

Chapter 3 Highlights

EA/SAFEGUARD ASSESSMENTS: ESSD AND REGIONS

- ESSD Report on EA Effectiveness
- Effectiveness Review in India
- Safeguard Assessment Study in Latin America/Caribbean
- East Asia/Pacific Regional Category B Portfolio Review
- Environmental Safeguard Risk Management in the Philippines
- Africa Region Review of Category A and B projects
- OED Desk Study of Bank Safeguard Performance in Selected Countries
- OED Study of EA and NEAPs for Bank and Borrower Operations

THEMATIC STUDIES

- ECA/MENA Review of Environmental Aspects of Water Supply and Sanitation projects
- Natural Resource Management Portfolio Review
- OED Study of Forestry Strategy Implementation
- Review of Selected Urban Environment Projects in China
- Review of Selected Urban Environment Projects in Indonesia
- Environmental Performance of Coal-Fired Power Plants in China
- Reservoir Resettlement in China
- OED Study of Safeguard Policies in China

Considerable progress has been made in EA for Category A projects, but some issues remain regarding categorization and quality of EA for Category Bs. The presence of environmental specialists improves project quality. Analysis of alternatives, environmental management and supervision, predicting and monitoring impacts, and evaluation are ongoing areas of weakness in some projects/sectors. Newer projects tend to be rated more highly than older ones.

QAG REVIEWS

- Second Quality-at-Entry Assessment
- Third Rapid Supervision Assessment
- Fourth Rapid Supervision Assessment
- Insights from QAG Assessments

QAG has improved its capacity to assess key aspects of EA since 1998. The FY00 review showed results mirroring the observations made in the reviews cited above and stressed the importance of factors such as field-based supervision using local staff and strong national institutions committed to EA.

INSPECTION PANEL

- Synopsis of activities and results
- Western China

The history of how the IP was established and its early findings are reviewed, providing assimilation of key conclusions in the Kenya Lake Victoria, Ecuador Mining reviews. The unraveling of the Western China/Qinghai situation illustrates many of the challenges facing Bank management and staff in a complex political and technical environment. Misclassification is representative of ambiguous policies and professional attempts to interpret and apply policies. Past history in a country and Bank staff knowledge always come into play.

Effectiveness and Implementation: Studies of Bank Safeguard Performance

Since the preparation of the Second Environmental Assessment (EA) Review, Bank policy has evolved from a singular focus on environmental assessment to the broader concept of safeguards; new units, such as the Quality Assurance and Compliance Unit, have been created to monitor Bank compliance; and numerous training sessions and written guidance material has been prepared to assist staff in efforts to improve the performance of Bank projects with regard to safeguard policy. This chapter examines the effectiveness and implementation of EA/safeguards through a review of more than 20 studies assessing and evaluating projects with environmental impact that have been prepared during the past four years. It should be borne in mind, however, that a persistent time-lag dogs efforts to assess progress. Many of the reviews discussed below were prepared during 1998 or 1999, at the same time that new handbooks and guidance (see chapter 6) and other EA-support work—including training (chapter 5)—was under preparation or taking place. Obviously the impact of this work is not reflected in project reviews covering previous years.

The reviews presented in this chapter include work on individual country portfolios, on safeguard work in general, and on specific sectors, as well as assessments by the Bank's Quality Assurance Group (QAG) of quality at entry and supervision of EA work carried out over the past three years. The last section reviews the role of the Inspection Panel and focuses on the Western China/Qinghai review as an example of several challenges confronting safeguard decisions and planning in the institution. Annex 3.1 provides an overall view of the reports reviewed in this chapter.

3.1 EA/Safeguard Assessments: Environmentally and Socially Sustainable Development (ESSD) Network and Regions

Day-to-day implementation of safeguard policies takes place in countries. Safeguards specialists work with Bank task teams and country counterparts to identify

required safeguard practices and practical approaches for project implementation. Consequently, the Regions have generated a diverse set of safeguard information, including: regional safeguard assessment reports, country portfolios, and thematic studies. Several representative safeguard assessment studies and related activities pertaining to the effectiveness and implementation performance of EA in the Bank's Regions are highlighted below. Some of the more recent Bank studies used innovative methodologies, based on safeguard criteria, to evaluate and provide insight into operational safeguard performance. These reviews focused on the effectiveness of EA in Bank projects, compliance of EA with Bank safeguard policies, and assessments of environmental management plans (EMPs).

3.1.1 ESSD Report on EA Effectiveness

This report evaluated the suitability of the EA screening and classification process in the Bank.¹ The report notes that EA classification still represents an occasional source of problems for both operations and environmental staff, due in part to a need for further clarity for all safeguards. Several sectors, such as roads, energy, water and sanitation, health (medical wastes), and rural development (numerous small infrastructure subprojects), as well as programmatic lending form the core of safeguard challenges.

While the Environmental Data Sheet is still considered to be a valuable safeguard screening tool, the report said that the Bank needs to improve its usage through more task team training, making it available via the Infoshop, and to clarify disclosure policy. Incorrect classification occurs in about 10–20 percent of projects, and the report suggests further guidance to clarify EA classification, as well as periodic monitoring by the EA Anchor.

A key conclusion of the report is that operational staff are looking to the EA Anchor for more guidance and support. As noted in other sections of this review, task team leaders have strong incentives to avoid having a project classified A, including added time and resource requirements, the disclosure process, and associated administrative chores. Although the study concluded that there was some misclassification of B projects that

should have been As, the safeguard provisions in these projects appeared adequate. The study reiterates a recurrent sentiment in the Bank, that the EA process transcends environmental issues and embraces a wide array of other safeguard issues, which contributes to staff confusion regarding classification. Review of Bank information-management processes revealed numerous shortcomings in relation to exchange of information between the regional and central Bank databases and the Infoshop.

3.1.2 Effectiveness Review in India

A review of the effectiveness of EA in World Bank projects in India looked in depth at 14 projects covering fiscal years 1990 through 1997.² This study is a milestone because the methodology was based on a set of rules and attributes derived from OD 4.01. These criteria were used to evaluate Category A and B projects and assign appropriate ratings—inadequate, satisfactory, excellent—to each attribute. The seven key attributes evaluated were:

- Identification of issues and scoping
- Baseline conditions
- Analysis of alternatives
- Prediction and assessment of impacts
- Mitigation measures
- Public involvement and consultation
- Monitoring plans and supervision.

These attributes are comparable to those utilized to judge quality in EA-2: impact assessment, analysis of alternatives, public consultation, and mitigation, monitoring, and management plans. Environmental covenants and supervision efforts were also evaluated.

The study concluded that the quality of EA reports was satisfactory, and that overall EA quality has been improving steadily. Both category A and category B projects, however, displayed some weaknesses associated with EA project preparation—scoping, analysis of alternatives, and prediction and assessment of impacts. The effectiveness of EA in project implementation was found to be weak in terms of having clearly defined requirements for environmental covenants and conducting supervision.

3.1.3 Safeguard Assessment Study in Latin America and the Caribbean

A Latin American and Caribbean Region safeguard assessment study of 55 Category B projects was carried out through a combination of desk review and field visits.³ The report concluded that half of the projects had good or satisfactory safeguard provisions, based on an established set of safeguard benchmarks. Although all of the projects may have had positive overall environmental impacts, the ratings for this study were based on the extent to which projects put in place provisions to offset adverse impacts from *subproject* works (such as feeder roads or irrigation schemes).

The study also identified projects with better design practices and practical and useful safeguard implementation procedures. Based on the overall results, the study identified 10 characteristics of good safeguards practice (Box 3.1). The inclusion of an environmental specialist at early stages of project preparation and in subsequent supervision missions agrees with one of the EA-2 recommendations. This appears to be an important factor contributing to project success; the Bank should make the commitment needed to ensure that such action is taken as an integral part of the EA process.

The study noted that a learning curve is usually at play: in the beginning, projects tend to struggle with the EA process, but over time they

gain a better ability to implement provisions, as staff become more experienced and receive training. Box 3.2 describes a project in the state of Paraná, Brazil, in which environmental safeguard practices were defined as “good.” Nonetheless, the review found that the project had failed to develop guidance related to potential sources of water contamination or minimal drinking-water quality. Agricultural activity was taking place adjacent to the digging of wells, and no mechanism had been defined to determine whether agrochemicals were leaching into the water supply. Given these potentially serious problems, and the fact that only half of the projects reviewed were considered “satisfactory” or better, it is evident that safeguard practices among Category B projects in the region could benefit from improved safeguard applications.

3.1.4 East Asia Pacific Regional B Category Portfolio Review

A total of 35 Category B projects were selected for safeguards review, representing about 40 percent of this type of project in the active East Asia and Pacific (EAP) Regional portfolio.⁴ The objective of the study was to identify projects with better practices—in terms of design and provisions for applying environmental safeguard procedures—and to develop guidelines that could

Box 3.1 Ten Characteristics of Good Safeguards Practice

1. Include an environmental specialist familiar with the type of project in question as early as possible in project preparation.
2. Make sure appropriate guidance and technical information is used
3. Make sure that environmental safeguard provisions are clearly identified/described in the Project Appraisal Document (PAD)
4. Transform environmental safeguard provisions into main credit conditions/environmental covenants
5. Develop indicators for tracking environmental impacts and risks as part of the monitoring and evaluation process
6. Use environmental specialists with good leadership skills
7. Develop guidance and test it in the field
8. Undertake a training and capacity building program
9. Incorporate environmental safeguards into project performance
10. Include environmental specialists in supervision missions for projects with environmental impacts

Box 3.2 Good Safeguard Practice: Paraná Rural Poverty and Natural Resources Management

EA Guidance and Assessment: The PAD contained an excellent description of environmental screening. The Operational Manual contained general requirements for environmental safeguards, including procedures and checklists. Screening is related to the size and type of the subproject, which dictates the type of EA to be undertaken. All projects refer and defer to the state environmental regulatory agency for reviewing applications and conducting the environmental permitting process. All requirements seem to be well-defined for medium- to larger-scale infrastructure projects.

Environmental Specialist Support: The project had one consultant devoted entirely to managing environmental issues. This environmental specialist was a practitioner with many years of experience in environmental impact assessment, which greatly benefitted the project. Technicians from the state environmental regulatory agency were assigned to the project, working in regional offices.

transform these practices into practical operational tools. A rating framework was designed to summarize descriptive information about each project and the processes and provisions for appraising and approving subprojects, as well as monitoring projects following approval.

Slightly less than half the projects reviewed were rated good or satisfactory. It was noted, however, that one-third of the projects examined were taking place in China, and most of those projects met the criteria established. The weakness of projects rated as marginal or unsatisfactory was most often related to monitoring and evaluation, which may be due to the large size and loan amounts involved in the China loans (demanding extensive technical consultations prior to implementation). The report found that Social Funds in the region generally lacked sufficient provisions for screening sub-projects with potentially adverse environmental impact. Two projects were singled out as exemplifying good practices: the *Vietnam Mekong Delta Water Resource Project* showed evidence of overall good safeguard practices, and the first *China Xinjiang Highway Project* was cited for its exemplary supervision activity. Overall, the review highlighted two key areas that need further attention: *improving information about environmental issues during project preparation*, and *improving environmental safeguard performance during project implementation and supervision*.

3.1.5 Environmental Safeguard Risk Management in the Philippines

The East Asia Environment and Social Development Group (EASES) embarked on an innovative approach to improve environmental safeguard performance, focusing on the entire active country portfolio of Category A and B projects (2 As and 10 Bs) in the Philippines.⁵ The study, while assessing environmental compliance, also developed actions to assist in enhancing project environmental quality and reducing environmental risks in the country portfolio.

The study methodology consisted of the following eight steps:

- Review previous studies on environmental safeguard effectiveness in Bank projects
- Create a conceptual risk ranking framework to evaluate projects
- Review project documents
- Assimilate project summary information
- Evaluate project performance
- Incorporate comments from task teams and others into ratings
- Develop project specific recommendations in the form of Risk Reduction and Quality Enhancement Plans
- Establish mechanisms to incorporate quality enhancement and environmental risk assessment into project supervision

A ranking framework was created to evaluate provisions made in the project for executing safeguard measures at both project design and implementation stages. These provisions were also considered in terms of implementation responsibilities: the Bank or the borrower? Each category consisted of a series of aggregated themes or benchmarks with associated criteria that determined to what degree performance was accomplished. Results were aggregated to determine overall ratings for both Bank and borrower performance and categorize projects as “highly satisfactory,” “satisfactory,” “marginal,” or “risky.”

An Environmental Risk Reduction Plan was provided for each project to identify environmental concerns and suggest actions to mitigate project environmental risk. Risk was based on a threshold of acceptable performance. The concept of Quality Enhancement Plans was developed for projects rated as “not risky” (those achieving an overall score of satisfactory or highly satisfactory for both Bank and borrower performance). For these projects specific plans were targeted to overcome minor weaknesses. The overall findings were:

- Safeguard measures were adequately designed at entry.
- Implementation was considered satisfactory in only four projects.
- Several projects did not implement safeguard provisions adequately; these were considered “risky.”
- Overall, one-half of the projects were considered to be adequate in terms of safeguard design and implementation.

Screening procedures, environmental impact assessment, and incorporation of mitigation measures were in all cases considered adequate for the project design component. However, the performance of these same projects in regard to implementation benchmarks by the borrower was slightly less adequate. Several other thematic component attributes were also not well implemented, including borrower monitoring of environmental impacts and the Bank’s ability to undertake sufficient environmental supervision.

Several common challenges were identified from the perspective of borrower performance and Bank supervision:

- Overall borrower performance was marginal.
- It was unclear how projects manage and administer safeguards at the project level during implementation.
- The status of mitigation measures was frequently not documented (unreported in seven projects).
- In general, no indicators were available to measure safeguard performance.
- Monitoring plans and collection of monitoring data were significantly lacking (67 percent of projects)

In terms of Bank supervision it was found that:

- Many projects with environmental issues of concern had no regular supervision by environmental specialists.
- It was difficult to determine the status of environmental issues, even when reviewing supervision reports.
- Documentation provided in the PSRs did not reflect environmental concerns and risks in eight projects.
- Several projects were adequately supervised by environmental specialists, and sufficiently documented safeguard provisions

Based on this review, a set of actions revolving around three general themes was suggested to improve safeguard performance for the country portfolio (see box 3.3).

Finally, The Philippines Country Management Unit has recently incorporated the Environmental Safeguards Risk Indicators into its Monthly Management Report. Starting in mid CY00, the Country Environmental Specialist generated monthly “risk ratings” for all active and in-the-pipeline projects. This information feeds into 18 focus areas used by the Country Director and Country Management Team. In several cases, task team leaders were contacted directly by the environmental specialist to discuss safeguard issues and the progress and status of areas of concern.

3.1.6 Africa Region Review of Category A and B Projects

The Africa Region’s Environmental Assessment and Review team carried out a review of six

Box 3.3 Improvements to Safeguard Performance in the Philippines Portfolio

Improve monitoring

Project implementation is often slow to incorporate design safeguard provisions, or such measures are not even defined. The borrower, with assistance from the Bank, can take steps to improve safeguard implementation and tracking of progress.

- ***Provide detailed explanations on how safeguards will be implemented with a complete monitoring plan.*** This requires clear definition of what will be measured, who will measure it, how often this will occur, what format will be used to report results, and how much will it cost. Practical guidance for these actions can be found in several sources (such as OP 4.01 Annex C and Environmental Assessment Sourcebook Update 25 “Environmental Action Plans”). When projects lack such a plan, the Bank can work in partnership with the borrower to create a workable approach.
- ***Develop/enhance practical environmental safeguard indicators.*** It is important to develop environmental indicators to measure safeguard performance in projects; these should be identified from the onset of the project. They can be simple and practical measures of how well mitigation is occurring or the status of environmental conditions related to project activities. Indicators need to be linked to the predicted severity of impacts; the greater the predicted impact, the more detailed the indicators.

Improve evaluation and project quality enhancement/risk reduction

The main objective of monitoring is to use its results to confirm that impacts have been minimized. If environmental safeguard performance is not satisfactory, a course of action must be taken by management to correct such problems. For adequate evaluation to occur, monitoring results of environmental performance and risks must be regularly reported, and appraisals of these results should be carried out by environmental staff.

- ***Include environmental specialist in supervision.*** Many projects that have environmental issues of concern have no regular supervision by environmental specialists. Projects with environmental safeguard issues require the participation of environmental specialists during supervision. The task team leader needs to better identify this need in appraisal to acquire appropriate resources, or work with EASES to include this element both in supervision and preparation of projects.
- ***Improve PSR processing.*** The difficulty in gaining a sense of how safeguard implementation is proceeding in a project goes beyond the traditional Back to Office (BTO) reports and Aide Memoires. A series of improvements are needed to track safeguard implementation progress with projects over time. The PSR format can effectively keep track of key issues. However, improvement is needed to meet this goal. Guidelines for improving the consistency and quality of safeguard supervision reporting in the PSR are needed. Safeguard requirements as defined in the PAD and Loan Agreement must be transformed into the appropriate PSR sections. Progress on these critical safeguard issues must be included in every mission and corresponding PSR. One improvement might be for environmental specialists to actually distill their supervision BTO reports into appropriate PSR sections. At a minimum, the Task Manager should provide participating specialists with the completed PSR for review.

- ***Expand use of risk ranking and assessment worksheets.*** A major contribution of the study is the development and application of the Environmental Risk Ranking and Assessment Worksheet. This tool is a useful and practical way for both Bank and counterpart executing agency staff to keep track of safeguard provisions. Once set up for a project, it becomes a valuable source of information. It can serve both technical and management needs, and should be organized by the project Country Team.
- ***Further explore utility of Lotus Notes-based safeguard information tracking.*** The EASES team has been evaluating several approaches to improving both the type and consistency of safeguard information throughout the life of each project in its regional portfolio. To this end, a Lotus Notes-based Environmental Assessment Report—Quality Assessment Worksheet is being tested. This incorporates many of the safeguard benchmark attributes used in this study, which can be filled in and modified at any time. The utility of this tool is that it can be maintained as an active, iterative product at both the country and headquarters levels. It is considered a self-assessment tool because the intention is that the task team would maintain its information content. EASES staff would initially input the information, and on a regular, biannual basis request updates from a project environmental contact and/or the task team leader. The information gathered from the 12 study projects is being used to pilot this application.

Sponsor knowledge and information sharing

Improved environmental management and mitigation of impacts are key themes for any future scenario of sustainable development of the East Asia region. There is growing recognition of the need for better coordination and sharing of information across all sectoral units and some country teams across the Bank's East Asia Region to develop a more comprehensive view of environmental performance. Knowledge and information sharing has become recognized as being a crucial element in efforts to alleviate poverty, both within the Bank and in the countries of the region. Knowledge sharing is not merely about information collection, but a way to bring together underlying lessons, experiences, and knowledge to enhance the quality of our work.

- ***Develop good practice overviews.*** The factors that lead to good safeguard ratings need to be defined for the three projects that stand out as having good safeguard provisions. A case study approach that identifies key success factors is recommended to demonstrate how things can be done right. This will require understanding the history of project preparation, the attitude of the task team leader in including environmental specialists, the capability of the executing agency in terms of staffing and technical expertise, the effectiveness of consulting input when appropriate, and the description of how impact mitigation works.
- ***Share knowledge and information.*** The EASES unit has spent considerable time and resources over the last several years developing various knowledge-management and information products to improve safeguard performance. The products from this study, including the Environmental Risk Ranking and Assessment Worksheet, Risk Reduction and Quality Enhancement Plan, and Environmental Assessment Report/Quality Assessment Worksheet are available on the Bank Environmental Assessment Node (website). This material will also be added to the Region's Environmental and Social Safeguards Briefing Book, which is used for training and various workshops at headquarters and in the field. In addition, several technical notes and reports covering this initiative will be developed over the next year.

Category A and four Category B projects considered to be representative of the portfolio during FY98⁶. An EA reviewer looked at each project to determine strengths and weaknesses and make recommendations for action. Most of the corrective actions recommended for the Category A projects focused on improving capacity in responsible institutions and for country-level EA in general; two of the projects were deemed not to require further capacity building. For the sectoral EAs (three in transport and one in power), two were found to be functioning satisfactorily. In one of the other two cases the review noted a need for better linkages with the central environment ministry, but noted that the ministry was in need of consolidation. In the other, the only action required was monitoring of the environmental management plan and resettlement activities. The report also called for improved communication activities in almost all projects—with government authorities and civil society.

3.1.7 OED Desk Study of Bank Performance with the Environmental Assessment Safeguard in Selected Countries

A sampling strategy was undertaken in this study on the Bank's EA safeguards performance for 19 completed and under-supervision projects.⁷ A detailed review and analysis of OP 4.01 and other safeguards resulted in an approach that aggregates key environmental and social performance requirements into two generic categories of benchmark criteria: (1) borrower safeguard outcomes and processes to achieve outcomes and (2) Bank outcomes, both of which are summarized below. A semi-structured interview process was conducted with task managers and other Bank staff involved in the study projects. A rating worksheet with standard evaluation rules was developed to capture the universe of provisions as defined in benchmark attributes and criteria. Among the completed projects, screening procedures, environmental impact assessment, incorporation of mitigation measures, and examination of project alternatives were found in all cases to be adequate for the Environmental Assessment component.

However, performance in monitoring of environmental and social impacts by borrowers, and the Bank's ability to undertake sufficient environ-

mental and social supervision for most of these projects, was inadequate. Other key findings included inconsistency between Bank appraisal, loan agreements, and environmental covenants; variable supervision and completion quality; and inadequate resources for supervising Category B projects. The study confirmed that increased effectiveness and promoting safeguards is associated with consistent, long-term involvement by task team leaders and that project quality is improved when participation and disclosure have been carried out.

3.1.8 OED Study of the Effectiveness of EAs and NEAPs on Bank and Borrower Operations

An Operations Evaluation Department (OED) review in 1996 evaluated the effectiveness of environmental assessments on the operations of the World Bank and its borrowers.⁸ The study did not assess compliance with Bank operational directives (ODs), but rather the extent to which the main objectives of the ODs were being met for 53 projects. This review determined whether the required project or sector analysis was taking place prior to project design; reviewed project implementation procedures, including performance of borrower environmental institutions; determined the adequacy of Bank funding for environmental monitoring; and identified the type of environmental problems projects are experiencing. Key questions addressed by the study were:

- How timely was the EA in terms of project identification and design and to what extent were the EAs integrated into the project cycle?
- To what extent were environmental alternatives analyzed and to what degree were they integrated into feasibility studies?
- What has been the impact of EA environmental management plans on the ground, were monitoring plans used in project implementation, and have mitigation measures reduced environmental impacts?

The use of evaluation benchmarks was based on a set of questions addressing three types of projects: projects in preparation or implementation without actual field activities, projects initiating activities in the field, and projects completed or nearing completion.

A key conclusion was that while significant progress has been made on improving environmental mitigation procedures, some problems remain—mainly stemming from the nature of the EA system. Specific impediments included:

- EA input is often absent from project identification.
- EAs are often incorporated too late into the project cycle.
- EA schedules are sometimes too rushed to allow for relevant data collection and preparation of conclusions on expected impacts.
- Analysis of alternatives in many cases is weak.
- Supervision during project implementation is weak.
- EA-related consultations with the public and NGOs are often limited and ineffectual.
- In some cases in-county technical resources are diverted to Bank EAs, which hinders domestic EA initiatives.
- The practice of screening by categories has some adverse consequences.
- Environmental Management Plan requirements and EA-specified monitoring schemes are often not reflected in Legal Agreements.

3.2 Thematic Studies

The Bank has gained considerable experience in applying safeguard policies in particular sectors in several regions. The successes and difficulties associated with project design, implementation, and supervision are discussed below for several such studies.

3.2.1 Review of Environmental Aspects of Water Supply and Sanitation Projects: ECA & MNA

This review evaluated 17 projects (3 Category A and 14 Category B) from 1992 to 1998.⁹ Overall, the quality of environmental assessment work was found to be good for the A projects, but for the B projects, quality varied from good to poor. It appears that the trend over time for B projects has been toward improved environmental safeguard applications. In four of the cases, the reviewer believed that the B projects should have been assigned

Category A. In one project the quality of environmental assessment was considered excellent, while in the other three it was lower than desirable.

Poor quality environmental assessment was attributed to several causes. Bank EA policy for B projects is less explicit than is the case for A projects; B projects do not receive as thorough Board and external scrutiny; and there are competing demands for task team leader time and resources in B projects that tend to overshadow environmental considerations. Specific shortcomings with the B projects reviewed included: inadequate discussion in the PAD/Staff Appraisal Report on potential environmental problems, the lack of a definitive Environmental Management Plan with time-bound actions and responsibilities, the absence of environmental monitoring indicators, a lack of reporting requirements for project performance indicators—including environmental indicators—and the absence of legal commitments by borrowers to undertake environmental actions.

3.2.2 Natural Resource Management Portfolio Review

This January 1998 study examined the implementation performance and future prospects of a subset of natural resource management (NRM) projects under implementation in FY96—specifically, projects identified by the Quality Assurance Group as being “at risk” of not achieving their development objectives.¹⁰ These projects represented about 28 percent of the 65 projects making up the NRM portfolio at the time. One of the eight characteristics defined as putting a project “at risk” was being “problematic in relation to environmental and/or resettlement aspects”; that is, lack of adequate safeguard implementation.

Overall, the findings in regard to what makes a successful project were very similar to the observations made in the second EA review. Among the main factors cited were: keeping design simple and within local capacity to execute, high levels of beneficiary participation in planning and implementation, and strong borrower and beneficiary ownership of the interventions. Lack of project success was attributed to three main factors: poor quality-entry, especially in terms of borrower “ownership”; inadequate performance of borrower institutions; and country economic and political factors.

Although the NRM review did not focus specifically on EA/safeguards issues and was limited to projects already identified as problematic, some of its observations are pertinent to the present study. In particular, the review found that “most of the projects examined do not include specific provisions for monitoring and evaluating their environmental and social impacts.” This was especially true of the earliest projects, and was being rectified in more recent efforts, such as the India project described in Box 3.4. Similarly, the review found that “most of the projects reviewed did not take underlying ecosystem services and constraints sufficiently into account during preparation,” although some benefited from a full environmental assessment. Among the recommendations for improving NRM project performance were that social and environmental assessments be undertaken, and that a rigorous analysis of alternatives approaches be carried out.

3.2.3 OED Study of Forestry Strategy Implementation

As part of a broad study of the Bank’s 1991 Forestry Policy, OED reviewed the forestry portfolio

through 1999, including a section on safeguards.¹¹ Since the policy was an effort to reduce the negative impact of Bank activities on forests and their inhabitants, careful attention to potential social and environmental impacts during project preparation was called for. The report found that safeguard “policies are now better incorporated in project design, but systematic monitoring of quality at entry and supervision is lacking.” Among the specific problems cited was the fact that existing data systems do not help staff to identify and anticipate potential indirect and long-term forest problems arising from projects in sectors, such as transportation and infrastructure. But, the report, noted, considerable progress took place during the 1990s. “Bank projects have directly responded to the interests of stakeholders by incorporating planning and implementation tools, including participatory planning, village plans, ecological zoning, demarcation and land titling, and indigenous reserves in project design.” Although Bank projects now include participation by vulnerable stakeholders, they do not always consult with other, more powerful, stakeholders, who may be those most likely to cause harm to forests. The report

Box 3.4 Social Assessment in a Recent NRM Project in India

Designers of the Ecodevelopment Project in India found social assessment (SA) to be a good starting point for stakeholder and NGO participation in project preparation. The project is designed to strengthen the conservation and management of protected areas by increasing local community benefits and local involvement, reducing conflict, and engaging local support. The project focuses mainly on village ecodevelopment activities that seek to reduce negative impacts on biodiversity in and around protected areas by providing alternative livelihood and development opportunities linked to conservation agreements between the communities and park authorities.

In addition to identifying key stakeholders, the SA supported the collection of socioeconomic and biophysical information to feed into project implementation and monitoring, and enabled those responsible for project preparation to build on the experience of people’s involvement in forestry, conservation, and rural development projects in India. The SA permitted stakeholders to identify interactions between parks and people, map out potential and actual conflicts, and agree on a framework for ongoing participation during project implementation through which communities and park officials will choose ecologically appropriate development activities and livelihoods.

Source: “India: Using Social Assessment to Foster Participation in Protected Areas,” Environment Department, *Dissemination Note 42*, May 1996.

stresses that “upstream attention to safeguard policies” is critical to success.

The number of environmental impact assessments undertaken in the forestry sector rose sharply in the years following 1991, indicating a greater understanding by Bank staff of the potential indirect impacts of projects. “However,” the OED report concludes:

... With some notable exceptions, these assessments have generally lacked focus on issues critical to a particular project, and typically have come too late in the project design process. They have also tended to be superficial regarding forest-related biodiversity issues, often lacking analysis of indirect and regional impacts. Even where assessments have been satisfactory, recommendations have often not been carried forward into project design and implementation.

The overview cited above was based on a series of evaluation country case studies also prepared by OED. These studies outline the legislative and other changes that took place in the countries studied, which often improved the context in which EA took place. The titles in this series include:

- *Brazil: Forests in the Balance: Challenges of Conservation in Development*
- *Cameroon: Forest Sector Development in a Difficult Political Economy*
- *China: From Afforestation to Poverty Alleviation and National Forest Management*
- *Costa Rica: Forestry Strategy and the Evolution of Land Use*
- *India: Alleviating Poverty through Forest Development*
- *Indonesia: The Challenges of World Bank Involvement in Forests*

3.2.4 Review of Selected Urban Environment Projects in China

Four projects in five urban areas (Beijing, Shanghai, Hangzhou, Shaoxing, Ningbo) representative of the Bank’s 11 urban environment/development projects were reviewed in late 1999.¹² The projects focus on delivery of water supply, sewerage, and sanitation. Local agencies have incorporated many

EMP recommendations into their standard operating procedures and incorporated several key mitigation measures into contract documents.

The Shanghai Environment Project, viewed as a best practice, devoted about one-quarter of staff time to monitoring EMP implementation. The review reported that this was seen as “time well-spent” by the project office. In this project and the Hangzhou Multicities Project:

Local authorities planned carefully to prevent loss of income or land during project implementation. Pipelines were laid in the agricultural off-season and diverted to prevent encroachment on private land. This not only ensured that there were no crop losses but also minimized the need for compensatory actions. Topsoil cover was returned to the fields as planned.

Box 3.5 provides an overview of the steps taken in the Zhejiang Multicities Project to ensure that project activities aimed at urban infrastructure upgrading would have the fewest possible impacts on citizen safety, traffic flow, and the environment.

Despite these successes, the review noted that several items require ongoing work in the area of environmental management plans. First and foremost is the need to build capacity for implementing projects and conducting environmental supervision. Additionally, the review recommends that, given the unlikelihood that increased resources will be available for EMP supervision at the Bank, project reporting should at least include a requirement to comment on EMP implementation, and objective criteria should be suggested to rate performance and to flag and remedy problems.

3.2.5 Review of Selected Urban Environment Projects in Indonesia

Four projects with investments in 10 urban centers were examined in early 2000.¹³ These projects concentrated on improving services through infrastructure investments and strengthening responsible agencies. Investments include urban roads, water supply and distribution systems, storm drainage and flood control, solid waste collection and disposal, human waste disposal,

Box 3.5 Ten Key Steps Taken in Zhejiang Multicities Project: Best Practice in Ningbo City

1. Joint option study with the police on how to manage traffic flows
2. Phased construction of main roads, to prevent major rerouting
3. Formation of a construction-coordinating group with representatives from the police department and electricity and water supply companies
4. Staggered work schedule implemented to avoid delays in community
5. Completion of construction put on fast-track; work done in three shifts
6. Special care taken to make commercial enterprises accessible
7. Construction sites kept clean, spoil disposal made a priority, and working areas enclosed
8. Sections of roads near the construction site cleaned daily
9. Worker safety made a priority
10. Weekly assessment of the contractor's work; warnings and penalties assessed when necessary.

sewerage and on-site sanitation facilities, and market improvements.

The review found that EMPs are generally followed during construction, but require Bank supervision even when local authorities were required to undertake such actions. Monitoring was found to be sporadic and records hard to find, with local government agencies lacking resources and clear lines of authority. EMP mitigation and monitoring measures are often not implemented, including noncompliance with basic operations and maintenance activities, due to lack of funding, supervision, and staff incentives. This was found to be especially applicable to the solid waste component of the projects visited by the review team. Often existing landfills (even those that are environmentally unsound and poorly managed) continue to be used because the implementation of new projects is delayed. The two macro trends in Indonesia, decentralization and privatization, present challenges in financing, managing, and monitoring contract and associated environmental management requirements.

3.2.6 Environmental Performance of Bank-Financed Coal-Fired Power Plants in China

The purpose here was to assess the environmental compliance of six power plants in light of agreed Chinese and Bank environmental processes and

standards based on EMPs that were part of the project EAs.¹⁴ Most plants visited were found to be in compliance with Bank environmental standards as applied at the time of construction and initial operation, and with newer Bank guidelines. Bank involvement was seen to have served as a catalyst for encouraging improved environmental management of plant operations, including those not financed by the Bank. However, the review also found that public consultation had not taken place and “the notion of making the EA available locally is still not widely accepted.” Bank supervision was found to have been “minimal,” but the review concluded that Chinese power authorities were overseeing the projects carefully. Among the recommendations were increased technical assistance and supervision of the plants and more effective efforts to ensure that public consultations and disclosure take place. Finally, the report urged that the Bank develop a quicker, cheaper methodology for comparing air quality to the predictions and baseline data from the EA.

3.2.7 Reservoir Resettlement in China

The involuntary resettlement process at Shuikou Dam and Reservoir Project in Fujian Province was reviewed through its planning, design, implementation, and post-construction phases.¹⁵ Two Bank loans were involved; the first for US\$140 million

was approved in 1987, and the second for US\$100 million in 1992. The reservoir created by the project caused the relocation of 67,239 people in rural areas and 17,215 people in Nanping City. Relocation was carried out between 1988 and 1993, and economic rehabilitation of affected households took another five years. Resettlement expenditures of US\$14,000 per household were among the highest recorded in China for a project of this type. A key feature of the project was the Bank-initiated “Independent Evaluation of Resettlement,” which took place annually over a five-year period. These reports became a useful monitoring tool for identifying achievements and outstanding problems, and were the first of their kind in China. OED concluded in 1998 that the resettlement was generally successful in generating sufficient employment and restoring the incomes and livelihoods of those resettled. The Bank also used this study to identify how resettlement could have been better planned and implemented.

3.2.8 OED World Bank Safeguard Policies in China

A Quality Assurance Panel was established to examine the quality of supervision and oversight of safeguard policies for six diverse projects in China. The Category A projects (environment, hydroelectric power, highway, immigration and resettlement, water transfer) and the single Category B project (railway) were rated from highly satisfactory to marginally satisfactory for supervision quality. The projects had good staff continuity, appropriate skills mix, adequate budgets, and realistic reporting, but in general involved insufficient consultation and disclosure of pertinent information with affected peoples.

In regard to project design, the Panel felt that the Bank had fulfilled safeguard policies. Summary EAs and resettlement action plans were generally well handled, with good analysis and reasonable mitigation plans. Overall, it was observed that the Bank’s presence strengthened safeguard performance. One criticism was that the EAs tended to focus on direct project impacts, and may have missed significant *indirect* effects. There was also a lack of attention to social safeguard issues during project design.

Most important, the borrower’s effort to comply with safeguard policies was generally consis-

tent with the Loan Agreements for the three projects visited in the field. Although the quality of implementation varied, there were no instances of substantial noncompliance.

3.3 QAG Safeguard Reviews

The Quality Assurance Group undertakes several regular assessments, including annual quality-at-entry and supervision performance assessments. Recent QAG initiatives explicitly address safeguard compliance, as recommended by EA-II.¹⁶ This section describes the results of three assessment reviews undertaken between FY98 and FY00. Details concerning the differences in QAG yearly assessment protocol are provided in Annex 3.2.

3.3.1 Second Quality-at-Entry Assessment

In the second Quality-at-Entry Assessment, QAG reviewed a random sample of 100 operations approved by the Board in CY98. This review was based on a lengthy, 40-question questionnaire that assessed eight categories. The environmental analysis category consisted of two questions:

- Was the environmental analysis adequate?
- Were environmental aspects reflected in the analysis of alternatives and economic evaluation?

Three other questions were raised under the category of “Social and Stakeholder Analysis.” The QAG report reviewed compliance with safeguard policies based on these five questions. However, the two environmental questions used in the review have little relevance to how well environmental safeguard provisions were designed as part of project preparation and appraisal. These questions are not based on any benchmark criteria, and there was no development of environmental provision standards. In addition, it is important to emphasize that this type of assessment is only evaluating quality at entry. As such, the results are only a partial indicator of overall safeguard performance. A more comprehensive approach should also include other factors, such as institutional capacity to carry out environmental safeguards by the implementing agency, implementation of effective mitigation

measures when necessary, and adequate monitoring of environmental provisions. Consequently, the conclusion that 98 of the projects were in compliance is misleading with regard to safeguards.

3.3.2 Third Rapid Supervision Assessment

The Bank's Third Rapid Supervision Assessment (RSA3), also carried out by QAG, tried to develop a more complete understanding of environmental issues, but once again provided less than comprehensive insight, although representing a considerable improvement over the earlier effort. RSA3 was based on a random sample of 200 projects under supervision during FY99. Four principal dimensions were assessed:

- Focus on development impact
- Attention to fiduciary aspects
- Appropriateness of supervision inputs and processes
- Realism of project ratings and reporting.

"Environmental aspects" was one of seven categories assessed as part of fiduciary aspects. The assessment of environmental mitigation and management measures was based upon the following criteria:

- Was supervision of the implementation of environmental conditionalities and covenants adequate?
- Were actions taken to ensure satisfactory implementation, monitoring, and reporting of mitigation and management measures?
- Were stakeholders consulted during implementation and monitoring?
- Were appropriate courses of action taken if compliance with the environmental safeguard policies proved unsatisfactory?

These questions provide good insight into issues related to environmental supervision, and represent a significant improvement over the Quality-at-Entry study. The above questions were applied to a subset of 50 projects by a group of environmental specialists. Of this subset, 17 projects were Category A, 22 were Category B, and 11 were Category C. Although the environmental specialists spent consid-

erable time assessing the 50 projects, the final RSA3 report does not include this group's findings. Rather, more generalized conclusions are provided in the final QAG report.

A summary memo of the environmental specialists' assessment offers more useful insight. Of the Category A projects assessed, 82 percent were considered satisfactory, while this was the case for only 55 percent of B projects. For C projects, there was some ambiguity, since the review team found that some C projects should have been classified as B, and vice versa. The specialist team concluded that the high degree of environmental supervision compliance for Category A projects was related to the clarity of Bank policies. They also concluded that task teams know what is required, or they consult with appropriate Bank environmental staff. In contrast, the poorer compliance with environmental supervision safeguards for B projects was considered to be a result of poorly defined Bank policies for these projects. Furthermore, task teams seem to approach Category B projects with less attention to environmental aspects, and frequently do not seek support from the regional environmental units.

RSA3 also contains useful insight regarding social development and supervision. A separate annex is incorporated into the final report that summarizes the results of the Social Development team's review. The review is based on a set of standardized questions that identify whether or not social assessment studies were undertaken, whether social safeguard policies applied to the project, what social development outcomes were relevant, whether identification of social conditionality is made in the Legal Agreement, and whether the social assessment was sound.

The key result of the analysis of social development supervision was that 40 percent of the RSA3 sample was being supervised with *insufficient* attention to social issues and risks, and without any planned social development outcomes. This analysis further noted that supervision of social development aspects and overall supervision improves with social development input. When both social analysis (project pre-approval inputs) and operational support occurs during supervision by social development specialists, the analysis found that supervision quality is very satisfactory.

3.3.3 Fourth Rapid Supervision Assessment

The most recent supervision assessment (QSA4) was carried out in FY00. It covered 103 projects, of which 14 were Category A, 56 Category B, and 33 Category C. Unlike previous years, no projects were rated “unsatisfactory” for environmental aspects, and no Category A projects were rated lower than “satisfactory” for overall supervision quality. This appears to confirm that Bank staff are doing an increasingly good job at supervising the potentially higher-risk A category projects.

Although the share of projects rated “Highly Satisfactory” (HS) for environmental supervision doubled compared to FY99, QSA4 found a significant decrease (9 percent) in environmental supervision performance ratings (fewer S ratings and more ratings of “M,” or marginal), as shown in Figure 3.1. It is notable that environmental supervision quality ratings also dropped slightly from RSA2 to RSA3. This rating decline may be a result of increasing scrutiny and involvement of specialized ENV reviewers, starting with RSA3 and sharpening in QSA4.

As shown in Table 3.1 there are noticeable regional differences in terms of environmental quality ratings; no HS projects were found in the Africa Region (AFR), and twice the Bank-wide average of HS projects were in the East Asia and Pacific Region. EAP’s strong showing is probably related to the number of large country portfolios in that region, with resultant economies; the fact that the regional environmental unit has more senior and experienced staff; and more field-based supervision using local staff. At the lower end, AFR has more M-rated projects than the Bank-wide average, which may be associated with the large number and wide dispersion of countries. The numerous small projects in the AFR region stretch staff resources and may account for lower ratings.

Projects begun in earlier years tend to receive more “M” ratings than the more recently approved operations (FY99). This is probably a result of the improvement in environmental safeguard provisions incorporated into project design as a result of improved safeguard technical inputs.

A more detailed look was taken at 14 operations (9 percent of the total sample) that were

Figure 3.1 Bankwide Quality at Supervision, QSA1 to QSA4

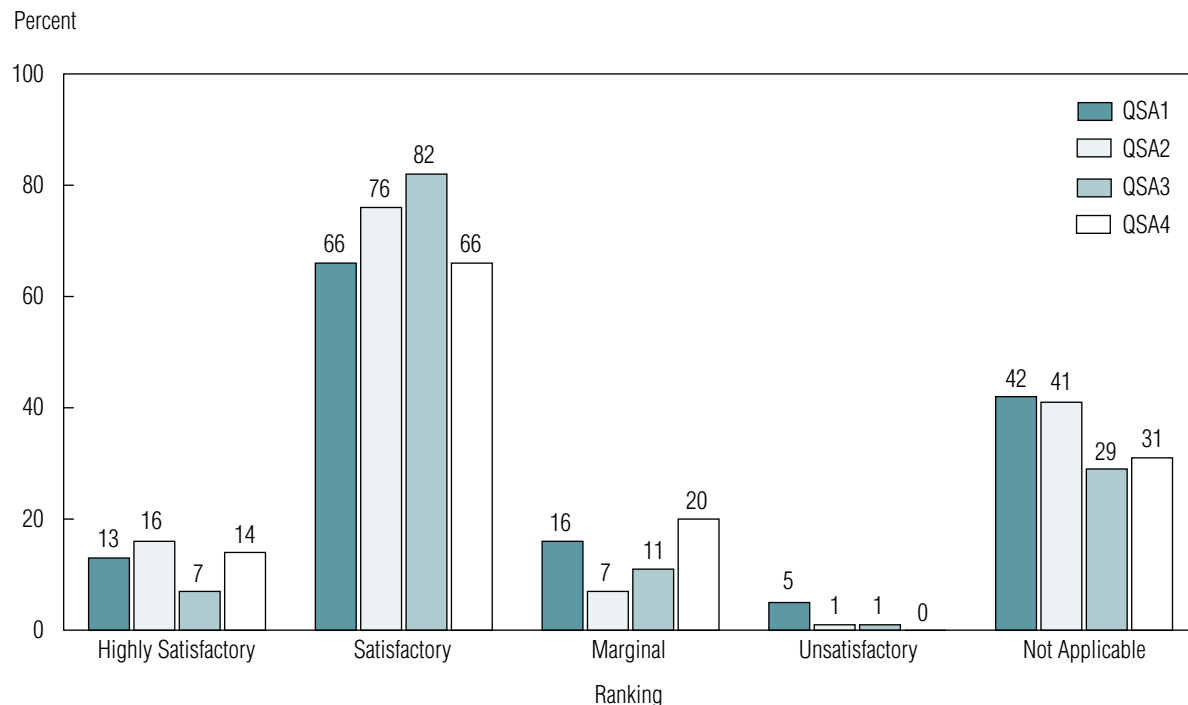


Table 3.1 Environmental Ratings by Region, QSA4 (%)

Region	HS	S	M	U
AFR	0	66	33	0
EAP	29	59	12	0
ECA	15	62	23	0
LCR	15	60	25	0
MNA	11	78	11	0
SAR	12	65	24	0
Bank-wide	14	66	20	0

rated HS for environmental supervision performance, in an effort to learn from the best performers. Among the report's conclusions were the following observations:

It is not surprising to find a larger number of high performers in the ESSD cluster, but the considerably higher-than-average representation of 'conventional' infrastructure and energy projects among the environmentally HS projects is very encouraging. These results clearly demonstrate that it is possible to do outstanding environmental supervision, even for the implementation of projects which traditionally were considered high risk for not complying with good environmental management practices in past performance assessments.¹⁷

A recurring attribute found in the detailed written assessments for these higher rated projects was that 'Quality at Entry' was considered good to excellent. This means that there was good environmental design and preparation work resulting in more comprehensive EA and an EMP, environmental impacts were fully identified, and mitigation and monitoring plans were clearly defined.

The assessment reports identified other features that are likely to have contributed to the high-quality performance of these 14 projects, including:

- Field-based supervision using local staff, especially for environmental aspects¹⁸ (more than 40 percent of the environmentally HS projects used field-based supervision, compared with only 21 percent of the entire sample)

- Committed task team leaders who placed priority on the environment by including specialists when needed, or by spending time themselves on supervising the environmental aspects
- Strong national or local environmental (and also technical) institutions that have taken on many of the environmental supervision responsibilities, including periodic reporting to the Bank
- Community-driven rural infrastructure development components with strong local consultation, participation, and environmental education elements
- Consistent and adequate reporting of environmental mitigation and monitoring activities in the project documents, including realistic environmental performance ratings based on measurable indicators.

The QSA4 report continued: "A careful review of the interview records and written assessments of environmental supervision performance showed a number of recurring themes and problem areas associated in particular with operations rated M for environmental aspects," including:

- Environmental specialists are rarely employed for supervision, including 6 of the 14 A category projects, which should have such a specialist going out on supervision at least once a year.
- Despite adequate preparation work, there is often a lack of follow-up on the implementation of the EMP.
- The reviews also found quality problems with the newer lending products, i.e. financial intermediary (FI) category projects and adaptable program loans (APLs): supervisory staff appear to be unfamiliar with the appropriate procedures for EA and EMP if financial intermediaries are involved (such operations fall now into the new FI category under OP 4.01). Similarly, based on the few examples contained in the sample, staff seem to have little experience with the use of environmental conditionality in APL operations, and with monitoring and tracking whether these conditions have been met.

Box 3.6 Examples of Environmental Excellence in Brazil and China

The *Brazil Rural Poverty (RGN) Project* is category B; only minor impacts are expected from the community subprojects. Only a simple EA was done, and the focus was on good environmental screening procedures and their inclusion in the project manual; checklists for use by the communities were included. Field-based supervision staff is making great efforts to “create a culture of environmental awareness” among the people and their local institutions, and they succeeded in having a local environmental specialist hired who is training the different stakeholders to raise their capacity for environmental mitigation and monitoring. This includes the communities and the local councils, and raising their sensitivity for the environmental dimensions of their investments. The Bank team is doing an excellent job of building and using local capacity, involving and educating the communities and, through these activities and their coverage in aide memoires, letters, and PSR, sending a consistent message to the borrower that “good environmental management is important to the Bank.”

The *China: Fujian Provincial Highways Project* is category A. A full EA and detailed EMP were carried out prior to approval, and the EMP implementation was covenanted in the loan agreement. The borrower prepared an additional EA and EMP for an expressway segment added later due to cost savings. The responsibility for environmental management was assigned to the environmental unit newly established in the provincial road authority, and they have reported regularly the monitoring results of air and water quality, noise levels and other relevant parameters. They also pay close attention to road and tunnel safety, especially for the operational phase. The Bank supervision team—which recently included two environmental specialists—has been very diligent in following up on the implementation of the environmental mitigation actions and the monitoring program. There is an ongoing intensive dialogue between the borrower staff and the Bank team, which seeks to identify problems and finds ways to address them. Thanks to the combined efforts of the Chinese and the Bank, the quality of environmental management on this very large project approaches western industrial country standards.

Source: QAG, QSA4.

- SECAL and SAL operations show little effective monitoring of actual environmental impacts during the implementation of a reform program—probably the most important element of environmental supervision of such operations.
- One of the most persistent problems encountered during the detailed review of the supervision documentation was poor reporting, although Category A projects were generally better in this regard. Many Category B projects did not rate performance of “Environment” or “Environmental Plan” in the PSR or they rated it NR or NA. In many instances the rating was not explained, either

in the PSR or the aide memoire, or it was inconsistent with actual environmental performance. Many of the ratings for safeguards compliance were neither clear nor consistent, with certain policies checked as applicable even when they were not, and vice versa. Finally, there often was no specific information in the supervision documentation regarding the checked safeguard policies and the presence or absence of associated issues.

3.3.4 QAG Assessment Summary Insights

What overall conclusions can be drawn from these efforts toward imposing quality control in the area

of environmental assessments? First, QAG is becoming more sophisticated in its efforts to assess safeguard quality, a positive factor that will help the Bank immeasurably in its ongoing critique of work in this field. Second, it is clear that while progress is taking place overall, Category A projects are making more progress in complying with Bank safeguard policies than Category B and other types of projects (SECALs, IFIs, and others). Thus more attention needs to be devoted to ensuring that managers of Category B projects understand and apply the safeguards. Third, the involvement of environmental specialists—especially field-based specialists—seems to be an important factor contributing to the quality of EA work, and the Bank should redouble efforts to ensure that these specialists are brought in at appropriate stages of the process. Finally, the QAG reviews confirm the consistent finding that newer projects perform better than older ones. If continued over coming years, this trend should mean that the overall portfolio becomes better and better at carrying out environmental assessment.

3.4 Inspection Panel

The Inspection Panel is a three-member body created in 1993 to provide an independent forum to private citizens who believe that they or their interests have been or could be directly harmed by a project financed by the World Bank. The Panel's

method of functioning is laid out in Operating Procedures developed by the Panel members to implement the resolutions of the Bank's board of executive directors (the Board) that created the Panel. Because this is the first body of its kind to give voice to private citizens in an international context, the Panel's operational procedures and operations were designed to be innovative and fluid. As of September 2000, 12 formal requests had been received and investigated since Panel operations began in September 1994. The Panel maintains a website accessible via the external World Bank website and makes its reports publicly available.

The Panel receives a request and decides whether it falls within its mandate (see Box 3.7); if so, the Panel forwards the request to Bank management, which prepares a response to the allegations and submits it to the Panel. The Panel makes a preliminary review of the request, conducts an independent assessment of the merits of Bank Management's response, and recommends to the Board whether or not the claim should be investigated.

If the Board approves a recommendation to investigate, the Panel proceeds with the investigation. When the Panel finishes an investigation, it sends its findings to the Board and to Bank management. Bank management then has six weeks to submit its recommendations to the Board, covering actions the Bank should take in response to the Panel's findings. Based on the Panel's findings and Bank management's recommendations, the Board reaches a final decision on what should be done.

Recent reports on the Inspection Panel include two documents: "The Inspection Panel's First Four Years of Activities"¹⁹ and Ibrahim Shihata's "The World Bank Inspection Panel: In Practice."²⁰ These documents summarize the history of events for six projects²¹ for which allegations of Bank violations of environmental and social safeguard policies and procedures had occurred as of the time of publication. A wealth of information is provided for each case study, permitting the reader to understand how the Panel interprets compliance on a case-by-case basis.

The Panel's review of the Brazil Itaparica Resettlement and Irrigation Project, for example, includes reference to Bank management's response

Box 3.7 Who Can File a Request to the Inspection Panel?

At minimum, requesters must show in writing that:

- They live in the project area (or represent people who do) and are likely to be affected adversely by project activities.
- They believe that actual or likely harm results from failure by the Bank to follow its policies and procedures.
- Their concerns have been discussed with Bank management and they are not satisfied with the outcome.

to allegations of noncompliance by stating that it complied *fully*, *substantially*, and *partially*, respectively, to three ODs. Unfortunately, there is no presentation of what standards were used to establish these degrees of noncompliance. Similarly, the Panel concludes for the Brazil Rondonia Project that there was not *full compliance* with relevant policies and procedures. There are repeated statements of “violations of Bank environmental and social policies and procedures,” with reference to specific OD provisions in almost all of the case studies.

In its review of the Yaceretá Project in Argentina, the Panel considered that supervision and compliance go beyond including covenants in Loan Agreements. It specifically evaluates how safeguard provisions were implemented and the timeliness of such provisions from the perspective of both the borrower and executing entities. A slightly different viewpoint is presented by the Panel in its Brazil reviews, where it states that its function is limited to investigating the alleged failure by the Bank to follow its own policies and procedures, and does not extend to commenting on actions that are the responsibility of the borrower or project executing entities.

Ibrahim Shihata, who served as General Counsel of the Bank, maintains in his book that not all the standards provided for in the OPs and their predecessor documents have been binding on staff, because it depends on the wording of each standard. He argues that actual achievement of these standards may depend on the action of other parties, notably the borrower. Bank staff must ensure that contractual obligations require the borrower to achieve these “binding standards,” and the Bank must follow up to ensure the fulfillment of such obligations.

Further discussion sheds light on the role of the Panel, as interpreted by the Resolution creating it. The Panel may receive complaints for violations or construed violations of policy statements, Bank procedures, and other applicable Operational Directives, Memorandums, and Notes. According to Shihata, this Resolution explicitly excludes non-binding Guidelines and Best Practices. Shihata provides a useful discussion of how the Bank should require borrowers to prepare and implement projects. Policies related to project implementation are normally reflected in covenants that ap-

pear in the loan agreement or in a project agreement, and in some instances detailed action plans are attached to these agreements detailing the borrower’s obligations.

During FY00 the Inspection Panel took on two new investigations. As described in Boxes 3.8 and 3.9, one involved the means selected by the Bank for ridding Lake Victoria of water hyacinth and the other was a dispute over access to information about planned mining activities in Ecuador. Also in FY00, the Inspection Panel finalized its report on one component of a project in Qinghai, China, designed to reduce poverty.

The China Western Poverty Reduction Project (WPRP) graphically illustrates the problems still faced by the Bank in complying with its own environmental and social safeguard policies. Qinghai was one component of three of a project presented to the Bank in 1997. It aimed to reduce poverty by moving farmers living in one area to another, where dams, irrigation facilities, and canals were to be renovated or constructed. Among those living in the area were at least four ethnic minorities: Mongolian, Tibetan, Han, and Hui people (see Box 3.10). The request to the Inspection Panel was made in mid-June 1999 by NGOs representing the Tibetan people, alleging that the Bank was not observing the following policies: BP 17.50 (Disclosure of Information), OD 4.01 (Environmental Assessment), OD 4.20 (Indigenous Peoples), OD 4.30 (Involuntary Resettlement), OP 4.09 (Pest Management), and OP/BP 4.37 (Safety of Dams), among others. This request for inspection was also closely aligned with a much publicized campaign against the project by numerous NGOs. The World Bank President was also urged to drop the project by 60 members of the U.S. Congress and the U.S. Secretary of the Treasury as the U.S. representative on the Bank’s Board of Governors.

Protests and request for inspection notwithstanding, the Bank’s Board of Executive Directors approved the WPRP project on June 24, six days after receipt of the International Campaign for Tibet’s request for inspection. The Board stipulated, however, that there would be no disbursements for the Qinghai component of the project pending review of the Inspection Panel’s report. The Bank management also sent

Box 3.8 Kenya Lake Victoria Environmental Management Project—Inspection Panel Review

On April 10, 2000, the World Bank's Board of Executive Directors approved the Inspection Panel's recommendation that it conduct an investigation into an aspect of the water hyacinth management component of the Lake Victoria Environmental Management Project in Kenya. The Executive Directors' decision was taken on a no-objection basis.

The Panel report concluded (1) that the request for inspection met all eligibility criteria required under the Resolution establishing the Panel; and (2) that the request for inspection and the management response to it "contain a wide range of conflicting assertions and interpretations about issues, the underlying assumptions, the facts, compliance and harm." The Panel therefore recommended that the Executive Directors authorize an investigation "into the matters alleged in the Request."

The Panel assessed whether or not the Bank had observed its own policies and procedures on, among other things, Environmental Assessment (OD 4.01), Poverty Alleviation (OD 4.15), Economic Evaluation of Investment Projects (OP 10.04), and Project Supervision (OD 13.05).

The Panel's report was prepared in response to a request for inspection submitted by RECONCILE (Resources Conflict Institute), a Kenyan nongovernmental organization, acting for and on behalf of persons in the area known as the Nyanza, located in the Gulf of Lake Victoria (the Requesters). RECONCILE is also authorized to represent OSIENALA (Friends of Lake Victoria), an NGO located in Kisumu, and the Kenya Chapter of Ecovic (the East African Communities Organization for Management of Lake Victoria Resources) who represent communities living along the Kenya side of Lake Victoria. The Requesters claim that the communities they represent are likely to suffer harm as a result of failures and omissions of IDA and the IBRD—the implementing agency of the GEF—in the design and implementation of the water hyacinth management component (Part B) of the Project in Kenya. Specifically, the Requesters claim that the proposed use of a mechanical method of shredding water hyacinth and letting it sink to the bottom of the lake will result in ecological decay and environmental degradation that, in turn, will adversely affect communities living on the shores at the Nyanza Gulf. These communities depend directly on the lake for their livelihoods, since the Gulf is home to freshwater fish and the source of water for domestic use and these, and the ecosystem, will be endangered by the resulting pollution. They claim that the method was selected without a prior Environmental Impact Assessment or appropriate community consultation, as required by the loan documents.

a special team of very experienced Bank staff who had not been directly involved in the Qinghai project to the project areas to investigate the claims made by the campaign and others. The team reported that the allegations were not sufficient to justify further delay in Board consideration and Bank management decided to go forward with the project, subject as always, to Board approval.

Bank's Management prepared a detailed report for the Board, responding to all allegations and concerns expressed in the Panel request. The report essentially confirmed the conclusions of the special high-level staff mission to Qinghai. It con-

ceded though, that the Bank could have done certain things better, that some refinements in project design could and would be made, and that the Bank should have provided more timely and more complete information on the project to the general public. Management reaffirmed that Bank policies and procedures had essentially been followed and the WPRP was a sound anti-poverty project that would bring considerable benefits to the targeted poor while adequately protecting the interests of people in the move-in area.

After formal acceptance of the Panel request, the Inspection Panel assembled a team of specialists that researched the project and visited the

Box 3.9 Mining Development and Environmental Control Technical Assistance Project in Ecuador—Inspection Panel Review

The Panel's review concluded: (1) that the request for inspection met all eligibility criteria required under the Resolution establishing the Panel; and (2) that the request for inspection and the management response to it "contain a wide range of conflicting assertions and interpretations about issues, the underlying assumptions, the facts, compliance and harm." The Panel therefore recommended that the Executive Directors authorize an investigation "into the matters alleged in the Request."

The Panel looked into whether or not the Bank has observed its own policies and procedures on Environmental Assessment (OD 4.01), Wildlands (OPN 11.02 now OP/BP 4.04 on Natural Habitats), and Project Supervision (OD 13.05), among others.

The Panel's report was prepared in response to a request for inspection submitted by DECOIN, Defensa y Conservación Ecológica de Intag (Defense and Ecological Conservation of Intag)—an Ecuadorian non-governmental organization acting for and on behalf of persons in the area known as "Intag" and four representatives of the Asociación de Caficultores Rio Intag (Association of the Coffee Growers of Rio Intag), all residents in the Imbabura Province, Republic of Ecuador. The Requesters claimed that the communities they represent are likely to suffer harm as a result of World Bank failures and omissions in the design and supervision of the project.

Specifically, they claimed that the development of mining activities in the Intag area will prevent local communities from continuing to work in their traditional agricultural and cattle breeding activities. They also claimed that the project would have a destructive impact on critical natural habitats, threatening protected natural reserves and endangered species. The Requesters asked, among other things, that the mining information gathered under the project within the natural reserves, their buffer zones, and other areas in which there is a conflict involving local communities and mining companies not be publicly disclosed.

project area and submitted a report. The Inspection Panel report²² claimed that the Qinghai component of the project represented, for the most part, "worst practice," in that the Panel found violations of all of the safeguard policies noted above—despite warnings along the way that the Qinghai activities were problematic. The major issues highlighted by the Panel Report were:

- The project was classified as a Category B project and the Panel summarized that it should have been Category A.
- The majority of ethnic minority communities that would be affected—mainly through involuntary resettlement or loss of passage through grazing land—were not consulted in accordance with Bank Policy and their differing social and cultural needs were not subsequently addressed.
- The number of people involuntarily affected by the project in the move-in areas was underestimated because some pastoralists had not been included.
- No analysis of alternatives was carried out, since as a Category B it was not required, but the Category A status would require such an initiative.
- Inadequate attention was paid to potential risks from earthquakes and water pollution by pesticides from nearby agriculture.
- A broader ecosystem view should have been taken for biodiversity and wildlife studies, particularly for the Black-necked Cranes.
- The quality and the timeliness of public information on the project provided during the preparatory stages were inadequate—information was not sent to the Infoshop according to disclosure requirements

Box 3.10 Key Background Features of the Qinghai Project

Under the project, some 58,000 extremely poor farmers living in the mountains of Eastern Qinghai would be assisted, on a voluntary basis, to resettle on irrigated land about 500 km to the west within the same province. The resettlement site is one of the last remaining undeveloped areas in Qinghai that is suitable for irrigated agriculture. The share of the Tibetan population in the three prefectures affected by this project (in move-out and move-in areas) ranges from 4 to 11 percent. They are the “least” Tibetan prefectures in Qinghai and the only three not designated solely as “Tibetan Autonomous”; the other five prefectures in the province are all designated as “Tibetan Autonomous.”

The ethnic composition of the 58,000 target population in the move-out area is about 42 percent Han, 36 percent Hui, 9 percent Tu, 7 percent Salar, and 6 percent Tibetan. The majority is therefore non-Han. All are chronically poor and many are illiterate. Paradoxically, the proportion of Tibetans living in the move-out areas would increase as a result of the project, because the proportion of Tibetans in the target group is much smaller than the proportion of Tibetans in the total population of the move-out areas. The relatively low (voluntary) participation rate of Tibetans in the target group was thought to be related to the fact that the move-out areas are located in the vicinity of the birthplaces of the Dalai Lama and the Panchen Lama. These are areas to which many Tibetans are deeply attached

The project area narrowly defined, which includes land to be irrigated and villages to be established, occupies a little over 200 sq. km. The project area broadly defined, which includes rural roads, irrigation canals, and open space between non-contiguous irrigation areas, occupies about 2,000 sq. km, or about 4 percent of Dulan County. At present, the area is poor-quality grassland, and is primarily used by the Mongolian cattle herders for winter grazing. Only 63 families presently live (part of the year) in the actual project settlement areas. They are semi-nomadic and all are Mongolian. Others use the area merely for the transit of cattle between summer and winter grazing. Another 248 households farm nearby amidst an old dilapidated irrigation scheme. All affected local people would be entitled to full compensation under the project or have the option to participate in it as direct beneficiaries. Transit rights through the project area would be fully protected. A grievance mechanism would be introduced to deal with concerns and complaints of affected local people

A few Tibetan villages are dispersed in the broadly defined area, but most local Tibetans live higher up in the mountains with their yak and their sheep, not in the project area. The inconvenience of the project on those mountain people would be minimal. Indirectly, they would benefit from a larger market for their products. Tibetans living near the project area, like other minorities, would have the option to participate in the project as direct beneficiaries or receive compensation if they were negatively affected and preferred not to participate. The Bank’s appraisal report indicated that Bank staff responsible for the project’s preparation and appraisal were aware of Tibetan dilution concerns and the perceived risk that Tibetan culture in the area might weaken through the replacement of a herding lifestyle with that of farming. However, since nobody would be forced to adopt a different lifestyle, while a large majority of the local people seemed to be in favor of the project, the Bank’s team found that these risks were manageable.

To protect the social fabric of villages in the move-out area, people would resettle on a village-by-village basis. The Qinghai provincial government originally proposed to move all 120,000 people who had applied for resettlement. However, the World Bank team persuaded the borrower to limit the number to a little under 58,000 so as not to overload the move-in area. The government also agreed to include in the project certain investments in the move-out area for the benefit of those left behind.

Based on *Was World Bank Support for the Qinghai Anti-Poverty Project in China Ill-Considered*, P. Bottelier, Harvard Asia Quarterly, Winter 20001.

Bank Management responded to the Inspection Panel Report in numerous ways, including agreeing to reclassify the project as “A”. It recommended also that (1) a number of supplemental and deeper environmental impact studies would be conducted; (2) additional consultations with affected people would be undertaken, with special attention to be given to the confidentiality and integrity of the process; and (3) separate Indigenous Peoples Development Plans would be prepared for several, but not all, of the different ethnic groups affected. Finally, the reports on these plans would be made available to each group in their own language.

After originally agreeing to accept these recommendations and additional work to fulfill these objectives, subsequent dissension on the Board led to requiring that the project be re-submitted for Board approval after completion of the additional studies and assessments. As a result, China finally withdrew its request for Bank financing.

The Inspection Panel report is available on the Bank’s website [<http://wbln0018.worldbank.org/IPN/IPNWeb.nsf/>]. Perhaps the most positive result of the report and the process surrounding it is the spate of subsequent efforts by different Bank units and Regions to further clarify the need for careful environmental assessment and explain EA requirements in more operational language. These efforts are detailed in chapter 6.

3.5 Conclusions

Given the wide array of material covered by these reviews, the conclusion attempts to highlight some of the recurring themes that appear to reflect the most important ongoing weaknesses in the EA/safeguards process, with a focus on the issues raised in the earlier EA review.

It would appear that although Category A projects are being handled increasingly well, Category B projects require closer attention. The first problem is in regard to initial categorization, and what appear to be ongoing disincentives to categorize a project as A. Once a project has been categorized as B, the environmental and social issues involved do not seem to obtain the required level of attention, especially in the areas of (1) analysis of alternatives and potential environmental impact on a wider area than the project site, (2) public consultations, and (3) supervision. The unraveling of the Western

China/Qinghai situation is perhaps the worst-case scenario resulting from misclassification, but the lack of attention to Category B projects is reflected in other reviews and analyses as well. The categorization issue, and the related question of the Bank’s incentive system and how it affects such decisions, must be addressed by senior management.

Another theme repeated in many of the reviews—and raised specifically by EA-II—is the importance of involvement by environmental specialists. Such involvement, both in the early stages of project design and later, during supervision, is seen by several of the reviews as a factor contributing toward greater success in meeting safeguard provisions. Yet the most recent QAG assessment revealed that even some Category A projects are not being overseen by environmental specialists. One of the barriers is clearly cost, and the reviews and QSA4 both suggest that greater reliance on local specialists and more local capacity building may be the best way to improve environmental supervision, including monitoring of EMP implementation, given resource restraints.

Consultation and disclosure issues were raised in several instances, particularly in relation to projects located in China. Another persistent theme was the need to develop better tools to identify underlying and long-term environmental and social impacts of Bank activities. That is, staff need to become more skilled at looking beyond the immediate project area to see the broader implications of changes likely to occur—to the environment or to the people located nearby—as a result of planned activities.

Clearly the Bank has made tangible progress in many areas of EA/safeguard performance. Several of the reviews note that the more recent the project, the more likely it is to be in compliance with Bank safeguard policy. The QSA4 findings—that no projects were rated unsatisfactory for environmental aspects and no Category A projects received ratings below “satisfactory”—demonstrate tangible progress. This is undoubtedly due, in good part, to the training and guidance efforts undertaken since the new safeguard policies were articulated in 1999. Just as clearly, problems remain, and many of them are the same problems identified in earlier studies: lack of analysis of alternatives, failure to identify potential long-term negative impacts, and weaknesses in monitoring and supervision.

Annex 3.1 Comparison of Safeguard Studies and Assessments

Study	Number Projects in Study	Geographic Coverage	Designated Evaluation Criteria	Number		General Objectives	Key Results
				Cat. A Projects	Cat. B Projects		
Effectiveness Review in India 1999	14	India	Extensive benchmarks and criteria with ratings	9	4	Assess effectiveness of EA, identify future needs and recommend improvements	Quality of EA was satisfactory, intense supervision benefited projects, and overall improvement was noted from older to newer projects
Safeguard Assessment Study in Latin America and the Caribbean, 2000	55	LAC	Extensive benchmarks and criteria with ratings	–	55	Design a rating safeguard system, verify ratings with field visits, and identify good practices	Only 13% of rated projects were satisfactory or good, design is better than implementation and there is high variability within countries with different types of projects
East Asia Pacific Regional B Category Portfolio Review, 2000	35	EAP	Extensive benchmarks and criteria with ratings	–	35	Identify projects with better safeguard practices and develop guidelines to transform these practices into practical operational tools.	Half the projects were good or satisfactory; 5 of the 8 “good” projects, and 8 of 12 good and satisfactory projects are in China. Projects rated marginal and unsatisfactory are most often weak in monitoring and evaluation
Environmental Safeguard Risk Management in the Philippines, 2000	12	Philippines	Extensive benchmarks and criteria with ratings	2	10	Establish a practical and useful approach for safeguard risk assessment and quality enhancement	Safeguard measures are adequate at entry, implementation is inadequate in many projects, and there are some risky projects
Africa Region Supervision Review of Category A and B Projects, 1999	10	AFR	Checklist of country environmental background and capacity and EA and EMP quality	6	4	Identify quality of supervision and required supervision improvements	Set of recommended corrective and communication actions for each project
OED Desk Review of Bank Performance with Safeguard EAs, 2000	19	All Regions	Extensive benchmarks and criteria with ratings	11	8	Review Bank and borrower safeguard applications, identify lessons and link to Bank safeguard policies	There are numerous good practices, legal requirements weak, Category As have sufficient supervision but not category Bs, mixed quality for participation and disclosure

OED Effectiveness of EAs and NEAPs, 1996	53	All regions	Set of review questions for projects under preparation, in implementation, and completed	11	32	Assess differing views on safeguards among staff and borrowers and evaluate a sample of projects	Improvements have occurred but there are shortcomings in safeguard applications and suggested improvements are provided
Review of Environmental Aspects of Water Supply and Sanitation Projects, 1999	17	ECA & MNA	Considered 6 benchmarks: environmental classification, analysis, EMP, legal, indicators, and stakeholder consultation	3	14	Identify good practices and recommend measures for safeguard improvement	Quality of environmental work is good for A projects but good to poor for B projects
Review of Selected Urban Environment Projects in China, 1998	4	China	Qualitative review of EMPs, monitoring requirements, and implementation actions by borrower	4		The extent of EMP implementation, including environmental management and supervision	Problems in monitoring water quality were identified, few EMP recommendations are included in legal agreements, inadequate supervision of the EMP
Review of Selected Urban Environment Projects in Indonesia, 2000	4 Projects with investments in 10 urban centers	Indonesia	Comparison of EMP implementation, including monitoring, enforcement, and mitigation	4		Effectiveness of EMPs in mitigating adverse environmental impacts and improving environmental management	EMPs were generally followed, monitoring sporadic, and mitigation often not implemented with particular concerns in solid waste subcomponents
Environmental Performance of Bank-Financed Coal-Fired Power Plants in China, 2000	6	China	Standard survey forms, emissions data, and comparison to EA requirements	6		Assess environmental compliance	Most plants were in compliance with emission standards, consultation and disclosure were not practiced, and construction impacts were inadequately addressed
Reservoir Resettlement in China, 1999	Shuikou Dam & Reservoir	China	Sample survey with indicators of 35 villages and 524 households by 65-member evaluation team	1		Assess the involuntary resettlement experience of 67,239 rural and 17,215 urban people	Quality of reconstructed houses improved, community structures were larger and of better quality, job situation resulted in improved living standards and increased per capita income
QAG World Bank Safeguard Policies in China, 2000	6	China	Review of applicable safeguard policies and assessment of implementation quality	5	1	Assess the quality of Bank supervision and safeguard oversight	Safeguard policy design was satisfactory, EAs and RAPs generally satisfactory, and borrowers compliance with safeguard policies adequate

Study	Number Projects in Study	Geographic Coverage	Designated Evaluation Criteria	Number		General Objectives	Key Results
				Cat. A Projects	Cat. B Projects		
OAG 2nd Quality at Entry Assessment, 1999¹	100 Board-Approved Operations in CY98	All Regions	2 questions on Environmental Safeguards 3 Questions on Social Safeguards			Bank-wide evaluation including 40 overall questions in eight major categories	Limited real assessment of safeguard project design—masked within overall evaluation
OAG 3rd Supervision Assessment	200 Under Supervision Operations in FY99	All Regions	Subset of 50 Projects Rated under fiduciary aspects General safeguard questions for environmental and social safeguards	17	22	Bank-wide evaluation including seven major categories	Environmental safeguards: Cat. A 82 % satisfactory Cat. B 55 % satisfactory Cat. C some ambiguity with classification Cat B poor compliance thought to be result of poorly defined Bank policies, Task Teams give less attention to environmental aspects, and frequently do not seek support from the regional environmental units. Social safeguards: 40% supervised had insufficient attention to social issues and risks and had no planned social development outcomes; supervision of social development aspects improves when project preparation and implementation include social development specialists
OAG 4th Supervision Assessment	103 Under Supervision Operations in FY00	All Regions	General safeguard questions for environmental and social safeguards for all operations	14	56	Environmental and Social specialists developed subset of safeguard questions and rated these separate to overall QAG questions	Improved ratings for Cat A projects Decrease in safeguard ratings from previous years, possibly due to involvement of specialized reviewers More recent projects' better ratings probably result of improved safeguard provisions in project design Good practice found among projects with Highly Satisfactory rating due to field-based supervision, committed TTLs, strong national environmental institutions

¹ 1st Quality at Entry and 1st and 2nd Supervision assessment did not assess safeguards

Annex 3.2 Methodological Note on QAG Reviews

RSA1 in 1997 had one simple question (R2.5) regarding the quality of environmental supervision; social aspects were presumably subsumed within OD 4.01. RSA2 expanded question R2.5 somewhat, clarifying that it included social aspects and explaining what was being reviewed (category compliance, social impact). RSA3 (1999) retained R2.5 and added a separate question for social aspects. Moreover, one-quarter of the total RSA3 cohort of 200 projects was subjected to a more detailed review by expert environmental staff; this “environmental” sample included all category A as well as random B and C projects. The specialist environmental reviewers provided inputs to panelists, attended interviews, and wrote detailed assessments.

QSA4 adopted this approach for all projects being reviewed in FY00. The main criteria considered in the assessment were:

- (a) *Overall supervision process*: Was environmental supervision undertaken, were environmental specialists or somebody with

appropriate qualifications and experience used, were environmental issues addressed in supervision reports?

- (b) *EMP implementation and follow-up*: Is the EMP being implemented, does the Bank receive regular monitoring reports, is there ongoing public involvement, are additional EA/EMPs done for new components or programmatic lending?
- (c) *Compliance with environmental covenants and conditionalities*: Is there compliance and is the Bank monitoring it; what action is taken by the Bank in cases of non-compliance?
- (d) *Safeguards compliance (reviewed jointly with SDV)*: Are there safeguards issues and are they being addressed, is this documented in supervision reports, how are cases of non-compliance dealt with, were issues and actions adequately identified at Board approval?
- (e) *Achievement of environmental objectives*: Is it being monitored by the Bank, are there measurable indicators?

Notes

1. A. Bruestle, *Report on EA Classification*, (Washington, D.C.: World Bank, 2000 draft).
2. World Bank, *India: Review of the Effectiveness of Environmental Assessment in World Bank-Assisted Projects, Fiscal 1990–97* (Washington, D.C.: 1999).
3. K.M. Green and R. Crown, “Assessment of Environmental Safeguard Management in Investment Fund Projects in LAC” (Washington D.C.: World Bank, 2000 draft).
4. K.M. Green, *East Asia Pacific Regional B Category Portfolio Review* (Washington D.C.: World Bank, 2000 draft).
5. World Bank, “Environmental Safeguard Risk Management—A Pilot Application for the Philippines,” East Asia Environment and Social Development Sector Unit (Washington, D.C.: 2000).
6. Africa Region, *Africa Region Review of Category A and B Projects* (Washington, D.C.: 1998).
7. K.M. Green and A. Zazueta, *OED Desk Study of Bank Performance with the Environmental Assessment Safeguard in Selected Countries* (Washington, D.C.: 2000, unpublished).
8. World Bank Operations Evaluation Department, *Effectiveness of Environmental Assessments and National Environmental Action Plans* (Washington, D.C.: 1996).
9. A. Bruestle, *Review of Environmental Aspects of Water Supply and Sanitation Projects* (Washington, D.C.: World Bank, 1998).
10. John Redwood III, Robert Robelus, and Tonje Vetlesester, “Natural Resource Management Portfolio Review,” Environment Department Paper 58 (Washington, D.C.: World Bank, Jan. 1998).
11. OED, “A Review of the World Bank’s 1991 Forestry Strategy and its Implementation,” Operations Evaluation Department (Washington, D.C.: World Bank, 2000 draft).
12. “Implementing Environmental Management Plans: A Review of Selected Urban Environment Projects in China,” Environmental and Social Safeguard Note 1 (Washington, D.C.: World Bank, Dec. 1999).
13. “Environmental Management Plan Implementation in Indonesia: A Review of Selected Urban Projects,” Environmental and Social Safeguard Note 2 (Washington, D.C.: World Bank, Feb. 2000).
14. Lanqing Jia, Bernard Baratz, and Jack Fritz, *Environmental Performance of Bank-Financed Coal-Fired Power Plants in China*, East Asia Environment and Social Development Unit (Washington, D.C.: World Bank, Feb. 2000).
15. Youxuan Zhu, Martin ter Woort, and Barry Trenbath, “Successful Reservoir Resettlement in China: Shuikuo Hydroelectric Project,” East Asia Environment and Social Development Unit Discussion Paper Series (Washington, D.C.: World Bank (n/d)).
16. *Quality at Entry in CY 98: A QAG Assessment*, May 17, 1999; *Supervision Quality in FY99: A QAG Assessment*, October 14, 1999.
17. Although the Infrastructure sector also has the highest number, and a larger than average share, of M-rated projects, document reviews and some of the interviews showed that fully committed, well-trained, and environmentally aware task team leaders and technical specialists can do very good environmental supervision without the need for environmental specialists.
18. Although it cannot be supported by the QSA4 analysis, it seems certain that local staff have important advantages: apart from lower salary and travel costs, they are more readily available for advice to the borrower or for a visit to the field, they often have a better understanding of local issues (familiarity with the local culture and language), and they usually have the environmental problems of their own country very close to their heart (the Bank’s increasing decentralization is attempting to capture some of the benefits of local staff).
19. *The World Bank Inspection Panel, the First Four Years* (1994–1998), A. Umana (ed).
20. *The World Bank Inspection Panel: In Practice*, I. Shihata.
21. Nepal-Arun III, Brazil-Rondonia Natural Resources Management, Bangladesh-Jamuna Bridge, Argentina/Paraguay-Yacereta Hydroelectric, Brazil-Itaparica Resettlement and Irrigation, and India-NTPC Power Generation.
22. *Investigation Report, The Qinghai Project*, The World Bank Inspection Panel, April 28, 2000.