 2003, and finalized in May 2003. For Kyrgyz Republic (KGZ) and Tajikistan (TAJ), it will be drafted in May 2003, discussed at the workshop in June 2003, and revised and finalized in August 2003. For Azerbaijan (AZE), Mongolia (MON), Turkmenistan (TKM), and Uzbekistan (UZB), it will be drafted in May/June 2004, discussed at the workshop, and revised and finalized in August/September 2004.</p> <p>Changes/improvements reflected in CSPs</p> | <p>CSP reports</p> <p>Post TA monitoring</p> | <p>bureaus to organize workshops/seminars involving policy makers and development planners</p> <p>Institutional and financial capabilities to implement the framework of actions</p> |
| <p>Activities</p> <p>(i) Compile and analyze information and data on the state of environment and the environmental management regime, including key environmental and sustainability indicators, environmental trends, links of environmental quality with economic growth and poverty reduction</p> <p>(ii) Identify key macroeconomic or sector policies and programs that may have significant environmental implications, and analyze environmental performance of main economic sectors</p> <p>(iii) Assess institutional capacity and performance in mainstreaming environmental sustainability</p> | <p>Reliable data, systematic and comprehensive analysis, satisfactory reports and formulation of recommendations within time frame</p> | <p>ADB staff review with inputs from consultants</p> | <p>Recruitment of qualified consultants</p> <p>ADB's timely supervision</p> <p>Timely provision of counterpart support</p> <p>Good cooperation and coordination among government agencies</p> <p>Good communication and cooperation among key donors</p> |

| Design Summary | Performance Indicators/Targets | Monitoring Mechanisms | Assumptions and Risks |
|--|--|---|------------------------------|
| <p>(iv) Review and assess the effectiveness of past initiatives supported by ADB and other funders</p> <p>(v) Formulate recommendations to strengthen integrated environmental management as an integral part of national economic development planning, and identify priority areas to be supported by international development agencies in general, and by ADB in particular</p> <p>(vi) Hold workshops to solicit comments/suggestions from key stakeholders on CEA reports</p> <p>(vii) Share information and reach common view on information analysis and overall strategy among key donors</p> | | | |
| <p>Inputs</p> <p>Consulting services: 14 person-months international and 50 person-months domestic</p> <p>Cooperation with European Bank for Reconstruction and Development (EBRD), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), and World Bank (WB) in information sharing and analysis</p> <p>Counterpart and ADB staff time</p> | <p>ADB will finance \$550,000 equivalent</p> | <p>TA review missions, consultants' reports, and periodic communication among ADB, counterpart agencies, and international and domestic consultants</p> | |

COST ESTIMATES AND FINANCING PLAN
(\$'000)

| Item | Foreign Currency | Local Currency | Total Cost |
|---|-----------------------------|---------------------------|-----------------------|
| Asian Development Bank Financing^a | | | |
| 1. Consultants | | | |
| a. Remuneration and Per Diem | | | |
| i. International Consultants (14 person-months) | 263.0 | 0.0 | 263.0 |
| ii. Domestic Consultants (50 person-months) | 0.0 | 60.0 | 60.0 |
| b. International and Local Travel | 75.0 | 3.0 | 78.0 |
| c. Reports and Communications | 15.0 | 5.0 | 20.0 |
| 2. Equipment (computer, printer, etc.) | 3.0 | 0.0 | 3.0 |
| 3. Workshops, Seminars, and Conferences | 76.0 | 0.0 | 76.0 |
| 4. Translation and Publication | 20.0 | 0.0 | 20.0 |
| 5. Contingencies | 30.0 | 0.0 | 30.0 |
| Total | 482.0 | 68.0 | 550.0 |

^a From the Japan Special Fund.

^b Equipment includes a portable projector for the workshops.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. A consulting team consisting of two international and several local consultants will be recruited to carry out the technical assistance (TA). The international consultants will provide an estimated input of 14 person-months with expertise as (i) an environmental economist (9 person-months), and (ii) an environmental policy and planning specialist (5 person-months). The environmental economist will be the team leader. The domestic consultants will provide a total estimated 50 person-months (4-7 person-months for each participating country, and a 10 person-month TA project assistant at the Asian Development Bank [ADB] headquarters). The consultants will have expertise in environmental policy and management, environmental economics, environmental sciences, and administrative work. The international and domestic consultants will be recruited on an individual basis.

A. International Consultants

2. The two international consultants will work together. Given that the available information and the timetables of country strategy and program (CSP) preparation vary across the participating countries, a flexible approach will be adopted to allow each consultant to effectively allocate the person-months among the countries during the TA implementation. The consultants will

- (i) select the domestic consultants in consultation with ADB and related government agencies; then prepare terms of reference (TORs) and assign their tasks, and guide them in data gathering and analysis;
- (ii) identify key stakeholders and engage them in the country environmental analysis (CEA) preparation process comprising meetings and document reviews;
- (iii) gather, review, and analyze data and information required for the preparation of CEA reports (Appendix 4);
- (iv) draft the CEAs in accordance with the CEA outline (Appendix 4);
- (v) assisted by local consultants and in close work with the government agencies, organize the workshops to discuss the draft CEAs;
- (vi) revise the CEA and other related documents, responding to comments from the key stakeholders including governments, national experts, nongovernment organizations (NGOs), and ADB;
- (vii) assist ADB staff to finalize the CEAs and other related reports; and
- (viii) periodically report the progress to ADB; and assure the consolidated reports submitted to ADB are of high quality.

2. In addition, the team leader will have overall substantive and administrative responsibility for the effective and timely implementation of the TA. The team leader will lead the team; foster close coordination between international and domestic consultants (including coordination of inputs, quality control of reports, financial management, and technical guidance); and coordinate with the governments, ADB, and international organizations undertaking related work. The team

leader will periodically report the progress to ADB and submit high-quality, consolidated reports to ADB as specified.

3. The environmental policy and management specialist (5 person-months) will undertake the tasks specified in para. 1 based on his or her competence on topics and countries. The specialist will also undertake other activities as assigned by the team leader.

B. Domestic Consultants (in-country)

4. The domestic consultants will

- (i) collect, review, and analyze data and information required for the preparation of CEAs and other related reports as specified;
- (ii) assist the international consultants to coordinate key stakeholders in the country;
- (iii) assist the international consultants to prepare the draft CEAs, frameworks of action, and other related reports as specified;
- (iv) working together with the international consultants, organize the workshops; and
- (v) other activities as assigned by the team leader.

C. TA Project Assistant, based at ADB headquarters (10 person-month)

5. The project assistant will

- (i) assist the ADB mission leader in TA administration;
- (ii) assist the international consultants in collecting and analyzing information and data and preparing documents;
- (iii) coordinate with concerned ADB personnel regarding equipment, printing, and other related physical requirements;
- (iv) assist with logistic support; and
- (v) provide assistance for publication and dissemination.

D. Reporting Requirements

6. The consultants will submit a detailed work plan within 4 weeks after the commencement of their services. An interim report of TA progress and outstanding issues should be submitted at the end of 2003 and a final report at the end of the TA. The format of final report will be determined during the TA implementation based on the needs for dissemination of TA results. Preparation of the CEA reports should be in accordance with the CEA outline (Appendix 4), and submission of the CEA report for each country should be within the time frame specified in Appendix 1. The draft CEA reports should be translated into the local languages and delivered to the workshop participants for review.

COUNTRY ENVIRONMENTAL ANALYSIS

ACKNOWLEDGMENT

EXECUTIVE SUMMARY (10 pages)

I. INTRODUCTION

II. BACKGROUND INFORMATION

A. Role of Environment and Natural Resources in Economy

1. Describe the role of environment and natural resources in the economy and identify the extent to which poor communities depend on environment and the natural resources for their livelihood and well being. Estimate the sector share of gross domestic product (GDP) from natural resources and agriculture. Identify opportunities for sustainable development in environment and natural resources.

B. Key Environmental Issues faced in the country

2. Review the key environmental and sustainability indicators, and qualitative and quantitative information at the subnational level, distinguishing the problems by different geographic areas, sectors, and ecosystems. Identify policy challenges, successes, and failures; market and institutional successes and failures; and social, economic, and cultural factors. Discuss environmental impacts on livelihoods, health, and vulnerability of poor communities and vulnerable groups, including indigenous peoples and ethnic minorities. Discuss issues of global and regional concerns. Identify the opportunities and constraints the environment places on development. Identify the extent to which environment of assets could contribute to economic growth and the gains to be made from environmental improvement in specific sectors.

C. Regulatory and Institutional Framework

3. Identify the main stakeholders. Review the environmental laws, standards, regulations, enforcement mechanisms, and instruments. Review key economic policies and laws having significant impacts on environmental management. Assess the appropriateness and effectiveness of the regulatory environment. Assess the government's expenditure for environmental management and its effectiveness. Assess the capacity and capability of environmental agencies involved in environmental permitting, assessment, monitoring, and enforcement. Assess the capacity and capability of key economic departments involved in implementing environmental requirements. Identify and evaluate the effectiveness of formal and informal mechanisms for cross-sectoral coordination of policies, plans, and actions. Examine the extent and nature of public consultation in decision-making. Identify constraints to and opportunities for mainstreaming environmental considerations in the economic planning process.

III. PRIORITIES FOR ACTION

A. Past Environmental Record

4. Review the country's record in dealing with difficult environmental issues (e.g., energy, chemical, and other highly polluting industries). Identify barriers to and opportunities for improving the management systems and enhancing capacity to dealing with the difficult environmental issues. Assess the record of complying with environmental conditions in plans, programs, and projects financed by international financial institutions, and identify barriers to and opportunities for enhancing compliance. Assess the country's efforts in ratifying and implementing international and regional environmental conventions and treaties, and identify barriers to and opportunities for implementing international and regional environmental conventions and treaties.

B. Environmental Information Needs

5. Identify data gaps that need to be filled for a better understanding of the country's environmental problems, through studies or through improved monitoring. Identify key indicators to be monitored so that trends in the main environmental problems can be assessed. The indicators should be based on existing or easily collected data and be relevant to policy.

C. Review of Country Strategy and Program

6. In an overview of the country strategy and program (CSP), provide

- (i) a brief overview of the Asian Development Bank (ADB) sectoral strategies and work programs, highlighting environmental lending projects, if any; and
- (ii) a description of the links between ADB's strategies and work program, and the government and bilateral and multilateral funding agencies operating in the country, and opportunities for blending ADB resources with other development partners, in particular the Global Environment Facility (GEF).

7. Assess the environmental consequences of the CSP as follows:

- (i) assess the impact of the CSP on the key environmental issues facing the country;
- (ii) identify the links between environmental implications and the objectives in individual sectors; and
- (iii) describe possible solutions (e.g., reducing land degradation problems to help achieve agricultural growth targets, or reducing water pollution to help achieve health targets) and possible trade-offs (e.g., the impact on pollution or biodiversity of road development).

8. Provide conclusions and recommendations, including

- (i) an overall assessment of the potential environmental benefits and adverse implications; and
- (ii) recommendations to ensure environmental sustainability of the planning and implementation of the country program, including a summary of the framework of follow-on initiatives and actions in key sectors to improve synergy and integration of environmental consideration, as guidance to ADB's assistance.

APPENDIXES

9. The appendixes will include the following:

- (i) A framework of follow-on initiatives and actions to improve synergy and integration in the country development strategies as a guidance to ADB's assistance, as matrix including the category of actions, objective of actions, activities, responsible authority, degree of priority, and cost estimate, possible ADB assistance and partnerships;
- (ii) indicators for monitoring environmental performance, including
 - (a) definitions of key environmental indicators, and
 - (b) presentation of trends (i.e., a time series) of key environmental indicators;
- (iii) key environmental institutions in the country, including
 - (a) a list of institutions responsible for environment and natural resource management in the country, and
 - (b) an assessment of the effectiveness of interaction among the institutions for environmental management;
- (iv) ADB's multiyear lending program, with a tabular summary of that program on environmental management; and
- (v) ADB's multiyear technical assistance program, with a tabular summary of that program on environmental management.