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Environment in Poverty Reduction Strategies and Poverty Reduction Support Credits

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THE WORLD BANK ENVIRONMENT DEPARTMENT

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Abstract

More than 60 countries are in various stages of preparation and implementation of Poverty Reduction Strategies. This report examines the extent to which countries and the World Bank have integrated environmental considerations into such strategies and their associated documents.

The assessment is based on the 53 PRSPs, 21 PRSP Progress Reports and their associated Joint Staff Assessments, and 21 PRSCs available as of June 30, 2004. Of the 53 PRSPs, 39 are full, while the rest are interim. This report uses an ordinal scoring scale applied to 17 variables related to environment. The selection of variables is adjusted to focus on implementation in the Progress Reports and the PRSCs. An unweighted average for each country is reported. Throughout the report, we highlight good practice examples.

The results for the PRSPs show (a) considerable variation across countries; (b) an average level of mainstreaming that is low, and (c) a strong tendency for full PRSPs to better integrate environmental considerations than interim PRSPs.

According to our findings, the Progress Reports also vary considerably in their degree of mainstreaming. Interestingly, there is only an insignificant positive correlation between the degree of mainstreaming in the PRSP itself and the mainstreaming in the Progress Report(s).

With respect to the Joint Staff Assessments of PRSPs and PRSP Progress Reports, the review shows that the attention to environmental aspects is highly variable. The focus is primarily on water and sanitation and disaster management. The JSAs that include more attention to the environment are mostly associated with PRSPs that are already relatively well mainstreamed, and vice-versa.

The PRSC review shows significant variance across countries and a low average degree of mainstreaming. Some contextual factors that can explain that are discussed in the main text. It is too early to discuss any trend among PRSCs.

In addition to the results, this report contains two case studies that go beyond the text analysis and review the implementation record in Sri Lanka and the additional environmental analysis done in Ghana that was based on the PRSP.

The paper concludes by proposing a set of recommendations.

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This report is the fourth in an ongoing review of environmental considerations in PRSPs. A large number of colleagues and participants at seminars inside and outside the World Bank have commented on the previous editions of this review. Many of those comments have been integrated into this report.

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The authors are solely responsible for the views expressed here, which do not necessarily represent the opinion of the World Bank, its executive directors, or the countries they represent.

Abbreviations and Acronyms

ADB	Asian Development Bank
AFR	Africa
CAS	Country Assistance Strategy
CEPOMS	Committees on Environmental Policy and Management
CERSGIS	Center for Remote Sensing and GIS
CIDA	Canadian International Development Agency
CIEDP	Committee for Integrating Environment into Development and Planning
DFID	Department for International Development, United Kingdom
EAP	East Asia and Pacific
EC	European Commission
ECA	Eastern Europe and Central Asia
EDP	Environment Department Paper
EIA	Environmental Impact Assessment
ENR	Environment and Natural Resources
EPA	Environmental Protection Agency
GPRS	Ghana Poverty Reduction Strategy
GTZ	German Technical Cooperation
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IMF	International Monetary Fund
IPRSP	Interim Poverty Reduction Strategy Paper
JBIC	Japan Bank for International Cooperation
JSA	Joint Staff Assessment
LAC	Latin America and Caribbean
MDAs	Ministries, Departments, and Agencies
MDG	Millennium Development Goals
MNA	Middle East and North Africa
MoE	Ministry of Environment
MTEF	Medium Term Expenditure Framework

NCS	National Conservation Strategy
NDPC	National Planning and Development Commission
NEAP	National Environmental Action Plan
NESC	National Environmental Steering Committee
NGO	Nongovernmental Organization
PPPs	Policies, Plans, and Programs
PREM	Poverty Reduction and Economic Management
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PRSP-PR	Poverty Reduction Strategy Paper Progress Report
SA	South Asia
SAC	Structural Adjustment Credit
SEA	Strategic Environmental Assessment
SECAC	Sectoral Adjustment Credit
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WDI	World Development Indicators
WHO	World Health Organization

Note: All dollars are U.S. dollars.

Executive Summary

Poverty Reduction Strategy Papers (PRSPs), which are prepared by developing countries, are comprehensive, results-oriented frameworks for reducing poverty.

This paper (a) assesses the degree to which integration (mainstreaming) of environmental factors occurs in PRSPs, Joint Staff Assessments (JSAs), PRSP Progress Reports (PRSP-PRs), and Poverty Reduction Support Credits (PRSCs); and (b) provides case studies that go beyond the desk review of documents.

This assessment builds on several previously published reviews (Bojö and Reddy 2002, Bojö and Reddy, 2003a, Bojö and Reddy, 2003b), but goes beyond those reports in several ways. First, it expands the coverage of the review to 53 PRSPs (JSAs), of which 39 are now full PRSPs. Second, it significantly expands the number of Progress Reports reviewed to 21. Third, it integrates the previously separate review of the integration of Millennium Goal 7 on Environmental Sustainability (MDG7). Finally, for the first time, a review of 21 PRSCs is included. The population reviewed is the total number of such documents publicly available as of June 30, 2004.

We have assigned ratings across 17 variables under four major areas of environmental mainstreaming: (1) diagnosis of environmental issues; (2) analysis of poverty-environment links; (3) environmentally relevant actions; and (4) the extent to which participation and consultation processes have allowed environmental concerns to be heard. The PRSPs are assessed on each of the 17 criteria, using an integer scoring range of 0 (no mention), 1 (mention, but no elaboration), 2 (elaboration), to 3 (good practice). The country scores are unweighted averages.

The MDG7 assessment of the PRSPs is based on a review of the inclusion of the three targets and five of the eight indicators internationally agreed to underpin the general goal of promoting environmental sustainability. However, this particular assessment registers the inclusion without applying a rating scale.

The JSAs are assessed using qualitative judgment only, as they are very brief documents providing prioritized comment on the PRSPs.

The Progress Reports for PRSPs are assessed using a reduced version of the 17 variables described above. As the emphasis is on *implementation and monitoring* rather than diagnosis and analysis, only the five aspects related to implementation, monitoring, and evaluation are included. However, attention is also given to process, as this continues to be important for successful implementation. This provides a total of six variables to rate for each Progress Report.

A similar approach is taken with respect to Poverty Reduction Support Credits (PRSCs), which are rated for the first time in this series of reports. However, in addition to the six variables rated for PRSP-PRs, an additional rating is given for a "context variable." This is intended to cover the fact that some PRSCs make explicit in what context they will operate with respect to environmental mainstreaming. A PRSC that consciously allocates the responsibility for environment to other instruments receives a higher score than one which simply omits any reasoning for its lack of inclusion of environment.

The main findings for the PRSPs are:

- *High variance*. There is considerable variation in environmental mainstreaming, ranging from marginal attention (0.3) to consistent mainstreaming of environment across the aspects considered here (2.4).
- *Low but improving average*. The average score across the sample shows a slight improvement at 1.5 on the 0–3 scale. It is not reasonable to expect all countries to score a "3" across the board, as priorities differ across countries. The average is an improvement over the 2002 assessment, which averaged 0.9, and the 2003 assessment, which averaged 1.3.
- *Full PRSPs are better mainstreamed*. In comparison to interim PRSPs, there is a stronger tendency for full PRSPs to better integrate environmental factors. As the sample matures even further, we expect mainstreaming to improve.
- *High-scoring countries.* Countries in the high-scoring cluster remain diversified across regions: Azerbaijan, Bolivia, Bosnia and Herzegovina, Cambodia, Ghana, Honduras, Mozambique, Nicaragua, Sri Lanka, Yemen, and Zambia,
- *Environmental priorities.* As expected, environmental priorities differ across countries. PRSPs devote more attention to issues such as water supply, sanitation, vulnerability to natural hazards, land tenure, and institutional capacity. They devote less attention to indoor air pollution, biodiversity, gender and environmental relationships, urban environment, and the impacts of macroeconomic policies on the environment. Few PRSPs present quantified, time-bound, and costed targets and indicators relating to environment. Environmental health issues generally get more attention than natural resources management issues. However, among environmental health issues, indoor air pollution is often neglected in spite of heavy reliance on traditional solid fuel, particularly in Sub-Saharan Africa.
- *The MDG perspective*. A few PRSPs explicitly introduce a long-term perspective and make reference to MDGs for 2015, but most do not. Only 14 of the 53 reviewed PRSPs have targets and indicators aligned with MDG7. The attention is almost entirely focused on the water and sanitation target.

The JSAs are quite varied in their attention to environmental issues. To the extent that such issues are dealt with, the discussion is often focused on water and sanitation, and in a few cases, on disaster mitigation. The opportunity to encourage enhanced integration of environment is often missed, even in cases where the relevance to poverty would seem obvious. However, there are PRSPs with much attention given to environment that have JSAs urging further improvements.

PRSP Implementation Progress Reports. Implementation progress reports are generally not satisfactory in their discussions of the environmental proposals outlined in the PRSPs. However, good practice is emerging; examples include Albania and Nicaragua. The variance across PRs is considerable, ranging from 0.6 to 2.4. Interestingly enough, there is only an insignificant positive correlation between a well-mainstreamed PRSP and a well-mainstreamed PR. Hence, a well-mainstreamed PRSP does not necessarily lead to a similar treatment in the Progress Report, and vice-versa. The three Burkina Faso Progress Reports show consistent progress with respect to mainstreaming efforts and are examples of good practice.

The results show that PRSCs also vary considerably in their degree of environmental mainstreaming. The average score across the sample of PRSCs is 1.4. The data show a high level of variance—from 0.7 to 2.7. This is to be expected, as they operate within a country context determined by, among other things, the PRSP, the focus of other donors, other Bank operations in the country, and the time profile of the PRSCs. For example, it is common among the PRSCs to start out with a strong emphasis on health and education. Later on in the sequence of PRSCs, they may turn to other priorities, including environment.

On the basis of our findings, we recommend that:

- PRSPs should draw more effectively on existing National Environmental Action Plans and similar resources.
- Data pertaining to MDG7 should be utilized, baselines established, and targets set in line with MDG7.
- The PRSP in many countries could more effectively engage the environmental constituency. On their part, it is important that environmentalists in developing countries take an active interest in the poverty reduction strategy process.
- Progress Reports should systematically revisit environmental issues raised in the PRSP to ensure follow-up.
- JSAs should be written by teams that include environmental staff. This will provide for better inclusion of environmental feedback to developing countries.
- PRSCs should give explicit recognition to the relevance of environment in a poverty reduction context. They may not always address environmental issues directly, but need (a) to assess how significant negative impacts can be avoided, and (b) to search for cost-effective synergies between poverty reduction measures and measures to enhance the environment.

1 The Context

Over the course of the last decade, the World Bank has strengthened its emphasis on the critical importance of poverty reduction in developing countries. In parallel, in documents such as the 2001 World Bank Environment Strategy, it has identified many critical linkages between poverty reduction, environmental degradation, and natural resources management.

At the national level, a key point at which the poverty and environment agendas can intersect is in the preparation of Poverty Reduction Strategy Papers (PRSPs). PRSPs provide a framework for domestic policies and programs, as well as for foreign assistance, with the overall aim of reducing poverty. Written by the countries, PRSPs are comprehensive and results-oriented documents.[1]

To encourage attention to the inclusion of environmental issues, since June 2002 (as noted below) the Bank has prepared several assessments of environmental issues in the PRSPs.

In the course of preparing the earlier reports in this series, we have discussed—and understand—the reservations that many people hold with respect to this type of review. Three of the most common questions are discussed below.

First, *if PRSPs are country-owned, what justifies their assessment by the World Bank?* We undertake this assessment with a clear recognition of the country ownership of PRSPs. This perspective is captured in the following statement of the IDA 13 Deputies: "*Early experience shows that countries' strategies have often given insufficient weight to issues that are important for sustainable development, such as the role of women, environmental management, fiduciary controls, and analysis of the social impacts of policy reforms. While recognizing that the PRSP is a country-owned document, Deputies reaffirmed that IDA should continue to advocate good policies*" [2] (IDA, 2002, p. 11). In fact, the World Bank and other donors have undertaken several assessments of PRSPs, although environment has not been an important consideration.[3]

Second, *why should poor countries be concerned with environmental issues?* Why not have growth first and clean up later? It is generally agreed that poverty reduction and environmental management are closely linked—primarily through livelihoods based on natural resources, environmental factors impacting health, and vulnerability to natural hazards.[4] If we define "environment" in this way,[5] it becomes clear that the environment is not a "luxury" that concerns only a rich elite in industrialized countries. It is an integral part of the well-being

of poor people, and "the environment cannot wait."[6] In short, economic growth matters a great deal, but so does the quality of that growth. The World Bank's Environment Strategy (World Bank 2001a) specifically states that "*..integrating environmental considerations into the new Poverty Reduction Strategy Papers is an urgent task*."

We are not implying that there are never any tradeoffs between environmental objectives and poverty reduction. There are many, and rational cost-benefits analysis coupled with transparent and inclusive information-sharing and debate should be used to address those issues. For example, establishing a Protected Area for biodiversity conservation will have to be weighed against the value of its use for poor people. Limiting local resource use will have to be compensated by alternative employment and resources. Nor is environmental management always the most cost-effective answer to achieve poverty reduction. For example, hand-washing and hygiene education is probably the most cost-effective measure to lower the incidence of waterborne disease. But we do argue, in line with the World Bank's Environment Strategy, that the poor are often the first to carry the burden of environmental degradation. Therefore, measures to limit environmental degradation will generally disproportionately benefit poor people.[7]

Third, *does it really matter what is written in the PRSP document*? It is certainly possible that a well-articulated strategy may not be implemented well. However, PRSPs are public documents that are widely available and often translated into local languages. Annual progress reports and built-in systems for monitoring and evaluation—including targets and indicators, timetables, and explicit costs—force an increasing level of transparency. Underpinning this is the enhanced participation encouraged in the development of PRSPs, which will gradually build greater accountability for results. As the PRSP process matures, we will increasingly be able to compare the text of the PRSP with the implementation record through Progress Reports and PRSCs. Further, country-specific work is needed to more profoundly understand what determines success in implementation. In fact, several such case studies are under way with the support of development agency partners.

Building on Previous Reviews

A first assessment of environmental issues in the PRSPs of 40 countries was published as World Bank Environment Department Paper (EDP) 86 in June 2002. A second EDP (Bojö and Reddy 2003a) devoted full attention to the integration of the targets and indicators related to Millennium Development Goal 7 on environmental sustainability. There is no need to repeat the discussion on MDG7, its poverty relevance, the availability and quality of data, and track record of performance so far. Instead, we simply update the results for our extended review.[8] The third report (Bojö and Reddy 2003b) in this series was published in November 2003, and extended the review of PRSPs to include also progress reports and Joint Staff Assessments (JSAs). This report builds on those assessments, but goes beyond them in several respects.

First, all additional countries that progressed from an interim PRSP to a full PRSP, and countries that joined the PRSP process by preparing interim PRSPs until the end of June 2004, were considered in this report. Coverage of Progress Reports also has been extended.

Second, we have added a review of PRSCs. This begins to take us closer to implementation of the PRSPs, although the PRSC must be interpreted in a wider context. We will return to this below.

Because of resource constraints, this report focuses on the **text** of the PRSPs, JSAs, and progress reports.[9] It would be useful—but is not currently feasible—to undertake an in-depth country study for each of the 53 cases we have reviewed. This assessment thus should be seen as an overview that supplements country-level analyses.

We have tried to develop a transparent framework to maximize consistency in the assessment across countries. However, subjectivity cannot be eliminated. Our aim is not scientific precision—only for transparent and consistent reporting on the approximate levels and trends of environmental mainstreaming in PRSPs.

Purpose and Organization of the Report

The objectives of this paper are (a) to assess the status and evolution of mainstreaming of environmental issues in PRSPs, JSAs, PRSP-PRs, and PRSCs; and (b) to provide a few examples of good practice and case studies of implementation.

What we mean by "mainstreaming" of the environment is summarized here and discussed in detail in the methods section below. It is not the existence of a stand-alone section or chapter in the PRSP, nor is it the frequent reference to the "environment" in a document. The term "mainstreaming" is used to denote (a) the description of environmental issues and opportunities; (b) the analysis of links between poverty and environment; (c) the design of responses to meet the identified challenges; and (d) the inclusion of the environmental constituency in the processes leading to the design and implementation of the PRSP.[10]

This report is organized into six sections. Section 2 describes the coverage of our review. Section 3 presents the methods used. Section 4 presents the results of the assessment. Section 5 presents two interesting case studies that go beyond the text analysis. Finally, Section 6 concludes with some recommendations.

2 What the Review Covers

The report is based on an assessment of 53 Interim and full PRSPs, their Joint Staff Assessments, and 21 Implementation Progress Reports. The countries included in this assessment—and their stage in the PRSP process—are presented in Appendix A.

Interim PRSPs and Full PRSPs

Of the 53 PRSPs considered for this assessment, 39 are full PRSPs and the rest are interim PRSPs. The regional breakdown in Table 1 illustrates the dominance of the Africa region.

Millennium Development Goal 7

Building on a series of previous international conferences, the United Nations General Assembly adopted the Millennium Development Goals (MDGs) as a part of the *Road Map Towards Implementation of the United Nations Millennium Declaration* in 2001. These goals provide a strong focus toward addressing developmental needs. They include eight goals monitored through 18 targets and 48 indicators. Through its strong links to poverty, environment relates to many MDGs, but it is prominently emphasized in MDG 7: *Ensuring Environmental Sustainability.*

It is important to examine the extent to which PRSPs articulate environmental priorities that fall within the MDG7 context. The overall goal is specified in *three* targets that are further divided into *eight* indicators (Table 2). A detailed analysis of the coverage of MDG7 indicators in PRSPs is presented in a previous review (Bojö and Reddy 2003a). Without repeating the background information provided there, this report updates the coverage of MDG7 indicators in all PRSPs that are currently available.

Table 1. Regional distribution of PRSPs

Region	*Interim PRSPs*	*Full PRSPs*	*Total*
Sub-Saharan Africa	10	19	29
Eastern Europe and Central Asia	1	8	9
East Asia	1	3	4
South Asia	1	3	4
Latin America and Caribbean	1	4	5
Middle East and North Africa	0	2	2
Total	14	39	53

PRSP Progress Reports

Annual reports on the implementation of PRSPs highlight efforts to convert identified priorities into actions.[11] Of the 39 countries that are in the full PRSP stage, 21 have submitted implementation Progress Reports. Table 3 presents the list of countries and their implementation progress reports. The World Bank and IMF guidelines on implementation progress reports recommend consistency between national decisionmaking and

Table 2. Targets and indicators of Millennium Development Goal 7

Targets	*Indicators*
Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.	• Proportion of land area covered by forests • Area protected to maintain biological diversity • Energy use per unit of GDP • Per capita CO_2 emissions and consumption of ozone-depleting substances • Proportion of population using solid fuels
Halve by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.	• Proportion of population with sustainable access to an improved water source • Proportion of population with sustainable access to adequate sanitation
Have achieved, by 2020,a significant improvement in the lives of at least 100 million slum dwellers	• Proportion of households with access to secure tenure

Source: United Nations (2001, 2002).

Table 3. PRSP implementation progress reports

Region	*Country and year*
AFR (15)	Burkina Faso 2000-01
	Burkina Faso 2001-02
	Burkina Faso 2002-03
	Ethiopia 2002-03
	Malawi 2002-03
	Mauritania 2001-02
	Mauritania 2002-03
	Mozambique 2001-02
	Mozambique 2002-03
	Niger 2002-03
	Tanzania 2000-01,
	Tanzania 2001-02,
	Uganda 2000-01,
	Uganda 2001-02,
	Uganda 2002-03
EAP (1)	Vietnam 2002-03
ECA (2)	Albania 2002-03,
	Kyrgyz Republic 2002-03
LAC (3)	Nicaragua 2001-02,
	Nicaragua 2002-03,
	Honduras 2002-03

reporting processes and their integration into annual budget and national development reports (World Bank and IMF 2002a). As is evident, Africa constitutes the largest sample for the Progress Reports.

Joint Staff Assessments

Joint Staff Assessments are prepared by the staffs of the World Bank and IMF. They provide feedback on the core elements of a PRSP, such as poverty diagnosis, priority public actions, participatory process, targets, indicators, and monitoring systems. The JSAs provide an important opportunity for the Bank and the IMF to advise countries on their poverty reduction agendas. All PRSPs reviewed here also have an associated JSA.

World Bank staff guidelines recommend that JSAs also comment on cross-sectoral issues such as environment and on the scope of PRSP proposals in addressing environmental sustainability. The guidelines recommend that these assessments should focus *"on the extent of income/consumption and other dimensions of poverty (health including environmental diseases, natural resource degradation, vulnerability, disempowerment) and their evolution over time"*

(World Bank 2000). Against that background, this report includes a review of JSAs.

Poverty Reduction Support Credits

The first Poverty Reduction Support Credits (PRSCs) were finalized and presented to the World Bank Board in mid-2001. Overall instructions for Bank staff were issued under the Interim Guidelines for PRSCs in May 2001.[12] PRSCs focus on poverty reduction as the central objective of development assistance, while aiming to enhance country ownership, facilitating partnerships with other institutions, and building on rigorous analytical underpinnings for fiduciary, social, structural, and sectoral reforms. The development of a PRSC starts with the country's own PRSP and involves extensive consultations and donor coordination. PRSCs provide customized support to country development and country-owned reform programs. They have focused on building government capacity and institutions, particularly those that serve the poor.

This current study includes a review of 21 PRSCs that went to the World Bank Board by June 30, 2004 (see Table 4). In all, there were eleven PRSCs in Africa, three in East Asia and the Pacific, three in Latin America, and two each in South Asia as well as Europe and Central Asia.

The rollout of PRSCs has been slow, but has now gained momentum, and half of the operations have been approved in the past fiscal year (ending June 30, 2004). The amount of the credit ranges from $18 million (Albania) to $250 million (Vietnam), with an average of $90 million. Several of these PRSCs are continuum credits; that is, they are provided in annual sequential tranches (Albania, Burkina Faso, Uganda, and Vietnam). This puts the PRSC at the core of many country lending programs.

Prior to September 1, 2004, PRSCs were classified as either structural adjustment credits (SAC) or sectoral adjustment credits (SECAC). The former were at the time reviewed under Operational Directive (OD 8.60) on Structural Adjustment, which recommends as good practice that the environmental policies and practices of the country are reviewed as an integral part of loan preparation. The linkages between the reforms and the environment should be identified. However, this was not a strict requirement. About half of the PRSCs were SECACs, which did require additional environment-related information in the form of a separate appendix. Hence, the nature of the operation will to some extent determine the level of attention that is devoted to environmental issues. It is important to note, however, that this review is not focused on the safeguard aspects of operations, but on mainstreaming aspects, as defined in the first section of this report.

It should be added that the World Bank in August 2004 passed a new OP8.60 on Development Policy Lending (DPL) that supersedes the old OD8.60 on Structural Adjustment. Hence, the old division of lending instruments in SECACs and SACs is no longer valid. All new DPL is subject to the same requirements, including the determination of any significant effects on the country's environment, forestry, or other natural resources. The PRSCs reviewed here, however, were processed using the previous OD.

Through PRSCs, the World Bank supports key reforms that ensure transparency, budget discipline, and improved financial management and procurement, together with expansion of health, education, and water and sanitation services for the poor. Depending on the country, other sector activities may include agriculture,

Table 4. PRSCs — Credit amount and category

Project	*Amount ($m)*	*SAC/ SECAC**
Albania 1	20	SAC
Albania 2	18	SAC
Benin	20	SECAC
Burkina Faso 1	45	SECAC
Burkina Faso 2	35	SECAC
Burkina Faso 3	50	SECAC
Burkina Faso 4	50	SECAC
Ethiopia	120	SAC
Ghana	125	SAC
Guyana	12	SECAC
Honduras	58.8	SECAC
Nepal	70	SAC
Nicaragua	70	SAC
Sri Lanka	125	SAC
Tanzania	132	SAC
Uganda 1	150	SECAC
Uganda 2	150	SECAC
Uganda 3	150	SECAC
Vietnam 1	250	SAC
Vietnam 2	100	SAC
Vietnam 3	100	SAC

* *Note:* SAC denotes a Structural Adjustment Credit, while SECAC is a Sectoral Adjustment Credit.

rural roads, energy, power, manufacturing privatization, and trade. As a result, the PRSC preparation team involves specialists in all the themes covered, with environmental specialists engaged with all SECACs but only for some SACs.

3 Methods of Assessment

The assessment framework used in this report is built on the previous work on mainstreaming the environment in PRSPs (Bojö and Reddy 2002, 2003b); aligning the environmental priorities of poverty reduction strategies with the Millennium Development Goal on Environmental Sustainability (Bojö and Reddy 2003a); mainstreaming the environment in the Country Assistance Strategies (Ekbom & Bojö 1997; Shyamsundar and Hamilton 2000); and on the Guidelines for the Joint Staff Assessment of PRSPs (World Bank 2000).

In this context, we define the term "mainstreaming" of environment to include (a) a description of environmental issues; (b) an analysis of links between poverty and environment; (c) policy and program responses to meet those challenges; and (d) the process underpinning the strategy. Each of these components is further broken down into specific items under 17 variables. A brief description of these variables is provided below.

Components of Mainstreaming Considered

The format for assessing environmental priorities in interim and full PRSPs is grouped into four major categories:

- *Issues*. A description of specific concerns and opportunities relating to the environment.
- *Causal links*. An analysis of multiple poverty-environment linkages.
- *Responses*. An outline of proposals relating to environmental management, investments in natural and human-made capital, monitoring, and evaluation.
- *Process*. Approaches used to promote the inclusion of environmental constituencies and the environmental agenda.

Issues

Priority environmental issues in developing countries vary significantly based on their resource base, problems, and opportunities. Not all countries are expected to devote the same level of attention to all issues. There are four sub-themes considered:

Land use. Issues relating to soil and sub-soil resources, including mining, erosion, desertification, waterlogging, salinization, nutrient depletion, and overgrazing; and aboveground resources, including deforestation and the degradation of forests and woodlands.

Water. Issues relating to the quantity and quality of water supply for human consumption, irrigation and other uses; water pollution; coastal zone and marine aspects; and droughts and floods.

Air and climate. Issues relating to indoor and outdoor pollution—including lead,

particulate matter, sulfur, nitrogen oxides, and emissions of greenhouse gases—from domestic energy use, industrial processes, and transport systems. Climate variance and change are also considered.

Biodiversity. Issues relating to the degradation of ecosystems, threats to species or genetic resources, and opportunities for sustainable use.

Causal links

Diagnosing a country's environmental issues provides the foundation for a causal analysis. In such an analysis, two important questions need to be answered. First, is poverty contributing to environmental degradation. Second, is environmental degradation hurting the poor? In this context, we look at seven key linkages to assess the performance of PRSPs:

Natural resource degradation and poverty. Most poverty is still rural (World Bank, 2002b), and most rural people are directly dependent on the use of natural resources to secure a livelihood. Many derive a significant part of their income directly from non-cultivated resources (Vedeld and others 2004). The linkage between poverty and the quality of soils, vegetation, and water resources is critical.

Environmental health. Up to one-fifth of the total burden of disease in the developing world, and close to a third in Sub-Saharan Africa, may be associated with environmental risk factors (Lvovsky 2001). PRSP analysis of how indoor and outdoor pollution, provision of water supply and sanitation, and the housing environment are linked to health outcomes and the burden of disease can be valuable in preparing cost-effective interventions.

Vulnerability. Globally, natural hazards claim about 100,000 lives per year, most of them in developing countries (DFID and others 2002). Analysis of how climate variability and natural disasters such as droughts, floods, earthquakes, and hurricanes impact the poor is valuable for implementing mitigation and adaptation strategies.

Property rights. An analysis of how natural resources are "owned" and how tenure regimes impact their utilization can be of significant value. Unequal land ownership and insecure tenure can force the poor to cultivate marginal environments, and may deter long-term investments (Feder 1987; Heath & Binswanger 1996).

Incentives. Policies relating to pricing, subsidies, taxes, restrictive trade practices, and the exchange rate can significantly influence the use of natural resources and the emission of pollutants into the environment. Gasoline and diesel fuel sales benefited from about $18 billion in subsidies in 1999, and irrigation from $10–$15 billion (IMF, UNEP, and World Bank 2002).

Empowerment. "Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives" (World Bank 2002a, p. vi). In this context, empowerment concerns the degree to which the poor control decisionmaking regarding a country's resources and environment. While this point is closely related to property rights, it is more concerned with

the level of participation and rules of collective decisionmaking about the environment than about legal title.

Gender and environment. This link draws attention to gender-related policies such as the extent to which women have a voice in the management of communal resources, and whether they have the right to secure tenure. Women and girls are particularly burdened by the degradation of the environment; for example, shortages of fuelwood and water often mean that women must travel longer distances and spend more time searching for these resources (OECD 2001).

Response systems

To be meaningful, the discussion on issues and an analysis of causal links must be followed by a set of actions. These are grouped into five categories:

Environmental management capacity. Environmental management capacity is assessed in terms of actions concerning legislation, regulation, environmental standards, data and information systems, institutional capacity, enforcement capability, and the use of economic instruments such as user fees, effluent/emission charges, and green taxes.

Investment in natural capital. The proposed programs for natural resource management indicate the government's priorities and its commitment to improve natural resource productivity. Examples include programs supporting the sustainable management or restoration of soils, forests, woodlands, wetlands, coral reefs, fisheries, and management of protected areas.

Investment in human-made capital. Programs relating to slum improvement, water supply, sanitation, energy efficiency, waste management, air and water pollution, and urban and rural infrastructure investments aimed at environmental improvements indicate the government's commitment in these areas.

Monitoring natural resource outcomes. Indicators are important components of the PRSP monitoring process. In this context, targets and indicators for natural resource management—including land use and soil conservation, such as trends in productivity or the rate of rehabilitation of degraded lands; forest resources, such as the annual rate of deforestation; area protected, such as the percent of land or sea area protected; water stress or scarcity, such as per capita availability in cubic meters; and energy, such as dependence on traditional energy and the shift to renewable energy—provide the relevant information.[13]

Monitoring human resource outcomes. Indicators that measure human resource outcomes such as health are important. Examples include infant mortality and morbidity, such as the infectious and respiratory disease burden attributable to indoor pollution; access to safe water, such as the percent of the population with access to safe water in rural/urban areas; sanitation, such as the percent of population and poor households covered; and housing standards, such as crowding (floor area/person).

Process

The description of the process employed in the preparation and implementation of a PRSP is

part of the assessment. Process issues are relevant for all aspects of the PRSP, but they are considered in this assessment because an inclusive and participatory process is required for identifying and addressing the concerns of environmental health, natural resource degradation, vulnerability to natural disasters, and for undertaking environmental investments and monitoring their progress.

It is not possible here to evaluate the *quality* of consultation other than through its expression in the PRSP. Critics have argued that "participatory" events are sometimes designed as top-down events, leaving little room for upward feedback. It has also been argued that consultations often result in the focus of immediate priorities to the detriment of long-term ones, such as those relating to the environment. This may be true in some cases, but the lack of inclusion of environmental concerns or actions is then reflected in low ratings under those categories. It should also be recognized that even good faith consultations sometimes fail to produce a consensus.

MDG 7

The relative significance of MDG7 targets and indicators differ from country to country. Indicators such as the use of traditional fuels, water supply, sanitation, and secure tenure are relevant to most countries and are also strongly poverty relevant. They are therefore expected to receive attention in most PRSPs. Countries with high rates of deforestation—and many poor people dependent on this resource—would be expected to focus on the forested area indicator. However, some forest clearing may contribute to reducing poverty. The other MDG7 indicators are even more ambiguous in their relationship to poverty. Based on these considerations, out of the eight indicators outlined in Table 2, *five* indicators that have the most direct relevance to PRSPs priorities are considered here:[14]

- Area under forests and changes in forest cover
- Traditional/solid energy use and access to modern energy sources
- Access to safe drinking water
- Access to adequate sanitation
- Urban poor with secure tenure.

The MDG7 targets relating to water supply, sanitation, and secure tenure are time bound, whereas the target of reversing environmental degradation lacks a specific end point.

PRPS Progress Reports

Progress Reports are assessed with respect to the response systems and actions identified in the reports. As in the previous review, this assessment includes also the process variable. This variable is included to reflect a transparent participatory mechanism through which environmental constituents are able to voice and include their priorities and concerns. Although it may be difficult to assess the extent of implementation from the report without a more thorough country-specific study, the report provides insights into the level of commitment on the part of the government and other agencies, and reflects the progress that has been made to date.

Joint Staff Assessments

JSAs are brief documents, often in the range of 10 to 15 pages. They focus mostly on macroeconomics and poverty diagnosis, with varying degrees of sectoral attention.

Guidelines for the Joint Staff Assessment (JSA) of full Poverty Reduction Strategy Papers (World Bank 2000) recommend that the JSA examine the *trends in key poverty determinants and outcomes presented, specifically, the extent of income/consumption and other dimensions of poverty, including environmental diseases, natural resource degradation, vulnerability, disempowerment, and their evolution over time.* Feedback from the JSA could serve to improve the focus on environmental sustainability aspects during implementation. JSAs are assessed according to the extent and nature of their comments relating to environment in the PRSPs. The JSAs of all full PRSPs, interim PRSPs, and PRSP Progress Reports included in this assessment are considered in this report.

Poverty Reduction Support Credits

Environmental mainstreaming in PRSCs was evaluated by slightly modifying the approach for PRSP-PRs. In brief, only the variables associated with specific actions (response system) and process were included. The response systems criteria assessed included environmental management capacity, investment in natural capital, investment in human capital, monitoring natural resource outcomes, and monitoring human resource outcomes. The process variable paid specific attention to donor participation, participation by government environment and natural resources agencies, and NGO involvement. In addition, a particular "context" variable was included. This reflects the degree to which the PRSC consciously assigns a role for environment either inside or outside of the PRSC. For example, a PRSC scores higher on this variable if it explicitly allocates responsibility for environmental mainstreaming, even though the implementation may fall onto some other operation by the Bank or even another donor. This is important, as the PRSCs operates within the context of a country program. In some countries, a specialized operation dealing with environmental issues is better equipped to deliver improvements.

The review proceeded with extracting key appropriate information from the PRSC documentation and assimilating this information in a standard summary PRSC table. Documentation reviewed included key components of the PRSC Program Document, including (a) the main section discussing the country poverty reduction targets and the country's specific reform and program goals; (b) the policy matrix; and (c) any appropriate appendixes devoted to environmental issues.

Scoring

Assessing 53 PRSPs across 17 variables, and 21 PRSP-PRs and 21 PRSCs across 6–7 variables is not practical unless qualitative judgments are formalized and simplified. The 17 variables discussed below are scored with respect to each country's PRSP. A score in the range of 0 to 3 is used depending on the treatment of relevant issues:

0 = no mention
1 = mentioned but not elaborated
2 = elaborated
3 = good practice

The first three scores are related directly to the level of attention given, while the top score implies a judgment of the quality of the text. This is obviously a subjective interpretation, and one that we have tried to illustrate in the sequel by quoting and referring to such "good practice" cases. Conceptually, it involves a

treatment that is (a) substantive, containing hard data of significance; and (b) displays a reasoning that is compelling. The interpretation of these concepts will vary somewhat depending on what area of scoring we are concerned with. In the case of an issue, a good practice case needs to exhibit such data and reasoning as to place the issue solidly on the poverty reduction agenda for that country. In a links-analysis case, the relationship between the variables (e.g. lack of safe drinking water and various health indicators) needs to be presented convincingly. In a good practice case of a response, the specific measures need to be defined, the costs estimated, the institutional responsibility defined, and a timeline given. For the process variable, one would look for a full description of what stakeholder groups were involved, the format and frequency of meetings, the main issues raised, and their follow-up in the PRSP.

Though not intended to be scientifically precise, this scoring method is a practical way to condense considerable information into numbers that have a clear interpretation. The unweighted average scores are presented in the results section (Table 5). We considered applying explicit weights to different variables, but this would have made the scoring process less transparent.[15] Instead, we assigned scores according to our valuation of the significance of each set of variables.

Any assessment, including scoring, involves subjective judgments. In this format, subjectivity is transparent and consistent across countries. We do not encourage attention to small differentials in scores between countries. The assessment process enables us to succinctly present quantitative information to complement the qualitative analyses undertaken by the Country Teams and the PREM Network within the Bank, as well as by external donors and NGOs. An overview of the aspects incorporated in the scoring format is presented in the following sections; the scoring format used is summarized in Appendix B.

With regard to MDGs, the response systems component of the PRSP scoring method may include MDG7 indicators under monitoring natural resource outcomes and human resource outcomes. To complement attention given to MDG7 in the scoring of PRSPs, this assessment uses the following criteria to examine the extent of coverage of MDG7 targets in PRSPs.

- Explicit focus of environment sector priorities that align with the MDG7 targets
- Baseline information on MDG7 indicators
- Specificity of proposals on the progress towards MDG7 targets
- Capacity, monitoring, and financial arrangements for reaching the targets.

For each criterion, only the presence of absence of data will be noted, and no attempt is made to further characterize the quality of the data.

PRSP Progress Reports are scored in the same manner as PRSPs. In contrast to the use of a structured scoring format used for the PRSPs, the JSAs are assessed qualitatively on the coverage of environmental issues and the feedback provided on the PRSP. Finally, the PRSCs are scored in the same format as for the PRSP Progress Reports, with the addition of the context variable, as explained above.

4 Results

This section presents scores by country with respect to environmental mainstreaming in PRSPs, PRSP-PRs, JSAs, and PRSCs. Given the large number of documents reviewed, the focus is kept on major results only. The interested reader is referred to the World Bank's internal or external websites, which both contain a full text of the documents reviewed.

Average Country Scores

Table 5 reports results from 53 PRSPs reviewed. It must be noted that in five cases, a country has produced both an interim and a full PRSP within the review period. We focus here on the most mature expression of the PRSP process. However, results from the five superseded interim PRSPs are used in our comparison below on the evolution of scores from interim to full PRSPs.

From the scores in Table 5, three observations stand out. First, it is clear that there is a significant variation in the integration of environmental priorities into PRSPs, with the average country score ranging from 0.3 to 2.4. Second, the average score shows a slight improvement—from 1.3 to 1.5 on the 0-3 point scale. This is a broad indicator of the level of attention paid to environmental aspects. There may be more-or-less good reasons for not mentioning or elaborating on such issues. We are not in a position to pass judgment on each particular case, but offer these scores for more detailed country-specific scrutiny to our readers. Third, the full PRSPs generally rank much higher than the interim PRSPs. The average as a sub-group, at 1.7, is slightly less than the previous review, which averaged 1.8. But this decline in score is not significant.

Where are the good examples? Rather than picking a specific PRSP, we would point to a top cluster of PRSPs with scores greater than or equal to 2.0 to reflect the coverage of environmental priorities. This includes the geographically diverse PRSPs of Azerbaijan, Bolivia, Bosnia and Herzegovina, Cambodia, Ghana, Honduras, Mozambique, Nicaragua, Sri Lanka, Yemen, and Zambia. It is interesting to note the spread across regions of the world in this cluster. It is also apparent that some very poor countries have made it to the top of this ranking.

What explains the high scores? We can only hypothesize about that, in the absence of profound country-level studies.[16] One reasonable assumption is that it is related to the quality of the process, and particularly the degree to which the environmental constituency is mobilized and allowed to contribute. The average score on the process variable is 2.5 for the top cluster, as compared to 1.7 for the entire sample. This provides credibility to the assumption that a higher level of stakeholder involvement and participation can have a

Table 5. Average country environmental mainstreaming score

S. No.	Country	Region	PRSP	Overall score
1	Zambia	AFR	F	2.4
2	Ghana	AFR	F	2.2
3	Mozambique	AFR	F	2.2
4	Cambodia	EAP	F	2.2
5	Azerbaijan	ECA	F	2.1
6	Bosnia and Herzegovina	ECA	F	2.1
7	Honduras	LAC	F	2.1
8	Yemen	MNA	F	2.1
9	Sri Lanka	SA	F	2.1
10	Bolivia	LAC	F	2.0
11	Nicaragua	LAC	F	2.0
12	Kenya	AFR	I	1.9
13	Vietnam	EAP	F	1.9
14	Cameroon	AFR	F	1.8
15	Madagascar	AFR	F	1.8
16	Mongolia	EAP	F	1.8
17	Djibouti	MNA	F	1.8
18	Burkina Faso	AFR	F	1.7
19	Malawi	AFR	F	1.7
20	Mali	AFR	F	1.7
21	Rwanda	AFR	F	1.7
22	Senegal	AFR	F	1.7
23	Ethiopia	AFR	F	1.6
24	Guinea	AFR	F	1.6
25	Lao PDR	EAP	I	1.6
26	Albania	ECA	F	1.6
27	Serbia and Montenegro	ECA	F	1.6
28	Benin	AFR	F	1.5
29	Chad	AFR	F	1.5
30	Niger	AFR	F	1.5
31	Guyana	LAC	F	1.5
32	Burundi	AFR	I	1.4
33	Mauritania	AFR	F	1.4
34	Armenia	ECA	F	1.4
35	Georgia	ECA	F	1.4
36	Bangladesh	SA	I	1.4
37	Pakistan	SA	F	1.4
38	Gambia	AFR	F	1.2
39	Kyrgyz Republic	ECA	F	1.2
40	Tajikistan	ECA	F	1.2
41	Uganda	AFR	F	1.1
42	Nepal	SA	F	1.1
43	Cape Verde	AFR	I	1.0
44	Tanzania	AFR	F	0.9
45	Cote d'Ivoire	AFR	I	0.8
46	Moldova	ECA	I	0.8
47	Dem Rep. of Congo	AFR	I	0.6
48	Lesotho	AFR	I	0.6
49	Sierra Leone	AFR	I	0.6
50	Guinea-Bissau	AFR	I	0.5
51	Dominica	LAC	I	0.5
52	Central African Rep.	AFR	I	0.3
53	Sao Tome Principe	AFR	I	0.3
		Average		1.5

greater impact on environmental mainstreaming. Another hypothesis is that several of the top cluster countries have suffered through recent natural disasters that have sharpened the political awareness of environmental vulnerability and the need for mitigation. Countries like Mozambique, Nicaragua, and Honduras would fall into that category.

The cluster of PRSPs with very low scores is made up entirely of interim PRSPs.[17] Readily available data from *World Development Indicators 2003* (World Bank 2003b) show that several of these countries have a high level of rural population dependent on natural resources for their livelihood; high levels of traditional fuel usage; low levels of access to safe water and adequate sanitation; and high infant mortality. Low ratings on these variables indicate that there is considerable scope for improvement in focusing on such issues.

Disaggregated View of Environment Scores

The country averages reported in Table 5 mask the differences in scoring among the 17 variables considered. Disaggregated analysis of the overall environment score into component scores provides additional insights. We refrain from commenting separately on all variables,

but consolidate the scores—in accordance with the methods section—into (a) diagnosis of issues and opportunities; (b) analysis of poverty-environment links; (c) proposed responses; and (d) process.

*Issues***.** There is strong heterogeneity in the issues covered in PRSPs, with land and water generally receiving most attention, while air pollution, energy use, and biodiversity receive limited attention. The environmental issues that PRSPs often highlight in rural areas are land degradation and deforestation; in the urban context, water pollution, lack of proper sanitation, and growth of slum environments are often mentioned. Poor air quality—indoor or outdoor—is seldom mentioned and rarely discussed at length. Biodiversity receives limited attention, although a few countries see this as an important asset that can generate income to poor people. Short-term climatic variability is sometimes discussed, and is extensively discussed in countries facing frequent drought and severe flooding. The average score of this component (covering four aspects) has improved from 1.0 to 1.2 on a scale of 0 to 3 (see Appendix B for a summary format). The low score indicates that many countries have not utilized the diagnostic basis laid down in their National Environmental Action Plans or similar initiatives.[18]

Links. Poverty-environment links—in terms of natural resources degradation, environmental health, and climate vulnerability—received more attention than aspects of property rights, empowerment, incentives, and gender. The average score for the seven items listed under this theme is 1.3 as compared to the previous review of 1.2. It shows that even with a weak description of environmental issues, several PRSPs highlight links between poverty and environment.

Responses. On this theme, the average score across five rated aspects is 2.1 as compared to 1.8 from the previous review. Most PRSPs present a generic outline of proposals relating to legislation, institutions, and regulation to strengthen environmental management. Though programs relating to natural resources management, water supply, and sanitation are often described, information on the cost of interventions and schedule for the interventions is often missing. Inadequate information on targets and indicators makes it difficult to assess performance of actions of the PRSP countries.

Process. The averages score across countries for this single item is about 1.8 as compared to 1.6 from the previous review. Though PRSPs describe the processes undertaken to promote consultation, it is difficult to assess the extent to which environmental constituencies have been consulted and the extent to which environmental concerns of the poor are considered in developing the implementation priorities. The attention devoted to process issues is generally improving as interim PRSPs are turned into full PRSPs.

Evolution of Environmental Priorities from Interim to Full PRSPs

The revision from the interim into the full PRSP stage improved the treatment of environment significantly. The average interim scores for the 17 criteria stand at 0.8, as compared to the full PRSPs at 1.7. The full PRSPs illustrate a more comprehensive and integrated consideration of environmental aspects. These range over the diagnosis of issues, linkages between poverty and environment, response systems, and the process. Although the mainstreaming efforts in the interim reports are weak, they do show

some improvement over our previous assessment.

Alignment with MDG7

Although the focus on MDG7 indicators improved in recent PRSPs, there is still significant variation, and no clear tendency toward improvement. Out of 11 full PRSPs that were upgraded from interim to full stage since the latest MDG7 review, most lack information on baseline and target data. Among PRSPs that present these data, attention is almost always focused on water supply and to some extent to sanitation. Table 6 presents an overview of coverage of MDG7 indicators in full PRSPs. Interim PRSPs generally lack any explicit alignment with MDG7.

Countries that refer to the MDG horizon highlight legal, institutional, and sector-specific interventions to be implemented as part of PRSPs. The legal interventions highlighted include reform of laws relating to forestry, water supply, biodiversity, and land tenure. The institutional development proposals focus on national environment action plans, decentralization, and disaster management. Sector programs often emphasize interventions relating to water and sanitation.

The PRSPs that highlight the MDG time frame may be grouped into two categories: those with explicit targets in the MDG horizon, and those that indicate general commitment to the MDG framework without reference to targets. Specific examples are given in Box 1.

Most PRSPs do not explicitly align their plans with the MDG7 targets and indicators. Few present baseline data and measurable targets. Lack of data, vaguely defined indicators, and weak monitoring and institutional capacity are major constraints in assessing progress on MDGs.

Explicit attention to MDG indicators within sectoral targets—along with financial commitments and improvements in monitoring processes of the annual implementation progress reports—could improve the alignment of PRSP priorities.

The Implementation of Environmental Priorities

What ultimately matters is how a PRSP is implemented. The PRSP Progress Reports and the PRSCs are beginning to tell us a story in that regard. It is therefore of particular interest to see if there is a correlation between the ratings of a PRSP and subsequent documents.

Table 6. Coverage of the MDG environmental indicators in full PRSPs

Variable	*Area under forests*	*Solid fuels/ traditional energy*	*Access to safe water*	*Access to adequate sanitation*	*Secure tenure*
Baseline	11	8	32	24	
Targets for 2015-MDG horizon	1		14	6	
Targets for 2004-06 - PRSP horizon	3	2	21	15	2
Capacity, finance & monitoring	10	8	12	9	6

Box 1
Environmental Priorities of PRSPs with Reference to MDG7

Cameroon presents targets and indicators relating to water supply. It presents baseline information on protected areas and sanitation and emphasizes improvements in housing.

Chad commits to the long-term protection of environment in the MDG horizon, keeping in view the serious ecological challenge of low rainfall in most parts of the country.

Georgia presents a general commitment to considering the MDG indicators in the planning process. The State Department of Statistics proposes to track the annual progress on forestry, protected area, water supply, and fuelwood.

Pakistan presents access targets on water supply for 2015 and sanitation for 2011, as well as baseline information on secure tenure.

Madagascar indicates the country's commitment to the MDGs. The PRSP proposes to monitor the percent of households with access to drinking water supply and sanitation, and the number of villages with access to electricity.

Mongolia presents baseline data for the indicators of forests, protected areas, water supply, and sanitation. The PRSP seeks to annually monitor the progress on MDG indicators.

Nepal proposes to annually monitor the indicators relating to proportion of area under forests, protected areas, water supply, and sanitation.

In Table 7, the average score for the progress reports is 1.4 and very close to the average score of the entire set of PRSPs. However, when comparing the progress reports with the PRSPS, we find that the mainstreaming efforts in the implementation of the progress reports remain weak, with the exception of Albania. The progress report for Albania discusses priorities outlined in the PRSP, along with information on indicators used and the gaps in implementation.

In the case of Mozambique, the first implementation report was assessed to be particularly weak in view of the high score for the environment proposals in the full PRSP. Also Mauritania, Tanzania, and Uganda are weak in comparison to their full PRSPs. There can be progress over time—Burkina Faso shows a steady increase in mainstreaming efforts in its Progress Reports.

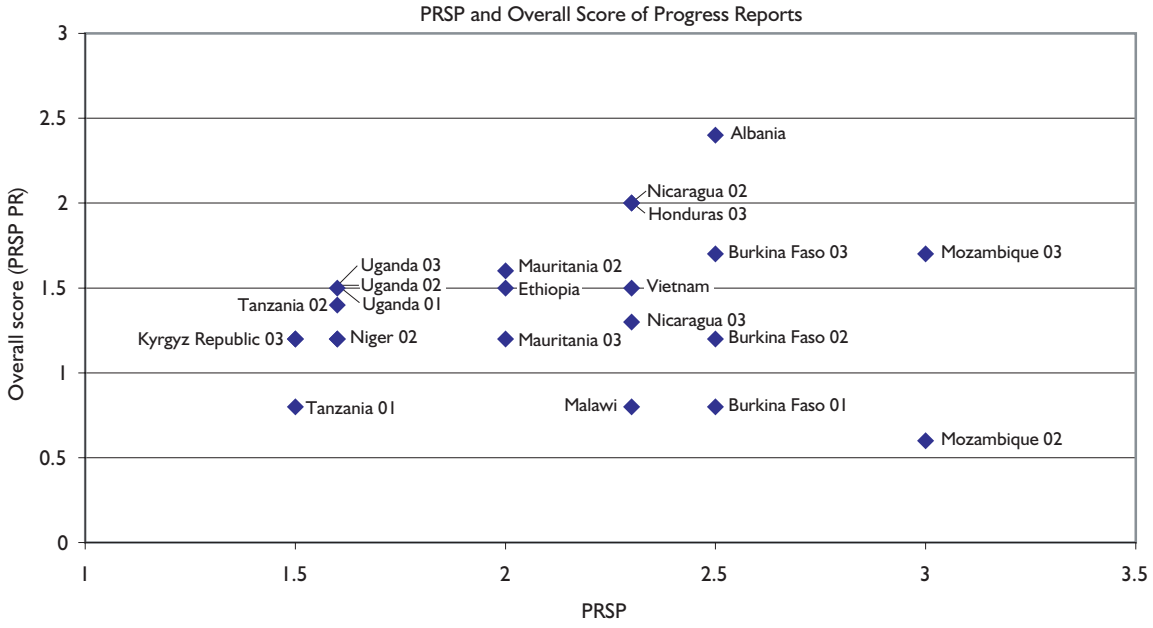
In undertaking a correlation analysis from the scatter plot (Figure 1) between the PRSP responses and the PRSP-PRs scores, we find a positive but not statistically significant correlation (0.15). This highlights the fact that a

Table 7. Implementation progress on the PRSP proposals

Country	*Region*	*PRSP-response score**	*PRSP-PR overall score*
Albania 2002-03	ECA	2.5	2.4
Honduras 2002-03	LAC	2.3	2
Nicaragua 2001-02	LAC	2.3	2
Burkina Faso 2002-03	AFR	2.5	1.7
Mozambique 2003-04	AFR	3	1.7
Mauritania 2002	AFR	2	1.6
Ethiopia 2002-03	AFR	2	1.5
Uganda 2002-03	AFR	1.6	1.5
Vietnam 2002-03	EAP	2.3	1.5
Uganda 2001-02	AFR	1.6	1.4
Nicaragua 2002-03	LAC	2.3	1.3
Burkina Faso 2001-02	AFR	2.5	1.2
Kyrgyz Republic 2002-03	ECA	1.5	1.2
Mauritania 2003	AFR	2	1.2
Niger 2002-03	AFR	1.6	1.2
Tanzania 2001-02	AFR	1.5	1.2
Uganda 2000-01	AFR	1.6	1.2
Burkina Faso 2000-01	AFR	2.5	0.8
Malawi 2002-03	AFR	2.3	0.8
Tanzania 2000-01	AFR	1.5	0.8
Mozambique 2002-03	AFR	3	0.6
Average		2.1	1.4

* *Note:* To make it more comparable to the focus of the Progress Report, this score considers only the "responses" part of the overall PRSP score. Hence, it varies from the overall score presented in Table 5. The dates in the country column refer to the Progress Reports only.

Figure 1. Environment scores in the context of PRSP implementation



well-mainstreamed PRSP is not a guarantee for a well-mainstreamed follow-up, and vice-versa.

JSA Comments on Environmental Mainstreaming in PRSPs

An overview of JSAs and their feedback on environmental priorities indicates a highly uneven level of attention. Scant feedback on the environment is strongly associated with the countries having low attention to the environment. In several JSAs, environmental issues received either no or passing reference. However, certain JSAs give explicit attention to the environment, holding the PRSPs to high standards. Interestingly, some of the best-mainstreamed PRSPs (such as Zambia) still receive JSA comments on the need for improvements. Some examples are given below.

The JSA for the Cambodia PRSP expresses concern about three environmental issues. First, it notes the resource and capacity constraints of the Ministry of Environment to lead national environment initiatives. Second, the JSA discusses the low level of integration of environmental considerations into the strategic plans of ministries and line agencies as a cross-cutting theme requiring action. Although there are examples of forest crime monitoring and ecotourism development, very few line agencies have defined objectives in their planning. Third, the JSA— in the context of protected area management—points to conflicting institutional roles of agencies in wildlife development, community development, and land tenure administration. With respect to forestry, the JSA notes the slow progress on governance and monitoring, while it appreciates progress made with respect to a new forestry law, and the extension of land titling benefits to women.

For Guinea, the JSA highlights the overly ambitious nature of long-term targets coinciding with the MDG time frame. The JSA notes that the target for access to safe water supply (to increase from 49 percent in 1999 to 100 percent

in 2010) is unrealistic, given past progress and anticipated budget allocations.

For the Zambia PRSP, the JSA highlights the importance of consistent coverage of environment across sectors, the need for a review of the extent of current coverage, the development of a cross-cutting agenda, and the need for better environment indicators.

For Sri Lanka, the JSA calls for improvements in the monitoring framework, with a focus on environment appraisal, data collection, analysis, linkages with policy, and monitoring of inputs, outputs, and outcomes.

Poverty Reduction Support Credits

Some PRSCs focus mainly on economy-wide policy or institutional issues, such as broad public sector reform and governance. Other PRSCs cover policy or institutional issues in key sectors such as health, education, and rural development. Operations in the World Bank are tracked, from project approval, according to both sectors and themes. Table 8 shows the percentage of **sectors** for each PRSC. PRSCs are overwhelmingly focused on public sector management and social issues such as health, education, and water and sanitation.

The PRSC format is based on a collection of pillars, closely aligned with the country PRSP, and a detailed Policy Matrix consisting of a multitude of benchmarks and actions. Even in higher scoring PRSCs, the Policy Matrix has only one or two "environmental" benchmarks. Those PRSCs that provide more comprehensive environmental discussions (Benin, Burkina Faso, Honduras, Nicaragua, Uganda) are still difficult to rate from an environmental perspective. The difficulty lies in associating the PRSC basket funding directly with environmental actions. In a number of countries, the PRSC discussions provide information about already existing environment initiatives that are part of Bank investment projects in the country portfolio, without clarifying if the PRSC is adding new actions.

The sectors most closely aligned with environmental mainstreaming—(a) agriculture, fishing, and forestry, and (b) water, sanitation, and flood protection—were included in PRSCs, generally in the context of expanding production and services, but not generally in terms of sustainable natural resource management.

In addition to sectors, the Bank tracks projects by primary or secondary themes, with environment and natural resources one of eleven categories. A project can have only five themes listed as primary or secondary. Only four PRSCs had environment listed at all, and in each case as a secondary theme.

The results show that environmental mainstreaming in PRSCs is highly variable (Table 9). The scores have a wide range, 0.7 to 2.7, with an average score of 1.3. In general, higher scores (1.3–2.7) are associated with SECACs, although with several exceptions. When including the context variable in the average score, the sample shows a slight increase to 1.4. On reviewing the overall context score, the sample shows a high variability in the attention that environment receives in the PRSCs.

In the case of Burkina Faso, the team elaborated on national environmental management issues because it knew it was going to shift to SECAC status with PRSC2. The Nicaragua team, based on recommendations from the regional safeguard unit, invested more resources in linking the adjustment activities in the PRSC to

Table 8. PRSCs by World Bank sector codes (percentage)

Project	*AFF*	*LJP*	*IC*	*ED*	*FI*	*HTH*	*IT*	*EM*	*TR*	*WSS*	*CGA*	*SS*	*CU*
Albania 1	0	0	0	20	0	20	0	0	0	0	40	20	0
Albania 2	0	0	0	25	0	25	10	0	0	0	15	0	25
Benin	10	0	0	25	0	25	0	0	0	15	25	0	0
Burkina Faso 1	0	8	0	25	0	21	0	0	0	0	46	0	0
Burkina Faso 2	20	40	0	20	0	20	0	0	0	0	0	0	0
Burkina Faso 3	15	45	0	20	0	20	0	0	0	0	0	0	0
Burkina Faso 4	15	35	0	15	0	20	15	0	0	0	0	0	0
Ethiopia	25	45	0	0	5	5	20	0	0	0	0	0	0
Ghana	0	30	0	20	0	20	20	0	0	0	0	10	0
Guyana	20	20	0	20	0	20	0	0	0	20	0	0	0
Honduras	20	20	0	20	0	0	20	0	0	0	0	20	0
Nepal	0	40	0	15	15	15	0	0	0	15	0	0	0
Nicaragua	15	40	0	15	0	15	15	0	0	0	0	0	0
Sri Lanka	20	0	0	0	20	0	20	0	0	0	20	20	0
Tanzania	0	0	0	0	0	0	0	0	0	0	0	0	0
Uganda 1	0	29	0	21	0	21	0	0	8	21	0	0	0
Uganda 2	0	20	0	20	0	20	0	0	0	20	0	20	0
Uganda 3	15	40	0	15	0	15	0	0	0	15	0	0	0
Vietnam 1	0	0	5	0	32	0	26	5	0	0	32	0	0
Vietnam 2	0	30	0	15	20	15	20	0	0	0	0	0	0
Vietnam 3	20	20	0	20	20	0	0	0	20	0	0	0	0
Average	10	22	0	16	5	14	8	0	1	5	8	4	1

AFF Agriculture, Fishing and Forestry
LJP Law, Justice and Public Administration
IC Information and Communication
Ed Education
Fin Finance
Hth Health
IT Industry and Trade
EM Energy and Mining
TR Transport
WSS Water Supply and Sanitation and Protection
CGA Central Government Administration
SS Social Services
CU Compensation and Unemployment

Table 9. PRSC scores

Project	*Amount*	*SAC/SECAC*	*Average score (6 variables)*	*Overall env attention (context variable)*	*Average score including context variable*
Benin	20	SECAC	2.7	3	2.7
Uganda 3	150	SECAC	1.8	3	2.0
Burkina Faso 4	50	SECAC	1.8	3	2.0
Honduras	58.8	SECAC	1.7	3	1.9
Burkina Faso 1	45	SAC	2	1	1.9
Burkina Faso 2	35	SECAC	1.8	2	1.8
Uganda 2	150	SECAC	1.5	3	1.7
Nicaragua	70	SAC	1.5	3	1.7
Vietnam 3	100	SAC	1.3	2	1.4
Uganda 1	150	SECAC	1.3	2	1.4
Guyana	12	SECAC	1.3	2	1.4
Burkina Faso 3	50	SECAC	1.3	2	1.4
Albania 2	18	SAC	1.5	1	1.4
Vietnam 2	100	SAC	1	1	1.0
Tanzania	132	SAC	0.8	2	1.0
Sri Lanka	125	SAC	1	1	1.0
Ghana	125	SAC	1	1	1.0
Nepal	70	SAC	0.8	1	0.8
Ethiopia	120	SAC	0.8	1	0.8
Vietnam 1	250	SAC	0.7	1	0.7
Albania 1	20	SAC	0.7	1	0.7
Average			1.3		1.4

numerous Bank investment activities with overlapping themes.

Several PRSCs contain useful information regarding ENR; the topics and contents in the documents are considered good practice. These are elaborated below in Table 10.

It is clear that a SECAC PRSC contains more descriptive information regarding a country's environmental issues and programs than a SAC. This is partially correlated to the Bank safeguards polices, which require a separate Environmental Assessment appendix for SECACs, while the SAC is only required to discuss environmental issues when there is a direct linkage to the PRSC policy and reform programs. However, there are several SACs that provided broader environmental information, in the form of document discussions or separate appendixes (examples include Nicaragua and Tanzania).

Even in cases where the PRSC scores low, it should be recalled that:

Table 10. Environmental mainstreaming in PRSCs

Country	*Aspects of good practice*
Benin	Acceptance of team to include ENR in PRSC agenda; inclusion of environmental specialist; multi-donor support of environment; attempts to include environment in budget process; environmental management programs identified; forestry targeted; specific monitoring activities identified; environmental stakeholders part of process; separate annexes on environmental management; forestry and adjacent land management; environmental analysis.
Burkina Faso	PRSC used as leverage for implementing environmental regulation over series of PRSCs; linkages to other Bank investment projects; soil conservation as part of expanding modernization of agriculture; environmental actions associated with cotton sector, including crop production and ginning processes; improvements for environmental management in water supply sector; hazardous medical waste targeted.
Ghana	Strategic Environmental Assessment (SEA) exercise in February 2003; SEA discussions reviewed and appraised sectoral policies (land, forestry, water, housing, health, and transport) using sustainability criteria related to three effects (economic growth, environment and natural resources, and social and cultural conditions); results of pilot SEA exercise will be considered by GoG.
Guyana	PRSC used as leverage to move agenda forward on sugar industry, mining and forestry; establish national water quality standards; protected area management; focus on on-going Indigenous areas and land demarcation and titling.
Honduras	Link PRSC to protected area management, where progress is lagging; land demarcation and titling; forestry budgeting, reform, and protection; EA annex shows environment links to specific Bank investment projects; key donor support is highlighted.
Nicaragua	Although a SAC, a separate annex provides details concerning environmental linkages to other Bank investment projects; several ENR sectors discussed and actions summarized.
Tanzania	Used PRSC to push environmental management process forward; specific indicators associated with ENR; close collaboration with UNDP; ENR in Policy matrix; environmental specialist sits in country office and regular participant in PRSC.
Uganda	Inclusion of environmental specialist in PRSC team; progressive tendency for team to accept environment as part of operation; donor support of ENR and persistence in pushing PRSC team; existing investment environmental management project provides parallel support to PRSC initiatives; inclusion of key environment indicators in several sectors; matrix increasing ENR with sequential operations.

- The PRSC should not be expected to respond across the board to all priorities in a PRSP
- Other donors may have a comparative advantage to respond to environmental issues in a particular country
- There may be other World Bank activities that more directly respond to the PRSP's environmental priorities
- There is generally a sequence of PRSCs in any given country, and the thematic attention tends to shift over time.

5 Good Practice Case Studies

The previous section has highlighted several good practice cases of PRSPs, Progress Reports, and PRSCs. However, we would like to go beyond this and look at the story behind the texts and the results in terms of implementation. This record is only beginning to emerge, and is time-consuming and difficult to capture. This section provides two examples: (1) the implementation record so far in Sri Lanka, one of the best-mainstreamed PRSPs; and (2) Ghana, which has prepared a Strategic Environmental Assessment (SEA) of its PRSP.

Sri Lanka — Beyond Mainstreaming in the PRSP

Sri Lanka was the first country in Asia to prepare a National Environmental Action Plan (NEAP) in 1992, with further updates published in 1998 and 2003. A State of the Environment Report was prepared in 2001. Priority environmental issues, from a poverty perspective, were identified as (a) deforestation and degradation of biodiversity; (b) soil erosion; (c) water pollution due to a poor regulatory framework, weak enforcement, inadequate sanitation, and lack of proper waste management systems; (d) livelihood impacts on coastal communities due to widespread erosion of the country's coastline; (e) adverse environmental impacts due to the armed conflict, such as destruction of rainwater harvesting and lagoon barrages, as well as poor solid waste management in the Jaffna peninsula causing aquifer pollution; and (f) deterioration of urban air quality due to poor quality fuels, which disproportionately affect the poor.

Sri Lanka's PRSP in March 2003 was reasonably successful in mainstreaming key environmental issues, as stated above. The PRSP has established poverty-environment links quite well, particularly in the areas of environmental health, the importance of land tenure in property rights, and issues related to gender and environment. As a response to these problems, the country has identified the need to strengthen environmental management capacity and recommended a series of regulatory and legislative changes that would promote more effective environmental management.

Community-driven development has a major role in the implementation of the PRSP. The government is committed to support community-led initiatives with the cooperation of nongovernmental and community-based organizations to assist specific target groups of very poor communities. For instance, community participation is stressed in coastal zone management, reef stabilization, fisheries, and social infrastructure development. Local community organizations established in the buffer zones of protected areas will be provided a share of ecotourism earnings and trained to assist in wildlife conservation. The PRSP also proposes a system of transferable water use

entitlements for large-scale water users and community-based organizations.

However, tracking the outcomes of PRSP implementation requires a sound monitoring and evaluation system. According to the JSA, improvements in the monitoring framework—with a focus on environmental appraisal, data collection, analysis and linkages with policy, as well as monitoring of inputs, outputs, and outcomes—are needed in Sri Lanka.

Environmental mainstreaming— a decade-long process. Sri Lanka prepared its National Conservation Strategy (NCS) in 1988 through a process led by a multi-disciplinary task force coordinated by the Central Environmental Authority (CEA). With the creation of the Ministry of Environment (MoE) in 1990, the NEAP was prepared by an inter-ministerial committee led by MoE. Realizing the importance of the impact of environmental issues in sectoral programs, a high-powered, inter-ministerial National Environmental Steering Committee (NESC) was established in 1991. The committee was chaired by the Secretary to the Treasury. The NESC membership was comprised of secretaries of all development-oriented ministries. The mandate of NESC was to address inter-sectoral environmental and development issues. The advent of mainstreaming of environmental issues commenced with the NESC. As the integration of environment into the development planning process was a novel concept to policymakers and planners in Sri Lanka, its progress was slow, but steady.

With the change of government in 1994, the NESC ceased to function. Subsequently, ten sectoral Committees on Environmental Policy and Management (CEPOMS) were established. These were chaired by the respective secretaries of the sector ministries (Energy, Transport, Health, Water, etc.). Unlike the NESC, whose membership was restricted to government officials, the membership of the CEPOMS also included representatives from academia, the private sector, and NGOs. The CEPOMS were empowered to integrate environmental concerns into the sector plans and resolve intra-sectoral environmental issues. However, the effectiveness of the CEPOMS was largely dependent on the dynamism and commitment of the chairpersons, resulting in varied degrees of success. In any event, the mere fact that environmental issues were discussed in the sectoral context contributed immensely to mainstreaming.

The government also appointed a Committee for Integrating Environment into Development Planning (CIEDP) in 1997 to replace the NESC. The CIEDP had similar membership to the NESC and was chaired by the Secretary to the Treasury. The CIEDP was mandated to deal with inter-sectoral environmental policies and programs, as well as resolve any development vs. environment disputes. The success of CIEDP depended on the interest and commitment of the chairperson as well the ability of the MoE, which served as the secretariat of the committee, to motivate the membership by placing interesting policy issues on the agenda. However, largely due to capacity constraints, MoE failed to present policy issues for discussion. Instead, the committee addressed routine housekeeping problems, which resulted in a lack of interest, ultimately leading to CIEDP's demise.

The lessons from these committees is that, given Sri Lanka's present state of development, mainstreaming environment is largely driven by committed personalities. While this may not be ideal, it nevertheless has helped Sri Lanka to

elevate environment into the mainstream, as evidenced in the PRSP.

The Ministry of Environment played a key role in creating an enabling environment for mainstreaming by being the facilitator and encouraging the sector ministries to take the leadership and ownership in integrating environmental issues into their development plans. Even the NEAP updates in 1998 and 2003 were prepared in consultation with sector ministries and agencies as well as other nongovernment stakeholders, with minimal input from consultants (particularly in 2003). As a result, the plans were completely owned by the government and civil society. During the preparation of the PRSP, mainstreaming environment was more by default than by design, since sector agencies were familiar with integrating environmental concerns into their poverty reduction plans. The role of the Ministry of Environment in the PRSP process was that of a facilitator bringing stakeholders together rather than an advocate for mainstreaming.

Mainstreaming Environment in the PRSP. The analysis of land use and water-related issues—such as land degradation, deforestation, soil erosion, and overgrazing, as well as drinking water-related issues, irrigation, fisheries, and water pollution—have been well diagnosed in the PRSP. Air quality, particularly urban air pollution and indoor air pollution, have been identified as issues, but the diagnostic analysis could have been better. Sri Lanka, having the highest biodiversity per unit area in Asia, needs to have strong programs in place to conserve this valuable resource. This is critical, since approximately 40 percent of the population depends on natural resources for their livelihoods. Yet, while the PRSP mentions threats to ecosystem stability as an issue and highlights ecotourism opportunities as a means for rural poverty alleviation, the PRSP has virtually no mention of strategies to address these important issues.

The PRSP is strong in assessing the causal links for problems related to property rights, particularly with regard to the impact of insecure land tenure and natural resource utilization. In addition, the assessment of poverty-environment linkages resulting from incentives offered in Sri Lanka—such as prices, subsidies, taxation, trade, debt, exchange rates, income, and employment policies—has been effective. Sri Lanka has good-practice examples where empowerment is assessed through decentralization and stakeholder partnerships; these aspects have been well addressed in the PRSP. With regard to the important areas of environmental health, vulnerability, and gender, the PRSP acknowledges the importance of these issues, but the analysis is weak. The analysis of poverty and natural resource degradation is reasonable, but is not commensurate with its importance.

The Government of Sri Lanka's response to investments in natural capital—through its projects and programs related to land and water resource management, air quality, and pollution abatement—has been well addressed in the PRSP. Similar emphasis has been placed in responding to investments in man-made capital, such as projects and programs in water supply and sanitation, urban infrastructure, and housing for the poor. Environmental management in the country has been improving over the last two decades, and the regulatory, legislative, and institutional systems are well-developed. Yet the regulatory framework is still largely enforcement-based, with virtually no economic incentives to encourage compliance. This can be a problem in a society where the

implementation of regulations has been traditionally weak. While these issues have been mentioned, no in-depth analysis has been undertaken in the PRSP. Response systems to monitor human development outcomes in health, sanitation, life expectancy, and infant mortality have been discussed, but could have benefited from more analysis, especially since reasonably good monitoring systems are in place in Sri Lanka. Monitoring of natural resource outcomes—particularly with regard to deforestation, protected areas, soil and water conservation, and the use of renewable energy resources—has been mentioned, but the PRSP has virtually no analysis of response systems.

The process and planning of the PRSP has been reasonably well undertaken, but not fully reflected. Since some aspects of mainstreaming have been evolving for the last 10 years or so, some of the participatory aspects occurred by default rather than design. The PRSP would have been richer if the process of mainstreaming the environment was better reflected. However, Sri Lanka has been proactive in incorporating some of the mainstreaming concepts, particularly with regard to institutional reforms into the first PRSC.

Beyond mainstreaming. The PRSP identified poor environmental institutional capacity and weaknesses in legislative and regulatory frameworks as constraints to effective environmental management. This will be an impediment to mainstreaming environment during the implementation of the PRSP. To address this, the government initiated a program of reforms in the Central Environmental Authority (the environmental regulatory agency), under the first PRSC, which is aimed at achieving two environmental outcomes: (a) improving and streamlining the environmental assessment procedures and environmental protection licensing system; and (b) increasing the effectiveness of the environmental monitoring and enforcement system by supporting decentralization of the CEA. Action has already been taken to streamline the environmental assessment procedure, as well as improve the environmental protection licensing system. The CEA established four regional and four sub-regional offices in strategic locations in the provinces, including the North and East, in 2003–04. Senior-level staff members have been assigned to these offices, and enforcement functions have been delegated to the regions.

Since over 40 percent of the country's population, particularly in rural areas, depend on natural resources for their livelihood, it is imperative that natural resources are judiciously managed. In order to strengthen the government's ability to effectively manage such resources, a reform program has recently been initiated in the Department of Wildlife Conservation, where more devolution is planned for the field offices. This program plans to delegate Protected Area (PA) management responsibility to the respective protected area managers, with policy directives from the center. The field staff are encouraged to actively involve buffer-zone communities in participatory approaches to PA management. For instance, an Account for Protected Area Conservation has already been established for buffer-zone communities to share the rewards of ecotourism and wildlife conservation.

Community-based environment and natural resource management is being actively promoted by the government through various programs on rural poverty alleviation, with financial assistance from the World Bank, Asian Development Bank (ADB), Government of the Netherlands, and Japan Bank for International

Cooperation (JBIC). Several such programs have been initiated in 2003 and 2004. The government has made a policy decision that wherever feasible, community-driven development will play a major role in the implementation of the PRSP.

To help improve environmental health outcomes, the Government of Sri Lanka in July 2002 banned the use of leaded gasoline and reduced the sulfur content in diesel. This was a key resolution, since Sri Lanka had previously planned to eliminate the use of leaded gasoline by 2010. There is evidence already that the air quality situation in urban areas has improved due to this decision (AIRMAC Weekly Air Quality Data, Ministry of Environment and Natural Resources).

Based on an initiative by the World Bank, Sri Lanka has decided to harmonize its national environmental and social safeguard policies with the main donor agencies, such as JBIC, ADB, and the World Bank. As a first step, Sri Lanka has developed a National Involuntary Resettlement Policy that is harmonized with the resettlement policies of all three donor agencies. A gap analysis in environmental assessment procedures of the government and the three donor agencies has been undertaken in 2004. This will form the basis for the discussion on harmonization of environmental assessment procedures.

While there is progress evident in implementing the PRSP in certain areas, there is an equal lack of progress in addressing other strategic policy issues. For instance, land tenure and property rights have been on the political agenda of successive governments, but there has been little or no progress in implementation. Under the Land Development Ordinance, women are not ensured the right to tenure and title in land settlement areas. Incomplete land records further exacerbate their disadvantages. No progress has been achieved in rectifying this anomaly. The government's objective to provide access to safe drinking water to the entire population by 2010 resulted in the introduction of a Water Sector Reforms program. Although legislation for comprehensive water resource management has been prepared, implementation is lacking.

Impacts on the World Bank's country program in Sri Lanka. As the World Bank's lending in Sri Lanka moves toward budgetary support in the form of PRSCs, there will be an increasing need to rely on country safeguard procedures. Sri Lanka's attempt at harmonizing environmental and social assessment procedures and policies with the Bank will enhance confidence in future reliance on country systems. Even if the Bank does not rely on country systems as a substitute for the Bank's safeguard policies, harmonization of environmental safeguard policies will ensure that all development work in Sri Lanka will conform to the same safeguard standards.

The PRSP identified a significant role for the private sector in the economic development of Sri Lanka. The private sector is to be the engine of growth in the country. The PRSP envisions a significant role for the private sector in infrastructure development and in reforms to state-owned enterprises. The Bank—through the PRSC and other lending—has been supporting this role for the private sector in Sri Lanka. Effective environmental management institutions are a necessity under such a scenario. The steps taken by the government to enhance the effectiveness of environmental enforcement will have a positive impact in creating an enabling environment for further private sector development.

An uncertain future. The PRSP identified progressive institutional reforms in the natural resource management sector. If implemented, the proposed institutional reforms would have enabled strategic management of Sri Lanka's natural resources. These reforms were in keeping with the wide-ranging economic reform program initiated by the government elected in December 2001. The new government elected in April 2004 is presently revising the PRSP to better reflect its poverty reduction policies. The "pro-poor" agenda of the new government proposes to reverse some of the economic reforms of the previous regime. For example, there is no longer support for private sector partnerships in wildlife and zoological garden management. Institutional reforms to address functional overlaps between the Department of Wildlife Conservation and the Forest Department appear to have lost momentum.

The new government has stated its commitment to community-driven development and decentralization. Implementation of many important aspects of the PRSP, particularly with regard to the role of communities in environmentally sustainable development, is expected to continue and be strengthened.

Using the Strategic Environmental Assessment Process for the Ghana PRSP/ PRSC[19]

The desire to provide more meaningful understanding of the poverty environment nexus in the context of specific country situations has been discussed by several donors and specific country stakeholders in Ghana.[20] A recurring theme is that development will not be sustainable without effective management of the environment, and that equal attention must be given to social, economic, and environmental pillars of sustainable development. Many developing country environmental trends are adverse, with significant detrimental impacts on the health and livelihoods of the poor. In addition, a growing national constituency is advocating for a greater focus on the underlying causes of poverty, which are often environmental, rather than simply dealing with the consequences of poverty. National strategies for sustainable development are processes that link poverty reduction, economic growth, and environment and natural resource management. Donors are supporting systems of governance that include mainstreaming environmental considerations into country policies and programs with a range of multilateral institutions.

The donor community and environment stakeholders who engage in the PRSP process are pressed to provide timely and well-developed discussions that have equal bearing on the social and economic growth topics of poverty reduction. This case study, using a tool known as the Strategic Environmental Assessment, illustrates how environmental and poverty issues can be better identified across sectors and at different government levels to align with budget needs and donor funding. With such information available in a timely manner to all stakeholders in the PRSP and PRSC planning process, we would expect better clarity and inclusiveness of environment while addressing poverty.

The objectives of the SEA are to:

- Assess the environmental issues, risks, and opportunities presented by the implementation of the policies of government and other stakeholders at the national, regional, and local levels

- Mainstream environment within the five thematic areas of 2003 GPRS
- Identify appropriate mechanisms to ensure that sound environmental management contributes to sustainable economic growth and lasting poverty reduction in Ghana.

The SEA is being applied to sectoral studies at the national level and to the programs and budgets contained within District Medium Term Development Plans. A key aim is to achieve greater integration between national policy goals and practical delivery on the ground of sustainable development. This should also help to strengthen the process of decentralizing government and enhancing local decisionmaking. To accomplish this goal all policies, plans, and programs (PPPs) contained in the current GPRS were reviewed at the originating ministries, departments, and agencies (MDAs), supported by members of the SEA team. The aim of each review was to modify and improve PPPs so that they better address and incorporate environmental aims and objectives.

The SEA team completed a review of the GPRS to identify policies with links to the environment. This analysis revealed that the nature of the links between poverty, sustainable development, and environment are reasonably well covered, but the GPRS was much weaker in identifying solutions, or committing to specific remedies. The SEA team is now working with representatives of 25 MDAs to prioritize those policies and programs that have the greatest potential to reduce poverty while enhancing (or at least, minimizing) environmental effects. Policy analysis was completed in early 2004, and the results are planned to be fed into the update of the GPRS, which is designed to cover the period 2005–09.

Policy evaluation has relied heavily on matrices to identify internal inconsistencies and incompatibility between policies. Simple scoring processes were used to identify negative, positive, and uncertain interactions. Concerns regarding the SEA methodology include the way in which the disparate criteria—representing biophysical, social, cultural, and local economic conditions—are integrated within the SEA. A composite matrix was used grouping the criteria under the key components of livelihoods, vulnerability, institutional context, social and cultural, and local economic conditions.

The individual sectoral reviews were initially programmed to be completed by October 2003 in time to influence revisions to the GPRS budget (scheduled to be complete by March 2004). Unfortunately, constraints on funding delayed the program by three months, so this element of the work was not completed until January 2004. Other work at the national level includes preparation of SEA guidelines, a manual, training materials, and capacity building among staff in all relevant MDAs.

The SEA is also being used to review and improve the sustainability of district development plans. District authorities produce these plans in accordance with guidelines prepared by NDPC. A key output from the SEA will be a set of revised development plan guidelines, which build on the experience of undertaking the SEA, and incorporate environmental considerations as a core element of the district development plan process. The SEA process has involved briefing district planning officers (and other selected district staff) through a series of regional meetings on how to carry out sustainability appraisals of their programs and budgets using SEA

principles. Each review has been undertaken within a period of 2–3 months. The results have subsequently been disseminated by members of the core team through visits to individual districts and at a series of regional review meetings for key district personnel.

The first target for the SEA was to influence the annual budget reviews of leading ministries in the light of revisions to policies contained in the GPRS. The annual budget cycle to prepare medium-term expenditure frameworks (MTEFs) begins in June and involves progressive revisions within each sector until a final statement for each ministry, department, or agency (MDA) is reached in October. Thereafter, financial adjustments are made to government spending targets through the cabinet and parliamentary processes, until an approved budget is issued in March.

Early discussions with a number of key ministries were influential in modifying some policy statements and related programs. For example, a policy relating to the development of non-timber forestry products—harvesting underutilized bamboo and rattan—was identified as potentially damaging to the environment. These species grow mainly along watercourses, and their uncontrolled harvesting could increase soil erosion and damage aquatic habitats. The response of the Ministry for Lands and Forestry was to modify the policy to encourage replanting of bamboo and rattan and the establishment of plant nurseries. This program has already been put into effect.

Notwithstanding such successful policy revision interventions, it is difficult to quantify the effectiveness of the SEA in changing programs and budgetary allocations in the short term. More than 30 senior government managers have been engaged in detailed discussions on the need to take environmental considerations into account in revising policies and drawing up budgets, and 18 senior officers have participated in a one-week SEA training course in Ghana. These officers are applying lessons learned through the SEA to their daily work, but the opportunity to apply whole-scale revisions to the budgetary programs has been missed through lack of project funding in the critical development phase.

Currently, 90 of the 107 district appraisals have been analyzed. The standard varies, as might be expected given the very different circumstances existing across the country, but the individual appraisals provide valuable information about the performance of the individual district plans, as seen through the eyes of the district officers themselves. Sections dealing with future refinement and development of PPPs are particularly interesting. The SEA team is now incorporating the findings of the individual reports with the help of the Center for Remote Sensing and GIS (CERSGIS) into a national map and spatial database that can be used to better understand local and national conditions.

In summary, several lessons have been learned in this SEA process. First, the SEA is changing people's attitudes toward the environment by recognizing that environmental issues are cross-cutting throughout government, and are closely linked to economic growth and poverty issues. Second, the SEA has provided a clear analysis of the potential for improvement in the government's policymaking process, including aspects of integrating the GPRS with other policies, as well as coordination among GPRS, MTEF, and donor funding. Finally, the SEA has received broad support as a useful process for enhancing government policymaking.

6 Conclusions and Recommendations

We have found that PRSPs show uneven attention to environment, but that good practice exists, and that full PRSPs tend to be much better mainstreamed than interim ones. Good practice does not require an unrealistic effort or formidable resources, as illustrated here. PRSPs should draw more effectively on existing National Environmental Action Plans and similar resources. Just using internationally available statistics and local research better would significantly strengthen the PRSPs. Some links between poverty reduction and environment are obvious, and deserve to be better highlighted. In particular, this concerns the neglected issue of indoor air pollution and the health of women and children. Defining environmental measures more clearly in terms of cost, timing, responsibilities, and outcomes would go a long way.

Our study has also shown that alignment with the internationally endorsed MDG7 is patchy. We therefore recommend that first, the relevance of each of the MDG7 indicators be assessed from a country perspective. Second, data pertaining to MDG7 should be utilized, baselines established, and targets set in line with MDG7.

The data indicate that PRSPs with a good process tend to be better mainstreamed. Therefore, we recommend that the process should engage the environmental constituency in designing policy reform, interventions, and monitoring of implementation. It is important that environmentalists in developing countries take an active interest in the poverty reduction strategy process.

We have found that PRSP Progress Reports have a positive but insignificant correlation with the level of mainstreaming of the PRSPs. Therefore, we recommend that Progress Reports should systematically revisit environmental issues raised in the PRSP to ensure follow-up.

Another finding is that JSAs, while varied, often give short shrift to the environment, while focusing on macroeconomics and poverty assessments. Therefore, it is recommended that JSAs should be written by teams, including environmental staff. This will provide for better inclusion of environmental feedback to developing countries.

We have found that PRSCs may or may not explicitly involve environmental actions; much depends on their character and role within the context of the country program. However, even a PRSC focusing on pubic sector reform rather than investment has environmental relevance and presents opportunities for mainstreaming. Therefore, we recommend that PRSCs should give explicit recognition to the relevance of environment in a poverty reduction context. They may not always address environmental issues directly, but need to (a) assess how significant negative impacts can be avoided,

and (b) search for cost-effective synergies between poverty reduction measures and measures to enhance the environment.

Finally, we have found that good practice in implementation does exist, and "told two stories" to illustrate that. They are not meant to be perfect models, but they illustrate some of the reality behind the abstract scores that build the bulk of our report. We recommend that future assessments of PRSPs and their implementation focus more on documenting such good practice through in-depth country studies.

Appendix A — Countries in the PRSP Preparation and Implementation Process

Country	*Region*	*IPRSP*	*PRSP*	*Implementation progress report*
Albania	ECA	Dec 4, 2001	April 2002	May 2003
Armenia	ECA	Jan 11, 2001	Nov 2003	
Azerbaijan	ECA	May 22, 2001	May 14, 2003	
Bangladesh	SA	June 2003		
Benin	AFR	July 13, 2000	Feb 23 2002	
Bolivia	LAC	Jan 27, 2000	June 5, 2001	
Bosnia & Herzegovina	ECA	Oct. 2, 2002	March 2004	
Burkina Faso	AFR		June 30, 2000	Dec 6, 2001, Sept 2002, March 25, 2004
Burundi	AFR	November 2003		
Chad	AFR	July 25, 2000	June 2003	
Cameroon	AFR	Oct 10, 2000	April 2003	
Cambodia	EA	Jan 18, 2001	Feb 2003	
Cape Verde	AFR	April 8, 2002		
Central African Rep.	AFR	Jan 18, 2001.		
Congo, DR	AFR	June 11, 2002		
Cote D'Ivoire	AFR	March 28, 2002		
Djibouti	MNA	Feb 27, 2001	March 2004	
Ethiopia	AFR	Mar 20, 2001	Sept 17, 2002	December 2003
Gambia	AFR	Dec 14, 2000	July 16, 2002	
Georgia	ECA	Dec 19, 2000	June 2003	
Ghana	AFR	Aug. 24, 2000	March 4, 2003	
Guinea	AFR	Dec. 22, 2000	July 25, 2002	
Guinea Bissau	AFR	Dec. 14, 2000		
Guyana	LAC	Nov 14, 2000	Sept 17, 2002	
Honduras	LAC	July 6, 2000	Oct 11, 2001	December 2003
Kenya	AFR	Aug 1, 2000		
Kyrgyz Rep.	ECA	July 5, 2001	Jan 23, 2003	April 2004
Lao PDR	EA	April 24, 2001		
Lesotho	AFR	March 6, 2001		
Mali	AFR	Sept 7, 2000	Feb 27, 2003	
Malawi	AFR	Dec 21, 2000	Aug 29, 2002	October 2003
Madagascar	AFR	Dec 19, 2000	July 2003	
Mauritania	AFR	Feb 6, 2001	Sept 25, 2001	June 18 2002, October 2003
Moldova	ECA	Dec 14, 2000		
Mongolia	EA	Sept 27, 2001	July 2003	
Mozambique	AFR	April 6, 2000	Oct 1, 2001	April 2003, March 2004
Nepal	SA		May 2003	

(*continued next page*)

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Country	*Region*	*IPRSP*	*PRSP*	*Implementation progress report*
Nepal	SA		May 2003	
Nicaragua	LAC	Dec 21, 2000	Sept 25, 2001	March 2002, April 2004
Niger	AFR	Dec 20, 2000	Feb 7, 2002	August 2003
Pakistan	SA	Dec 4, 2001	Dec 2003	
Rwanda	AFR	Dec 21, 2000	Aug 6, 2002	
Sao Tome & Prin.	AFR	April 27, 2000		
Serbia & Montenegro	ECA	June 20, 2002	Feb 18, 2004	
Senegal	AFR	June 20, 2000	Nov 20, 2002	
Sierra Leone	AFR	Sept 25, 2001		
Sri Lanka	SA		March 7, 2003	
Tajikistan	ECA	June 8, 2000.	Oct 10, 2002	
Tanzania	AFR	April 4, 2000	Nov. 30, 2000	Nov 27, 2001, March 2003
Uganda	AFR		Nov. 30, 2000	March 2001, 2002, Sept 2003
Vietnam	EA	April 12, 2001	July 2, 2002	April 13, 2004
Yemen	MNA	Nov 27, 2001	Aug 2002	
Zambia	AFR	August 4, 2000	May 22, 2002	

Appendix B — Scoring Format of the PRSP Assessment

1. Issues in Focus

1. **Land use:** degradation, deforestation, erosion, overgrazing, etc. 2. **Water**: drinking water, irrigation, fisheries and water pollution, etc. 3. **Air & climate**: air quality, solid fuel usage, emissions, climate variability 4. **Biodiversity**: threats to ecosystems, species and genes, nature-based opportunities

2. Causal Link Assessment

1. **Poverty and NR degradation**: resource dependence and inequality 2. **Environmental health**: water and air pollution related to disease 3. **Vulnerability**: impacts of natural hazards 4. **Property rights**: tenure and user rights 5. **Incentives**: pricing interventions, taxation, subsidies, exchange rate, trade, etc. 6. **Empowerment**: community-based management, decentralization, and partnerships 7. **Gender**: role of women in environmental management

3. Response systems

1. **Environmental management capacity**: legislation, regulation, institutional reform, data systems, cross-sectoral coordination, , environmental standards, environmental economic instruments, etc 2. **Investment in natural capital**: investment in sustainable natural resource management, e.g. watershed management 3. **Investment in human-made capital**: investment in environmental infrastructure, e.g. sewage treatment plants 4. **Monitoring natural resource outcomes**: deforestation, afforestation, rehabilitated areas, protected areas, soil & water conservation measures, renewable energy use, etc. 5. **Monitoring human resource outcomes**: infant and child mortality, disease burden related to environmental risk factors, time spent collecting fuelwood and water

4. Process

1. Description of the participatory process and inclusion of environmental constituencies, particularly with respect to the identification of environmental issues, poverty links, and actions

Score: 0 = not mentioned; 1 = mentioned but not elaborated; 2 = elaborated; 3 = good practice

Notes

1. For countries that have high external debt, PRSPs form the basis for debt relief under the enhanced Heavily Indebted Poor Countries Initiative. For a full treatment, see World Bank (2002a).
2. "IDA 13" signifies the 13th round of replenishment to the International Development Association, also known as the "credit window" of the World Bank.
3. See World Bank (2001b, 2202b, 2002d, 2003a, and 2004). The latter also builds on country case studies.
4. For a detailed discussion of poverty-environment links, see the World Bank's Environmental Strategy (2001) *Making Sustainable Commitments*, and DFID, EC, UNDP, and The World Bank (2002): *Linking Poverty Reduction and Environmental Management: Policy Challenges and Opportunities,* paper prepared for the World Summit on Sustainable Development, Johannesburg. For environmental health risks, see WHO (2002).
5. More precisely, "environment" refers to both the living and non-living components of the natural world. The environment is (a) a source of raw material and energy, (b) a recipient and partial recycler of waste products from the economy; and (c) an important source of recreation, beauty, spiritual values, and other amenities. (See DFID and others, 2002, for further discussion.)
6. For an expansion of that argument in economic terms, see "Can the Environment Wait" (World Bank 1997), which illustrates the significant cost of environmental pollution to poor people today.
7. We refer to DFID, EC, UNDP, and World Bank (2002) for a full discussion of poverty-environment links.
8. There is also a recent, detailed review of the MDGs on the whole in the *Global Monitoring Report 2004* by the World Bank and IMF.
9. The World Bank and IMF Reviews on PRSP preparation and implementation are also to a large extent based on the PRSP documents (World Bank and IMF 2001b, 2002b, 2002c, 2003c).
10. In this paper, for the sake of simplicity we use the term "PRSP" to also include interim PRSPs when the distinction is not essential.
11. The World Bank Board may discuss PRSP Implementation Progress Reports and its JSA on its own or in association with the IMF and IDA operational programs. The annual progress report is also required for countries under the poverty reduction growth facility (PRGF) of the IMF (World Bank and IMF 2002b).
12. See the Operational Memorandum *Interim Guidelines for Poverty Reduction Support Credits*, May 31, 2001, available at http://wbln0011.worldbank.org/Institutional/Manual/OpManual.nsf.

13. For a detailed discussion about environmental indicators, see Shyamsundar (2002).
14. However, the relevance of a particular indicator does not mean that its performance can always be related in a simple manner to poverty. See Bojö and Reddy (2003a) for a discussion.
15. In our discussion with World Bank Country Teams and a list of donor agencies and NGO that subscribe to our reviews, we share our entire scoring sheet, not only the average score.
16. Case studies on PRSPs and environment in Ghana, Honduras, Uganda, and Vietnam will be carried out in 2004 by a consortium of donor agencies (DFID, GTZ, and CIDA). Hopefully, case studies like that will provide further insight into how successful mainstreaming comes about. See also the case studies in section 6 of this report.
17. In the country with the lowest scoring full PRSP (Tanzania), the government is currently active in shaping a mainstreaming program together with a set of supportive donors.
18. See *World Development Indicators 2003* for a listing of environmental action plans covering most PRSP countries.
19. Based on information contained in *SEA and the Ghana Poverty Reduction Strategy*, prepared for the 2004 IAIA conference by Peter Nelson, and others, *Institutional Review for the Strategic Environmental Assessment (SAEA) of the Ghana Poverty Reduction Strategy (GPRS)*, by Synergy, 2004 and the presentation on *Introduction to SEA of Ghana Poverty Reduction Strategy*, IAIA meeting, Marrakech, 2003.
20. See World Bank Poverty Reduction Strategy Paper Sourcebook chapter on environment and poverty : http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPRS/0,,contentMDK:20177457~pagePK:148956~piPK:216618~theSitePK:384201,00.html, and DFID paper on poverty and the environment: *Achieving Sustainability; Poverty Elimination and the Environment*: http://www.dfid.gov.uk/pubs/files/tspenvironment.pdf.

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