

Environment ♦ Strategy



Strategic Environmental Assessment — Concept and Practice

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Strategic Environmental Assessment (SEA) is a tool for including environmental considerations into policies, plans, and programs at the earliest stages of decisionmaking. SEA extends the application of environmental assessments (EAs) from projects to policies, programs, and plans. Ideally, SEA is participatory, giving voice to those affected by policy, programs, and plans (see Box 1).

While there is considerable debate regarding what constitutes an SEA, it is increasingly recognized as a continuum of approaches, rather than a single, fixed approach.¹ At one end of the spectrum SEA focuses on integrating environmental effects into higher levels of decisionmaking. At the other end of the spectrum are sustainability assessments which take into account not only the environmental effects of policy, programs, and plans but also their social and economic effects on current and future generations. The purpose of this *Note* is to inform World Bank task managers about SEA and its use as a tool at the World Bank. We begin by briefly sketching the evolution of the SEA concept, summarizing regional and country approaches to SEA, and describing how SEA is being undertaken in activities supported by the World Bank.



WHAT SEA IS AND HOW IT IS BEING USED

SEA has been defined as “the formalized, systematic, and comprehensive process of evaluating the environmental effects of a policy, plan, or programme and its alternatives, including the preparation of a written report on the findings of that evaluation, and using the findings in a publicly accountable decision-making” (Thérivel et al., 1992). The World Bank describes SEA as a participatory approach for upstreaming environmental and social issues to influence development planning, decision-making and implementation process at the strategic level. Implicitly included in this description is the importance of analytical work to support the decisionmaking process.

SEA appears in various national, regional and international laws. SEA is addressed specifically in the SEA protocol to the Espoo Convention on Environmental Impact Assessment in a Transboundary Context, as well as the European Union SEA directive. The protocol will come into force on the 19th day after 16 countries have ratified, accepted, approved, or acceded to it; to date, only Finland has accepted it. The EU directive took effect in 2001. The provisions of both the protocol and the directive apply to “plans and programs which are prepared for agriculture, forestry, fisheries, energy, industry, transport, regional development (not mentioned in the directive), waste management, water management, telecommunications, tourism, town and country planning or land use ...” Both documents are procedural in nature, mandating that certain plans and programs that are likely to have significant effects on the environment are subject to an environmental assessment in the case of the directive and a strategic environmental assessment in the case of the Protocol. The directive describes environmental assessment as “the preparation of an environmental report, the carrying out of consultations, the taking into account of the environmental report and the results of the consultations in decision-making and the provision of information on the decision . . .”

BOX 1

WHAT MAKES FOR SUCCESSFUL STRATEGIC ENVIRONMENTAL ASSESSMENT?

The detailed criteria for SEA used by the World Bank to guide task team leaders as they work to support clients with their SEA implementation can be grouped into seven characteristics:

- ✎ *Integrated.* A good SEA addresses the interrelationships of biophysical, social, and economic aspects and is tiered to policies, programs, and plans in both the environmental field and other relevant sectors and regions.
- ✎ *Sustainability-led.* The SEA identifies the available sustainable development options and proposals.
- ✎ *Focused.* The SEA concentrates on key issues and provides reliable, useful information for planning and decisionmaking.
- ✎ *Accountable.* The leading agencies take responsibility for the SEA and make sure the process is professional and fair and is subject to independent checks and verification. How decisions are made is clearly documented.
- ✎ *Participative.* Throughout the process, public and government stakeholders are involved and informed, and their concerns are documented and factored into decisionmaking. The goal is to provide a forum for discussion and, if possible, to ultimately build consensus among stakeholders.
- ✎ *Iterative.* The assessment information is available early enough to influence decision making and guide future choices.
- ✎ *Influential.* SEA improves the strategic decision and its implementation and influences future policies by raising awareness and changing attitudes toward sustainable development.

Source: Adapted by the World Bank from IAIA (2002), with assistance from the Environmental Impact Assessment Commission of the Netherlands.

A number of countries have national SEA legislation. For the most part, it falls under environmental impact assessment legislation and extends the use of environmental impact assessment to programs and plans and, in some cases, to policies. China, Ethiopia, and Kenya have EIA legislation which addresses SEA. A review of select countries' SEA legislation is currently underway (Ahmed and Fiadjoe, forthcoming). Some countries without explicit legislation nevertheless use SEA extensively. For example, several Latin American countries have much practical experience with SEA, although in the region only the Dominican Republic has SEA legislation, which was enacted recently. Development agencies are often drivers of the use of SEA in developing countries. There is less experience with application of SEA to policy. Canada and the Netherlands, however, have a strong history in this area.

CRAFTING AN EFFECTIVE SEA

A good SEA process is tailor-made to the context in which it operates and it should be designed to enable it to influence the policies, plans, or programs that are in preparation. This means that SEA has to be carried out in an appropriate time frame so that it will be useful to decisionmakers. The time frame, in turn, is likely to affect how SEA is carried out, and the level and type of analysis will depend on data availability. Finally, the SEA process will be closely related to the decisionmaking process for the policy, plan, or program in question.

Since programs and plans are typically prepared within a fairly well defined time frame, the SEA methodology most often applied in these cases is an extension of environmental assessment methodology. The emphasis is on gathering information and conveying the information to decisionmakers through reports and public consultations. Key steps include (a) initial stakeholder consultations for scoping and screening; (b) knowledge-based development through, for example, use of relevant analytical tools; (c) prioritization of issues and analysis of alternative approaches, using stakeholder and expert inputs; (d) creation of an action plan and management framework that includes the approach to further consultations, knowledge gaps, options assessment, and implementation; and (e) development of an implementation and monitoring framework.

Unlike programs and plans, the policy formulation process often goes on informally over a much longer time period. In Canada and the Netherlands, SEA systems are in place that focus on integrating environmental considerations into the formal process of policy formulation. A recent World Bank study (forthcoming) looks at important institutional mechanisms aimed at influencing the longer time frame in which policy is formulated in practice. The approach is a continuous one—that is, it goes well beyond the formal policy formulation process to the policy implementation process, and emphasizes the importance of continuous improvement in the design of policies for environmentally sustainable and socially equitable growth. Key institutional elements in an ideal policy SEA process would include (a) prioritization of environmental issues in terms of their effect on economic development and poverty reduction, using both quantitative and qualitative techniques; (b) mechanisms that bring together different viewpoints during the policy formulation and implementation process, particularly the viewpoint of the most vulnerable groups, i.e. those most affected by environmental degradation; (c) mechanisms that ensure social accountability; and (d) mechanisms through which social learning can occur. This proposed continuous approach would evolve policy-based SEA further to also bring in institutional and governance elements.

SEA AT THE WORLD BANK

The evolution of SEA at the World Bank mirrors its evolution in the global context. The Bank's application of SEA initially arose directly from a policy requiring environmental assessment in all investment projects and providing for the use of sectoral or regional environmental assessment in specific contexts. In 1999 the requirement was extended to sectoral adjustment loans, for which SEA was often the tool of choice.

The World Bank Environment Strategy, approved by the Bank's Board of Directors in 2001, recognized SEA as a key means of integrating environment into the sectoral decisionmaking and planning process at early stages and made a strong commitment to promote the use of SEA as a tool for sustainable development. In August 2004 the Bank's Board approved an updated policy on development policy lending, OP/BP 8.60. This new policy emphasizes upstream analytical work—such as SEA, country environmental analysis, and other analyses done by the Bank, the client country, or third parties—as a source of information for analyzing the likely significant effects of an operation on the borrowing country's environment and natural resources, and for assessing the country's institutional capacity for handling these effects.

The Bank is also actively working in different fora with multilateral and bilateral development partners with the aim of harmonizing SEA practices and requirements through the exchange of knowledge and methodologies.

SEA is applied in four types of World Bank activity, as described next.

Environmental Assessment Policy and Safeguard Policies

For large sectoral investment projects and regional projects, the Bank's safeguard policies may require an SEA. The borrower carries out the SEA, and the Bank has a review function. Before the approval of the new policy on development policy lending in 2004, a number of SEAs were conducted for sectoral reforms. For example, in the Indonesian case described in Box 2, the SEA built credibility for the plan and contributed significantly to averting potential resistance.

SEA at a program level can help avoid or limit mistakes. For example, in the Argentina Flood Protection project, the SEA assessed the cumulative effects of 50 individual flood protection subprojects in three river systems and identified the need for a component designed to improve coordination between cities and agencies in the flood plain. That provision was then included in the project.

Analytical and Advisory Services

Among the examples of the use of SEAs in analytical and advisory work are energy-environment reviews (EERs), which are typically financed by the Bank and are carried out in close coordination with the country involved. To illustrate, the recent EER in Iran assessed current and future environmental priorities in the energy sector in terms of damage costs. Through detailed cost-benefit analysis and workshops, it informed decisionmakers and in doing so provided input to Iran's forthcoming Four-Year Development Plan, as well as to the Bank's country assistance strategy.

Capacity Building and Training

The Bank assists clients in building capacity to carry out SEAs in response to their own legislation or their own needs. Examples include: SEA training in China, organized by the World Bank Institute and the International Association for Impact Assessment (IAIA); technical assistance to the SEAs for Power Development Options in the Nile Equatorial Lakes Region and for the Palar Water Basin in India.

BOX 2
A GOOD PRACTICE CASE STUDY —
THE INDONESIA WATER SECTOR ADJUSTMENT LOAN

In the late 1990s, the government of Indonesia determined that a number of sectors, including the water sector, were in need of significant reform. The goals of the SEA for the water sector loan were to inform the government and Bank management of the environmental risks associated with the policy reforms, to prescribe mitigation and monitoring procedures for softening adverse impacts, and to ensure that those affected by the reforms were given a voice in the discussions. The SEA process included a series of consultations designed to define the scope of the assessment, share case materials, identify possible impacts and mitigation measures, and disseminate findings. This approach demonstrated several elements of SEA good practice:

- ☛ *It was focused and well timed.* The consultation process started early enough to influence final decisions while not delaying the loan.
- ☛ *It was transparent.* The study fostered dialogue and openness by including all stakeholders in the discussions and process.
- ☛ *It was participative.* Stakeholders from all regions and levels of society and government took part in the process.
- ☛ *It was influential.* Many of the suggestions emerging from the consultations were included in the final design of the reform agenda supported by the loan.

Development Policy Lending

Although a number of SEAs are being planned, experience with SEAs under the new policy that went into effect in September 2004 is sparse so far.

SUMMARY

As described above, SEA is a valuable tool for integrating sustainability dimensions into country's policies, plans and programs. One of the strengths of SEA is that its approach and methodology can be tailored to the needs of the decisionmaker, and that the tool has continued to evolve over time to be useful to decisionmakers. When using SEA, it is therefore essential to define the objective of the SEA and the country context in which it is applied, and then tailor the approach accordingly. The process of conducting the SEA can be as important as the recommendations in the SEA.

Ultimately, SEA is intended to facilitate the design of sustainable policies, programs, and plans. It is therefore an important tool for helping countries meet their obligations under target 9 of Millennium Development Goal 7: to ensure environmental sustainability by integrating the principles of sustainable development into

country policies and programs and reversing environmental degradation.

NOTE

1. Development Assistance Committee, Organisation for Economic Co-operation and Development, 21 April 2005. *First Draft Good Practice Guidance on Strategic Environmental Assessment (SEA)*.

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