

Energy related Strategic Environmental Assessment applied by Multilateral Development Agencies – An analysis based on good practice criteria



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ABSTRACT

Multilateral Development Agencies (MDAs) have been emerging as responsible for the widespread of Strategic Environmental Assessment (SEA) application in low and middle income countries. However, the effectiveness of SEA, as practiced by MDAs, has received limited attention in literature so far. This paper aims to analyse the use of SEA by MDAs in the context of loan agreements established between these countries. Based on documentation gathered in public databases, six energy related cases were reviewed in relation to the moment that SEA started, the strategic dimensions of proposed actions, compliance with key aspects of SEA, and also to the quality of SEA reports. Results indicate a number of aspects that should be improved in order to increase SEA effectiveness: SEA is starting after relevant decisions, is applied to actions without clear definition of strategic dimensions and lacks a systematic assessment of alternatives. Regarding the quality of SEA reports, the outcomes reveal a poor quality in baseline description, development and assessment of alternatives and public participation.

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1. Introduction

Strategic Environmental Assessment (SEA) is a tool to support the integration of environmental concerns into strategic levels of decision-making. It has been applied to a growing number of countries. Whilst in high-income countries SEA is usually mandatory to plans and programmes and supported by a structured framework, the practice of SEA in low and middle income countries is still being largely driven by Multilateral Development Agencies (MDAs) (Tetlow and Hanusch, 2012).

Due to the differences in the context where SEA is applied, it should be adapted in order to ease an effective application (Fischer and Gazzola, 2006; González et al., 2014; Polido et al., 2014). Although SEA literature mostly reflects the perspective of developed countries (Fischer and Onyango, 2012), there is a growing interest in the context of low and middle income countries (Annandale et al., 2001; Alshuwaikhat, 2005; Chaker et al., 2006; Cashmore and Axelsson, 2013; Oliveira et al., 2013; Victor and Agamuthu, 2013; Montaña et

al., 2014; Victor and Agamuthu, 2014). However, SEA practice by MDAs has received limited attention so far.

This paper relies on a documentation review of six energy related cases, focusing on the analysis of relevant aspects of SEA, as described in literature, applied by MDAs in low and middle income countries. Specifically, it aims to: (i) identify and describe the strategic dimensions of proposed actions; (ii) verify whether ToRs and SEA reports comply with key aspects of SEA; and (iii) review the quality of SEA reports.

The next section describes the use of SEA by MDAs. Particular attention is given to the different approaches adopted in environmental assessments and the role that funding agencies play in stimulating the application of SEA within low and middle income countries. The subsequent section explains the methodological aspects adopted in the study. Results of in-depth reviews of six cases are presented and then discussed in Section 4, preceding the main conclusions.

2. Strategic Environmental Assessment in Multilateral Development Agencies

Historically MDAs have played an important role in the practice of environmental assessment in low and middle income countries (Sánchez, 2006). They have been also a major player in the practice of

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SEA as this tool is meant to safeguard environmental interests and contribute to environmental governance (Richardson and Cashmore, 2011; Cashmore and Axelsson, 2013; Cashmore et al., 2014), what sometimes implies the adoption of an approach that goes beyond the evaluation of impacts to reshape the institutional framework and governance (Richardson and Cashmore, 2011). To assist the borrower, loans are usually linked to technical assistance and capacity building (Rees, 1999; World Bank, 2000). Besides environmental safeguards, institutional strengthening includes, but is not limited to, financial accountability, corporate governance and management skills (World Bank, 2000).

To MDAs, SEA encompasses different types of assessment including Sectorial Environmental Assessment (EA), Regional EA, Policy EA, Cumulative EA, Programmatic Environmental Impact Assessment, Strategic Basin Assessment, Strategic Impact Assessment, and Strategic Environmental and Social Assessment (Annandale et al., 2001; Loayza, 2012). Although adopting different approaches (e.g. impact-centered and policy-centered, as mentioned by Loayza, 2012) their scope includes the assessment of other likely environmental effects than solely those to be caused by a particular project or activity.

In this paper we focus on the four main agencies currently operating in low and middle income countries, namely the World Bank, Inter-American Development Bank, African Development Bank and Asian Development Bank. Moreover, they are responsible for an expressive number of strategic assessments in low and middle income countries. Tshibangu and Montaña (2015) reported 193 SEAs required by these agencies from 1993 to 2012. The number of SEAs exhibited a continuous growth during this period, which reinforces the role played by MDAs to the SEA practice in low and middle income countries (Fig. 1).

The World Bank was the first MDA to adopt SEA in 1999 (WORLD BANK, 2013), followed by the African Development Bank and by the Asian Development Bank, respectively, in 2001 (Banque Africaine de Développement, 2001) and 2003 (Asian Development Bank, 2003), then finally by the Inter-American Development Bank in 2007 (Inter-American Development Bank, 2007). SEA is applied in a similar way by the MDAs, based on the criteria and procedures adopted by the World Bank (Tshibangu and Montaña, 2015).

Tables 1 and 2 present data concerning the main sectors in terms of the SEAs number and financial resources involved in loans during the selected period, according to data gathered from the websites of the institutions.¹

The top 10 sectors share 78% of the 193 SEAs prepared during the period, which illustrates their relevance to low and middle income countries. Interestingly, SEAs applied to the four major sectors correspond to 45% of the total. In a similar way, transport and energy are amongst the three sectors that have been involved in loans during the period – responding by 28% of loans in both World Bank and Inter-American Development Bank, 40% of loans in the African Development Bank, and 48% in the Asian Development Bank.

3. Methods

The cases were selected based on the representativeness of the planning sector complemented by data availability, taking into account both the methodological framework and the time period adopted in the paper. It is important to highlight that both the sector and the number of cases chosen to be reviewed have been limited by the availability of

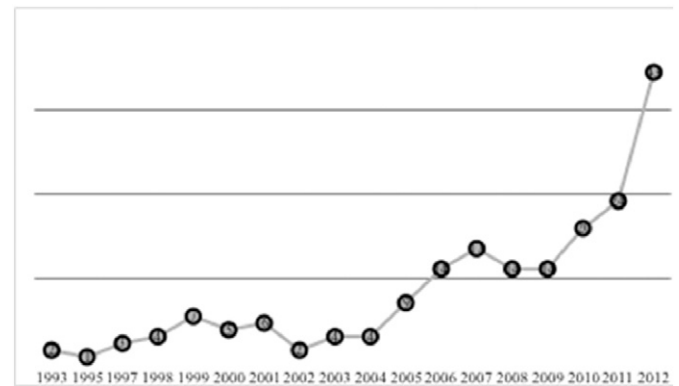


Fig. 1. Number of SEA applications by MDAs in low and middle income countries from 1993 to 2012. Source: Based on Loayza (2012) and data extracted from MDAs' database.

the documents needed to cover the purposes of the research, i.e. the Terms of Reference (ToRs), SEA reports and documents describing the strategic action must be publicly available.

The institutional websites of MDAs were reviewed in order to identify the interest documents to the research. During this stage, despite MDAs disclosure policies, only 15 fully documented cases were found, corresponding to a variable number of sectors (energy, mining, transport, tourism, agriculture, water resources, and education), different EA types, and also different MDAs (Table 3). The energy sector was found to be the largest group with 6 fully documented cases.

WB: World Bank; ADB: Asian Development Bank; AfDB: African Development Bank; IDB: Inter-American Development Bank.

Given the fact energy is the second largest sector in number of SEAs prepared during the time period considered in the paper (Table 1), as well in terms of financial resources involved (Table 2), the set of 6 cases was assumed to illustrate the context of SEA, as applied by MDAs in low and middle income countries (Table 4). Box 1 provides a short description of each one of the six cases studies.

The documentation was analysed using content analysis, as largely applied in similar studies (e.g., Fischer, 2010; Gonzáles et al., 2015; Noble, 2009; Sadler, 1996).

Three categories of characterisation were adopted in our analysis, considering they are complementary to each other and related to SEA effectiveness as pointed by literature. These categories are:

- (i) Strategic aspects of selected cases

Taking into account that SEA has to be strategic in order to deal adequately with other levels (policies, plans and programs) of decisions (Lee and Walsh, 1992; Verheem and Tonk, 2000; Herrera, 2007; Partidário, 2007; Tetlow and Hanusch, 2012), the proposed action also has to be strategic.

Based on literature (Baptista, 1981; Kitchell, 1967; Baptista, 2007; Fischer, 2007), a number of characteristics intrinsic to strategic actions

Table 1

Top 10 sectors in number of SEA applications for the period 1993–2012. (Source: Based on Loayza (2012) and data extracted from MDAs' database.)

Sector	Number of SEAs	Percentage (%)
Transport	27	14
Energy	26	14
Multisector	21	11
Water management	21	11
Agriculture	14	7
Mining	10	5
Tourism	10	5
Energy and mining	8	4
Forestry	8	4
River basin management	6	3
Others	42	22
Total	193	100

¹ World Bank, World Bank Search. Available at: <http://search.worldbank.org/all?qterm=Search>. Accessed on: March 16, 2015.

African Development Bank, Search. Available at: <http://www.afdb.org/en/search/?query=>. Accessed on: March 16, 2015.

Asian Development Bank, Search. Available at: <http://www.adb.org/search?keywords=>. Accessed on: March 16, 2015.

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