Trond Vedeld

Social and environmental dimensions in international development

Foreword

The past year has been remarkable for international development. First, issues of global poverty and environmental management have had higher profile than ever before in recent history. Second, the year involved new promises of increase in aid and debt relief for poor countries in contrast to the past negative trends. A variety of concerns related to poverty, security, and international development were lifted to the global political arena – furthered by a set of unfortunate events, such as the catastrophic Asian tsunami, the earthquake in Pakistan, droughts in Sub-Saharan Africa, the war in Iraq, and increased proliferation of terrorism. Politicians, media, academics, and the general public alike have placed poverty and conflicts between poor and rich countries on the top of the political agenda, reflected among others in civic movements such as the Make Poverty History campaign. At the same time, issues of global environmental management have become of increasing concern – many of which raise conflicting views and opinions between rich and poor. Environmental change often affects poor and rich people differently within and between countries (e.g. climate change, biodiversity, natural hazards and related social disasters).

These environmental and social events have in different ways reminded us about increasing global gaps between rich and poor people and countries. They have also underlined that poverty – and related environmental issues - represents a potential threat to local as well as global political stability.

This report provides an overview of how four important international development agencies organise their work in terms of incorporating 'social' and 'environmental' dimensions in development assistance in response to some of these challenges at global and local levels. Building on the lessons from the World Bank, the Asian Development Bank, DFID in UK, and SIDA in Sweden the report presents a menu of options for how to strengthen this kind of work on social and environmental issues in NORAD and the Ministry of Foreign Affairs (MFA).

The report is a desk review based on the screening of these agencies' web-pages, and reading of key documents, and evaluations. It provides lessons mainly for bilateral cooperation. The review of the material was carried out in 2004, hence, some important events taking place in 2005 have not been incorporated. The report was commissioned by NORAD, Technical Department, with Senior adviser Knut Opsal as task manager. The work has been carried out by Trond Vedeld as task leader with useful advice and support from Arne Tesli and Arne Dalfelt. Arne Dalfelt provided initial drafts to sections on environmental management in the World Bank and the Asian Development Bank (ADB). The work has also benefited from discussions with Harald Noreik, Ministry of Environment.

Oslo, December 2005

Arne Tesli
Research Director

Table of Contents

Tables

Figures

Executive summary

Trond Vedeld
Social and Environmental Dimensions In International Development
Working Paper 2005:135

Recent changes in international development have shifted the focus of development assistance from project support to policy dialogue and policy-based programmes with a view to reduce poverty. The new agenda has lead to new concepts, conceptual frameworks, and themes becoming prominent in development speak and development policy. Two main features of the new agenda are of particular relevance to this report. First, the stronger poverty focus of the new agenda reflects renewed interest in 'social development', 'environmental management', and 'environment-poverty' linkages. Second, the reduced emphasis on projects and project support, and increased focus on policy and institutional reforms, have important implications for how these cross-cutting themes are understood and incorporated in macro- and sector-reforms and programmes.

This report utilizes an overview of how four international development agencies organise their work in terms of incorporating 'social' and 'environmental' dimensions in development assistance, and synthesizes lessons for possible considerations by NORAD and the Ministry of Foreign Affairs (MFA). These four agencies include the World Bank, Asian Development Bank (ADB), DFID, and SIDA. The report provides lessons mainly for bilateral cooperation. The report is a desk review and it is mainly based on the screening of web-sites, and reading of key policy documents and evaluations. Hence, it is not an in-depth and critical assessment of the work of these agencies.

The report focuses on the linkages between, on the one hand, the conceptual understanding of 'social development' and 'environmental management' in key policy documents of these four agencies, and the reflection of these concepts in the agencies' policies, operations, and institutional arrangements. The report starts by referring to important linkages established in the international literature between poverty reduction and the social and environmental dimensions of development. A 'global consensus' seems to have emerged that sustainable development requires economic growth combined with social equity and sound environmental management in both rich and poor countries. The report finds that all four agencies have developed agendas for 'social development' and 'environmental management', and internal systems for handling such cross-cutting dimensions as part of 'mainstreaming', consisting of the following components:

- Policy/strategies and defined goals, with linkages to goals of poverty reduction, reflected in strong commitment to the Millennium Development Goals (MDGs) (although only the World Bank has a fully comprehensive 'social development' strategy; and SIDA has the least developed 'social development' agenda)
- Requirements for social and environmental analysis, including systems and guidelines for assessing potential adverse impacts and opportunities at project and policy levels,

and guidance for addressing participation and empowerment of diverse stakeholders/social groups

- Business lines/work plans, and program investments in these thematic areas related to project activities, analytical work, knowledge management, and networks/partnerships
- Quality assurance, follow-up, reporting, and learning

The strategies and agendas for social aspects and the environment are of varying quality and strength, however, the ones of DFID and the World Bank being most elaborate. None of the four agencies has introduced procedures for systematic application of the strategic impact assessment at macro levels, despite the shift in the work of these agencies towards the macro-level with a focus on policy dialogue and more work on macro-level analysis.

Despite relatively advanced institutional arrangements for screening and analysis, each of the agencies reports a variety of problems in 'mainstreaming' – related in particular to implementation and follow-through. Many of these problems seem to be contextual i.e. they arise from limited capacity and commitment on the part of the recipient government, and/or from stakeholders/people with diverse views, interests, and influences, which is problematic when country-ownership is seen as a requirement for assistance. But there are also a number of in-house constraints to more effective mainstreaming which are addressed here. The response to these problems has been a stronger focus on in-country (and in-house) capacity building in order to strengthen awareness, commitment, and competence to tackle social and environmental issues. The report presents strengths and limitations of this work, including more recent efforts to introduce new strategic instruments, such as Poverty and Social Impact Assessments (PSIA) and Strategic Environmental Assessment (SEA). These are meant to facilitate analysis and integration of these aspects in country programming and programs at macro-levels (e.g. related to PRSP processes).

Within NORAD/MFA, the systematic integration of these cross-cutting dimensions has also faced problems at different levels of planning and operations, and in internal systems of program analysis, analytical and technical support, and reporting. A two-sided approach is suggested for the work with both agendas, involving a stronger integrated and coordinated use of bilateral and multilateral channels and systems; first, through the work of the embassies in direct bilateral dialogue with development partners; second, by strengthening the role of NORAD and MFA as influencers i.e. through the multilateral system and in dialogue with other key donors and NGOs/private sector. The report addresses the two dimension in two separate sections; 1) social development; and 2) environmental management:

Part 1: Defining a social development agenda and addressing mainstreaming

Regarding **'social development'**, the main challenge is to define the term 'social' and 'social development' more uniformly within NORAD and MFA, develop a social development agenda, and institute social analysis as a requirement for new projects and programmes. The concept 'social development' is at present used differently from the other international agencies, tied mostly to 'social welfare' issues and/or sector concerns related to the human development sectors – health and education. Social development as a set of cross-cutting themes has not (yet) been brought together in a comprehensive work programme, or agenda for 'social development' – on par with other international agencies. Inspired by DFID, 'social development' is here *defined as a conceptual framework that brings together various cross-cutting themes related to analysis of poverty and gender issues, awareness of social diversity, informal and formal institutional structures that affect poor people's lives, voice, participation, vulnerability,*

and, hence, processes of social exclusion and inclusion. Understood in this way, social development as a concept and an approach has the clout to change development policy – as it is doing within the World Bank and other agencies.

A focus on social development aims to refine development work by making it more accountable, more equitable, and more appropriate and efficient. The starting point of a social development agenda – as defined here – is an acceptance of *social analysis* as critical for understanding *social diversity*. If this is accepted within NORAD/MFA, social development needs greater internal attention. This would reinforce the focus of program analysis and operations on key dimensions of the poverty reduction agenda, such as social status/class/caste; the role of informal institutions; social interest groups and stakeholders (interests and influences); gender issues; participation and empowerment; and social risks (impacts and opportunities). The key assumption is that, done well, social analysis makes it easier to understand the political-economic context and achieve sustainable development and poverty reduction.

A stronger screening procedures (or formal mandate) for undertaking social analysis would in this regard focus on an assessment of both potential negative impacts and potential positive social opportunities for different social groups and organisations of a given intervention. A combined social and institutional analysis would better reveal who participates, who decides what over whom, and who are likely to benefit from a given policy or programme. Social development – as referred to here - has a more profound organisational position and space within each of the four other agencies reviewed, in particular as regards DFID and the World Bank, where the social development agenda is strongest. There is at present little formal - and no mandatory requirement - within the NORAD/MFA operational guidelines to undertake a general 'social analysis' of projects - beyond the general requirements of the operational guidelines and the specific requirements for gender and empowerment assessment in the Handbook in Gender and Empowerment Assessment, NORAD 2000). Important conceptual and operational work has taken place on specific and thematic social issues such as poverty policy, governance, corruption, gender, human rights, HIV/Aids, anti-corruption, and – most recently – on rights-based development. Moreover, the human development sectors - health/education keep receiving high attention in policies, programmes and analytical work. But limited analytic work and attention have gone into the conceptualisation and systematic integration of social dimensions related to a focus on issues, such as social analysis, social diversity, participation, empowerment, and processes of social exclusion/inclusion.

Part 2: Strengthening the incorporation of environmental management

The kind of strategies and agendas established by the four agencies reviewed, indicate that there is clear scope for improving systems of incorporating **'environmental management'** as part of the general quality assurance of operational work within NORAD and MFA. The systems for screening, scoping, assessing, supervising, and reporting need a more firm institutionalisation (according to evaluation reports). The main challenge for NORAD/MFA is seen to reinforce attention to environmental issues across the organisation, and to establish operational routines and systems for environmental 'mainstreaming' (environmental assessment/ screening/ scoping). Moreover, the attention and investments provided for environmental, natural resources management and agricultural projects and activities keep being fairly low compared to those of other international agencies. The new Plan of Action for Fighting Poverty through Agriculture should in this regard be a useful mechanism for linking and strengthening these agendas in operational terms. It is important to link the environmental agenda closer to agendas for poverty reduction and social development, both conceptually, in project analysis, and operations.

Lessons and options for considerations

If the aim of NORAD/MFA is to strengthen the incorporation of 'social' and 'environmental' dimensions in development, the experiences of the four agencies offer a menu of options for considerations (details provided in Chapter 10). Many of the suggestions would reinforce work already on-going. Key among these options is to:

- Define in more precise manner social development as a set of cross-cutting themes and a comprehensive agenda for analytical work, policy dialogue, and operations

- Start by improving the institutionalization of social and institutional analysis in operational work, and consider to introduce more formal – or mandatory – requirements for social and environmental assessment (with standards for participation) – drawing inspiration from DFID (e.g. on Environmental Guide) and the World Bank (e.g. on Social Analysis and Social development strategy)

- Prioritise research & development work on some of the 'social' and 'environmental' themes deemed as most critical, and establish the linkages between these themes and the broader poverty reduction strategy (analytically, policy-wise and operationally)

- Strengthen the staffing and organisation of work in terms of incorporating these dimensions in policy and programmes with staff at HQ and country-offices/embassies

- Formulate relevant strategies or work programmes and guidelines to streamline systems of integrating these concerns

- Strengthen the attention to social development and environmental management in policy dialogue and policy-based programmes (e.g. through PRSP and as influencer of multilateral agencies and other donors)

- Strengthen environmental management in critical sectors such as infrastructure, urban development, energy, water, agriculture, fisheries

- Strengthen the project/programme investments in social development and in environmental management/natural resources management/agriculture

- Identify relevant instruments and approaches for screening and assessment e.g. environmental impact assessment, social tools, economic tools, risk assessments

- Improve internal social and environmental screening procedures, checklists, and systems of quality assurance and reporting

- Enhance the analytical work, applied research, knowledge management, and networking – especially in relation to a more focussed and specific 'social development' agenda

- Continue to work systematically with the integration of technical advice from research; consider to establish 'help-desks' or resource-centres on these dimensions outside NORAD and MFA for technical support to embassies and HQ – drawing upon experiences from SIDA

- Focus on in-house and in-country capacity building, awareness, and advocacy in order to strengthen the platform for social development and environmental management work – including work on the understanding and expanded use of country systems (i.e. the country's own institutions, laws and procedures)

- Continue efforts to coordinate support and activities with the multilateral system and other donors/NGOs at country levels with the view to learn, influence, and harmonize social development and environmental management approaches.

1   Introduction

1.1   Background

This report utilizes an overview of how four international development agencies organise their work in terms of incorporating 'social' and 'environmental' dimensions in development assistance in order to synthesize lessons for possible considerations by NORAD and the Ministry of Foreign Affairs (MFA). The four agencies include two multilateral agencies, World Bank and the Asian Development Bank (ADB), and two bilateral agencies, DFID, and SIDA.[1] The report provides lessons mainly for bilateral cooperation.

The report focuses on the linkages between, on the one hand, the conceptual understanding of 'social development' and 'environmental management' in key policy documents of these four agencies, and the reflection of these concepts in the agencies' policies, operations, and institutional arrangements.

Recent changes in international development have shifted the focus of development assistance from project support to policy dialogue and policy-based programmes with a view to reduce poverty. It has meant a shift in emphasis from reforming macro-economic structures and building infrastructure and spreading technologies to focusing more on institutional arrangements and involving poor people. The new agenda has lead to new concepts, conceptual frameworks, and themes becoming prominent in development speak and development policy. Two main features of the new agenda are of particular relevance to this report. First, the stronger poverty focus of the new agenda reflects renewed interest in 'social development', 'environmental management', and 'environment-poverty' linkages. Second, the reduced emphasis on projects and project support, and increased focus on policy reforms, have important implications for how these cross-cutting issues are understood and incorporated in macro- and sector-reforms and programmes.

The focus on policy-based approaches has, furthermore, resulted in a new political space opened up for macro-micro impact assessment – related to both social and environmental assessment - where ten years ago this space did not exist (CDS 2004, Kjørven and Lindhjem 2002). Many of the international agencies, including the World Bank and IMF, have now a formal requirement to undertake some form of social and environmental assessment of policies and programmes. This has also resulted in rapid advancement in relevant instruments and guidelines for using such approaches and tools in each of the development agencies reviewed in this report. New instruments, or new versions of old instruments, such as Poverty and Social Impact Analysis (PSIA) and forms of Strategic/ Environmental Assessment (S/EA), have been developed to assess social and environmental constraints and opportunities.

---

[1] The review of documentation and material was done in 2004.

Given that poverty reduction is the overarching objective of Norwegian international development cooperation, social development and environmental management are critical integrated dimensions to be considered within policy and operations.

Even so, the integration of these aspects in NORAD/MFA has faced particular problems and challenges at different levels of the planning and implementation processes and in internal support systems (ref. e.g. the report by Riksrevisjonen 28.6.02 on Environmental Development Cooperation - Miljørettet bistand and discussions with NORAD officials).

The problems of conceptually integrating these concerns in analysis and policy is also manifest in the way these aspects are treated in the 2002 Action Plan: Fighting Poverty (MFA 2002) and the 2004 White Paper on international development policy; Common Fight against Poverty: A Comprehensive Development Policy (St. meld. Nr. 35, MFA 2004). Even if this White Paper shows strong commitment to a comprehensive approach to poverty reduction, it lacks substantive treatment of both 'social development' and 'environmental management' as critical cross-cutting themes closely linked to poverty issues (and defined as in this report).

Several recent initiatives within NORAD indicate willingness to provide a more prominent space for social and environmental themes in conceptual work, staffing, and organisational structure with a view to ensure better incorporation in policy and operations (including the recent policy signals by the present government, 2005).

1.2   Objectives

Key questions posed in this report are:

- How are the concepts 'social development' and 'environmental management' defined and reflected in policy, organisations, operations, research & development in key international agencies, such as the World Bank, ADB, DFID, and SIDA?
- How are 'social' and 'environmental' agendas linked to the broader poverty reduction and sustainable development agenda?
- In particular, how do these four agencies organise their work on the incorporation of social and environmental dimensions into operations?
- What lessons can be synthesised from the work of these agencies? What light do selected evaluations/studies shed on the impact of improved integration of social and environmental concerns (e.g. in projects and PRSPs)? Is there a gap between rhetoric and reality?
- Considering the increased emphasis on policy-dialogue, are there methods, instruments or approaches of incorporating these dimensions at macro-level that worked better than others? What are examples of 'good practice'?
- How has NORAD/MFA responded to these challenges? What issues does NORAD/MFA face if the aim is to improve the incorporation of these dimensions?
- What lessons can NORAD/MFA draw in operational terms from the work of these agencies?

The new development agenda has fostered greater coherence and coordination among international agencies and donors involved in development. This is manifested in important new events such as the adoption of Millennium Development Goals (MDGs) and the World Summit on Sustainable Development (WSSD) in Johannesburg (2002).

The global commitments of these events now figure prominently in policies and strategies for sustainable development and poverty reduction within each of the international agencies reviewed here.

A 'global consensus' seems to have emerged that sustainable development requires economic growth combined with social equity and sound environmental management in both rich and poor countries. A close link is recognised to exist between poverty reduction, on the one hand, and social, environmental, economic – as well as political – aspects of development, on the other. This reflects also the acceptance of a broader definition of poverty and the need for more complex and multifaceted approaches to poverty reduction, including a stronger focus on the incorporation of social and environmental concerns.

Furthermore, while environmental issues have long been accepted as having critical *global* dimensions; poverty reduction is now – with the 'new' agenda - more firmly recognized in these arenas as an issue of *global stability and security*, not simply as an issue for the poor countries of the South.[2]

1.3   Methodology

The report is based on a desk review of key documentation and policy statements of the work of four organisations considered to do good work on the incorporation of social and environmental dimensions – two multilateral organisations (the World Bank and Asian Development Bank) – and two bilateral organisations (DFID and SIDA). The main purpose of the work has been to present an overview of the position and space for 'social development' and 'environmental management' in key policy documents; in main perspectives adopted by the agencies concerned; in the organisational structure, and most importantly, in how these agencies work with 'mainstreaming' or integration of these dimensions in operations.

The findings are to a large degree based on a 'screening' of the web-sites of these institutions, matched with other documentation. Contacts have also been taken with a few staff members.[3] The report is not an in depth study or critical assessment of the work of these four agencies. It is more an outline of how these organisations view themselves. Even so, some critical observations are made, based on international literature and evaluation reports. Meetings and interviews with staff of NORAD/MFA have been part of the exercise, and their views have been incorporated.

The report is more elaborate in terms of addressing 'social development' than 'environmental management', partly since this dimension is less developed as a set of cross-cutting themes and a work programme within NORAD/MFA.

The report utilizes the experiences of the World Bank as a key reference point, while referring to Asian Development Bank (ADB), DFID and SIDA to the extent that their work provides additional or particular useful lessons for NORAD/MFA. The analytical and operational work of the World Bank on the 'social' and 'environmental' agendas is

---

[2] See for example WDR 2000/2001, WDR 2003/2004, World Bank 2004, 2005 and 2005band World Bank Annual report 2003; www.worldbank.org/annualreport/2003/growth.html.

[3] Moreover, the main author has worked three years with the Social development unit of the World Bank in a country-office (India) and Arne Dalfelt, who contributed draft sections on environmental management of the World Bank and ADB has worked with the World Bank, Environmental department for several years in the headquarters.

the most extensive. The World Bank's experiences provide the broadest set of lessons, and its policies and strategies tend to condition how other agencies choose to work on these matters. This does not mean that the World Bank is always in the forefront, or the most effective and efficient agency in delivering on various aspects of these dimensions.

The report provides lessons mainly for bilateral cooperation. It addresses NORAD/MFA's involvement with multilateral agencies and cooperation only to the degree that this is relevant for the integration of social and environmental concerns in bilateral cooperation.

1.4   Report outline

The report is organised as follows.

- First, it presents a brief overview of observed linkages between the social and environmental and poverty reduction dimensions of development – reflecting the 'new' agenda for international development. This link is important to establish since each of these agencies, including NORAD/MFA, highlight 'poverty reduction' as the key overarching objective of its operations.

- Second, the report proposes a definition of the specific 'social' and 'environmental' agendas, with reference to work on these dimensions within the World Bank and the three other international agencies.

- Third, the report presents how each of these agencies, reflecting their articulation of concepts at policy level, have responded in terms of organising this work, and developing business lines and practices.

- Fourth, the report outlines in two separate sections how the agencies work at policy and project levels to incorporate, in Part 1) social development, and in Part 2) environmental management.

- Fifth, for each of these dimensions, the report separately presents some of the achievements on 'mainstreaming' in policy dialogue and projects.

- Sixth, reference to 'cutting edge' methods and instruments for social and environmental analysis and programming are highlighted, related in particular to Poverty and Social Impact Analysis (PSIA) and Strategic Environmental Assessment (SEA). This section synthesises some main lessons.

- Seventh, the report indicates briefly how NORAD/MFA has responded, and what issues and challenges NORAD/MFA faces.

- Finally, key elements to consider for 'a way forward' for NORAD and MFA are provided.

2 Social and environmental agendas: linkages to poverty reduction

2.1 Linkages between poverty reduction and social & environmental issues

The document *Linking Poverty Reduction and Environmental Management* prepared for the World Summit on Sustainable development observes two critical types of links between social development, environmental management and sustained poverty reduction. First, it claims that since poor people often depend directly on the natural resources and ecosystem quality for their livelihoods, the 'environment matters greatly to people living in poverty'. Poor people are often among the most severely affected by e.g. degrading forests, unclean water, natural resource hazards (floods, prolonged drought, and pests) and environment-related conflicts. Second, many opportunities for reducing poverty and improving social and environmental conditions exist, but 'there are significant and often deeply entrenched policy and institutional barriers' to addressing such issues. Consequently, it becomes of key importance to address environmental issues that matter to the poor if sustained poverty reduction is the objective (DFID/EC/UNDP/WB 2002:2).

Inspired by this document (as well as the broader literature), a way forward when improved social development and environmental management are to be linked to goals of poverty reduction is captured by the following three broad lessons:

- First and foremost, poor people must be seen as part of the solution rather than as part of the problem. This has implications for the kind of supportive policies and institutions are adopted. Poor people's priorities must guide efforts to improve social and environmental conditions.
- The social and environmental quality of growth and development matters to the poor.
- Social development and environmental management cannot be treated separately from other development concerns

If this is accepted, one might claim that *sustainable development* presupposes that social and environmental dimensions are incorporated into efforts to reduce poverty. Such integration requires policy and institutional changes that cut across sectors and domains that often lie outside the control of social and/or environmental institutions.

This integration can, in very general terms, be captured in the following priority areas for sustained policy, economic, and institutional change (inspired by DFID/EC/UNDP/WB 2002:2, and World Bank 2004, 2005 and 2005b, see also SIDA 2003):

- *Improving governance and the enabling environment for more effective poverty reduction,* in particular in relation to *institutional accountability* i.e. improving politico-administrative responsiveness, enhancing service delivery, and empowering the poor; hereunder, facilitating integration of social and poverty-environment issues into national institutional arrangements and poverty reduction strategies at macro-, meso-, and micro-levels.

- *Improving the quality of economic development/growth in terms of addressing social inequalities and environmental issues;* hereunder, facilitating the integration of social and poverty-environment issues into policy dialogue and economic reforms (e.g. in PRSPs); increase the use of social and environmental assessment from macro- to micro-level, and promote and protect the environmental assets and livelihood opportunities of the poor

Within each of these priority areas there is a need to address specific social and environmental issues and opportunities in a systematic manner related to:

- *Enhancing social inclusion, opportunities and assets of poor people* e.g. related to decentralisation, participation, empowerment, and expanded sustainable livelihoods opportunities, enhanced resource rights, access to training, technology, infrastructure, services. In particular, social inclusion may focus on the empowerment of civil society, women/gender, poor and marginalized groups, and conflict management.

- *Minimizing social exclusion and vulnerability to environmental hazards,* including systems for assessing and addressing potential adverse social and environmental impact, and targeting of potential vulnerable groups.

These goals point to specific 'social development' and 'environmental management' agendas for international development – related to policy, approaches, and instruments - to be further elaborated below. The close linkages between the economic, political/governance, social and environmental agendas mean that advancement in one of these agendas is conditioned by progress in the other agendas. In particular, improved incorporation of environmental management depends a lot on improved social analysis and understanding of social development issues related to poor peoples' views and interests of environmental concerns. Appropriate inclusion of social aspects depends on its integration with economic analysis.

An integrated element of this 'new' agenda for international development would be the *reforming of international agencies (and rich country policies)* to address the poverty, social, and environment concerns in a comprehensive and systematic manner. This raises issues beyond the scope of this report, such as to enhance the effectiveness of international finance institutions and improved international trade policies.

2.2   The 'social development' agenda – operationally defined

The main attribute of social development – as conceptually defined here - is that it focus on *social diversity* in communities and societies and *social analysis* as a way of understanding diversity (ref. Jerve and Softing 2002, World Bank 2003c, 2005 and 2005b).

Inspired by DFID (see below*)'social development' can be defined as a conceptual framework that brings together various cross-cutting themes related to analysis of poverty and gender issues, awareness of social diversity, cultural factors, informal and formal institutional structures that affect poor people's lives, voice, participation, vulnerability, and, hence, processes of social exclusion and inclusion.* It aims to refine development work by making it more accountable, more equitable, and more appropriate and efficient.

The concept stresses that certain groups would (always) be more marginal in economic or political terms, and they become more easily excluded in development processes (e.g. women, poor and vulnerable groups). Particular efforts are therefore required to understand – through *social analysis* - how these groups become socially excluded – and how they can be included - within the context of local social and cultural processes. The broader concern is to understand a variety of stakeholders' and social groups' views, interests, and influences in relation to development. Who are drivers and who are blockers within the political-economy that constitute the context within which policy and programmes are decided and acted upon?

Assessments along these lines require in-depth analysis of how social and institutional structures operate and might be changed in a progressive manner related to the political economy and key dividing lines of society (gender, status, class, caste, age). What divergent perspectives and interests emerge, how can conflicts be resolved, and social inclusion promoted? How can social and economic opportunities be provided for a broader spectre of social groups? This kind of assessment introduces issues of power related to diverse actors, discourses as part of power struggles between groups, multiple views and contradicting agendas, and conflict resolution between different interests. Understanding the role of local leaders and traditional elites and the *informal institutions* within which these actors operate become important. In this regard, the social development agenda has shifted over the last few years to focus more on *positive* social change processes i.e. how to improve social *opportunities* through a combination of politico-institutional change and targeted programme support; rather than focussing mainly on constraints and limitations of development programmes.

Overall, a set of recognised cross-cutting 'social development' themes might be seen constituted of the following, based on a synthesis of the work of the four agencies:

- Poverty reduction policy and redistribution policies and social justice
- Gender equality
- Inclusion/exclusion of vulnerable groups (e.g. indigenous peoples, youth, children, war veterans, drought victims)
- Conflict management, including security and peace
- Social sector policy concerns (particularly related to health and education)
- Participation, capacity building, empowerment (of poor people), advocacy
- Local governance and decentralisation (local/informal institutions and organisations; social capital; social cohesion)
- Institutional and social accountability and transparency (governance)
- Civil society involvement
- Social policy (social protection, welfare, livelihood enhancement)
- Social corporate responsibility of private business

New themes keep being added to this list as new challenges or new perspectives are given prominence by the donor agencies (or as 'old' issues are provided renewed attention), such as:

- Human rights and rights-based development
- HIV/Aids
- Peace, security and anti-terror work

The 'social development' agenda of the World Bank is considerably broader and more elaborate than that of ADB. ADB's agenda has developed more or less in the "foottracks" of the World Bank – focussing initially on e.g. resettlement, indigenous people, and gender issues – while more recently adopting a broader set of issues. SIDA has the least specified and developed agenda among the four.

An overriding assumption behind the focus on social development and social analysis/participation is that when such issues are addressed appropriately, development becomes more effective (in reaching the poor). Social development is both a means and an end related to positive social change (World Bank 2004). There is evidence to this end provided in recent evaluations (OED 2004) and literature (ref. also WDR 2004 and 2006).

Efforts that are seen to improve poverty reduction (in an instrumental manner) in this regard are activities such as (World Bank 2005, 2005b, 2004, World Bank 2003c, Jerve and Softing 2002);

- Clarification of social development in conceptual frameworks and strategies, linked to poverty reduction
- Improved organisational response and positioning of the social development agenda
- Better social and institutional analysis/assessment; revealing social diversity and addressing key social issues
- Better screening of potentially adverse impacts, safeguards, and quality assurance
- More focus on social diversity and opportunities for inclusion; hereunder increased stakeholder participation in planning and design – more focus on empowerment and capacity building
- More community-based development; with a focus on local elites and leaders
- Greater cultural sensitivity of operations; focus on informal institutions
- More focus on prevention of conflict and violence; enhancement of cohesion
- Better accountability measures – socially and institutionally
- More focus on applied research and knowledge backing
- Greater focus on country ownership and in-country capacity building

2.3 The 'environmental management' agenda – operationally defined

The 'environmental management' agenda, in terms of specific themes and issues, is generally more down to earth and uniformly defined by the four international agencies. Core elements of the agenda include:

- Natural resources management (including land management, forestry, and biodiversity, freshwater and marine systems)
- Pollution management
- Global environmental management
- Environmental economics, indicators, analytical and institutional tools
- Environmental monitoring, auditing, awareness raising, accountability

There are important cross-cutting themes that combine these two main agendas related to e.g. institutional and legal arrangements, environmental policy, environmental governance, awareness, and advocacy. There are also new or reinforced cross-cutting themes being added to the agenda, such as (ref. SIDA 2003, 2004):

- Environmental health issues
- HIV/Aids and environment
- Environment and gender
- Biodiversity and economic development
- Environment and human rights
- Environmental destruction and conflict
- Environment and trade
- Environmental hazards and natural resource disasters
- Natural resource conflicts and environmental risks.

Overall, the 'new' environmental management agenda has resulted in greater demand for in-depth analysis of policy, institutions, and stakeholders views and interests and how they are differently impacted. To this end, the 'environmental agenda' faces many of the same challenges as the 'social development' agenda, for example, related to ways of informing and involving poor people and civil society, creating awareness, empowering, and ensuring participation of a diversity of interests groups/stakeholders in policy and programming.

2.4   The 'new' agenda for international development

The rise of poverty reduction, social development, and environmental management as recognized global policy challenges (by the development 'community' and increasingly by many developing country's governments) is manifest in various global and regional agreements, including the ambitious Millennium Development Goals (MDGs) to which most international development agencies subscribe, including NORAD/MFA (ref. White Paper April 2004).

This 'new' agenda for international development is – at least in rhetoric - aimed at addressing many if not most of the comprehensive set of concepts and issues referred above, related to concerns such as good governance, equitable and pro-environmental economic policies, institutional accountability, social development, environmental conservation and sustainable development.

The strategic focus of this new agenda is seen to require a combination of more responsive and accountable governments (institutional accountability) as well as greater empowerment of stakeholders and inclusion of a diversity of social groups in policy

(social inclusion and cohesion).[4] The agenda also acknowledges that the goals of reducing poverty, as laid down in the MDGs, require resources much beyond the financial and administrative capacities that can be mobilised by state governments and donors. Hence, closer cooperation and strategic alliances between public, private and civic actors are warranted.

Moreover, the development agenda has for most donor agencies and countries gradually become closely tied to foreign affairs and security policies, related to domains such as anti-terrorism, peace and reconstruction, trade, immigration, global environment, and human rights.

Overall, the new agenda has resulted in closer coordination and alignments between like-minded donor countries and agencies – and between bilateral and multilateral agencies.

At the same time country-ownership and responsibility for policy, strategies, and programmes have come more in focus. Country-driven – as well as community-driven - programmes are being preferred by governments as well as donors (not only in rhetoric). The focus on country-ownership, on the one hand, and stronger governance conditionality, on the other, raises some of the major dilemmas inherent in the new policies (see later).

The new agenda is complex and comprehensive and requires mutual understanding and coherence between the donor agency and the partner country within a variety of country policy areas. Hence, related to program preparation, these changes require more, first of all, greater efforts in applied research, knowledge creation, and *upstream country-level* program analysis as basis for strategy development. Secondly, there is need for more in-depth social and institutional analysis in order to promote stakeholder involvement and participation in planning and implementation. In most poor countries, development support by external donors will be conditioned by the preparation and implementation of e.g. Poverty Reduction Strategies (PRSs) and related funding mechanisms. Such macro-level processes require new and complex tools and instruments for doing social and environmental analysis, which are continuously being refined, such as Poverty and Social Impact Assessment (PSIA) and Strategic Environmental Assessment (SEA).

Hence, if NORAD/MFA as an international development agency wants to be part of coordination and harmonisation processes related to PRSPs or sector programmes, there is often a need for specific competence and decentralised country capacity for meaningful engagement in policy dialogue on a set of topics. Hence, the right kind of policy knowledge and experience would be required – and made available in a timely manner to have an impact on the dialogue. This raises new challenges for small agencies with limited capacity on the development scene, such as NORAD/MFA.

2.5   Poverty reduction as the overarching goal

Each of the agencies reviewed here have fairly recently reinforced policies and strategies to address broader themes of *poverty reduction* – all with stated policy commitments to the MDGs. Each of them in different ways subscribe to policy alignment and harmonization with other agencies as being important, for example, in relation to work with Poverty Reduction Strategies (PRSPs) and new kinds of budget support or sector programmes.

---

[4] As expressed through World Bank terminology.

The focus on poverty reduction is reflected in a more dynamic *social development* agenda with initiatives to improve conceptual frameworks and forms of doing social analysis, in particular within the World Bank. New initiatives have also been initiated in relation to *environmental management*, for example, regarding the understanding of linkages between environment and poverty in several of the agencies.

Related to policies of promoting poverty reduction as a key goal, the following responses can be noted for each of the agencies reviewed:

The **World Bank** recently produced a new strategy for long-term growth and poverty reduction with a focus on improving the investment climate and empowering and investing in people, see work on operationalising social development (World Bank 2003b, 2003c, 2005, 2005b). Two other important manifestations of its policy commitment to poverty reduction are found in the WDR 2000/2001: Attacking Poverty and the WDR 2004: Making Service Work for the Poor (ref. also WDR 2006; www.worldbank.org). Moreover, it has made several advancements in the social development agenda – among others related to analyses of PRSP strategies – as well as in recent strategic work around social development (see below).

ADB adopted its Poverty Reduction Strategy in 1999: Fighting Poverty in Asia and the Pacific (ADB 1999), and has kept strengthening the poverty focus of its operations through a Long-term Strategic Framework (www.adb.org).

DFID's overall mission/goal is to reduce global poverty and promote sustainable development, in particular through achieving the MDGs (www.DFID.gov.uk). DFID's assistance is concentrated to the poorest countries of sub-Saharan Africa and Asia, but also contributes to poverty reduction in other regions. DFID's central policy is based on two White Papers on International Development (1997 and 2002), which commit DFID to 'support for international sustainable development targets and policies which create sustainable livelihoods for poor people, promote human development and conserve the environment' (www.dfid.gov.uk/aboutdfid/files). The 2002 White Paper is termed: Eliminating Poverty: Making Globalisation Work for the Poor.

SIDA's work as a 'development partner' is seen as 'to help create conditions that are conducive to sustainable development, poverty reduction, democracy and gender equality' (www.sida.se). Poverty reduction is raised as SIDA's main mission in the recent strategy document Perspectives on Poverty (SIDA 2002). Besides reference to the MDGs, the document highlights its commitment the OECD/DAC guidelines for Poverty Reduction – as well as a set of conventions on human rights and the environment. A precursor to these policy documents is SIDA's policy on 'Sustainable development' from 1996 – which is more concerned with environmental than social sustainability.

The challenges involved in operationalising these complex and broad-based poverty reduction policies and strategies have created a demand for more conceptual and country-specific knowledge about what works and what does not work. A key concern is how to understand, and, in turn, create conditions for *positive linkages* between economic development/growth and poverty/social, and environmental dimensions in specific contexts (ref. World Bank 2005, 2005b, and the new WDR 2006). These important questions have raised the need for new methods of policy dialogue and new instruments for policy analysis and involvement of stakeholders (see separate chapter).

3 Organisational responses in relation to social and environmental issues

Within a development agency different dilemmas arise in deciding upon how to organise work within 'social development' and 'environmental management' agendas. A few of them are raised here. First, there is a need to determine the kind of expertise required; for example related to whether specialists should have pure social and environmental backgrounds or be sector experts/economists with specialised training in one or both of these fields. Second, the location of such experts in the organisation is of concern, whether they should be mainly placed in a stand-alone unit or mainly in a joint social/environment unit, or as staff (or teams) integrated in other sector departments, e.g. within rural development, macro-economic policy, governance, or human development sector units. Third, these kind of considerations also touch upon the relative focus on placing such kind of staff in various sections of the organisation e.g. in policy, technical advice, operations, or oversight/quality assurances.

Fourth, the relative number and capacity of staff at headquarters versus field offices (degree of decentralisation) is an issue. Fifth, the focus of the work of these experts on various areas of importance e.g. should focus be on operational concerns versus research and policy or more specifically on one or several of the areas design, guidelines, instruments, mainstreaming, policy, quality assurance, legal control, monitoring, research, or capacity building. Sixth, it is important which basic types of units should have control and responsibility over which element of the agendas and what sort of overlaps and cross-fertilization would be expected between social/environmental units and e.g. macro-economic, governance, human rights, human development, rural development units. Finally, there is a need to decide what kind and level of capability is required internally, versus what kind of resources can be called upon from external think-tanks or resource centres.

These kinds of dilemmas will not receive systematic attention here. And there is not likely to be clear cut answers to each one. Appropriate responses will obviously depend on context and institutional histories. As noted below, these issues have been dealt with by each of the four agencies in different manners in their choice of organisational responses.

The **World Bank** has organised its core staff and work on both social and environmental aspects within the same Environmentally and Socially Sustainable Development (ESSD) Network. Operational staff in the regional departments have either been co-located in the same unit or located in separate social and environmental units. Oversight functions related to safeguard issues are located in separate units (legal and quality assurance). While work on environmental aspects preceded the work on social development, an important alignment of the two agendas took place during the period 1987-1997. This period brought together environmental assessment with social assessment and policies on resettlement and indigenous peoples (World Bank 2003b). On the social agenda side, this

period implied an increasing acceptance of the importance of beneficiary/stakeholder participation – and increasingly – work with civic engagement (World Bank 1995). The foundation for much of the work on community-based projects also started in this period. On the environmental agenda, the key focus in this period was on mainstreaming environmental considerations in project design and implementation among others through systematic screening and utilization of Environmental Assessment (EA) when found appropriate. The World Bank was the first of the four agencies to create a separate social development unit (1993 – with six staff). By 1997 the Bank established a stand-alone Social Development Department (SDV).

The overall goal of ESSD is to promote activities aimed at mainstreaming the environmental, social and poverty-reducing dimensions of sustainable development into overall Bank work. Today, the core group of staff responsible for social development is located in the Social Development Department (SDV), while those responsible for the environment is in the Environment Department (ENV). Over the years, different regions within the Bank have chosen different ways of organising themselves i.e. whether to have a joint Social and Environment Department or two separate departments. There have also been tension and internal turf battles over these agendas between the social and environmental units and the macro-economic units (PREM) and rural development/natural resources management. There have also been dilemmas as to what emphasis should be on the relative strength of staff at headquarters versus field staff specialised on social and environmental fields.

In **ADB** the social and environmental staff is located within the same Regional and Sustainable Development Department (RSDD), which is responsible for developing and monitoring policies and guidelines for all sectors and aspects of development, including safeguards on environment and resettlement and indigenous peoples.

In **DFID's** organisational structure, social and environmental staff has both distinct and separate units in the Policy Division as well as in the Advisory Division (Office of the Chief Advisor). The two fields are thus found under the same department but in different sub-units.

In **SIDA**, the two areas are split on two departments. SIDA encompasses a Department of Natural Resources & the Environment with sector responsibility for 'environmentally sustainable development and sustainable utilisation of natural resources' (www.sida.se). Under this department there are also two regional or decentralised offices, one in Nairobi and one in Bankok. SIDA has a separate Environment Policy division which provides advisory services, works on incorporation of environmental dimensions, and oversees global conventions. The social dimensions are part of the Department for Democracy & Social Development with the mission of creating favourable conditions for 'democratic development as well as sustainable and social and cultural development'. However, 'social development' is equated with the 'social sectors' – according to the Swedish language – defined as education and health.

Before addressing how the different agencies have responded to the challenges raised by these agendas in terms of mainstreaming, it is necessary to establish how they define their specific 'social' and 'environmental' agendas (ref. Part 1 and Part 2 in subsequent sections).

4 Part 1: Incorporating social development dimensions

The main assumption behind the need for incorporating social development concerns in a development agency is that 'it works when done well'. It makes development more effective in reaching the poor (in an instrumental manner). The World Bank argues that projects which address social dimensions of development (now almost half of all projects financed), meet their objectives more often; their impacts are likely to be more sustainable; and they do better on institutional development than the portfolio of projects as a whole (World Bank 2004a, OED 2004, OED 2003). Operational staff of the Bank supports these findings. They generally consider that social development 'has significant impact on development and outcomes' and that it is integral to what they are doing (OED 2004:36). In this regard, the World Bank reports progress within the social development agenda along the following dimensions, which are now considered critical for promoting sustainable poverty reduction (World Bank 2005, 2005b, 2003b, World Bank Annual Report 2003):

- *Social analysis* is now carried out fairly routinely at project and programme levels
- Most World Bank-assisted projects now include *participation* and *civic engagement* (e.g. involvement of NGOs in the planning and implementation)
- The portfolio of *community-driven projects* is increasing
- The portfolio of projects dealing with *conflicts* is increasing
- The approach to *safeguards* helps mitigate potential adverse impacts and improve development outcomes

Moreover, the World Bank has invested considerable time and efforts in a new *Social development strategy;* the draft now being out for information and commentaries. This draft represents the first attempt by any of the four agencies to present strategic work on social development into one consolidated agenda and document (World Bank 2004).

There are, however, also many critical opinions within the World Bank about different aspects of the social development agenda, for example, related to its complexity, that it tend to delay project preparation, it is costly, it is not always well adapted to local context and institutional traditions; it is not easily operationalised, and that the agenda is largely Bank-driven and often not adhered to by the borrower and/or implementing agency.

4.1 Defining the social development agenda

The term 'social' has multiple meanings and its meaning differs from one agency to another and one context to another. Its meaning seems to depend on institutional legacies and context (ref. footnote 3 for a working definition inspired by DFID's definition). The

meaning of 'social' is debated in the international development community (and remains unresolved). There seems, however, to be a general agreement that social development involves a comprehensive view of development – which for example includes the principles of inclusion, cohesion, and institutional accountability (at least as far as the World Bank is concerned). Moreover, social dimensions matter for sustainable and positive change (World Bank 2004:11). Even so, the role of social development within the poverty reduction agenda is not clear. The conceptual frameworks associated with 'social development' differ quite considerably between the agencies reviewed here. Social development is often characterised by what it does rather than by what it is, or how it is defined (ref. also OED's evaluation of more than 4000 projects, OED 2004:vii).

A main attribute of social development, as already argued, is that it stresses the importance of *social diversity* – related to social groups with different views, interests, and influences - and *processes of exclusion and inclusion of vulnerable groups* - as an integrated element of project and policy assessment. In this regard, social development deals with social and political context and institutional change. The focus is to a large degree on *informal institutions* and culture – more so than formal institutions. So far, there seems to be large degrees of agreement between the four agencies; though not full agreement by far.[5] The exception is perhaps SIDA, within which 'social development' is less clearly defined and there seems to be less uniform use of the concept. The concept is here mainly tied to the 'social sectors' (health/education).

Four different perspectives on social development are important to note if the aim is to carve out a defined 'social development' agenda (see Figure 4.1, inspired by Jerve and Softing 2002). These perspectives are partly overlapping and not mutually exclusive. A detailed and substantive explanation for these categories, and the way the four agencies utilize the concept has been provided in Chapter 8.

Figure 4.1   *Perspectives on social development*

	Broad concept	*Narrow concept*
Vertical *- administrative* *- sectoral*	1. Social sector, social policy	2. Social exclusion/social protection/safety nets/ safeguards
Horizontal *- analytical* *- cross-sectoral*	4. Social relations /institutions/accountability	3. Social inclusion/empowerment/ rights-based/opportunities

Source: *Building on Jerve and Softing 2002*

4.2   Definitions within each of the agencies

The **World Bank** is perhaps closest to a definition of 'social development' as a concept for understanding social change and as a set of cross-cutting themes (but avoids giving a clear-cut definition).[6] In the draft strategy Social Development in World Bank

---

[5] However, this focus on informal institutions is to some degree a result of the institutional legacy or institutional space provided for social development within the World Bank. The agenda has emerged by its proponents carving out space in between themes and professions related to e.g. economics, public administration, and technical fields (rural, natural resources, environment).

[6] This is probably related to the fact that the World Bank from 1997 and onwards hired and incorporated a large amount of social scientists as staff (close to 300 staff members) – who started providing social analysis, revealed social impacts, and gradually carved out an agenda and internal

Operations: Results and Way Forward (World Bank 2004) 'social development' is equated with 'positive social change'. Positive social change is then 'transformation that better equips society to reduce poverty'. Promoting such transformation requires deep knowledge of local context and understanding of diverse local perspectives and interests, power dynamics, culture, and value systems – as well as the informal and formal structures of society (World Bank 2004:1, and 2005). The World Bank claims that its social development strategic priorities build on certain principles that have evolved by assessing operational experiences. The following key principles have made development operations more effective and sustainable (from an evaluation of 4000 Bank supported projects over the last 30 years), according to OED (2004).

- Inclusive societies – attempts to give citizens equal access to opportunities and encourage participation of all individuals in development activities
- Cohesive societies – work together to address common needs, overcome constraints and consider divers interests – differences are resolved in civil and non-confrontational ways that promotes peace and security
- Accountable institutions – are transparent and take responsibility for their actions and respond to people's needs – accountability is perceived an obligation of all those who can exercise political, economic or other forms of power – institutions to include both formal and informal and government, private and civil/communal

'Inclusive, cohesive societies with accountable institutions are better able to sustain lasting development' (World Bank 2004:2). Lessons from a recent review of past performance of Bank operations by OED (2004) has been incorporated in the draft Social Development Strategy and lead to the following four – rather general - strategic priorities for its social development work (World Bank 2004 and 2005):

- Continue mainstreaming social development activities in Bank-supported investment projects
- Increase attention to social development in Bank's policy dialogue and policy-based lending
- Enhance the portfolio of investments and analytic work focused on social development
- Improve the Bank's capacity building, advocacy and research on social development to build a stronger platform for implementation of the three other priorities

These strategic priorities are further elaborated below, and may serve to inform NORAD/MFA's work on these matters.

The **Asian Development Bank (ADB)** suggests that social development 'promotes people's well-being alongside a dynamic process of economic development'. The concept at present is associated with themes such as equitable access to the economic and social benefits; participatory approaches, culture, social structures and institutions (ref. ADB website: www.oesd.adb.org/socdprimer.asp.).

DFID defines social development rather broad: 'Social development is a growing discipline which aims to refine development work by making it more accountable, more equitable, and more appropriate. Throughout, the focus is on the needs and interests of the

---

space for this work within the organisation (OED 2004). The footprints of the World Bank's social scientists are now visible in many corners of the institution and their work has contributed to important changes in operations.

poorest people.' (DFID Social Development Factsheet ref. www.dfid.gov.uk/index.html) Social development is perceived as a framework that brings together various strands related to an understanding of poverty and gender issues, awareness of the social and cultural factors, structures of governance that affect poor people's lives, voice and participation, vulnerability and social exclusion, social protection, and livelihoods security (see also footnote 4).

SIDA in its key document Promoting Sustainable Livelihoods (1996) attaches the term 'social' to the need for understanding development in context of social groups and processes: 'For SIDA, 'social development' refers to both a process and to development planning analysis which takes into consideration the basic structure of society, social organisation and social change'. But 'social' (in the Swedish and Norwegian language) is mostly equated with a more narrow area of public policy concerned with social benefits, elderly, disabled, pensions and social insurance i.e. areas under the responsibility of a particular Ministry of Social Affairs (Jerve and Softing 2002). Social development as a concept, cross-cutting theme and work-programme, as far as the documentation read, seems least developed in SIDA among the four agencies. The term 'social is mainly associated with the human development sectors – health and education – in the organisational arrangement of SIDA (the 'social sectors' in Swedish – and Norwegian). Moreover, the term seems to refer to social policy – including policies addressing poverty and equity/gender issues – but often with reference to the relevant sector policies – and specific policies aimed to address poor and disadvantaged groups (as in social welfare or social protection).

4.3   The social development business lines of four agencies

4.3.1   The World Bank

The World Bank's social development agenda is considerably more advanced than those of the other agencies both in terms of allocation of staff and resources, organisational position, definition of concepts and frameworks, application of safeguards and instruments, and policy dialogue and programming. This would also be expected, given the level of financial resources channelled through the Bank. Its social development agenda grew out of a focus on the concept as a set of cross-cutting theme for understanding social change – more so than out of sectoral concerns.[7] Even so, as suggested by OED (2004), the introduction of the social development agenda keeps being an uphill battle. The key unit for promotion of social development, SDV, has about 50 staff in Washington and another 70 staff in other regions. SDV – along with other units in the World Bank is furthering work on approaches and tools to analyse the social impacts in and of the Bank investment operations. These approaches and tools are developed as part of a learning curriculum and delivered to World Bank staff and clients through a

---

[7] This reflects among others a recent commitment from top-management (including from President Wolfensohn) and a considerable allocation of staff and resources to work on the SD agenda. Since 1997 the Bank has articulated a stronger commitment to social development manifested in the establishment of the Social Development Thematic Family and the Social Development Network (SDV). The social scientists of the Bank carved out an agenda within the institution – squeezed between the economists and the technical/sectoral oriented staff. Hence, the social agenda and themes of the World Bank have its particularities. None of the other agencies, possibly with the exception of DFID, had a comparable size of social scientists amongst its staff.

learning and capacity building program. SDV works on Bank operations, carries out analysis (policy, institutional and project analysis), and maintains a thematic group to disseminate research and collect best practices from around the world. It works on activities that integrate key poverty and social issues in macro-level, multi-sectoral, and sectoral policy making – as part of mainstreaming social and poverty-reducing dimensions of development. It runs seminars, maintains websites, puts together learning events and clinics, and synthesises knowledge and good practice in thematic notes.

The **World Bank's Social Development agenda** has gradually consolidated over the last five years to focus on five work programs – emerging from the work of the Social Development Department (SDV):

- Social analysis – and social development strategy work
- Participation, social accountability and civic engagement
- Community-based development work
- Formal and informal institutions
- Safeguards and quality assurance

1. *Social strategy and social analysis*. Social analysis of opportunities, constraints and risks has been formalized and accepted as a requirement alongside economic and institutional analysis of projects. The Bank has developed a useful Social Analysis Sourcebook for incorporating social dimensions into Bank-supported projects (www.worldbank.org/socialanalysissourcebook, World Bank 2003c). Reflecting the discussion of the draft Social Development Strategy and the Social Analysis Sourcebook, social analysis is now a regular undertaking in projects and applied to policy reforms/policy-based lending through PSIA, a tool that was introduced as part of the PRSP framework. The Bank has recently prepared an elaborate 'User's Guide for Poverty and Social Impact Analysis' (www.worldbank.org.psia). If the draft strategy is finally approved by the Board, the World Bank will for the first time consolidate its approach to social development into a single Bank-wide strategy. This strategy proposes specific principles, actions, targets, and institutional measures for incoporporation of social sustainability in projects and programs (www.worldbank.org/sdstrategy).

2. *Participation and civic engagement, including NGO sector work,* was merged as agendas, and this work has now become widely accepted as part of program and policy-based lending preparation and implementation. More recently, a number of countries have implemented social accountability measures, which supposedly empower (poor) people to hold the public sector more accountable for their actions (e.g. participatory public expenditure, participatory monitoring, poverty reduction strategies). This work involves the promotion of methods and approaches that encourage stakeholders, also the poor, to influence and share control over local decisions, policy, resource allocation and access to public services (www.worldbank.org/participation).

3. *Community-driven development* work, including work on local institutions, social capital, and community-driven development (CDD). This concept is developed within the Bank with the basic principle of treating poor people and their institutions as 'assets' and 'partners' in the development process. The Bank has developed a set of tools to measure and put social capital into practice (ref. separate toolkit on Social Capital). This work underpins the Bank's increasing focus on CDD which are programs supposedly to be driven by community priorities and often implemented by the communities themselves. CDD investments make up around 12 per cent of the World Bank's annual investments (www.worldbank.org/cdd).

4. *Formal and informal institutions* are in focus for much of the social development work of the Bank, including institutional analysis. This has also led to work on post-conflict reconstruction, both related to social and physical reconstruction (including conflict prevention and reconstruction (CPR)). Increasing efforts are being done to develop an understanding of post-conflict reconstruction and ways of supporting 'vulnerable low-income countries under stress'. The Bank has also explored links between conflict and natural resources management (www.worldbank.org/conflict).

5. *Safeguard policies* and work to ensure compliance with safeguards relate to particular concern for vulnerable groups, such as indigenous peoples and involuntary resettlers.

4.3.2   The Asian Development Bank (ADB)

The **Asian Development Bank (ADB)** initially worked on the social agenda through issues related to indigenous peoples and involuntary resettlement – mirroring the early agenda of SD in the World Bank. ADB did, however, already in 1993 introduce Guidelines for Incorporation of Social Dimensions in Bank Operations. The year after a Handbook for Incorporation of Social Dimensions in Projects was made (ADB 1994). This handbook introduced the concept of social analysis and provided sectoral checklists on most relevant sectors. The analytical and operational work on social issues was considerably strengthened in the late 1990s, first, with the adoption of its Poverty Reduction Strategy (1999), and, secondly, with an important re-organisation in 2001. Reflecting its focus on institutional and governance issues from the early 1990s, ADB now made poverty reduction its overarching goal. Social development was given a more prominent position in the organisational structure (ref. Jerve and Softing 2002 and www.oesd.adb.org). Among others this meant;

- Operational units at HQ and resident missions to have improved capacity for social analysis, greater client orientation and participation, and pay more attention to social impacts
- Each regional vice-presidency to have a 'social sector division' (as a resource and knowledge centre)
- A Regional and Sustainable Development Department (RSDD) to encompass a separate division for 'environmental and social safeguards'. It would also have a separate division for 'poverty reduction and social development'. The department would be responsible for developing and monitoring policies and guidelines for all sectors and aspects of development. It would also be a centre of knowledge and advice to regional departments.
- Thematic networks would be established to strengthen links between advisory and operational staff.

ADB – as the World Bank – also includes a central 'policy and strategy' department that deals with macro-economics and policy-based lending and social/poverty aspects as part of this. ADB has also strengthened its sub-regional and country offices – this also means that ADB has moved from a project to a country focused agency which requires much more in-depth country knowledge and response to country-driven initiatives. This means that ADB keeps the social exclusion/adverse impacts/safeguards separate from the social inclusion/positive social change/opportunities element of the SD agenda.

The stronger emphasis on poverty reduction has lead to greater emphasis on broader aspects of social development related to participation and social analysis. ADB suggests

that social development 'promotes people's well-being alongside a dynamic process of economic development'. The concept at present is associated with themes such as equitable access to economic and social benefits, participatory approaches, culture, social structures and institutions (ref. ADB website: www.oesd.adb.org/socdprimer.asp.). ADB has until recently kept an important focus on gender issues – both through analytical and operational work. It also works on human capital development, population policy, and social protection.

Each of these cross-cutting themes is incorporated in country-assistance planning and programmes developed by the regional departments – assisted by social scientists and overseen by RSDD. Hence, the operations departments are responsible for the inclusion of these dimensions. Social development staff joins teams and have responsibility for incorporation of social development concerns in country, sector and project programming.

4.3.3   DFID – UK's Department for International Development

DFID has a fairly elaborate social development agenda, both in terms of analytical work, staff, and organisational position. In addressing its overall goal of reducing the number of people living in extreme poverty, DFID applies the Sustainable Livelihoods Approach. This has been developed as a set of cross-cutting analytical themes. The approach has some similarities to a social development approach – as advocated in the recent World Bank strategy - in that it is people centred, holistic, dynamic, builds on strengths of actors rather than needs, and attempts to bridge gaps between macro and micro levels. It emphasises *sustainability* as a key concept and goal (World Bank 2004, Jerve and Softing 2002). Thematically the approach is geared towards e.g. access to education and health, natural resources, information and technology, infrastructure, finances/micro-credit – and an enabling policy and institutional environment that supports multiple and diverse livelihood strategies and promotes equitable access to markets.

The Social Development Department (SDD) of DFID assists with the provision of advice on poverty analysis and poverty reduction strategies (PRSPs). It also provides advice on the social policy and social protection dimensions of international development including social inclusion, social capital, gender equality, human rights, civil society, social dimensions of business (corporate responsibility), labour standards, illicit drugs, community-based organisations, and participatory approaches.

SDD hightlights the vulnerability of socially excluded groups, and aims to achieve enhanced opportunities for the very poor and marginalised people. SDD has responsibility for policy areas within most of these domains (www.DFIDstage/aboutDFID/files/sdd/sdd).

Most of DFID's social development advisers – totally about 70 social scientists from different disciplines - are based in country offices (about 60 country offices) – the rest remaining in the head office. SDD does not manage its own investment programmes, but engages in advice and policy functions across the organisation. In DFID's Fact Sheet on social development DFID argues that a social development approach should contribute to development work by making it more 'accountable, more equitable and more appropriate'.

DFID argues that the SD advisers make a difference through their contextual knowledge, research background, and preoccupation with qualitative aspects of development. They are better able to grasp local perspectives. Hence, both organisationally and staff-wise

DFID has made substantial efforts to strengthen its SD capacity, and it has given SD a prominent position in its work (cf. Jerve and Softing 2002). DFID has funded a series of theme papers and research work related to the social dimensions of development – in particular to support the achievement of 'positive social outcome' (Jerve and Softing 2002:19).

DFID has adopted a policy of working fairly close to the multilateral agencies, not least the World Bank, on important research related to country programming, new instruments and policy related programmes for promoting the social development agenda (ref. Network on Social Development Advisors (NSDA) and related work on Poverty and Social Impact Assessment). But DFID staff and DFID as an institution take fairly independent and sometimes critical stands in relation to the work of the World Bank/IMF.

4.3.4   SIDA

'Social development' in SIDA is organised as a work-programme under the Department for Democracy and Social Development. The concept 'social development' seems, however, equated mainly with education and health – and the domain of culture. Although it is argued that within the 'social area' the objective is 'from a rights and equality perspective to create conditions for social development and security' (www.sida.se). But no in-depth elaboration of the concept 'social development' was found through the reviews of SIDA documentation and web-sites - on par with the operational content of 'social development' suggested in this report (focussing on social analysis, social diversity, inclusion/exclusion). There is no defined work programme or comprehensive strategy related to social development, as in DFID, the World Bank and ADB. Only recently has there been an effort to reflect 'social development' as an operational agenda with a defined organisational structure, reinforced through the work under the Network on Social Development Advisors (NSDA). However, SIDA has undertaken a variety of analytical and operational work and on important social themes related to e.g. poverty, democratic governance, human rights, participation, and rural development. SIDA has also established e.g. a Civil Society Center (SCSC) in Sweden as a think tank on popular movements and NGOs working on creating knowledge and new methods for development – as well as work on training and capacity building.

4.4   Incorporation of social development – the case of the World Bank

The social development work of the World Bank is in this section utilized as a "good practice" case.[8] This work includes the five work programs under the Social Development Family listed below. Social development is invariably integrated in the Bank's policy and operations at various levels through a focus on i) macro-social analysis, ii) project-level social analysis, and iii) quality assurance.

In the Table 4.2 follows an overview of key work programs and related cutting-edge concepts and tools for promoting social development work within the World Bank.

---

[8] The documentation relates to work up until mid-2004; hence, efforts carried out in late 2004 and through 2005 have mostly not been included here.

Figure 4.2   *Overview of front-line work on social development within World Bank*

Work programs	Key focus areas
Overall focus on poverty reduction	Poverty reduction, socially sustainable development
Social Analysis and Social Development Strategy	Social Strategy – draft 2004, Social assessment, Social Analysis Sourcebook – Social Analysis as a requirement of project preparation, Poverty and Social Impact Assessment (PSIA), Country level social analysis
Participation and civic engagement	Participation and civic engagement as part of e.g. PRSPs, shift from NGOs to civil society, Participatory Poverty Assessments (PPAs), Participatory public expenditure monitoring
Vulnerable groups/safeguards	Indigenous peoples, involuntary resettlement, gender, poorest of the poor, disaster, post-conflict recovery, Social safeguards more vigorously enforced, broader concern with vulnerability/poverty (e.g. WDR 2000/1), Conflict prevention and reconstruction, conflict analysis as part of social analysis
Community-driven development and social/local institutions	Social Capital, Community-driven development (CDD), Local level institutions

Source: World Bank 2003b

The social development work of the Bank can only be understood in conjunction with the broader work of the World Bank on poverty. The Bank at present works to decentralise the social development agenda to the regions in order to develop strategies based on regional issues and build local capacity and country-ownership.

4.4.1   Macro-social analysis

Macro-social analysis – mainly related to *Poverty and social impact analysis (PSIA)* - is the most recent of the World Bank's social development instruments and approaches. It consists of analytical work on the country context, analysis of the impacts of policy and institutional reform, and monitoring of development outcomes to inform strategy formulation. PSIA is the newest approach to this work, developed jointly by the World Bank and IMF, with important input from DFID and related consultants (ref. the User Guide to PSIA, World Bank 2003d). A brief presentation of the approach is provided below. On macro-economic analysis the social scientists of the social development units works jointly with poverty economists (which are located in different departments). In addition to the undertaking of PSIAs, the macro-social analysis examines the interaction of national or sub-national legal frameworks, institutions, and social interactions to assess the opportunities, constraints and risks to identify and prioritize possible social development interventions to the Bank's mission of poverty reduction.

4.4.2   Project-level social analysis

Project-level social analysis is part of the project appraisal process, and assesses the opportunities, constraints and likely impacts and social risks arising out of development projects and programs (ref. Social Analysis Sourcebook, World Bank 2003c). Work is underway by the Social Analysis team to develop an Operational Policy (PO 10.05) on Social Analysis (ref. World Bank 2004). There are also sector-specific guidelines being

prepared for social analysis and social assessment in e.g. HIV/AIDs, Transport, Education, Energy and other sectors. The goal of this work is to have a more consistent approach to addressing concerns about social diversity and gender, participation, and risk assessment in project preparation and operations.

4.4.3   Quality assurance and internal review processes

Quality Assurance has come more in focus within the Bank – also related to the social development quality of the lending and non-lending operations. Over the past four years, the Social development family has made major investments in quality assurance through more systematic participation in relation to; reviews of the poverty and social aspects of Bank operations in partnership with the Quality Assurance Group (QAG); and reviews of key Bank documents (including Country Assistance Strategies, Adjustment Loans/Credits, Poverty Reduction Strategy Papers, Sector Strategy Papers, Quality Enhancement Reviews). Social development has responsibility for maintaining a data-base of the Quality Assurance Group work and produces bi-annual reports on the social development quality (of the Bank's operations). According to the Bank's own perceptions these quality assurance inputs have led to visible improvements in the quality of investment projects and increasing attention to social dimensions in adjustment lending operations (OED 2004). Most recently, the Bank has sought to strengthen its capability to provide quality assurance support to focus on PRSP countries in particular and programmatic lending more broadly.

4.4.4   Analytical work, advisory assistance and knowledge management

The World Bank has funded an array of background studies and analytical work on local institutions, social capital, community-driven development, decentralisation, and local governance – and provided sourcebooks and toolkits on participation, empowerment, social analysis, and social capital.

4.5   Challenges and operational 'good practice'

4.5.1   Issues in incorporating social development

Although the trend is improving, the integration of 'good practice' social development into World Bank operations has been slow, and good quality assurance mechanisms are considered relatively scarce. The implementation difficulties stem in part from a 'fragmentation of responsibility, the consequence of the cross-sectoral nature of many social concerns' (OED 2004:20). The integration of social dimensions suffers from:

- Regional and country-specific variation in the quality of integration
- Variation in performance due to level of staff expertise and interest
- Hesitation to deal with safeguard issues – related to perceptions of high transaction costs, risks, and lack of capacity and country-ownership

Staff surveys in the Bank and reviews of close to 4000 projects, highlights a number of challenges that needs to be addressed if social development is to fulfil its potential to improve project impacts (OED 2004:36):

- There is a lack of clarity about what social development is and about when to use its different instruments (e.g. social analysis, social assessment, beneficiary assessment, social appraisal)
- There is lack of consistency/quality in the application of these instruments
- Recommended action are often not implemented or monitored
- Social issues identified in the country assistance strategies (CASs) are not fully reflected in the Bank portfolio

There are also other issues noted in different studies (e.g. Vedeld 2001:34):

- Commitment to social issues at country level and among technical staff is lacking, partly since the potential value of social analysis/participation is not always appreciated
- Staff and managers of international agencies lack competence in social issues and how to incorporate them in development
- Time and budget constraints limit the possibility for making social assessment an integral and participatory process – more so than a product
- Social assessments are often of inferior quality since local consultants/planners/NGOs lack competence in undertaking them
- Participatory methods and social analyses are not always so applicable or useful as held by their proponents
- Social assessments are often undertaken mechanically – and presented as a report which is taken into limited use – with less emphasis on processes of participation

4.5.2   Ways of improving the incorporation of social dimensions

Recent focus on Quality Assurance Compliance – through a special review unit – QACU - and the introduction of an Integrated Safeguards Data Sheet have contributed to improved performance on social and environmental safeguards (OED 2004:20).

Recommendations for improvements in design and implementation relate to:

- Flexibility in design, process, implementation and procedures to account for diversity and change in stakeholders' interests and unforeseen events
- Supportive management is key - related to lending support to implementation of policies, and allocation of staff and structuring
- An enabling environment should be cultivated - support by government leaders and willingness of public sector managers in line agencies to commit themselves and their staffs, supportive legal framework

Specific suggestions for improvements on the part of World Bank include:

- Senior management to increase priority to staffing and structuring country teams
- Country offices needs to be adequately staffed
- Country directors need sufficient authority to take programming and implementation decisions
- Good practices should be developed

- Completion reporting needs to deal with appraisal commitments on social and environmental matters, especially those dealt with in the project Environmental Assessment

4.5.3 'Best practice' in social development – some success factors

The Operations Evaluations Department (OED) review of social development experiences and impacts (www.worldbank.org/oed/socialdevelopment/) suggests that certain social themes have higher relevance and provide more effective input than others. It also stresses, that in some cases, SD activities can strain institutional capacities and efficiency. A set of success factors for incorporation of social development is indicated in Figure 4.3 below.

Figure 4.3   *Success factors in Highly Satisfactory Project with social development components*

- Stakeholders, especially beneficiaries, participated in project design
- The project made participation inclusive and brought in participants early on
- Implementers viewed participation as a continued process
- The project built institutional capacity at all levels
- It involved beneficiaries in project implementation
- It secured community contribution to the project and its future maintenance
- It drew on community traditions
- It built on local NGO capacity
- It made sure participation was culturally appropriate

Source: OECD 2004:36

5 Part 2: Incorporation of environmental management dimensions

5.1 Defining the environmental management agenda

Compared to 'social development', the agenda for 'environmental management' is generally better and more uniformly defined amongst the four agencies reviewed. There is, however, fairly great variation in the way policies and strategies are presented and operationalised. Each of the agencies has prepared specific Environmental or Sustainable Development Strategies – which to varying degrees make references to the 2002 WSSD development priorities- and the Millennium Development Goals (MDGs). The environmental agenda is for each agency defined largely by what is being done (as for the social agenda).

The **World Bank** claims that an important integral element of its mission to reduce poverty is to achieve 'the sustainable use of natural resources and managing them effectively to minimize pollution, degradation, and risks' (www.worldbank.org/ESSD).

The key environmental themes involved in the World Bank's business line are echoed by the three other agencies, ADB, DFID, and SIDA (including also NORAD/MFA):

- Natural resources management (including land management, forestry, and biodiversity, freshwater and marine systems)
- Pollution management (including urban environmental issues)
- Global environmental management
- Environmental economics, indicators, analytical and institutional tools

In its progress with the environmental management agenda, the World Bank focuses on achievements within the following key dimensions (World Bank Annual Report 2003):

- The follow-up of the *Environment Strategy*, including work on establishing poverty-environment links.
- *Environmental assessments and strategic analyses*
- *Lending for environmental management* has increased (to 6% of Bank lending)
- *Support of global environmental conventions.*
- *Realigning institutional incentives and resources* (Bank-internal and in-country capacity building).
- *Analytical work, research and knowledge creation.*

- Work on *safeguards and environmental screening* (see below)

Support of global convention and international agreements is a high priority of all the agencies (including NORAD/MFA). Moreover, the environmental agenda is seen to require a broad range of efforts at the global, national, and local levels, across a set of fields and interrelated sectors.

The World Bank differs from the other agencies, apart from its fairly elaborate system of quality assurance, check lists, and safeguards, regarding is its extensive work on analytical themes, tools, indicators, environmental economics, law and regulatory frameworks, capacity building, and now most recently on links between the environment and macro-economic and institutional concerns. Recent work within the World Bank has for example been carried out on the integration of environmental concerns in country programming and PRSP processes. Only DFID seems to have an agenda that matches part of what the World Bank achieves in this regard. Even so, both SIDA and ADB have a substantial production of studies and reports relevant to the advancement of the environmental management agenda (ref. list of references).

In similar manners as for social development, different perspectives of the concept can be outlined with reference to the way the utilization of the concept 'environmental management' is within the agencies (or in general) (for closer explanation, see above under the section on 'social development'), see Figure 5.1.

Figure 5.1   *Perspective on environmental management*

	Broad concept	**Narrow concept**
Vertical **- administrative** **- sectoral**	1. Environmental sector/natural resources management	2. Environmental adverse impacts/environmental policy/ safeguards of sector projects
Horizontal **- analytical** **- cross-sectoral**	4. Poverty-environment linkages/environmental dimensions of social change	3. Environmental opportunities/empowerment/ resource rights

Source: inspired by Jerve and Softing 2002

In each of the four agencies, there has been a shift in perspective on the environmental agenda from a focus on sectoral/administrative issues as under box 1. and box 2. above to a greater emphasis on concerns raised by perspectives in box 3. and box 4. This has implied a more comprehensive environmental agenda. Hence, the focus has shifted from looking upon the environment as a sector concern (linked to the Ministries of Environment), possibly tied to Ministries of Natural Resources/Agriculture/Forestry/ Fisheries, or Energy/Water/Infrastructure, and as an issue related to potential adverse environmental impacts of sector projects – to looking at broader aspects – related to environmental opportunities and access rights to resources and links between the environment and the poverty reduction agenda i.e. poor peoples livelihoods and a comprehensive approach to poverty reduction. This shift in perspective is also taking roots in NORAD/MFA.

5.2 Incorporation of environmental management - business lines

5.2.1 The World Bank

The World Bank encompasses the most elaborate business line, and serves as an example here (for more details, se below). The environmental management agenda of the World Bank is closely related to work on sustainable use of natural resources, which has been further strengthened through a set of sector strategies endorsed in 2003; including a Water Resources Sector Strategy, Revised Forest Strategy, and a strategy for Reaching the Poor. This strategy outlines how the Bank will work with client countries to address their environmental challenges and ensure that Bank supported projects and programs 'integrate principles of sustainability'.

Recently there is a clear shift in the environmental work of the World Bank towards the macro-level with a focus on policy dialogue and macro-level analysis, linking poverty and environmental issues. Analytical work involves analyses of poverty-environment linkages, utilization of strategic environmental instruments, and integration of environmental issues in PRSP processes and adjustment lending. This work is also tied to a focus on building capacity and awareness both within the Bank and in the countries concerned. Reflecting the Bank's focus on country-ownership, work on environmental safeguards is increasingly focused on capacity building of staff and environment institutions and the building of policy and legal frameworks,

5.2.2 SIDA

SIDA's 'Sustainable development' policy from 1996 provided the first guidelines for its work on environmental management and systems for quality assurance. SIDA reports considerable progress over the last decade in terms of advancing the environmental work within the institution. The general environmental competence has increased and there is a more positive attitude to the environment across units and levels (ref. SIDA 2003, SIDA 2004). Following the Rio-conference, SIDA introduced a more complete environmental review system in 1998. This is built around four components – and makes it possible to handle more complex environmental issues as part of 'mainstreaming'.

- Environmental analysis
- Environmental policy and goals
- Environmental strategies/action plans
- Follow-up and reporting

SIDA's principles for work on environmental management is linked to sustainable development and recognises e.g. the need to build on the countries' own identification of problems; the need for long-term sustainability; prevention better than cure; and to help the countries acquire long-term planning perspectives. These principles have the following implications for SIDA;

- Environmental aspects need to be included in overall development analysis as well as in country, sector, and project analysis
- SIDA will withstand investments if counter to sustainable development

- Environmental considerations should be integrated in the work of all departments (building on specific policies)
- Responsibility for environmental concerns should be decentralised
- Strategic environmental analysis should always be carried out as integrated element of country strategies (i.e. it is mandatory)
- Strategic assessments at sector and policy levels becomes more and more important
- Participation is essential – with reference to principles of ownership
- Environmental impact assessment is mandatory for *all* SIDA funded activities; but adjusted according to the requirements of the activity concerned
- Both positive and negative environmental aspects are to be considered

SIDA has developed a support system for assisting with capacity building, guidelines, tools and checklists, and advice through certain '**Help desks'**. These are centres at Gøteborg University (for environmental economics and country strategies) and Agricultural University, Uppsala (for environmental impact assessment and strategic environmental assessment). They are supposed to provide direct assistance to bureaucrats and planners in concrete and practical manners (ref. SIDAs intranet, and www.handels.gu.se/econ/EEU, and www.mkb.slu.se). The internal Environment policy unit has also institutional affiliations with other institutes related to e.g. biodiversity, environmental conflicts, and environment-poverty linkages.

5.2.3   DFID

DFID argues that its work on 'mainstreaming' is about 'integrating environmental sustainability (wherever appropriate) into development policy, planning and programmes for long term poverty eradication' (ref. power point presentation by J. Warburton, Head, Environment, j-warburton@dfid.gov.uk). This work is closely related to the integration of environmental issues in poverty reduction strategy processes (e.g. PRSPs in sub-Saharan Africa). DFID is conscious about its two-prong approach to environmental mainstreaming. It works i) directly with country governments through its country desk for bilateral programmes, and ii) indirectly as influencers through the DFID HQ/country in relation to the multilateral system, other donors, NGOs, and other actors.

DFID has developed elaborate systems and tools for environmental mainstreaming;

- An environment Policy Division with new teams (to deal with policy) and a Chief Environmental Adviser (to deal with technical advice)
- Policy guidance and guidelines – by themes and sectors
- A new Environmental Guide which offers procedures for environmental screening and analysis (of particular interest to NORAD/MFA)
- Environmental mainstreaming fund
- Environmental Enabling Agreement
- Environmental Advisers in the regions and country desks

DFID has a system of mandatory environmental procedures implying that it is mandatory to screen all DFID interventions for environmental issues over 1 million pounds. Screening should also be done for projects below this amount if there are potential adverse environmental impacts. The screening is mandated through various policy measures including White Papers; commitment to Parliament; coherence with country

requirements; multilateral environmental agreements and international law; and the Aarhus Convention.

DFID recently developed an **Environment Guide** which refers to key policy statements on the environment, and presents a simplified approach to the environmental screening and analysis process. The mandatory and early screening is perceived as important to ensure that 'environmental sustainability is integrated into development policy and programmes'. The new step by step guidelines constitute a revised and simplified screening note. It will be updated regularly. It provides overview of general environmental issues, environmental analysis, Environmental Impact Assessment and Strategic Environmental Assessment – as well as suggestions for further environmental investigation. It focuses on environmental *risks* as well as *opportunities* (the new focus being on opportunities). There is a 'frequently asked question section, and assistance on how to screen PRSPs and direct budget support on environmental grounds (www.dfid.gov.uk/news/news/files/environ_guide_2003cover.htm).

Despite considerable efforts, the environmental mainstreaming is faced with constraints. An audit undertaken recently to assess compliance with the environmental procedures, found that 96% of the projects in 2002 claim to have undertaken Initial Environmental Screening. But only 50% were supported by en Environmental Screening Summary Note (ESN). Among these again, only 50% were considered adequately completed. In order to encourage screening, DFID has introduced mandatory completion of ESN before funds will be released (to be written by a project officer (with advice from stakeholders and the environmental adviser) and co-signed by Environment Adviser. Moreover, training of staff and simplification of work is done.

Reflecting its access to several key research and academic centres in UK, DFID pursues a large analytical and applied research agenda in many countries. This allows DFID to present alternatives and sound critique to approaches developed by the World Bank (or IMF). Finally, there is work funded by DFID (or others) in UK related to global environmental issues and linkages between the environment and various sectors, such as health, education, trade, financial sector, agriculture, and infrastructure.

5.2.4   Asian Development Bank (ADB)

ADB has organised its work on environmental management in similar ways as the World Bank with major responsibility located to the Regional and Sustainable Development Department (RSSD). Work on social and environmental safeguards is located within the same divisions of the department. The various divisions of the department provide technical advice and supports and monitors policies and guidelines for all sectors. A separate Strategy and Policy Department works out the overall policies. RSSD has

- An Environment and Social Safeguard Division addressing compliance with safeguard policies
- Agriculture, Natural Resources and Social Sector Division
- NGO Center
- Poverty Reduction and Social Development Division
- Governance and Regional Cooperation Division

The environmental management agenda of ADB involves a new environmental policy (from 2002), environmental mainstreaming, promotion of activities to reduce poverty, global environmental assistance, and partnerships. With its new Environmental Policy

(2002) and the recently launched Long Term Strategic Framework (LTSF) ADB promotes three core areas of intervention, consonant with its Poverty Reduction Strategy: i) sustainable economic growth; ii) inclusive social development, and iii) governance for effective policies and institutions.

Environmental policy: The Environmental Policy of 2002, which was developed through a participatory approach (relative to earlier policies) addresses the challenges of integrating the environmental sustainability as a cross-cutting theme of efforts to sustain economic growth, reduce poverty, and work for inclusive development. It is one of three main cross-cutting themes to be considered. Areas of particular attention relate to the need for more upstream environmental assessment in country programming; structured consultation and dialogue in the conduct of environmental assessment; greater emphasis on monitoring and compliance during implementation; and viewing environmental assessment as an on-going process rather than a one-time event.

Environmental mainstreaming: This work occurs at two levels; country-level and ADB-level. I) At country-level, ADB assists member countries to strengthen policy, legislative and institutional frameworks to i) integrate environmental objectives into national and sector economic development; ii) introduce policies and regulatory systems and economic instruments; iii) enhance the participatory role of local governments and communities in support of environmental sustainability; iv) promote good governance; v) mobilize domestic and other resources for environmental improvement (including from private sector); vi) enhance education, public awareness, and capacity building.

Within ADB, the institution has developed a systematic application of procedures for i) environmental analysis of country strategy and programming; ii) environmental assessments (of projects, sector lending, private loans), iii) monitoring and evaluation of compliance; iv) implementation of procedures for environmentally responsible procurement. In relation to policy-based lending and policy dialogue, ADB claims to identify opportunities that introduce reforms which provide incentives to improve environmental quality and enhance the sustainability of natural resources. Dialogue with governments to encourage the incorporation of environmental protection measures is perceived as essential – combined with technical assistance and capacity for this purpose.

5.3   Environmental management within the World Bank

In order to provide more in-depth insight, the following section presents in some detail how the work on environmental management is organised within the World Bank.

5.3.1   Organisation and staffing

The World Bank has by far the most elaborate environmental management agenda among the four agencies. It adopted a new environmental strategy in 2001, which consolidated its approach to environmental protection into one document: Making Sustainable Commitments: An Environment Strategy for the World Bank (www.worldbank.org/environmentstrategy). This strategy supposedly builds a unified strategic environmental approach at all levels of Bank operations.[9] Each region has its

---

[9] The environmental strategy examine the resource base; the environmental status in each region; the institutional mechanisms through which the strategy will be carried out; stakeholders likely to be affected by the strategies - positively or negatively; expected direction and order of magnitude

own regional environmental strategy adapted to the needs of each region. Building on a considerable amount of analytical work in the past, the follow-up of this strategy involves increased macro-analytical and operational work to establish poverty-environment links among others by attempting to make targeted environmental inputs to the PRSPs – with reference also to the MDGs (ref. Bojo and Ready 2003). A document has been prepared outlining 'best practices' in incorporation of environmental dimensions in PRSPs (re. Bojo and Ready 2003, see below, ref. also World Bank 2004 and 2004b, and DFID/EU/UNDP/World Bank 2002).

Within the strategy, the systematic use of Environmental Assessment (EA) has been critical for addressing environmental (and social) quality. The Bank has developed a separate Operational Policy and Bank Procedure for EA (OP/BP 4.01).

The environment staff of the Bank is located mainly within ENV network of the ESSD. The number of staff has recently been increased in numbers to include additional economists. They will help to address the increased demand for reviews through policy-based lending (in the regions and in the central Environment Department). ENV has a particular mandate within ESSD to ensure that the World Bank's development interventions are environmentally sustainable and that damage to the environment in connection with project activities is minimized. ENV works to promote policies, guidelines and institutions that are environmentally responsible and accountable, and that promotes better environmental development for the poor and vulnerable people, including access to clean water, clean air, sustainable soils, vegetation and wildlife. Hence, key guiding concepts for the work of ENV are to promote environmental policies, safeguards, guidelines and institutions that minimize damage to environment and resources, and enhances positive effects. ENV consists of Environmental specialists and thematic teams. These teams have members also from the various regions of the Bank. ENV along with regional and other units in the Bank is furthering work on approaches and tools to analyse the environmental impacts of Bank investment operations. The ENV team works jointly with a team of social scientists, poverty economists and operational analysts, and oversees and provides guidance to the Bank's regional units and country teams on implementation of the strategies. The ENV team also develops tools for policy research, collects and disseminates best practice and supports environmental analytical work.

In addition to environment and poverty work, macro-social and environmental analysis examines the interaction of national or sub-national legal frameworks, institutions, and interactions to assess the environmental opportunities, constraints and risks to development interventions. The approaches and tools for integrating environmental aspects into design and operations are fed into learning program. Increasingly, focus has shifted from building staff competence to strengthening in-country capacity and competence in various analytical and operational fields. ENV has been responsible for developing a set of 10 Safeguard Policies for the World Bank which in addition to the general environmental impact assessment and mitigation process gives added detailed guidelines for the operational units with respect to specific project types.[10]

---

of the environmental impacts of development programs and projects; main risks that could change the expected development impact; and the likelihood and expected magnitude of the risks.

[10] The 10 safeguard policies cover the following topics: Natural habitats; Forests; Pest Management; Cultural Property; Involuntary resettlements; Indigenous peoples; Safety of dams; Disputed areas; International waterways; and Environmental assessment.

5.3.2 Project reviews, environmental screening, guidelines and environmental assessment

Since the early 1990s the World Bank has made increasingly use of environmental assessment (EA) as a principle means to improve environmental – and to some extent social – quality of its programs (Kjørven and Lindhjem 2002). Environmental Assessment (EA) is in this regard 'an umbrella term for the process of examining the environmental risks and benefits of proposed investment programs and projects and recommending measure to avoid, minimize, or mitigate negative impacts.' (Kjørven and Lindhjem 2002:2). A set of analytical tools and sector guidelines accompany the use of EA. Environmental Impact Assessment (EIA) is the 'standard' instrument used to assess potentially negative impacts and identify mitigation or enhancing measures. Other related instruments include Environmental Risk Assessment and Environmental Audits. (Sometimes the terms EA and EIA are used interchangeably).

The environmental development work of the World Bank is integrated in the Bank's policy and operations at various levels through a focus on i) macro-level environmental analysis, ii) project-level environmental safeguards analysis, and iii) quality assurance.

5.3.3 Macro-level analyses and instruments – Strategic Environmental Assessment (SEA)

Recognising that traditional EAs/EIAs are not well adapted for addressing macroeconomic, sector or area-wide environmental concerns, the World Bank has increasingly taken into use methods captured under the concept of Strategic Environmental Assessments (SEA). It has also undertaken Country Environmental Analyses and most recently Poverty-Environment Analyses among others with improved environmental indicators (see below).

SEA is perhaps the most promising instrument, and can be perceived as 'an umbrella term for the integration of environmental and social concerns in the process of developing policies, plans, or programs' (Kjørven and Lindhjem 2002). A variety of instruments under SEA overlap with instruments under EA.

As part of SEAs, new instruments and terms are emerging or being developed within the Bank, such as Sectoral Environmental Assessment, Regional Environmental Assessment, Programmatic Environmental Assessment. There is also important work going on regarding Country Environmental Analysis (CEA) (see below).

5.3.4 Project-level environmental analysis

As part of the project appraisal process, the World Bank assesses the opportunities, constraints and likely impacts on the environment arising out of development projects and programs. There exist recently drafted Operational Policy (OP) guidelines and Bank Procedures (BP) and a consistent approach for doing environmental analysis of investment projects (developed by ENV). These guidelines have been published in the Environmental Sourcebook and later Updates.

The environmental teams work closely with the social development specialists in the regional operations departments – at headquarters and field offices. The goal of this work is to have a more consistent approach to addressing concerns about environmental

impacts, environmental sustainability, social diversity and gender, and participation. Risk assessment in project preparation and operations has also become increasingly important.

5.3.5   Quality assurance and environmental safeguards

Over the past years, the Environment Sector Board, which is responsible for the quality of the Bank's environmental management, has made a major investment in quality assurance through more systematic participation in relation to:

- reviews of the environmental and social aspects of Bank operations in partnership with the Quality Assurance Group (QAG)
- reviews of key Bank documents (including Country Assistance Strategies, Adjustment Loans/Credits, Poverty Reduction Strategy Papers, Environmental Strategies, Thematic Strategy Papers, Quality Enhancement Reviews)

In 2003 the World Bank executive directors and senior management reaffirmed the importance of continued compliance with safeguard policies on social and environmental concerns. The Bank has about 15 safeguards – or Operational policies on environmental and social aspects (ref. Annex 1). A paper was drafted in 2003 for improving development effectiveness for safeguard policies cf. www.worldbank.org/safeguard. This framework paper includes provisions for pilot testing new approaches to address safeguard issues according to Bank policies. Such pilots may include the harmonizing of national procedures (with Bank policy); developing review mechanisms for new lending instruments; testing the application of borrowers' safeguard systems; and examining various approaches considered innovative. The Bank's work on safeguards – reflecting its emphasis on country-ownership – is focussed increasingly on capacity-building and training for staff, borrowers and other stakeholders – both on social and environmental aspects. Efforts are made to take these exercise to the field to build in-country capacity through 'training-of-trainers'

The Bank is also working towards harmonizing approaches to environmental impact assessment – as recommended at the High-Level Forum on Harmonization in Rome involving more than 20 multilateral and bilateral donor agencies (February 2003) ref. www1.worldbank.org/harmonization/romehlf).

ENV works through the Regional Environmental Safeguards teams on Bank operations, carries out analysis (policy, institutional and project analysis), and maintains a thematic group to disseminate research and collect best practices from around the world. This team is headed by a Lead Environmental Scientist and an Environmental Safeguards Coordinator. They are responsible for development and interpretation of the Bank-wide environmental safeguard policies, while the regional safeguard teams are supervising the implementation of the safeguards in close cooperation with the operational units. ENV and the Safeguard teams work mainly on activities that integrate key environmental and poverty issues in macro-level, multi-sectoral, and sectoral policy making – as part of mainstreaming environmental dimensions in development. The ENV team develops and implements seminar series, training sessions, websites, learning events and clinics, and is synthesising knowledge and good practice in thematic notes and policy updates.

Separate staff and independent consultants are often assigned the task of quality assurance, with inputs from all staff of ENV and regional colleagues. Most recently, the Bank has sought to strengthen its capability to provide quality environmental support to the PRSP processes developed by countries in particular, and for programmatic lending more broadly.

The World Bank has established an independent Inspection Panel to deal with any organized complaints originating outside the Bank in relation to environmental and social impacts caused by Bank funded projects and operations. This is a very powerful tool for securing that affected individuals and communities are heard and compensated for any negative impacts caused by Bank plans or operations.

5.4   Environmental projects and natural resources management

It should be noted that the lending for environmental projects within the Bank has increased to 6% of total lending. More important than the Bank's lending for these projects is its support of **natural resources management: agriculture, forests, and rural development.** The Bank recently developed a Rural Strategy which would aim to promote broad-based rural growth that 'enhances agricultural productivity by focusing on poor people, addressing the entire rural area, building alliances with stakeholders, and identifying impacts of global developments such as trade protectionisms and climate change' (ref. www.worldbank.org/ruralstrategy). The World Banks lending for *rural development* continues at a fairly high level (in 2003 at USD 1.9 billion or close to 11 per cent of the total lending). It keeps being the world's largest financier of protected forests. The Bank has also developed a *new forest strategy* focusing on protection, poverty reduction, and integration of forests into sustainable economic development. The policy is aimed to help expand the areas under protected forest areas (now at 8 per cent of forest areas in developing countries) and maintain a strict ban on logging of such critical forests. The livelihoods of people outside these forests will be attempted improved. The new Operational Policy focuses on all types of forests – and allows sustainable harvesting in 'non-critical' forest areas only (and according to certain standards). *Access to fresh water* is considered vital to agriculture and rural development. The new water strategy has a poverty and integrated management focus (www.worldbank.org/water). The Bank continues to support the Consultative Group on International Agricultural Research (CGIAR) to further also new innovative research topics e.g. micronutrient deficiencies and water scarcity.

5.5   Analytical work, advisory assistance, and knowledge management

As would be expected, the World Bank has by far the largest portfolio of analytical work, sector studies, and country analysis on environment related topics (see list of references). Some of the most recent strategic development work of interest includes a strategy on Reaching the Rural Poor; a Water Resources Sector Strategy; and A Revised Forest Strategy, all completed in 2003.[11] The World Bank has recently developed a data base, in order to be able to provide up-to-date environmental indicators and trends.

---

[11] These strategies include: 'Reaching the Rural Poor', 'Water Resources Sector Strategy: Strategic Directions for World Bank Engagement', and 'A Revised Forest Strategy for the World Bank Group', with corresponding forest policy. These are considered to bring Bank operations closer towards sustainable use of natural resources. All these strategies are supposedly aligned with the MDGs and are consistent with WSSD (according to the Bank's own views).

Each of the other agencies has also prepared a set of important studies on environmental topics. *DFID* has funded work that establishes links between poverty and the environment agenda and looks at ways of integrating the two.[12] Moreover, it has worked on analyses that link environment and economic issues e.g. related to the environmental drivers of macro-economic growth; drivers of environmental degradation; integration of environmental concerns in PRSPs and budget support processes. DFID has furthermore established links between the environment and social development agenda e.g. by outlining the environment in Participatory Poverty Assessments; analysing poverty-environment indicators; developing the environmental dimensions of vulnerability, social protection, and gender; and finding ways of promoting community management of environmental resources and services and to protect and expand natural resource assets. DFID has also worked on linkages between the environment and governance issues, related to e.g. environment as an entry point to achieve pro-poor governance or decentralised governance; institutional capacity to mainstream environment; support advocacy and demand of civil society for better environmental governance; improve corporate governance and responsibility; ensure access to environmental information and environmental justice; and understanding how to tackle environmental conflict and linkages to corruption. *SIDA* and its affiliates have also produced a set of interesting publications over the last years, such as SIDA, 2002: Sector Programmes – Guidelines for the Dialogue on Stratetic Enviornmental Assessment (SEA); SIDA 2003: Miljø – kunnskap for hållbar utveckling; SIDA 2004: SIDAs Miljøledningssystem – Policy och handlingsplan fõr en miljømessigt hållbar utveckling; SIDA 2002b: The Country Strategies – Guidelines for Strategic Environmental and Sustainable Analysis; SIDA 2003b: SIDAs miljøledningssystem – redovisning av arbetet 2003; SIDA 2003c: Growth and the Environment; SIDA 2001: The Environment and Poverty; SIDA 2003d: The Environment, Natural Resources and HIV/Aids; SIDA 2001b: The Environment and Human Rights – Links and Conflicts; and SIDA 2001c: Health and Environment. Similarly, the *ADB* home page exposes a number of relevant publications on a set of environmental issues.

5.5.1   Learning and capacity building

Given the many challenges of the new development agenda, each of the agencies places great emphasis on country-ownership and capacity – as well as on in-house capacity building (related to the social and environmental agendas). The World Bank has reinforced its work on in-country capacity building and drawn lessons which might be of interest to other agencies. In order to complement changes in World Bank lending and analytical work in client countries, the Bank is also strengthening its own incentive structure and institutional resources. For example, there is more focus on environmental and safeguard training. The Bank utilizes a separate 'Mainstreaming Fund for the Environment' to support strategy implementation and cross-sectoral analysis. A 'Green Award' has been instituted to promote 'environmental mainstreaming'.

5.5.2   Global conventions

Each of the four agencies reviewed places considerable importance on supporting different global conventions. The World Bank has helped client countries to meet

---

[12] For example, by looking at linkages between natural resources, access to water, air quality, property rights, environmental information to process and context factors (participation, vulnerability, health, livelihoods) and dimensions of poverty such as opportunity, security, and empowerment.

commitments under a diversity of global conventions e.g. biodiversity, land degradation, ozone, persistent organic pollutants, and climate change through the Global Environmental Facility (www.gefweb.org) and the Multilateral Fund of the Montreal Protocol (www.world.org//montrealprotocol).

5.6 Achievements in mainstreaming – the environment and PRSPs

According to the World Bank's own perceptions a set of quality assurance inputs have led to visible improvements in the quality of investment projects and increasing attention to environmental dimensions in adjustment lending operations. Beyond the system for environmental analysis and screening, the World Bank has developed a data-base of the environmental safeguards work, and it produces bi- or tri-annual reports on the results and quality of environmental mitigation in Bank operations. An Environmental Sector Board is established with responsibility for the implementation of guidelines on quality assurance through the monitoring of operational portfolios.

However, despite achievements and substantial efforts over two-three decades, the extent to which environmental management has really been 'mainstreamed' in international development can be questioned. A recent assessment of PRSPs in 50 countries suggests that none of 22 interim PRSPs included indicators or targets to align with long-term environmental goals (as set by the MDGs). The positive finding was that the revision of interim reports to full PRSPs, resulted in close to half of the strategies presenting some information on baseline and targets along the lines of the MDGs. However, these targets were almost exclusively on water and sanitation (Bojo and Ready 2003). Hence, the authors conclude that major efforts are needed to raise the level of attention to environmental goals in the PRSPs

6 Policy-based support and its implications

6.1 Introduction

It is generally recognised that for development assistance to work for the poor, the policy and institutional framework needs to be enabling – not hindering. This is also recognising that the direct impact of aid projects is often marginal to the influence of other key processes involved in generating social change and development (Jerve and Softing 2002). Hence, it is necessary to understand macro-micro level relationships – through appropriate analysis - and relate program design to the policy, governance, and institutional processes and context at the macro-level. Increasingly, analysis of the political economy – including a focus on potential drivers and blockers of programs – has become of concern.

As indicated there is as yet little experience with strategic assessments of both social and environmental concerns in policy-based support and sector programmes. There are still limitations with the relevant tools and approaches (for example PSIA and SEA). There are capacity problems in handling such instruments, and attitudinal differences related to their usefulness, both in-country and within the agencies concerned. Such problems are compounded by the impacts of macro-level interventions being difficult to assess because they deal with economy-wide effects; effects based on multiple assumptions; cause-effect relationships that are difficult to trace; and more than one source or transmission channel.

None of the four agencies reviewed here has introduced procedures for systematic application of these strategic instruments, although both DFID and the World Bank have carried out extensive testing and improvements in tools and approaches, and are about to make such types of analysis mandatory. It is highly likely that mandatory requirements will be introduced in some form or another.

In its recent updating of the operational policy on policy-based lending, the World Bank argues that this revision is partly motivated by the 'widespread dissatisfaction with the current treatment of poverty and social, and environmental aspects' in previous adjustment lending (World Bank 2003:11). It outlines a set of issues encountered in the past, such as:

- The operational policy has had no mandatory requirement to address social and environmental issues; rather the policy has encouraged simply the application of good practice
- The World Bank's shareholders and many stakeholders have been dissatisfied with the way these cross-cutting issues have been tackled
- Policy-based lending was not set within the context of the MDGs

- Procedures and policy requirements have not been uniform; while sectoral adjustments have been subject to full environmental assessment (operational policy 4.01), including environmental screening and rating – other forms of adjustment lending has only been subject to less satisfactory reviews
- The application of standard safeguard policies on social and environmental issues to sectoral adjustments has not been satisfactory (neither feasible nor appropriate)

The latter point is central. Since policy-based support is economy-wide or sector-wide in scope, the nature of social and environmental issues is typically policy and institutional – less so related to site-specific, or geographically defined effects of infrastructural projects and physical investments (ring-fencing becomes impractical). Effects tend to be more indirect, uncertain, lagged, and difficult to predict and address. 'This makes them fundamentally different from safeguards applied to investment lending, which are typically related to specific expenditure' (World Bank 2003:12).

This means that povery/social and environmental aspects of policy-based development require a different approach than those of project investments. Even so, many stakeholders – including some influential international NGOs – argue for the inclusion of safeguards – more or less in their present form – also in policy-based support. However, the dominant view within the World Bank seems to be that applying such safeguards (which are tailored for project investments) as strict in policy-based support would in most instances be impractical. It would also imply risks of undue delays and potential administrative burdens – as argued by many representatives of developing countries. The proposal is to focus more on 'upstream analysis of social and environmental conditions and risks ' - rather than applying a system of (strict) safeguards – according to the World Bank (World Bank 2003:12).

6.2   Weak implementation: gaps between rhetoric and reality

A main challenge or risk for any development agency – in particular regarding work on social and environmental issues – lies in the lack of sustained follow-up from program or policy design through implementation, reporting, and quality assurances. All the four agencies reviewed here reports problems in the implementation of strategic agreements or safeguard policies. In a recent internal review in the World Bank it is held that the 'implementation difficulties might lead outside groups to argue that there is a growing gap between rhetoric and reality' (World Bank 2003:ii). These operational issues should not be underestimated in relation to social and environmental concerns which are conceptually complex; often not well understood by many stakeholders; faced with attitudinal suspicion and weak commitment and capacity for implementation. Moreover, the positive effects are sometimes uncertain and benefits unevenly distributed. Within the World Bank, for example, it is widely held that safeguards are strictly treated in planning and design phases ('zero tolerance') in order to satisfy the shareholders of the Bank and Bank management. During implementation the attention to these issues typically falls, and much remains to reach appropriate standards in practice – reflecting in particular lack of in-country commitment and capacity - but also lack of interest by supervision teams and internal management (OED 2004, Dalal-Clayton 2003). In this regard, perspectives

on the value-added differ, partly since those involved have different perspectives and measurements about what counts, and who counts.[13]

Past experiences related to problems of pushing specific policies and institutional models onto developing countries have lead to a firm shift towards a focus on country-ownership and commitment being key preconditions for entering a dialogue on development. Other important preconditions include presence of national capacity (or support for building); stakeholder participation; participatory monitoring; and decentralisation. Overall, success in development requires a tall order to be fulfilled prior to designing an approach.

6.3 Policy-based support and policy dialogue – experiences in the World Bank

Some of these concerns are addressed in the on-going revision of the World Bank's operational policy on adjustment lending, which is likely to have important implications for the mainstreaming of social and environmental dimensions – within the Bank as well as for its development partners, such as NORAD/MFA, which needs to relate to what the Bank decides on these matters. The document 'From adjustment lending to development policy lending: Update of World Bank policy' reflects the Bank's thinking on these matters (World Bank 2003:1).[14]

The major goal of the new operational policy, as proposed in this 'update paper', is seen 'to help poor people by making the Bank a more effective development partner in supporting countries' strategies for poverty reduction'. Regarding social and environmental aspects, the update paper states that 'the key ingredients of the policy environment needed for effective policy-based lending are the poverty and social dimensions and environmental aspects of policy reform programs' (World Bank 2003:11). Although the new policy is assumed to result in significant simplifications, including the alignment with county-owned development strategies, resulting in cost savings, the dealing with the increased analytical underpinning – especially those pertaining to treatment of social/poverty and environmental issues – and with supervision of the same aspects - will entail 'substantial cost implications' (World Bank 2003:22).

First, the revision of the operational policy attempts to align Bank policy better with the new partnership model for development and the Poverty Reduction Strategy Paper

---

[13] Such issues also relate to broader issues of undertaking international development assistance as a planned exercise. To what extent can a policy, strategy, or project plans readily be implemented in a political-economy context often characterised by diversity of views, interests, power struggles – and the possibility of unintended – rather than intended – consequences of interventions (Keely and Scoones 2003)? This larger but important topic for international development is likely to capture increased attention in the years to come. But it reflects differences in opinions and perspectives on development; for example whether social change is mainly an easily planned and promoted process (by an external agency), or whether it is in most instances an unorganised process that is hard to direct in any significant manner. There is no obvious answer to this major issue, beyond the argument that a planned and conscious effort by a state government over a longer period of time is likely to help development (even if the form and direction of change might not always be easy to predict).

[14] This section is based on a summary of some of the key points in this document (World Bank 2003). The new operation policy – Operational Directive (OD) 8.60 Adjustment Lending Policy - is now being drafted and will be presented to the Board of Executive Directors for approval in FY 2004.

approach (captured within the Comprehensive Development Framework). The *country's own vision of poverty reduction* is supposedly becoming the key point of departure for the Bank's new strategy. The Bank support, including support for policy-based lending, is in this regard becoming more closely coordinated with that of IMF, other donors and development partners. Appropriateness regarding of policy-based lending would be determined by the country context, not only related to the macro-economic situation, but also related to governance, social and environmental criteria. The level of ownership expressed through the degree of government and stakeholder commitment and participation in country programming (CAS) and PRSPs would be important.

Second, and specifically related to the treatment of social and environmental aspects, the new proposed framework sets clearer standards for all development policy operations. The framework suggests a 'systemic standardized approach', but would recognize the need for professional judgement for each individual case. Hence, the framework would combine both countrywide and operation-specific approaches to the treatment of poverty/social and environmental aspects. Reflecting the nature of policy-based lending, this new framework is proposed built on principles of;

- A single uniform policy for all development policy lending in order to simplify the approach and reduce uncertainties and risk of instrument arbitrage,

- Determination of significant effects of policies supported by the specific operation on social/poverty and environmental aspects (cf. Table below), assessing a country's systems for addressing the effects of policies supported by the specific operation. The adaptation of safeguard policy requirements would focus on capacity building in the policy, institutional and systems domain, not on specific mitigating measures geographically located, and draw upon country- and sector wide diagnosis and support,

- Upstream analytical underpinnings would focus at the country and sector level, especially related to analyses of economy wide and sectoral development policies and institutions dealing with poverty, social development, environment and natural resources. The CAS process would assess the adequacy – and gaps - of the analytical work, which might have been carried out by the country, the Bank or third parties. Each individual policy operation would be subject to the Bank's review process to determine i) if the specific policies supported by the operation are likely to cause significant *social distributional effects*; and ii) if the specific policies supported by the operation are likely to cause significant effects on the country's *environmental and natural resources.*

- Greater focus on participation

Regarding a *greater focus on participation*, the update suggests that, even if representative parliaments and democratically elected governments clearly have the mandate to speak on behalf of the country and its population, it is increasingly recognised both inside and outside the Bank, that participation and broad support is important for the success of policy reform programs. There are also practical difficulties in choosing and involving a wide range of stakeholders in planning and implementation of policy-based programs. Hence, the Bank would reinforce its commitment to participation as an explicit part of the new operational policy on policy-based lending and encourage countries to consult with and engage the participation of stakeholders and civil society at each stage of program design and implementation. This will be highlighted in the operational policy (OP/BP 8.60).

6.4 Guidance on the treatment of social and environmental dimensions

The guidance given in the Table 6.1 below addresses screening procedures and what types of analytical methods and questions related to analysis of impacts might be appropriate. The next section of the report outlines some of the key tools for analysis of these dimensions in policy-based lending and program support.

6.4.1 Poverty and social dimensions

Good practice staff guidance is continuously being prepared and involves fairly practical tools and approaches for assisting countries in applying poverty and social impact analysis (for good practice notes see World Bank Development Policy Lending website as well as World Bank 2003c, 2003d, 2004b, and 2005).

6.4.2 Environmental and natural resource dimensions

Good practice staff guidance is also prepared on environmental aspects. The provisions on environmental and natural resource dimensions would apply to all key sectors, in particular those where these issues are sensitive and natural resource users are particularly vulnerable e.g. agriculture, forests, water (and mining, energy, and transport).

Table 6.1 *Poverty/social and environmental aspects in policy-based lending*

Policy area	Country level/CAS level	Level of individual development policy operation
Poverty/social impact	Analyses of a country's economy wide or sector development policies and institutions, especially those dealing with poverty and social development in relevant exercises e.g. through the process of preparing the CAS, Development Policy Review, Country Economic Memorandum, or PRSP. Upstream analysis of distributional impact of key policies may be done through Poverty Assessment (or equivalent)	- The Bank determines whether the specific country policies supported by the operation are likely to cause significant distributional effects - For country policies with likely significant effects, the Bank summarizes in the program documentation relevant analytical knowledge of distribution effects and the borrower's systems for reducing adverse effects and enhancing positive effects - Gaps in the analysis or shortcomings in the borrower's systems, would be described and attempted filled before or during program implementation
Environmental/natural resources aspects	Analyses of a country's economy wide or sector development policies and institutions, especially those dealing with environmental and natural resources e.g. through the process of	- The Bank determines whether specific country policies supported by the operation are likely to cause significant effects on the country's environment and natural resources-

Policy area	Country level/CAS level	Level of individual development policy operation
	preparing the CAS, Development Policy Review, Country Economic Memorandum. Upstream analysis of countrywide or sector wide environmental policies, institutions and regulatory capacity may be done in the form of Country Environmental Analysis, sector environmental assessment, or equivalent	- For country policies with likely significant effects, the Bank assesses the program documentation and the borrower's systems for reducing adverse effects and enhancing positive effects, drawing upon relevant country-level or sector environmental analysis - As needed, the Bank assesses in the program documentation the country's relevant measures to strengthen its capacity for environmental and natural resources management, including where appropriate through support by the operation or other country programs or projects – Bank or otherwise

Source: World Bank 2003:159

7 Strategic instruments at macro-level

7.1 Poverty and social impact assessment (PSIA)

Poverty and social impact assessment (PSIA) is an instrument emerging from work in the World Bank. It involves 'the analysis of the distributional impact of policy reforms on the well-being of different stakeholder groups, with a particular focus on the poor and vulnerable' (World Bank 2003c). PSIA is considered a systematic analytic approach, not a separate product. It involves a set of tools and systems for analysis. The World Bank has prepared an elaborate 'User's Guide' to PSIA. This guide introduces the main concepts underlying PSIA, presents key elements of good practice approaches, and highlights some of the main constraints and operational principles for PSIA in developing countries. The guide highlights some of the key tools which practitioners might find useful to analyze poverty and social impacts of policy reform. These involve such as stakeholder analysis, institutional analysis, social impact assessment (SIA), participatory poverty assessment (PPA), social capital assessment tool (SOCAT), and economic tools (related to impact analysis, poverty mapping, behavioural models, equilibrium models), and social risk assessments. The User's Guide reveals some of the complexity involved in understanding, and using this approach and related tools. The World Bank has developed complementary guidance on selected tools and techniques in the Social Analysis Sourcebook and a Toolkit for Evaluating Poverty and Distributional Impact of Economic Policies. These are available on the World Bank website (www.worldbank.org/psia).

PSIA includes ex-ante analysis of the likely impacts of specific reforms, analysis (and monitoring) during reform implementation, and ex-post analysis of completed reforms. The approach combines economic analysis and social analysis techniques to better understand the impacts of policy reform on the well-being of different groups in society. The PSIA examines the following: institutional mechanisms through which the reform will be carried out; stakeholders likely to be affected by and affect the reform, positively or negatively; principal channels through which each of these groups or institutions is affected by (or affect) the reform; expected direction and order of magnitude of the impact on the groups likely to be most affected; main risks that could change the expected impact of the reform and the likelihood and expected magnitude of the risks.

The User Guide suggests the following 10 elements of 'good practice' in undertaking PSIA (World Bank 2003c):

Table 7.1   *Good practice in undertaking PSIA: 10 elements to consider*

1. Asking the right questions
2. Identifying stakeholders
3. Understanding transmission channels
4. Assessing institutions
5. Gathering data and information
6. Analyzing impacts
7. Contemplating enhancement and compensation measures
8. Assessing risks
9. Monitoring and evaluating impacts
10. Fostering policy debate and feeding back into policy choice

Source: World Bank 2003c:9

Regarding the formal requirements for the use of PSIA amongst international development agencies there exists a 'North Sea Manifesto' or a joint Action Plan on PSIA for bilateral donors – adopted by an international workshop of Social Development Advisers in The Hague 13-14 October 2003. A consensus was reached by the participants on a set of issues, including:

- PSIA should be an integrated part of PRSP processes and related support mechanisms
- PSIA should be country led and involving relevant stakeholders
- The capacity of stakeholders should be strengthened to understand and produce PSIAs
- PSIA should use existing structures and not create parallel processes
- PSIA should be transparent and participatory
- Given the limited resources often provided for the work, PSIA needs to be carefully prioritized
- Appropriate and multiple tools should be determined according to context

7.2   Strategic Environmental Assessment (SEA)

There are two types of instruments for macro-level environmental assessments, Strategic Environmental Assessment (SEA) and Country-level environmental analysis (CEA). Between these two, the former seems to have the highest and most operationally relevant potential. SEA is now widely used to refer to 'a systematic process to analyse the environmental effects of policy, plans and programmes' (Dalal-Clayton and Sadler 2003). It is often equated with a formal EIA-based procedure. SEA is an umbrella term for the integration of environmental (and sometimes social) concerns in the process of development policies, plans, or programs (Kjorven and Lindhjem 2002). The key distinguishing function of the SEA is that it constitutes a means for integrating environmental concerns into development *policy-making and planning* i.e. a macro-level

instrument (Dalal-Clayton and Sadler 2003). There exist a variety of instruments under SEA, some of which overlap with instruments under Environmental assessment.[15]

7.2.1   Achievements and limitations with the use of EAs

Reviews of the application of EAs in project work, show that these tools are more and more frequently utilized, and that positive impacts on project achievements on environmental grounds can be documented. Public participation has become a key integrated element of this work. Although benefits are observed, the full potentials are not always realized from EAs (Kjorven and Lindhjem 2003:5). The use of EAs at project levels faces similar problems as the use of social assessments regarding attitudinal and capacity constraints. There are also other specific limitations, such as the problem that project-level EAs cannot influence macro-level or sector policies and institutions, or strategic decisions at national levels. EAs have limited potential to address cumulative impacts of multiple investments or sector activities. EAs are not well suited to analyse alternative project designs or locations. These limitations have spurred the need for Strategic Environmental Assessment (SEA).

Trends in the review of tools and instruments for environmental assessment indicate three main shifts in the focus and approach from project specific to sector and country level reviews of environmental issues (Segnestam et al. 2003).

- A shift from cataloguing environmental and natural resources stocks and problems to a more substantive analysis of causes of environmental problems – within an overall context of economic development and poverty reduction
- A greater interest in and understanding of the importance of policy and institutional analysis – although the experience with such analysis and methods for conducting them are still very limited
- A greater level of participation of a variety of stakeholders (meaning a greater undertaking of social analysis/assessment)

7.2.2   Good practice SEAs (and EAs) – evolving principles

There are many instruments, tools and methods involved in both EAs and SEAs, and the approach chosen must be tailored to the local context and needs. A SEA needs to be broad enough in approach and method to cover the required range of issues and involve a diversity of stakeholders and institutions. Key good practice principles that distinguish the SEA from a simple EA are (ref. Kjorven and Lindhjem 2002:10):

- SEA targets key policy/program decisions and demands formal involvement of the decision makers at appropriate time of the process
- Data needs and analysis are tailored to critical issues rather than being comprehensive (as often the case in e.g. Country environmental analysis, see below)

---

[15] The two terms EA and EIA are often used synonymous. EA is in most instances considered the umbrella term for various related methods (ref. Kjorven and Lindhjem 2002 and the World Bank OP/BP 4.01 – Operational Policy/Bank Procedure on Environmental Assessment). EIA is perhaps the most commonly utilized concept and approach to assessing the potential adverse impacts of a project, its risks, and possible measures to avoid, limit, or mitigate effects. Other instruments include Environmental risk assessment (ERA) and Environmental audits.

- SEA utilizes a consultative process throughout – not simply a dialogue on specific documents
- SEA is flexible and iterative, including feedback and reviews as part of the process

A well-designed SEA and EA should normally cover:

- Appropriate scoping and screening mechanism for issues
- Stakeholder involvement and transparency in consultation and dissemination
- Description of proposal under consideration
- Consideration of alternatives (including 'no action')
- Evaluation of impact and proposed mitigating measures
- Communication of decisions with rationale
- Proposal for implementation, monitoring/auditing, and evaluation

7.2.3   Issues and limitations in the use of SEAs

Despite positive progress in the development and use of SEA, certain issues remain unclarified (ref. Kjorven and Lindhjem 2002:3, Dalal-Clayton and Sadler 2003)

- None of the international agencies reviewed have a clearly defined strategy for how they wish to apply SEA; it is still an instrument that is being tested and analysed and there is limited experience with its use; although the World Bank has carried out an increasing number and there is some experience in many countries (ref. Dalal-Clayton and Sadler 2003)
- There appear to be resistance in some quarters (particularly amongst senior decision makers) to even considering the use of SEA (related to e.g. perceptions about complexity and costs, Dalal-Clayton and Sadler 2003:3)
- SEAs often have not a clearly defined strategic focus (might be broad and diffuse)
- In-country expertise and capacity (and commitment) is often limited – but required to carry them out
- Training and capacity building at country-level (and in-house) required, but not yet done in systematic and large-scale manners
- Require particular expertise in policy and institutional analysis – including social analysis – which is often in short supply

There are still limited experience with the SEA approach, and in-country capacity problems, in part because it is complex. Moreover, it is not yet general agreed internationally if SEA should also cover social issues as an integrated concern, or whether these issues should be covered by separate social assessments, or other forms of social analysis. Here, the perspectives are likely to differ between observers with different background and professions (e.g. social versus environmental specialists).

7.2.4   Country-level environmental analysis

Country-level environmental analysis involves a set of tools and instruments – many of these having been developed or tested by the World Bank. Country Environmental Analysis (CEA) as being developed by the World Bank is meant to build on the

experience with National Environmental Action Plans (NEAPs) and to some degree the National Conservation Strategies (NCSs). The CEA is supposed to i) assess environmental trends and priorities; ii) policy analysis; iii) assess institutional capacity for managing environmental resources and risks. There exist a variety of tools and methodologies, some which have been reviewed by Segnestam et al. 2003):

- State of the environment reports
- National conservation strategies (by IUCN, WWF, UNEP)
- National sustainable development strategies
- Country-level environmental analysis (by ADB)
- Country environmental profiles (By the European Commission)
- National environmental action plans (NEAPs) (by World Bank)

There are also many other relevant environmental assessments to consider for particular purposes. For example, public environmental expenditure reviews are perceived as potential important elements of a County environmental analysis (CEA). It can help evaluating environmental management capacities of public agencies. The method is in its early development and has not yet been much tested (Swanson and Lunde 2003).

8 Comparison of four agencies: a brief synthesis

8.1 Similarities in policy and organisational responses

At the *general policy level*, there are important similarities between the four agencies in that poverty reduction and sustainable development are held as overarching goals of development. Each of the organisations has adopted strategies and approaches to poverty reduction which are converging (with reference to MDGs and Johannesburg). In broad terms, the organisational structures reveal many similarities – with a distinction between units dealing with functions related to policy, advice, operations, oversight (quality assurance/safeguard of design), research, and monitoring and evaluation. Focus has shifted in each of the organisations towards policy dialogue, policy-based support and coherence with country-policies (country-ownership) and alignment amongst donors/donor coordination. As quoted from DFID's policy documents; interventions 'must comply with' any partner country regulations in terms of requirements in own legislation for environmental examination of proposed policies, plans and programmes.'

Regarding *social and environmental issues* there are also many similarities between the four agencies in strategies and organisational responses. All four agencies have developed agendas for 'social development' and 'environmental management', and internal systems for handling such cross-cutting dimensions as part of 'mainstreaming', consisting of the following components:

- Policy/strategies and defined goals, with linkages to goals of poverty reduction, reflected in strong commitment to the Millennium Development Goals (MDGs) (although only the World Bank has a fully comprehensive 'social development' strategy; and SIDA has the least developed 'social development' agenda)
- Requirements for social/institutional and environmental analysis, including systems and guidelines for assessing potential adverse impacts and opportunities at project and policy levels, and guidance for addressing participation and empowerment of diverse stakeholders/social groups
- Business lines/work plans, and program investments in these thematic areas related to project activities, analytical work, knowledge management, and networks/partnerships
- Quality assurance, follow-up, reporting, and learning

Each of the four agencies has developed a distinct policy and distinct environmental organisational units dealing separately with policy and technical advice/support functions. On social aspects, there are elaborate strategies, or work-programmes in each of the agencies, with the exception of SIDA. There are decentralised functions or units/advisers in all the agencies with responsibility for these aspects.

These strategies and agendas are of varying quality and strength, however, both in terms of staff capacity, organisational position, degree of mainstreaming, and comprehensiveness, the ones of DFID and the World Bank being most elaborate. Despite relatively advanced organisational arrangements and operational systems for screening and analysis, each of the agencies report a variety of problems in 'mainstreaming' – related in particular to implementation and follow-through. Many of these problems seem to be contextual i.e. they arise from limited capacity and commitment on the part of the recipient government, and/or from stakeholders/people with diverse views, interests, and influences. This is problematic and creates dilemmas for aid agencies when country-ownership is seen as a requirement for assistance. But there are also a number of in-house constraints to more effective mainstreaming which are addressed here.

The response to many of these problems has been a stronger focus on in-country and in-house capacity building, with the view to strengthen awareness, commitment, and competence to tackle social and environmental issues.

Generally speaking, each of the agencies works along the following general strategic priorities:

- *Mainstreaming:* Improve the effectiveness of programmes through a more systematic approach to mainstreaming, follow-through, and quality assurance (during implementation and after)
- *Policy-dialogue*: Strengthen efforts at policy and institutional levels – through increased attention to social and environmental attention - either directly through policy dialogue and support of policy-based lending (all) or indirectly through dialogue with multilateral organisations, other donors and NGOs (DFID, SIDA)
- *Increased investments:* Strengthen the investment and analytical work on the social and environmental thematic portfolio – enhancing projects and studies/applied research that directly address environmental and social development principles
- *Improve capacity building*: In view of the new development agenda and requirements for up-stream analysis and new instruments for analysis, strengthen in-country and internal capacity, advocacy and research/knowledge management on social and environmental issues and themes; build a stronger platforms for implementation

8.2   Environmental management

On the environmental management side there are greater similarities in policies and organisational responses than for social development – reflecting a shared understanding of key environmental challenges and ways of addressing them over at least 30 years of international cooperation (e.g. manifest global events and conventions). The history of social development is much shorter.

Each of the agencies has a developed policy and linked the environmental agenda to overarching goals of poverty reduction. Even so, each agency seems to place different emphasis on different aspects of the agenda, which would be expected.

The focus of the environmental agenda – as reflected in key documentation of the four international agencies - has recently shifted from projects to a focus on policy, legal, and institutional arrangements, including aspects of developing new instruments and capacity for assessing environmental impacts. It has also shifted from a narrow look at potential adverse environmental impacts (related to biodiversity/conservation) to include a broader set of environmental issues and environmental opportunities and possibilities for win-win

situations between poverty/social development and improved environmental management. All the agencies reviewed have tied the environmental agenda fairly close to the natural resources management/agricultural agenda, in view of the close linkages observed between environmental issues and natural resources management and between poverty and environment/natural resources management. Natural hazards have increasingly become adopted as part of this agenda. The business line on environmental management in each of the agencies is focussed on the following dimensions:

- Policies and strategies
- Mainstreaming into policy and operations through new strategic environmental assessment instruments
- Funding and funding levels of environmental projects
- Quality assurance, screening, checklists, environmental analysis, and safeguards
- Analytical, research and advisory assistance
- Learning and capacity building
- Early warning, monitoring
- Partnerships, and networks
- Global conventions.

The main issues faced by all the agencies are strikingly similar, and similar to those observed in NORAD/MFA through various evaluations.

- Weak systems of environmental mainstreaming in particular as regards implementation and follow-through (monitoring and reporting)
- Weak focus on environmental management in policy dialogue and policy-based and sector support
- Capacity problems and problems in creating capacity for undertaking strategic assessments (SEA and PSIA)
- Shortcomings in integrating environmental management in country policies, plans, laws and institutions – in letter and practice

8.3   Social development

Regarding social development, the review of the four agencies reveals clear differences, but also important commonalities in how they define and addressed their social development agenda. Significant differences are found in defining the concept, but even so all the agencies address in some ways of another most of the topics raised in the beginning of the report as being part of the social development agenda. There is however great difference in the way they relate to 'social development' as a concept as well as in the emphasis on the different themes acknowledged as part of the social development agenda. Only the World Bank, to some degree DFID, has developed a comprehensive 'social development' strategy or unified approach to this work (World Bank 2004a). However, all of the four agencies identify relevant themes, issues, or dimensions pertinent to a defined 'social development' business line (ref. Thin 1998). And there is some degree of similarity between the agencies in the business lines for dealing with social development themes. Except for SIDA, each of the agencies refers to issues of *social diversity* as the key element of the agenda, and to *social analysis* or *social assessment* (= participatory social analysis) as a main method of understanding stakeholders views and

influences, social exclusion, and inclusion processes. Moreover, policy and institutional analysis and how these structural arrangements condition social inclusion/exclusion are central (e.g. institutional responsiveness and accountability, governance). But social development as a defined agenda differs both in content, strength, and relative emphasis on different aspects of the field between the four. This reflects that there is no uniform definition of what is 'social' and, hence, no uniform perspective on 'social development' and how work on this dimension should be organised at policy and operational levels.

8.3.1 Differences in perspectives

This requires some more explanation. Inspired by Jerve and Softing (2002) the following overview of the utilization of the concept 'social development' can be made.[16]

Figure 8.1 *Different perspectives on 'social development' (SD) in international agencies*

Agency	SD is explicitly utilized as a concept in key policy documents	Dominant SD perspective: 1) Social sector 2) Social exclusion 3) Social inclusion 4) Social relations				SD perspectives profoundly reflected in the organisational structure	Broader SD perspectives are provided prominent position in terms of policy, staff, organisation, and resources
		1	*2*	*3*	*4*		
World Bank	yes		x	x	x	yes	yes
ADB	yes		x	x	(x)	yes	yes/no
SIDA	yes	x	(*)	x	**	yes*	no
DFID	yes		x	x	x	yes	yes
NORAD	yes	x	(*)	(x)	**	yes*	no

* SIDA (and NORAD) has focussed considerably on social issues such as gender and human rights and general poverty analysis as defined elements of the broader poverty agenda – which has been an overarching goal for decades. But little conceptual work has gone into defining and operationalising a defined SD agenda – with its broader as well as more narrow themes (1-4 below).

** Within SIDA (and NORAD) the *broader* SD agenda – including SD as an analytical concept for understanding social change - has only more recently become of concern and reflected in business lines of similar types as in the World Bank/ADB. At the same time reference to the more *narrow* social agenda related to issues such as social exclusion/safety nets or social inclusion/safeguards has been fairly absent in internal documents.

These categories are not mutually exclusive. A distinction is made between sectoral/administrative and cross-cutting/analytical perspectives, while clearly there are analytical concerns included in the understanding of sectoral perspectives, as well as the cross-cutting and analytical perspectives having sectoral and administrative dimensions.

1. Social sector/administrative: Within this perspective the term is linked functionally to certain government sectors; health, education, social insurance, and social welfare.

---

[16] The overview here deviates from Jerve and Softing (2002) in terms of categorising 'safeguards' – here placed under social exclusion/safety nets – not under social inclusion as done by the authors.

Hence, the concept involves mainly sectoral/administrative concerns. All four agencies (also NORAD(MFA) have human development sector approaches focusing on public or social services such as health, education, housing, water and basic social services. However, only SIDA (and NORAD/MFA) utilizes 'social development' as a concept related to the human development sectors (which are termed 'sosiale sektorer' in Swedish/Norwegian). The World Bank, ADB and DFID refer to the 'social sectors' as human (resource) development sectors (which NORAD also does when reference to these sectors is done in the English language). 'Social development' is in these three agencies not specifically related to the human development sectors, but is more of a concept for understanding social change and a set of cross-cutting themes and tools for understanding social change.[17]

2. Social exclusion, social assessment, adverse impacts, safety nets and safeguards – This perspective of SD is tied to fields such as analysis of social marginalisation and potential adverse social impacts. In administrative terms it relates to social assessment, social policy and welfare policies/sectors for targeting vulnerable groups – including women, youth, elderly, ethnic minorities, people affected by disasters, war and violence. These areas concern particular aspects of what (fairly weak) sectoral ministries engage in i.e. ministries of social welfare, women development, youth and culture, tribal welfare. Historically, this work grew out of concern for the negative impacts of large-scale infrastructure projects of e.g. the World Bank and related to ways of addressing involuntary resettlement and negative effects on indigenous peoples. Recently, the more powerful ministries such as those for planning and finance have become engaged in this agenda e.g. related to PRSP processes, which reflects a shift from a more narrow to a broader view of what social development implies (Jerve and Softing 2002). At the same time, the analytical and instrumental side of the agenda has been gradually enlarged to encompass social assessment, poverty assessment, stakeholder and institutional analysis. All the four agencies capture the concept of 'social exclusion' in their 'development speak', but it is mostly DFID and the World Bank that utilize this concept in explicit terms. Each of the four agencies have worked on e.g. the broader aspects of vulnerability related to gender issues and minorities/indigenous groups. But only the World Bank and ADB – as well as DFID - have worked analytically and operationally and on a certain scale to develop social analysis/social assessment and lending instruments with e.g. safety net character (e.g. social funds). The World Bank and ADB have the most elaborate social safeguard policies and guidelines.[18] ADB produced its Handbook for Incorporation of Social Dimensions in Projects in 1994. The World Bank issued its Participation Source Book in 1996. Both the World Bank and ADB have safeguard policies on involuntary resettlement and indigenous peoples with mandatory and detailed requirements for social analysis, participation, and compensation.

Such specific social safeguards are less specified within SIDA (and NORAD), which refers to such issues in more general policy terms and in operational guidelines for addressing them through approaches for reaching vulnerable groups, including women.

3. Social inclusion, participation and empowerment. This perspective is about equity and equal access to opportunities, participation, and empowerment of people through

---

[17] The work on social development in the World Bank and ADB grew out of concerns faced in all sectors, in particular related to potentially adverse social impacts of large infrastructure, water/energy, and forestry/natural resources management projects. Social services – as sector areas – may however be utilized to address social development issues created by large-scale infrastructural projects (or economic reforms).

[18] The overriding principle behind is that people shall not unduly suffer any immediate losses from development activities; they shall be informed, and duly compensated for any (potential) losses.

development. The perspective attempts to understand issues of equity and conflict – more recently formulated as rights to benefits, rights to information, and rights-based approaches; human rights; women rights. It is also about the role of civil society and civil society participation in public affairs, and the role of the private sector including issues of social corporate responsibility. Hence, the perspective involves a set of analytical and cross-cutting themes (more so than administrative and sectoral). All four agencies (including also NORAD/MFA) make references to empowerment and participation of people and stakeholders as important in operations i.e. as part of the more narrow social inclusion agenda. Each of them have produced analytical work on these aspects, but SIDA to much lesser degree than the three others (this is also so for NORAD/MFA).

4. Social relations, cohesive societies, institutions, and institutional accountability; social development as an analytical theme for understanding positive social change. This perspective is about understanding how groups and societies relate to each other and to the state and other private actors to address common needs, overcome constraints, and deal with diverse interests. It is about understanding social formations and social status, identity and class/caste/ethnic relationships. Hence, it covers a subset of dimensions inherent in all development and social change processes (distinguished from but related to economic, political and environmental processes) e.g. social cohesion, social capital, networks, clusters, institutional capabilities, and how individual capabilities, entitlements, opportunities relate to social accountability, community bounding/bridging, and institutional responsiveness and accountability at different levels of society. This would not be concerns compartmentalised in administrative sectors, but dimensions of all sectors (i.e. genuinely cross-cutting). It is about how differences are resolved in civil and non-confrontational ways to promote peace and security and about reconstruction after war and conflict. It brings in institutional and social analysis in order to understand diversities in views and interests and how stakeholders are affected or take part in development. It is concerned with transparency, information sharing and accountability; that leaders and organisations take responsibility for their actions and respond to people's needs. In the World Bank this perspective has led to work on among others social capital, local institutions, community-driven development, conflict/conflict prevention and reconstruction. It raises issues of reconstruction after war and conflict, and natural hazards and related social disasters.

There are important differences between the agencies in the organisational responses to these different perspectives. For example DFID has much greater relative number of social science staff and budget to work on the social development agenda than SIDA. The World Bank has a much larger number of staff and greater relative capacity in social development than ADB. To this end, it is perhaps not fair to compare these organisations.

But differences in responses are not simply a matter of scale of operations, staff, and administrative resources. The reason for the World Bank placing such great emphasis on the concept, for example, is likely to be found in a set of factors, related to its institutional history regarding factors such as its early emphasis on large infrastructural projects; hiring of a considerable number of social scientists in the mid/late 1990s; pressure from shareholders and from outside lobbying (environmental /civil society groups) concerned with indigenous people's rights. The increased recruitment of social scientists led to internal turf battles between different professions within the World Bank about control over concepts and perspectives (dominant paradigms) and related analytical and operational agendas. Overall, a combination of factors, such as an observed need for new types of expertise (internal and external), internal management initiatives, and external pressure created space for non-technical and non-economist professionals and social specialists and the emerging social development agenda.

9 Responses within NORAD/MFA to new challenges

9.1 Overview – recent policy and organisational trends

The former (as well as the present government) has maintained poverty reduction as the overarching goal for international development, related to the MDGs. Environmental management has also kept being of critical importance for Norwegian development policy and shifting governments. Moreover, through its new policy on international development the government of Norway is committed to keep increasing the level of development assistance, in contrast to many other governments.[19]

Even so, the systematic integration of social and environmental concerns as a set of cross-cutting dimensions in international development has faced similar problems within NORAD/MFA as observed for the four other agencies. This relates to incorporation of these dimensions at different levels of planning and operations as well as in internal systems of technical support, quality assurance, and reporting.[20] These problems are in character not very differently from those reported by e.g. the World Bank and the other three agencies. But on several accounts NORAD/MFA seems to have adopted a less comprehensive approach, and might also have achieved less both in terms of mainstreaming and in terms of analytical development regarding these critical cross-cutting dimensions.

For example, the recent White Paper: "Common Fight against Poverty – A Comprehensive Development Policy" (St.mldg. 35, 2004), which reinforces poverty reduction as the major goal of Norwegian development assistance, does not address the analytical, conceptual and organisational aspects of social (or environmental) themes in any extensive manner. The White Paper is mostly concerned with broader poverty reduction goals related to sectoral and administrative concerns and approaches. It is fairly vague in relation to social and environmental issues as cross-cutting dimensions, and, as such, does not explain how such issues are to be tackled as integrated elements of the overall poverty reduction agenda. The White Paper contains no specific definition of the concept 'social', or indication of how 'social' issues – as cross-cutting themes - relate to the broader poverty reduction goals. The term 'social' is utilized frequently, but mostly related to fairly unspecified social policy/welfare issues, and mostly to issues within the human development sectors (health and education). There is no focus on the need for social analysis as basis for understanding social diversity. There is more substantial reference to the 'environmental management agenda, but again more so as a sector

---

[19] The year 2005 provided a shift in many governments policy on aid, however, with increased focus on increasing aid and reducing debt among poor countries.
[20] This section is based on observations covering the year 2004; not recent developments in 2005. Moreover, it is not an in-depth or overall assessment of this work within NORAD/MFA.

concern (natural resources management and improved environmental management within sectors). There is limited guidance as to how the cross-cutting and cross-sectoral environmental concerns are to be tackled in policy and operational terms. There is also a lack of attention to these issues in the policy document "Fighting Poverty through Agriculture" and related analytical framework, although this document maintains a comprehensive poverty focus and includes many interesting dimensions of relevance to social and environmental mainstreaming (MFA 2004b).

The present Norwegian development policy raises some additional key dilemmas which need to be tackled, for example between a focus on country-ownership and country systems in development, and a focus on stronger conditionality and harmonization. To what degree is it likely that partner countries will embrace conditionality of poverty reduction, anti-corruption, human rights and social development approaches based on principles of e.g. rights-based development – all prominent themes of social development?[21] Under what conditions may NORAD/MFA "lay down stricter environmental standards than those required by the development partner if this is considered necessary to ensure sustainable development" (as stated in NORAD/MFA's recent annex to its Handbook)? Will developing countries – and local stakeholders - have required political commitment and capacity to address new environmental and social concerns to a level that is considered "appropriate" by Norway or a joint donor community?

A different kind of dilemma arises if Norwegian development assistance is concentrated to two-three main sectors in each country, as argued in policy papers. Is there a real risk that less prominent or softer social and environmental issues or sectors will be less prioritized and funded than other key sectors – especially if treated only as sectoral concerns (and handled by weak ministries)?

Moreover, will in-house and in-country capabilities be present to handle social and environmental analysis, required tools and approaches, and facilitate incorporation of these concerns in policy and institutional reforms? Do NORAD and MFA have required capacity to handle new challenges and contribute to capacity building and policy dialogue? If not, how can such capabilities be built?

9.2   Environmental management

The kind of strategies and agendas established by the four agencies reviewed, indicate that there is scope for improving systems of incorporating **'environmental management'** as part of the general quality assurance of operational work within NORAD and MFA. The systems for screening, scoping, assessing, supervising, and reporting keep lacking a firm institutionalisation (according to different evaluation reports and interviews with key officials).

The main challenge for NORAD/MFA might be perceived to reinforce attention to environmental issues across the organisation, and to establish operational routines and systems for environmental 'mainstreaming' (environmental assessment/ screening/ scoping). Moreover, the attention and investments provided for environmental, natural resources management and agricultural projects and activities keep being fairly low

---

[21] There are clear signals from several large countries, such as China and India, who are less dependent on bilateral aid but dependent on international lending, that they are not willing to be 'dictated' by such conditionality.

compared to those of other international agencies. The new Plan of Action for Fighting Poverty through Agriculture should in this regard be a useful mechanism for linking and strengthening these agendas in operational terms. It is important to link the environmental agenda closer to agendas for poverty reduction and social development, both conceptually, in project analysis, and operations. While there exists an elaborate environmental policy with goals and strategies attached, there is less clarity about the efficiency in the way environmental screening and assessment is undertaken, although new operational guidelines were recently introduced (ref. Operational guidelines, Annex 3). The new Environmental policy and its implementation will address many of these issues (but not considered here since it has been prepared in 2005). There have been reported several weaknesses in the internal follow-up, monitoring and reporting on environmental management achievements (according to recent evaluation reports, Riksrevisjonen 2001).

Considering these issues, given more than two decades of work on mainstreaming, it seems necessary to keep working on internal attitudinal problems that might still constrain mainstreaming. This is probably necessary, if the aim is to improve the space and position of environmental management within NORAD/MFA. Related to this, it is essential to establish uniform internal agreements about basic principles, for example, such that environmental management is not contrary to development. There are important win-win situations between goals of poverty reduction and improved environmental management. Tradeoffs exist, but can be tackled with rational analysis and participatory consultations.

NORAD has developed a fairly elaborate Check lists for initial screening of projects for Environmental Impact Assessment (EIA) purposes in 1993-1994 for all major sectors (agriculture, fisheries, hydropower, water supply, transport, industry, mining and plant protection). However, although potentially useful, these checklists have not been fully utilized in the internal screening and review system of NORAD/MFA (according to several internal respondents).[22] There has been fairly weak internal follow-up in terms of building a system for formal quality assurance and environmental screening and analysis. There is great diversity in how different country offices treat the guidelines provided (ref. differences between Sri Lanka and Tanzania observed by Riksrevisjonen).

There remain important shortcomings in the system of incorporating social concerns and social analysis in environmental assessment processes. Moreover, the attention and investments provided for environment/natural resources management projects and activities keep being fairly low compared to those of other international agencies. Priorities in NORAD/MFA's work on environmental and natural resources management is oriented towards the 'sector' themes and less towards integrational aspects and processes of addressing such issues – and include among others;

- Contribute to an increased international focus on the consequences of global environmental issues for poor countries and their dependence on natural resources
- Strengthen the role of UN in work with sustainable development, hereunder related to the work with the CSD (prioritizing water, sanitation and habitat concerns, as part of Norway's chairman's ship of CSD between May 2003 and May 2004

---

[22] These check lists and the screening system was developed by an external consultant more than a decade ago, perhaps with too little reference to the particular planning and design requirements within NORAD/MFA (according to one respondent). At the moment, these checklists are out of print, not available, or not being properly utilized.

- Emphasise work with global conventions and GEF as an important international mechanisms for environmental investments in poor countries
- Strengthen work on biodiversity and environmental conservation
- Work with issues related to climate and pollution
- Work to protect against deforestation, land degradation, desertification and drought
- Support work on urban issues related to e.g. UN-HABITAT and 'Cities Alliance'

Interesting analytical work has been financed on, for example, new methods for Strategic Environmental Assessment (SAE, but this work is yet to be internalised and utilized in policy dialogue and operations (Dalal-Clayton and Sadler 2003).

9.3 Social development

Regarding **'social development'**, there is not yet a firm definition and uniform use of the term 'social' and 'social development' internally in NORAD and MFA. The term is mostly utilized regarding 'social welfare' issues and sector concerns related to the human development sectors – health and education. Social development as a set of cross-cutting themes – as defined by the World Bank (and in this report) - has not (yet) been defined clearly and brought together in a comprehensive work programme or agenda for 'social development' – on par with other international agencies.

The starting point of a social development agenda – as argued in this report – is a requirement for social (and institutional) analysis – which focuses on social diversity and gender; institutions; social interest groups and stakeholders; participation and empowerment; and social risks (impacts and opportunities). The key assumption is that, done well, social analysis makes it easier to achieve sustainable development and poverty reduction. This would also mean that these kind of concepts need to be defined and brought together in an analytical framework.

There are many reasons why a focus on *social diversity* should be a key integrated element of poverty program and policy analysis (related to the understanding of cross-cutting concerns such as gender, vulnerable groups, ethnicity, social status/class). Such an analysis would better reveal who participates, who decides what over whom, and who are likely to benefit? Who are likely to be the winners and who will loose? Who are the drivers and who are likely to obstruct? Understood in this way, social development as a concept and an approach has the clout to change development policy – as it is doing within the World Bank and other agencies.

This is not to argue that key concerns of social development – such as poverty reduction, participation of vulnerable groups, institutional accountability – are not central to NORAD/MFA's policy and operations. On the contrary, they have long been and keep being central to Norwegian development policy. But the focus has been more on specific and key social sector issues such as poverty policy, gender, human rights, HIV/Aids, and – most recently – on rights-based development. There has also been undertaken important work on governance, institutional analysis, and anti-corruption. Moreover, the human development sectors - health/education (defined as 'social' sectors in the Norwegian language) keeps receiving high attention in policies, programmes, and analytical work.

However, limited analytic work and attention have gone into the conceptualisation and systematic integration of important themes such as *social diversity, social inclusion/exclusion, participation, empowerment, social and institutional accountability.*

And little attempt has been made at bringing these themes together into an analytical framework for understanding and addressing poverty, which requires a focus on social diversity and social analysis.

Moreover, there is a need to strengthen screening procedures and possibly introduce a mandate for undertaking social analysis. This would include an assessment of both potential negative impacts and potential positive social opportunities for different social groups, including the poor and vulnerable. This work could start from the Handbook on Gender and the work on institutional analysis as well as NORAD's Handbook in Human Rights Assessment – State Obligations Awareness & Empowerment (NORAD 2001). Moreover, there is for example at present little formal - and no mandatory requirement - within the NORAD/MFA operational guidelines to undertake a general 'social analysis' of projects (beyond the general requirements in the Operational guidelines and the specific guidance provided for gender and empowerment assessment in Handbook in Gender and Empowerment Assessment, NORAD 2000).

If this is accepted, social development – the way it is defined here – needs greater attention both regarding analytical work and in staffing and organisation. At present, there are few staff members working on these cross-cutting themes, although they have recently increased in numbers. These staff members are also spread on several organisational units, reducing the possibility of promoting a uniform and strong social development agenda. Although improving, there is still a lack of internal networks, knowledge management, and learning system for advancing the agenda. There are few or no specialised social development advisers in the country offices.

Social development has clearly a more profound organisational position and space within each of the four other agencies reviewed, in particular as regards DFID and the World Bank, where the social development agenda is strongest.

9.4   Choosing an organisational response

In choosing organisational responses, and in developing a business line or work programme to address the set of issues involved, it is important to recall that there is no uniform or generally accepted definition of 'social' or 'social development'. Hence, there can be no uniform organisational response or work programme. Although 'social development' as a term is contested – both in development theory and practice/lack of practice (Jerve and Softing 2002), it is likely to be established internationally as a concept and approach by the share fact that the World Bank and other multilateral agencies have utilized the term and given it a content and an organisational position for almost a decade. Hence, other bilateral agencies – at the minimum – needs to understand the way the concept is being utilized by these agencies and also define their own way of using the term. Social development is, however, both a complex, fluid, perhaps fuzzy, and flexible term. Hence, it is difficult to define – both as a concept, approach and as a set of cross-cutting themes. But it probably needs to be done.[23] Analytically and in terms of developing concepts, tools and approaches, the World Bank has taken a lead, from which

---

[23] An alternative is to continue utilizing the term in sweeping and rather abstract terms – like NORAD/MFA has done until recently – or to avoid the term – like many NGOs do. However, this is hardly recommendable since the term is now so frequently utilized by the multilateral agencies, and is likely to gain increasing acceptance in policy dialogue and policy based lending in which these agencies take a lead.

a lot can be learned. Similarly, DFID has developed a variety of innovative approaches to social development.

NORAD/MFA needs to relate to both external circumstances and internal context in order to determine what organisational responses are to be chosen as feasible and acceptable. As observed by Jerve and Softing (2002:21) 'what works for DFID is not automatically transferable to SIDA' – or NORAD/MFA.

10 A way forward – elements to consider for NORAD/MFA

Below follows a menu of options to consider for NORAD and MFA if the aim is to strengthen the incorporation of social development and environmental management in international development. Options relate to analytical work, organisational responses, approaches, and strategies.

The menu is inspired by a synthesis of the way the four agencies organise their overall agendas on these aspects, in particular the way the World Bank operates (but also DFID and the two other agencies), and what may provide a systematic and strategic way of going about the work in NORAD/MFA. The menu represents a tall order, and many of the elements would require considerable commitment from top-management to become successfully implemented.

A two-sided approach is suggested in order to pursue social and environmental concerns, involving a stronger integrated and coordinated use of bilateral and multilateral channels and systems. First, by pursuing these agendas through the work of the embassies in direct bilateral dialogue with development partners; second, by strengthening the role of NORAD and MFA as influencers i.e. through the multilateral system, in dialogue with other key donors, and with NGOs, private sector, or other institutions concerned. In this regard, NORAD/MFA can capitalize on the integration of operational responsibilities with MFA. Finally, NORAD/MFA should consider to increase interaction with applied research centres and external think tanks for direct inspiration and support in advancing the social/poverty and environmental agendas and building own capabilities.

Overall, regarding environmental management, the main issue might be seen as a lack of firm mainstreaming, in view of the fact that this agenda has long been a major concern of analytical, policy and operational work within NORAD/MFA. Regarding social development, the main challenge is to define social development more clearly and uniformly, and institute social analysis as a key requirement in programs. Today, the definition is vague, and more related to sector concerns than social development as a set of cross-cutting analytical themes. By giving more prominence to these concepts, NORAD/MFA may strengthen its analytical framework for understanding poverty as a multi-dimensional concept, and promote a better mainstreaming of social and environmental dimensions of its development operations.

10.1 PART 1: Social development: defining an agenda

Define social development as a cross-cutting theme and agenda within NORAD/MFA

- Establish an explicit definition of the term 'social development' as a set of cross-cutting themes and a framework for working with relevant social development issues, with a focus on *social diversity* and *social analysis* and participatory assessments - building on a conceptual framework that links poverty reduction to social themes such empowerment, social inclusion, social cohesion, informal institutions, accountability and responsiveness (building on previous work under gender/empowerment, human rights, indigenous people, and institutional analysis of formal institutions)

- Establish an organisational position and space for a defined social development agenda – and clarify roles and responsibilities (between different divisions within NORAD and within MFA and between NORAD and MFA)

- Consider to divide 'policy', 'technical advice' and oversight functions

- Establish relevant conceptual and organisational links between social development and the poverty reduction and environmental management agendas

- Consider to increase social development capacity in NORAD/MFA by recruiting relevant staff and/or improve internal learning (either through staff located in a separate unit or through internal SD networks)

- Develop a basic orientation and learning program for staff in Social development and social analysis learning program with training materials and delivery of training courses and workshops for staff

- Facilitate a dialogue and improve country level capacity at the level of the embassies; strengthen their access to required social information and social analysis tools and instruments

Develop a social development strategy or work programme

- Consider to develop a strategy paper/work programme that defines visions/goals and a way forward for working with social development with a view to incorporate social analysis and social dimensions more systematically in policy and programmes

- Determine a business line based on the strategy/work programme

- Define thematic priorities for social development related work

- Increase attention to social development as a cross-cutting theme across the board; in research and analytical work, in design and planning, in operations, in monitoring and learning

- Identify and promote the use of relevant tools, methods, and approaches to social development in operational work

- Consider to establish relevant thematic networks to build bridges between advisory functions (in NORAD) and policy and operational functions in MFA and the embassies

- Help ensure consistent attention to social development across regions and embassies through internalisation of guidelines and procedures

Strengthen the attention to social development in policy dialogue and policy-based programmes

- Introduce a more concise social development agenda in country programming and policy dialogue with country partners and other donors
- Ensure that policy and project work is linked; i.e. project planning is linked to upstream analytical work and policy dialogue on socially sustainable development
- Support in-country capacities to expand the use of social analysis and PSIA methodology
- Work more systematically as influencers of multilateral agencies, other donors, NGOs at country and HQ levels
- Promote collaboration and coordination on the development of analytical tools, including PSIA and country social analysis in the PRSP processes both to address potential adverse outcomes and to make programmes more effective/particpatory
- Increase awareness and further country ownership of the social development agenda and local capacity
- Link 'poor peoples' perspectives' to the macro-policy perspectives developed e.g. through the PRSP process; develop an understanding of the importance of informal institutions and traditional leaders in development

Work on ways of mainstreaming social development in both NORAD and MFA projects and programmes

- Work to introduce the use of social analysis as a tool and participation as a process (while accepting both strengths and weaknesses of such approaches)
- Expand the use of social analysis and participation/empowerment as integrated concerns of planning and operations
- Develop and incorporate a broader social development agenda in project design and implementation related to participation, empowerment, social and institutional accountability, social protection – while maintain a focus on inequality and engendering of internal development
- Consider to develop and introduce simple and practical/applicable guidelines, procedures and checklists - do's and don't's - in social development ('social safeguards')
- Develop systems to handle potentially adverse social impacts in e.g. infrastructure, energy, and natural resources management projects – as well as in policy dialogue and policy-based programmes (e.g. standards/safeguards, screening and review processes, organisational oversight mechanisms separate from mainstream operations i.e. quality assurance/legal units)
- Develop indicators for measuring achievements and outcomes, measuring progress, and learning from experiences through appropriate evaluations, reporting, and learning exercises
- Develop tracking and reporting systems on social development to senior management

Enhance the analytical work and investments related to social development as part of development programmes

- Increase project focus and investments in social development themes; in particular attempt to increase ways and means of promoting social inclusion of women and vulnerable groups (building from existing policies and programs)
- Identify innovative ways to strengthening social/community capacity and social cohesion in development - related to own work or work by other agencies (e.g. enhancement of social capital, prevent conflicts, facilitate reconstruction and institutional rehabilitation of areas affected by conflict
- Identify ways of understanding and promoting the 'scaling up' of community-driven development across different sectors
- Internalize other agencies work on social development indicators
- Promote accountable local and national institutions – formal and informal – in all development efforts

Improve NORAD/MFA's work on capacity building, awareness, advocacy, and research in order to strengthen the platform for social development work

- Improve internal awareness and capacity by learning from other agencies e.g. the World Bank and DFID (but also from SIDA, ADB and others)
- Find ways of supporting in-country capacity building (directly or indirectly through multilateral or civil society partnering)
- Promote reviews of 'cutting-edge' frameworks for understanding social issues and instruments for analysis and mainstreaming
- Strengthen social development research and development work, initially adopt guidance and good practice materials from other (like-minded) agencies
- Consider to establish one or two 'help desks' for social development – either with Norwegian institutions or local institutes (learning from SIDA)
- Engage in information dissemination and advocacy in order to enhance greater awareness about the positive effects of incorporating social dimensions
- Establish thematic priorities for social development and poverty-relevant research – related to the forthcoming poverty research programme
- Strengthen the focus on policy-relevant research (e.g. from a social science/social policy) by themes and country
- Improve collaboration with relevant networks within and outside NORAD/MFA
- Engage in networking, sharing of information, coordination and harmonization (with a critical eye on such alignments)

10.2   PART 2: Environmental management – strengthening the incorporation

A variety of tasks to strengthen the environmental management agenda in NORAD and MFA may be suggested at different levels, where the main challenge is to reinforce a more systematic attention to environmental 'mainstreaming' (environmental assessment/screening) and to link the environmental agenda closer to poverty reduction and social development.

Develop action plans/business lines and programmes (as part of the new Environment Policy, 2005) – related to environmental management and natural resources development

- Promote new plans and a work program for environmental management and natural resources development (as a follow-up to the new policy – 2005)

- Establish stronger in-house links – conceptually and organisationally – between environmental management and the poverty and social development agendas, thematically and organisationally – build on international literature (e.g. through a conceptual framework and in-house networks)

- Keep strengthening attention to environmental management as a cross-cutting theme at headquarters as well as at the embassy levels

- Provide specialised quality enhancement inputs to the embassies and operational units in collaboration with the units working on quality assurances and systems of project review

- Consider to increase the environmental management capacity in NORAD/MFA by recruiting relevant staff and/or improve internal learning

- Develop an Environmental learning program for key staff related to environmental screening and cutting-edge environmental analysis (e.g. in relation to agriculture and natural resources management projects, energy and water resources, fisheries/aquaculture, roads)

- Improve capacity and consistency of environmental management at the level of the embassies; strengthen their access to required information, tools and instruments; consider a regional support unit in East Africa located in e.g. Tanzania (ref. experience of SIDA)

Strengthen the attention to environmental management in policy dialogue and policy-based programmes

- Strengthen the role as influencers i.e. in working with the multilateral system, other donors, NGOs – to enhance own clout in policy dialogue

- Ensure that policy and project work is linked on environment grounds; i.e. project planning is linked to upstream analytical work and policy dialogue on socially sustainable development; environmental concerns aligned with social and poverty concerns

- Support in-country capacities to expand the use of environmental analysis and Strategic Environmental Assessment methodology

- Ensure a stronger focus on environmental indicators and concerns in country programming and policy dialogue with country partners, bilateral donors, and multilaterals e.g in the PRSPs processes

Work on ways of mainstreaming environmental management in both NORAD and MFA projects and programmes

- Work to ensure systematic and regular environmental screening and use of environmental analysis

- Strengthen the formalisation of procedures for project quality assurance and control

- Strengthen the incorporation of environmental indicators and systems for monitoring, tracking and reporting on environmental management progress of programmes

- Strengthen the evaluation and learning from own and international experiences
- Re-visit and re-work environmental guidelines and checklists to provide a simple Environmental Guide for step-by-step analysis of environmental dimensions (learning from DFID's approach)
- Consider to introduce a more elaborate system of 'environmental safeguards' for particular types of projects
- Continue to support national institutions and systems for monitoring environmental effects of development programmes and industries
- Increase support for in-country capacity building regarding environmental analysis, planning, research, monitoring, participatory monitoring, and operations
- Consider to increase investments for stand-along environmental projects and natural resources management projects (e.g. through the new agricultural development strategy)
- Provide support and partner with national and international NGOs/VOs involved in environmental management or in support of indigenous groups critically dependent on the environment (or related fields)

Enhance the analytical work and investments related to environmental management as part of development programmes

- Develop an agenda that link environmental and natural resources management to poverty and social dimensions of development (e.g. pro-poor asset creation, empowerment, social capacity building, institutional accountability, information dissemination)
- Support research and capacity development related to Strategic Environmental Assessment (SEAs) and ways of incorporating lessons from such research within NORAD/MFA
- Screen for and adopt good practices developed by other agencies or partners
- Promote research and development of local institutions, local leaders/elites and property rights systems in order to institutionalise local capacity for environmental management

Improve NORAD/MFA's work on capacity building, awareness and advocacy, and research in order to strengthen the platform for environmental management

- Keep strengthening internal awareness and capacity on environmental management; adopt guidance and good practice materials from other (like-minded) agencies
- Keep supporting various in-country capacity building efforts on environmental analysis and institutional strengthening
- Promote reviews for understanding environmental screening and analysis
- Consider to introduce simple environmental safeguards and guidelines (possibly by sectors)
- Strengthen environmental development research in order to understand pro-poor environmental perspectives, including work on links between micro- and macro-level environmental management
- Engage in advocacy to direct attention to the positive opportunities involved in improved environmental management and links to the poverty agenda
- Improve collaboration with relevant networks within and outside NORAD/MFA

- Develop tracking and reporting systems on environmental management to senior management
- Implement reviews and evaluations of key projects and related documents and provide inputs to organisational learning processes on environmental management

References

ADB 1999: Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy. Manilla: Asian Development Bank

Bojo, J. and R. C. Reddy 2003: Status and evolution of environmental priorities in the Poverty Reduction Strategies. An assessment of fifty Poverty Reduction Strategy Papers. Environmental Economics Series. Paper no. 93. November 2003. Washington: World Bank

CDS 2004: Poverty and Social Impact Assessment: the long view. A background paper for DFID. Draft for comment (not for citing). CDS Swansea

Dalal-Clayton, B. and B. Sadler 2003 (draft): The status and potential of Strategic Environmental Assessment. London: IIED (www.iied.org)

DFID/EC/UNDP/World Bank 2002: Linking poverty reduction and environmental management. Policy challenges and opportunities, Washington D.C.: The World Bank

DFID 2003: Agriculture and poverty reduction: unlocking the potential. A DFID policy paper. December 2003. London: DFID

ECON 2003: Evaluation of the Norwegian Development Policy Administration, ECON report 19/03. Oslo: ECON Centre for Economic Analysis

Isachsen, O., R. M. Blench, and H. Egnéus 2000: Taken for granted? An evaluation of Norway's Special Grant for the Environment. Evaluation Report 10/2000. Oslo: MFA

Jerve et al. (eds) 2003: Breaking the circle: which way out of poverty? Report from the Planning Committee to consider research on poverty reduction. Oslo: Research Council of Norway

Keely, J. and I. Scoones 2003: Understanding environmental policy processes. Cases from Africa, London: Earthscan

Kjørven, O. and H. Lindhjem 2002: Strategic assessment in World Bank Operations. Experience to Date – Future potential, Environment Strategy Papers, Strategy Series, Number 4, May 2002, Environment Department, Washington: World Bank

MFA 2002: Fighting poverty. The Norwegian Government's Action Plan for Combating Poverty in the South towards 2015. Action Plan. Oslo: Ministry of Foreign Affairs

MFA 2004: White Paper – St. mldg. 35

MFA 2004b: Fighting Poverty through Agriculture, Norwegian Plan of Action for Agriculture in Norwegian Development Policy

OED 2004 (and draft May 2003): An OED review of Social Development in Bank Activities, Operations and Evaluations Department (OED), February 17, Washington: World Bank

Riksrevisjonen 2002: Miljørettet bistand, gjennomgang (Review of Environmental Bilateral Cooperation)

Segnestam et.al. 2003: Country-Level Environmental Analaysis. A review of international experience. Environment Strategy Papers. No. 8, July 2003, Environment Department, Washington D.C.: The World Bank

Shyamsundar et al. 2001: Country Assistance Strategies and the environment, Paper no. 81, Environmental Economics Series, Environment Department Papers, Washington: World Bank

Shyamsundar, P. 2002: Poverty – Environment indicators, Environment Department Papers, ESSD, Washington D. C.: The World Bank

SIDA 2001: The environment and poverty, Department for Natural Resources and the Environment, Stockholm: SIDA

SIDA 2001b: The environment and human rights – links and conflicts, Department for Natural Resources and the Environment, Stockholm: SIDA

SIDA 2001c: Health and environment, Department for Natural Resources and the Environment, Stockholm: SIDA

SIDA 2002: Sector programmes – guidelines for the dialogue on Strategic Environmental Assessment (SEA), Department for Natural Resources and the Environment, Stockholm: SIDA

SIDA 2002b: The country strategies – guidelines for Strategic and Sustainable Analysis, Department for Natural Resources and the Environment, Stockholm: SIDA

SIDA 2003: Miljø – kunskap för hålbar utveckling, Stockholm: SIDA

SIDA 2003b: SIDAs miljöledningssystem – redovisning av arbetet 2003, Department of Natural Resources and Environmental Policy, Stockholm: SIDA

SIDA 2003c: Growth and the environment, Environment Policy Division, Stockholm: SIDA

SIDA 2003d: The Environment, natural resources and HIV/Aids, Environment Policy Division, Stockholm: SIDA

SIDA 2004: Policy och handlingsplan för en miljömässig hållbar utveckling, Miljöpolicyenheten, Stockholm: SIDA

Swanson, P. and L. Lunde 2003: Public environmental expenditure reviews. Experience and emerging practice, Environment Strategy Papers, Strategy Series, Number 7, May 2003, Environment Department, Washington: World Bank

Vedeld, T. 2001: Participation in project preparation – lessons from World Bank-assisted projects in India, World Bank Discussion Paper no. 423, Washington: World Bank

World Bank 1995: Participation Sourcebook, Environmentally Sustainable Development, Washington: World Bank

WDR 2000/01: Attacking poverty, Washington D.C.: The World Bank

WDR 2003: Sustainable development in a dynamic world, Washington D.C.: The World Bank

WDR 2004: Making services work for poor people, Washington D.C.: The World Bank

World Bank 2003: From adjustment lending to development policy lending: Update of World Bank Policy, Operations Policy and Country Services, October 4, 2003, Washington D.C. : The World Bank

World Bank 2003b: Social development in World Bank Operations. Results and the way forward, Social Development Department, 1 December 2003, Washington D. C.: The World Bank

World Bank 2003c: A user's guide to Poverty and Social Impact Analysis. Poverty Reduction Group (PRMPR) and Social Development Department (SDV). Washington D. C.: The World Bank

World Bank 2002: A revised forest strategy for the World Bank Group, October 31, 2002 (and subsequent OP 4.36 Forests), Washington D. C.: The World Bank

World Bank 2003c: Social Analysis Sourcebook: (ref. also World Bank 2002b): Social Analysis Sourcebook: incorporating social dimensions into Bank-supported projects. Social Development Department, Washington D. C.: The World Bank

World Bank 2004: Social Development in World Bank operations: Results and ways forward, Draft, Washington D.C.: The World Bank

World Bank 2004b: Good practice notes for development policy lending, Operations policy and country services, Washington D.C.: The World Bank

World Bank 2005: Empowering people by transforming institutions. Social development in World Bank operations, Washington D.C.: The World Bank

World Bank 2005b: Focus on sustainability 2004, Washington D.C., The World Bank

Key web-sites utilized:

www.adb.org

www.dfid.gov.uk

www.sida.se

www.worldbank.org