



BUREAU FOR ECONOMIC GROWTH, EDUCATION AND THE ENVIRONMENT MULTILATERAL DEVELOPMENT BANK TEAM STRATEGIC FRAMEWORK

GOAL

The United States Agency for International Development (USAID) Multilateral Development Bank (MDB) Team's goal is to strengthen the environmental and social performance of MDBs and their borrowers by encouraging them to effectively apply their own safeguards and international best practices.

LEGAL MANDATE

Title XIII of the International Financial Institutions (IFI) Act directs the United States Government (USG) to strengthen the environmental and social performance of each MDB in which the USG is a shareholder. Toward this end, the Washington-based USAID MDB Team leads reviews of selected MDB projects¹. The purpose of these reviews is to provide recommendations to manage environmental and social risks and impacts.

Per Section 1303(a)(1) and (3) of Title XIII of the IFI Act and Public Law 113-235 Section 7060(c)(7)(E)(i), USAID selects projects for review that are "particularly likely" to have "substantial" adverse environmental or social impacts, including those on natural resources, public health, and indigenous peoples. Reviews give special attention to project-affected people's understandings of project impacts and mitigation measures. The information collected during reviews is made available to the public².

USAID MDB Team reviews are conducted in consultation with the U.S. Department of the Treasury (Treasury), U.S. Department of State (State), and other relevant federal agencies. They are distinct from the interagency loan reviews and other legally mandated MDB oversight functions led by Treasury.

¹ Here, "projects" should be understood as any type of MDB investment (e.g., project loans, technical assistance loans, development policy loans, risk guarantees, grants) and all phases of the investment cycle, from identification to closure. The Team typically does not review projects that are the subject of a complaint under an MDB accountability mechanism, such as the World Bank Inspection Panel.

² USAID MDB Team project review reports and semi-annual summary reports for the U.S. Congress are publicly available at <https://ecd.usaid.gov/mdb.php> as of January 2020. This link may change as the agency updates its website.

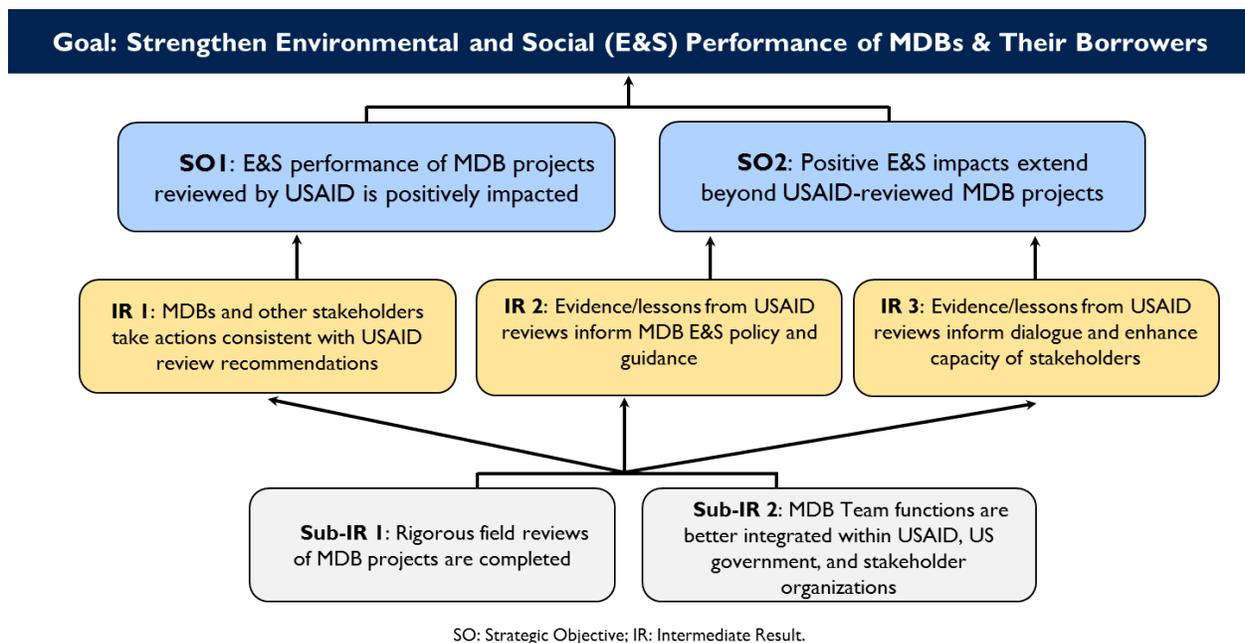
A FRAMEWORK FOR RESULTS

The MDB Team works toward its goal by positively impacting the environmental and social performance of reviewed projects (see Strategic Objective (SO) 1 in the figure below), and by using the process, outputs, and learning from those reviews to create broader positive impact (see SO 2 in the figure below).

The Team positively impacts the MDB projects it reviews when MDBs or other stakeholders³ take actions consistent with review recommendations. The Team creates positive impact that extends beyond the individual MDB projects it reviews when it applies the evidence and lessons from USAID reviews to inform future projects or MDB policy and guidance. USAID reviews also inform dialogue among, and enhance the capacity of, MDB stakeholders.

These results are contingent on the Team conducting rigorous reviews and further integrating⁴ the Team's functions within USAID, other USG agencies, and stakeholder organizations.

USAID MDB Team Results Framework



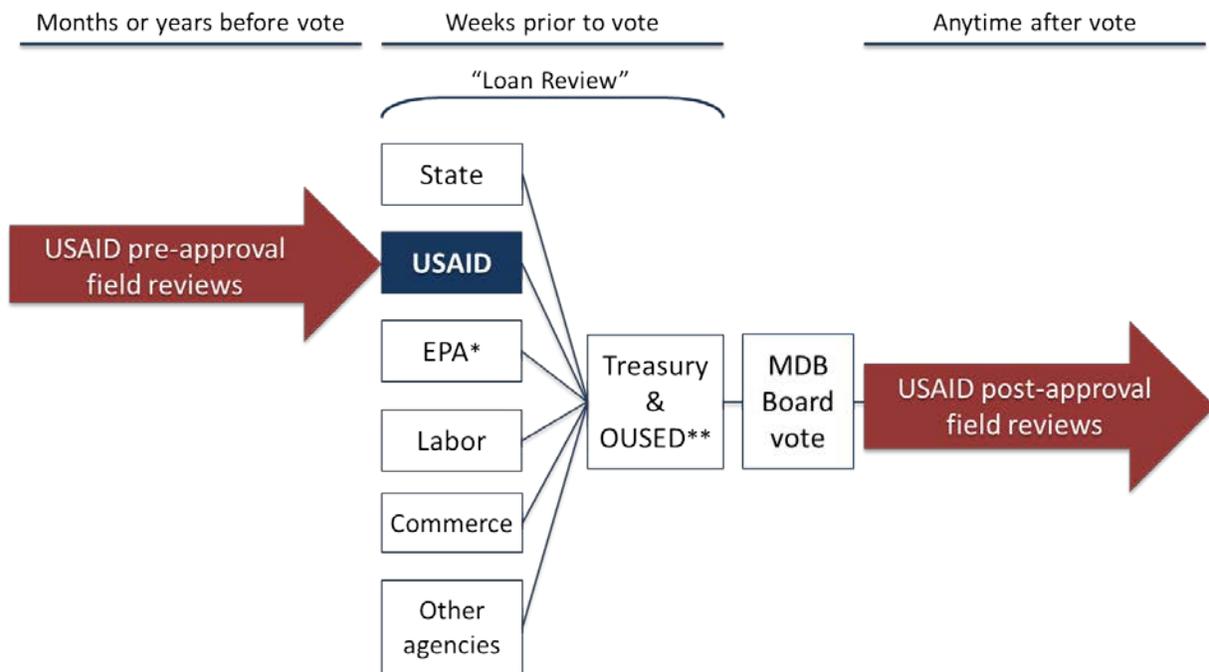
³ Here, “stakeholders” should be understood as any individual or organization that is interested in, or affected by, an MDB project. They typically include the following: project sponsors, local communities, civil society organizations, consultants, practitioners, academics, U.S. federal agencies, other governments, and the private sector.

⁴ “Integrating” means that the USAID MDB Team’s role is generally understood and the Team’s formal and informal work processes are established within USAID, USG, and stakeholder organizations.

A COMPLEMENT TO OTHER U.S. GOVERNMENT EFFORTS

USAID MDB Team reviews complement the Treasury-led interagency loan review process. The Treasury-led process determines the U.S. vote and develops a statement, where appropriate, on projects being considered by MDB boards of Executive Directors.⁵ Among other purposes, USAID MDB Team field reviews conducted prior to a MDB board vote (i.e., pre-approval field reviews) inform USAID’s input into the Treasury-led process.⁶ Post-approval field reviews assess, among other things, the incorporation and effectiveness of any USG recommendations to MDBs made at or prior to board approval. USAID MDB Team reviews also complement Treasury-led interagency MDB safeguard policy review processes, which occur occasionally. The figure below illustrates USAID MDB Team functions (red arrows) in relation to the Treasury-led MDB loan review process.

USAID MDB Team Functions per Loan Review



*EPA: U.S. Environmental Protection Agency

**OUSED: Offices of the U.S. Executive Directors to the MDBs

⁵ A statement may address positive and/or concerning aspects of the project’s development or design. It may also include recommendations or requests pertaining to environmental or social issues, such as those identified in a USAID field review. Public statements, which are a subset of all statements, are available at https://www.treasury.gov/resource-center/international/development-banks/Pages/environmental_impacts.aspx.

⁶ USAID typically participates in the Treasury-led interagency loan review process by providing desk-based technical analyses produced by USAID regional bureaus and communicated to Treasury by the Bureau for Policy, Planning and Learning. USAID MDB Team field reviews supplement USAID regional bureau analyses.

A STEP TOWARD USAID PARTNER COUNTRIES' JOURNEYS TO SELF-RELIANCE

By encouraging effective safeguard and best practice implementation, MDB Team activities support USAID partner countries' journeys to self-reliance as outlined in the Agency's 2019 Policy Framework. This Framework promotes three mutually reinforcing principles: (1) advance country progress, by (2) making investments for impact, through (3) programs that sustain results. MDB Team activities also support self-reliance by complementing USAID and other initiatives to build partner country capacity for environmental and social risk management.⁷ A commitment to environmental and social sustainability--as evidenced by safeguards implemented by donors, the private sector, and partner governments--makes for an effective development agenda.

TYPES OF REVIEWS

The USAID MDB Team selects MDB projects to review that are particularly likely to have substantial adverse environmental or social impacts. The Team selects projects in consultation with other USAID operating units, Treasury, State, MDBs, civil society organizations, and potentially other actors. The Team primarily⁸ conducts the following types of reviews:

- **Pre-approval field reviews** yield findings and recommendations to avoid, minimize, or mitigate adverse environmental or social impacts of a project prior to an MDB board vote.
- **Post-approval field reviews** assess the degree of incorporation and effectiveness of USG recommendations made prior to an MDB board vote on the project; and the adequacy of safeguard implementation. Post-approval field reviews may also yield findings and recommendations to improve safeguard implementation.

SCOPE OF ANALYSIS FOR FIELD REVIEWS

USAID frames its analysis using relevant U.S. legislation, MDB safeguard policies and associated guidance, and international best practices. Analysis may focus on any aspect of environmental and social impact assessment or management, including, but not limited to: analysis of project alternatives; baseline data; screening; scoping; definition of the project area; project sponsor capacity for environmental and social impact assessment and management; direct, indirect, and

⁷ As example, MDB Team activities complement USAID's environmental procedures, which direct the agency to help build the capacity of partner countries to evaluate potential adverse impacts of proposed development strategies and projects.

⁸ Occasionally, the team also conducts desk-based reviews to assess and make recommendations regarding the adequacy of environmental and social impact assessments, environmental and social management plans, or other project documents prior to, or following, an MDB board vote.

cumulative impact assessment; impacts from associated facilities; or proposed mitigation measures.

LOGISTICS EXPECTATIONS OF BANKS AND PROJECT SPONSORS

While the MDB Team aims for pre-approval field reviews to be consultative, it also aims to minimize the burden on MDBs and project sponsors. Specifically, the Team will organize its meetings, transportation, accommodation, translation, and other needs on its own or through the USAID Mission or U.S. Embassy. The Team does this to reflect the independence of its observations and analysis and to reduce MDB and project sponsor staff time and effort. In certain cases, where permission is needed to access project sites or other locations or when it is appropriate to arrange meetings or other activities with MDB and/or project sponsor staff, the Team will request assistance.

For post-approval field reviews, it may be mutually beneficial to coordinate more closely with MDB safeguards units or with the MDBs' independent evaluation offices to review environmental and social issues during implementation or beyond project closure.

FIELD REVIEW PROCESS⁹

1. Select MDB project for field review
2. Draft preliminary scope of work
3. Notify appropriate MDB staff via the U.S. Executive Director's office and share preliminary scope of work
4. Plan field review in coordination with the USAID Mission, U.S. Embassy, financing MDB(s), project sponsor, and government, as appropriate
5. Hold in-briefs with USAID Mission, U.S. Embassy, financing MDB(s), project sponsor, and government, as appropriate
6. Conduct field review, including meetings with stakeholders and visit to project area
7. Hold out-briefs with USAID Mission, U.S. Embassy, financing MDB(s), project sponsor, and government to discuss initial findings and recommendations, as appropriate
8. Conduct limited follow-up research and draft field review report
9. Invite comments from Treasury, State, financing MDB(s) and project sponsor on draft field review report
10. Solicit internal USAID clearances (i.e., approvals) on revised field review report

⁹ Engagement with the MDBs outlined in this section, Review process, is consistent with the U.S. Government Accountability Office Protocols for International Organizations. See page 8: <https://www.gao.gov/assets/210/202812.pdf>.

11. Publicly disclose and distribute final field review report

REPORTING ON FIELD REVIEWS

Reports resulting from USAID MDB Team reviews include findings and recommendations that may highlight good practice and/or areas for improvement in environmental and social performance. Reports are disclosed on USAID's public website and distributed to stakeholders and interested parties. If practicable, the executive summary of each report is translated to the primary local language of the project's host country.

The USAID MDB Team also submits summaries of recent and planned USAID MDB Team reviews to the U.S. Congress through bi-annual reports. The USAID MDB Team aims to complete three to seven reviews per year across the MDBs in its purview.

SELECTION OF MDB PROJECTS FOR PRE-APPROVAL FIELD REVIEW

On an ongoing basis, the USAID MDB Team identifies proposed MDB projects that are likely to have adverse environmental or social impacts by reviewing MDB websites and consultation within USAID and with other U.S. federal agencies, Offices of U.S. Executive Directors, MDBs, and civil society organizations.

Through further review and consultation, the MDB Team identifies projects for potential field review that meet the stricter standard provided for in Title XIII: "particularly likely to have substantial adverse impacts."

From among the MDB projects considered for pre-approval field review, the USAID MDB Team selects projects based on one or more of the following considerations:

- High-impact sector or project type — Particular sectors (e.g., mining) and project types (e.g., linear infrastructure) are more likely to have adverse impacts.
- Large scale — MDB projects at larger geographic or financial scales are more likely to have adverse impacts.
- High-risk activity — MDB projects that include certain activities (e.g., hazardous waste management, involuntary resettlement) are more likely to have adverse impacts.
- Vulnerable context — MDB projects in vulnerable contexts are more likely to have adverse impacts. Vulnerability may be indicated by low levels of civil society capacity or freedom; weak environmental and natural resource governance institutions; threats to critical natural habitat or valuable cultural resources; high rates of child or forced labor; or other criteria.

- Title XIII and subsequent appropriations law direct USAID to focus its reviews on particular aspects of MDB safeguards or ‘focal areas’ that historically have not been implemented satisfactorily. These focal areas are baseline data, cumulative impacts, associated facilities, and alternatives to the proposed action.
- A project may warrant review because of relevance to issues that the USG has formally raised to MDBs through safeguard policy and guidance reviews. Such issues include, but are not limited to, use of borrower frameworks, biodiversity offsets, and consistent application of safeguards across lending instruments.

Additional selection considerations include safety and security; seasonality and physical accessibility of the project area; and availability of the USAID Mission to support the field review.

The USAID MDB Team maintains flexibility throughout the identification and selection process to respond to emerging needs, opportunities, and thematic or geographic concerns.

SELECTION OF MDB PROJECTS FOR POST-APPROVAL FIELD REVIEWS

On an ongoing basis, the USAID MDB Team identifies MDB projects that are eligible for post-approval field reviews. These include projects:

- That were reviewed by the USAID MDB Team prior to MDB board approval;
- On which USAID or other U.S. federal agencies provided comments related to environmental and social issues prior to board approval; or
- With emergent concerns regarding the adequacy of MDB safeguard implementation.

From among the MDB projects considered for post-approval field review, the USAID MDB Team selects projects in consultation with other USAID units and other U.S. federal agencies and, potentially, also with MDBs, civil society organizations or other actors.

POSITIVE IMPACT THAT EXTENDS BEYOND USAID-REVIEWED PROJECTS

Using the evidence or lessons from field reviews, the USAID MDB Team creates positive impact that extends beyond those projects that are the immediate focus of reviews. This can occur in three ways:

- Contributing to USG reviews of MDB environmental and social safeguards policies and guidance — As the agency that leads USG oversight of and engagement with the MDBs, Treasury leads the Administration’s review of MDB environmental and social safeguard policies and guidance documents. Treasury solicits input to these reviews from other U.S. federal agencies, including USAID. Based on the process, outputs, and learning from USAID MDB Team field reviews, among other factors, the Team contributes substantive input to Treasury and thereby influences USG positions.
- Informing stakeholder dialogue — The USAID MDB Team engages a broad range of stakeholders with interests in the environmental and social performance of MDBs. USAID MDB Team engagement may involve briefings on the Team’s activities as well as participation in conferences (e.g., of the International Association of Impact Assessment and the World Bank Group); regular meetings (e.g., the monthly forum for U.S. federal agencies and civil society organizations focused on MDB oversight); and other similar events. USAID MDB Team formal presentations and products and informal contributions to these events are largely based on the process, outputs, and learning from USAID MDB Team field reviews.
- Enhancing stakeholder capacity — The USAID MDB Team may also use the process, outputs, and learning from its field reviews to enhance the capacity of stakeholders. This may occur through separate activities, such as trainings or workshops, which are aligned with project reviews. Such activities may be supported by USAID or others.

USAID MDB TEAM STRUCTURE AND CONTACT INFORMATION

The MDB Team currently is led by the Agency Environmental Coordinator, Victor Bullen (vbullen@usaid.gov) and comprised of four senior analysts — Chad Dear, Alexis Erwin, Scott Lampman plus one vacancy — and an assistant, Chris Schmidt (cschmidt@usaid.gov).

The analysts aim to provide global coverage and regional depth through the following portfolio assignments:

Region	Focal Banks	Analyst	Email
Africa	WBG, AfDB	Alexis Erwin	aerwin@usaid.gov
Asia, Europe	WBG, ADB, EBRD	Chad Dear	cdear@usaid.gov
Latin America, Caribbean	WBG, IDB	Scott Lampman	slampman@usaid.gov

General inquiries and requests may be directed to e3mdbteam@usaid.gov. USAID MDB Team project review reports and semi-annual summary reports for the U.S. Congress are publicly available as of January 2020 at <https://ecd.usaid.gov/mdb.php>. Please note that this link may change as the agency updates its website.