

IMPROVING DECISION-MAKING FOR THE ENERGY TRANSITION

Guidance for using Strategic Environmental Assessment

CHAPTER 14

GUIDANCE FOR INSTITUTIONS



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July 2024
Version 1



Links to the [complete guidance document](#) and to [individual chapters](#) are also available.

CHAPTER 14

GUIDANCE FOR INSTITUTIONS

This chapter provides guidance and suggestions for those government institutions and other organisations likely to commission or undertake SEAs for national energy plans or PPPs, particularly as part of the transition away from generating power from fossil fuels to the use of renewable energy sources.

Usually, it will be national government departments (particularly those responsible for energy) that will commission or undertake such SEAs. But funding agencies (particularly multilateral development banks, MDBs) may also carry out or fund SEAs to comply with their safeguard policies when providing financial support for national energy transition plans and programmes.

Planning and delivering energy transition will involve multiple government ministries and agencies and require the involvement of private sector energy companies and investors as well as stakeholders and the public. This makes it a complex process with a wide array of participants with different political and economic interests, each of which have their own agendas, policies, and responsibilities. An SEA will have to navigate potentially challenging ‘institutional waters’. This makes it very important to establish a Steering Committee (or equivalent body) to oversee the SEA process (see below). It can act as a high-level platform or space to build support and involvement in the SEA, agree on its focus, and discuss concerns (which may be divergent) about energy transition. The Steering Committee should be established at the earliest point possible in the SEA process. Ideally, it should be chaired by the lead institutional responsible for the SEA.

One of the most important tasks of the Steering Committee is to clarify how the SEA will contribute to the decision-making process. This will inform how the PPP will be assessed and govern how it will be approved, who will be responsible for this process and what will be the scope for considering alternatives. Building on this, the Steering Committee should ensure that the SEA feeds into this process and provides deliverables that will be carried forward by the responsible decision-makers and agencies that will implement the PPP.

14.1 A SIMPLE INTRODUCTION TO SEA

Chapter 1 provides a background to SEA and Chapter 2 sets out the key stages, tasks and approaches. The information in these chapters and the rest of this guidance is likely to be of particular relevance and utility to SEA practitioners and reviewers. For non-technical people working in government as policy-makers and planners, who may have to be involved in commissioning an SEA for a policy, plan or programme, or may find themselves involved in an SEA process, Box 14.1 provides a short guide to SEA.

Box 14.1: A short guide to SEA

Strategic environmental assessment is now in use around the world and is a formal requirement in over 100 countries. The following is a summary of key questions that arise at the onset of SEA.

What is SEA and how is it helpful?

- **SEA is a high-level process** – it is undertaken for policies, plans and programmes (PPPs) – not for individual projects or actions. Such PPPs can be over-arching (multi-sector) or for particular sectors or may be for particular geographic areas.
- **SEA promotes sustainable development** – it helps governments and others to ensure that environmental and socio-economic concerns are considered in a balanced way when

developing and implementing PPPs.

- **SEA is a key process to address the challenges of climate change and the energy transition** – it provides a mechanism to assess how a PPP might enhance or impede efforts to combat the challenges of climate change and ensure a just transition to a low carbon economy.
- **Every SEA is different** - each one needs to be tailor-made and designed to address the specific circumstances and needs. This should be made clear in the SEA terms of reference.
- **SEA is done by experts** – is usually undertaken by a team of experts commissioned by a government (and sometimes by a multi-lateral development banks or other funding agency).
- **SEA is a transparent and inclusive process** - that involves broad stakeholder involvement (at all levels: from national to local) throughout the process.
- **SEA identifies issues of concern** - the key environmental and socio-economic issues associated with the PPP being assessed (carried out during a scoping phase) and assembles **baseline data** for these issues. SEA normally uses existing and available (secondary) data but fieldwork or research may also be undertaken to collect new (primary) data.
- **SEA Identifies benefits and impacts** - it assesses both the potential environmental and socio-economic benefits and impacts of implementing the PPP (and alternatives to the PPP). Many of the benefits and adverse impacts will have both short- and long-term cumulative effects – the collective consequence of many individual actions and development projects.
- **SEA recommends how to deal with outcomes** - the success of an SEA will ultimately depend upon implementation of its recommendations in a timely manner. These are partly set out in the SEA report, and more specifically in a management plan (strategic environmental and social management plan, or SESMP) that recommends how to enhance potential benefits, avoid or mitigate adverse impacts, and make restorations (where possible and appropriate). It also details who needs to do what to implement the SEA recommendations and undertake monitoring and follow-up.
- **SEA provides critical information** to policy-makers, planners and decision-takers at key stages of developing policies, plans and programmes. Ideally, the SEA process should be initiated upstream at the inception of developing or revising a PPP and implementation of the SESMP should follow through during policy implementation.

When to start SEA?

Some countries have little experience of SEA and may ask how best to introduce SEA (whether formally or informally) and 'make a start', particularly for the energy sector. In this situation, it is better to be selective and start with one or a limited number of SEAs. Annex 27 discusses how to select relevant planning exercises.

How long does it take?

Usually, an SEA will take between 6 and 12 months to complete, but sometimes longer if seasonal considerations need to be addressed and where it is closely integrated with a PPP process with a longer development timetable.

Cost

The cost will vary due to the length of the process and the complexity of the chosen design: from as little as US\$ 20,000 to 50,000 (e.g., for a rapid (two to three month), desk-based SEA) to US\$1 to 2 million (for a full SEA of a complex PPP over say an entire year).

14.2 ALL INSTITUTIONS

The following considerations apply to all institutions involved in the SEA process:

- Follow the suggested contents provided in Annex 2 when preparing **terms of reference** for SEAs for PPPs concerned with energy transition and renewable energy sub-sectors.
- Engage with the SEA expert team to understand any concerns or uncertainties they may have regarding the **terms of reference** for the SEA and clarify (modify if necessary) the terms of reference. Key discussions will be required regarding timelines and costs.
- Ensure that the terms of reference clearly set out the **SEA process** to be followed (having regard to the steps discussed in Chapter 3) and provide for an **appropriate timeframe**. A short timeframe for the SEA will limit its ability to be useful and contribute effectively to decision-making. It may also prevent adequate scoping and a meaningful assessment of the likely environmental and socio-economic impacts of the PPP and its alternatives. It will also restrict the level of stakeholder participation and affect their confidence in the SEA process. As a rule of thumb, an SEA for renewable energy is likely to require 6-12 months to undertake, assuming it is based on existing and available (secondary) data. If new data needs to be gathered, or further research needs to be undertaken, a longer timeframe will be required.
- When appointing consultants, it is advisable that the team be predominantly composed of **experts from the country concerned**. Only such experts will have thorough experience and understanding of national and more local environment and socio-economic issues, and familiarity with national cultural norms.
- In countries where SEA experience is limited or practice still in its infancy, it may be necessary to engage very experienced **international consultants** who have a knowledge of the SEA process, and preferably of the local setting. Such international consultants should be able to demonstrate SEA work experience and knowledge of the country or region concerned. They will also be available to advise, and if necessary, help coordinate the national consultant team.
- It is advisable to establish a **Steering Committee** (or equivalent body) to lead and direct the SEA. It should comprise representatives from key government ministries/agencies, the private sector involved in energy development, and civil society (e.g., NGOs, CSOs, trade unions, academics, etc.). Funding agencies supporting the SEA (e.g., MDBs) should also be represented. Such a Steering Committee should be limited in number (e.g., 15-20 individuals) so that it can operate effectively.

Its main role will be to oversee and smooth the way for the SEA process and ensure that it is coordinated with the relevant decision-making process. It should also provide guidance where required, provide a standing platform for high-level stakeholder interaction and consensus-building, and advocate for support for the process. The Steering Committee should be convened by the responsible government agency initiating the SEA. An appropriate Chairperson will be required. It will also be important to identify a key “point of contact” (e.g., the Chairperson or official Convenor) for the SEA team to interact with, as necessary. The Steering Committee should coordinate the stakeholder engagement process together with the SEA consultant. Minutes of all Steering Committee meetings should be kept.

- Ensure that the critical steps in developing and approving the PPP are identified at an early stage and communicated to the SEA consultants so that they can design the SEA process to ensure that **critical information from the SEA** is delivered to the PPP process at the most appropriate time and to the relevant individuals/agencies responsible for PPP decision-making.
- **Stakeholder engagement** is critical to ensure that an SEA is able address all legitimate concerns. It is also vital to ensure support for the goals of the PPP concerned and to enhance its successful implementation. The terms of reference should set out the minimum requirements for stakeholder engagement at national to local levels. The consultants should develop a stakeholder engagement plan as soon as possible and discuss this with the client. Stakeholder engagement should begin early and continue throughout the SEA process. It will be very important to elicit

feedback from stakeholders regarding key aspects of the SEA (e.g., focus and key issues to be addressed, findings) and respond to all comments and concerns to garner trust from all participants and to ensure that all voices are heard and listened to.

- Ensure that relevant **baseline environmental and socio-economic data sets and legal, governance and institutional information sources** for the SEA are readily available to the SEA team.
- Require that the SEA team engages with the client and other agencies likely to have a role in **implementing the Strategic Environmental and Social Management Plan (SESMP)** when preparing its contents. Agreement/consensus should be sought on: what plan components are realistic and able to be undertaken; how it will be funded; roles, responsibilities and recommendations for implementation - particularly as regards monitoring functions. In this way, the SESMP will be designed and 'owned' by its likely implementers rather than being a mere proposal of the consultant team.
- The SESMP should indicate the frequency for **monitoring and follow-up** of implementation of SESA recommendations. Some indicators may require regular and frequent monitoring (e.g. quarterly); others might need less frequent monitoring (e.g. annual or biannual). The selection of these indicators is important and must be done carefully to ensure the successful measuring of SEA recommendations. Monitoring is fundamental to signalling where corrective actions are required.
- Depending on capacity of the implementing institution, a third-party consultant may be hired to serve as a **SESMP Management Office (SMO)** to help set up the implementation framework and to train and develop capacity of the responsible government institution and prepare them as to how the SEA actions should be achieved.

14.3 GOVERNMENT INSTITUTIONS

The following considerations apply to government institutions involved in the SEA process:

- Check **with national legislation and regulations** to determine if they require that an SEA be undertaken for a national energy plan or PPP for a renewable energy sub-sector. If so, ensure that the terms of reference for the SEA comply with all stipulated requirements.
- Ensure that all **relevant ministries/departments/agencies** are aware of the SEA process and can engage with it. An SEA for renewable energy PPPs will likely identify issues and challenges for a range of other sectors (e.g., economy, transport, labour, health, etc.) which will have to be considered. These agencies may also have key roles to play in implementing a SESMP (including monitoring functions). So, their involvement throughout the process is advisable.
- Because many government institutions operate in a siloed fashion without mechanisms in place for effective inter-institutional coordination and cooperation, it will be important to set-up a multi-stakeholder SEA Steering Committee with the responsibilities described above. This should be coordinated by the agency or institution responsible for the SEA.
- Ensure that the SEA is tied with and guides subsequent project-level **environmental and social impact assessments (ESIAs)** carried out for individual projects/assets when the PPP is implemented. Reference to the SEA and its key findings should be made in the terms of reference for the preparation of project-level ESIAs. Ideally, the SEA should be prepared well in advance of project level ESIA, but in practice, this rarely happens.

14.4 FUNDING AGENCIES

The following considerations apply to funding agencies involved in the SEA process:

- Check what requirements there may be for an SEA to be undertaken under national legislation or regulations. Ensure that the terms of reference comply with any such national requirements.
- Determine what the funding agency's own requirements and procedures are for conducting or supporting an SEA.
- Engage with the government body having jurisdiction over any national legal or regulatory requirements for SEA and ensure that the terms of reference are acceptable to the government (or are jointly developed).
- Determine if other funding organisations are also engaged in supporting renewable energy development or supporting the energy transition in the country. They may also have safeguard requirements that an SEA be undertaken. Ensure that a single SEA is carried out that is acceptable to all interested parties and secure agreement on its terms of reference. This will likely involve the coordination of multiple funding agencies.
- Ensure that adequate funds are provided for completing the SEA. This should include both funds for the SEA consultants and the stakeholder consultation process. Potential funding of SESMP implementation post submission of the SEA report should also be considered.
- Ensure that consultation requirements comply with lender safeguard requirements. Often, national requirements for consultation in the SEA do not meet what funding agencies require. Consultation should start as early as possible in the SEA process and continue throughout its duration.
- Ensure that reporting requirements and responsibility for review, editing and approval of SEA recommendations are clearly defined with the SEA consultant, including timelines for both delivery and review of reports.

14.5 RENEWABLE ENERGY DEVELOPERS

Institutions and funding agencies may interact with private sector renewable energy proponents during the course of SEA execution. The following are some considerations as to how they should be engaged.

- Normally, developers of individual renewable energy projects are not involved in preparation of a SEA. However, the recommendations of an SEA will be of great interest to developers by providing a reference framework as to how renewable sector energy development will occur.
- The private sector often forms an important group of stakeholders, and renewable energy developers should seek to part of the consultation process.
- Similarly, developers may also wish to be involved in the review of the draft SEA and offer comments and suggestions that may be relevant to their individual project(s).
- Developers may also wish to seek representation on an SEA steering committee to be informed of policy or planning decisions that might affect renewable energy sub-sector development, including how individual planned or future projects might be affected.

14.6 STAKEHOLDER ENGAGEMENT

Reference can be made to Chapter 2 concerning how stakeholder engagement should be carried out. A key issue is that stakeholders should include all those with a legitimate interest in the energy

transition PPP and SEA, whether they are likely to be directly or indirectly affected by its implementation. A stakeholder engagement plan should be prepared to ensure that an adequate and representative suite of events are organized at all levels: national, sub-national (e.g. relevant regions, provinces and districts) and local (e.g. communities) as well as for interest groups (e.g. farmers, fisherfolk, indigenous peoples, resource users, coal plant and mine workers, etc.). Stakeholder consultations should not be focused just at the national level. This will alienate many people and miss key concerns and information. It is important that the consultation budget consider this multi-level requirement for consultation. Often it is not.