

# Environment Management Guide for Australia's Aid Program 2012

## AusAID's Environment Management System

## Summary

The achievement of sustainable economic development is one of five strategic goals of the aid program's policy framework. The development objective of reducing the negative impacts of climate change and other environmental factors flows from this goal (AusAID 2011). If efforts are not made to meet this objective, decades of development gains may be diminished, and lives and livelihoods lost.

In many developing countries the natural environment is the foundation of people's wellbeing and livelihoods, particularly those living in poorer rural areas.

Degradation of natural resources can adversely affect people's health, their ability to access essential food and water supplies and their opportunities for sustainable economic development. Climate change impacts and an increase in the frequency and intensity of natural disasters are additional and significant challenges for poor people. Some of these impacts are created or exacerbated by environmental degradation.

AusAID is legally obliged under the EPBC Act to ensure that through our international aid work we are not causing, or likely to cause, a significant negative impact on the environment. These potential impacts must be diligently assessed and managed. Beyond our legal obligations, we have a duty as a donor to apply best practice and ensure we integrate environment considerations into the aid program.

This Environment Management Guide for Australia's Aid Program 2012 (guide) replaces the earlier 2003 version. It outlines what AusAID staff members, and our development partners, must do to help the Australian Government:

- meet its legal and policy obligations
- continually improve environment performance in aid activities
- manage environment risks
- ensure aid money is not used in a way that harms the environment
- implement best environment management practices.

The guide is designed to help you integrate environment considerations across the aid program, in line with the Australian Government's overall goal to help people overcome poverty.

This guide is primarily for AusAID staff, but it is also a valuable source of information for all development partners involved in managing Australian aid funded by AusAID. It informs both AusAID staff and our development partners of AusAID's responsibilities under the EPBC Act. It also explains what is required at all stages of AusAID's strategic program development—planning, designing, appraising, implementing, monitoring and evaluating from an environment management perspective. While AusAID staff members are expected to take the lead in ensuring that environment considerations are addressed at all stages during strategic program development, it is imperative for our development partners to understand AusAID's environment management requirements.

AusAID staff must always screen for environment issues and environment impacts when:

- formulating country/regional strategies and delivery strategies
- designing individual aid activities (investments).

Understanding and implementing this guide is critical since the Australian Government has committed to increase Australia's official development assistance to a gross national income ratio of 0.5 per cent by 2016–17.

To comply with the EPBC Act and deliver effective aid, we must ensure our decision makers are informed when environment issues exist so they can decide how to manage them. This means we must properly assess, plan and manage our country/regional strategies and delivery strategies as well as assess, plan and manage all of our aid activities for potential environment impacts. We do this through our EMS which is the main focus of this guide.

Our EMS requires us to assess all types of impacts—positive, negative, direct and indirect. Importantly for AusAID the term 'environment' includes climate change and disaster risk reduction. This is reflected in the guide. It is important to note that our EMS is based on the recognition that the environment is an important crosscutting issue underpinning our success.

The objective of AusAID's EMS is to ensure we assess and manage both the positive impacts the aid program has on the environment, such as the sustainable use of environment resources to reduce poverty, and negative environment impacts, such as pollution that affects poor people and undermines economic growth.

Our EMS has five steps (Figure 1).

- Step 1 Understand the environment policy and legal setting
- Step 2 Conduct environment assessment and planning
- Step 3 Implement
- Step 4 Monitor and evaluate
- Step 5 Ensure continual improvement through executive committee reviews

While all five steps are important, the second step—conducting environment assessment and planning—is crucial.

Step 2 always starts with answering a series of environment screening questions. This screening enables us to make the right decisions on whether further work is required and, if so, what type and level (Figure 1).

Various terms are explained in definition Boxes 2 to 4 in the guide and in the Glossary (Appendix 1), including the term 'significant impact'. While AusAID is required to identify, assess and manage both positive and negative environment impacts, we are only required to refer significant negative environment impacts to the Minister for the Environment for advice. At the time of publication the Minister for the Environment is the Australian Government Minister for Sustainability, Environment, Water, Population and Communities.

At first glance, it may not seem obvious how to integrate environment considerations into some of our aid work or when (at what 'entry point'). And it may seem as though the environment has little to do with a strategy or activity you are working on. While sometimes this may be the case—such as work in strengthening public financial management systems—the reality is that the environment can have far-reaching effects in obvious and sometimes not so obvious ways, which is why understanding and implementing our EMS is so important.

As part of our EMS our Executive Committee, the peak corporate governance body in AusAID, is responsible for continually reviewing our EMS to ensure it is suitable, adequate and effective. In the most recent review the Executive concluded that AusAID's EMS needed to be directly linked to our wider corporate systems (including AidWorks), strategic program development, performance management and evaluation, due diligence framework, and learning and development. This is now the case.

Many components of this guide are the same as the 2003 version, such as the five EMS steps. However, there are important differences with this update. It is now:

- essential that we start our environment work early at the strategic level—into our country/regional strategies and delivery strategies—as well as early in the design of all aid activities
- mandatory for all staff to undertake training on AusAID’s EMS
- mandatory for staff to conduct environment screening and record the results in AidWorks

Many of our development partners have their own EMS in place—often called environmental safeguards—to ensure their work does not cause a negative impact on the environment. We rely on our development partners to adequately assess and manage potential impacts on the environment through these safeguards and we need to be assured they are diligently adhering to them through implementation and documentation. This due diligence is part of our legal obligations under the EPBC Act. So while this guide does not replace our partners’ safeguards it clarifies AusAID’s minimum requirements. If there is inconsistency between a partner’s safeguards and AusAID’s requirements, as a minimum AusAID’s policies and EMS should be complied with.

AusAID staff members are never required to personally undertake or prepare environment assessments and plans, whether this be an environment analysis, Strategic Environment Assessment (SEA), Environment Impact Assessment (EIA) or Environment Management Plan (EMP). Rather, they are responsible for ensuring that external experts and/or our development partners undertake these where appropriate. To do this, however, staff need to have at least a broad understanding of what is involved with the levels and types of environment assessments, as outlined in this guide.

Our success in achieving international best practice in environment management depends on the support of everyone in AusAID, and a commitment to ensuring environment considerations are integrated with our other management systems and operations and treated as an essential component of our risk management system. Environment considerations, in other words, should not be an ‘after thought’ or an ‘add on’.

In addition to this guide, AusAID has an Environment Team in Canberra and Environment Focal Points across the agency who you can contact for further information. They are responsible for coordinating referrals to the Minister for the Environment and will help you adhere to AusAID’s EMS.

**Figure 1: Assessing your environmental risk**

