

## **SECTION 3**

# **THE AUSTRALIAN INTERNATIONAL DEVELOPMENT ASSISTANCE BUREAU**



## **CHAPTER SEVEN**

### **AIDAB: POLICY AND PROGRAM FOR ENVIRONMENTAL FACTORS**

#### **Policy for Reviewing Environmental Factors**

7.1 Over time AIDAB has increasingly recognised the importance of taking account of environmental factors in aid projects. In the proposed working plan<sup>1</sup> that it provided in October 1987, AIDAB undertook under Objective 4 to cooperate with other donors to achieve the first three objectives, viz:

- Objective 1: Develop procedures to ensure the effective integration of environmental protection and resource management considerations into AIDAB's activities.
- Objective 2: Co-operate with recipient countries to strengthen their capacity to identify, address and resolve issues relating to environmental protection and management.
- Objective 3: Promote environmentally sound activities as part of Australia's involvement with multilateral development institutions.

7.2 Under Objective 4 AIDAB also outlined the following activities as part of the working plan:

- 4.1 Participate in OECD follow-up work on the environmental assessment of development assistance programs and projects.
- 4.2 Participate in activities (workshops etc.) designed to improve project performance by addressing environmental issues and needs.
- 4.3 Co-ordinate Australia's approach to environmental issues in multilateral development institutions with that of other donors.
- 4.4 Share information and exchange news of environmental protection and resource management issues in regular bilateral aid consultations with other donors.
- 4.5 Disseminate evaluation reports to other donors.
- 4.6 Seek ways in which developing countries may be compensated for adopting conservation practices which benefit donor countries.<sup>2</sup>

Further, AIDAB acknowledged that:

To achieve the goal of environmentally sustainable development a long term commitment is also required within developing countries. Australia is only one of a large number of contributors to this process. Thus, the program of activities proposed above recognises the importance of cooperation with recipients, other bilateral donors and multilateral institutions. Australia in this way can help to build a commitment to environmentally sustainable development in developing countries.<sup>3</sup>

7.3 Since providing the details of that working plan in 1987, AIDAB has expressed its policy goals (or 'strategy for aid and the environment') in the Development Paper entitled *Aid and the Environment* published in July 1989. The objectives that were outlined in 1987 have been revised as follows:

- (a) effectively integrate environmental protection and resource management into its programs;
- (b) implement procedures for assessing and monitoring the environmental impact of development activities which Australia assists;
- (c) cooperate with developing countries to strengthen their capacity to anticipate, identify, assess and resolve issues of environmental protection and natural resource management;
- (d) promote and support environmentally-sound development activities funded by multilateral development institutions; and
- (e) cooperate with other donors to achieve these objectives.<sup>4</sup>

7.4 The Committee observes two important points from AIDAB's strategy for aid and the environment. First, it is clear that the policy does not specify, but must presume, that adequate knowledge of the environmental effects of aid projects will be available. The Committee regrets, however, that the policy does not state that AIDAB will have access to such knowledge. While AIDAB's activity guideline *Environmental Assessment of Official Development Assistance* notes some measures toward that goal, including the compiling of a directory of environmental expertise, AIDAB needs to articulate (as policy) that it intends to maintain expertise in its organisation and that it will employ appropriate methods to make full use of the directory it has compiled. The Committee recommends that that be done (see paragraph 7.22).

7.5 This point is central. AIDAB's strategy for ensuring that environmental factors are considered at appropriate stages of the aid approval process will have only a superficial effect unless adequate expertise is applied. Dr Jeremy Warford of the World Bank noted that:

As you know, even among scientists, we get widely different estimates about the problems of climate, about the problems of deforestation and how rapidly desertification is taking place, and about how many trees there are in the world. We really need to make sure the World Bank operating staff are at least up to date with the nature of differences of opinion so they do not go off on a tangent just basing their opinions of the last thing they read in the *Washington Post*.<sup>5</sup>

DASETT recommended that:

AIDAB should give priority to the training of appropriate staff in environmental assessment and to ensure that such staff has access to an adequate information base on recipient countries' environmental resources and problems.<sup>6</sup>

7.6 The second notable aspect of AIDAB's policy concerns the acknowledgement that environmental impact statements will be employed. In its October 1987 submission AIDAB advised that Objective 1.2 was to:

Develop and use Environmental Impact Assessment (EIA) techniques within the Appraisals Evaluation and Sectoral Studies Branch of AIDAB. Such techniques should adequately cover the identification, prediction and assessment stages of EIA.

Further, Objective 1.3 advocates the incorporation of EIA at the earliest practicable stage of the planning cycle.

7.7 Significantly, AIDAB took this matter further in the July 1989 Development Paper. In developing the idea behind objective (a) (see paragraph 7.3 above), the *Aid and the Environment* document advises that AIDAB will screen 'each activity for environmental soundness' and undertake 'as required environmental impact assessments'.

### **Program for Implementing the Environmental Policy**

7.8 AIDAB's 1987 submission advised that the process of identifying, documenting, establishing and evaluating bilateral aid activities follows the 'Planning Cycle'.<sup>7</sup> This cycle, by the time the Environmental Assessment Guidelines document was published in June 1989, was termed the 'AIDAB Project Cycle'. AIDAB<sup>8</sup> has confirmed that environmental considerations are integral to its program and an AIDAB officer advised the Committee that:

All officers within the organization should be aware of environmental concerns and should ensure that these aspects are considered throughout the project cycle.<sup>9</sup>

Further, the *Aid and the Environment* document claimed in July 1989 that:

Over the last two years significant progress has been made by AIDAB and ACIAR in developing appropriate arrangements to ensure environmental concerns are properly addressed at all stages of the planning and implementation of aid activities.<sup>10</sup>

This raises two questions. To what extent can environmental matters be considered at each stage of AIDAB's planning cycle? And, is AIDAB paying adequate attention to environmental issues during its planning cycle? To respond to these questions, there are six steps to AIDAB's planning cycle which should be outlined; these steps were articulated in AIDAB's submission.<sup>11</sup>

(i) *Identification*

7.9 AIDAB claims that it is making progress to ensure that environmental concerns are 'properly addressed' at all stages of the planning and implementation of aid activities. Accordingly, it is essential to require of AIDAB that environmental aspects be addressed clearly as from the first stage of the planning cycle, that of *Identification*. Significant contra indications at the outset would raise the prospect that the project should not proceed, and that further resources should not be spent on its assessment.

7.10 Importantly, this implies environmental awareness training for AIDAB officers on posting so that they can contribute to the inclusion of environmental factors in the planning cycle. Such officers should employ the Screening Guidelines and provide advice to the extent possible. Of course, while the in-country post will be able to provide information and initial analysis, it may not be capable of the complete factoring of environmental considerations (and perhaps resolving competing environmental considerations) against a range of other project issues.

(ii) *Documentation*

7.11 The second stage in AIDAB's planning cycle, *Documentation*, is the stage that includes a feasibility report by external specialists. Then, AIDAB advised,<sup>12</sup> at this early stage environmental issues are examined and assessed; and on its completion, ministerial or delegate approval is sought.

7.12 The Committee considers that if ministerial or delegate approval is to be sought on completion of this (second) stage, then the consideration of environmental factors during *Documentation* should be comprehensive. That is, the consultation between AIDAB's environment experts and other elements of the AIDAB planning cycle staff should be extensive. Further, by the finalisation of

*Documentation*, adequate liaison with external expertise (including that from other Commonwealth authorities and the NGOs) would be desirable. Indeed, Dr D Pfanner recommended that:

AIDAB staff in the third world should be encouraged to be familiar with environmental groups in the Third World whose opinion should be sought regarding government proposed projects involving potential Australian support.<sup>13</sup>

7.13 While a similar view was put by the University of NSW Wilderness Society, a suggestion for a formal consultation process was put by the Australian Committee of the International Union for Conservation of Nature and Natural Resources (ACIUCN). The ACIUCN recommended that an advisory body to AIDAB be established to provide policy advice with regard to project selection and appraisal; and the ACIUCN envisaged that such a body would include ACIUCN representation.<sup>14</sup>

7.14 The Committee considers that there are no guarantees that adequate consultation is taking place with NGOs (including those in-country), and there is a need for a formal advisory body of the kind envisaged by ACIUCN. The Committee cannot accept the assurance of AIDAB that it uses NGO expertise to help identify and appraise environmental aspects of projects.<sup>15</sup> Further, the Committee concurs with the essential concern expressed by Dr Pfanner and advises AIDAB that it should ensure that it avails itself of the NGO advice regularly available on development aid issues. The Committee considers that AIDAB should ensure that relevant NGOs are regularly provided with the most recent advice concerning AIDAB's policy on reviewing environmental factors. As AREA recommended, NGOs should be provided with the AIDAB environmental guidelines for assessing potential projects.<sup>16</sup> This will assist the participation of NGOs in the formal advisory body recommended at paragraph 7.23.

7.15 Importantly, it is at this second stage of the planning cycle (*Documentation*) that the Committee presumes that AIDAB intends to undertake the environmental impact assessments envisaged in *Aid and the Environment*.

7.16 It should be noted that comment relevant to the next four stages of the planning cycle appears in Chapter 8.

(iii) *Project Appraisal*

7.17 The appraisal process, according to AIDAB, is an essential first step in defining the extent of future aid activities.<sup>17</sup>

AIDAB further advised that to appraise and monitor the effectiveness of activities, a systematic logical framework has been developed over recent years to guide the planning design process. An AIDAB officer, Mr W Brown, explained this 'logframe':

The logframe sets out a hierarchy of four levels of objectives. The goal is a broadly defined socio-economic objective (e.g. an increase in social and economic wellbeing through increased food production). The purposes cover the expectations of the project which lead to the goal (e.g. the introduction of new farming systems). The outputs are the activities directly resulting from the project (e.g. training courses conducted) while the inputs include such things as manpower and equipment.<sup>18</sup>

AIDAB advised that before funding is justified the risks and expected achievements of the planning are fully discussed in institutional, financial, economic, social, cultural, technical and environmental terms.<sup>19</sup>

(iv) *Establishment*

7.18 The fourth stage of the planning cycle entails the negotiation of a memorandum of understanding with the client Government. A managing agent is appointed who develops and refines the proposal. Agreed implementation plans are then transferred to a revised Project Document. This revised Project Document incorporates and builds on the design developed at appraisal and becomes the main reference for the management and monitoring of the project.

(v) *Monitoring and Review*

7.19 At this fifth stage, the relevant AIDAB country desks are responsible for annual progress assessment. AIDAB has listed the elements of this stage as follows:

- Country Desks responsible for annual progress assessment.
- The Post responsible for within year monitoring of short-term objectives relating to planning activities and Australia/Recipient contributions as set out in the Annual Plans.
- Quality control by periodic planning review visits undertaken every 18 months to 2 years by Director/Country Desk, AESS and the Post.
- Key impact indicators including environmental parameters assessed as part of project reviews for some major projects.<sup>20</sup>



(vi) *Evaluation*

7.20 The final stage of AIDAB's planning cycle concerns evaluation. AIDAB advised that:

- Evaluation is concerned with undertaking periodic reviews of current activities and studies of completed activities and programs, and the feedback of results to AIDAB and host countries.
- The impact of evaluation work depends upon the extent to which the results are incorporated into either the next phase of an activity or into future activities.<sup>21</sup>

### **Implementation**

7.21 Of course, the efficacy of AIDAB's planning cycle is conditional on the retention of appropriate staff. The next chapter of this Report examines the questions of AIDAB's personnel establishment and the ways in which their expertise should be utilised to ensure that environmental factors are adequately considered in the planning cycle.

### **Recommendations**

7.22 **The Committee recommends that AIDAB articulate as policy that it intends to maintain environmental expertise in its organisation. AIDAB should nominate the establishment it considers necessary to perform environmental analysis in-house. It should also advise the methods that it intends to employ to make full use of the directory of environmental expertise that it has compiled.**

7.23 **The Committee recommends to AIDAB that a formal body to incorporate NGO advice into the planning cycle should be established. AIDAB should ensure that relevant NGOs are regularly provided with the most recent advice concerning AIDAB's policy on reviewing environmental factors. Further, NGOs should be provided with the AIDAB environmental guidelines for assessing potential projects.**

7.24 **It is essential that AIDAB address environmental aspects clearly from the first stage of the planning cycle, that of Identification.**

## ENDNOTES

1. AIDAB Submission (No. 1), p. 37, Transcript of Evidence, p. 670.
2. id.
3. ibid., p. 38, Transcript of Evidence, p. 671.
4. *Aid and the Environment*, op.cit., pp. 11, 12.
5. Dr J Warford, Transcript of Evidence, p. 16.
6. DASETT Submission (No. 42), p. 26, Transcript of Evidence, p. 846.
7. AIDAB Submission (No. 1), p. 8, Transcript of Evidence, p. 641.
8. ibid.
9. Mr W Brown, *Working Paper No. 87/2*, p. 54, Transcript of Evidence, p. 528.
10. *Aid and the Environment*, op.cit., p. 22.
11. AIDAB Submission (No. 1), Appendix 2, p. 4 et seq, Transcript of Evidence, p. 676 et seq.
12. ibid., p. 676.
13. Submission (No. 5), p. 7, Transcript of Evidence, p. 616.
14. ACIUCN Submission (No. 36).
15. AIDAB Submission (No. 1), p. 9, Transcript of Evidence, p. 642.
16. AREA Supplementary Submission (No. 28B), Transcript of Evidence, p. 405.
17. AIDAB Submission (No. 1), Appendix 2, p. 4, Transcript of Evidence, p. 676.
18. Mr W Brown, *Working Paper No. 87/2*, p. 21, Transcript of Evidence, p. 495.
19. AIDAB Submission (No. 1), Appendix 2, p. 5, Transcript of Evidence, p. 677.
20. id.
21. id.

## CHAPTER EIGHT

### AIDAB: ESTABLISHMENT CAPACITY

8.1 Self-evidently, the proper consideration of environmental issues by AIDAB requires appropriately trained and experienced staff. A lack of this kind of resident expertise would be a major factor limiting the Bureau's capacity for sound environmental assessment and management. In evidence before the Committee, this was the most commonly identified limiting factor for environmental monitoring by AIDAB. As recently as 13 September 1989, AREA advised the Committee that, while three recent staffing initiatives are to be supported:

they do not fundamentally address the lack of environmental expertise available in the country desk project cycle and provide no systematic method for environmental expertise to be applied to the project cycle.<sup>1</sup>

8.2 AIDAB, of course, has recently undergone reorganisation consequent upon the Jackson Report. In its February 1989 report on AIDAB, the Joint Committee on Foreign Affairs, Defence and Trade noted that although AIDAB's staffing level had grown to 503 it was 'significantly below the steering committee's agreed level of 538'.<sup>2</sup> Further while new staff selection criteria were adopted by AIDAB stressing skills necessary to implement development assistance policy and management, there was no direction from the Jackson Report concerning environmental expertise. Dr D Pfanner advised the Committee that the Jackson Report made no mention of environmental issues.<sup>3</sup> The Committee considers this incomprehensible given that the Jackson Report was finalised as recently as five years ago.

8.3 Nevertheless, it is surprising, that in June 1989, AIDAB advised that only one officer of the Appraisals, Evaluation and Sectoral Studies Branch had 'environmental studies experience'.<sup>4</sup>

8.4 However, the Committee wishes to emphasise that, in advocating the acquisition and retention of environmental expertise in AIDAB it is recommending more than that some officers have 'environmental studies experience'. While the Committee acknowledges that one AIDAB officer has such a background, it considers that all AIDAB officers must be sensitive to environmental factors. Further, scientists from relevant disciplines and professional officers also should be available for environmental analysis. The Institute of Foresters of Australia suggested that AIDAB have more staff with professional forestry training,<sup>5</sup> while Dr Veit considered that agricultural scientists should be employed by AIDAB.<sup>6</sup>

Doubtless there are officers in AIDAB with that kind of background; the point is that the environmental review staff in the AESS Branch should draw, in part, on such officers for its staffing.

8.5 Accordingly, the Committee considers that AIDAB's requirement will be satisfied by a core of officers trained in relevant fields who understand ecological problems clearly. Dr Warford from the World Bank advised that in the Environment Department twenty-five percent of the staff were economists and the remainder included foresters, industrial pollution experts and even anthropologists.<sup>7</sup> While AIDAB cannot replicate the World Bank in this field, it should emulate it proportionally.

8.6 Having determined the kind of officer required in the environmental review role, AIDAB needs a sufficient number of such officers appointed at adequate levels of seniority. This will ensure a vigorous multi-disciplinary asset within AIDAB for environmental review.

8.7 In appearing before the Committee, AIDAB made mention of staffing numbers. While projecting its confidence that suitable staff were available to cover the appraisal of project proposals from an environmental perspective, Dr McCawley nevertheless admitted in 1987 that AIDAB was enduring 'tight staffing constraints' and that 'trade-offs' were required.<sup>8</sup> The dimensions of this trade-off were revealed by Mr Stensholt, Acting Deputy Director-General of AIDAB, who admitted that of the 30 staff in AESS Branch, only two were involved primarily in environmental appraisals.<sup>9</sup> Although in its letter of 22 June 1989, AIDAB advised that at that stage there was only one such officer in the organisation, a subsequent letter (25 September) confirmed that it was adopting the following measure:

An increase in the personnel able to provide environmental advice in the Appraisals, Evaluations and Sectoral Studies Branch in AIDAB. In addition to the present Senior Environmental Adviser, a director with special responsibility for environment policy and procedures has been appointed and two additional full-time environmental officers are currently being selected.<sup>10</sup>

8.8 The Committee understands, then, that despite AIDAB's acknowledgement of the importance of environmental considerations in the appraisal process, there are currently only two officers (at most) permanently engaged in that task. Further, the Committee understands that one of those officers is the head of the relevant section, a section covering appraisals other than those taking an environmental perspective. The section head's attention can hardly be devoted mainly to environmental assessment.

8.9 The Committee is most concerned that this situation has been permitted to continue over a significant period of time. In the Committee's view, even four full-time officers would be inadequate given the nature and significance of the task. This judgement takes into account AIDAB's program to increase the environmental awareness of its staff.

8.10 Here the Committee's main concern is that, despite AIDAB's access to external expertise (including NGOs), ultimately any advice from such sources must be analysed and assessed within AIDAB before it can be accepted. It is AIDAB that ultimately advises the Minister for Foreign Affairs and Trade whether to approve a development aid proposal.

8.11 The Committee has noted the proposal from AREA that AIDAB requires a full Branch to handle these issues.<sup>11</sup> In the Committee's view, a section of six professional officers under a Deputy Director-General would be the minimum desirable for this task in AIDAB, having regard to the fact that the total AIDAB task requires an establishment of around 500 officers, and that environmental review has the level of significance outlined by AIDAB.

8.12 With regard to the level of appointment of officers who perform the environmental assessment function, AIDAB has advised that a 'senior environmental adviser' and a 'director with special responsibility for environmental policy and procedures' have been appointed (see paragraph 8.7). At paragraph 8.8 it has already been suggested that the 'director' can hardly be expected to devote attention mainly to environmental matters. This is of concern to the Committee because the 'director' is the senior officer, an Administrative Service Officer (ASO) Class 8. Further, despite the title 'senior environmental adviser', that adviser is hardly senior. An ASO Class 7 officer may contribute significantly to the work of the branch and provide valuable advice. However, in the context of AIDAB's requirement for environmental assessment and having regard to the volume of work and the existence of only two officers for the purpose, the title is a misnomer.

8.13 DASETT advised the Committee that AIDAB required a core of qualified officers experienced in environmental impact assessment (EIA). Additionally, AIDAB suggested that other AIDAB officers would require training in EIA techniques.<sup>12</sup> The Committee considers that the environmental review section suggested for AIDAB would be trained in EIA techniques, preferably with assistance from DASETT. Members of the section would then be available to train other AIDAB staff as required.

8.14 The Committee considers that all AIDAB staff must be appropriately trained in order for AIDAB to achieve its goal of ensuring that:

Australian aid activities encourage management of natural resources in an ecologically sustainable manner to ensure effective social and economic development.<sup>13</sup>

The Director-General of AIDAB recognised the importance of the inclusion of all staff in the process by commending the Environmental Screening Guidelines to them.<sup>14</sup> **The Committee recommends that all AIDAB staff receive appropriate training in environmental assessment, and perhaps even more importantly, in environmental awareness, especially in relation to developing countries.**

8.15 Further, the combination of a significant enhancement in AIDAB's capacity for environmental review together with an increase in AIDAB's EIA expertise should eventually entail a reduced need for the employment of consultants on environmental matters. AIDAB had advised the Committee that seventy-five percent of the input for larger projects would be from consultants.<sup>15</sup>

8.16 There would be two major advantages from a reduction in AIDAB's reliance on consultants for environmental reviews. First, AIDAB would increase its own expertise and, perhaps, gain a more objective view of environmental factors applying to particular projects; there can be a tendency for consultants to provide the kind of advice that they anticipate the Government is looking for. Dr David Farrow of the Solomon Islands Development Trust commented that the:

specialist work involved [in environmental impact assessment] is generally contracted out to consultants whose continued existence depends on maintaining a steady flow of like contracts. There is thus great pressure to produce 'acceptable' results and, in fact, to operate completely within the mind set of contracting agencies when a detached and critical stance is required.<sup>16</sup>

8.17 Second, the retention of its own environmental review capability by AIDAB would be cost efficient. Even a consultant, in providing evidence to the Committee, admitted that:

I think it is more cost efficient, apart from anything else, for AIDAB to maintain its own environmental staff.<sup>17</sup>

8.18 The Committee considers that AIDAB has a formal responsibility to increase its environment assessment capability. This Report has already noted (at paragraph 3.2) that Australia has endorsed the WCED Report in general terms. The WCED Report noted that in 1986 the OECD adopted a recommendation to member governments to include in their bilateral aid programs an environmental assessment policy together with effective measures for applying that policy:

The recommendation includes proposals for adequate staff and financial resources to undertake environmental assessments and a central office in each agency to supervise implementation and to assist developing countries wishing to improve their capacities for conducting environmental assessments. We urge all bilateral aid agencies to implement this recommendation as quickly as possible.<sup>18</sup>

**8.19 The Committee recommends that an environment section be established in AIDAB's Appraisals, Evaluation and Sectoral Studies Branch. The section would be staffed by at least six professional officers.**

**8.20 The Committee's recommendation for a section of at least six professional officers to review environmental factors of aid projects has the following essentials:**

- **all officers should be engaged full-time on environmental review and associated matters;**
- **all officers should be suitably qualified and some officers, at least, should be graduates in the natural sciences or associated disciplines; the others could hold professional qualifications in fields such as environmental science, agricultural science, forestry and engineering;**
- **the ranking of staff in this section should be sufficient to ensure that environmental assessment receives appropriate emphasis within AIDAB; accordingly the section's staff should range from at least the top level of the ASO structure and should not include inexperienced officers;**
- **the Head of the Section should report to a Deputy Director-General with the right of direct access to the Director-General; the ranging of the section staff could be as follows: one ASO8, two ASO7, three ASO6.**

## ENDNOTES

1. AREA Supplementary Submission (No. 28C), p. 2.
2. AIDAB Review, op.cit., p. 27.
3. ACIAR Submission (No 5), p. 2, Transcript of Evidence, p. 611.
4. Letter from Mr S Wood (AIDAB) to Secretary, 22 June 1989.
5. Institute of Foresters of Australia Submission (No. 9).
6. Dr F Veit Submission (No. 26).
7. Dr J Warford, Transcript of Evidence, p. 17.
8. Dr P McCawley, Transcript of Evidence, p. 770.
9. Mr R Stensholt, Transcript of Evidence, p. 773.
10. Letter from AIDAB to Secretary, 25 September 1989.
11. AREA Supplementary Submission (No. 28C).
12. DASETT Submission (No. 42), p. 32, Transcript of Evidence, p. 852.
13. AIDAB, *Environmental Assessment of Official Development Assistance* [Environmental Screening Guidelines for Country Program Managers], Preface, 1989.
14. id.
15. Mr R Stensholt, Transcript of Evidence, p. 773.
16. Dr D Farrow Submission (No. 11), p. 2.
17. Dr R Buckley, Transcript of Evidence, p. 599.
18. *Our Common Future*, op.cit., p. 340.



## **CHAPTER NINE**

### **AIDAB: PAST RECORD AND RECOMMENDATIONS FOR THE FUTURE**

#### **Past Record**

9.1 AIDAB has advised that it now monitors aid program components either directly or indirectly. For Country Programs (see paragraphs 4.5 to 4.16), monitoring occurs through a variety of measures including screening during project preparation, mid-term reviews and ex post evaluations of individual projects. Global Programs (see paragraphs 4.17 to 4.19) are monitored indirectly through Australia's representatives, and AIDAB also participates in multilateral review teams and conducts periodic reviews of the organisations to which Australia contributes.<sup>1</sup>

9.2 Nevertheless, it is apparent from AIDAB's submission that until 1987 it had not attempted a systematic review of aid projects having potential environmental significance. Of 400 bilateral projects current in 1987, AIDAB reviewed 121 that were considered to fall into this category; the value of those projects exceeded \$525 million. AIDAB provided the following tables in its submission.<sup>2</sup> They detail the results of AIDAB's 1987 review.



**Table 1: Summary of Type of Impact of Projects**

TYPE OF IMPACT	IN PLANNING/DESIGN PHASE -				TOTAL	
	ENVIRONMENT CONSIDERED		ENVIRONMENT NOT CONSIDERED			
	Number	Value \$million	Percent	Number	Value \$million	Percent
Natural Resource Management	38	269.8	51.3%	21	86.7	16.5%
Environment Protection	6	0.3	...	0		0.3
Localised Impact	6	12.4	2.4%	8	73.7	14.0%
Urban Planning	2	8.2	1.6%	0		8.2
Environmental Health/Sanitation	5	2.2	0.4%	17	39.1	7.4%
Agrochemicals	3	7.7	1.5%	1	0.1	...
Pollution/Waste Management	6	14.1	2.7%	8	11.6	2.2%
<b>TOTAL</b>	<b>66</b>	<b>314.7</b>	<b>59.8%</b>	<b>55</b>	<b>211.2</b>	<b>40.2%</b>
					<b>121</b>	<b>525.9</b>
						<b>100.0%</b>

**Table 2: Summary of Degree of Impact of Projects**

DEGREE OF IMPACT	IN PLANNING/DESIGN PHASE -									
	ENVIRONMENT CONSIDERED				ENVIRONMENT NOT CONSIDERED				TOTAL	
	Number	Value \$million	Percent	Number	Value \$million	Percent	Number	Value \$million	Percent	
Major positive	29	83.2	15.8%	10	32.4	6.2%	39	115.7	22.0%	
Major mixed	20	191.9	36.5%	5	18.7	3.6%	25	210.6	40.1%	
Major negative	0			5	25.0	4.8%	5	25.0	4.8%	
Minor positive	5	3.8	0.7%	16	35.6	6.8%	21	39.4	7.5%	
Minor mixed	6	17.4	3.3%	4	13.7	2.6%	10	31.1	5.9%	
Minor negative	6	18.2	3.5%	15	85.7	16.3%	21	103.9	19.8%	
<b>TOTAL</b>	<b>66</b>	<b>314.7</b>	<b>59.8%</b>	<b>55</b>	<b>211.2</b>	<b>40.2%</b>	<b>121</b>	<b>525.9</b>	<b>100.0%</b>	

**Table 3: Summary of Type and Degree of Impact of Projects**

TYPE OF IMPACT	DEGREE OF IMPACT													
	MAJOR POSITIVE	MAJOR MIXED	MAJOR NEGATIVE	MINOR POSITIVE	MINOR MIXED	MINOR NEGATIVE	TOTAL	No. Value	No. Value	No. Value	No. Value			
	No. Value \$m	No. Value \$m	No. Value \$m	No. Value \$m	No. Value \$m	No. Value \$m	No. Value \$m	No. Value \$m	No. Value \$m	No. Value \$m	No. Value \$m			
Natural Resource Management	17	73.9	22	206.7	3	22.0	8	30.0	6	20.1	3	2.9	59	356.5
Environmental Protection	5	0.2	0		0		1	0.1	0		0		6	0.3
Localised Impact	1	0.1	1	0.1	1	0.1	1	2.0	1	1.2	9	82.5	14	86.1
Urban Planning	0		0		0		0		1	7.5	1	0.6	2	8.2
Environmental Health/ Sanitation	13	33.6	0		0		8	3.5	0		1	4.3	22	41.4
Agrochemicals	2	5.5	0		0		1	0.1	1	2.2	0		4	7.7
Pollution/Waste Management	1	2.5	2	3.6	1	2.0	2	3.8	1	0.1	7	13.6	14	25.7
TOTAL	39	115.7	25	210.6	5	25.0	21	39.4	10	31.1	21	104.0	121	525.9
PERCENT	32.2	22.2	20.7	40.1	4.1	4.8	17.4	7.5	8.3	5.9	17.4	19.8	100.0	100.0



9.3 Somewhat understandably, AIDAB put the most positive interpretation possible on these results. In addition to observing that:

Over half of the projects took account of environmental issues in the planning and design stages,<sup>3</sup>

AIDAB advised that:

Although further validation is necessary, preliminary indications are that Australian aid projects are, in general, avoiding the worst features of environmental degradation and many, particularly in the areas of natural resource management, health and sanitation, have beneficial effects.<sup>4</sup>

Despite this attempt to establish the best possible gloss on the survey results, to claim that the Australian aid projects reviewed 'are, in general, avoiding the worst features of environmental degradation' is, in the Committee's view, self-condemning. This is particularly the case in the light of Australia's formal commitments to environmentally sound aid; paragraph 3.4 of this Report notes Australia's formal acknowledgement in 1984 of its responsibilities under the World Conservation Strategy.

9.4 The Committee has examined closely the tables providing the results of AIDAB's review. It is clear that the picture is disturbing. While AIDAB nominated for its review '121 current projects that have potential environmental significance', it found that more than forty-five percent of those projects were passed through the Planning/Design phase without the consideration of environmental effects. Those projects amounted to more than \$211 million in value. Not surprisingly, of those projects more than thirty percent in number (and fifty percent in value) had a 'major negative' or 'minor negative' environmental impact. And the major categories of impact were natural resource management, localised impact and environmental health/sanitation. That is, the negative impacts could have substantially affected human well-being. AIDAB commented that:

Adverse impacts arose from the failure to take adequate account of natural environmental constraints leading to development of land unsuited for the purpose or failure to take proper precautions to prevent adverse impacts. Negative impacts tended to be localised rather than regional in nature, and in most instances are amenable to ameliorative measures.<sup>5</sup>

9.5 Compounding the extent of the problem presented by this review are the figures provided for those projects that *were* the subject of environmental examination. There were sixty-six such projects in that category, with a value of

more than \$314 million. Among even those projects, six registered a minor negative environmental impact, and twenty-six others had a major or minor 'mixed' result. AIDAB commented:

The extent to which the beneficial aspects of a project may outweigh less desirable features will depend, to a considerable degree, on the measures being introduced to maintain close, in-country monitoring, the establishment of appropriate guidelines and the development of evaluation and auditing procedures.<sup>9</sup>

9.6 In finding this AIDAB review disturbing, the Committee has already acknowledged (paragraph 6.8) the need for compromise in some circumstances. Nevertheless, the Committee believes that, if AIDAB's 1987 review is an accurate reflection of the environmental review process in AIDAB for projects that year, then AIDAB needs to improve its activities in this area very substantially. **The Committee therefore recommends as essential the following broad program.**

### **Program for the Future**

#### **(a) Acknowledgement of Australia's Formal Obligations**

9.7 **AIDAB should provide an information booklet that specifies the formal undertakings acknowledged by the Australian Government to ensure the environmental soundness of development aid.**

9.8 **Further the Committee recommends that the document should include a comprehensive commitment to the Brundtland ( the World Commission on Environment and Development - WCED) Report. The Committee recommends that Australia's commitment to the Brundtland Report should be agreed between AIDAB, the Department of Foreign Affairs and Trade, and the Department of the Arts, Sport, the Environment, Tourism and Territories. This would precede an announcement on Australia's commitment by the Minister for Foreign Affairs and Trade, and the incorporation of the commitment into AIDAB's document. (3.18)**

#### **(b) Adherence by AIDAB to Announced Policy on Aid and the Environment**

9.9 **The Committee concurs with the policy on the environment and development aid articulated in the AIDAB publication *Aid and the Environment*. If this policy is adhered to by AIDAB and applied in AIDAB management procedures, the regrettable record of AIDAB in this area could be reversed.**



**(c) Finalising the DASETT/DFAT (AIDAB) MOU Concerning the Impact of Proposals Act**

9.10 The finalising of the MOU will formalise AIDAB's obligations under the Impact of Proposals Act and clarify for AIDAB the circumstances under which it must provide DASETT with information on development aid proposals. This will permit a decision to be taken on the need for formal documentation and allow appropriate ministerial decisions on measures to reduce or avoid environmental impact.

**(d) Appropriate Application of AIDAB's Environmental Screening Guidelines**

9.11 The Committee welcomes the publication by AIDAB of the Environmental Screening Guidelines contained in the booklet *Environmental Assessment of Official Development Assistance*. The Committee considers that the sensitive and practical application of these Guidelines will ensure that environmental factors are considered at appropriate stages of the consideration of development aid proposals.

9.12 Any tender and contract documents that are drafted following initial project consideration should advise the environmental issues and controls to be incorporated.

**(e) Adequate Environment Staff in AIDAB**

9.13 Of course, the existence of Screening Guidelines will not assist the proper consideration of environmental factors in AIDAB unless the staff are properly trained to employ them. Further, as noted in paragraph 8.10, there needs to be developed in AIDAB an environment section of at least six professional officers who can concentrate their attention on environmental assessment and be involved in guiding and training other AIDAB staff. The Committee considers that this section should have the right of direct access to AIDAB's Director-General, as necessary.

**(f) Environmental Audit**

9.14 In the same manner as AIDAB provided an audit of the environmental impact of aid projects current in 1987, AIDAB should provide annually an audit of that kind to the Minister for Foreign Affairs and Trade. The audit would be more comprehensive than that conducted in 1987. It would specify the number and value of projects that resulted in significant environmental damage. It should also comment on methods to improve the management of Australian development aid projects from that perspective.

**(g) Involvement with Multilateral Organisations**

**9.14 The Committee considers it essential for Australian representatives to convey fully and forcefully to multilateral organisations Australia's policies and assessments concerning environmental aspects of development projects.**

## **ENDNOTES**

1. Memorandum from AIDAB to Secretary, 30 October 1989.
2. AIDAB Submission (No. 1), pp. 14, 15, Transcript of Evidence, pp. 647, 648.
3. *ibid.*, p. 646.
4. *ibid.*, p. 649.
5. *ibid.*, p. 646.
6. *ibid.*, p. 649.

