

# Environmental Evaluation Synthesis Study Environment: Mainstreamed or Sidelined?

## Main Report

## Volume I

By

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The former Overseas Development Administration (ODA) became the Department for International Development (DFID) in May 1997. Although for convenience the acronym "DFID" has been used throughout the study, it should be remembered that most of the events, actions, etc. covered occurred within the period of ODA's existence.

The opinions expressed in this study are those of the authors and do not necessarily represent the views of the Department for International Development.

In memory of

**Christopher Piers Raleigh**

1946 -1999

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## PREFACE

Each year the Department for International Development (DFID) commissions a number of ex post evaluation studies. The purpose of DFID's evaluation programme is to examine rigorously the implementation and impact of selected past projects and to generate the lessons learned from them so that these can be applied to current and future projects. It should be borne in mind that the projects examined were the products of their time and that the policies they reflected and procedures they followed may, in many cases, have since changed, in the light of changing DFID knowledge.

DFID's Evaluation Department (EvD) is independent of DFID's spending divisions and reports directly to DFID's Principal Finance Officer.

The evaluation team consisted of the following: *Michael Flint, Economist (Team Leader); Paul Balogun, Economist; Anne Gordon, Social Development/Environmental Specialist; Richard Hoare and Doug Smith, Environmental Specialists; Ben Voysey, Forest Economist; Anthony Ziegler, Wildlife Specialist.*

This evaluation is a synthesis based on desk reviews of 49 projects supported in the period 1991/92-1994/95 by the overseas Development Administration, in five countries: Brazil, China, India, Kenya and Tanzania. Short field visits were made to 15 project sites in four of these countries.

The evaluation process involved the following stages:-

- preparation of the synthesis report which seeks to draw out the main points from the individual country reports and identify the key lessons learned;
- meeting of DFID's Portfolio Review Committee (PRC) with the Evaluation Department and the evaluation team leader to discuss the main conclusions and lessons to be learned from the study on the basis of the draft report.

This process is designed to ensure the production of a high quality report which draws out all the lessons.

## Evaluation Department



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Special mention should be made of the role played in this evaluation by the late Christopher Raleigh, Head of Evaluation Department throughout the period when the study was being undertaken. His insistence that evaluation reports should always 'tell a good story', coupled with his support and encouragement throughout a long process, was instrumental in shaping this study.





**ABBREVIATIONS**

APRD	Aid Policy and Resources Department
BD	Biodiversity
BDDEA	British Development Division in East Africa
CSPs	Country Strategy Papers
DAC	Development Assistance Committee of the OECD
DANIDA	Danish International Development Agency
DFID	Department for International Development
EA	Environmental Assessment
EC	European Commission
EESS	Environmental Evaluation Synthesis Study
EIA	Environmental Impact Analysis
ENVAs	Environmental Advisers
EP	Environmental Protection
EPD	Environment Policy Department
ESSN	Environmental Screening Summary Note
EU	European Union
IDT	(DAC) international development target
IPCC	Intergovernmental Panel on Climate Change
IPF	Intergovernmental Panel on Forests
IS	Initial Screening
JFS	Joint Funding Scheme
MEA	Manual of Environmental Appraisal
MTRs	Mid-Term Reviews
NGOs	Non-Government Organisations
NRED	Natural Resources and Environment Department
ODA	Overseas Development Administration/Official Development Assistance
OECD	Organisation for Economic Cooperation & Development

OPRs	Output to Purpose Reviews
OVI	Objectively Verifiable Indicators
PAM	Poverty Aim Marker
PCRs	Project Completion Reports
PIMS	Policy Information Marker System
POMs	Policy Objective Marker
PPA	Participatory Poverty Assessment
RNR	Renewable Natural Resources
SAD	South Asia Department
SAG	Sustainable Agriculture
SFM	Sustainable Forest Management
UNCED	UN Conference on Environment and Development
UNCHE	UN Conference on the Human Environment
UNEP	United Nations Environment Programme
WGFP	Western Ghats Forestry Project

## SUMMARY

1. The Environmental Evaluation Synthesis Study (EESS) was commissioned in 1996 to examine the implementation and impact of DFID bilateral project support for environmental improvement and protection. This synthesis report is based on a review of 49 DFID supported-projects in five countries : Brazil, China, India, Kenya and Tanzania. Short field visits were made to 15 of these projects. It draws on four EESS country reports, as well as the findings of similar evaluations by other donors.

2. The projects evaluated cover a wide range of energy efficiency, industrial, forestry, biodiversity, agriculture and urban improvement interventions. Most were not environmental projects per se, but all had environmental improvement as a principal or significant objective. The term 'environmental protection' (EP) project is used to describe these projects. During the 1990s EP projects have comprised around 25% of the DFID bilateral programme.

## MAIN FINDINGS

### Policies and programmes

3. DFID policy has accorded high priority to the environment for over a decade. Environmental protection and improvement have featured prominently in all statements of departmental objectives, particularly the 1997 White Paper. Ensuring that environmental issues were fully addressed in the design of all projects, and increasing expenditure on EP sectors, have been important commitments (see paras. 2.2-5).

4. Despite the high policy priority, there are indications that environmental issues are now a lower priority for country programmes than they were in the early and mid-1990s. Country Strategy Papers (CSPs) for India, Kenya and Tanzania support this finding and display continued uncertainty about the link between poverty and environment. However, environmental assistance remains a priority in the Brazil and China programmes (2.11-16).

5. The Policy Information Marker System (PIMS) does not provide a reliable estimate of environmental expenditure (and was not designed to do so). While PIMS data for Sustainable Forest Management, Sustainable Agriculture, and Biodiversity show a rising trend of environmental protection expenditure since 1992, financial data for renewable natural resources show a declining trend in real terms (2.17-22).

## Procedures and practice

6. For most of the period under review, specific environmental advice has been provided by two or three London-based Environmental Advisers (ENVAs) as well as by Natural Resources and Engineering Advisers.. The number of ENVAs has now increased to nine, only three of whom are located in overseas offices. However, the number of ENVAs remains very small in relation to the size of the bilateral programme, the number of EP projects, and the staffing of other professional groups. One of the London-based advisers currently covers 49 countries across four geographic divisions (3.3-6).
7. Although some formalisation has taken place since the period under review, DFID's environmental procedures are still relatively informal, and auditing compliance remains difficult. There was no record of initial screening, nor of ENVA involvement, in around two-thirds of the projects reviewed. Limited capacity meant that ENVAs inputs tended to be limited, focused on reducing risk, and late in the design process. ENVAs and other advisers nevertheless succeeded in identifying most of the environmental risks (3.11-19).
8. A common feature was that environmental benefits were generally assumed rather than critically examined. Many of the assumed linkages between project outputs and environmental impacts turned out to be weak. This is consistent with the general assumption that certain sub-sectors (eg. agriculture, forestry, and energy efficiency) are inherently and strongly environmentally positive, which is not necessarily the case (3.17-18).
9. In general, low priority was accorded to environmental monitoring and impact assessment during project implementation, even in projects with a major environmental objective (3.20-23).
10. These criticisms notwithstanding, the evaluators conclude that DFID has, in the main, successfully managed a substantial portfolio of environmental projects. Current environmental procedures, if properly implemented and monitored, are adequate for this type of project. However, it is an open question whether they are adequate for non-EP projects which make up three-quarters of the bilateral programme (3.29 & 30).
11. It is also not enough to avoid environmental problems, which was largely done in these EP projects. Current advisory resources, priorities and perceptions significantly constrain the identification and exploitation of environmental opportunities which can contribute to poverty reduction goals. In addition, the environment is not sufficiently mainstreamed within DFID for other staff to be aware of the possibility of risks and opportunities (3.31).
12. Five of the projects reviewed were implemented by NGOs under the Joint Funding Scheme (JFS). Similar scope exists to improve the environmental appraisal and monitoring of these projects, although it is questionable whether this should be a priority for DFID (3.26-28).

### General project performance

13. Most of the projects reviewed were not solely or primarily environmental . General project performance was below average for DFID projects, most noticeably at the purpose and goal level, which is the level at which most environmental objectives were stated. Approximately 60% of the projects achieved their intended outputs, and approximately 30% the purpose. Around half the projects were judged to be partially successful or better (4.2-5).

14. Significant factors affecting the general success of the projects include :

- high degree of local ownership
- good partnerships with local institutions and multilateral donors
- competent DFID project management and staff continuity
- institutional, social and economic understanding and inputs
- attention to dissemination, uptake and replication
- long project duration
- modest project scale.

### Environmental performance

15. Given the very limited environmental monitoring, only a subjective assessment of the type and scale of environmental impacts is possible. Of the 21 projects reviewed in more detail, approximately 90% are judged likely to have some sort of positive environmental impact, whether direct/immediate or indirect/long-term. However, in only four of these projects (18%) was the likely environmental impact judged to be moderate or higher. In all the rest, the likely environmental impact, although positive, was judged to be limited (4.6-8).

16. There are three main reasons for this limited environmental impact : (i) poor overall project performance; (ii) projects were often not designed and/or managed with the environment as a major objective, despite being marked as such; and (iii) the indirect and/or long term nature of the environmental impacts expected. The low operational priority for environmental issues contributed to this outcome (4.9-13).

### Other donor experience

17. Seven thematic evaluations carried out for other donors were reviewed. There are many similarities between the findings of these evaluations and the EESS. A number of the evaluations reported a significant gap between the high policy priority accorded to the environment, and actual practice. Environmental concerns have not been systematically integrated in all sectors, at all stages of the project cycle, and in all forms of development assistance, as had been intended.

18. A variety of reasons were advanced for this gap. They include the lack of clear strategies and monitorable targets relating to the environment and the absence of a single authority or unit within the aid agency responsible for the integration and monitoring of environmental performance; the wide and general definition of the environment and the absence of a coherent core set of internationally agreed environmental indicators; the limited numbers of specialist environmental staff and a limited awareness among general programme staff; the limited institutional capacity and demand for environmental assistance within recipient governments; and, finally, environmental projects' relative complexity (5.5).

## CONCLUSIONS

19. A major conclusion of this study is that there is a gap between the high policy priority attached by DFID to environmental issues, (and the value of projects marked as having environmental objectives) and what has actually been delivered in terms of positive environmental impact.

20. A second conclusion is that environment as a potential development opportunity - rather than a risk to be minimised and mitigated - has not been fully mainstreamed, or made operational, across the bilateral programme. Despite the central importance attached to the conservation and sustainable management of the environment in the 1997 White Paper, there is a perception that environmental improvement and protection is less likely to contribute to poverty elimination than are other interventions. Attention has also become over- focused on the economic and human development targets, rather than the combination of international development targets, which include environmental sustainability and regeneration. The environment has become the forgotten cornerstone of sustainable development.

21. The evaluators conclude that the key challenge is to identify and demonstrate the potential contribution of environmental management to poverty reduction and livelihood improvement, to the sustainability of poverty reduction, and as an enabling action to achieve the international development targets. This needs to be based on evidence and research, not assertion. If they are not to be further sidelined, environmental considerations and interventions need to become demonstrably effective as a means of achieving poverty reduction, not just a worthy add-on or a risk to be avoided.

22. Other necessary steps include :

- i. the full integration of the environment within bilateral country strategies.
- ii. monitorable performance targets for the environment at country programme and DFID level.
- iii. a central and independent department with a mandate to promote and support the environment as integral to poverty elimination, and with responsibility for monitoring environmental performance.

- iv. increasing environmental support, training and guidance for DFID staff, consultants and partners.
- v. focusing environmental input and support at strategy, theme and programme level, rather than at project level.
- vi. increasing the number of environmental advisers, particularly in overseas offices.
- vii. improving the professional management and support for environmental advisers and field managers.

23. The evaluators are not convinced that the experience of these EP projects - as opposed to the rest of the bilateral programme - justifies a significant strengthening of environmental procedures. However, improved monitoring of existing procedures, and of risks identified during project design, is certainly required.

24. All the above measures will help. The key initiative, however, has to be a focused effort to identify and support (with other advisers and departments) specific opportunities where environmental improvement can contribute to poverty elimination. Also required are clear strategies which link DFID policy and practice; high-level commitment to (and accountability for) monitorable targets for environmental performance; and a conviction, at operational level and within senior management, that environmental considerations and interventions are integral to the elimination of world poverty.





## 1. INTRODUCTION

1.1 The Environmental Evaluation Synthesis Study (EESS) is an evaluation of DFID's environmental assistance to developing countries as implemented through bilateral projects. During the 1990s projects with positive environmental objectives accounted for around one-quarter of bilateral expenditure, or approximately one-eighth of the total UK aid programme<sup>1</sup>.

1.2 The overall objective of the EESS was to review the performance of a sample of projects in order to improve the management and impact of DFID support for environmental protection and improvement (see Terms of Reference in Annex A). It is important to emphasise that the EESS only covers bilateral projects with positive environmental objectives. It is not an environmental audit of DFID, nor of the bilateral country programme as a whole. DFID support for global environmental action, multilateral agencies, and research, or projects which do not explicitly aim to generate positive environmental benefits, are not covered by this evaluation.

1.3 The EESS represents a departure from previous DFID evaluation methodology, which typically emphasised the detailed evaluation of a very small number of completed projects. The EESS is based on desk reviews of 49 DFID-supported projects under implementation in the period 1991/92 - 1994/95 in five countries : Brazil, China, India, Kenya and Tanzania (see Annex B). The countries and projects were purposively selected in order to provide a representative sample of the different types of assistance. Short field visits were made to 15 projects, some of which were still ongoing. All countries except Brazil were visited. Wherever possible, discussions were held with DFID staff, consultants, local project staff, and other major stakeholders.

1.4 This main report presents a short synthesis of the findings of the EESS, based on the detailed work contained in the Annexes (Volume II). Chapter 2 describes DFID's policies and programmes. Chapter 3 examines how environmental protection (EP) projects have been managed, while Chapter 4 analyses their performance. Chapter 5 summarises the relevant conclusions and lessons from other donors. The final two chapters present the issues, conclusions, and lessons learned.

### Definitions

1.5 DFID uses a broad definition of the environment : "the physico-chemical, biological and social surroundings which support life"<sup>2</sup>. This definition encompasses a very wide range of physical (air, water, land and the built environment), biological (animals and plants) and social aspects. The problems created by this wide definition are discussed later (2.23 & 4).

1.6 A distinction is commonly made between the 'green' and 'brown' environment. 'Green' issues primarily involve the natural environment (eg. renewable natural resources and biodiversity). 'Brown'

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<sup>1</sup> Since 1991/92 projects with environmental protection as a principal or significant objective have been marked under the Policy Information Marker System (PIMS). Environmental Protection (EP) projects accounted for 23% of the £642 m total of PIMS marked projects in 1993/94. Total bilateral expenditure was £1198 m. The figure of £275m therefore assumes that PIMS marked projects are representative of total bilateral expenditure. Problems with these PIMS figures are discussed at 2.17-19.

<sup>2</sup> DFID Manual of Environmental Appraisal, 1998, p.5.

issues refer to the problems associated with pollution, urbanisation, industrialisation, and the urban environment.

1.7 Finally, this report has avoided the term ‘environmental project’. Only a few of the projects evaluated were environmental sector projects<sup>3</sup>. Most were urban, industrial, power, agricultural or forestry projects which were not solely or primarily concerned with the environment. All were, however, marked under the Policy Information Marker System (PIMS) as having environmental improvement as a principal or significant objective, generally in addition to other objectives (see 2.17-19). The term ‘environmental protection’ (EP) project is therefore used throughout this report.

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<sup>3</sup> OECD DAC sub-sector 40.1.

## 2. POLICIES AND PROGRAMMES

2.1 This chapter provides the background to the analyses of project management and performance which follow. It outlines DFID environmental policies, strategies and organisation since the late 1980s, and describes the pattern of bilateral expenditure on environmental protection (EP) projects.

### Policies and Priorities

2.2 The late 1980s and early 1990s marked a high point in concern for the global environment and for environmental issues in developing countries. The concept of ‘sustainable development’ gained widespread acceptance following the Brundtland Report in 1987, and became the major theme at the Earth Summit in Rio de Janeiro in 1992. The growth of environmental NGOs - and the significant vote for the Green Party in the 1989 European elections<sup>4</sup> - also meant that for the first time the environment became a significant UK domestic political issue.

2.3 DFID responded to this increasing international and domestic environmental concern in three main ways. First, at a policy level, environment was, and has continued to be, accorded high priority. Sustainable development and the protection of the environment have featured prominently in all the DFID statements of objectives since the late 1980s. In 1992, helping developing countries tackle environmental problems was one of eight DFID aims<sup>5</sup>. Environment was seen as central to the aid programme<sup>6</sup>. In 1995, the enhancement of productive capacity and the conservation of the environment became one of three revised aims. And, since the White Paper on International Development in 1997, protection and better management of the natural and physical environment has been the new third objective (Box 1).

2.4 Second, DFID sought to ensure that environmental issues were fully addressed in the design of all programmes and projects. In particular, new procedures focused on ensuring that possible negative environmental impacts were identified, and then either avoided or mitigated. DFID has been sensitive to external criticism and to the potential for environmental embarrassment. DFID’s environmental procedures are discussed in chapter 3.

2.5 Third, DFID sought to increase its positive contribution to environmental improvement at both the global level and within the bilateral country programmes. Box 2 below highlights the major global and bilateral environmental initiatives during the 1980s and 1990s. For DFID these included new environmental spending commitments, new bilateral and international agreements, and strengthened environmental procedures and professional capacity.

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<sup>4</sup> 14.52 % in 1989 compared with 0.55 % in 1984.

<sup>5</sup> Foreign and Commonwealth Office, Departmental Report 1992.

<sup>6</sup> ‘The Environment and the British Aid Programme’ ODA 1990.

‘Action for the Environment’ ODA 1992.

**Box 1 : DFID policy from 1997****AIM :** the elimination of poverty in poorer countries**MEANS :** the promotion of sustainable development.

- Sustainable development has interdependent economic, social and environmental dimensions
- environmental protection shall constitute an integral part of the development process
- sustainable development requires the management and maintenance of different sorts of capital which support human well-being, one of which is natural capital : the environment and natural resources.

**OBJECTIVES :**

1. Policies and actions which promote sustainable livelihoods
2. Better education, health and opportunities for poor people
3. Protection and better management of the natural and physical environment.

**INTERNATIONAL DEVELOPMENT TARGETS :**

- Economic well-being
- Human development
- Environmental sustainability and regeneration.

**Sectoral strategies**

2.6 In 1992 the Prime Minister announced at Rio that DFID would give substantial extra resources to biodiversity, energy efficiency, forestry, population, and sustainable agriculture. New or revised strategies for each of these were subsequently developed and published.

2.7 The purpose of these strategies was to increase DFID expenditure in these areas; to influence multilateral programmes; to focus support on a number of target countries; and to guide bilateral activities. RNR Strategy Papers were developed for each target country<sup>7</sup>.

<sup>7</sup> Annex table D.3 shows which of the EESS countries were target countries for Sustainable Forestry, Sustainable Agriculture, Energy Efficiency, and Biodiversity. DFID population programmes have been the subject of a separate evaluation study (EV598) and are not covered by the EESS.

**Box 2 Key Environmental Initiatives**

- 1972 - UN Conference on the Human Environment (UNCHE), Stockholm  
- United Nations Environment Programme (UNEP) established
- 1986:- ODA Natural Resources and Environment Department (NRED) established
- 1987:- Brundtland Report - 'Our Common Future' - published
- 1988:- Intergovernmental Panel on Climate Change (IPCC) formed
- 1989:- Minister for Overseas Development announces that ODA will direct a greater proportion of the aid programme to the environment  
- Prime Minister announces the Forestry initiative : a further £100 million to tropical forestry activities over the next three years  
- £40 million for environmental projects in India agreed  
- Memorandum of Understanding on the environment signed with Brazil  
- ODA introduces Manual of Environmental Appraisal
- 1990:- ODA establishes separate Global Environmental Assistance provision  
- Montreal Protocol for the protection of the ozone layer amended
- 1992: - UN Conference on Environment and Development (UNCED), Rio de Janeiro  
- Climate Change and Biodiversity Conventions signed  
- Prime Minister announces extra emphasis on five areas of the aid programme: biodiversity, energy efficiency, forestry, population and sustainable agriculture
- 1993:- Environment Policy Department (EPD) formed within the Natural Resources Division
- 1995:- Fundamental Expenditure Review redefines ODA objectives  
- Intergovernmental Panel on Forests (IPF) formed
- 1997:- White Paper on International Development - 'Eliminating World Poverty' published
- 1998:- DFID Policy Statement on the Environment published

2.8 This is not an evaluation of the various strategies<sup>8</sup>. However, two observations are relevant. First, none of the strategies proposed a major shift in the **type** of DFID activities. The main intended outcomes were a focus on particular countries and an increase in the volume of spending.

2.9 The evidence on spending is conflicting. According to PIMS data, expenditure on Sustainable Forest Management, Sustainable Agriculture, and Biodiversity has increased by two to three times between 1991/92 and 1997/98 (Annex Table D.1). The financial statistics by sector, however, show no increase in agriculture and forestry expenditure over the decade (Annex Table D.2). In real terms RNR expenditure has declined. By this yardstick at least, DFID has not met the spending commitments made at Rio.

2.10 The second and related observation is that none of the strategies had specific environmental objectives. Nor were environmental issues discussed in any depth. All the sub-sectors were simply assumed to be environmentally beneficial. Increasing the expenditure would, it was assumed, automatically increase the positive environmental impact.

## Country strategies

2.11 Country Strategy Papers (CSPs) set out the strategy by which DFID will achieve its objectives in the country concerned, given its particular characteristics and needs and the activities of other donors. They are usually produced every three years.

2.12 CSPs (and draft CSPs where available) were reviewed for each of the five EESS countries. These have changed significantly over the 1990s. For India, Kenya and Tanzania, an increasing emphasis on livelihoods and poverty reduction within the DFID programme has been evident since the early 1990s. In the case of poverty, the 1997 White Paper added momentum and focus to an existing trend.

2.13 In contrast to poverty, the EESS found evidence of a decline in the relative and explicit priority accorded to the environment within CSPs during the 1990s, both as a sector and as an objective. In the recent draft India CSP, environment is not identified as a priority for the DFID programme, as it was in the CSPs of the early and mid-1990s. In Kenya, further support for environmental protection and for a national strategy for sustainable development will not be forthcoming unless the overall aid budget is increased. The absence of sufficient political support and capable institutions is one factor<sup>9</sup>. Of the five countries reviewed, only in Brazil and China is environmental assistance set to remain one of the priorities of the DFID programme. Environmental Memoranda of Understanding now exist with both these countries.

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<sup>8</sup> An evaluation of DFID's Sustainable Agriculture programme will commence in 1999.

<sup>9</sup> *Kenya Country Strategy Paper*, DFID, 1998.

2.14 Despite the high priority accorded to the environment in DFID policy documents - notably the 1997 White Paper - most DFID staff in East Africa and India reported that environment now has a lower operational priority than in the early and mid-1990s. Poverty elimination is now the overriding objective of the aid programme. Why this should mean a lower operational priority for environment is a question that is returned to later in this report (paras 6.10-15).

2.15 The evidence of a declining emphasis on the environment needs to be balanced by the increasing willingness of some geographical programmes to fund Environmental Advisers (ENVAs). Both DFIDI and DFIDSA have recently started funding resident ENVA / Field Manager positions. This indicates that the environment remains a significant cross-cutting issue, even though EP expenditure may not have a high priority.

2.16 Mention should also be made of the sector strategy papers which have been produced in all the countries. RNR Strategies were produced for India, Kenya and Tanzania; a Natural Environment Strategy for Brazil; and an Environment Strategy for China (1994 and 1998). A draft Environment Strategy was produced for India in 1997, but has not yet been endorsed by DFID India (DFIDI).

### **Bilateral expenditure**

2.17 Assessing the extent to which the various country and sectoral strategies have led to changes in the type and value of programme activity is not easy (and was not a focus of this evaluation). Formal monitoring of strategies has been extremely limited. However, since 1992 financial commitments and expenditure in each of the Rio priority areas have been recorded by the Policy Information Marker System (PIMS). Projects with a commitment value of £100,000 or more which had environmental protection as a significant or principal objective, and/or had objectives relating to the Rio priorities, have received a Rio and/or Environmental Protection PIMS mark.

2.18 Unfortunately, PIMS data have a number of problems. Mention has already been made of the differing estimates of NR-related environmental expenditure derived from PIMS data and the financial aid statistics. PIMS marking has not always been consistent or correct, particularly in the early years when consultants were used to mark existing projects retrospectively. Some projects were not designed as Environmental Protection projects, but were simply labelled as such. Some lacked a stated environmental objective. This latter problem has now been rectified in the revised PIMS guidance. PIMS also overstates the value of environmental expenditure since it counts the entire value of the project as Environmental Protection even if there is only a small environmental component and/or a marginal intended environmental impact. Finally, all agricultural, forestry or energy efficiency projects automatically receive

an Environmental Protection mark, regardless of their environmental character, impacts or sustainability. Taken together, these problems mean that PIMS data substantially overstate DFID's financial contribution to environmental protection. PIMS remains, however, the best available source of data.

2.19 According to PIMS, 28% of total DFID bilateral expenditure in 1995/96-1997/98 was marked for Environmental Protection, compared with 21% in 1991/92-1993/94. Given the problems with PIMS data, this is not considered to be reliable evidence of an increasing trend. It can nevertheless be said that around one-quarter of the bilateral programme during the 1990s was marked for Environmental Protection and was intended to have an environmentally positive impact. In 1997/98 such projects had a combined value of £ 195 million. This does not, however, mean that DFID spent £195 million on environmental protection in that year. No meaningful estimate of environmental expenditure is possible on the basis of current systems.

**Table 2.1 : PIMS marked environmental expenditure, all countries**  
(£ million)<sup>10</sup>

<b>PIMS MARKER</b>	<b>1997/98</b>
Energy Efficiency	39
Sustainable Forest Management	38
Biodiversity	28
Sustainable Agriculture	86
<b>Environmental Protection</b>	<b>195</b>
<b>TOTAL MARKED EXPENDITURE</b>	<b>739</b>

2.20 Of the four Rio markers considered, Sustainable Agriculture (SAG) projects are the largest category by value for DFID as a whole (Table 2.1). For the five EESS countries, the volume and relative importance of Environmental Protection expenditure varies significantly (Table 2.2). Tanzania had by far the lowest proportion of such expenditure; Brazil the highest. Because of the size of the DFID programme in India, Environmental Protection expenditure in that country was greater than for all the other countries combined. However, in India as in the other countries, the DFID programme has been very small relative to the size of the country and its environmental problems.

<sup>10</sup> Total Marked Expenditure refers to all project expenditure for which PIMS markers have been attached (environmental and non-environmental). The figure is less than the total bilateral expenditure because not all projects are marked. All projects that score on Energy Efficiency (EE), Sustainable Forest Management (SFM), Sustainable Agriculture (SAG) and Biodiversity (BD) should also have a score for environmental protection (EP) which is the general PIMS marker for the environment. Some projects score on more than one environmental marker.



**Table 2.2 : PIMS Environmental Protection expenditure 1991/92-1997/98**

Country	Environmental Protection expenditure (£ m)	Environmental Protection expenditure as % of total marked expenditure
Brazil	12	62 %
China	41	24 %
India	250	47 %
Kenya	40	27 %
Tanzania	5	3 %

2.21 The type of Environmental Protection expenditure also varies markedly between the countries. Most of the Environmental Protection expenditure in India is accounted for by the Power and Energy sector (much of it in a single project), but there are also significant expenditures in the 'green' sectors : Sustainable Agriculture (SAG), Sustainable Forest Management (SFM) and Biodiversity (BD). DFID programmes in Brazil, Kenya and Tanzania are almost entirely 'green'. The China programme is almost entirely 'brown'.

2.22 The decision to focus programmes on either the 'green' or the 'brown' sector was agreed with the countries concerned, but was largely driven by the sensible desire for DFID to concentrate its limited management, advisory and financial resources, particularly in countries where experience was limited (eg. China and Brazil). However, with regard to the Brazil programme, the 'green' focus in general, and the focus on Amazonia in particular, can be questioned. It is difficult to square a programme which was designed to contribute to global biodiversity objectives with a post-1997 focus on poverty reduction (Annex I).

### **Environmental protection projects**

2.23 EP projects supported by DFID have two main characteristics : they are highly diverse in type and scale; and most were not designed solely or primarily to produce environmental benefits. Only a minority were environmental sector projects (eg. environmental planning or capacity building).

2.24 The diversity of EP projects arises in part from the extremely wide definition of the 'environment'. Table 2.3 below, which provides a summary of the types of project covered by the EESS, illustrates this diversity.

**Table 2.3 : Number and type of projects evaluated**

	Brazil	China	India	Kenya	Tanzania	TOTAL
Water and air pollution	1	6	2			9
Environmental planning		3	1			4
Industry and mining		1	2			3
Urban improvement			2			2
Environmental education			1			1
Energy efficiency		4	4			8
Biodiversity	1		1	1	1	4
Forestry and biodiversity	2		1	1		4
Forestry			1	1		2
Forestry and agriculture	2		1		1	4
Agriculture		1	3	2	2	8

2.25 The financial size of EP projects is also extremely varied. The smallest project in the EESS sample - Environmental Health in Tibet - cost £ 170,000. The largest - Hindustan Zinc in India - cost £ 62 million.

2.26 There was no consistent pattern regarding the poverty orientation of the projects reviewed. Retrospective poverty markings for the projects are contained in the country annexes. These show EP projects spread more or less evenly across enabling, inclusive and focused categories<sup>11</sup> (see 3.24 &25).

2.27 The fact that most of the projects reviewed were not designed with environment as the sole or principal objective is a significant finding. All the projects were PIMS marked as having environmental protection as a principal or significant objective<sup>12</sup>. However, around half of those marked as having environmental protection as a principal objective were judged by the evaluators not, in fact, to have been designed as such. Other social and economic objectives were paramount. Environmental benefits were assumed and expected, but the projects were neither designed, nor managed, to achieve these.

2.28 One other general characteristic of the projects reviewed is that, to the extent that environmental objectives existed, these were generally at the Purpose or Goal level, if not higher.

2.29 Both these latter characteristics had implications for the management of environmental issues during project implementation and, ultimately, for the likely environmental impacts.

<sup>11</sup> Poverty Aim Marker (PAM) : *Enabling* actions support the policies and context for poverty reduction and elimination; *inclusive* broad-based actions improve opportunities and services generally, and also address issues of equity and barriers to participation of poor people; and actions *focused* predominantly on the rights, interests and needs of poor people. There is no presumption that one category is better or preferred (Statistics Department, March 1998).

<sup>12</sup> *Principal* project objectives are those which are fundamental in the design of the project, without which the project would not be undertaken. *Significant* project objectives are important, but not one of the principal reasons for undertaking the project.

### 3. PROCEDURES AND PRACTICE

3.1 This chapter examines the management of the EP projects, from design through to implementation. It concentrates on the management of environmental aspects, rather than on project management in its entirety.

3.2 The EESS covers an extremely diverse range of projects in five very different countries. Most of the projects reviewed were designed in the early 1990s. The evolution and improvement in DFID procedures and practices since then has been very significant. Both these points need to be borne in mind when reading the synthesis findings in this and the following chapter.

#### Organisation and staffing

3.3 At the start of the 1990s environment was seen as a predominantly 'green' issue involving renewable natural resources (RNR). Responsibility for environmental policy and research accordingly rested with a department within the Natural Resources Division (NRD), the Environment Policy Department (EPD)<sup>13</sup>. Natural Resources Advisers were seen as the major source of professional environmental advice to bilateral country programmes.

3.4 For the whole period and for all projects reviewed, specific environmental advice to the five country programmes was available only from two or three London-based Environmental Advisers (ENVAs). These advisers were consulted on a project-by-project basis at the discretion of the project officer. Given that each ENVA was covering a large number of countries in one or more regions, the time available for any particular country programme - let alone any particular project - was inevitably very limited.

3.5 The situation with regard to environmental advice has now changed significantly. The number of specialist ENVAs has grown from 2 in 1990 to 9 in 1999, including four advisers within Engineering Division. The recruitment of the latter is indicative of the increased importance now attached to the 'brown' environment within DFID. That said, the perception of environment as a 'green' and predominantly RNR issue remains. The organisational location of EPD within NRD perpetuates this impression and may constrain its potential to be operationally cross-cutting.

3.6 While the growth in the number of ENVAs is significant, the cadre remains small in relation to the size of the bilateral programme, the number of EP projects, and the strength of other professional groups<sup>14</sup>. Furthermore, unlike other professional advisers, environmental advisers have not been organised, managed and supported as a professional group. To an even greater extent than other advisers, most ENVAs continue to be spread extremely thinly over (and distant from) a large number of country programmes and projects. Only three ENVAs are located in overseas offices. In most country programmes this will inevitably mean that they are involved, on a project-by-project basis, at the

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<sup>13</sup> Natural Resources and Environment Department (NRED) until 1993, Environment Policy Department (EPD) thereafter.

<sup>14</sup> There are now 9 Environmental Advisers (including Field Managers in China and Nepal), and a similar number of sectoral advisers with a significant environmental role (eg. aquatic resources, forestry, energy efficiency, etc.). This compares with 27 Institutional Advisers and 64 Social Development Advisers.

discretion of project officers. Time constraints will also continue to limit the extent to which they can participate substantially in strategy formulation and prioritisation. One London-based ENVA currently covers 49 countries, across four geographic divisions, including one overseas division.

## **Environmental procedures**

3.7 DFID's environmental procedures are contained in Office Instructions (OIs) and in the Manual of Environmental Appraisal (MEA). The MEA was first published in 1989, and was revised in 1992, 1996 and 1998. The fundamental aim of the MEA has been to ensure that environmental issues are taken into account from the very start of project and programme design. Earlier versions of the MEA were largely directed towards avoiding and mitigating adverse environmental impacts, rather than to exploiting environmental opportunities.

3.8 During the 1990s, Office Procedures have required that all projects undergo an Initial Screening (IS) to identify environmental risks and opportunities. The screening process is outlined in the MEA. This screening should be carried out as part of the process of completing the Project Concept Note, which is the request to the delegated authority for funding a project's design and appraisal. Since 1996 the project officer and relevant adviser have been required to fully document the results of this screening in an Environmental Screening Summary Note (ESSN). Depending on the results of the IS, further environmental appraisal or analysis - such as an Environmental Impact Assessment (EIA) - may be carried out.

3.9 ESSNs may be circulated to Environmental Advisers (ENVAs) for comment. There is no formal requirement that ENVAs be involved in project design and management, nor are there sufficient ENVAs within DFID for this to be possible. Involvement of ENVAs is a matter of judgement and resources.

3.10 Compared to some other development agencies, DFID's environmental procedures are less prescriptive and relatively informal. While this has disadvantages in terms of reduced accountability and transparency<sup>15</sup>, it has allowed environmental concerns to be taken into account without adding significantly to the administrative burden. The effectiveness of this approach with respect to EP projects is discussed below.

## **Design and appraisal**

3.11 Tables summarising the environmental marks and procedures applied to each of the projects are contained in the country annexes in Volume II. Table 3.1 below provides an overall summary, by country, of environmental procedures and ENVA involvement as recorded.

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<sup>15</sup> Environmental Audit of the Ghana Programme, ERM, 1994

**Table 3.1 : Summary of environmental procedures recorded and Environmental Adviser involvement (number of projects)<sup>16</sup>**

Country	Environmental procedures			ENVA involvement	
	Initial screening	Other	No specific procedures evident	Involved	No involvement evident
Brazil	1	-	5	-	6
China	1	-	6	6	1
India	1	3	-	2	2
Kenya	1	-	1	-	2
Tanzania	-	-	2	1	1
<b>ALL</b>	<b>4</b>	<b>3</b>	<b>14</b>	<b>9</b>	<b>12</b>

3.12 As was found in the 1994 ERM study<sup>17</sup>, auditing compliance with the environmental procedures was very difficult. All EESS projects were designed and appraised before introduction of the ESSN. Beyond a simple positive assertion on project header sheet check-lists, there was no record of initial screening, nor of any specific environmental procedures, for three-quarters of the projects. It is not possible to ascertain the number of projects which were properly screened but for which no records exist. It is likely that, at least in some cases, the fact that the project was seen as environmentally positive meant that no initial screening or detailed environmental appraisal was carried out. This is consistent with the impression that the DFID procedures are directed at identifying environmental risks and problems. By and large, these are seen to be less associated with EP projects than with non-EP projects.

3.13 There was little indication that the MEA was widely and systematically used as a working tool<sup>18</sup>. Again, this may be partly because it was seen as being less relevant for EP projects. It is too early to say whether the new 1998 version will change this.

3.14 Involvement of ENVAs in project design and appraisal during the early and mid-1990s tended to be limited and/or came late in the design process. This is largely explained by the very small number of ENVAs at the time, and by the fact that environmental issues were the responsibility of other (usually RNR) advisers. It is important to emphasise that the lack of ENVA involvement is not, by itself, an indication that environmental issues were overlooked. ENVAs and other advisers generally did a good job in ensuring that most of the environmental risks were identified. Those not identified were not serious. There were instances of ENVAs' comments not being acted upon, but again the issues involved were relatively minor.

3.15 In most of the projects reviewed, pressure of time often forced the ENVA to be reactive rather than proactive, and to concentrate on identifying the environmental risks rather than the environmental opportunities. This is an inevitable result of a very limited specialist advisory resource. The fact that the

<sup>16</sup> EESS Phase II projects only, except for Brazil.

<sup>17</sup> *Environmental Audit of the Ghana Programme. Phase I: Initial Review*. ERM. 1994

<sup>18</sup> There is no requirement for the use of the MEA to be recorded or reported

evaluators did not identify major missed opportunities does not necessarily invalidate this point. A more creative input to projects is only possible if ENVAs (or any other adviser) are substantively involved early in the design process. This is still not possible for most country programmes and projects, given the small number of ENVAs.

3.16 The introduction of ESSNs should improve matters, provided these are completed as intended and subsequently monitored. A review of an additional nine recent projects revealed that procedures for EP projects are still rather loosely complied with. Project record keeping remains incomplete in many cases, and it is still frequently impossible to trace when and how environment issues are considered. Instances were found of environmental issues being addressed late in the appraisal process, with ESSNs produced after the project had been approved. Recent China experience suggests that the presence of an ENVA helps to ensure that environmental issues are addressed and ESSNs completed.

3.17 One pervasive feature of the projects reviewed is the fact that environmental benefits were generally assumed rather than critically examined. Examination of the environmental assumptions - especially the linkages between project outputs and environmental impacts - was generally limited. Many of the assumed linkages turned out to be weak. Furthermore, in over half the projects, environmental objectives existed only at goal level or above, which tends not to be a focus of design and appraisal effort.

3.18 This finding is consistent with the general assumption within DFID that certain sectors, and therefore all projects within them, are inherently environmentally positive. While this may generally (but still not inevitably) be true for biodiversity, forestry and energy efficiency projects, it is less true for agricultural projects.

3.19 Finally, the social development, institutional and economic inputs to the management of EP projects in China - and, to a lesser extent, Brazil - were limited. This partly reflects engineering- and forestry-led approaches respectively, and partly the very limited DFID advisory resources at the time. The situation in both programmes has now improved.

### **Management and monitoring**

3.20 In general, very low priority was accorded to environmental monitoring and impact assessment during project implementation. The environment more or less dropped off the agenda, even for obviously environmental projects (eg. Western Ghats Forestry Project). The main reason for this would appear to be the distant nature of the environmental objectives. Very few of the projects had environmental outputs, which are the focus of project management. Purpose level objectives are generally only considered during mid-term reviews (MTRs) or Output-to-Purpose Reviews (OPRs). With the majority of environmental impacts expected at the goal level or above, it is unsurprising that they were ignored by both project management and DFID. Nor was it helpful that the objectively verifiable indicators (OVIs) for environmental objectives were generally lacking or of poor quality.

3.21 The fact that ENVAs were even less involved in monitoring than they had been in design may also have contributed to the absence of environmental monitoring. In some cases, environmental risks or issues identified during design and appraisal were not followed up. ENVAs were also very rarely involved in the design of subsequent phases.

3.22 General DFID monitoring was broadly adequate, except for the China programme which was characterised by minimal DFID monitoring, and a corresponding heavy reliance on consultants, not all of whom were familiar with DFID concerns and procedures. The contrast with Brazil was striking, where the benefits of a long-term, resident Field Manager were clearly apparent<sup>19</sup>.

3.23 DFID staff continuity has been an asset in both the China and Brazil programmes. Both programmes needed to build up trust and experience from a low base; both have been successful in building up partnerships with local and multilateral institutions, notably with the World Bank in the case of China; and both have had to be tailored to the particular characteristics and sensitivities of the country concerned.

3.24 In common with DFID as a whole EP<sup>20</sup> projects show an increasing poverty focus over time, albeit occasionally from a very low base. Projects in the early 1990s were not required to contribute to poverty reduction, as they are post-1997. The transition from seeing people as a means for helping the environment, to seeing environmental improvement as a means for helping people, was nevertheless evident over the decade. Arguing and effecting this transition within ongoing projects has not always been easy. The Western Ghats Forestry Project in India is a case in point. The experience of this and other projects suggests that there are limits to which agreed projects can or should be redirected during implementation to match changing donor priorities.

3.25 The evolution towards a more poverty-focused programme has perhaps been rather slower in China and Brazil than in the other country programmes. This may be correlated with, until more recently, the dominance of single technical disciplines in these two programmes, and with the limited advisory resources deployed. The departments responsible for both these programmes were small compared with the then South Asia Department (SAD) and the British Development Division for East Africa (BDDEA).

## **JFS projects**

3.26 Six of the EESS sample projects were funded under the Joint Funding Scheme (JFS) and implemented through NGOs. Although the JFS Guidelines specifically mention the need to consider likely environmental impact, consideration of potential environmental impacts was neither detailed nor explicit in the proposals or appraisals. Nor were assumptions regarding positive environmental impacts scrutinised. The appraisal process was nevertheless successful in identifying the main implementation problems.

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<sup>19</sup> An Environmental Field Manager was appointed for China in late 1998

<sup>20</sup> See the Evaluation of DFID Support to Poverty Reduction (in process).

3.27 The variable management capacity of NGOs emerged as the main reason for the varied success of JFS projects. The lack of adequate reports and other documentation made desk evaluation difficult. As with most of the bilateral projects, none of the annual reports or evaluations submitted by NGOs to DFID contained evidence of the way project activities were impacting on the environment.

3.28 The evaluators conclude that there is scope to improve the environmental appraisal and monitoring of JFS projects. However, it is questionable whether this should be a priority for DFID, given the small size and non-environmental focus of most of these projects, and the heavy demands on ENVAs and other advisers from the bilateral country programmes.

## Conclusions

3.29 Two very different pictures can be presented of the management of EP projects. A critical observer would point out that even DFID's relatively informal environmental procedures have not been (and are still not being) strictly adhered to for this category of project. ENVAs were rarely involved, and even then their inputs were generally confined to appraisal. Some environmental risks were not picked up or, if identified, not subsequently monitored. The monitoring and evaluation of environmental benefits has been virtually non-existent.

3.30 The alternative view is that DFID has made good use of limited professional resources. While environmental procedures may not have been strictly followed, advisers and programme staff have, in the main, successfully managed a substantial portfolio of environmental protection projects. There is no evidence that DFID's present environmental systems led to major risks being overlooked. It could therefore be argued that current DFID procedures are adequate for this category of project, where environmental issues are in the forefront and/or there is some expectation of positive environmental impact.

3.31 This latter view needs to be qualified in two ways. First, it is an open question whether such procedures are adequate for non-EP projects which make up three-quarters of the bilateral programme. These projects were not the subject of this evaluation. Second, it is not enough merely to avoid environmental problems. A principal objective of many of these projects was to **improve** the environment. The limited availability of ENVAs, coupled with a continued perception of the environment as a risk to be avoided or minimised, has militated against the identification and exploitation of environmental opportunities, both within identified projects and, possibly more significantly, elsewhere. This indicates that the environment as a potential development opportunity - rather than as a development risk - has not been fully mainstreamed or made operational across the bilateral programme.



## 4. PERFORMANCE

4.1 The main focus of this evaluation has been on the environmental management and performance of a portfolio of environmental protection (EP) projects. As has been repeatedly stressed, however, most of these projects were not solely or even primarily environmental. This chapter therefore begins with a summary analysis of general project performance. The environmental impacts are then discussed.

### General project performance

4.2 Table 4.1 below summarises the likely project achievements. The scores are based on Project Completion Reports (PCRs) and/or the evaluators' assessments. The table shows that 59% of projects achieved (or were likely to achieve) most or all of the intended outputs; 28% largely or completely achieved the purpose; and 9% were likely to largely achieve the goal. The fact that so few of the EP projects are judged likely to achieve their purpose and goal - which is the level at which most environmental objectives were stated - is significant.

**Table 4.1 : Likely project achievements (% of projects)<sup>21</sup>**

	<b>Completely achieved</b>	<b>Largely achieved</b>	<b>Partially achieved</b>	<b>Very limited achievement</b>	<b>Unlikely to be realised</b>	<b>Too early to judge</b>
OUTPUTS	9	50	27	5	5	4
PURPOSE	5	23	46	9	14	3
GOAL	0	9	36	18	9	28

4.3 While these results are below the average for all DFID projects, most noticeably at the purpose and goal level<sup>22</sup>, this should not be interpreted as meaning that EP projects perform relatively poorly. The EESS sample was small and purposively selected. The evaluators are also likely to have marked projects less favourably than the programme officers themselves.

4.4 Table 4.2 below presents the evaluators' overall assessment of the projects reviewed under Phase II of the EESS. Around half the projects were judged to be partially successful or better.

<sup>21</sup> EESS Phase II projects, plus Brazil (n=22).

<sup>22</sup> The latest PCR Synthesis Report gives figures of 76%, 74% and 66% for output, purpose and goal level achievement respectively, for projects approved between 1993 and 1997.

**Table 4.2 : Overall assessment of project success**

	<b>Successful</b>	<b>Partially successful</b>	<b>Largely unsuccessful</b>	<b>Unsuccessful</b>	<b>Too early to judge</b>
Number	4	6	8	2	2
%	18 %	27 %	36 %	9 %	9 %

4.5 The reviews of the individual projects, and the country annexes, contain analysis of the factors which have contributed to project success or, where absent, to limited achievement. Many of the significant factors aiding project success are external to the individual project or to DFID, but internal factors were also important. Although not new, these are worth restating :

- high degree of local ownership
- good partnerships with local institutions and multilateral donors
- competent DFID project management
- institutional, social and economic understanding and inputs
- attention to dissemination, uptake and replication
- long project duration
- modest project scale.

### **Environmental performance**

4.6 Mention has already been made of the dearth of environmental monitoring by the projects themselves or by DFID. This is not as odd as it sounds. Project staff are responsible for delivering the outputs. They are neither expected to, nor given the resources to, monitor at the purpose or goal level. DFID and its partner may wish to assess the achievement at purpose and goal level during OPRs or PCRAs, but will rarely commission the necessary evaluation work which would permit an informed assessment. With over two-thirds of the environmental objectives lying at or above goal level, it would have been exceptional if environmental impacts had been monitored in most cases.

4.7 The EESS did not have the resources to commission environmental impact studies, although one such study was commissioned by the India programme. The evaluators nevertheless made a subjective assessment of the type and geographical scale of the environmental impacts which were likely to result from each project (Table 4.3 below).

**Table 4.3 : Type and geographical scale of likely environmental impact  
(no. of projects)**

TYPE OF IMPACT	GEOGRAPHICAL SCALE				Total	%
	Local	Regional	National	Global		
Direct / immediate	9		1		10	45 %
Indirect / long-term	3	5		1	9	41 %
Minimal / unlikely	1	1	1		3	14 %

4.8 The evaluators conclude that 19 of the projects (86%) are likely to have some sort of positive environmental impact, whether direct/immediate or indirect/long-term. However, in only four of these projects was the likely environmental impact judged to be moderate or higher : three of these projects were local in geographical scale. In all the rest, the likely environmental impact, although positive, was judged to be limited.

4.9 It should be stressed that many of these projects were successful in other respects (see paras. 4.2-4 above). Most of these were not 'environmental projects' and should not be judged as such. However, to the extent that positive environmental impacts were also intended, most of these projects will only be able to deliver limited environmental benefits. Three main reasons can be advanced :

- i. poor overall project performance;
- ii. projects not designed and/or managed with environment as a major objective;
- iii. environmental impacts were expected to be indirect and/or long term.

4.10 The first reason is the most obvious. Positive environmental impacts at the purpose, goal or super-goal level will only result if the outputs are achieved. If a project does not work, positive environmental impacts will not result.

4.11 Frequent mention has been made of the fact that many of these projects were not, in practice, designed and/or managed with environment as a major objective. Projects were assumed to be environmentally positive, or labelled as environmental protection, but this assumption was not checked. The assumption that agricultural, forestry or power projects are automatically and strongly environmental protection is simply wrong. Unless these projects are **designed** to be environmentally beneficial, and **managed** during implementation to be environmentally positive, positive environmental impacts are likely to be limited.

4.12 The third reason why environmental impact is likely to be limited is more fundamental. A number of the projects have worked to improve the environment as a long-term goal via more immediate improvements in policies, plans, institutions, or knowledge. Any environmental improvement via this route can only be indirect and long-term. This does not necessarily mean that such projects are not important and justifiable. It does, however, mean that the links between the short- and long-term objectives need to be clear and robust, which in many cases they were not. Assumptions linking outputs and environmental impacts were often weak and uncertain. It also means that progress towards the long-term environmental objective needs to be monitored (via milestones or similar), which again was not the case. If these conditions are not satisfied, projects with more modest, local and immediate environmental objectives may be the more sensible choice.

4.13 One further reason for the limited positive environmental impact of the DFID programme may be advanced : environmental opportunities may have been missed. Major opportunities for increasing the environmental impact within the projects reviewed were not obvious. This does not, however, mean that opportunities did not exist. Unless ENVAs or other staff with an environmental perspective are involved in strategic thinking (eg. during CSP formulation), as well as at the project concept stage, such opportunities are unlikely to be identified.

## 5. OTHER DONOR EXPERIENCE

5.1 This chapter contains a summary of the thematic environmental evaluation studies produced by other donors since the mid-1990s. The seven studies reviewed are listed in Annex E. They include studies from the following donor countries and organisations :

- Ministry of Foreign Affairs, Denmark (1994)
- Ministry of Foreign Affairs, Norway (1995)
- Environment Department, The World Bank (1996)
- Ministry of Foreign Affairs, The Netherlands (1996)
- Commission of the European Community (1997)
- Development Assistance Committee, OECD (1998)
- Ministry of Foreign Affairs, Finland (1999)

5.2 A major difference between the EESS and all the other studies - with the exception of the evaluation for the EC - is the focus of the EESS on environmental protection (EP) projects only. Most of the other thematic evaluations cover all aspects of development cooperation, particularly non-EP projects. The findings highlighted below are limited to those of direct relevance to the EESS.

5.3 There is a remarkable degree of consistency in the findings of these evaluation studies. All donors have accorded high priority to environmental issues during the 1990s. The principle that the environment as a cross-cutting issue should be systematically integrated in all sectors of aid, in all stages of the project cycle, and in all aid forms is widely accepted. And improvements since the 1980s in the way in which environmental issues are handled, and in the environmental capacity of donor agencies, are evident.

5.4 The general conclusion is nevertheless more critical. Many of the evaluations reported a significant gap between the high policy priority accorded to the environment, and actual practice :

*"In practice, donor agencies have not managed to secure a systematic and coherent integration of environmental concerns in all sectors, at all stages of the project cycle, and in all forms of ODA. Environmental guidelines are still not systematically applied or are not used at all"* (DAC evaluation, 1998, p.8).

5.5 A variety of reasons are advanced for this gap :

- the lack of clear strategies and monitorable targets relating to the environment
- the lack of a single authority or unit within the aid agency with responsibility for integrating and monitoring environmental performance

- the wide and general definition of the environment, coupled with the absence of a coherent core set of internationally agreed environmental indicators
- limited numbers of specialist environmental staff, and limited awareness among general programme staff
- institutional capacity constraints within recipient governments and institutions
- a lower priority accorded to environmental issues by recipient governments, and correspondingly a limited demand for environmental assistance compared with other sectors
- environmental projects tend to be relatively complex and more difficult to design and implement
- the organisational and financial demands generated by global environmental issues. This applies to both donor and recipients.

5.6 As with DFID, the evaluation of EC programmes concluded that there had not been a significant financial response (in terms of increased environmental spending) by DGVIII and DG1B to the commitments made by the EU at Rio in 1992. However, the greater problem within EC and other programmes was the limited integration of environmental considerations within the mainstream of development cooperation.

5.7 The recommendations made sought to address the problems listed above within the specific organisational context of the donor concerned. High priority was given to the need to increase institutional responsibility and accountability; to develop a single, clear operational strategy which addressed the trade-offs between environmental and other development goals; and to increase the general environmental awareness and capacity of programme staff. While some increase in the number of specialist environmental staff was definitely required, these other measures were more fundamental.

5.8 A number of the studies recommended expenditure targets<sup>23</sup>. However, the DAC evaluation pointed out that specific targets for environmental expenditure might work against integration, or at least not necessarily ensure it. The EC evaluation found that the Asia region had met its commitment targets for environmental protection projects, but concluded that this was not indicative of a systematic integration of the environment into development cooperation.

5.9 Environmental assessment (EA) was generally seen as an important, but supplementary, instrument for ensuring integration. EA tended to be symptomatic of a defensive rather than positive approach to environmental policy, and inevitably focused on adverse environmental impacts. The World Bank EA system is a case in point<sup>24</sup>. The value of early, initial screening - rather than detailed but late EIA - was stressed, as was the growing acceptance of sectoral EA as a more effective tool than project-

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<sup>23</sup> For example, the Danish evaluation suggested a target of 20% of bilateral aid : 5% to environmental sector projects; 10% to projects where environmental considerations constitute a substantial component; and 5% to mitigate negative environmental impacts in other sectors.

<sup>24</sup> Category A (significant adverse impacts likely : full EA required); Category B (partial EA required); and Category C (adverse environmental impacts unlikely : no EA required). Category D for environmental projects was dropped in 1991.

specific EA in addressing sector-wide environmental issues. This latter point was linked to reservations about the value of project aid more generally, and the need for the growing importance of sector programme support to be matched by policy, organisational and procedural changes.

5.10 A number of the evaluations identified the existence of potential and actual conflicts between development goals, and the need for a simple goal structure. Two of the evaluations directly addressed the links between poverty alleviation and the environment. Since 1985 environment policy within DANIDA has been viewed as a means of achieving the principal aid policy objective, which is the structural alleviation of poverty. This is similar to post-1997 DFID policy. Two findings from the 1994 evaluation are still relevant. First, poverty can be both a cause and a consequence of environmental problems. Second, poverty alleviation and environmental improvement may conflict, in the short term at least. The evaluators recommended further study of the links between poverty reduction and environmental management, in order to increase the contribution of environmental policy and programmes to poverty reduction.





## 6. CONCLUSIONS

6.1 This chapter summarises the evaluation's conclusions; identifies the major issues arising; and discusses the implications for DFID. Lessons learned are contained in the final chapter.

### Overview

6.2 DFID accords high policy priority to the environment, and has done so for over a decade. It has given very substantial financial support to a diverse range of environmental protection (EP) projects in developing countries - albeit less than is implied by the PIMS statistics - and has built up very positive partnerships with developing country institutions. Despite a very small complement of environmental advisers (ENVAs), and relatively lightweight and informal environmental procedures, most of the potential environmental risks within these projects were identified. Slightly under two-thirds of these projects achieved their intended outputs, and around half were rated as partially or largely successful.

6.3 While these achievements should be acknowledged, the overall picture with respect to environmental performance is less positive. The high policy priority accorded to the environment has not been matched by increased expenditure on EP projects in the RNR sector, nor reflected and integrated within all DFID country strategies. Indeed, there are indications of a lower operational priority since the White Paper's publication. Environment as a potential development opportunity - rather than a risk to be minimised and mitigated - has not been fully mainstreamed or made operational across the bilateral programme. Monitoring of environmental impacts (positive or negative) at either programme or project level has been virtually non-existent. Positive environmental impacts are likely to be moderate or higher in only 18% of the EP projects reviewed. In all the rest, the likely positive environmental impacts are likely to be limited or less.

6.4 There are a number of reasons for this lower than expected environmental performance, and for the declining operational emphasis on the environment. At the project level, limited positive environmental impacts can be attributed to poor overall project performance; to the fact that, despite being marked as EP, the projects were often not designed and/or managed with environment as a major objective; and to the indirect and/or long term nature of the impacts expected. The low operational priority accorded to the environment in some country programmes contributed to this outcome.

6.5 The gap between DFID policy and operational practice is most pronounced at the country programme level. Brazil and China were partial exceptions. Several reasons may be advanced for the lack of real penetration and integration at country programme level :

- i. the environment is a wide, diverse and all-embracing concept. The mainstreaming of a vague, general issue will always be more difficult than for a specific issue, such as gender.

- ii. environment has tended to be seen as a renewable natural resources issue, or as a risk to be avoided, or as a sector on its own, rather than a cross-cutting issue and opportunity in all sectors.
- iii. even when environment has been seen as a cross-cutting issue, it has not been viewed as a priority. Geographical departments have many competing demands, and limited resources. Environment has not been prioritised.
- iv. DFID has not provided the direction or incentive for geographical programmes to improve and monitor their environmental performance.
- iv. there is a perception, since the publication of the 1997 White Paper on International Development, that an emphasis on poverty elimination means a lower priority for the environment.

### Closing the gap

6.6 A major conclusion of this study is that there is a gap between the high policy priority attached by DFID to environmental issues, (and the value of projects marked as having environmental objectives) and what has actually been delivered in terms of positive environmental impact through EP projects. Again, it needs to be emphasised that this is not a judgement of the social and economic impact of these projects, nor of the environmental impacts of the rest of DFID's bilateral programme. This evaluation has focused on the environmental performance of EP projects within the bilateral country programmes. It has not considered DFID's multilateral work. Decisions on environmental strategy, systems and staffing will need to be informed by experience with the majority of non-EP projects, and with DFID's wider programme.

6.7 Half of the projects reviewed were likely to be partially or largely successful overall, if not necessarily in terms of environmental impacts. It could be argued that, provided the project achieves its other (principal) objectives, the failure to achieve positive environmental impact is less important. There are three reasons why this argument is unacceptable, and why environment cannot be ignored :

- i. in many projects, environmental improvement was an objective as well as a stated justification. A failure to achieve significant positive environmental impact is therefore important, regardless of the non-environmental achievements.
- ii. any development and livelihood improvement needs to be environmentally sustainable if it is to be long-lasting.
- iii. environmental improvement may be a necessary and/or effective means of reducing poverty.

6.8 If it is accepted that closing the gap between policy and performance is necessary and important, the reasons for the gap at both the country programme and project level need to be addressed. It would be tempting to look for solutions to this problem only at the project level, in the form of strengthened environmental procedures and increased staff capacity. This may be part of the solution but it is not the priority.

6.9 To the extent that environment has been sidelined in some programmes and projects, this is not because of an absence of an adequate policy, procedures, or staff. It has been sidelined because the case for environment within the bilateral programme has not been perceived or believed. Environment has not sufficiently demonstrated its value-added, and its specific contribution to the aim of poverty elimination. This latter issue is the key.

### **Environment and poverty elimination**

6.10 The 1997 White Paper was very clear about the importance of the environment in relation to DFID's aim (Box 1 in 2.3 above). It emphasised poverty elimination, but it did not de-emphasise the environment. Indeed, according to the 1999 DFID Departmental Report, 'conservation and the sustainable management of the environment is at the centre of our approach to poverty elimination'.<sup>25</sup>

6.11 This view does not appear to be widely and entirely accepted at the country programme level. There is a perception that environmental improvement and protection is less likely to contribute to poverty elimination than are other interventions, and that the environment is now a lower priority more generally. Attention has become focused on the economic development target - which is a reduction by one-half in the proportion of people living in extreme poverty by 2015 - rather than the combination of international development targets, which include environmental sustainability and regeneration. The importance of the protection and better management of the environment as one of the three cornerstones of sustainable development, as well as an enabling action which is critical to achieving wider international development targets, has tended to be forgotten.

6.12 The importance of a sustained natural resource base for the rural poor, and of an improved environment for the urban poor, is accepted in general terms. However, to argue that environmental protection and improvement is a necessary and important part of poverty elimination for present and future generations is not to say that it is straightforward. Four points need to be recognised :

- i. environmental protection can no longer be an end in itself, as was sufficient in the early and mid-1990s.
- ii. reducing poverty within a growing population in a finite world can only be achieved at the cost of some environmental quality. There will sometimes be a trade-off between

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<sup>25</sup> DFID Departmental Report, 1999, p. 57

environmental and poverty objectives, particularly in the case of global environmental objectives<sup>26</sup>.

- iii. the international development targets for environmental sustainability and regeneration are, compared with the target for economic well-being, imprecise and difficult to measure<sup>27</sup>.
- iv. the positive links between environmental improvement and poverty reduction need to be demonstrated, not merely asserted.

6.13 This last-mentioned point is particularly important. Many people are sceptical about the prevalence of environment: poverty win: win opportunities, and the potential of EP projects to make a direct contribution to poverty reduction. This potential needs to be researched and demonstrated. Equally, the case for environmental protection and improvement - and for environmental sector projects - as an enabling measure needs to be made. As DFID guidance on the Poverty Aim Marker (PAM) makes clear, there is no presumption that enabling activities are in any way worse or less desirable than inclusive or focused activities<sup>28</sup>.

6.14 The case for environmental protection and improvement as a means of poverty reduction needs to be based on argument and evidence. As with the links between project outputs and environmental improvement, the links between environmental improvement and poverty reduction need to be researched and clearly specified, not merely assumed and asserted. The corollary of this is that there will often be better ways of addressing poverty than through environmental protection and improvement. This also needs to be accepted.

6.15 There will be a temptation to try to make existing or planned EP interventions more poverty-focused, or vice versa. This may be beneficial in some cases, but it is not a general solution. Retro-fitting is either unlikely to be effective or may simply confuse. A better option is to research and focus on specific areas or themes where environmental improvement can make a central and substantial contribution to poverty reduction and/or the sustainability of poverty reduction. These may not be obvious, certain or easy. Urban health is one possibility that is now being explored by DFID. The key point is that environmental considerations and interventions need to become demonstrably effective as a means of achieving poverty reduction, not just worthy add-ons or risks to be avoided. If they do not, they will become further sidelined.

## Other steps

6.16 Increasing the positive environmental impact of the bilateral programme will require more than a restatement (and proof) of the importance of the environment to DFID's aim of poverty elimination, and more than focused initiatives to act on the links between poverty and the environment. The findings

<sup>26</sup> Brazil example : global biodiversity priorities have encouraged a continued focus on Amazonia, even though there is a stronger relationship between local environmental problems and poverty in other rural and urban areas. A focus on global environmental objectives may have an opportunity cost in terms of poverty reduction.

<sup>27</sup> 'The implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.'

<sup>28</sup> *Policy Information Marker System*. Statistics Department, March 1988, p.15.

of this evaluation - and those of other donors - suggest that four other conditions need to be met if the gap between policy and practice is to be bridged :

- the full integration of the environment within bilateral strategies
- clear performance targets for the environment
- a department with sufficient resources and authority to promote and support the environment as integral to poverty elimination
- a unit with responsibility for monitoring environmental performance.

6.17 The limited, and declining, emphasis on the environment was observed in three of the five country strategy papers. Recent guidance on the production of CSPs was weak on the environmental dimension. CSPs, and associated Policy and Resource Plans, are the key to reflecting and realising the environmental intent of The White Paper. Separate environmental strategies are not the answer (except where environment is a major sector), any more than separate environmental sector projects are. Both may be important, but both run the risk of diverting attention from the major challenge, which is to mainstream environment as a cross-cutting development principle and opportunity. Influencing and monitoring country strategies, sector strategies, and new themes (eg. sustainable livelihoods) should be the priority.

6.18 Clear performance targets for the environment, and better monitoring of inputs, are required. PIMs data are an unreliable measure of EP expenditure. Policy Objective Markers (POMs) may be better.

6.19 More importantly, specific and concrete targets that can be meaningfully set and monitored by DFID and country programmes need to be developed and adopted. These should not be input or expenditure targets but, rather, derived from country programme objectives, or national environmental objectives, or Participatory Poverty Assessments (PPAS). Identifying appropriate targets, and attributing impact, will not be easy. Primary responsibility for this work should rest with country programme managers.

6.20 Some central monitoring of DFID-wide environmental performance targets is also required. Unfortunately, the DAC international development target (IDT) relating to environment<sup>29</sup> is imprecise, as well as probably unrealistic. The potential for developing effective intermediate indicators needs to be explored in the forthcoming Target Strategy Paper.

6.21 Organisational reform is not warranted on the basis of this evaluation alone (see para 6.6). However, the location of environmental responsibility within the Natural Resources Division (now the Rural Livelihoods and Environment Division), rather than in a more central and overarching department, has probably not helped the mainstreaming of environmental considerations across the aid

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<sup>29</sup> There should be a current national strategy for sustainable development (NSSD) in the process of implementation in every country by 2005, so as to ensure that current trends in the losses of environmental resources are effectively reversed at both global and national levels by 2015.

programme. Organisational responsibility for the environment has evolved rather than been planned, and has not yet significantly responded to the White Paper.

6.22 While country programmes should have primary responsibility for monitoring environmental performance - along with the other major aid objectives - overall responsibility for supporting geographical departments and environmental professionals, delivering on DFID's environmental policy, and monitoring DFID's performance should be centrally and independently located. Identifying the appropriate organisational response to this evaluation should be the subject of a separate internal review.

6.23 Other necessary steps include :

- increasing environmental support, training and guidance for DFID staff, consultants and partners
- focusing environmental input and support at strategy, theme and programme level, rather than at project level (except for the focus projects mentioned in para.6.15)
- increasing the number of environmental advisers, particularly in overseas offices
- improving the professional management and support for environmental advisers and field managers
- improving the monitoring of environmental procedures and process.

6.24 The evaluators were not all agreed on the need for additional environmental professionals, nor for strengthened environmental procedures. Project experience suggests that the presence of an ENVA - particularly when located overseas rather than in London - was beneficial. ENVAs are spread extremely thinly and most have excessive workloads. That said, a substantial expansion in the number of ENVAs will need to be justified by the experience of the bilateral programme as a whole, not just by EP projects. Increasing the number of specialist ENVAs (such as environmental health) at the centre; focusing ENVA inputs at the strategy, programme and theme level; improving the professional management and coordination of environmental advisers; and expanding the skills and awareness of other advisers and programme staff, should be priorities.

6.25 A convincing case for strengthening environmental procedures is also not made by the experience of these EP projects alone. Again, experience with non-EP projects may be more critical. However, improved monitoring of existing procedures and of risks identified during project design, is clearly required.

6.26 All of these measures are required and will help. But the key initiative has to be a focused effort to identify and support (with other advisers and departments) specific opportunities where environmental

improvement can contribute to poverty elimination. Mainstreaming a generality will always be difficult. The requirements are: clear strategies which link DFID policy and practice; a high -level commitment to, and accountability for, monitorable targets for environmental performance; and a conviction, at operational level and within senior management, that environmental protection and improvement is integral to the elimination of world poverty.





## 7. LESSONS LEARNED

7.1 This chapter identifies the main generic lessons relating to environmental issues which may be drawn from the evaluation. No attempt has been made either to draw specific lessons for each sub-sector (eg. energy, agriculture, etc.), because of the limited numbers of each type of project within the EESS sample, or to draw general project management lessons.

- i. according a high policy priority to environmental considerations is insufficient. Policy needs to be translated into monitorable strategies and performance targets at DFID and country programme level.
- ii. projects need to be designed and managed for environmental benefits if environmental benefits are to be realised. Giving a project an environmental objective, or marking it as environmentally beneficial, is insufficient. Similarly, it is erroneous to assume that expenditure in a particular sub-sector - such as energy efficiency, agriculture, or forestry - will be inevitably and strongly environmentally beneficial.
- iii. environmental advisers do make a difference. However, a wider commitment to, and understanding of, environmental issues among other advisers, country programme staff, and senior management are equally important.
- iv. projects with environmental objectives are capable of making focused, inclusive and enabling contributions to poverty elimination but may also conflict with poverty elimination in the short term. The particular links between environment and poverty need to be identified, understood and demonstrated.
- v. environmental procedures need to be monitored if they are to be implemented as intended.
- vi. environmental procedures and manuals are more effective at ensuring that environmental risks are avoided and managed, than at ensuring that environmental opportunities are identified and exploited.
- vii. modest scale, local projects may generate more immediate environmental benefits than larger regional or national projects. Where environmental benefits can only be indirect and long-term, critical examination of the links between short-term outputs and long-term impact is required.
- viii. monitoring environmental impacts at the purpose and goal level tends to be overlooked, and will usually be difficult and costly. Resources need to be allocated for strategic or sectoral impact assessment, and/or for the establishment of monitoring systems in a small sample of projects, if DFID and its partners are to be able to report on environmental impacts.

- ix the current system for estimating DFID bilateral expenditure on environmental improvement and protection produces exaggerated and unreliable figures. A better system is required for monitoring and reporting purposes.
- x. mainstreaming and integrating environmental considerations are not helped by the wide and diverse nature of the 'environment'. More specific initiatives in consort with other sectoral interests, such as health or education, may help.

## ANNEX A

### *TERMS OF REFERENCE*

#### ENVIRONMENTAL EVALUATION SYNTHESIS STUDY (EESS) : PHASE II

##### **Background**

1. The EvD work programme approved by PEC includes a synthesis study on the environment. In common with other evaluation studies, the broad aim of the environmental synthesis study is to examine the implementation and impact of DFIDs "environmental" projects and programmes, thus generating lessons for application to current and future projects.
2. The ToR for the EESS Phase I were approved by EvD and EPD in early 1996 following extensive consultation with environment advisers and others. The ToR were subsequently slightly amended in response to comments from the Chief Natural Resources Adviser.
3. A list of all 'environmental' projects under implementation in the period 1991/92 - 1994/95 was produced using five PIMS environmental markers : environmental protection, energy efficiency, biodiversity, forestry and sustainable agriculture. This was used to generate a short list of 16 Rio target countries with a significant number of 'environmental' projects. EvD then consulted widely in order to select a sample of countries from the different major regions which would provide a sufficient number of projects in each of the five PIMS categories, and which had the support of the advisers and geographical departments involved. This led to the selection of five countries : Brazil, India, China, Kenya and Tanzania.
4. Phase I of the EESS involved a desk review by twelve consultants of a sub-sample of 47 DFID projects in the five countries. The projects were broadly representative of the five types as classified by the PIMS environmental markers. The report was completed in August 1997, and was circulated for comment within DFID in the following month. It contained provisional conclusions and lessons learned, together with recommendations for Phase II. The report was intended to be a working document rather than for publication.

##### **Objectives**

5. The goal of the EESS is to *contribute to improving the management and impact of DFID-supported environmental activities*. The purpose is to *provide improved information and guidance on the management of environmental projects*.

6. The main outputs of the EESS will be :

- i. lessons and recommendations for the planning and management of environmental activities and aspects, including implications for the Environmental Appraisal Manual and DFID Office Instructions.
- ii. additional information on the impact of DFID projects with significant environmental objectives.
- iii. guidance on the definition and assessment of performance measures (OVIs and MOV).
- iv. a review of the factors influencing performance and impact.

Phase II will work to these objectives, drawing upon the work completed under Phase I. Specifically, Phase II will test and elaborate the provisional conclusions and lessons learned from Phase I.

### **Tasks**

7. The Phase II evaluation will have three focal points : projects, procedures, and policies. The basic terms of reference for the team visits to each of the countries would be the same, and would include the following tasks :

#### **General :**

- i. take account of existing Environmental Strategies (India and China), Country Strategy Papers, and ongoing work on OVIs/MOV within EPD;
- ii. liaise closely with EPD and country Programme Managers to avoid duplication, maximise the use of existing work, and minimise demands on the country programmes
- iii. consider the findings of similar evaluation studies carried out by other donors (EC, DANIDA, Netherlands, CIDA).

#### **Projects :**

- iv. review the Summary Project Reports prepared under Phase I (Volume II). Identify the major issues and gaps. Obtain comments on the reports from DFID Programme Managers, advisers, and key institutions/consultants involved. Revise the summary reports.

- v. assess the environmental relevance, efficiency, effectiveness, impact and sustainability of selected projects through discussions with the major stakeholders and staff involved, and further review of project documents. Consider whether different parties to the project hold differing perceptions of the success or failure of the project, and - if so - why. This applies particularly to the views of DFID officials, the host Governments and collaborating institutions, and project managers/TCOs, respectively of the intermediate and final environmental impacts.
- vi. review the large amount of work on the development of impact OVIs currently underway within DFID. Use this work as a basis for identifying possible impact OVIs and test the feasibility of using these OVIs in the selected projects. Testing should consider who would need to collect the necessary data and the cost and resource implications of collecting such data.
- vii. identify factors having a significant influence (positive and negative) on the outcome and performance of the project. Derive conclusions about the conditions necessary to optimise the transfer of experience and best practice.
- viii. consider the linkages between environmental objectives and poverty reduction, including who gains and loses. Identify ways of improving benefits to the poor through environmental policies and projects; also identifying situations in which environmental interventions can have unnecessary negative impacts on poor people.
- ix. consider the implications of the findings in relation to PRISM.

#### **Procedures :**

- x. review of the procedures followed in the formulation, design, appraisal and monitoring of the selected projects and confirmation of whether, or not, DFID Office Procedures were carried out in practice. Current practice should be documented. Consider the extent to which the procedures used affected the performance and outcome of the project. Consider how following a) current DFID procedures, and b) reformed procedures (eg. those recommended in Chapter 5 of the Phase I Report) might have affected the outcome of the project relative to those followed.
- xi. apply the expanded set of appraisal criteria (as set out in Chapter 5 of the Phase I report) to the projects and assess what difference they would have made to the choice and design of the projects concerned.
- xii. consider and, if necessary, propose changes to the Office Instructions and/or Manual of Environmental Appraisal.

- xiii. consider the organisational/institutional arrangements within DFID - and the resources available (incl. Resource Centre type arrangements) - for implementing environmental procedures and policies, and for designing and managing environmental interventions.

**Policies :**

- xiv. review the Country Strategy Papers, Environmental Strategy Papers, and national environmental policy documents for each country.
- xv. form a judgement on the influence of the individual projects, and the set of DFID projects, on the environmental policies and practices of the host country, either at the national, regional, or sectoral level. Identify evidence of how these groups of projects have contributed to DFID achieving the aims identified in either its Country Strategy Papers or Environmental Strategy Papers.
- xvi. investigate the factors influencing whether and how well environmental issues are integrated within DFID country programmes. Questions should include :
- what factors determine whether DFID support to environment projects is identified as a priority by Desks/DevDivs?
  - what is the level of demand for environmental assistance from the host country, and how is this expressed in terms of requests for assistance from DFID ?
  - has an Environmental Strategy paper been prepared, and if so, how will (or have) Desks/DevDivs take forward the recommendations ?
  - How do Desks/DevDivs envisage taking forward the objective in the White Paper to protect and better manage the natural and physical environment ?

**Countries, themes and projects**

8. Phase I covered projects in 5 countries : China, India, Kenya, Tanzania and Brazil. Phase II will involve visits to four of these, with Kenya and Tanzania being visited together. None of the projects in Brazil were regarded as suitable for further study by the Phase I team. No visit will therefore be made to Brazil.

9. Although the basic tasks to be undertaken by each country mission should be the same, the themes researched should be different. Additional themes for each country are given below, as are projects identified in the Phase 1 report.

10. Although short visits to the projects will be required, the team will not undertake a full evaluation of each project. Maximum use will be made of existing monitoring and evaluation material, supplemented by discussions with the main stakeholders in order to investigate the issues and themes identified above.

### **China**

11. A specific theme would be capacity building and multilateral leverage. The study would examine the success of these aspects, as well as the transfer of know-how, the implications for the choice of aid vehicle and how sustainability and replicability can be addressed.

12. The effectiveness and impact of DFID pressure for the inclusion of social, economic and institutional components into proposals that originated from the Chinese side with a strong scientific or technical slant should also be examined.

13. Given the potential for DFID to gear its potential impact through collaborating with other donors, the key relationship between DFID and World Bank should be reviewed. Issues of importance here would include DFID's ability to influence project design, co-ordination with other donors, and the use of environmental guidelines, manuals, operational directives and similar materials to mitigate adverse/enhance positive environmental impacts.

Suggested projects :

- Shanghai Environmental Project (plus SPURS and SWAMP) [4]
- C. Kunming EIA [9]
- C. Yunnan Province Plan for the Environment (YUPPE) [11]
- Energy Efficiency in Buildings [24].
- Coastal Zones Environment Enhancement Project (COZEE)

### **India**

14. To what extent has the Indian programme succeeded in replicating good practice? In many cases, the approach in question was already familiar in India, in theory and even in practice. The interesting issue is how far DFID backing helped to replicate and sustain this policy innovation, in national/sectoral policy or regional/state practices.

Suggested projects :

- Calcutta Environmental Management Strategy and Action Plan [12]
- Andhra Pradesh Power/Energy Efficiency Project [22]
- C. Western Ghats Forestry Project [32]
- C. KRIBHCO: Indo-British Rainfed Farming Project [44]

### ***Kenya & Tanzania***

15. The special theme for both programmes, which could be examined in a combined visit, would be the impact of the programmes on the promotion of sustainable common property/wildlife resource management. As with the China programme, the relationship between DFID and other donors working in a high profile sector needs to be examined for lessons learnt.

Suggested projects :

- C. Protected Areas and Wildlife Services Interim Support Project [26]
- C. Ruaha Ecosystem Wildlife Management Project [27]
- C. Rural Agriculture and Pastoral Programme [41]
- C. Malangali Forest Project [36]

### **EESS Report**

The final report of the EESS will consist of three parts. Part I will be a synthesis report of around 40 pages containing the main findings, lessons learned and recommendations. Part II will contain annexes on each of the countries visited, together with annexes on the important issues mentioned in these ToR, such as environmental guidelines and procedures, and performance measures. Part III will consist of revised and, for those projects visited, expanded summary evaluations on each of the 47 projects covered by Phase 1.

**Evaluation Department**  
**January 1998**



**ANNEX B****LIST OF PROJECTS COVERED UNDER EESS PHASE I AND II**

\* projects visited under EESS Phase II

**Brown Projects****Water and air pollution**

1. Brazil: Recife Environmental Control Project
2. China: Qing He Pollution Control Project
3. India: Madras Waterways Improvement Project
4. China: Shanghai Environmental Project
5. India: Gomti River Pollution Control
6. China: Environmental Health Programme in Tibet
7. China: Tianjin Wastewater Improvement Project
8. China: Chungqing Air Pollution

**Environmental planning & management**

9. China: Kunming EIA \*
10. China: Coastal Zones Environmental Enhancements \*
11. China: Yunnan Province Plan for the Environment \*
12. India: Calcutta Environmental Management Strategy & Action Plan

**Industry & mining**

13. India: Amlohri opencast Coal Mining Project
14. India: Hindustan Zinc

**Urban upgrading**

15. India: Visakapatnam Slum Improvement Project
16. India: Chinagadili Habitat Improvement Project \*

**Environmental education**

17. India: Environmental Awareness and Education

**Energy efficiency**

18. China: Fushun Combined Heat and Power Plant
19. China: Taiyuan Environmental & Energy Efficiency Demonstration Project
20. India: Obra Thermal Power Station
21. China: Jiangsu Environment Technical Support
22. India: Andhra Pradesh Energy Efficiency \*
23. India: Nagarunasagar Power
24. China: Energy Efficiency in Buildings \*
25. India: Calcutta Gas Twinning

**Green Projects****Biodiversity**

26. Kenya: Protected Areas and Wildlife Services Interim Support Project \*
27. Tanzania: Ruaha Ecosystem Wildlife Management Project \*
28. Brazil: Central Amazonia Flora and Vegetation Project
29. India: Plant Germplasm Conservation & Utilisation Project

**Forestry & biodiversity**

30. Kenya: Indigenous Forest Conservation
31. Brazil: Mamiraua Management Plan
32. India: Western Ghats Forestry Project \*
33. Brazil: Pilot Programme to Conserve the Brazilian Rain Forest

**Forestry**

34. Kenya: Development of Natural Resources
35. India: Fast-Growing Trees Research

**Forestry & sustainable agriculture**

36. Tanzania: Malangali Forestry Project \*
37. Brazil: Tocantins Forestry and Rural Development
38. India: Sadguru Watershed Management
39. Brazil: Evaluation of the Economic Potential of the Aromatic Plants of the State of Para

**Sustainable agriculture**

40. Tanzania: Biharamulo Project \*
41. Kenya: Rural Agriculture and Pastoral Project \*
42. China: Yao Ba Oasis Environment - Control of Saline Intrusion
43. India: Mangalore College of Fisheries Link Project
44. India: Kribcho Indo-British Rainfed Farming Project \*
45. Tanzania: Zanzibar Cash Crops Farming Systems Project
46. Kenya: Support to the Tea Research Foundation of Kenya
47. India: Indo-UK Forage Production Project

**PHASE II ONLY**

48. China : Shanghai Water Master Plan Project (SWAMP) \*
49. China : Support Programme for the Urban Rehabilitation of Shanghai (SPURS) \*



## ANNEX C

### ENVIRONMENTAL PROCEDURES

#### Introduction

C.1 Compared with the formality and procedural demands of some donor organisations, for example the World Bank, specific environmentally related procedural requirements within DFID's Office Instructions appear relatively lightweight and informal. The base assumption appears to be that DFID's general procedural requirements for managing projects' design and implementation will support effective management of environmental impacts. Therefore, the single environmental requirement within DFID procedures and DFID's internal environmental guidance is designed to facilitate the early identification of environmental management issues in the project cycle.

C.2 Project design teams are required to produce an Initial Environmental Screening (replaced in 1998 by the Environmental Screening Summary) at the same time as the Project Concept Note. Guidance within the Manual of Environmental Appraisal is mainly intended to ensure project managers identify the need to draw on environmental expertise at an early stage during project design.

#### DFID guidance on the environment

C.3 Environmental concerns first appeared in DFID's project cycle management procedures with the production of the first Manual of Environmental Appraisal (MEA) in March 1989. Revised and updated versions of the MEA have been issued in April 1992, July 1996 and late in 1998. The purpose of the MEA is to provide guidance to DFID project managers on the appraisal and management of environmental impacts in development projects.

C.4 The MEA has never been intended as a proscriptive manual setting out how to carry out an environmental analysis or manage environmental impacts. Rather, its intent has been to help DFID project managers identify when, and what, environmental advisory and consultancy support are necessary during project design, appraisal and implementation through the use of a series of check-lists designed to identify issues and the need for action.

C.5 Given the difficulty EESS has had with settling on a precise definition of what the environment means, the 1989, '92 and '96 editions of the MEA are instructive as they clearly identify those sectors in which EPD expects the greatest probable environmental impacts. Identification of sectors is less obvious in the 1998 edition of the MEA. Sectors identified are:

- Natural Resources;
- Infrastructure, Utilities and Public Works

- Settlements, Urban Development, Water and Sewage;
- Industry and Mining; and
- Tourism.

Major sectors that are not included are Health and Education.

## **Project Cycle Management and the Environment**

### Project Identification and Design

C.6 During the period covered by the EESS sample projects, the Initial Environmental Screening (IS) was the only point within the project management cycle at which DFID procedures required consideration of the environment. The IS process was intended to allow project managers to identify whether or not the project might have significant environmental impacts. If significant impacts were identified, the IS was then used to identify what action needed to be taken during the design of the project. This ranged from carrying out an environmental analysis to commissioning an Environmental Impact Assessment.

C.7 In theory, auditing conformity with this requirement should be simple, since all Project Concept Notes were required to indicate that an IS had been carried out.

C.8 In 1998, the IS was replaced by a requirement that an Environmental Screening Summary Note be produced. The issues that are addressed, and process followed, in the ESSN are not different from those identified in the IS. The major two changes are:

- That the ESSN requires project managers to fully document the process and record assumptions made
- That the ESSN be sent to the brigaded Environmental Adviser for comment.

The main purpose appears to be to give ENVAs an opportunity to become involved in the design process at an earlier stage than before.

### Project Appraisal

C.9 There is no requirement that environmental advisers must be involved in the appraisal of project investments. Their involvement is at the discretion of the DFID administrator or adviser charged with managing the appraisal.

## Project Implementation

C.10 Nowhere within DFID's Office Instructions is there a specific reference to the need for environmental monitoring of environmental impacts.

## The Environment and JFS projects

C.11 Current JFS Guidelines<sup>30</sup> do make specific mention of the environment. The Guidelines specify that environmental conservation projects in which the main objective is to conserve flora and fauna for their own sake, rather than for the benefit of poor communities, are not eligible under the scheme. The Guidelines also list a set of environment related questions that may be asked of NGOs applying for funding. These are:

- Has an EIA been carried out?
- What is the impact on the environment?
- How significant is the environmental impact?
- Will the project benefit the environment?
- Will detrimental impacts be reduced and, if so, how?

C.12 The Guidelines finally identify the MEA and give a phone number from which a copy may be ordered. Unfortunately, it is not possible to identify when these environmentally related questions were incorporated into the Guidelines and therefore it is not possible to state whether these questions were posed when the seven JFS projects reviewed in the EESS were designed.

C.13 In its review of seven JFS projects, the EESS found no evidence that NGOs had consulted the MEA or that the MEA had impacted upon the design of any JFS project.

## Impacts Identified during EESS

### Identification and Appraisal

C.14 As was found by the ERM (1994) environmental audit of DFID's Ghana Programme, the EESS found that file material was inadequate for auditing what was actually done and by whom. In most cases, the Project Header Sheets indicate that ISs were carried out, but there is no indication of conclusions drawn from the ISs or what actions were taken because of these conclusions. In future, auditing will be easier due to introduction of the ESSNs. The EESS conclusions are based on a mixture of inference drawn from what appears to have happened and interviews with involved DFID staff and consultants.

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<sup>30</sup> The Joint Funding Scheme Guidelines and Procedures. DFID (undated)

C.15 In general, although DFID project managers of the EESS sample projects stated that they had read the MEA, none was able to identify a case in which use of the MEA had affected the design or implementation of any DFID project. In the sample of 39 bilaterally funded projects (eight of the sample of 47 EESS projects were funded under JFS) no case of the IS triggering further environmental inputs during appraisal was identified.

C.16 There is clear evidence from the EESS sample of projects that increasing the opportunity for ENVAs to comment on project proposals will not, in itself, have a great impact on integrating their concerns into the projects designed. Examples include the China Yao Ba and India Indo-UK Forage projects. In Yao Ba, the ENVA identified issues during project appraisal that, during implementation, were identified as being key to poor project performance. In the Indo-UK Forage project, the ENVA's recommendations for the project's monitoring and evaluation (M&E) system were not followed through into implementation. The implication of experience in the EESS sample is that while the introduction of ESSNs may lead to ENVAs being aware of more projects, it cannot, in itself, be expected to lead to their making a greater impact on the actual project designs.

## Implementation

C.17 The EESS found little evidence that DFID or project partners' M&E systems identified environmental issues as significant during implementation. In no case, was an instance found of project implementation activities being changed significantly by the identification of environmental opportunities or negative impacts during implementation.

C.18 The low M&E profile accorded the environment during implementation is a logical outcome of the way DFID allocates M&E responsibilities during the project cycle. During implementation, most monitoring is focused on the activity and output level of the logframe. Purpose and goal level outputs, where environmental objectives were normally specified, are only really considered during the MTR and addressed through the Output to Purpose Review (OPR). The emphasis on the use of OPRs is a comparatively recent phenomenon within DFID's M&E system. For many of the EESS sample, Therefore, OPRs were not carried out during the MTRs. However, where carried out, they have on occasion led to environment-related recommendations. For example, the WGFP MTR recommended that a environment impact study be carried out. The Kribhco MTR recommended that attention be paid to the use of fertilisers and pesticides in project recommendations. However, there is little evidence of environmental issues raised during MTRs having lead to substantive changes in the project activities supported.

C.19 The issue, therefore, is whether or not, in future, the MTR/OPR will be an effective point at which to consider environmental issues. The main constraint will be the lack of suitable data on which to assess the type and size of probable environmental impacts. However, this is likely to be a problem common to assessing most impacts at purpose and goal level. For example, both the WGFP and Kribhco MTRs recommended the commissioning of a series of impact studies.



## ANNEX D

## STATISTICAL TABLES

TABLE D.1 : PIMS MARKED EXPENDITURE (£ MILLION) MARKER

	91/92	92/93	93/94	94/95	95/96	96/97	97/98
<b>Environmental Protection</b>							
Significant	95.40	96.65	109.30	105.6	144.3	136.5	127.4
Principal	21.25	32.27	37.48	39.1	56.1	55.9	67.5
Total	116.65	128.92	146.78	144.7	200.4	192.4	194.9
<b>Energy Efficiency</b>							
Significant	33.29	34.53	32.16	22.9	35.3	19.2	15.5
Principal	2.42	10.74	26.89	25.1	42.0	25.2	23.6
Total	35.71	45.28	59.06	48.0	77.4	44.4	39.1
<b>Sustainable Forest Management</b>							
Significant	11.95	11.39	11.18	14.1	16.3	18.6	11.7
Principal	6.36	10.05	15.75	16.5	21.4	19.1	25.9
Total	18.31	21.44	26.93	30.6	37.7	37.7	37.6
<b>Biodiversity</b>							
Significant	6.54	6.10	8.20	10.2	12.0	14.5	17.4
Principal	3.93	4.66	5.32	5.2	10.4	9.1	10.2
Total	10.47	10.77	13.53	15.4	22.3	23.6	27.5
<b>Sustainable Agriculture</b>							
Significant	23.60	26.28	31.92	39.9	51.4	54.0	46.6
Principal	7.13	10.19	15.41	18.9	24.7	34.0	39.1
Total	30.73	36.48	47.33	58.8	76.2	88.1	85.6
<b>TOTAL MARKED EXPENDITURE</b>	597.45	618.77	642.9	638.23	662.31	681.6	738.9

Note :

Total marked expenditure/commitment/projects refers to the total for all PIMS marks

**Table D.2 : RNR Project Aid and Non-Project Technical Cooperation  
(excl. CDC) (£ million current prices)**

	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98
Agriculture and livestock	61.2	62.2	64.7	52.9	57.8	55.7	60.4	
Forestry	16.2	20.6	23.7	30.3	32.9	30.1	25.6	
All Renewable Natural Resources	118.9	119.1	122.1	112.1	120.1	119.3	121.7	

**Table D.3 : EESS Target Countries for Rio Priority Strategies**

	Sustainable Agriculture	Forestry	Biodiversity	Energy Efficiency
Brazil		X	X	
China				X
India	X	X		X
Kenya	X	X	X	
Tanzania	X			

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## **The Department for International Development (DFID)**

is the British government department responsible for promoting development and the reduction of poverty. The government elected in May 1997 increased its commitment to development by strengthening the department and increasing its budget.

The policy of the government was set out in the White Paper on International Development, published in November 1997. The central focus of the policy is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015, together with the associated targets including basic health care provision and universal access to primary education by the same date.

DFID seeks to work in partnership with governments which are committed to the international targets, and seeks to work with business, civil society and the research community to encourage progress which will help reduce poverty. We also work with multilateral institutions including the World Bank, United Nations agencies and the European Commission. The bulk of our assistance is concentrated on the poorest countries in Asia and sub-Saharan Africa.

We are also contributing to poverty elimination and sustainable development in middle income countries, and helping the transition countries in Central and Eastern Europe to try to ensure that the widest number of people benefit from the process of change.

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