# Chapter 5 Highlights

## LINKS BETWEEN EA AND PROJECT LEGAL DOCUMENTATION

The Legal Department has reviewed the effectiveness of legal language for EA/Safeguards and made numerous recommendations for improvements, such as attaching an implementation program or plan of action as a schedule to a specific covenant in the legal agreement specifying the steps to be taken in executing the project, those responsible for the action, and their timing or phasing. Another effective measure is to refer to written standards—national, international, or World Bank environmental standards. LEGEN gave presentations on safeguards at many training sessions including training in Bank client countries, and prepared guidance for Bank legal staff in the field focusing on developing adequate legal covenants or language for overall project documents.

## IMPROVING TERMS OF REFERENCE FOR EA

Relatively little focus on terms of reference for EA consultants could be identified and work is still needed in this area.

## INTERNAL CAPACITY BUILDING

Given the importance of staff buy-in and understanding to thorough EA implementation, WBI and the six Bank Regions have sponsored training sessions on a variety of topics related to EA and safeguards. Efforts slowed in FY99, but a new Safeguards Training course was in the works during FY00.

## EXTERNAL CAPACITY BUILDING

All Bank Regions have carried out some form of capacity building in EA/safeguards in their areas of responsibility; AFR and MENA have supported the establishment of ongoing training institutions and networks.

## INSTITUTIONAL DEVELOPMENT PROJECTS

- Challenges in Environmental ID Projects
- Trends in Environmental ID Projects

A 1999 review of 28 environmental institutional development (capacity-building) projects points to dubious country-ownership and lack of political will as stumbling blocks to environmental ID in some countries, while the Bank's project cycle and incentive systems tend to work against the long-term process of institutional development. Yet some encouraging trends are identified.

# 5

# Improving the Quality of Environmental Assessment and Safeguard Applications

This chapter addresses recommendations made in the Second EA Review regarding the need for building capacity, both within the Bank and in borrower countries, in the area of environmental assessment (EA). It begins with a section that describes a study of how project legal documentation can affect quality, and includes a discussion of progress on strengthening the preparation of terms of reference (TOR). The recommendations called for "a targeted program over the next two years" to include basic EA training for all Bank task managers (TMs) of Category A and B projects; supplementary, in-depth training for TMs of Category A projects; and briefings on EA for Country Directors. In addition, EA-2 urged the Bank to develop training strategies in each of its six operational Regions to improve EA capacity in borrowing countries.

Institutional development (ID) and capacity building are widely acknowledged to be challenging, long-term endeavors without any quick fixes. Capacity ranks as highly as political will and sufficient resources as a premier precondition for successful environmental work, and must be addressed if the EA process is to have country ownership and be successful and sustainable in the long run.[1] Overall, the Bank has made a concerted effort to meet the recommendations made in EA-2, although by the end of FY00 some Regions had made more progress than others. Two Regions had already begun carrying out major capacity-building initiatives, and a series of training courses had been developed and delivered by the World Bank Institute (WBI), in conjunction with the Environment Department.

The initial steps taken to implement the EA-2 recommendations were largely internal: a series of *Sourcebook Updates* were produced between 1996–99 (see chapter 6) and ENV staff began developing a training strategy. These discussions led to several courses in EA that were offered, in conjuntion with WBI, to staff during 1998–99, mostly directed at task team leaders (TTLs). At the same time, Regions began to hold workshops and strategy sessions to identify needs in external EA capacity building and to evaluate potential responses. From these

beginnings have emerged important guides and guidelines to assist staff and counterparts in understanding and implementing the EA process[2] as well as increasingly successful projects focused on building institutional capacity for EA in all regions. The chapter is divided into five sections: strengthening the link between EA and legal documentation, internal capacity building, external capacity building, and institutional development projects.

## 5.1 Strengthening the Link between EAs and Legal Documentation

Although environmental protection does not appear in the Articles of Agreement establishing the World Bank, the Bank has obviously been wrestling for some time with the twin imperatives of economic development, its stated business, and the need to ensure that its projects do not harm—and preferably benefit—the environment. The legal language in which its lending documents are couched can help make the Bank's internal policies, such as Operational Policy (OP) 4.01, the basis for the operating framework of any project through the use of covenants and conditionalities demanding environmental protection. Sharper and clearer legal language should result in improved effectiveness and implementation of projects with environmental objectives.

The Second EA Review referred to the need to look carefully at loan documents and bidding and contract documents to ensure that they reflect Bank environmental goals. No overall assessment as to the extent to which this has taken place is currently available. However a study of some of the best practice in the use of covenants and other legal language to ensure sustainable development outcomes was drafted in 1999 by staff working on legal/environmental issues.[3] This unpublished study examined 50 projects from all Bank regions to assess whether or not the language used in contract documents was appropriate to, and effective in, ensuring safe environmental practices during project implementation.

An environmental loan covenant (ELC) is a provision in an agreement to take an environment-related action or to refrain from taking an action that might have a negative impact on the environment. An ELC can be general or specific; the study found that general covenants (calling, for example, for "due regard to be paid to environmental and ecological factors") are usually too vague to be enforceable. Even specific covenants, however, must be detailed and specify very clearly and concisely the steps required to obtain compliance. In one case cited, very specific covenants were developed to cover a major iron-ore project, but they only related to the project site, failing to cover the surrounding area. As a result the project, while successful in some ways, had unfavorable impacts on both the natural and human environment. Another case suggests the need for "time-bound" conditionalities to be written into legal covenants. In this case, the covenant called for the drafting of new regulations covering environmental protection. The regulations were drafted—but not enacted in a timely fashion.

A successful technique used in some of the cases studied was to attach an implementation program or plan of action as a schedule to a specific covenant in the legal agreement. Such programs normally specify the steps to be taken in executing the project, those responsible for the action, and the timing or phasing of steps. Another effective measure is to refer to written standards—national, international, or World Bank environmental standards, for example. A reference to "resettlement plans satisfactory to the Bank" in a project document or ELC would clearly refer to the Bank's safeguard policies. A third possible approach is to include conditionalities in conjunction with the ELC, making a given condition the premise for negotiating a project or making disbursements.

As the Bank began to understand the need for very specific conditionalities and the number of ELCs grew, there was a tendency to go overboard and regulate even minor matters. The review found that this "detracts attention from the important issues" and disallows needed flexibility, especially in innovative environmental initiatives, to respond to unforeseen changes in conditions. The review concludes with an annex of sample ELCs, but with the caveat that standardizing the language of ELCs is to be avoided; each must be written to cover the specific project in question to maximize the potential for compliance and a result that meets Bank safeguard policies.

Legal work on environmental issues is carried out by the Bank's Environment and International Law Unit (LEGEN). Among its main tasks are to review projects to help determine whether:

- Projects are in compliance with Bank safeguard policies
- There is a need to assist countries to prepare new environmental laws and regulations
- Projects are in compliance with relevant international conventions, and whether or not they need ELCs.

The draft cited above, and participation in a study of the legal framework for EA in 30 African countries (under preparation during FY00), were two of the LEGEN contributions to safeguard work at the Bank. LEGEN staff were closely involved as well in the process of converting and revising the safeguard policies, as discussed in chapter 2. In addition, LEGEN staff gave presentations on safeguards at many of the training sessions outlined in chapter 5, informing TTLs and others of the implications of OP 4.01 and the potential consequences of not following the Bank's safeguard policies. Some training in Bank client countries has also been carried out.

Additionally, LEGEN staff are in the process of preparing guidance for Bank legal staff in the field. These efforts are aimed primarily at developing adequate legal covenants or language for overall project documents. As noted above, if the project document does not establish a clear framework for how the many phases of EA are to be carried out, important facets will almost certainly fall between the cracks. Some of the problems the Bank has experienced in this regard are due to underfunding, some to ignorance, and some to what one staff called "sloppiness." That is, the failure of a consultant or staff member to hire a lawyer—even for a day or two—to review project documentation and ensure that it is in line with both Bank policies and the legal framework of the country in question. The bidding and construction contract focus suggested by EA-II is without a doubt an important part of tightening the EA operating environment, and should receive greater attention once language for overall project documentation has been satisfactorily addressed.

## 5.2 Improving Terms of Reference for EA

EA-II and other analyses of environmental assessment in the Bank have noted that the preparation of terms of reference for consultants hired to perform EAs is crucial to ensuring good quality. Although not a great deal of progress is evident in this area, two Regions have incorporated TOR into their new publications on EA. It is to be hoped that others will follow suit. Guidelines prepared by the Africa and Middle East and North Africa (MNA) Regions each include a section on preparing terms of reference.

The MNA "Guide" devotes considerable attention to the preparation of terms of reference, and includes detailed orientation for preparing TOR in the seven sectors covered. The Guide clearly states that analysis of alternatives must occur at the project planning stage, and that public consultation should occur during the early scoping phase and again at the project appraisal phase of the project cycle. It includes notes on these two areas in each of the sectors covered, thus providing a strong response to the recommendation of EA-II in this regard.

The Africa Region's "Survival Kit" also refers to the need for close attention to TORs, pointing out that they should "incorporate sufficient and precise guidelines on the preparation of public consultations." In a subsequent section the document describes procedures and best practice in this area. It does not, however, stress the need for including a requirement on analysis of alternatives in TOR.

Finally, the *EA Sourcebook Update* devoted to analysis of alternatives makes reference to the need for a focus on TORs in the analysis of alternatives stage. In a section entitled "Linkages to the project cycle" the Update states:

> The evaluation and comparative assessment of realistic alternatives should be an integral part of the EA and pre-feasibility studies, and should be described in the EA report prior to appraisal. *It is imperative that Task Managers ensure that EA TORs adequately reflect the need to consider alternatives*. [emphasis added]

However, an earlier Update on "Public Consultation in the EA Process" does not stress the need

for attention to the language in TORs. Thus overall, attention to this need has been scarce.

## 5.3 Internal Capacity Building

### 5.3.1 World Bank Institute

During FY97 staff from the Environment Department and what was at the time the Leadership and Learning Center (now merged into the World Bank Institute) began developing a new strategy for internal training of Bank staff on environmental issues, including EA. Beginning in the fall of 1998, WBI began to offer training courses on environmental assessment as part of its "Environmental Learning Opportunities" series. Developed as a result of the earlier collaboration with the Environment Department, the courses responded directly to the recommendations of the second EA review.

- In March 1998 WBI offered training in "Application of Bank Environmental and Social Safeguard Policies" for task team leaders, to familiarize them with safeguard policies and demonstrate their application in the compliance and quality assurance system; 14 people participated and their evaluations ranked the session highly.
- WBI also offered a September 1998 course on "Environmental Assessment in the LCR [Latin America and the Caribbean] Region" to provide staff managing Category A and B projects with a deeper understanding of the EA process, methods, and techniques in different project and country settings. Seventeen staff were trained during this workshop, which was followed in October by a similar workshop for Africa Region staff, with five Bank participants. Both workshops received very positive evaluations by participants.
- Thirty-five staff attended a fourth workshop, "Institutional Framework for Environmental Management," held over two days in mid-November 1998. This workshop aimed at exploring issues of institutional structure, legal framework, and monitoring in the context of describing how a country develops an institutional framework for effective environmental management.
- In February 2000 WBI offered a one-day course on "Public Consultations in Environmental Assessment Processes in Category A Bank-Financed Projects" attended by 25 staff members from several Bank Regions and departments.

Although EA-2 recommended EA training for managers, and WBI offered two senior staff courses on global environmental issues during FY99, EA was not included on the agenda. This is one area in which the recommendations of EA-2 were not fulfilled in regard to internal capacity building. In addition, courses were supposed to be held over two fiscal years, but in fact were limited to roughly a six-month period (fall 1998 to spring 1999). This appears to be due to a combination of factors, including lower than anticipated levels of participation and a decision by WBI not to hold as many courses as originally planned. In addition, at least one region (LCR) reported that funds for training were not made available. Indeed, a checklist of Category A task managers from all Bank Regions developed in January 1999 showed LCR to be the Region in which the fewest task managers had received EA training. In contrast, all task managers in the Europe and Central Asia Region had been trained by that date.

During FY99/00 WBI and Bank staff from several Regions developed a new training course on "World Bank Safeguard Policies" for all staff working on Category A, B, and C projects on structural adjustment loans and on sector adjustment loans to be delivered both at headquarters and in regional offices during FY01. The training package is also geared to include client country representatives from the public and private sector and nongovernmental organizations. A CD-ROM version of the course will be made available for distance learning. During FY00 trainers were trained and the course was piloted in the Bank and at field offices (total of 152 people trained); intensive training is scheduled to take place beginning December 2000; in all between 500 and 600 staff are expected to attend the course.

### 5.3.2 Regions

Regional staff participated in preparing the new Bank safeguards course and attended the courses

offered by WBI. In addition, some Regions have designed their own EA/safeguards training courses or manuals.

*Middle East and North Africa:* The MNA Region developed and implemented a program that strengthens the capacity of EA reviewers both within the Bank and throughout the region. As part of this program, Bank team leaders for infrastructure, health, rural development, and water projects were all trained on proper application of Safeguard policies. In June 1998, 14 MNA task team leaders attended a Regional Safeguards course for TTLs of Category A projects, as called for in EA-2. Then, 33 MNA staff received EA/safeguards training during two sessions held in March and April 2000. The sessions featured certain common elements (safeguard policies, social policies, and environmental management plans), but each also addressed specific themes; examples from social fund projects were presented in April, while in March the focus was on power and water supply and sanitation.

*East Asia and Pacific:* The East Asia Environment and Social Development Group (EASES), the Region's safeguard unit, developed and delivered modular safeguards training programs to all headquarters-based sector and country units and staff of major resident missions. EASES created a "Safeguards Briefing Book" that lays out Bank policies and procedures in an organized fashion to facilitate the work of task team leaders. The book includes all relevant information on EA and safeguards, and is designed so that new materials (such as the June 2000 policy on "Disclosure of Environmental and Socal Operational Documents" and the "Guidelines for Involuntary Resettlement" developed by the Social Development Department) can easily be appended to keep the Briefing Book current. Also included is a CD-ROM containing the same material, so that staff can have policy and procedural information available when traveling. The book was distributed to staff who attended four training sessions held in Washington (approximately 75 staff total from Energy, Rural, Transport, and Urban sectors) and two held in Asia (about 60 field staff located in China and the Philippines). In addition, the Region trained around 35 staff from the field and headquarters during a two-and-a-half day Safeguards Retreat and participated in safeguard training offered to new staff and young professionals at the Bank. EASES staff also worked closely with WBI to develop the Bankwide Safeguards course mentioned above.

*Africa:* In addition to participation in formal WBI-sponsored training and course development, the Africa Region held some 10 Brown Bag lunches between 1996 and 2000, attracting an average of 10 participants per session, to discuss the policies and implications of EA requirements for work in the region. The Region also developed a detailed operational toolkit for staff, describing all steps in the EA process (see chapter 6) and, as part of an ongoing effort to develop a comprehensive strategic framework for EA capacity development in Africa, is examining ways to overcome some of the institutional constraints highlighted in EA-2.

*South Asia:* During FY99–00 the South Asia Region developed a comprehensive three-day training program on "Application of Safeguard Policies in World Bank Operations," which is scheduled to be delivered in FY01 to Bank staff in India, as well as staff from East Asia and MNA, including TTLs and Country Team leaders. The Region will also offer similar training for Bank clients in the region.

*Latin America and the Caribbean:* The Region has approached internal training through two mechanisms. First, a brochure describing all EA and Safeguards policies and procedures was distributed to all staff working with Category A and B projects. Additionally, during FY00 the Region drafted a more detailed set of guidelines for EA/Safeguard implementation to eliminate remaining uncertainties on when the policies are triggered and how to put them into practice.

*Europe and Central Asia (ECA):* At the end of FY00 (June 12, 2000) the ECA Social and Environmental Review team collaborated with WBI to sponsor a one-day retreat and workshop to refresh the environmental assessment and review skills of all environment and natural resources staff in the Region. About 30 participants attended; the workshop was "interactive," involving work and analysis of current projects in ECA.

## 5.4 External Capacity Building

The Bank's six Regions have approached external capacity building in different ways, depending on the needs identified, opportunities for partnerships, client enthusiasm, and other factors. Below are detailed examples of two different approaches to meeting the demand for building capacity in the national context, and a summary of efforts in other regions.

### 5.4.1 Middle East and North Africa Region

Following the completion of a major environmental strategy paper in early 1995[4] the MNA Region made institutional capacity building and increasing public participation two of its three main goals in the region. Thus Regional staff participate actively in the "Environmental Impact Assessment [EIA] Initiative" of the Mediterranean Environmental Technical Assistance Program (METAP),[5] carried out in collaboration with England's University of Manchester and the EA Center at the International Center for Environmental Technologies in Tunis (CITET). Overall, the EA Initiative utilizes south-south and north-south cooperation, EIA on-the-job training, and information dissemination to:

- Build capacity in EIA procedures and management, through training and involvement with EIA-relevant projects
- Develop the technical capacity of line agencies, private consulting firms, and financial institutions to carry out EIAs
- Develop the capacity to evaluate and approve EIAs
- Advise on guidelines developed by national and environmental institutes.

Between June and October 1999 seven workshops were held as part of this METAP pilot project. Box 5.1 describes the activities carried out during the workshops, the content of which was based largely on needs assessments carried out previously. These workshops, organized by local consultants in collaboration with environment agencies, were attended by an average of 20 to 30 participants from environmental agencies, universities, private consulting firms, and nongovernmental organizations (NGOs). Thus training reached some 150–200 people. The pilot project stresses the use of local consultants as part of the effort to strengthen national-level capacity in participating countries.

Following these workshops, a high-level regional workshop was held in November 1999 in Tunis, in which the experience of other countries (industrial and developing) was described, Bank safeguard policies were presented, and participants discussed the future of EIA in the region. Subsequently a training-of-trainers event was held in Tunis March 27–30, 2000, during which 20 participants from 10 MNA countries were trained to develop and deliver EIA courses in their respective countries, and thus contribute to developing local capacity. Finally, METAP sponsored a training workshop for practitioners (Tunis, June 6-10) in which 24 participants from 12 MNA countries were offered scientific presentations and practical exercises related to identifying environmental impact and analysis and managing the EA process. For FY01, training is planned for EIA reviewers, NGOs, and the private sector.

In addition to the training activities, MNA conducted EIA assessments in Syria, Lebanon, and Morocco (February and March, 2000), in conjunction with local teams, to develop action plans to improve the quality and effectiveness of each country's impact assessment system and achieve standards of international best practice. For FY01, a similar assessment is planned for Algeria.

The role of CITET in the capacity-building process has become increasingly important, given the need for documentation and communication highlighted during various workshops. CITET has taken on the task of developing a library of EA legislation, procedures, guidelines, technical and academic reports and papers, and EAs from all countries in the region and relevant international organizations. During FY00 this material was organized into a database that will be made accessible through a planned web site. CITET has also begun to gather a list of professionals that will serve as the beginning of an environmental network for the region.

### 5.4.2 Africa Region

The Bank's Africa Region has been actively pursuing improved capacity for EA on several fronts, in-

### Box 5.1 METAP Capacity Building Workshops (1999)

***Albania* (June 28–July 2, 1999)**
- Developing EIA in Albania in the context of international best practice

***Turkey* (July 5–9, 1999)**
- Developing EIA in Turkey in the context of international best practice
- Initiating the process of developing review criteria and guidelines for developers and consultants on how to conduct EIA studies in Turkey

***Jordan* (Sept. 5–9, 1999)**
- Developing EIA in Jordan in the context of international best practice
- Reviewing and commenting on draft Jordanian EIA bylaws
- Initiating the process of developing review criteria and guidelines for developers and consultants on how to conduct EIA studies in Jordan

***Tunisia* (Oct. 4–8, 1999)**
- Developing EIA in Tunisia in the context of international best practice
- Further development of terms of reference for EIA studies
- Initiating the process of developing review criteria and guidelines for developers and consultants on how to conduct EIA studies in Tunisia

***Egypt***
- Technical workshop to modify screening forms A and B and lists of activities (Oct. 11–13, 1999)
- Senior management seminar to strengthen their understanding of the role of EIA in achieving sustainable development; presentation of Bank safeguard policies by MNA Regional Environmental Coordinator (Oct. 14, 1999)

***Palestinian Authority* (West Bank, Oct. 17–21, 1999; Gaza, Oct. 24–28, 1999)**
- Developing EA in the Palestinian Authority in the context of international best practice
- Developing simplified EIA for pollution control and associated environmental auditing practices

cluding training and consultation workshops and support for local initiatives. This approach has over the past three to four years resulted in a new, Africa-based program, "Capacity Development and Linkages for Environmental Impact Assessment in Africa" (CLEIAA). The process by which CLEIAA evolved reflects the Africa Region's internalization of some of the key points made by EA-II, in particular the importance of country-level ownership and political will to making the EA process viable.

Since an African High-Level Ministerial Meeting on EA held in 1995, African environment ministers had been seeking increased funding for capacity building in EA. A study on the status of EA in Africa recommended that the Bank respond to this request (Mercier 1995).[6] Support was forthcoming, and led to the conducting of a needs assessment by the World Conservation Union (IUCN) during 1997, which was followed by a three-day "Regional Stakeholders Workshop" on EIA held in Nairobi in July 1998 and also funded by the Bank. The workshop was attended by over 100 Africans working professionally in the field of environment, who acknowledged the widespread need for increased training of African professionals to conduct EA, support for training institutions, and improved communications and networking. The stakeholder group committed itself to developing an Action Plan for building EA capacity in the region.

Building on the momentum started at the Nairobi meeting, two African institutions called consultative meetings to advance the capacity-building process. A consultative group of Southern Africans meeting in February 2000 proposed the creation of a Regional Center of Excellence in EA capacity building to serve as a central base for training more professionals in southern Africa. By the end of FY00 this center, the Southern Africa Institute for Environmental Impact Assessment, had been formally established, with a board of directors composed of leading environmental experts from a cross-section of countries. In East Africa a second consultative meeting resulted in the creation of a sub-regional association for EA practitioners and a request for donor support to strengthen EA capacity building in existing institutions.

The Africa Region, meanwhile, devoted resources during FY98/99 to developing a comprehensive strategy for EA capacity development in sub-Saharan Africa, including support for initiatives such as those mentioned above, discussion of institutional constraints to strengthening EA, and a call for working with other donors to harmonize project approaches and requirements. The Region provided support for the African consultations and meetings, but has not called or led them, due to a conviction that efforts developed at the national/regional level are likely to enjoy greater country ownership, and thus be more sustainable. Given the commitment to strengthening EA capacity demonstrated in Nairobi and at the two sub-regional consultative meetings, however, the Bank took the initiative, in collaboration with Dutch authorities, to sponsor a meeting at The Hague in May 2000, attended by African stakeholders and key donors. From this initiative emerged CLEEIA, which will serve as a "help-desk" to strengthen networking, cooperation, and collaboration in EA capacity building in Africa. CLEIAA is based in Ghana's environmental protection agency with a small staff. Plans for FY01 and beyond include technical workshops, needs assessments, and steering group meetings to shape CLEIAA and respond to the ongoing need for EA capacity building in the region.

Support for the process resulting in the creation of CLEIAA and the founding of a new center of excellence in Southern Africa has been supplemented by an ongoing succession of more traditional training workshops offered by the Africa Region. A West Africa training workshop was held in Ouagadougou, Burkina Faso, in 1998. The workshop was a two-tiered effort in which staff working in environmental agencies received training, returned to the job, and then attended a second training session to help them to overcome difficulties encountered while putting the results of the first session into practice. Other training workshops took place in Cameroon, Chad, and Ethiopia during 1999.

Finally, mention should be made of the MELISSA (Managing the Environment Locally in Sub-Sahara Africa) Program launched in 1996. MELISSA has as its goal to support and facilitate improvement of the local environment through partnership development and knowledge management. While not specifically aimed at EA capacity building, MELISSA works with local and national governments, academic and training institutions, non-governmental and community-based organizations, international support organizations, and the private sector to support:

- Local environmental governance
- Integrated environmental management strategies
- Participatory environmental evaluation and monitoring.

All of the MELISSA activities are clearly consistent with and supportive of the broad set of needs involved in implementing the Bank's safeguard policies.

### 5.4.3 Other Bank Regions

- The Latin America and Caribbean Region co-sponsored a three-day regional workshop held in Santiago, Chile, entitled "The Institutional Dimension of Environmental Management in Latin America and the Caribbean," with CONAMA (Chile's new environmental coordination agency) and the United Nations Economic Commission for Latin America and the Caribbean. Representatives from environmental authorities in seven countries

examined three different models for environmental management—Chile's "coordinator" model; Mexico's more centralized model; and Venezuela's Ministry of Environment and Natural Resources, which functions in a context of decentralization and strong community participation in environmental management.

- The East Asia and Pacific Region has carried out capacity-building work in Vietnam, Thailand, and the Philippines, as well as Indonesia and China.
- The Europe and Central Asia Region carried out training in Latvia and Lithuania, participates in a regional initiative to help build capacity to value environmental costs and benefits, and has programs throughout the newly independent states to build institutional capacity for environmental management.
- Finally, the South Asia Region carried out a training workshop on "Application of Environmental Safeguard Policies in Bank-Assisted Transport Sector Projects in India" in June 1998, which brought together 15 national and state-level officials, 11 local consultants and contractors, 4 NGOs, and 16 Bank staff. A similar workshop was held in June 2000. The Region also developed a pocket-sized guide to "Safeguard Policy Compliance" for distribution throughout the region. A Safeguards Workshop planned for 2001 will include external clients from numerous sectors and feature experienced speakers from the Bank and outside entities.

## 5.5 Institutional Development Projects

An addendum to the second edition of the Bank's *Performance Monitoring Indicators Handbook*[7] singles out the capacity of institutions dealing with environmental issues as critical to the entire process of environmental assessment and implementation of environmentally related projects.

> The success of environmental policy initiatives is contingent on a well-functioning network of institutions that can support the formulation, implementation, and regulation of environmental objectives. In many of the Bank's client countries such support systems are either non-existent or embryonic. *Capacity building initiatives, therefore, are one of the most important and challenging areas for environmental lending*. These efforts can have a far-reaching impact, since they form the foundation for integrating environmental concerns into mainstream policy development. The stronger the institutional framework, the better and more timely the response to environmental problems is likely to be. [emphasis added]

Recognizing this urgent need, the Bank began supporting environmental institutional development projects in 1990 and has continued to devote resources to several new projects each fiscal year. A 1999 review of the Bank's environmental capacity-building projects covered 28 such projects originating between FY90 and FY97.[8] At the time of the review, several of the projects were nearing completion and 20 more were in the pipeline. The following observations are based only on references to the 28 projects included in the 1999 review, which had as its goal to "improve the design and effectiveness of Bank-financed environmental ID projects."

The frequency of appearance of these project categories does not necessarily reveal the importance placed by the Bank on a particular area. For example, only five projects involved the establishment of a new environment agency, but the approximate cost of these activities (US$155.5 million) was more than three times greater than the cost of institutional restructuring in 25 projects (US$48.4 million). Moreover, by far the greatest amount of funding went to environmental education and research (US$191.7 million for 17 projects).

### 5.5.1 Key Challenges

Although most of the environmental ID projects analyzed in the 1999 review received "Satisfactory" ratings during the Bank's annual review of project performance (in fact, they improved significantly more than Bank projects as a whole over the period covered), the reviewers point to an overall sense of "frustration" with the degree to which

### Box 5.2 Key Objectives of Environmental Institutional Development Projects

The projects analyzed were undertaken in Africa (10), Asia (7), and Latin America (8) and addressed a wide array of ID issues. The most frequently cited project components are listed below, in the order of frequency with which they appear.

- ***Institutional restructuring and strengthening.*** These types of projects might involve creating a new institution to oversee environmental issues, creating a new agency within an existing institution, or simply enhancing technical capacity within existing institutions. Human resource development plays an important role in such projects.
- ***Development of environmental policies.*** Countries with new environment agencies must often begin from scratch to create the policy framework within which the agency will work. These projects provide technical and other assistance to countries for this process.
- ***Creation or strengthening of environmental information systems.*** These types of projects are usually aimed at building capacity for gathering information on the local environment and monitoring change.
- ***Development or review of laws and regulations.*** In countries lacking environmental laws and regulations, support is provided to create them; in countries where such laws are weak or outdated, support is aimed at strengthening them to standards required by international agreements and including environmental impact assessments in the legal framework.
- ***Decentralization and development of local capacity.*** In countries undergoing decentralization, support is provided for that process and to raise the capacity of local authorities to participate in and monitor environmental actions.
- ***Education and research.*** These projects seek to produce teaching material and environmental curricula, establish university environment programs, and support research into priorities and possible strategies in a country.
- ***Public awareness.*** Twelve of the projects studied designed public awareness programs to encourage broader participation and understanding of environmental issues and build capacity and consensus for environmental action, largely among NGOs and local communities.

environmental management capacity was increased as a result of these efforts.

On the country side, two of the main problem areas identified were "ownership" and "political will." Creating or strengthening agencies to develop policy on environmental issues often provokes strong dissent from powerful players at the national level—within and outside of government circles. The review urged careful consideration of the extent of country commitment, drawing on the knowledge of the Bank's Country Office, before undertaking environmental ID projects. Additionally, the review found that projects being implemented during times of political and macroeconomic crisis suffered as a result, often receiving "Unsatisfactory" ratings. The reviewers suggested that a more realistic view of potential risks be reflected in the initial stages of appraisal. Other problems include:

- The cross-sectoral nature of environmental issues, which demands considerable coordination among various actors that may not normally interact
- The relative newness of environmental concerns to both governments and the public
- The fact that most agencies charged with responsibility for the environment are quite "young," and often lack clearly defined responsibilities.

From the Bank side, three key critical problems were identified in the ID projects reviewed:

- A perception that results are required within a specified timeframe established by standard Bank project cycle, which contrasts with the slow process of institutional development.
- The focus on adhering to a prescribed formula for disbursements, based on internal management incentives, rather than holding borrowers and their executing agencies accountable for results.
- Difficulty in measuring accomplishments of ID projects because the development objectives and specific components are often vaguely defined and usually lack measurable indicators.

Achieving meaningful improvements within any national environmental institution requires a profound knowledge of the particular institutional culture, both formal and informal. The status and importance of the institution in comparison to other government agencies, and how well it will be able to interact with them, are also important factors. Such knowledge cannot be achieved by simply looking at an organizational chart or reorganizing the institution; it requires a slow process of institutional analysis. When this does not take place, a tendency to overestimate the capacity of local institutions to undertake a given task often leads to poor results. Serious changes in institutional culture are often required before the ultimate goal of protecting the environment can be reached. But the Bank is not, on the whole, accustomed to working at this pace or in this way. Instead, the Bank tends to allocate large sums of money and expect tangible results at a faster rate than the process of institutional change allows. Thus both existing *incentives* (focused on approving projects, rather than transferring skills and managerial capacity) and the *project cycle* (developed for large investment projects) are often inappropriate for ID projects.

### 5.5.2 Recent Encouraging Trends

Despite these significant obstacles, a number of environmental ID projects have been quite successful, and the reviewers identified some positive overall trends in more recent projects.

- Recent projects tend to be *smaller and less complex*, with *goals, objectives, and roles and responsibilities more clearly defined* than in some earlier efforts. These projects also explicitly state the need to *start slowly* and increase the scale of a project only when there is evidence that institutional strengthening has taken place.
- More recent projects have placed *greater emphasis on support for stakeholder participation* in project design and monitoring (Box 5.3).
- Recent projects have shown a willingness to attempt *innovative approaches and pilots*.
- Finally, newer projects have been able to *build on lessons learned* from the portfolio as a whole, while second-round projects in a single country have, in some cases, incorporated specific lessons learned during the previous environmental ID activity into project design, as demonstrated in Box 5.4.

#### Box 5.3 Stakeholder Participation in Project Preparation and Design

The Malawi Environmental Management Project and the Zambia Environmental Support Program, both initiated in 1997, demonstrate Bank support for increased community involvement in natural resources management and a concomitant decrease in centralized control. They were both developed through a highly participatory process, involving the government, private sector, civil society groups, and traditional leaders of local communities.

Both projects feature components specifically designed to assist local communities and traditional authorities in the areas of environmental awareness, planning, decisionmaking, and implementation, as steps toward decentralizing responsibility for environmental conservation to the community level. The two projects create innovative funding mechanisms—a pilot environmental fund in Zambia and a "microprojects window" for community environmental plans in Malawi—to carry out these goals.

### Box 5.4 Madagascar Institutional Development Project: Lessons Learned

The first environmental ID project in Madagascar began in 1990, and was one of the first three Bank-supported projects in the field. Seven years later, a second project was developed, which incorporated into its design lessons learned from the earlier experience. A third phase will strive to mainstream environmental concerns into macroeconomic management and sector programs. Based on a 1988 National Environmental Action Plan, the program began in 1990 with considerable input from external sources; by the time the second phase was designed national institutions were leading the preparations in a country-driven, participatory process. The lessons learned that were incorporated into the second project included:

- ***Institutions*.** Building capacity in new institutions has taken more time than anticipated and has absorbed much of the effort of the program. The next step was to clarity the institutions' roles and mandates vis-à-vis other government agencies.
- ***Environmental management strategy*.** Environmental strategies need to put greater emphasis on rural development and small-holder land management on lands experiencing high population pressure. Consequently, during the second phase a regional and local approach to biodiversity conservation was developed, and will be complemented by agricultural and other income-generating activities.
- ***Community involvement*.** Work with the communities concerned, in both the preparation and implementation of project components, is crucial. Ownership increases the speed of implementation as well as the sustainability of the ID process it was designed for.
- ***Impact evaluation*.** Originally, no efforts were made to evaluate the impact of the policy framework on the environment, nor had sufficient attention been given to evaluation of the costs and benefits associated with environmental protection activities, which is seen as critically important. This has been given appropriate attention in the follow-on activities.

*Source*: Margulis and Vetleseter, 1999.

Chile's *Environmental Institutions Development Project* (1993–99) has attracted considerable positive attention (Box 5.5). With Bank support, Chile created a new agency to coordinate the country's environmental approach and activities, and trained personnel in relevant ministries and agencies in environmental concerns and management. The Implementation Completion Report (ICR) rates the project as "Highly Satisfactory," and an evaluation by the Operations Evaluation Department rates it as "Satisfactory." It is one of the few environmental ID projects for which an ICR is available, and offers a concrete understanding of both the potential and the pitfalls of ID projects that aim to mainstream environmental management.

Although the previous discussion focuses on projects considered primarily as institutional development projects, other important Bank operational undertakings result in institutional development but are not necessarily viewed as ID projects. Recent portfolio reviews for both Biodiversity and Natural Resource Management projects showed that ID was a regular part of many of these projects. These projects contain components or subcomponents that specifically deal with executing agency improvements in implementing safeguard measures. Such provisions are summarized in Box 5.6.

Perhaps more important is the great lengths at which the Bank works with borrowers and executing agencies in an array of development projects—outside traditional environment-related projects—to advance safeguard practices through a variety of ID activities. Numerous sector projects (Social Funds, infrastructure, community development, energy and power, gas and oil, wa-

### Box 5.5 Chile's Environmental Institutions Development Project

Following Chile's transition to democratic government in 1990, an executive decision was made to create an environmental agency to coordinate environment policy and implementation of related projects.

The challenge was to build the agency, CONAMA (National Commission for the Environment), and enable it to have an impact on the 13 sectoral and other agencies responsible for activities affecting the environment, as well as the social and economic forces responsible for and affected by environmental damage.

Over the seven years in which the project was active, it succeeded in helping to build CONAMA into a functioning agency; establishing for the first time a coherent legal and regulatory framework and EIA rules and procedures; training 1,500 professionals from different sectors in basic and intermediate environmental management; promoting greater environmental awareness among the Chilean public; and developing an environmental information system. Other project results included the creation of an Environmental Economics Unit to produce economic analysis of environmental issues and the publication of a series of standards governing pollution and decontamination plans. The project also sought to strengthen Chile's ability to evaluate and manage priority environmental problems in three especially problematic sectors: forestry, industrial pollution, and mining.

The Chile project suffered many of the same types of setbacks that have affected other projects, such as uneven political commitment, resistance by entrenched interests to the need for environmental protection, and considerable turnover in leadership at all levels. Lack of synchronicity in Bank and Government of Chile budget allocations also occurred, as did implementation delays from both sides. Finally, CONAMA was not successful in bringing the Ministry of Mines into a cooperative relationship and the project's impact in the mining sector was considered less than optimal.

Despite these difficulties, the project's considerable successes make it a good example of how environmental institutional development should work. It is also viewed as a model of one particular approach—the "Coordinator" model—in which a central agency has oversight, but considerable power is still wielded by sectoral agencies with environmental units. CONAMA's role is to guide and coordinate public sector administration of environmental issues, while day-to-day management remains with sectoral agencies. Since central clearance and monitoring functions remain under CONAMA's control, however, it has the clout needed to get things done.

Other factors seen as contributing to the success of the Chile project include strong initial support from the executive and the existence of highly trained and motivated public servants and a growing number of knowledgeable civil society groups.

Lessons learned in Chile, applicable to many environmental institution building projects, include:

- When an institutional policy framework does not exist, it is necessary to limit the project's objectives. It is difficult to implement public policy in a new area when a tradition of coordination does not exist.
- The project should have been more aggressive in promoting environmental awareness and creating alliances to promote a consensus on environmental issues.
- The project should have focused more on human resource development, specifically with respect to environmental decisionmakers in sector agencies.

*Source:* "Implementation Completion Report (Loan 3529-CH) on a Loan in the Amount of $11.5 million to the Republic of Chile for an Environmental Institutions Development Project" (Washington, D.C.: World Bank, June 2000).

## Box 5.6 Other Types of World Bank Institutional Development Support

### Institutional Development in Biodiversity Projects

A 1998 portfolio review of Bank biodiversity protection and management projects provides insight into some of the other ways that safeguard-related institutional strengthening occurs.[a] The 1988–97 commitments in Bank-sponsored operations amounted to over US$1.7 billion through 118 projects (several of which are included in the overall "environmental institutional building" projects discussed above) or project components in 64 countries. Biodiversity conservation activities receiving Bank support were grouped into seven categories, one of which was "national strategies, policies planning and institution building." This category represented the largest resource allocation, after "management of existing protected areas." Such efforts often extend to environmental institution building focused on biodiversity concerns. For example, the Biodiversity Protection Project in Ecuador contains components to support the formulation of national policies for protecting biodiversity, strategic planning for the national system of protected areas, regulations for creating protected areas, review of development plans as they affect biodiveristy, and planning a nature tourism system for the country. Projects in Poland and Belarus include the adoption of protocols for environmental assessments in biodiversity. In the Ukraine and Bolivia, biodiversity projects support the development of national policies to guide land use around protected areas.

### Natural Resource Management (NRM) and Institutional Development

The Bank's 1998 NRM portfolio review identified three distinct types of projects, as well as several combinations, including: promotion of sustainable agriculture, forestry, and fisheries development and/or water resource use; conservation or protection of specific ecosystems and associated biodiversity; and strengthening of national and/or subnational institutional capacity. Many institutions and agencies in the national realm of resource management (for example, ministries of agriculture and forestry or water and irrigation authorities) deal with both resource production and conservation. It was found that virtually all operations involve some institutional development measures, many of which are related to the goals and aims of Bank safeguards.[b] These projects include such varied activities as: sustainable crop production; soil conservation, afforestation, improved livestock management, micro-watershed management, and land-use rights. Although the project is geared toward these overarching outcomes, a set of ID activities is almost always included. In a more traditional view of ID, these smaller project subcomponents are often overlooked when addressing larger multi-institutional ID projects.

ter and sanitation) contain good examples of ID safeguard components. These types of ID activities are generally not well publicized or acknowledged within the Bank portfolio.

A close look at many of these operations reveals that Bank presence throughout the life of a project is critically important for safeguards. Many safeguard ID measures are not easily implemented, and often meet strong resistance from the executing partner, as was the case for the Nicaragua Social Fund (Box 5.7). In a similar context, the long-term presence of the Bank in particular sectors in many countries has lead to a gradual increase of safeguard ID measures spread throughout projects at many levels. This includes such safeguard provisions as environmental monitoring techniques and discharge and emission standards, as observed over a 12- year period in the gas sector in Thailand (Box 5.8).

The 1999 review of institutional capacity building concludes with 10 recommendations to further improve environmental ID projects, which are

**Urban Environmental Development in Sri Lanka**

The Metropolitan Environmental Improvement Program (MEIP), a joint World Bank-Government of Sri Lanka effort, is not explicitly an environmental ID project. Yet during its six years of existence the program has helped the government to develop environmental management strategies and action plans and strengthen the institutional and legislative framework for environmental planning, monitoring, and enforcement.[c] MEIP was carried out in Colombo, the capital, and two smaller cities, where problems of air and water pollution, hazardous waste disposal, and sewerage were spoiling the environment. The Bank worked with national and local authorities, through technical assistance and training, to create regulations to control air pollution and hazardous waste disposal, support cleaner production in factories, construct wastewater collection networks, and restore Lake Beira, among other things. The lake, located in Colombo, was being polluted primarily as a result of over 7,000 unauthorized sewer connections. The program is providing sewer connections for the squatter settlement and carrying out public education regarding the environmental degradation of the lake. It has received favorable reviews by the government and a local NGO.

**Safeguard-Related Institutional Development Initiatives in Other Projects**

Many Bank Category A and B projects contain specific provisions for improving the manner and mechanisms of safeguard undertaking throughout the life of the project. Working with the borrowers, Bank staff assist in defining administrative structures and procedures to ensure that continued safeguard review, assessments, and corrective actions take place. These initiatives often are found under the components of "project management" and are difficult to identify from the component descriptions. However, experience has shown they are critically important for improving borrower performance.

a. World Bank, *Biodiversity in World Bank Projects: A Portfolio Review*, Environment Department Paper 59 (Washington, D.C., 1998).

b. John Redwood III, Robert Robelus, and Tonje Vetleseter, *Natural Resource Management Portfolio Review*, Environment Department Paper 58 (Washington, D.C: World Bank, 1998).

c. *The Colombo Story: Piloting Environmental Change in Sri Lanka* (Washington, D.C.: World Bank, 1999).

summarized below. Although the timeframe does not permit analysis of the extent to which these recommendations have been followed, several of the trends and innovations highlighted in the present report reflect that many of the recommendations are being incorporated into new projects.

1. *Clearly define what is to be strengthened* and clarify roles and responsibilities, which are often a function of broader policies and strategies. Resist the temptation to "do everything"; instead, identify priorities and phase in action accordingly.

2. *Ensure government ownership* and full commitment; national leaders must lead projects/change.

3. *Change the type of technical assistance (TA) offered*. TA is only successful when skills and technical expertise are absorbed by beneficiary institutions. Each effort must be country-specific, so the Bank must improve its knowledge about specific national institutions, making greater use of resident missions and local expertise. Outside consulting firms should be avoided.

### Box 5.7 The Nicaragua Social Fund and Implementation of an Effective Environmental Unit: Challenges in Institutional Development

The Task Manager of the Nicaragua Social Fund spent three years with the Fund Director and senior management discussing, promoting, and urging them to "fully support" the implementation of an effective environmental unit. Resources from several donors were made available in 1996 to hire a consultant who worked with the Fund for six months on a comprehensive needs assessment to improve environmental management, screening, and auditing of subprojects. The Bank and the InterAmerican Development Bank accepted the recommendations and endorsed measures to make these matters an integral part of the Fund operations. The Fund management felt these matters were imposed on them and that they were a waste of time and effort. The Bank continued to press, expressing its concern in all supervision documents. The prevailing attitude within Fund management was of resistance and opposition even though they stated they supported these measures. In the words of Bank staff, the supervision mission was "very hard" on the Fund in early 1998, and by all accounts the unit is now functioning adequately. This long process has made a positive contribution to safeguard implementation in the executing agency.

4. *Recognize that ID requires a long-term, mutual commitment and that the Bank's project cycle must adapt*. New lending approaches should be more flexible, making the project a more process-oriented effort that supports longer-term programs and pilot initiatives. The new Adaptable Lending system is a step in right direction.

5. *Focus on the beginning of the project cycle*, before implementation, to understand the institutions and assess what they need.

6. *Drastically change incentives for task managers* to pursue a long-term process with environmental institutions. Senior management needs to understand the perverse effect of the current incentive system on institutional development.

7. *Keep the long-term purpose of environmental ID in mind*—that is, seek to strengthen environmental management as a whole, not just in isolated agencies. This, in turn, underlines the need to create partnerships with, and cooperation among, the private sector, universities, NGOs, and key government ministries.

8. Complement stand-alone environmental ID projects with investment projects.

9. Continue the current trend toward decentralization, partnerships, and increased participation by local stakeholders.

10. Keep projects flexible and as simple as possible; moderate expectations.

## 5.6 Conclusions

Considerable progress has been made in the area of building internal and external capacity on environmental assessment. Both internal and external training courses have been developed and delivered to address EA specifically and the broader safeguard policies. Course delivery began with WBI, then moved to the Regions, and is now being undertaken at both levels. During FY99–00 the two worked together on a new safeguards curriculum to be delivered at headquarters, in field offices, and through distance learning techniques. Training organized by the Regions for environmental specialists, agency staff, and others was more systematic in some Regions than others, but all Regions carried out some internal and external training activities.

At the same time, new environmental ID projects have been implemented over the period under review, with many positive results and remaining challenges. The Bank continues to support smaller ID initiatives throughout its portfolio as part of project components or subcomponents.

In addition to the activities outlined above, the Bank has produced guides and toolkits to help staff interpret and apply environmental and social safeguards policy. This material is covered in the next chapter, as it was designed primarily to improve the quality and effectiveness of the EA process. Nonetheless, such publications should also be seen as a form of capacity building, given that they serve to shore up the ability of Bank staff and counterparts to carry out environmental assessment.

### Box 5.8 Bank Institutional Development through Lasting Partnerships—Improving Safeguard Performance in the Thailand Second Gas Project

The Second Gas Transmission project in Thailand sought to minimize environmental risks by setting in place an environmental monitoring system and using state-of-the-art technology during construction. Moreover, the project was successful in establishing a set of environmental standards for the Gulf of Thailand. An extremely effective dialogue between the Bank and the Borrowing agency was instrumental in leading to these important achievements. Six factors seem to have contributed to this highly effective dialogue.

***Long-term involvement in a sequence of related projects***. The Second Gas Transmission project is the third in a string of gas- sector-related projects in Thailand since 1980. This represented more that 12 years experience of Bank staff working in the gas sector in Thailand.

***Good sector work and Bank familiarity with the country context.*** The Bank had previously carried out a sector study that provided a good overview of energy needs and options for Thailand. The Bank staff acquired knowledge and experience in this sector with the same borrowing agency (by now 14 years). Good Bank understanding of issues led to sound and credible Bank advice. The Thai officials tended to be flexible in considering Bank advice regarding many important energy issues.

***Country context approach.*** The advice and support of the Bank and the agreements reached were based on the country context called for—what was happening in the energy sector in Thailand, what where the needs, and what where the opportunities. Agreements were not driven by "project conditionally"—nor was there an attempt to directly impose conditions that met Bank OPs or other Bank requirements. When there were unresolved issues between the Bank staff and Thai officials, these areas of work were excluded. One such issue, nuclear energy development, remained a point of disagreement between the Bank and the Thais. The Bank went on record to say, "we agreed to disagree." The Bank did not see this as a viable alternative and instead opted to promote gas.

***Identification of strategic areas of intervention***. Studies formed the basis for discussions that led to the identification of important areas of work where the Bank could assist. Objectives were defined and incorporated into various projects. This was the process used to identify the environmental issues to be addressed. There were many meetings with the Ministry of the Environment to identify the weak areas, and to define a strategy for Bank involvement. Having decided what the needs were, different issues were incorporated into different projects. This strategic approach resulted in several mutual benefits. For example, over a period of time, the number of staff in the PPT Environmental Unit rose from 2 in the early 1980s to 20 well-qualified staff by the late 1990s. PTT has now achieved a strong capacity to address environmental issues, including monitoring, assessment, and reporting.

***Definition of clear reachable targets***. Objectives and targets addressed important constraints but were clear and feasible. One of the most complex environmental issues addressed in this cluster string of energy projects was the development of environmental standards in the Gulf of Thailand. Prior to this project, exploration and production companies used different standards—some strict while others used less stringent standards. Under the Bangkok Gas Transmission project, the Bank initiated a study to assess and unify environmental standards and regulations with additional funding (US$300,000) from the Asian Development Bank. The Second Gas Transmission project, with input from the energy and exploration industry, implemented these recommendations in setting environmental standards.

***Quality and continuity of staff***. The task manager and environmental specialists remained unchanged through several energy sector projects in the country. This continuity led to good working relations among Thais and Bank management, which proved very important in appraisal and supervision. The Bank's experienced and knowledgeable environmental specialist was able to find practical solutions to key issues. The task manager obviously developed excellent working relationships and trust with the Borrower and was seen as a stable presence throughout the last decade.

## Notes

1. In their 1999 study "The Evolution of Environmental Assessment in the World Bank: From Approval to Results," Robert Goodland and Jean-Roger Mercier begin with the premise that political will, resources, and capacity are "the three currently weakest links in the whole EA process." Other studies tend to confirm this view. (See, for example, Margulis and Vetleseter 1999.)

2. Guides, handbooks, and *Sourcebook Updates* are covered in detail in chapter 6.

3. Mohammed Bekhechi and Abdelwahah Christoph, *Environmental Loan Covenants*, 1999 (draft). See also, Mohammed Abdelwahah Bekhechi, "Some Observations Regarding Environmental Covenants and Conditionalities in World Bank Lending Activities, *Max Planck UNYB*, New York, 1999.

4. World Bank, "Towards Sustainable Development: An Environmental Strategy for the Middle East and North Africa," MNA Technical Paper 13601 (Washington, D.C.: World Bank, Feb. 17, 1995).

5. METAP countries in the MNA Region are Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, and West Bank and Gaza. Five other countries are also served by METAP. Support for METAP comes from the Bank, the UNDP, the European Commission, European Investment Bank, and Swiss Development Cooperation.

6. Jean-Roger Mercier, "Environmental Assessment and Review in Sub-Saharan Africa," ESD/Africa Technical Department, Building Blocks for Development Series Paper 7 (Washington, D.C.: World Bank, Sept. 1995).

7. Lisa Segnestam, "Environmental Performance Indicators: A Second Edition Note," Environment Department Paper 71 (Washington, D.C.: World Bank, 1999).

8. Sergio Margulis and Tonje Vetleseter, "Environmental Capacity Building: A Review of the World Bank's Portfolio," Environment Department Paper 68, Pollution Management Series (Washington, D.C.: World Bank, 1999).