

**African Development Bank
African Development Fund**



**African Development Bank Group's
Policy on the Environment**

PSDU

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LIST OF ABBREVIATIONS

ADB	African Development Bank
ADF	African Development Fund
AMCEN	African Ministerial Conference on the Environment
AMINA	ADF Micro-finance Unit
ARES	Africa Regional Environment Strategy (World Bank)
CBD	Convention on Biological Diversity
NGO	Non-governmental Organisation
CCI	Cross Cutting Issues
CD	Country Departments
CDM	Clean Development Mechanism
CEP	Country Environmental Profile
CFC	Chlorofluorocarbons
CIDIE	Committee of International Development Institutions on the Environment
CO ₂	Carbon dioxide
CPA	Country Performance Assessment
CPIA	Country Policy and Institutional Assessment
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DAC	Development Assistance Committee
EA	Environmental Assessment
EACC	East African Co-operation Community
EAGs	Environmental Assessment Guidelines
ECOWAS	Economic Community of West African States
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ERC	Environmental Resource Centre
ERG	Easy Reference Guide
ESA	Environmental and Social Assessment
ESAP	Environmental and Social Assessment Procedure
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESP	Environment and Social Policy Paper
ESS	Environmental and Social Scooping
ESSM	Environmental and Social Scooping Memorandum
ESW	Economic and Sector Work (Country)
FC	Facilitation Committee
FI	Financial Intermediary
GEF	Global Environmental Facility
GIS	Geographic Information Systems
GM	Global Mechanism
GPA	Global Programme of Action
GPG	Global Public Goods
IA	Implementing Agency
IEE	Initial Environmental Examination
IESS	Initial Environmental and Social Screening
MAP	Millennium Partnership for the African Recovery Programme

MDB	Multilateral Development Bank
MDG	Millennium Development Goals
MEA	Multi-lateral Environmental Agreement
MFI – EG	Multilateral Financing Institutions – Environmental Group
MOA	Memorandum of Agreement
MOU	Memoranda of Understanding
NAP	National Action Plan
NEAP	National Environmental Action Plan
NEPA	National Environmental Protection Agency
NEPAD	New Partnership for African Development
NESDA	Network for Environment and Sustainable Development in Africa
ODS	Ozone Depleting Substances
OESU	Environment and Sustainable Development Unit
OM	Operations Manual
OP	Operations Complex
PAR	Project Appraisal Report
PBL	Policy-based lending
PIC	ADB’s Public Information Centre
POP	Persistent Organic Pollutant
PRSP	Poverty Reduction Strategy Paper
PSDU	Sustainable Development and Poverty Reduction Unit
RCU	Regional Co-ordination Unit
RMC	Regional Member Country
SADC	Southern Africa Development Community
SAL	Structural Adjustment Lending
SIA	Strategic Impact Assessment
SECAL	Sectoral Adjustment Lending
SESA	Strategic Environmental and Social Assessment
SME	Small and Medium-scale Enterprises
TAF	Technical Assistance Fund
TOR	Terms of Reference
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environmental Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNSO	United Nations Sudano-Sahelian Office
WB	World Bank
WCD	World Commission on Dams
WTO	World Trade Organisation

EXECUTIVE SUMMARY

1. *This paper aims to redefine the African Development Bank Group policy on environmentally sustainable development in Africa. The development of a new policy on the environment is driven by a number of factors, which include: the recognition and acceptance of sustainable development as the dominant development paradigm for the 21st century; need for a greater focus on pro-poor growth policies and programmes to counter unacceptable impoverishment rates; rapid progress in the inevitable integration of Africa in the globalization process; and the need for an improved governance with a clearer commitment of the majority of African governments to provide the necessary leadership for sustainable development.*

2. *The policy assesses environmental constraints and opportunities that affect medium and long-term development objectives across the continent. It also sets out the broad strategic and policy framework under which all Bank lending and non-lending operations will henceforth be made. It builds on the experience gained during previous decade with the operationalization of the Bank Group's Environment Policy, which was adopted in 1990 to promote environmental mainstreaming in all Bank operations. The policy acknowledges the significant progress made in the implementation of Agenda 21 adopted at the 1992 Rio Earth Summit, the ratification of a large number of environmental conventions, agreements and protocols, and the growing use of MDGs as a measure of development. It also takes into account the outcomes of the various regional and sub-regional meetings and consultations that took place as part of the African Preparatory process for the 2002 World Summit on Sustainable Development. The multi-stakeholder and continent-wide consultations have defined the developmental needs of the continent and established the parameters of Africa's sustainable development agenda.*

3. *The new policy recognises the on-going degradation of the environment across the continent in spite of significant strides made at national and regional level in establishing the necessary legal and institutional frameworks to deal with such issues. But, above all, it takes into account the various opportunities, in terms of resources and skills, available to Africa for its development and for the improvement of the overall quality of life of its people. In fact, this environment policy aims to support the economic and social development agenda defined in the Bank Vision Statement to promote sustainable development and is geared towards sustaining and reinforcing its economic and social development objectives with a view to contributing to the overall improvement of the quality of life across the continent.*

4. *The environment policy framework has been anchored in the concept of sustainable development. This concept has evolved significantly since it was first defined in 1987 by the Brundtland Commission as "development that meets the needs of the present without compromising the needs of the future". Although the principles of sustainability have been globally accepted for decades, their translation into specific environmental management objectives has been fraught with practical and theoretical problems. But, growing evidence of rapid deterioration of the ecological capital and diminishing assimilative capacities of the ecosystems, coupled with the global scale of environmental problems, have now forced policy-makers to rethink their development strategies and to accept that the environment and the economy are interdependent. Sustainable development is now widely recognised as the preferred development paradigm. Basically, the policy stresses the anticipatory nature of sustainable development rather than the reactive responses so predominant in development-related decisions.*

5. *In adopting the sustainable development concept as an environmental policy framework, care has been taken to recognize the considerable constraints facing Africa. In fact, large areas are still threatened by growing poverty and disparity in wealth distribution both nationally and regionally. Faced with such constraints, many countries have not been able to make much progress in the transition from normative standards to operational programmes in sustainable development. Globalization and decreasing flows of development assistance have also significantly and negatively affected the ability of the poorest nations to deal with the challenges and constraints. Nevertheless, there have been numerous achievements in terms of awareness creation, capacity building, reinforcement of legislative, institutional and regulatory frameworks, and integration of environmental concerns into national economic development strategies. New threats have, however, surfaced since 1992 with HIV/AIDS becoming a major development crisis. Sub-Saharan Africa alone represents 70 % of the world population living with HIV/AIDS.*

6. *Africa is, fortunately, endowed with a rich resource base consisting, among others, of minerals, rich flora and fauna, and large tracts of rainforests which can provide a basis for industrial and eco-tourism development. Its rich biodiversity constitutes essential global public goods that can not only provide sources of non-timber forest products, but also help attract larger amounts of international funding for their preservation. Economic growth, however, translates itself into increased economic activities that generate social and environmental costs and benefits; such externalities constitute very potent threats to the economic system leading to market failures. There is a need to integrate social and environmental concerns into economic development policies to reduce or “internalize” the negative externalities, while enhancing the positive ones. The policy paper, therefore, recognises that economic growth will be the main engine of growth, and will aim to ensure its sustainability by preserving and enhancing the ecological capital that nurtures such growth*

7. *Ever since environmental issues became a major concern in the Bank’s operations, considerable progress has been made in developing appropriate tools for effective mainstreaming. Environmental concerns are routinely integrated in country dialogue process and project design. There is now widespread recognition among Bank and Regional Member Country staff that sustainable development and poverty reduction cannot be divorced from the global environment, and that local-to-global linkages have to be taken into consideration. The Bank also recognized the importance of cooperation with sub-regional and international partners in the area of environment in order to improve performance of efforts aimed at enhancing the environmental management. An assessment carried out 1998 to evaluate the effectiveness of the implementation of the environmental policy from 1993 to 1998, later complemented by an evaluation of the environmental management of Category I and II projects, indicated that the Bank has made considerable progress and gained experience over the last decade in the area of environment. It also contained a number of valuable insights that have guided the development of the new policy.*

8. *In line with the conceptual framework adopted, and with regard to the development challenges and priorities facing Africa, the policy supports the creation of the right conditions that will allow as many stakeholders as possible to play their role in achieving sustainable development. The overall goals of the new Policy are two-fold: first, to help improve the quality of life of the people of Africa, and secondly to help preserve and enhance the ecological capital and life-support systems across the continent of Africa. Specifically, the Bank’s Environmental Policy will promote a long-term view of development; enhance the*

carrying capacity of RMCs by preserving and enhancing the regenerative and assimilative capacity of their ecological capital; reverse the impoverishment process in Africa by improving access of the poor to environmental resources; help RMCs build their capacity to bring about institutional changes to achieve sustainable development; and strengthen partnership with international agencies and networking with international, regional, and sub-regional organizations to coordinate interventions in environmental sustainable development and to promote information exchange and sharing of best practices.

9. *Some of the principles that have guided the development of the policy include the recognition that: a strong and diversified economy constitutes a just means to enhance the capacity for environmental protection; environmental management tools, like environmental assessments, shall be used as a sustainability assurance rather than impact mitigation mechanism; community involvement, in particular the most marginalized and vulnerable groups, on decisions that affect them shall have to be provided for; and governance structures and institutions which are more responsive to the needs and priorities of affected communities in general, and poor people and vulnerable groups in particular, shall be encouraged.*

10. *Based on the review of the major constraints and opportunities facing sustainable development in Africa, and taking into account key concepts and principles underlying sustainable development, a number of key environmental issues have been identified. These issues will have to be addressed in all Bank's lending operations. The traditional sector-by-sector approach in the management of natural resources has been replaced by cross-sectoral environmental policy actions based on an integrated approach. Such an approach will ensure optimum results that will simultaneously help to meet basic human needs and protect the environment. Given that results of sustainable development policies can be reaped only in the medium- and long-term, the creation of enabling environments in the RMCs is stressed in order to stimulate and engage a wide spectrum of stakeholders in protecting and managing the environment. The key issues include: reversing land degradation and desertification; protecting the coastal zone; protecting global public goods; enhancing disaster management capabilities; promoting sustainable industry; increasing awareness, institutional and capacity building; environmental governance; urban development and population growth; and civil society organisations.*

11. *To help implement the policy, the Bank will use a set of approaches: (i) mainstream environmental sustainability considerations in all Bank's operations (ii) strengthen existing environmental assessment procedures and develop new environmental management tools; (iii) clearly demarcate internal responsibility in implementation; (iv) assist RMCs to build adequate human and institutional capacity to deal with environmental management; (v) improve public consultation and information disclosure mechanisms; (vi) build partnerships to address environmental issues, harmonize policies, and disseminate environmental information; and (vii) improve monitoring and evaluation of operations. In particular, the Environmental and Social Assessment Procedures released in 2001 will be fully enforced for all lending operations of the Bank. As policy lending is becoming increasingly important, Strategic Impact Assessment (SIA) procedures will be developed to bring environmental assessment upstream by assessing the impacts of policies, programs and plans, rather than the project-level EIA.*

12. *The increased emphasis on environmental mainstreaming as outlined in this policy, and a greater role in international environmental governance, will require modest increases*

in resources during the first implementation plan period (2004-2006). One additional environmentalist and two long-term consultants will have to be recruited to be able to undertake the different actions contained in the Policy. A large part of the mainstreaming will be taken care of by the lending programme, but there is a need to tap additional sources. Efforts will, however, have to be stepped up to tap bilateral sources for specific tasks. The role of the Bank as an executing agency of the Global Environment Facility will be reinforced, while efforts to combat desertification will receive special attention.

1. INTRODUCTION

1.1 This paper aims to redefine the African Development Bank Group policy on environmentally sustainable development in Africa. Based on an assessment of environmental constraints and opportunities that affect medium and long-term development objectives across the continent, it sets out the broad strategic and policy framework under which all Bank lending and non-lending operations will henceforth be made. In addition, it serves to guide policy and decision-making in those key sectors that depend upon the utilization of natural resources. The complex relationship between environmental degradation, population, poverty and other development issues have provided enough evidence that sustainable development and conservation of the environment cannot be achieved through good environmental planning of development projects alone. Environmental issues will, therefore, be addressed by the Bank within a more open and inclusive approach, which relies as much on effective partnerships, networking, awareness-building, institutional development and technical support as it does on the strict application of operational objectives.

1.2 This policy builds on the experience gained during the previous decade with the operationalisation of the Bank Group's Environment Policy, which was adopted in 1990 to promote environmental mainstreaming in all Bank operations, and the lessons learned in the course of the implementation of OESU's 1999-2002 Strategic Plan and Work Programme. The previous policy also served as a framework for the formulation of a number of sectoral policies which address sector-specific environmental provisions. The new policy now focuses more on the linkages between environment and other key cross-cutting issues in order to promote an integrated approach to sustainable development. It is designed to convey this new and evolving approach to environmental affairs and the Bank's determination to be proactive.

1.3 The policy also takes into account the significant progress made in the implementation of Agenda 21 adopted at the 1992 Rio Earth Summit, the ratification of a large number of environmental conventions, agreements and protocols, and the growing recognition of MDGs as measures of development. It recognises the on-going degradation of the environment across the continent in spite of significant strides made at national and regional level in establishing the necessary legal and institutional frameworks to deal with such issues. But, above all, it takes into account the various opportunities, in terms of resources and skills, available to Africa for its development and for the improvement of the overall quality of life of its people. In fact, this environment policy aims to support the economic and social development agenda defined in the Bank Vision Statement¹ to promote sustainable development.

1.4 The policy derives a lot of inspiration from the outcomes of the various regional and sub-regional meetings and consultations that took place as part of the African Preparatory process for the 2002 World Summit on Sustainable Development. The multi-stakeholder and continent-wide consultations have defined the developmental needs of the continent and established the parameters of Africa's sustainable development agenda. While acknowledging the serious threats to its ecological capital due to population growth, poverty and natural disasters, African leaders have called for the recognition of the continent's specific developmental requirements and the need for increased economic growth. As the premier financial institution dedicated to the development of Africa, the Bank Group's

¹ The Vision of the African Development Bank: A re-invigorated Bank: an agenda for moving forward, 1999.

environmental policy is, thus, geared towards sustaining and reinforcing its economic and social development objectives with a view to contributing to the overall improvement of the quality of life across the continent.

2 RATIONALE FOR A NEW POLICY

2.1 The development of a new policy on the environment is driven by a number of factors, which include: the growing recognition and acceptance of sustainable development as the dominant development paradigm for the 21st century; need for a greater focus on pro-poor growth policies and programmes to counter unacceptable impoverishment rates; rapid progress in the inevitable integration of Africa in the globalization process; and the need for improved governance structures with a clearer commitment of the majority of African governments to provide the necessary leadership for sustainable development.

2.2 The new policy strengthens the commitments made in the 1999 Bank Vision Statement and later reaffirmed in the Bank's Strategic Plan². The Vision document states that "The African Development Bank Group strives to be the leading development finance institution in Africa, dedicated to providing quality assistance to African Regional Member Countries in their poverty alleviation efforts." Given resource constraints, the Vision stipulates that it will focus its development assistance on selected key areas where it can take leadership and make a significant and measurable development impact. The ADB intervention at the country level is focussed on three broad sectoral themes – agriculture and rural development, human resource development, and private sector development. In addition, the Bank has identified governance, economic integration and co-operation, environment and gender as the key areas of intervention. It is emphasised that, in each of the three broad sectoral areas, the ADB will ensure that "environment and gender issues are mainstreamed in a fully participatory manner."

2.3 The Vision Document also calls for the promotion of "a multi-sectoral approach which incorporates environment and gender concerns in country strategy preparation, sector assessments, poverty analyses, and project design and appraisal, and participatory approaches for environment and gender analyses." To promote environmentally sound and sustainable development, the Strategic Plan furthermore states that "the Bank will ensure that (i) the environmental and gender implications of the Bank's activities are taken into account from the early stages of planning and decision-making; (ii) environmental and gender issues are properly reflected in the preparation, approval, implementation, and evaluation of all types of financing by the Bank Group; and (iii) capacity building and training efforts are enhanced in the Bank's investments". In fact, there is strong evidence that disproportionate emphasis on financial and economic viability of investment decisions may lead to unsustainable development in the long-term. The interdependence of the economy and the environment, and the global scale of environmental problems make it necessary, therefore, to address them in an integrated manner. Hence, sustainable development is widely recognized as the preferred development paradigm, and the difficulties encountered earlier in its translation into environmental management have been resolved to some extent. The new policy on the environment, therefore, focuses more on integrating social, economic and environmental objectives rather than protecting and conserving the physical environment for its own sake.

² The Strategic Plan for the Bank Group for the 2003-2007 Period – Revised Version, Dec. 2002

2.4 Africa has entered the new millennium with major political and economic problems that are manifest in declining agricultural and industrial productivity, sporadic famines, increasing environmental degradation, high levels of malnutrition and debt, declining capacity to service debt, social unrest, deteriorating infrastructure and the disintegration of public institutions. Large areas are still threatened by growing poverty and disparity in wealth distribution both nationally and regionally. Meager gains in productivity are overwhelmed by population growth, natural catastrophes and involuntary displacements of people. Persistent poverty, unfortunately, has contributed to accelerated degradation of natural resources, hampering efforts to achieve sustainable development. The new policy, therefore, endorses the view that poverty reduction constitutes the most critical development challenge facing the African continent. Provisions will have to be made to ensure that environmental issues are integrated into poverty reduction strategies.

2.5 Coupled with the recognition of the poverty-environment nexus, is a greater understanding of the phenomenon of eco-feminism. Of all the poor, women are, in fact, the most vulnerable to environmental degradation. Women play crucial roles in the economic survival of their families and dominate in a number of economic activities, like agriculture. As such, they constitute active agents in the exploitation and management of natural resources. They are, however, the first to suffer from a deteriorating natural capital. Deforestation, for example, forces women to cover longer distances in search of fuel wood, leaving them with less and less time to deal with other important household tasks. Gender policies recognise the responsibility conferred upon women as viable agents of social and economic change. Their role in the preservation of natural resources is, likewise, universally acknowledged under principle 19 of the the Rio Declaration on Environment and Development, which states that “*women have a vital role in environmental management and development. Their full participation is therefore essential to achieve sustainable development.*” The environmental policy will ensure that women are able to access natural resources in an environmentally sustainable manner.

2.6 The 1990’s witnessed the emergence of a series of environmental conventions, agreements and protocols. Trans-boundary environmental problems are also being addressed through various international conventions, such as the UN Conventions on climate change, biodiversity and desertification. The number of such multi-lateral environmental agreements (MEA) now stands at 502, of which 323 are regional. Ninety six per cent of African countries have ratified the Rio conventions (the Convention on Biological Diversity [CBD], the United Nations Framework Convention on Climate Change [UNFCCC] and the United Nations Convention to Combat Desertification [UNCCD]) and have taken some steps to implement them. Forty-six African countries are Parties to the Vienna Convention and forty-seven are Parties to the Montreal Protocol. From a regional point of view, the proliferation of MEAs has placed an increasing burden on Parties and member-states to meet their collective obligations and responsibilities to implement them. In response to a growing diversity of stakeholders, and particularly to RMCs, the Bank needs to articulate multiple strategies and address disparate, conflicting and shifting demands. The Bank also has to ensure that provisions contained in the various MEAs are implemented taking into account specific constraints in the RMCs.

2.7 Additionally, the nature of Bank-funded development has started to evolve and can be expected to change in the years to come. As a result, environmental issues are no longer treated as a collection of problems to be addressed and mitigated in stand-alone EIAs, but will have to constitute fundamental matters in country programming. The technical environmental support provided for Bank operations will have to adapt to this new

imperative. Likewise, development decision-making will have to reflect changes in the democratic process, with greater involvement of the civil society.

2.8 The need for a new policy also stems from the harmonization process that has been actively pursued by the Multilateral Financing Institution – Environmental Group (MFI-EG), a forum for exchange of environmental information. One of the objectives of the Group is to promote convergence among MFIs on the institutional requirements, processes and practices in environment impact assessments prepared for both public and private sector projects. The process builds upon a number of long-standing and recent activities and agreements among members of the Group. Such a process responds to requests both from borrowing countries and from donors for more consistency in the essential elements of MFI practices. It is intended to simplify and facilitate communication with borrowers and encourage collaborative capacity building, and in so doing to reduce transaction costs for borrowers and increase development effectiveness. The Bank has, in the development of this policy, consulted and taken note of the environmental policies and procedures of other MFIs.

3. AFRICA'S SUSTAINABLE DEVELOPMENT CHALLENGE: OVERVIEW OF ENVIRONMENTAL CONCERNS AND OPPORTUNITIES

3.1 Africa has been an indispensable resource base for much of humanity for centuries, but has not benefited much from that position. The challenges of sustainable development are, therefore, formidable. Fortunately, there is now a greater commitment within the African leadership to change that relationship and address the aspirations of their peoples. There is, indeed, a general consensus³ over a comprehensive approach that encompasses key priority areas. These have been identified as: agriculture and food security; industrial development; human development; and trade and market access. It is also acknowledged that a number of environmental concerns need to be addressed before any meaningful progress can be made in the region. The concerns have now been well documented and extensive reviews have been carried out in the context of World Bank's Africa Regional Environment Strategy (ARES), UNEP's Global Environment Outlook 2000 and Africa Environment Outlook, and the assessment report prepared for the Expanded Joint Secretariat⁴. This chapter summarizes the main issues raised and the constraints to development identified.

3.2 Major Environmental Concerns

3.2.1 The major political and economic problems that face the African continent include declining agricultural and industrial productivity; sporadic famines; increasing environmental degradation; the high level of malnutrition; lack of financial resources and, in particular, a declining capacity to service the high level of debt; civil unrest and external conflicts; collapsing infrastructure; and the disintegration of public institutions. Africa has, in fact, remained the poorest continent despite being one of the most richly endowed regions of the world.

3.2.2 The high incidence of extreme poverty in Africa is confirmed by the Assessment. Using the somewhat strict definition that a poor person is someone who has to survive on one dollar (US) per day or less, about 60% of those in the rural parts of sub-Saharan Africa live

³ The African Ministerial Statement adopted at the African Preparatory Conference for the World Summit on Sustainable Development, Nairobi 18 October 2001, and the Africa chapter of the Johannesburg Plan of Implementation, adopted by the WSSD, underscore such a consensus.

⁴ Prepared in the context of the African Preparatory Conference for the World Summit on Sustainable Development. The Secretariat comprises the UNDP, UNECA, ENEP, OAU, the ADB, AMU, ECCAS, ECOWAS, and IGAD.

below the poverty line. In total, 300 million people in sub-Saharan Africa exist on less than a dollar a day, compared with 230 million people twenty years ago. Africa is the only continent where poverty is expected to rise during the present century. In order to meet the Millennium Summit pledge to halve the numbers living in absolute poverty by 2015, GDP across the African continent would have to rise by approximately 7% per annum in each of the next thirteen years. This would require a third of GDP to be invested. By contrast, the real rate of growth of GDP in Africa in 2000 was 3.2% and that Gross Domestic Investment was just under 20% of GDP.

3.2.3 The high levels of poverty are directly associated with the high incidence of undernourished people in many African countries. Various assessments show that 48% of the total population of the East Africa Region are undernourished, with nearly a third of the population of both the Southern Africa and the Central Africa Region falling into this category. Almost a quarter of the West Africa Region's population is undernourished.

3.2.4 Among the environmental problems highlighted in the Assessment are the destruction of natural resources and ecosystems (forests, water, and marine and coastal resources), soil erosion, and air pollution. Africa is losing about 1.3 million hectares of forest each year. An estimated 500 million hectares have been affected by soil degradation since 1950, including 65% of the continent's agricultural land; much of this is the result of over-grazing. Fourteen African countries are already subject to water stress or water scarcity, and a further eleven countries are likely to fall into this category by 2025 – 47% of the ADB's African country membership.

3.2.5 In addition to increasing poverty and environmental degradation, the third major threat to Africa's prospects of achieving sustainable development is disease. According to the United Nations Secretary General at the time of the Millennium Summit, 64% of those living with HIV/AIDS worldwide are to be found in sub-Saharan Africa – more than 23 million people. 80% of all women infected by HIV live in sub-Saharan Africa - it has been estimated that, by 2010, there will be forty million orphans in this region. In a number of countries of Southern Africa, over a quarter of the population between 15 and 49 are living with HIV/AIDS. It is estimated that the economic cost of the pandemic in Africa amounts to \$US 2-10 billion per annum.

3.2.6 Malaria and tuberculosis kill an estimated one to one and a half million people in Africa each year – according to the World Health Organisation (WHO), malaria slows economic growth in the region by 1.3% per annum. In Southern Africa, 15% of the population are affected by malaria each year. Measles and water-borne diseases also take a huge toll, particularly of children. Only 58% of the continent's population have access to safe water. It has been calculated that, for the continent as a whole, the funding gap in health care amounts to \$US 10-16 billion per annum.

3.2.7 Other issues which prejudice Africa's attempts to develop in a sustainable way include the generally adverse recent movements in world trade, the decline in ODA worldwide that has particularly affected Africa, a region whose dependence on aid has increased over the last decade, the incidence of natural disasters some of which are caused in part at least by environmental factors, wars between countries, civil conflict within countries, the economic and social marginalisation of many women, population movements and in particular urban migration, a generally poorly developed civil society, and corruption and a lack of good governance in many parts of the continent.

3.3 Opportunities for Improving Environmental Sustainability

3.3.1 Despite the numerous constraints facing sustainable development in Africa, there still remains tremendous development potential across the continent. Conscious of this fact, African leaders have recently initiated a number of steps that underscore their political will to implement strategies for achieving sustainable development. The establishment of the African Union will, for example, have the capacity to deal with crises facing the continent in the political, economic and social fields. But the most significant initiative is the New Partnership for African Development (NEPAD), which was adopted by African Heads of State and government in October 2001 after pledging their firm intention to place Africa on a path of sustainable growth and development. Subsequently, an environment initiative was developed to formulate the strategies to address the region's environmental challenges. In order to develop and implement the environment initiative, an environmental action plan has been prepared in recognition of the fact that economic growth and poverty reduction cannot be achieved without adequate investments in environmental management. The action plan is, therefore, designed to complement current African processes to improve environmental conditions in Africa. Achieving these objectives will contribute to the realization of economic growth and poverty eradication in Africa; develop Africa's capacity efficiently to implement international and regional environmental agreements; and enable African countries to meet the environmental challenges arising within the overall context of NEPAD implementation.

3.3.2 Many African governments are, furthermore, recognizing the need for cooperation in managing cross-border natural resources, particularly in the wake of recent droughts and floods with broad sub-regional impacts. Many critical resources, including rivers and lakes and their watersheds, aquifers, forests, fish stocks and wildlife populations, transport corridors and coastal currents, in fact span across national borders. While integration at the broader regional level can be useful for many purposes, from an environmental perspective the sub-regional level is most significant because it addresses the need to encompass ecosystems and natural resources. Several sub-regional coordination bodies already exist, such as the Southern Africa Development Community (SADC), the East African Cooperation Community (EACC), and the Economic Community of West African States (ECOWAS). While their main purpose is economic integration and cooperation, they have become increasingly involved in addressing environmental issues. For example, water is a particular concern, as 70 percent of the sub-region's surface water is shared by two or more SADC member states. In 1995, the SADC member states signed a Protocol on Shared Watercourse Systems, aimed at equitable sharing of water and to ensure efficient conservation of the scarce water resources.

3.3.3 In terms of environmental governance, there are positive signs that serious efforts are being made in the management of multilateral environmental agreements. As a result of the 1992 Earth Summit, there has been a proliferation of actors in the field of environment and sustainable development that has altered drastically the scope of the international environment agenda. The road to good governance, in fact, requires the establishment of structures of political representation, so as to ensure the inclusion of all national stakeholders. By 1999 nearly all countries had held multiparty elections with varying degrees of credibility, although the development of accountable, credible and durable democratic institutions is a long-term process. Along with democratization there has been a trend towards decentralization of power and responsibility in a number of areas, including natural resource management. These trends, while internally driven to a large extent, have been bolstered by international aid policies that also emphasize community-driven development and government accountability to domestic stakeholders. Ideally, democratization improves the

allocation and use of natural resources by making the public sector more accountable to civil society. Decentralization is regarded as beneficial because government officials at the local level are closer to the people, and therefore should be more easily held accountable by the people for their actions.

3.3.4 Once the process of democratisation has been well established, conditions will be ripe for greater investment in industrial development. Most African countries have considerable resources in all fields: mineral and oil, agriculture, fisheries, and forestry. Unfortunately, these resources are not processed in a beneficial way in Africa. Consequently it is urgently necessary to develop and foster industry to make it possible to add value to the resources before they are exported. Today there is an emergence of SMEs/SMIs to address this, but the lack of finance, supervision and organization still prevents them from making a significant contribution toward sustainable development.

3.3.5 To reverse the “de-industrialization” phase that Africa is currently experiencing, most countries have begun to seek and encourage private sector investment. This can have positive impacts on poverty through economic growth and employment generation. It can also have negative implications, particularly if business enterprises develop by exploiting public natural resources for private gain, or if privatization of public services does not reach out to the poor. In some cases governments have sought to attract investors by making environmental or occupational health regulations or standards less stringent. But, fortunately, in the current international marketplace, there is a growing concern about public image, particularly in relation to environmental and health issues. Serious international investors are increasingly seeking not a fully permissive regulatory environment, but a predictable and rational one, in which following good business practices does not put a company at a great disadvantage relative to less conscientious competitors.

3.3.6 The private sector has a particularly significant role to play in tourism. This is the only export-oriented sector in which Africa’s market share is growing, and where Africa has a clear comparative advantage in some markets. These are markets for nature-based tourism, where the natural environment is the main attraction (beaches and coral reefs, game-filled savannas, tropical forests, mountains, etc.). Environmental management is clearly essential for maintaining this advantage, and the potential for tourism income can provide an important economic rationale for maintaining natural environments.

3.3.7 To successfully tap into the tourism market and attract sufficient foreign investments for its industrialisation, Africa needs to be fully integrated into the global economy. Globalization, however, constitutes one of the most controversial topics in international economics and development today, particularly as regards to its impacts on the poor in developing countries and on the environment. Nevertheless, it is widely regarded as the defining characteristic of the 21st century. This process has resulted in an unprecedented flow of goods, capital and people across the world. Africa’s share of global output, unfortunately, fell from 4% in the 1980s to 2% in late 1990s. Its exports remain concentrated in primary commodities, with limited gains in diversification and manufacturing. Nevertheless, globalization has the potential for positive consequences on the environment. Transnational investors can, in fact, be a positive force, as they are often more concerned about reputational risks than are local companies and, therefore, more likely to heed growing international pressure for good environmental management practices. It is not unusual for transnational companies’ internal standards for environmental protection to be more stringent than governmental regulations.

3.3.8 Additionally, large businesses can introduce and ensure access to cleaner technologies for the enhancement of sustainable development in the region. Technology transfer can, thus, be a positive outfall of globalization, as companies introduce more energy-efficient and environmentally friendly technologies to replace antiquated production systems often found in African countries. While dedicated technology transfer programs are important, the mere presence of alternatives can be influential: new technologies historically have spread mainly by example and observation.

3.3.9 The concept of Global Public Goods (GPG) has also become prominent recently due to the convergence of three factors: a better understanding of the concept itself; globalization and the emergence of global concerns; and the stagnation of development assistance to developing countries. Basically, GPGs are those with benefits that are strongly universal in terms of countries, people, and generations. They may be commodities, resources, services, and also systems of rules and policy regimes with substantial cross-border externalities. In the context of this policy, they are related to conservation of biodiversity and climate change. As a major producer of global public goods, Africa stands to gain in its efforts to achieve sustainable development, particularly at a time when ODA is decreasing.

3.3.10 Biodiversity as a global public good involves environmental services of global importance, such as carbon sequestration in forests, the potential use of biodiversity, from which humanity derives key inputs to its agricultural, medicinal, and industrial enterprise, and the resilience and stability of ecosystems. Biological diversity is crucial for evolution and for maintaining life-sustaining systems of the biosphere. The threat of climate change is another classic collective problem as it affects both the developed and developing countries. The sources of the problem are widespread and are ingrained in everyday practices of production and consumption. The United Nations Framework Convention on Climate Change (UNFCCC) began in 1991 and was concluded at the Rio Summit in 1992. The Kyoto Protocol negotiations proposed a set of legally binding targets to reduce GHG emissions. The Protocol also set up an emission trading scheme and created a Clean Development Mechanism (CDM). Africa contributes only about 3% of global GHG emissions, and as such, can derive great benefits from such mechanisms.

4. BANK'S EXPERIENCE IN ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT

4.1 The African Development Bank Group has, since its establishment and in conformity with its mission, undertaken to promote economic development of its Regional Member Countries (RMCs) by financing development projects and programmes. Traditionally, viability of its funded projects was mainly based on technical and economic criteria. Environmental soundness was considered as implicit in the technical and economic viability of these investment projects. However, growing concerns about the continued degradation of Africa's natural resources and the appearance of environmental issues at the top of the international political agenda prompted the Bank to adopt a more proactive stance in environmental management since the 1980s.

4.2 The Bank has indeed made considerable progress, over the years, in integrating environmental concerns into country programming and lending operations. Since the publication of its Environmental Policy in 1990, the Bank has produced a number of environmentally-orientated policy documents and guidelines, which give practical advice on implementation of the policies. These are considered important documents which guide staff, RMCs and the public on environmental issues within project design in order to achieve

environmental sustainability (e.g., Energy Policy Paper; Forestry Policy paper; Policy on Integrated Water Resources Management, etc).

4.3 An environmental evaluation of its portfolio in 1998⁵ to assess the effectiveness of the implementation of the environmental policy from 1993 to 1998, later complemented by an evaluation of environmental management of Category I and II projects in RMCs⁶, indicated that the Bank has made considerable progress and gained experience over the last decade in the area of environmental management. It also contained a number of valuable insights that may have a significant bearing on the new policy. It emphasized the fact that environmental assessment would remain one of the most important instruments for ensuring environmental sustainability and social equity at the operational level. To capture its full potential, however, it had to evolve from a reactive tool for avoiding negative impacts to a positive, proactive planning tool. It also noted that there was a clear need to move the environmental assessment “upstream” into project planning and also “downstream” into supervision of implementation. The use of Strategic Environmental Assessment (SEA) was recommended to address environmental concerns at the policy plan and program stage. The need to improve the design, implementation, monitoring, and regular updating of ESMPs was also stressed. Additionally, resources for supervision and post-evaluation missions to monitor the implementation of environmental management plan needed to be increased.

Clear Vision of Sustainability

4.4 The Bank has, over the years, been able to develop a clear vision that inextricably links sustainability to development and poverty reduction strategies. The 1999 Bank Vision Statement and the 2002 Strategic Plan both reaffirm the Bank’s commitment to providing quality assistance to African Regional Member Countries in their poverty alleviation efforts. It is stated that ADB will mainstream environment and gender issues in a fully participatory manner. The Bank will, furthermore, “promote a multi-sectoral approach which incorporates environment and gender concerns in country strategy preparation, sector assessments, poverty analyses, and project design and appraisal, and participatory approaches for environment and gender analyses.” On environment, the Bank will “strengthen its on-going activities, and also collaborate with other development partners to stem the tide of deterioration of the natural resource base, with special attention on land degradation, bio-diversity, destruction of tropical forest, and loss of cropland.

Appropriate Institutional Structure

4.5 The Bank has also made significant strides in developing an appropriate institutional structure that facilitates the delivery of programmes and projects that satisfy sustainability and poverty reduction objectives. Prior to the 1st January 2002, the Bank was divided into four groups, the Presidency (PRST) and three Vice Presidencies - for Planning And Finance (FPVP), for Corporate Management (CMVP), and for Operations (OPVP). The OPVP included five country departments covering the North, West, Central, East, and South Regions, a Private Sector Department, and the Environment and Sustainable Development Unit (OESU) established in 1996. On 1st January 2002 the Bank was substantially reorganised. The OPVP was divided into an Operations Vice Presidency to cover operations in the East, North, and South Regions, and an Operations Vice Presidency to cover operations

⁵ Dean P.B., 1999. *Evaluation of the Performance and Effectiveness of the ADB’s Environmental Policy and Environmental Assessment Procedure.*

⁶ OPEV, 2003. *Evaluating Environmental Management of Category I and II Projects in Regional Member Countries.* Draft Report prepared by Intercontinental Consultants and Technocrats Pvt. Ltd., India

in the West and Central Regions. The OESU has been renamed the Sustainable Development and Poverty Reduction Unit (PSDU) and was moved from the Operations Vice Presidency to a newly created Vice Presidency for Policy, Planning & Research (PRVP). The Head of PSDU reports directly to the PRVP Vice President.

4.6 The transfer of the PSDU from the operations part of the Bank to the PRVP is quite significant. This, in principle, should have a beneficial consequence in the sense that it will be relatively easy to demonstrate to stakeholders, including shareholders and NGOs, that the environmental and social classification and review of Bank projects is being conducted in an objective way that is not influenced by requirements to deliver a certain volume of projects each year. On the other hand, the significant advantages of undertaking project environmental and social reviews in closely collaboration with operational personnel have been retained. This will help in developing and modifying projects to incorporate, where appropriate, sustainability dimensions. A close working relationship will, in fact, be necessary when monitoring the implementation of projects to ensure that environmental and social components are executed as planned.

Integration of Sustainability Objectives in Policies and Programmes

4.7 The Bank has developed a comprehensive set of cross cutting policies related to poverty reduction, gender and population. A policy on involuntary resettlement has already been adopted since January 2003. It has a policy on good governance (2000), a recently published Handbook on Stakeholder Consultation and Participation in ADB Operations, and a 2001 policy and guidelines on cooperation with Civil Society Organisations (CSOs). These represent, essentially, 'state of the art' documents within which the sustainability work of the Bank can be operationalised. In addition to its cross cutting policies, the ADB has a broad set of other policy documents covering areas relevant to sustainability, including urban development (1992), forestry (1994), energy (1994), health (1996), integrated water resources management (1999), and education (2000). The ADB also has industrial sector policy guidelines dating from 1986 and a 1989 water and sanitation sector policy.

4.8 The effective integration of sustainability objectives into its policies and programmes is one of the greatest challenges faced by the Bank. By comparison, it is relatively easy, on the one hand, to formulate and agree 'stand-alone' policy statements concerning poverty alleviation, the environment, gender and other social objectives and, on the other hand, to develop environmental and social assessment procedures to be applied to the review of projects. In the case of both environmental/social policies and environmental procedures, there are a number of tested models that have already been used by the Bank. It is now essential to ensure that sustainability considerations are a key determinant of other policies and programmes.

Incorporation of Sustainability Objectives within Projects

4.9 A number of mechanisms have been developed to ensure that sustainability objectives are included in the Bank's procedures for project formulation, appraisal, and implementation. Independent environmental and social review procedures have also been put in place. In 1996 the Bank launched a two-year in-depth training programme for managers and other professional staff focused on environmental analysis and preservation. This was followed in 1999 by training for Bank staff on the integration of cross cutting issues, including environment, at all stages of the project cycle.

An Independent “In-House” Review Mechanism

4.10 The Bank has had environmental procedures in the form of Environmental Assessment Guidelines (EAG) since May 1992. In May 2000 the Bank published “Environmental Review Procedures for Private Sector Operations” and, in June 2001, revised “Environmental and Social Assessment Procedures (ESAP) for the ADB’s Public Sector Operations” were published. In 2001, the Bank also released Environmental and Social Auditing Guidelines that allow a more systematic approach to be taken to the supervision and monitoring of the environmental and social aspects of Bank-financed projects. In general, the Bank’s ‘in-house’ review mechanism, administered by PSDU, is broadly in line with best practice in the other regional development banks. The relatively early inclusion of social as well as environmental responsibilities within the Unit’s remit and the early recognition by the Bank of the need for a Unit to address a wide range of ‘cross-cutting’ issues places the institution at the forefront of good practice in these areas.

Possible Areas for Improvement

4.11 While there have been major achievements to address the operationalization of the environment policy within the Bank, there is a need to put more emphasis on assisting the RMCs in building their capacity for environmental management. Although there has been progress in establishing national environmental legislation, human and technical resources for implementation and compliance are often not adequate. Greater resources in Bank’s loans or grants need to be allocated to allow for capacity building of executing agency staff responsible for environmental management and monitoring.

4.12 In addition, the Bank has to give top priority to encouraging RMCs in making environment part of their national development planning by: (i) encouraging greater participation of environmental staff in Country Strategy Papers, (ii) promoting environmentally beneficial projects and, (iii) supporting RMCs to develop and strengthen existing institutional and human resource capabilities to undertake environmentally sound management.

5. THE POLICY

5.1 Policy Framework

5.1.1 The environment policy framework is strongly anchored in the concept of sustainable development. This concept has evolved significantly since it was first defined in 1987 by the Brundtland Commission⁷ as “*development that meets the needs of the present without compromising the needs of the future*”. Although the principles of sustainability have been globally accepted for decades, their translation into specific environmental management objectives has been fraught with practical and theoretical problems. While subscribing to sustainable development objectives, governments and businesses have shown a preference for concepts that rely on “pollute now, clean later” approaches, and a greater emphasis on financial and economic viability of investment projects.

5.1.2 However, growing evidence of rapid deterioration of the ecological capital and diminishing assimilative capacities of the ecosystems, coupled with the global scale of environmental problems, have now forced planners, governments, institutions and businesses

⁷ *Our common future*, World Commission on Environment and Development, 1987

to rethink their development strategies and to accept that the environment and the economy are interdependent. Sustainable development is now increasingly becoming the preferred development paradigm, and there is a better conceptualisation of the environment-growth-social development interaction. In this policy, sustainable development is defined as **the acquisition, transformation, distribution, and disposal of resources in a manner capable of sustaining human activities without any reduction in the aggregate natural resource stocks.** It also assumes that **the ecological regenerative and assimilative capacities of the natural ecosystems will be maintained**⁸. This definition stresses the anticipatory nature of sustainable development rather than the reactive responses so predominant.

5.1.3 Underlying the above definition is the notion of environmental thresholds that should not be exceeded. These “carrying capacities” will constitute the constraints within which economic, social and other factors will be optimised. They are inter-linked in time, space and resources, and determined by number of people, the nature and quantity of production and consumption, and the cumulative impact on the environment. More importantly, they are moving goal posts that may be enhanced by technological innovation or severely eroded by natural or human-made calamities.

5.1.4 In adopting the sustainable development concept as an environment policy framework, care has been taken to acknowledge the realities on the ground in Africa. In fact, unlike other continents, African countries entered the 1990s with major political, economic and environmental problems. More than ten years after the Rio Earth Summit, the region still faces a wide range of environmental challenges, and is losing its natural resources at relatively rapid rates in comparison with other regions of the world. Such degradation is largely the result of poverty, and the poor inevitably become victims to the continued loss of resources on which they depend upon for their survival. But impoverishment is a dynamic process⁹, driven by a number of processes, including increasing loss of control over local resources and adverse impacts on livelihood through overexploitation, encroachment by commercial farming practices, erosion, and disempowerment. There is a clear need to establish a strong linkage between natural resource capital enhancement and poverty-reduction strategies that constitute the overarching goal of the Bank’s Vision Statement.

5.1.5 However, degradation of the environment is as much a consequence of poverty as it is of population pressure. Rapid population growth can, in fact, push a country beyond its carrying capacity, leading to rapid soil loss and desertification. Associated with the demands of a growing population are those of an increasing livestock population. The clearing of land for cattle ranching and overgrazing by livestock are important contributors to deforestation and land degradation. The policy on environment should, therefore, have to address issues related to population.

5.1.6 Coupled with the environmental problems facing Africa is its increasing marginalization by the process of globalization. To be able to share in the benefits and opportunities offered by globalisation, it is accepted that there will be a need to: (i) accelerate the economic growth rates by raising the levels and productivity of investment and attracting larger volumes of international capital; (ii) reorient economic policies, with major policy reforms and greater participation of the private sector; (iii) increase competitiveness of traditional exports, while diversifying them; and (iv) enhance regional integration and

⁸ See, for example, Farhad Norbakhsh and Sanjeev Ramjan: “A Model for Sustainable Development: Integrating Environmental Impact Assessment and Project Planning” in: *Impact Assessment and Project Appraisal*, Dec 1999, pp. 283-293.

⁹ Galopin, G. 1994. “Impoverishment and Sustainable Development: A Systems Approach”, IIED Paper.

strengthen cooperation arrangements. Fortunately, Africa is endowed with a rich resource base consisting, among others, of minerals, oil and gas deposits which can provide a basis for mining and industrial development. Its rich flora and fauna, and wide expanses of natural habitats offer excellent opportunities for tapping into the potential of the global tourism industry, which remains the fastest growing industry in the world.

5.1.7 This policy, therefore, takes into account the challenges and opportunities facing Africa, and is based on the following key principles that have gained general acceptance as prerequisites to sustainable development and articulated in a number of international agreements¹⁰:

- A strong and diversified economy shall be recognized as a just means to enhance the capacity for environmental protection; however, all development-related decision-making processes shall integrate economic, social and environmental considerations.
- Environmental management tools, like environmental assessments, shall be used to ensure that economic activities are environmentally sustainable, and to systematically monitor their environmental performance.
- Community involvement in natural resource management decisions that affect the most marginalized and vulnerable groups shall be provided for, and the value of traditional knowledge shall be recognized and preserved.
- Transparency, accountability of governance structures and institutions, which are more responsive to the needs and priorities of affected communities in general, and poor people and vulnerable groups in particular, shall be encouraged.
- A coordinated approach to effective environmental interventions in the region shall be pursued by building partnerships with development partners, including other MDBs, bilateral organizations, UN agencies, research institutions and NGOs.

5.2 Policy Objectives

5.2.1 In line with the conceptual framework and principles stated, and the recognition of economic growth as the main engine of growth, it is necessary to adopt a policy that promotes a long-term view of development. Economic growth, in fact, translates itself into increased economic activity and an expansion of developed space, with investments in housing, transport, agriculture, and industry, accompanied by an increase in energy and fossil fuel use. Such economic activities generate externalities in terms of social and environmental costs and benefits, which may constitute very potent threats to the economic system and lead to market failures. Economic development policies must, therefore, necessarily integrate social and environmental concerns. Any appropriate policy should ensure that such integration is achieved early enough in project identification and planning stage to reduce or “internalize” the negative externalities, while enhancing the positive ones.

¹⁰ More specifically (i) the MDGs, particularly Goal 1 on eradicating poverty, Goal 7 on environmental sustainability, and Goal 8 on developing partnerships for development; (ii) the general principles of Rio’s Agenda 21, and (iii) the Africa chapter of the Johannesburg Plan of Implementation, adopted by the World Summit on Sustainable Development

5.2.2 While the overall goals that the new Policy is set to achieve are (i) the improvement of the overall quality of life of the people of Africa by supporting an environmentally sustainable development path, and (ii) the preservation and enhancement of the ecological capital and life-support systems across the continent of Africa, the specific objectives of the Policy will be to (i) enhance the carrying capacity of RMCs by the introduction of innovative technologies, sound natural resource management techniques, and reducing threats to ecosystems; (ii) substantially improve access of the poor to environmental resources; (iii) help RMCs build their capacity to bring about institutional changes to achieve sustainable development; and (iv) strengthen partnership with international agencies and networking with international, regional, and sub-regional organizations to coordinate interventions in environmental sustainable development and to promote information exchange and sharing of best practices.

5.3 Key Environmental Issues

5.3.1 Based on the review of the major constraints and opportunities facing sustainable development in Africa, and taking into account key principles underlying environmental sustainability and the overall objectives of the Policy, a number of key environmental issues have been identified. These will need to be addressed mainly by improving conception and design of Bank's operations to ensure their integration in projects and programmes. Basically, the traditional sector-by-sector approach in the management of natural resources, which has resulted in the fragmentation of policies, institutions, and interventions, will have to be replaced by an integrated approach. In conceiving and designing projects in the major areas of Bank's involvement, due regard will be given to best practices, relevant MEAs, and the creation of enabling environments in the RMCs. In the following paragraphs, the priority issues are presented and environmental sustainability considerations that need to be integrated are outlined.

Reversing Land Degradation and Desertification

5.3.2 As the majority of people in Africa directly depend on land resources for their livelihoods, there is an urgent need to deal with poor land management practices and inappropriate land tenure systems, which lead to land degradation and non-optimal use of land. The Bank, in consort with international effort, will support the promotion of the integrated "ecosystem management" approach to reverse land degradation including processes that lead to desertification. The Bank will, therefore, promote an integrated development planning, with priorities on water resources management, soil conservation, and reversal of land degradation processes. It will involve all key stakeholders and encourage their participation in decision-making regarding access to environmental resources and services by facilitating the involvement of the poor, the vulnerable groups and women, in the preparation and implementation of national and local plans, policies and strategies. It will sustain new land-use and management practices and encourage community-based agro-forestry and reforestation, including use of drought-resistant, fast growing native species, and soil conservation. Particular attention will be paid to the development and use of energy sources which reduce the dependence on the use of fuelwood.

5.3.3 In line with its commitment to contribute to global efforts in fighting the threat of desertification, the Bank will increase its support to the UNCCD's Regional Coordination Unit for Africa. It will ensure that activities contained in the National Action Plans (NAP) on combating desertification developed by Governments are mainstreamed into frameworks of interventions of the Bank. This will help in the identification of opportunities for investment

at the PRSP and CSP formulation stage, when lending priorities of the Bank are identified. Furthermore, as an Executing Agency of GEF, the Bank will facilitate RMCs' access to GEF resources in the focal area of land degradation.

Protecting the Coastal Zone

5.3.4 The integrity of the coastal areas, which will continue to support key human, economic and cultural activities in the future, will need to be protected from the threats of unsustainable development. The Pan-African efforts initiated at the ICZM Conferences in Maputo in July 1998 and Cape Town in December 1999, to revitalize the Abidjan and Nairobi Conventions will be supported. Collaboration with UNEP's GPA will also be encouraged to reduce threats to marine resources from land-based pollution. Bank's interventions in the area will encourage RMCs to provide support and commitment to ICZM programs including the compliance to regional and international laws and agreements related to the seas; they will also support RMC's efforts to develop and implement a strategy for capacity building and institutional needs related to the ICZM and promote awareness, education and continuing training at all levels using local expertise and indigenous knowledge. They will strengthen preventive and enforcement mechanisms in RMCs to address problems such as illegal and over fishing, use destructive fishing practices such as dynamites.

Protecting Global Public Goods

5.3.5 Global Public Goods represent a unique opportunity for Africa to reverse the downward trend in the flow of ODA. In fact, the continent is a large producer of goods that have international and global benefits. Their protection will, therefore, require global efforts and the Bank will, in the context of its normal lending programs, encourage RMCs to protect and manage natural parks and nature reserves, mangroves, reefs and lagoons, and encourage the inclusion of GPG concepts and practices in public sector operations. It will support the implementation of people-oriented programs that emphasize developing management systems and technological packages and incentives for expanding forest cover and tree integration with agricultural production systems. The Bank will, furthermore, promote the role of private sector in financing initiatives to combat climate change, particularly in the use of permit trading as a major mechanism to implement the Kyoto Protocol. It will specially emphasise the role of women in the conservation of biological diversity and the sustainable use of biological resources.

Improving Public Health

5.3.6 As an integral part of the Bank Group's socio-economic development in Africa, the overall objective for its health sector investment is to facilitate the development of healthy populations able to carry out the development process on a sustainable basis. To meet this objective, it is important to address the linkages between environment and health. Inadequate environmental management efforts in the development process can, in fact, lead to land degradation, pollution of air, water and soil, all of which create health hazards. Effects on the health and women, therefore, need to be properly assessed; *ex ante* decisions and measures to support good health shall be the aim in all groups of society, especially in vulnerable groups such as children. The Bank's interventions in RMCs will integrate measures that promote adequate collection and treatment of waste disposal in an environmentally acceptable manner, and incorporate adequate safeguards to protect sources of safe drinking water. They will also aim to control and manage the exposure to risks posed by agricultural chemicals, access to

landfill sites, and chemical agents resulting from industrial emission and wastes. Adequate mitigation measures will also be integrated to reduce environmental health impacts of demographic changes and land conversions, such as developments in agriculture, road and transportation networks, and industrial development. Particular attention will be paid to the enforcement of regional and international agreements, and in assisting RMCs to fulfil their obligations under the Stockholm, Rotterdam and Basel Conventions.

Enhancing Disaster Management Capabilities

5.3.7 The Bank responds when RMCs are faced with natural disaster events such as the Mozambique floods, El-nino effects in Kenya and Tanzania, with emergency financing for infrastructure projects. But Africa is a continent exposed to a wide range of disasters and there is a need to develop adequate disaster management capabilities, particularly when poor people are the most exposed and the most affected. The resulting vulnerability translates into declining and insecure incomes and the sudden loss of the asset base. Enhancing the security of the poor, therefore, has a key role in eliminating poverty. The Bank will, therefore, support RMCs to establish early warning systems, preparedness and coping mechanisms to reduce vulnerability of people and economies of the region to natural disasters and severe climatic events, and maintain contingency plans to restore ecological resources and functions to maintain livelihood resources and ecological stability. In view of the enormity of the task, the Bank will work closely with organisations, like ProVention Consortium and UN-International Disaster Reduction Strategy Unit to undertake Environmental Risk Assessments and develop guidelines for risk assessment.

Promoting Sustainable Industry, Mining and Energy Resources

5.3.8 Africa is the region where most national economies have a narrow industrial base. Despite its vast mineral resource, exploitation of the resources and heavy industrialization may not be sustainable in some countries, especially in areas where mining disturbs major surface or sub-surface ecosystems, and because of pollution risks posed by disposal of mining tailings or toxic substances like mercury and arsenic. The Bank will, therefore, support environmental control measures to reduce the adverse effects from industrial, mining and energy resource and utilization projects. In particular, it will promote industries that take into account safeguards to minimize adverse effects on the environment and utilize appropriate environmental guidelines and norms. It will give preference to projects that employ low waste industrial technologies and avoid adverse effects on natural resources and the environment, and incorporate energy conservation and energy efficient technologies. The Bank will also support the rehabilitation of aged industrial plants to help increase energy efficiency and reduce waste and promote projects that ensure the safe disposal of hazardous industrial waste. RMCs will be encouraged to ratify the Bamako Convention, and strengthen their capacity to implement the convention effectively.

5.3.9 While the energy resources are deemed to be abundant in every region of the world¹¹, there is a need to diversify energy portfolios by keeping all energy options open. Fossil fuels will continue to play a significant role in the total primary energy mix in the short and medium term, but there are opportunities to improve their efficiency and help address environmental concerns. Specifically, the Bank will promote the use of renewable sources of energy taking into account the fact that wind, solar and geothermal energy constitute suitable complements rather than replacements for large-scale generation, improve access to cleaner

¹¹ Survey of Energy Resources. World Energy Council. 2001

technologies to enhance the sustainability of fossil fuel use and to lower GHG emissions to manageable levels, and promote cogeneration processes, like production of potable water by gas-fuelled desalination plants which also produce electricity.

Improving Urban Environmental Management

5.3.10 Although Africa is the least urbanized continent, it is experiencing high rates of urbanization¹². Lagos, for example, is expected to become the world's third largest city with 20 million people by 2010. The present growth of large cities in Africa is, unfortunately, driven by population pressure and economic stagnation in the rural areas, resulting in large-scale migrations towards urban areas. The locus of poverty is therefore shifting from the rural areas to the urban zones, where the economic opportunities are limited. The upsurge in urban poverty now affects almost one-third of all urban households, resulting in a number of environmental problems. Inefficient collection, storage and disposal of municipal wastes, for example, result in the spread of disease and localized pollution. Such environmental deterioration threatens the development potential of cities as well as the health and well-being of the whole population. Bank's interventions will have to ensure that the existing urban problems are not exacerbated, and that adequate investments are directed towards dealing with some of the most pressing problems. In designing projects, Bank will ensure that adequate steps are taken to minimize involuntary resettlement of large populations, reduce air emissions generated by industrial activities, develop environment-friendly transport systems, integrate recycling components, and involve the private sector as far as possible in sectors like solid waste management.

Environmental Governance

5.3.11 Sustainable development requires the integration of environment and development at the outset of the decision-making process, so as to align core macro-economic strategies that include trade and environment. But such development can be achieved only where there is good governance, including transparency, accountability, a participatory approach and decentralization. Furthermore, externalities do not respect national boundaries, and may manifest themselves in countries other than where they have been generated. As such externalities affect common property goods, or public goods, like oceans and air, that are shared by numerous countries. There is, thus, a need to address international environmental governance issues to ensure that one country's activities do not harm the environment of another country.

5.3.12 Since the UNCED, some African countries have made serious attempts to integrate environment, economic and social objectives into decision-making through the elaboration of new policies and strategies for sustainable development. The Bank will, therefore, encourage RMCs to increase awareness of decision makers and the general public of the contents, follow-ups, and implications of MEAs, and participate in the establishment of intra-regional mechanisms for implementation programs related to MEAs. RMCs will be particularly encouraged to take advantage of the opportunity offered by the 2002 WSSD to reinvigorate their commitment to relevant MEAs. GEF resources will be tapped as far as possible in this area.

¹² Habitat Debate – UNCHS, Vol 7 Number 1, March 2001.

Institution and Capacity Building

5.3.13 Institution and capacity building have become significant components of Bank's lending operations. This tendency will be reinforced by incorporating formal training activities on environmental management principles in all Bank-funded projects that have potential negative impacts on the environment. The Bank will also encourage private sector firms to develop adequate capacity conversant with the application of clean technology, energy efficiency and environmentally responsible tourism. It will also increase its participating in the ongoing multi-donor led initiative on Regional Capacity Development and Linkages for EIA in Africa, which aims for every African country to have a functional EIA system in place, by 2010.

Increasing Awareness

5.3.14 There is a growing recognition that national development plans and environmental policies have a better chance of being implemented when supported by an informed and involved public. Most countries now include environmental education in school curricula. Networking also needs to be expanded to make more effective, efficient and economic use of existing environmental expertise. Bank interventions will, therefore, promote sub-regional and regional networks, and other professional networks in their outreach function to promote environmental awareness and effective environmental management. They will also aim to encourage private sector, both large companies and small and medium-sized enterprises, to conduct environmental awareness creation programmes for their staff. In their support to the education sector, RMCs will be encouraged to integrate environmental issues across educational curricula and improve access to environmental information.

Stakeholder Participation

5.3.15 As sustainable development is an integration of economic, social and environmental objectives, its path is not linear. It is characterised by continuous shifts and adjustments in policies requiring perpetual trade-offs to ensure an adequate level of environmental capital. The environment remains a scarce resource and it cannot provide all the services required at the same time. However, until now priorities and trade-offs were determined by the political apparatus, parties lobbying for vested interests, and government bureaucracy. To ensure development effectiveness, however, this policy will encourage the involvement of all stakeholders in trade-off decisions that affect their livelihoods to enable them to retain control of, and access to, resources they need for a sustainable livelihood.

5.3.16 The Bank Group objectives and strategy for co-operation with stakeholders is to improve development impact on the ground and engage in concerted dialogue with RMCs to facilitate the creation of an enabling space for civil society to operate autonomously, effectively and accountably. Recognising the importance and increasing responsibility of CSOs, the Bank will increase its assistance to promote greater environmental awareness and more effective environmental management amongst the general public. It will also make greater use of CSOs with environmental expertise in the design, implementation and monitoring of Bank funded projects.

6. POLICY IMPLEMENTATION

6.1 To implement the policy, the Bank will adopt the following approaches aimed at adjusting its lending operations and realigning some of its existing institutional arrangements:

(i) mainstreaming environmental sustainability considerations in all Bank's operations (ii) strengthening existing environmental assessment procedures and developing new environmental management tools; (iii) clearly demarcating internal responsibility in implementation; (iv) assisting RMCs to build adequate human and institutional capacity to deal with environmental management; (v) improving public consultation and information disclosure mechanisms; (vi) building partnerships to address environmental issues, harmonise policies, and disseminate environmental information; and (vii) improving compliance monitoring and evaluation of operations.

6.2 To help in the implementation of the environment policy, and based on experience already acquired in the formulation and implementation of the previous 1999-2002 Strategic Plan¹³, the Bank will develop 3-year Implementation Plans that will define in concrete terms the actions it intends to undertake over that period. An indicative Implementation Plan for the present Policy for the period covering 2004 – 2006 is provided in Annex 1. This plan will be further refined to establish clearer priorities and selection criteria in case trade-offs have to be effected. It will also contain details of resources required for policy implementation and include performance indicators.

(i) Mainstreaming Environmental Sustainability Considerations in All Bank's Operations

6.3 The Bank has already developed a number of policies, guidelines and tools to effectively mainstream environmental considerations into its operations. These are periodically revised to reflect best practices and international, regional and national concerns. The revision will continue to be undertaken as and when necessary to strengthen the mainstreaming process, particularly in country programming where such mainstreaming is still weak. Country Strategy Papers, in fact, provide an overall framework for Bank lending by country. They represent the main programming documents of the Bank as they outline priority sectors and sub-sectors for Bank Group intervention and the strategy that will be followed. They contain comprehensive background information outlining government's environmental and social constraints, strategies, and programs which enables the Bank to integrate environmental and social dimensions in lending priorities. To that end, the inclusion of environmental expertise is strongly recommended in country strategy programming missions. The Bank will make a special effort to ensure that CSPs encompass environmental reviews and analyses in order to achieve a more balanced sustainable development agenda and involve as many stakeholders as possible in the course of the participatory process that determines the lending priorities of CSPs. .

6.4 The Bank's Country Economic and Sector Work (ESW) process also provides a sound entry point to ensure that economic and sector reviews integrate environmental issues. ESW is increasingly being identified as a basis for project identification. The potential environmental impacts of economic reforms can be identified and assessed, and where potential adverse impacts are identified, targeted complementary environmental policies or investments may be recommended.

6.5 During the first Implementation Plan period, the mainstreaming efforts in country programming and ESW will constitute more of a learning process, rather than a mandatory requirement. The analytical efforts will concentrate on the assessment of linkages between poverty reduction and environmental preservation in order to more effectively implement

¹³ Three Year Strategic Plan and Work Programme Mid 1999 – Mid 2002. OESU, July 1999

environmental management. Such analytical experience will also help in the formulation of Poverty Reduction Strategy Papers (PRSPs) which are currently being supported by many MDBs, donor agencies and RMCs. The Bank shall encourage RMC governments to work more directly with communities and ensure that the poor and marginalised groups are better informed of the possible environmental impacts of proposed interventions.

(ii) Strengthening Existing Environmental Assessment Procedures and Develop New Environmental Management Tools

6.6 To be able to effectively mainstream environmental sustainability issues in the Bank's operations, it will be necessary to not only strengthen existing environmental assessment tools but also to develop new environmental management tools. A major environmental assessment task in project lending operations is the screening of projects to determine to which environmental category a project shall be assigned. The categorization is based on the Project Brief prepared by OPs, on the basis of baseline information provided by the Borrower, and will be based on the process developed in the 2001 ESAP. The Project Brief, which is prepared at pipeline entry stage of a project in its life cycle, shall include contextual information and data on key environmental and social aspects of the project. Projects shall be mandatorily assigned to one of following four categories:

- Category 1 projects will require a full Environmental and Social Impact Assessment (ESIA), including the preparation of an Environmental and Social Management Plan (ESMP). These projects are likely to induce important adverse environmental and/or social impacts that are irreversible, or to significantly affect environmental or social components considered sensitive by the Bank or the borrowing country. The ESIA examines the project's potential beneficial and adverse impacts, compares them with those of feasible alternatives (including the "without project" scenario), and recommends any measures needed to prevent, minimise, mitigate or compensate for adverse impacts and to enhance environmental and social project benefits.
- Category 2 projects require the development of an Environmental and Social Management Plan (ESMP). These projects are likely to have detrimental and site-specific environmental and/or social impacts that are less adverse than those of Category 1 projects and that can be minimized by the application of mitigation measures or the incorporation of internationally recognised design criteria and standards.
- Category 3 projects require no impact assessment. These projects shall involve no adverse physical intervention in the environment and induce no adverse environmental or social impact. Beyond categorisation, no further ESA action is required for this category of project.
- Category 4 projects involve investment of Bank's funds through Financial Intermediaries (FIs) in subprojects that may result in adverse environmental and/or social impacts. FIs include among others banks, insurance and leasing companies, and investment funds that on-lend Bank's funds to small and medium size enterprises.

6.7 In the past several years, in fact, the Bank has invested considerable time and effort in developing eighteen specific environmental guidelines and Easy Reference Guides (ERG) for

the preparation of environmental contents for the CSPs, Project Identification, Preparation, Appraisal, and Implementation. Due to multiplicity of sectoral guidelines, the Bank will consolidate them into a single, integrated and user-friendly document to serve as a field tool.

6.8 As policy-based lending is gaining importance, the priority of the Bank will be on increasing levels of funding for clear environmental policy based lending and initiatives. The objective would be to achieve better integration between environment and sectoral policies, but also to ensure coherence among sectoral policies that impinge on environment. This would be achieved by bringing environmental assessment upstream by assessing the impacts of policies, programs and plans, rather than the project-level EIA. A number of mechanisms are currently being developed and tested to address this issue. For example, Strategic Environmental Assessment (SEA) is evolving as an important mechanism for facilitating the incorporation of sustainability considerations within policies and programmes. SEA, as a process of evaluating the likely environmental consequences of a proposed policy, plan or programme, has the potential to significantly affect the environment before such policy, plan or programme is approved. An SEA can be related to an economic sector, such as transport, energy, forestry or fisheries, or to a specific geographic area or region. The Bank will, therefore, develop Strategic Environmental Assessment (SEA) guidelines to address environmental concerns related to policy-based lending (PBLs), structural adjustment lendings (SALs), and sectoral adjustment lending (SECALs). SEAs will also be used for regional environmental assessments. The main benefit of an SEA is that it allows consideration of more far-ranging and cumulative impacts and broader types of alternatives than provided by a more traditional, project-specific EIA. In addition, an SEA can help facilitate consultations with the public by identifying issues, initiating baseline data collection, and developing action programmes. During the first Implementation Plan period, selected operations will be undertaken to enable Bank staff to acquire necessary experience and to allow RMCs to build capacity to deal with SEA. New regional legislation on SEA such as the EU Directive 2001/42/EC and the UNECE Protocol on SEA, and the guidance provided on these instruments will be used as valuable sources of information and experience on SEA.

6.9 Another mechanism that will be explored is the incorporation within the institution's project appraisal procedures of methods of quantifying environmental benefits and doing this, wherever possible, employing monetary measures. Despite the considerable progress made in recent years in the field of environmental economics, this remains an area fraught with disagreements. Nevertheless, experience shows that parameters that have a monetary value assigned to them generally carry more weight than those that do not. The cost of environmental measures that have been incorporated in projects for enhancement or mitigation purposes are always included in project costs. However, attempts are not often made to quantify in monetary terms the environmental benefits that result from the inclusion of such measures. Further, appraisal work rarely assigns a value to the environmental and social costs of not including provisions for environmental and social mitigation. Some form of systematic valuation of environmental benefits within project appraisal procedures is not only likely to be beneficial in terms of raising sustainability issues higher up the agenda of an institution's project teams but it also provides an important demonstration effect to officials in other organizations. The Bank will therefore undertake analytical work and capacity building to determine the extent of, and necessary tools for, quantifying environmental benefits during the first Implementation Plan period and subsequently introduce it systematically in Category 1 projects, where the impacts on the environment are more significant. Moreover, the Bank will participate in discussions with RMCs on market-based mechanisms (green taxes, polluter-pays principle, for example) to internalise environmental

costs with the view to encourage key RMC officials responsible for setting budgets and taxes in their countries to adopt new instruments.

(iii) Clearly Demarcating Internal Responsibility

6.10 The Bank is highly aware that environmental mainstreaming and sustainable development constitute important themes that cut across various organizational and management levels in the Bank. As such, Senior Management will continue to provide the requisite signals that environmental issues are very important to the Bank. One important task will be to undertake a revision of the Operations Manual, which was last revised in 1999. It includes appropriate references to the inclusion of environmental, gender and participatory issues in the preparation, appraisal, implementation, supervision and completion stages of project development. However, sustainability is not raised *per se* as an issue in the Operations Manual and it does not define in detail how operations staff should involve personnel in PSDU and other sustainability experts throughout the project cycle. The Bank will, therefore, include in its Operations Manual sufficient measures to ensure that operations personnel are giving appropriate weight to sustainability issues at each stage of project development.

6.11 Another important task to be carried out during the initial stages of the first Implementation Plan period will be to redefine PSDU's role in the context of PRVP's mandate. Since the Bank's reorganisation, PSDU has been carrying out its business as usual. But the anchorage of PSDU within PRVP offers new opportunities and reflects the need for the Bank to have a clear vision of sustainability and at the same time an independent in-house review mechanism. This is very relevant in the light of the anticipated creation of an Inspection Panel at the Bank. PSDU will therefore strengthen its role in policy development, maintenance of guidelines, compliance monitoring, and assessing environmental and social impacts of Bank's operations.

6.12 The OPs shall maintain their primary responsibility of ensuring that environmental issues are addressed adequately in Bank's operations. The initial responsibility to determine the project category lies with the OPs whose environmental expertise shall be called upon to propose a project category according to the Initial Environmental and Social Screening (IESS) process. Environmental expertise within PSDU shall review the proposed project category, modify or confirm it, and enter it into the Project Brief.

6.13 For Category 4 projects involving Financial Intermediaries, OPs shall conduct environmental due diligence on the potential partner(s) and the proposed pipeline of operations. Issues to be considered shall include FI's environmental performance; its environmental policies, procedures and capabilities; the nature of the loans and investments to be supported with the use of Bank funds; and the need for technical co-operation and capacity building to facilitate the adoption of environmental procedures satisfactory to the Bank. All FIs shall provide OPs with a written assessment of the institutional mechanisms (including, as necessary, identification of measures to strengthen capacity) proposed to carry out ESIA work related to subprojects. In all cases, FIs shall adhere to OPs recommendations and these shall be incorporated into agreements negotiated with FIs.

6.14 The Bank will regularly conduct refresher training courses for its staff to familiarise them on new policy issues and environmental assessment guidelines developed. Particular emphasis will be laid on training for successful development of ESMPs, a tool that has been shown to be still weakly implemented in most cases. Also, key to successful implementation by Bank staff is quality environmental data and information availability that is compatible

with other regional and global data sources. To this end, the Bank's Environmental Resource Center (ERC) will be strengthened to provide policy documents, reports, best practice case studies, and research papers to facilitate Staff's comprehension of environmental sustainability issues in their respective sectors and projects.

(iv) Institutional Support and Capacity Building for RMCs

6.15 The Bank supports environmental training for key RMC officials to ensure incorporation of environmental concerns into national planning. The Bank will target personnel from key ministries responsible for resource allocation, and representatives from NGOs and CSOs. The Bank will support ESIA capacity training, use of local firms, and encourage the development of registers of firms for all RMCs. Other types of training that will be supported include environmental management systems, environmental auditing, monitoring and enforcement, general environmental awareness, education and communication.

6.16 A key problem is that existing environmental legislation is often not adhered to. The Bank in line with other MDBs believes that the future lies in strengthening local capacity in RMCs to adopt and implement their own environmental and safeguard systems. It is particularly important that local and national legislation, standards and guidelines be strengthened and promoted as far as possible over and above Bank guidelines as they are tailored for specific conditions in RMCs. Simultaneously, there is a corresponding need to harmonise environmental standards and guidelines within and across Africa.

6.17 While an obvious area of support is to the environmental agencies, effort shall also be placed on environmental officers in other ministries, who are typically marginalized. Furthermore, while institutional support is traditionally perceived to be through government, the roles and linkages with CSOs and their networks will be re-examined, re-evaluated and re-emphasized.

6.18 As the private sector is being called upon to play an important role in Africa, the Bank will encourage the introduction of sound environmental practices in all private sector operations. It will host seminars and workshops, and develop training materials to sensitize the private sector on the best environmental management practices. The growth of the private sector, in fact, provides good opportunities to move from the traditional "command and control" approach to a more effective system in which potential polluters are given the responsibility of evaluating, mitigating and monitoring the effects of their activities.

(v) Public Consultation and Information Disclosure

6.19 The Bank believes in becoming a greater advocate of public consultation and participation within RMCs to strengthen and improve government organizations and CBOs / NGOs in the field of environment. Its Information Disclosure Policy will be reinforced to make provisions for more effective public consultations and disclosure on environmental information related to Bank financed projects.

6.20 The environmental assessment process provides ample opportunities to involve local populations in decisions regarding project conception and design. All stakeholders have to be identified during the scoping stage of ESIA and regularly consulted on the progress of the assessment. They will be kept informed of the results of the ESIA and ESMPs through formal channels and their reactions recorded. Before the Bank Group proceeds to an

appraisal mission for Category 1 projects, available ESIA studies shall be released in the borrowing country project area at some public place accessible to potential beneficiaries, affected groups and local CSOs. Once the ESIA is released locally and submitted officially to the Bank, it will be made available to the general public through the PIC. If the Borrower objects to the broader release of the ESIA outside of the borrowing country, the Bank will not continue with the processing of the project.

6.21 For Category 4 projects involving Financial Intermediaries (FI), the FI shall ensure that the sub-projects that require ESIA's undergo the same information disclosure process as Category 1 projects funded by the Bank. The Executive Summary of the ESIA Report will be made available in the borrowing country at a public place readily accessible to potential beneficiaries, affected groups and local CSOs.

6.22 Summaries of Environmental and Social Impact Assessments for Category 1 projects, which are prepared by Bank staff with the project sponsor's consent and include the staff's conclusions and recommendations regarding environmental impacts and preventive or mitigatory measures, will be made available to the public through the PIC. In all cases, environmental information will be released according to the Bank Group's existing applicable timetables for such releases, i.e. one hundred and twenty (120) days prior to presentation to the Boards.

6.23 For Category 2 projects, a summary of the ESMP will be released to the public through the PIC at least 30 days prior to Board Presentation. Departments in the Operations complex shall address any public inquiry related to the information released by the Bank, with PSDU's assistance. The communications between the Bank and the public shall be documented and kept on file by the Operations department.

6.24 For any project that involves a significant number of people (200 or more persons) who would need to be displaced with a loss of assets¹⁴, or access to assets or reduction in their livelihood, the Bank will require the Borrower to prepare a full resettlement plan (FRP). The FRP is released as a supplement document to the ESIA summary. For any project involving the resettlement of less than 200 persons, an abbreviated resettlement plan is released together with the ESMP for category 2 projects. The full resettlement plan or the abbreviated resettlement plan is then made available in the Bank's Public Information Center and posted on the Bank's web site for public review and comments.

(vi) Building Partnerships

6.25 The Bank advocates and believes in working with partners, such as the other MDBs, and development and environmental agencies operating within and outside of Africa. A sharing and timely re-evaluation of ultimate objectives, goals, principles and levels/sectors of operations is necessary on a regular basis. The Bank is committed to avoiding duplication of effort and overlap with other agencies and in so doing places a responsibility on the shoulders of each and every Bank member to uphold this commitment.

6.26 Partnership with NEPAD will be a significant step in the implementation in some of the areas identified in the Policy. In fact, our interest in furthering the objectives of NEPAD stem from the fact the principles that underlie the Initiative and its priority areas of engagement are consistent with the Bank's Vision Statement and its Strategic Plan. The Bank

¹⁴ The Bank's Policy on Involuntary Resettlement was approved by the Board in January 2003

is also encouraged by the fact that the issues raised in NEPAD's Environmental Action Plan and the measures proposed to address them are quite similar to the ones identified in the Policy. NEPAD's *Environment Action Plan*, which has been developed by the UNEP Regional Office for Africa (ROA), under the guidance and leadership of the African Ministers Conference on Environment (AMCEN), highlights NEPAD priority areas on environment as: combating desertification, promoting wetland conservation, preventing and controlling the spread of invasive alien species, coastal management, monitoring and regulating the impact of global climate change, building trans-frontier conservation areas, improving health and environment, and promoting environmental governance relating to enhanced institutional coordination, legal, planning, training and capacity building. The Environmental Action Plan will therefore constitute an important opportunity for building partnerships and delivering on some of the Policy's action areas, like training and capacity building.

6.27 The energy sector also provides an opportunity to strengthen partnerships. The Financing Energy Services for Small Scale Energy Users in Africa (FINESSE) program will, for example, implemented to help achieve some of the objectives of the Policy. FINESSE was initiated in June 2002 after the signing of the letter of agreement between the Bank and the Government of Netherlands. It will support activities related to the development of Bank's internal renewable energy capacity, the development of national enabling policies, local manufacture of renewable energy technologies, and information dissemination. Support schemes will mainly focus on promoting solar water heaters for urban areas, solar PV for rural areas, windmills for electricity generation and pumping, micro-hydro schemes for electricity generation, pre-electrification initiatives, and strategies for biomass energy supply and use.

6.28 The Bank will also operate within a number of MOUs signed with several international and sister organizations (UNEP, UNDP, World Bank, etc) to deliver on its Policy mandate. The Bank will take necessary measures to fully assume its role as an Executing Agency of GEF and facilitate RMCs to tap GEF and other resources to address priority environmental issues, such as biodiversity, biosafety, land degradation, climate change and freshwater/marine environmental degradation. The Bank will, furthermore, continue to take an active part in the follow-up to the work of the World Commission on Dams (WCD) to further disseminate "best-practices" in designing, constructing and operating dams.

(vii) Compliance Monitoring and Evaluation

6.29 With the anticipated establishment of an Inspection Panel function at the Bank, the tasks related to compliance monitoring will become more significant. The Bank will therefore equip itself to carry out close monitoring of its operations and increasingly audit their compliance to loan conditions and ESMPs. The Bank will develop indicators for sustainable development by building on work currently being undertaken by the Development Assistance Committee (DAC) of the OECD and UNCSD. It will use its increased supervision missions to monitor key environmental indicators. The Bank will also use the increased supervision frequency (per project) to further enhance the field supervision of the environmental performance in Bank's operations. The Environmental and Social Auditing Guidelines will be used to ensure that the terms and condition of project approval are adhered to; to monitor the impacts of development and the effectiveness of mitigation measures; to strengthen future

EIA applications and mitigation measures; and, to undertake process evaluation to optimize environmental management.

6.30 Based on the outcomes of the ESA studies, OPs will prepare loan conditions and covenants to cover any outstanding environmental concerns that need follow-up during project implementation. For Category 1 projects, the inclusion of conditions and/or covenants in loan documents shall ensure an effective compliance with the Bank's environmental policies (e.g. submission of resettlement plans, creation of monitoring units, stakeholder consultations, etc.). For Categories 1 and 2 projects, OPs shall ensure that the ESMP is incorporated in the loan agreements.

6.31 The Bank has long recognized that the allocation of scarce ADF resources among borrowers should be based on need as well as performance. The Country Performance Assessment (CPA) system of the Bank comprises of criteria on (i) sustainable economic growth, (ii) socially inclusive development, and (iii) governance and public sector management. The environmental dimensions in the *Country Policy and Institutional Assessment* (CPIA) will, therefore, be periodically reviewed to take into account lessons learned and progress made by RMCs in the implementation of plans of actions.

Policy Review

6.32 To keep abreast of new trends and practices in the field on environmental sustainability, The Policy on the Environment will be reviewed after 4 years from date of its adoption. After 3 years, however, at the close of the first Implementation Plan period, an interim operational review will be conducted by independent experts to assess progress made in its implementation, and to provide inputs into the review.

Resource Implications

6.33 The increased emphasis on environmental mainstreaming as outlined in this policy, and a greater role in international environmental governance, will require modest increases in financial and human resources. The present contingent of 9 environmentalists will have to be increased to 10 during the first Implementation Plan period. The additional environmentalist will be attached to the Private Sector Department to enable effective mainstreaming of environmental issues into private sector lending programmes. Two long-term consultants will also be recruited to deal with additional work generated by activities related to renewable energy, for example. Resources needed to carry out tasks, like development of guidelines or assessments, will be met by consultancy staff recruited as and when needed. In terms of financial resources, . a large part of the mainstreaming being taken care of by the lending programme, there is again a need to tap modest additional resources. To this end, an annual incremental increase of at least 15% in the budget allocated to environmental activities (PSDU and Ops) will be sought to allow for additional environmental studies, assessments, guidelines development, monitoring activities, and capacity building for RMCs. Efforts will also have to be stepped up to tap TA resources for specific tasks.

6.34 The Bank will also assume a bigger role as an executing agency of the GEF. Experience of other MDBs have shown that such involvement does not require additional human or financial resources. Hence, the GEF represents a significant window of opportunity for RMCs to deal with issues that have local and global benefits. By actively participating, with the World Bank and other partners, in projects like NEPAD's Environmental Action Plan, the Bank will not only help member countries access an important source of funding,

but also allow it to achieve some of the objectives of the policy. In particular, the Bank will establish a joint donor-ADB initiative to address the specific problem of land degradation and desertification. In fact, many developed countries have not yet met their obligations under the UNCCD, and the Bank is well poised to attract such funding with the initiative.

7. CONCLUSION

7.1 Growing evidence shows that disproportionate emphasis on financial and economic viability of investment decisions may lead to unsustainable development in the long-term. The interdependence of the economy and the environment, and the global scale of environmental problems make it necessary to address them in an integrated manner. The new policy on the environment, therefore, focuses more on integrating social, economic and environmental objectives rather than protecting and conserving the environment for its own sake. The Bank recognizes that the constraints to sustainable development in Africa are considerable. Faced with such constraints, many countries have not been able to make much progress in the transition from normative standards to operational programmes in sustainable development. Globalization and decreasing flows of development assistance have also significantly and negatively affected the ability of the poorest nations to deal with the challenges and constraints. Nevertheless, there have been numerous achievements in terms of awareness creation, capacity building, reinforcement of legislative, institutional and regulatory frameworks, and integration of environmental concerns into national economic development strategies. With adequate financial assistance and their integration as full-fledged partners in the globalization process, it is hoped that many countries will be able to move forward along the path of sustainable development by building on the foundations already laid down.

7.2 In defining the sustainable development concept as an environment policy framework, care has been taken to acknowledge the tremendous opportunities that exist in Africa. Economic growth, however, translates itself into increased economic activity and economic activities generate social and environmental costs and benefits; such externalities constitute very potent threats to the economic system leading to market failures. Economic development policies must, therefore, necessarily integrate social and environmental concerns. The policy has, therefore, been developed with the objective to contribute to the improvement of the quality of life across the continent. It recognises that economic growth will be the main engine of growth, and it has been designed to ensure its sustainability by preserving and enhancing the ecological capital that nurtures such growth. It has put in place specific environmental management strategies that will help maintain and improve the carrying capacity of ecological zones by promoting the introduction of innovative technologies and reducing threats. Environmental issues will be addressed by the Bank with a more open and inclusive approach, which relies as much on effective partnerships, networking, awareness-building, institutional development and technical support as it does on the strict application of operational objectives. The new policy focuses more on the linkages between environment and other key cross-cutting issues in order to promote an integrated approach to sustainable development. It is designed to convey this new and evolving approach to environmental affairs and the Bank's determination to be pro-active. More importantly, the involvement of all stakeholders in decisions that affect their livelihoods is strongly encouraged.

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**Annex 1: Policy Implementation
Indicative 3-year Implementation Plan for 2004 - 2006**

Plan Element	Actions	Outputs and Performance Indicators	Resource Requirements
<i>(i) Mainstreaming Environmental Sustainability Considerations in all Bank Operations</i>			
1. Integrate environmental sustainability issues more fully into CSPs	Participate in 4 CSP missions annually to undertake environmental analyses and determination of environmental priorities	BTORs and CSP documents	Staff time; departmental mission budget
2. Integrate environmental sustainability analyses in ESW	Participate in 2 ESW exercises annually to build up experience	ESW Reports	Staff time; departmental mission budget
3. Analyse Poverty-Environment Linkages and integrate elements that aim to reduce poverty while preserving the environment into CSPs, PRSPs and other country programming work	Organise one regional workshop to assess poverty-environment linkages and means of addressing them; subsequently, integrate findings in PRSPs and other programming work	Workshop Proceedings; PRSP, CSP and new or revised Bank sectoral Policy Documents	B-TA Funds for workshop; staff time to organise workshop.
4. Integrate key environmental sustainability issues contained in the Policy in all Lending Operations	Undertake 3 assessments annually of Bank's operations in the key environmental issues identified in the Policy to guide staff in integrating best practices	9 key environmental issues assessed and lessons learned presented in a handbook format for Bank staff and RMC staff use. Year 1 to produce handbooks on Water Harvesting (Reversing Land degradation and desertification Issue), Wetlands Management (Protecting Global Public Goods), and Disaster Risk Management	Shared between B-TA funds, Netherlands Water Partnership Programme, Partnership with UNISDR, and consultancy budgets; staff time
<i>(ii) Strengthen Existing Environmental Assessment Procedures and Develop New Environmental Assessment Tools</i>			
1. Introduce Strategic Impact Assessment as a tool in environmental management of plans, policies and programs	Develop Guidelines for SIA; Disseminate guidelines among staff and RMCs; Include SIA techniques as a training module	Published Guidelines; number of training sessions undertaken; number of operations covered by SIA	B-TA Funds for development of Guidelines; staff time for dissemination, training, and use in environmental assessment process
2. Consolidate sectoral guidelines into user-friendly documents	Develop Integrated Environmental Assessment Guidelines by consolidating Multiple sectoral guidelines and Easy Reference Guides	Integrated Environmental Assessment Guidelines developed for 9 sectors and disseminated	B-TA funds to cover consultancy costs, and staff time

3. Quantify Environmental Costs and Benefits	Develop Techniques and tools for quantifying environmental costs and their integration in ESIA	Handbook on Environmental costs and benefits, and its dissemination during Bank and RMC staff training sessions	Shared between B-TA funds and departmental consultancy and mission budgets; staff time
<i>(iii) Clearly Demarcating Internal Responsibilities in Implementation</i>			
1. Undertake Institutional realignment to reflect PSDU's anchorage in PRVP's	Redefine role of PSDU, particularly in light of anticipated Inspection Panel function in Bank	PSDU's responsibilities become more focussed with clear responsibilities for policy and guidelines development, compliance monitoring, training and capacity building; environmental staff deployment is more balanced to reflect PSDU and OPs workloads; 1 extra environmentalist hired for OPSD	Staff time; departmental budget
2. Establish Management and Staff commitment to environment policy	Operations Manual is revised to include appropriate references to environmental sustainability issues, responsibilities, and the scope of their treatment throughout the project cycle	Revised Operations Manual	Staff time
3. Train Bank Staff	One refresher course conducted annually to sensitise staff on procedures and guidelines in place; training material to be prepared in Year 1 of Plan	Training Material on Bank's Environmental Policies, Procedures and Guidelines; reports on training sessions	Departmental consultancy Budget; staff time
<i>(iv) Assisting RMCs in Building Adequate Human and Institutional Capacity to Deal with Environmental Management</i>			
1. Train RMC staff and RMC Capacity Building	4 - 6 training RMC specific sessions carried out annually using training material produced for Bank Staff training above; participate in multi-donor capacity building initiatives	BTORs, Evaluation reports	Mission budget, departmental training budget, partnerships; staff time
2. Encourage private sector to play a more active role in environment management	Train Financial Intermediaries (FI) in environmental management pursuant to Category 4 provisions; develop training material	Environmental Management for FI ready in Year 1 and 1 training session organised annually	Staff time; FIs
3. Reduce transaction costs	Participate in MFI-EG Harmonization Workshops	Workshop Proceedings	Mission budget, partnerships; staff time

(v) Improving Public Consultation and Information Disclosure Mechanisms			
1. Involve all stakeholders in decision-making process	Redesign Bank's Environment web page to enable posting of all relevant environmental information and feedbacks; Organise regional or sub-regional workshops to discuss new policies and results of issue-based assessments carried out; ESIA and ESMP process to clearly identify all stakeholders	Redesigned Environment Web Page and availability of environmental information in conformity with Information Disclosure Policy; 2 workshops at least organised annually; ESIA and ESMP reports	B-TA funds; Departmental Budget; staff time
(vi) Building Partnerships to Address Environmental Issues, Harmonise Policies, and Disseminate Environmental Information			
1. Develop Partnership with UNCD	Establish joint work programme with Regional Coordination Unit of UNCCD	One project from work programme implemented by Year 2	Staff time; project pipeline
2. Strengthen partnership with NEPAD	Assess NEPAD's Environmental Action Plan to determine Bank's involvement and funding	One project from Environmental Action Plan implemented by Year 2	NEPAD fund; staff time
3. Encourage use of Renewable Energy	FINESSE programme is implemented	FINESSE Unit established in Bank; activities defined in programme under way - status reports attesting progress available	Dutch Funding; staff time and 2 long-term consultants to be recruited
4. Operate as GEF executing agency	MOU established with GEF Secretariat; concept papers submitted to GEF; staff sensitized and trained in GEF project preparation	2 - 4 project concept papers submitted to GEF annually; at least one project retained for funding by GEF	Staff time; GEF and partnership funds and training facility
5. Harmonize Policies and Procedures	Participate actively in MFI-EG meetings and activities	BTORs, Harmonized Frameworks for Environment Assessment Tools	Mission budget; departmental consultancy budget when needed
6. Reinvigorate partnerships with World Bank, UNEP, UNDP	Review MOUs or Joint Work programmes to include environmental sustainability projects	Clean Development Fund aimed at financing acquisition of clean technology established and managed by OPSD; similar initiatives established with other institutions	Counterpart funding; staff time
(vii) Improving Monitoring and Evaluation of Operations			
1. Improve Compliance Monitoring	Develop Environmentally sustainable development indicators	ESMPs have systematically integrated indicators that are monitorable; audit reports	Consultancy budget for development of set of indicators; staff time for monitoring and auditing
2. Evaluate environmental management of projects	Conduct regular evaluation of selected Category I and II projects	At least 1 Cat I and 2 Cat II projects fully evaluated annually	Departmental budget
B-TA: Bilateral or Technical Assistance Funds; UNISDR: UN-International Disaster Reduction Strategy Unit; MFI-EG: Multi-lateral Financial Institutions - Environment Group			

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Not Applicable**

FOR INFORMATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

**FROM : Cheikh I. FALL
Secretary General**

**SUBJECT : BANK GROUP POLICY ON THE ENVIRONMENT-
IMPLEMENTATION PLAN FOR 2005-2007**

ADDENDUM*

Following the approval of the Environmental Policy by the Boards of Directors in January 2004, please find attached **as addendum**, the Implementation Plan for 2005-2007 which discusses actions to address the issues of land degradation, desertification, protection of coastal zone, global public goods, improvement of public health, enhancement of disaster management capabilities, promotion of sustainable development of natural resources, institution and capacity building, environmental governance, urban environmental management, and stakeholders participation.

Attch.

Cc: The President

***Questions on this document should be referred to:**

Mr. Y. VYAS	Head of Unit	PSDU	Ext. 2178
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**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



**AFRICAN DEVELOPMENT BANK GROUP'S
POLICY ON THE ENVIRONMENT:
IMPLEMENTATION PLAN FOR 2005-2007**

PSDU

September 2004

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ANNEX 1: MATRIX OF ACTIONS

ANNEX 2: 3-YEAR IMPLEMENTATION PLAN

ANNEX 3: RESOURCE IMPLICATIONS

LIST OF ACRONYMS AND ABBREVIATIONS

CSOs	:	Civil Society Organizations
CSP	:	Country Strategy Paper
EIA	:	Environmental Impact Assessment
ERC	:	Environmental Resource Center
ERGs	:	Easy Reference Guides
ESAP2001	:	Environmental and Social Assessment Procedures of 2001
EDW	:	Economic and Sector Work
FINESSE	:	Financing Energy Services for Small Scale Energy Users in Africa
GEF	:	Global Environmental Facility
MDBs	:	Multilateral Development Banks
MDGs	:	Millennium Development Goals
NEPAD	:	New Partnership for African Development
NGOs	:	Non-Governmental Organizations
Ods	:	Operations Departments
PBLs	:	Policy Based Loans
PRSPs	:	Poverty reduction Strategy Papers
PRVP	:	Planning and Research Vice Presidency
PSDU	:	Poverty Reduction and Sustainable Development Unit
RMCs	:	Regional Member Countries
SALs	:	Structural Adjustment Lending
SEA	:	Strategic Environmental Assessment
SECALs	:	Sectoral Adjustment Lending
WCD	:	World Commission on Dams

1. INTRODUCTION

1.1 The Boards approved a new policy on the environment in February 2004 and, pursuant to that decision, an Implementation Plan for the period 2005-07 has been developed. This document presents a programme of activities and actions that have been identified as critical to the achievement of the goals and objectives set out in the policy document.

1.2 The development of a new policy on the environment was driven by a number of factors, which include: the recognition and acceptance of sustainable development as the dominant development paradigm for the 21st century; need for a greater focus on pro-poor growth policies and programmes to counter unacceptable impoverishment rates; rapid progress in the inevitable integration of Africa in the globalization process; and the need for an improved governance with a clearer commitment of the majority of African governments to provide the necessary leadership for sustainable development. The policy paper, therefore, recognises that economic growth constitutes the main engine of growth, and that environmental management aims to ensure the sustainability of economic growth by preserving and enhancing the ecological capital that nurtures such growth.

1.3 The Implementation Plan is designed to cover a period of 3 years, from 2005 to 2007. After 2 years, a review will be conducted to ensure that the Plan is being implemented satisfactorily.

2. THE ENVIRONMENT POLICY IN BRIEF

2.1 The overall goals that the new Policy on the environment is set to achieve are (i) the improvement of the overall quality of life of the people of Africa by supporting an environmentally sustainable development path, and (ii) the preservation and enhancement of the ecological capital and life-support systems across the continent of Africa. The policy, thus, sets out the broad strategic and policy framework under which all Bank lending and non-lending operations will henceforth be made. Basically, the policy stresses the anticipatory nature of sustainable development rather than the reactive responses so predominant in development-related decisions. It acknowledges the significant progress made in the implementation of Agenda 21 adopted at the 1992 Rio Earth Summit, the ratification of a large number of environmental conventions, agreements and protocols, and the growing use of MDGs as a measure of development. It also takes into account the outcomes of the various regional and sub-regional meetings and consultations that took place as part of the African Preparatory process for the 2002 World Summit on Sustainable Development. The multi-stakeholder and continent-wide consultations have defined the developmental needs of the continent and established the parameters of Africa's sustainable development agenda.

2.2 In line with the conceptual framework adopted in the development of the new policy, and with regard to the development challenges and priorities facing Africa, the policy's objectives have been defined as (i) enhancing the carrying capacity of RMCs by the introduction of innovative technologies, sound natural resource management techniques, and reducing threats to ecosystems; (ii) substantially improving access of the poor to environmental resources; (iii) helping RMCs build their capacity to bring about institutional changes to achieve sustainable development; and (iv) strengthening partnership with international agencies and networking with international, regional, and sub-regional

organizations to coordinate interventions in environmental sustainable development and to promote information exchange and sharing of best practices.

3. PRINCIPLES, GOALS AND OBJECTIVES

3.1 The Implementation Plan builds on the experience gained during the previous decade with the operationalization of the Bank Group's first Environment Policy, which was adopted in 1990 to promote environmental mainstreaming in all Bank operations. Taking into account the environment policy goals and objectives, the proposed Implementation Plan will identify a set of activities that, programmed over a period of three years and provided with the necessary financial and human resources, will help in achieving those goals and objectives. The activities will aim at gradually increasing the environmental content of all Bank projects and programmes, while developing the necessary tools to enable the full integration of environmental issues into Bank's investments and extending appropriate safeguard procedures to all lending instruments.

3.2 The Implementation Plan is, therefore, designed to further the following key principles that have gained general acceptance as prerequisites to sustainable development and articulated in a number of international agreements, and which formed the basis of the new environment policy:

- A strong and diversified economy shall be recognized as a just means to enhance the capacity for environmental protection; however, all development-related decision-making processes shall integrate economic, social and environmental considerations. Nonetheless, lack of financial resources shall not constitute an impediment to the promotion of community-based natural resource protection and management.
- Environmental management tools, like environmental assessments, shall systematically be used to ensure that economic activities are environmentally sustainable, and to systematically monitor their environmental performance.
- Community involvement, specifically including women, in natural resource management decisions that affect the most marginalized and vulnerable groups shall be provided for, and the value of traditional knowledge shall be recognized and preserved.
- Transparency, accountability of governance structures and institutions, which are more responsive to the needs and priorities of affected communities in general, and poor people, women, and vulnerable groups in particular, shall be encouraged.
- A coordinated approach to effective environmental interventions in the region shall be pursued by building partnerships with development partners, including other MDBs, bilateral organizations, UN agencies, research institutions and NGOs.

4. IMPLEMENTATION ROAD MAP

4.1 To implement the policy, the Bank will adopt the following approaches aimed at adjusting its lending operations and realigning some of its existing institutional arrangements: (i) mainstreaming environmental sustainability considerations in all Bank's operations (ii) strengthening existing environmental assessment procedures and developing new environmental management tools; (iii) clearly demarcating internal responsibility in implementation; (iv) assisting RMCs to build adequate human and institutional capacity to deal with environmental management; (v) improving public consultation and information disclosure mechanisms; (vi) building partnerships to address environmental issues, harmonise policies, and disseminate environmental information; and (vii) improving compliance monitoring and evaluation of operations.

4.2 The Implementation Plan is presented in the form of three annexes. Annex 1 presents a matrix of actions that are considered relevant to the achievement of the environment policy goals, while Annex 2 lists the different activities that will be undertaken for each of the seven approaches outlined below. Annex 3 presents the financial resource requirements for the successful implementation of the Plan.

4.3 The 11 key environmental issues identified in the policy document are based on the review of the major constraints and opportunities facing sustainable development in Africa, and taking into account key concepts and principles underlying sustainable development. A number of activities have been identified for consideration in Bank's lending and non-lending operations. The key issues include: reversing land degradation and desertification; protecting the coastal zone; protecting global public goods; enhancing disaster management capabilities; promoting sustainable industry; increasing awareness, institutional and capacity building; environmental governance; urban development and population growth; and civil society organizations.

(i) Mainstreaming Environmental Sustainability Considerations in All Bank's Operations

4.4 The Bank has already developed a number of policies, guidelines and tools to effectively mainstream environmental considerations into its operations. These are periodically revised to reflect best practices and international, regional and national concerns. The revision will continue to be undertaken as and when necessary to strengthen the mainstreaming process, particularly in country programming where such mainstreaming is still weak. Country Strategy Papers, in fact, provide an overall framework for Bank lending by country. They represent the main programming documents of the Bank as they outline priority sectors and sub-sectors for Bank Group intervention and the strategy that will be followed. They contain comprehensive background information outlining government's environmental and social constraints, strategies, and programs which enables the Bank to integrate environmental and social dimensions in lending priorities. To that end, the inclusion of environmental expertise is strongly recommended in country strategy programming missions. The Bank will make a special effort to ensure that CSPs encompass environmental reviews and analyses in order to achieve a more balanced sustainable development agenda and involve as many stakeholders as possible in the course of the participatory process that determines the lending priorities of CSPs.

4.5 The Bank's Country Economic and Sector Work (ESW) process also provides a sound entry point to ensure that economic and sector reviews integrate environmental issues. ESW

is increasingly being identified as a basis for project identification. The potential environmental impacts of economic reforms can be identified and assessed, and where potential adverse impacts are identified, targeted complementary environmental policies or investments may be recommended.

4.6 During the first Implementation Plan period, the mainstreaming efforts in country programming and ESW will constitute more of a learning process, rather than a mandatory requirement. The analytical efforts will concentrate on the assessment of linkages between poverty reduction and environmental preservation in order to more effectively implement environmental management. Such analytical experience will also help in the formulation of Poverty Reduction Strategy Papers (PRSPs) which are currently being supported by many MDBs, donor agencies and RMCs. The Bank shall encourage RMC governments to work more directly with communities and ensure that the poor and marginalised groups are better informed of the possible environmental impacts of proposed interventions.

(ii) Strengthening Existing Environmental Assessment Procedures and Developing New Environmental Management Tools

4.7 To be able to effectively mainstream environmental sustainability issues in the Bank's operations, it will be necessary to not only strengthen existing environmental assessment tools but also to develop new environmental management tools. In the past several years, in fact, the Bank has invested considerable time and effort in developing eighteen specific environmental guidelines and Easy Reference Guides (ERG) for the preparation of environmental contents for the CSPs, Project Identification, Preparation, Appraisal, and Implementation. Due to multiplicity of sectoral guidelines, the Bank will consolidate them into a single, integrated and user-friendly document to serve as a field tool.

4.8 As policy-based lending is gaining importance, there is a need to better integrate environment and sectoral policies and to ensure coherence among sectoral policies that impinge on environment. This would be achieved by bringing environmental assessment upstream by assessing the impacts of policies, programs and plans, rather than the project-level EIA. A number of mechanisms are currently being developed and tested to address this issue. For example, Strategic Environmental Assessment (SEA) is evolving as an important mechanism for facilitating the incorporation of sustainability considerations within policies and programmes. SEA, as a process of evaluating the likely environmental consequences of a proposed policy, plan or programme, has the potential to significantly affect the environment before such policy, plan or programme is approved. An SEA can be related to an economic sector, such as transport, energy, forestry or fisheries, or to a specific geographic area or region. The Bank will, therefore, develop Strategic Environmental Assessment (SEA) guidelines to address environmental concerns related to policy-based lending (PBLs), structural adjustment lendings (SALs), and sectoral adjustment lending (SECALs). SEAs will also be used for regional environmental assessments. The main benefit of an SEA is that it allows consideration of more far-ranging and cumulative impacts and broader types of alternatives than provided by a more traditional, project-specific EIA. In addition, an SEA can help facilitate consultations with the public by identifying issues, initiating baseline data collection, and developing action programmes. During the first Implementation Plan period, selected operations will be undertaken to enable Bank staff to acquire necessary experience and to allow RMCs to build capacity to deal with SEA. New regional legislation on SEA such as the EU Directive 2001/42/EC and the UNECE Protocol on SEA, and the guidance

provided on these instruments will be used as valuable sources of information and experience on SEA.

4.9 Another mechanism that will be explored is the incorporation within the institution's project appraisal procedures of methods of quantifying environmental benefits and doing this, wherever possible, employing monetary measures. Despite the considerable progress made in recent years in the field of environmental economics, this remains an area fraught with disagreements. Nevertheless, experience shows that parameters that have a monetary value assigned to them generally carry more weight than those that do not. The cost of environmental measures that have been incorporated in projects for enhancement or mitigation purposes are always included in project costs. However, attempts are not often made to quantify in monetary terms the environmental benefits that result from the inclusion of such measures. Further, appraisal work rarely assigns a value to the environmental and social costs of not including provisions for environmental and social mitigation. Some form of systematic valuation of environmental benefits within project appraisal procedures is not only likely to be beneficial in terms of raising sustainability issues higher up the agenda of an institution's project teams but it also provides an important demonstration effect to officials in other organizations. The Bank will therefore undertake analytical work and capacity building to determine the extent of, and necessary tools for, quantifying environmental benefits during the first Implementation Plan period and subsequently introduce it systematically in Category 1 projects, where the impacts on the environment are more significant. Moreover, the Bank will participate in discussions with RMCs on market-based mechanisms (green taxes, polluter-pays principle, for example) to internalise environmental costs with the view to encourage key RMC officials responsible for setting budgets and taxes in their countries to adopt new instruments.

(iii) Clearly Demarcating Internal Responsibility

4.10 The Bank is highly aware that environmental mainstreaming and sustainable development constitute important themes that cut across various organizational and management levels in the Bank. As such, Senior Management will continue to provide the requisite signals that environmental issues are very important to the Bank. One important task will be to undertake a revision of the Operations Manual, which was last revised in 1999. It includes appropriate references to the inclusion of environmental, gender and participatory issues in the preparation, appraisal, implementation, supervision and completion stages of project development. However, sustainability is not raised *per se* as an issue in the Operations Manual and it does not define in detail how operations staff should involve personnel in PSDU and other sustainability experts throughout the project cycle. The Bank will, therefore, include in its Operations Manual sufficient measures to ensure that operations personnel are giving appropriate weight to sustainability issues at each stage of project development.

4.11 In the course of this Implementation Plan period, PSDU's role in the context of PRVP's mandate will be reaffirmed. Since the Bank's reorganisation, PSDU has been carrying out its business as usual. But the anchorage of PSDU within PRVP offers new opportunities and reflects the need for the Bank to have a clear vision of sustainability and at the same time an independent in-house review mechanism. This is very relevant in the light of the anticipated creation of an Inspection Panel at the Bank. PSDU will therefore strengthen its role in policy development, maintenance of guidelines, compliance monitoring, and assessing environmental and social impacts of Bank's operations. To enable PSDU to carry out such high-level tasks, it is proposed that the Unit be upgraded to a full Department

PSDD), headed by a Director. The Director will be supported by a Manager (PSDD.1), who will be responsible for environmental issues.

4.12 The responsibilities of environmentalists under PSDU and ODs are defined more fully hereunder:

ODs' Responsibilities

- ❑ Develop and update the CSP as assessment background documents;
- ❑ Integrate relevant environmental and social information in Project Brief;
- ❑ Propose a project category to PSDU;
- ❑ Carry out Environmental and Social Scoping and complete an Environmental and Social Scoping Memorandum (ESSM);
- ❑ Prepare or assist the Borrower in preparing TOR for ESIA studies;
- ❑ Request bilateral funding for ESIA studies as necessary;
- ❑ Encourage participation of environmental and social expertise in missions for Category 1 projects and, when appropriate, for Category 2 projects;
- ❑ Assess FI environmental and social performance and capacities for Category 4 projects;
- ❑ Prepare or assist the Borrower in preparing an ESMP for Category 2 projects;
- ❑ Review and comment ESIA studies prior to the appraisal mission;
- ❑ Review final ESIA Report (Category 1) and ESMP (Category 1 and 2);
- ❑ Prepare the ESIA Summary (Category 1) and ESMP Summary (Category 2);
- ❑ Integrate environmental and social information into Project Appraisal Reports as well as the ESMP Summary as an annex to the PAR;
- ❑ Address inquiries and document communications between the Bank and the public;
- ❑ Prepare environmental and social loan conditions and covenants;
- ❑ For Category 1 and 2 projects, ensure that ESMP is incorporated in loan agreements;
- ❑ Supervise the implementation of the ESMP and clear changes to ESMP if necessary;
- ❑ Consult with primary and secondary stakeholders during supervision;
- ❑ Carry out selected pre-approval or compliance audits for Category 1, 2 and 4 projects.

PSDU's Responsibilities

- ❑ Develop and update policies, procedures and guidelines related to environmental issues, and assessment tools;
- ❑ Develop and update assessment background documents on environmental issues;
- ❑ Assist ODs in the policy dialogue on environmental and social issues with Regional Member Countries, particularly during country programming;
- ❑ Provide technical advice and assistance to ODs on environmental matters throughout the different phases of the project cycle;
- ❑ Clear the project category proposed by ODs and enter it into the Project Brief;
- ❑ Support ODs for missions requiring environmental and social expertise at any phase of the project cycle, upon request;
- ❑ Review and comment ESIA studies for Category 1 and 2 projects, upon ODs request;
- ❑ Clear ESIA Summary (Category 1);
- ❑ After clearance, make ESIA Summary (Category 1) available to the public through PIC;
- ❑ Disclose the ESMP Summary through PIC, with ODs assistance.
- ❑ Support ODs to carry out pre-approval or compliance audits, upon request;
- ❑ Ensure compliance to environmental assessment and other safeguard procedures through the implementation of an environmental tracking system.

- Assist ODs with necessary training and capacity building to implement Bank's new crosscutting policies and procedures.

(iv) Institutional Support and Capacity Building for Bank Staff and RMCs

4.13 The Bank will regularly conduct refresher training courses for its staff to familiarise them on new policy issues and environmental assessment guidelines developed. Particular emphasis will be laid on training for successful development of ESMPs, a tool that has been shown to be still weakly implemented in most cases. Also, key to successful implementation by Bank staff is quality environmental data and information availability that is compatible with other regional and global data sources. To this end, the Bank's Environmental Resource Center (ERC) will be strengthened to provide policy documents, reports, best practice case studies, and research papers to facilitate Staff's comprehension of environmental sustainability issues in their respective sectors and projects.

4.14 The Bank supports environmental training for key RMC officials to ensure incorporation of environmental concerns into national planning. The Bank will target personnel from key ministries responsible for resource allocation, and representatives from NGOs and CSOs. The Bank will support ESIA capacity training, use of local firms, and encourage the development of registers of firms for all RMCs. Other types of training that will be supported include environmental management systems, environmental auditing, monitoring and enforcement, general environmental awareness, education and communication.

4.15 A key problem is that existing environmental legislation is often not adhered to. The Bank in line with other MDBs believes that the future lies in strengthening local capacity in RMCs to adopt and implement their own environmental and safeguard systems. It is particularly important that local and national legislation, standards and guidelines be strengthened and promoted as far as possible over and above Bank guidelines as they are tailored for specific conditions in RMCs. Simultaneously, there is a corresponding need to harmonise environmental standards and guidelines within and across Africa.

4.16 While an obvious area of support is to the environmental agencies, effort shall also be placed on environmental officers in other ministries, who are typically marginalized. Furthermore, while institutional support is traditionally perceived to be through government, the roles and linkages with CSOs and their networks will be re-examined, re-evaluated and re-emphasized.

4.17 As the private sector is being called upon to play an important role in Africa, the Bank will encourage the introduction of sound environmental practices in all private sector operations. It will host seminars and workshops, and develop training materials to sensitize the private sector on the best environmental management practices. The growth of the private sector, in fact, provides good opportunities to move from the traditional "command and control" approach to a more effective system in which potential polluters are given the responsibility of evaluating, mitigating and monitoring the effects of their activities.

(v) Public Consultation and Information Disclosure

4.18 The Bank believes in becoming a greater advocate of public consultation and participation within RMCs to strengthen and improve government organizations and CBOs / NGOs in the field of environment. The environmental assessment process provides ample opportunities to involve local populations in decisions regarding project conception and design.

(vi) Building Partnerships

4.19 The Bank advocates and believes in working with partners, such as the other MDBs, and development and environmental agencies operating within and outside of Africa. A sharing and timely re-evaluation of ultimate objectives, goals, principles and levels/sectors of operations is necessary on a regular basis. The Bank is committed to avoiding duplication of effort and overlap with other agencies and in so doing places a responsibility on the shoulders of each and every Bank member to uphold this commitment.

4.20 Partnership with NEPAD will be a significant step in the implementation in some of the areas identified in the Policy. In fact, our interest in furthering the objectives of NEPAD stem from the fact the principles that underlie the Initiative and its priority areas of engagement are consistent with the Bank's Vision Statement and its Strategic Plan. The Bank is also encouraged by the fact that the issues raised in NEPAD's Environmental Action Plan and the measures proposed to address them are quite similar to the ones identified in the Policy. NEPAD's *Environment Action Plan*, which has been developed by the UNEP Regional Office for Africa (ROA), under the guidance and leadership of the African Ministers Conference on Environment (AMCEN), highlights NEPAD priority areas on environment as: combating desertification, promoting wetland conservation, preventing and controlling the spread of invasive alien species, coastal management, monitoring and regulating the impact of global climate change, building trans-frontier conservation areas, improving health and environment, and promoting environmental governance relating to enhanced institutional coordination, legal, planning, training and capacity building. The Environmental Action Plan will therefore constitute an important opportunity for building partnerships and delivering on some of the Policy's action areas, like training and capacity building.

4.21 The energy sector also provides an opportunity to strengthen partnerships. The Financing Energy Services for Small Scale Energy Users in Africa (FINESSE) program is implemented to help achieve some of the objectives of the Policy. FINESSE was initiated in June 2002 after the signing of the letter of agreement between the Bank and the Government of Netherlands. It support activities related to the development of Bank's internal renewable energy capacity, the development of national enabling policies, local manufacture of renewable energy technologies, and information dissemination. Support schemes are mainly focus on promoting micro-hydro schemes for electricity generation, pre-electrification initiatives, strategies for biomass energy supply, solar water heaters for urban areas, solar PV for rural areas windmills for electricity generation and pumping. Key activities such as establishing of a monthly newsletter, training programs, seminars and capacity building as well as project identification and appraisal missions have began to strengthen Bank staff on the integration of renewable energy components in the Bank's pipeline. The upcoming revision of the Bank's 1994 energy policy and the elaboration of the Bank's Renewable

Energy & Energy Efficiency Strategy will help increase the visibility of renewable energy in Bank operation.

4.22 The Bank will also operate within a number of MOUs signed with several international and sister organizations (UNEP, UNDP, World Bank, etc) to deliver on its Policy mandate. The Bank will take necessary measures to fully assume its role under GEF and make full use of its direct access to GEF resources for the implementation of GEF projects (medium and full size) in such focal areas as biodiversity, biosafety, land degradation, climate change and freshwater/marine environmental degradation. A Memorandum of Understanding (MOU) and a Financial Procedures Agreements (FPA) will be finalised by the Bank and the GEF Secretariat and Trustee. The MOU will establish the basis on which the Bank may submit proposals to the Secretariat and covers the use of GEF resources for projects preparation activities in line with GEF operational policies and criteria while the FPA will establish the financial procedures that will apply to the commitment and transfer of funds to the Bank for proposals that are approved by the GEF Council or CEO, as appropriate.

4.23 The direct access to GEF project resources will enable the Bank to (i) identify, prepare, appraise, and implement GEF projects on behalf of the GEF and its eligible member countries; (ii) submit full project proposals for GEF financing directly to the GEF rather than indirectly through an implementing agency; and (iii) receive project financing directly from the GEF Trustee and be directly accountable for their use. This in a sense will assist the Bank to leverage co-financing resources for projects that address global environmental issues while supporting national sustainable development initiatives of member countries.

4.24 The Bank will, furthermore, continue to take an active part in the follow-up to the work of the World Commission on Dams (WCD) to further disseminate “best-practices” in designing, constructing and operating dams.

(vii) Compliance Monitoring and Evaluation

4.25 With the anticipated establishment of an Inspection Panel function at the Bank, the tasks related to compliance monitoring will become more significant. The Bank will therefore equip itself to carry out close monitoring of its operations and increasingly audit their compliance to loan conditions and ESMPs. The Bank will develop indicators for environmental sustainability by building on work currently being undertaken by the Development Assistance Committee (DAC) of the OECD, UNCSD, and other partner agencies and donors. It will use its increased supervision missions to monitor key environmental indicators. The Bank will also use the increased supervision frequency (per project) to further enhance the field supervision of the environmental performance in Bank’s operations. The Environmental and Social Auditing Guidelines will be used to ensure that the terms and condition of project approval are adhered to; to monitor the impacts of development and the effectiveness of mitigation measures; to strengthen future EIA applications and mitigation measures; and, to undertake process evaluation to optimize environmental management.

5. RESOURCE IMPLICATIONS

5.1 The increased emphasis on environmental mainstreaming as outlined in the environment policy, and reasserted in this Implementation Plan will require increases in financial and human resources. The present contingent of 8 environmentalists will have to be increased to 13 during the Implementation Plan period. One environmentalist will be attached to the Private Sector Department to enable effective mainstreaming of environmental issues into private sector lending programmes. The ODs will be reinforced with the recruitment of 4 additional environmentalists. Consultants will also be recruited to deal with additional work generated by activities related to renewable energy, for example. Resources needed to carry out tasks, like development of guidelines or assessments, will be met by consultancy staff recruited as and when needed.

5.2 In terms of financial resources, it is estimated that the Implementation Plan will cost approximately 2.603 million USD (Annex 3). A large part of the mainstreaming will be taken care of by the lending programme, but additional resources will have to be sought to allow for additional environmental studies, assessments, guidelines development, monitoring activities, and capacity building for RMCs. Efforts will also have to be stepped up to tap TA resources for specific tasks.

5.3 The Bank will also assume a bigger role as an executing agency of the GEF. Experience of other MDBs have shown that such involvement does not require additional human or financial resources. Hence, the GEF represents a significant window of opportunity for RMCs to deal with issues that have local and global benefits. By actively participating, with the World Bank and other partners, in projects like NEPAD's Environmental Action Plan, the Bank will not only help member countries access an important source of funding, but also allow it to achieve some of the objectives of the policy. In particular, the Bank will establish a joint donor-ADB initiative to address the specific problem of land degradation and desertification. In fact, many developed countries have not yet met their obligations under the UNCCD, and the Bank is well poised to attract such funding with the initiative.

6. IMPLEMENTATION PROGRESS REPORTING

6.1 Under the Plan, a Steering Committee will be set up to oversee progress on the implementation of the activities listed therein. The Committee will be composed of representatives of PSDU, of ODs, and POPR.

6.2 After 2 years, an interim review of the progress made in the implementation of the plan will be conducted. This will provide an opportunity to take stock of any slippages and to adjust the work programme in the final year. A full review will be conducted at the close of the 3 year period.

7. CONCLUSION

7.1 The activities presented in the Implementation Plan provide an opportunity to better integrate environmental concerns in the Bank's funding activities. They represent a broad range of actions that reflect the need of Africa, on the one hand, and the vision of the Bank as a leader in environmental mainstreaming. By fully implementing the Plan, the Bank will be able to achieve the twin goals of its Environment Policy and thereby improve the lives of the people across the continent.

Annex 1: Environment Policy Implementation Plan

Matrix of Activities

	Key Environmental Issue	Desired Medium-Term Activities	Verifiable Indicators
1	Reversing Land Degradation and Desertification	<ul style="list-style-type: none"> • Improve water resources management, soil conservation, and land use practices • Improve and facilitate participation by the poor in decision-making particularly the women, in accessing environmental resources and in the preparation and implementation of national and local plans, policies and strategies • Establish training programs for the development of skills to sustain new land-use and management practices. • Promote research programs that address specific problems of marginal lands, such as sustainable agriculture, soil fertility, etc. • Support community-based agro-forestry, afforestation, reforestation, including use of drought-resistant, fast growing native species; and soil conservation. • Promote use of energy sources which reduce the dependence on the use of fuel wood • Integrate National Action Plan (NAP) on desertification activities into the national process of strategy development and planning, and mainstream them into frameworks of interventions of the Bank • Ensure CSP and PRSP formulation takes into account priorities established in National Action Plans to Combat Desertification • Create a Desertification Fund to support efforts to combat desertification and land degradation • Support UNCCD-Regional Coordination Unit's work programme, in particular NEPAD-related activities • Monitor projects in arid and semi-arid areas to ensure compliance with UNCCD objectives • Facilitate RMCs access GEF resources for this thematic area. 	BTORs and CSP documents, ESW Reports; Workshop proceedings; PRSP, CSP reports, and new or revised sectoral policy documents; Evaluation Reports and PCRs.
2	Protecting the Coastal Zone	<ul style="list-style-type: none"> • Develop and implement a strategy for capacity building and institutional needs related to ICZM in RMCs • Strengthen preventive and enforcement mechanisms and capacity in RMCs in order to 	BTORs and CSP documents, ESW Reports; Workshop proceedings; PRSP, CSP reports, and new or revised sectoral policy documents;

		<p>address problems such as illegal and over fishing, use destructive fishing practices such as dynamites</p> <ul style="list-style-type: none"> • Encourage research to improve knowledge of coastal ecosystem and to establish mechanisms for applying scientific knowledge to optimize the use of coastal resources • Integrate concepts initiated by UNEP-GPA 	Evaluation Reports
3	Protecting the Global Public Goods	<ul style="list-style-type: none"> • Develop national conservation policies and strategies supporting the integration of conservation of biological diversity and the sustainable use of biological resources into national development plans • Implement people-oriented programs that emphasize developing management systems and technological packages and incentives for expanding forest cover and tree integration with agricultural production systems • Recognise permit trading as a major mechanism to implement the Kyoto Protocol • Promote GPG concepts and practices in public sector operations • Undertake concrete actions for the fair and equitable sharing of the benefits arising from the utilization of genetic resources • Promote the role of women in the conservation of biological diversity and the sustainable use of biological resources • Develop Integrated approach to wetlands management in Africa • Increase collaboration with CBD Secretariat 	BTORs and CSP documents, ESW Reports; Workshop proceedings; PRSP, CSP reports, and new or revised sectoral policy documents; Evaluation Reports; Handbook on wetlands management
4	Improving Public Health	<ul style="list-style-type: none"> • Undertake measures to promote adequate collection and treatment of waste disposal in an environmental, socially, and economically acceptable manner • Implement measures to mitigate environmental impacts of demographic changes and land conversions, such as in developments in agriculture, roads and transportation • Control exposure to chemical agents resulting from industrial emission and wastes by farming by enforcing regional and international agreements, like the Basel Convention 	BTORs and CSP documents, ESW Reports; Workshop proceedings; PRSP, CSP reports, and new or revised sectoral policy documents; Evaluation Reports
5	Enhancing Disaster Management Capabilities	<ul style="list-style-type: none"> • Promote Early warning systems, preparedness and coping mechanisms to reduce vulnerability of people and economies of the region to natural disasters and severe climatic events • Encourage the development of contingency plans to restore ecological resources and functions to maintain livelihood resources and ecological stability • Develop Regional Strategy on Disaster Risk reduction • Develop Guidelines for integration of Disaster Risk Assessment in Development Projects. • Integrate Environmental Risk Assessments ESIA 	BTORs and CSP documents, ESW Reports; Workshop proceedings; PRSP, CSP reports, and new or revised sectoral policy documents; Evaluation Reports; regional strategy; guidelines; ESIA reports

6	Promoting Sustainable Industry, Mining, and Energy Resources	<ul style="list-style-type: none"> • Industries take into account safeguards to minimize adverse effects on the environment and utilize appropriate environmental guidelines and norms • RMCs select sites that avoid adverse effects on natural resources and the environment • Projects that employ low waste industrial technologies and avoid adverse effects on natural resources and the environment are given preference • Support industrial projects which incorporate energy conservation and energy efficient technologies, and ensure the safe disposal of hazardous industrial waste • Encourage RMCs to ratify or accede to the Bamako convention and strengthen their capacity to implement the convention effectively • Support RMC regulation to reduce the reliance on biomass • Promote Use of renewable sources of energy • Develop Bank Group's Policy, Procedures and Guidelines on Investments in Renewable Energy • Review private sector projects to ensure that clean and best available technology is used in industrial processes 	BTORs and CSP documents, ESW Reports; Workshop proceedings; PRSP, CSP reports, and new or revised sectoral policy documents; Evaluation Reports; regional strategy; procedures and guidelines.
7	Institution and Capacity Building	<ul style="list-style-type: none"> • Participate in the ongoing multi-donor led initiative on Regional Capacity Development and Linkages for EIA in Africa, which aims for every African country to have a functional EIA system in place, by 2010 • Incorporate informal training activities on environmental management principles in all Bank-funded projects is incorporated • Encourage Private sector firms to develop products based on clean technology, energy efficiency and environmentally responsible tourism. • Train RMC staff in all sub-regional organisations and selected RMCs on Bank's Environmental Policy, Procedures and Guidelines • Workshop on Poverty & the Environment (Bank & RMC Staff) 	Number of Bank and RMC staff trained; workshop proceedings; Evaluation reports; CSP documents
8	Increasing Awareness	<ul style="list-style-type: none"> • Promote Sub-regional and regional networks, and other professional networks focusing on specific elements of NEAPs • Encourage private sector, both large companies and small and medium-sized enterprises, to conduct environmental awareness creation programmes for their staff • Assist civil society in their outreach function to promote environmental awareness and effective environmental management • Encourage RMCs to integrate environmental issues across educational curricula and improve access to environmental information • Conduct GEF familiarisation Workshop for Bank Staff. 	Number of Training sessions conducted; workshop proceedings; Evaluation Reports, CSP documents

		<ul style="list-style-type: none"> • Conduct GEF familiarisation Workshop for RMC Staff • Develop and conduct Private Sector Training in Environmental Management 	
9	Environmental Governance	<ul style="list-style-type: none"> • Encourage the adoption of Policy and legal reforms to establish resource-based legal frameworks for coastal resources, water resources, forestry, land management and biodiversity • Increase awareness of decision makers and the general public of the contents, follow-ups, and implications of MEAs • Enhance capacity building of national institutions, including securing financing from various sources, training and technology development and transfer • Promote Intra-regional mechanisms for implementation programs related to MEAs • Ensure RMCs' commitment to 2002 WSSD Plan of Implementation • Harmonization assessments carried out in selected RMCs 	Improved Policy and regulatory frameworks in RMCs; Evaluation and PCR reports; Harmonization assessment reports
10	Urban Environmental Management	<ul style="list-style-type: none"> • Promote National Programmes aimed at curbing rural to urban migrations and improving the management of urban areas • Enhance understanding of the interactions between population dynamics and the sustainable use of natural resources 	Bank's new Urban Development Policy; CSP and Evaluation reports
11	Stakeholder Participation	<ul style="list-style-type: none"> • Promote greater environmental awareness and more effective environmental management amongst the general public by CSOs • Utilise CSOs with environmental expertise in the design, implementation and monitoring of Bank funded projects • Encourage greater collaboration between Governments and international and national CSOs in the planning, design, operation and decommissioning of projects • Update NGO database • Review projects to ensure involvement of CSO and NGO in accordance with Bank's policies and guidelines 	Updated NGO database; Evaluation reports

Annex 2: Policy Implementation
3-year Implementation Plan for 2005 – 2007

Plan Element	YEAR 1	YEAR 2	YEAR 3
<i>(i) Mainstreaming Environmental Sustainability Considerations in all Bank Operations</i>			
1. Integrate environmental sustainability issues more fully into CSPs by undertaking environmental analyses and determination of environmental priorities		Participate in 4 CSP missions	Participate in 4 CSP missions
2. Integrate environmental sustainability analyses in ESW	Participate in 2 ESW exercises to build up experience	Participate in 2 ESW exercises	Participate in 2 ESW exercises
3. Analyse Poverty-Environment Linkages and integrate elements that aim to reduce poverty while preserving the environment into CSPs, PRSPs and other country programming work	Organise one regional workshop to assess poverty-environment linkages and means of addressing them;	Integrate findings into PRSPs and other programming work	Integrate findings into PRSPs and other programming work
4. Integrate key environmental sustainability issues in all Lending Operations by undertaking evaluations of Bank's operations in the key environmental issues identified in the Policy to guide staff in integrating best practices	Evaluation of interventions in coastal zones, arid and semi-arid areas, and disaster management in Africa	Evaluation of interventions in Global Public Goods, Sustainable Mining & Industry, Public Health	Evaluation of interventions in Institution and Capacity Building, Environmental Governance, and Urban Environmental Management
<i>(ii) Strengthen Existing Environmental Assessment Procedures and Develop New Environmental Assessment Tools</i>			
1. Introduce Strategic Impact Assessment as a tool in environmental management of plans, policies and programs	Develop Guidelines for SIA; Disseminate guidelines among staff and RMCs; Include SIA techniques as a training module	2 SIA exercises undertaken	2 SIA exercises undertaken
2. Consolidate sectoral guidelines into user-friendly documents	Develop Integrated Environmental Assessment Guidelines by consolidating Multiple sectoral guidelines and Easy Reference Guides		
3. Quantify Environmental Costs and Benefits		Develop Techniques and tools for quantifying environmental costs and their integration in ESIA	

<i>(iii) Clearly Demarcating Internal Responsibilities in Implementation</i>			
1. Undertake Institutional realignment to reflect PSDU's anchorage in PRVP's and in light of anticipated Inspection Panel function in Bank	Restyle PSDU as a full-fledged Department ((PSDD) headed by a Director; Environment falls under the responsibility of a Manager (PSDD.1); 1 environmentalist hired by OPSD	Recruit 2 environmentalists for ODs	Recruit 2 additional environmentalists for ODs
2. Establish Management and Staff commitment to environment policy		Operations Manual is revised to include appropriate references to environmental sustainability issues, responsibilities, and the scope of their treatment throughout the project cycle	
3. Train Bank Staff to sensitise staff on procedures and guidelines in place	Training material to be prepared; One Bank Staff training course conducted	Conduct one refresher training course	Conduct one refresher training course
<i>(iv) Assisting RMCs in Building Adequate Human and Institutional Capacity to Deal with Environmental Management</i>			
1. Train RMC staff and RMC Capacity Building	Develop Training material; conduct 1 training session in one sub-region; participate in NEPAD's capacity building initiative.	Conduct 4 training sessions in remaining 4 sub-regions.	Conduct 3 RMC-specific training sessions
2. Encourage private sector to play a more active role in environment management	Develop training material for use in Financial Intermediaries (FI) Training in environmental management pursuant to Category 4 provisions; conduct 1 training session	Conduct 1 training session	Conduct 1 training session
3. Reinforce harmonization process in RMCs to reduce transaction costs	Participate in MFI-EG Harmonization Workshops; undertake harmonization assessments in Burkina Faso, Ethiopia, Ghana and Morocco	Harmonization assessments undertaken in 4 additional countries	Harmonization assessments undertaken in 4 additional countries

<i>(v) Improving Public Consultation and Information Disclosure Mechanisms</i>			
1. Involve all stakeholders in decision-making process	Redesign Bank's Environment web page to enable posting of all relevant environmental information and feedbacks; ESIA and ESMP process to clearly identify all stakeholders	ESIA and ESMP processes continue to involve all stakeholders	ESIA and ESMP processes continue to involve all stakeholders
<i>(vi) Building Partnerships to Address Environmental Issues, Harmonise Policies, and Disseminate Environmental Information</i>			
1. Develop Partnership with UNCCD	Establish joint work programme with Regional Coordination Unit of UNCCD	One project from work programme implemented	One project from work programme implemented
2. Strengthen partnership with NEPAD	Assess NEPAD's Environmental Action Plan to determine Bank's involvement and funding	One project from Environmental Action Plan implemented	2 project concept papers submitted to GEF
3. Encourage use of Renewable Energy	FINESSE programme is implemented		
4. Operate as GEF executing agency	MOU established with GEF Secretariat; staff sensitized and trained in GEF project preparation; 2 project concept papers submitted to GEF	2 - 4 project concept papers submitted to GEF	2 - 4 project concept papers submitted to GEF
5. Harmonize Policies and Procedures	Participate actively in MFI-EG meetings and activities	Host one harmonization Workshop	
6. Reinvigorate partnerships with World Bank, UNEP, UNDP	Review MOUs or Joint Work programmes to include environmental sustainability projects	Established Clean Development Fund aimed at financing acquisition of clean technology and managed by OPSD	
<i>(vii) Improving Monitoring and Evaluation of Operations</i>			
1. Improve Compliance Monitoring		Develop Environmentally sustainable development indicators	
2. Evaluate environmental management of projects	Conduct evaluation of 1 Category I and 1 category II project	Conduct evaluation of 1 Category I and 1 category II project	Conduct evaluation of 1 Category I and 1 category II project

Annex 3: Policy Implementation
3-year Implementation Plan for 2005 – 2007: Resource Implications (in USD)

Plan Element	YEAR 1	YEAR 2	YEAR 3	REMARKS
<i>(i) Mainstreaming Environmental Sustainability Considerations in all Bank Operations</i>				
1. Integrate environmental sustainability issues more fully into CSPs by undertaking environmental analyses and determination of environmental priorities		10,000	10,000	Short-term consultancies to be used
2. Integrate environmental sustainability analyses in ESW	5,000	5,000	5,000	
3. Analyse Poverty-Environment Linkages and integrate elements that aim to reduce poverty while preserving the environment into CSPs, PRSPs and other country programming work	50,000			One regional workshop organised
4. Integrate key environmental sustainability issues in all Lending Operations by undertaking evaluations of Bank's operations in the key environmental issues identified in the Policy to guide staff in integrating best practices	40,000	40,000	40,000	Consultants to be recruited
<i>(ii) Strengthen Existing Environmental Assessment Procedures and Develop New Environmental Assessment Tools</i>				
1. Introduce Strategic Impact Assessment as a tool in environmental management of plans, policies and programs	50,000	400,000	400,000	
2. Consolidate sectoral guidelines into user-friendly documents	118,000			Integrated Guidelines for 9 sub-sectors to be published
3. Quantify Environmental Costs and Benefits		150,000		Handbook on Environmental Costs and benefits to be prepared and disseminated during training sessions

<i>(iii) Clearly Demarcating Internal Responsibilities in Implementation</i>				
1. Undertake Institutional realignment to reflect PSDU's anchorage in PRVP's and in light of anticipated Inspection Panel function in Bank				1 environmentalist for OPSD and 4 environmentalists for ODs recruited
2. Establish Management and Staff commitment to environment policy				Revised Operations Manual
3. Train Bank Staff to sensitise staff on procedures and guidelines in place. Prepare training material	50,000			Training material to be produced
<i>(iv) Assisting RMCs in Building Adequate Human and Institutional Capacity to Deal with Environmental Management</i>				
1. Train RMC staff and RMC Capacity Building	210,000	600,000	60,000	
2. Encourage private sector to play a more active role in environment management. Develop Training material for FIs	80,000	5,000	5,000	Training Manual for FIs to be produced and training to be conducted by staff
3. Reinforce harmonization process in RMCs to reduce transaction costs	20,000	20,000	20,000	Consultants to be used
<i>(v) Improving Public Consultation and Information Disclosure Mechanisms</i>				
1. Involve all stakeholders in decision-making process				Project Design

<i>(vi) Building Partnerships to Address Environmental Issues, Harmonise Policies, and Disseminate Environmental Information</i>				
1. Develop Partnership with UNCCD				
2. Strengthen partnership with NEPAD				Project Pipeline
3. Encourage use of Renewable Energy				FINESSE Program
4. Operate as GEF executing agency				
5. Harmonize Policies and Procedures		50,000		
6. Reinvigorate partnerships with World Bank, UNEP, UNDP				
<i>(vii) Improving Monitoring and Evaluation of Operations</i>				
1. Improve Compliance Monitoring		40,000		Handbook on Sustainability Indicators to be produced
2. Evaluate environmental management of projects	40,000	40,000	40,000	
Sub Total	663,000	1,360,000	580,000	
Grand Total	2,603 ,000			