



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/17/2000	
PROJ ID: P006664		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Environmental Institutions Development	<b>Project Costs (US\$M)</b>	32.7	32.7
<b>Country:</b> Chile	<b>Loan/Credit (US\$M)</b>	11.5	11.5
<b>Sector(s):</b> Environmental Institutions	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> L3529; LP164			
	<b>Board Approval (FY)</b>		93
<b>Partners involved :</b>	<b>Closing Date</b>	06/30/1998	12/31/1999
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>

**2. Project Objectives and Components**

**a. Objectives**  
The objectives were (i) to establish an institutional framework to manage environmental protection and conservation of natural resources; and (ii) to strengthen the Government's ability to evaluate and manage priority environmental problems in targeted sectors.

**b. Components**  
In support of the first objective, the project provided technical assistance (i) to strengthen the technical and administrative structure of the National Commission on the Environment (CONAMA), (ii) to implement and update the legal regulatory framework for the environment, (iii) to develop environmental impact assessments (EIAs) as a policy tool, (iv) to provide training and develop a non-formal education program, (v) to support small environmental projects at the community level, (vi) to establish an environmental information system (EIS), (vii) to develop capacity for economic analysis of environmental issues, and (viii) to establish emission standards and prepare decontamination plans for highly contaminated areas.  
In support of the second objective, the project provided TA (i) to undertake a cadastre of native forests, (ii) to promote the implementation of voluntary emission reduction agreements with industry, and (iii) to develop a regulatory environmental framework for the mining sector.

**c. Comments on Project Cost, Financing and Dates**  
The original closing date of June 30, 1998 was extended by 18 months to accommodate implementation delays.

**3. Achievement of Relevant Objectives:**  
The objectives of the project were achieved and exceeded in most respects, with one exception. The project supported the establishment of an effective institutional framework for environmental management, with CONAMA at the center, and a solid track record on impact assessment, policy analysis, information systems, and other aspects of environmental management. The project also strengthened environmental management in the forestry and industry sectors, but did not achieve its objectives with the mining sector.

**4. Significant Outcomes/Impacts:**  
The project  
(i) helped establish a new agency, CONAMA, which is fully operational, and has earned the respect of the private sector, the NGOs and the public;  
(ii) helped develop a General Environmental Framework Law, which regulates fundamental aspects of environmental regulation, and took effect in 1994;  
(iii) helped establish broadly applicable EIA rules and regulations that now carry the force of law;  
(iv) conducted a series of basic courses for 1,500 professionals in environmental management;  
(v) supported pilot community level projects which provided CONAMA with useful experience to set up the Fund for Environmental Protection, with national financing, to continue financing similar projects;  
(vi) established an EIS that contributes to decisionmaking at the sectoral and regional level and disseminates most of the information available through CONAMA's website;  
(vii) led to the creation of an Environmental Economics Analysis Unit which has become a core part of the CONAMA structure;  
(viii) helped prepare 20 environmental standards (out of 31 scheduled) and decontamination plans for selected

highly polluted areas;

(ix) conducted a cadastre of all forests in Chile, including complete areal mapping, and detailed maps;  
(x) promoted "clean production" approaches through studies and training that supported the implementation of voluntary emission reduction agreements with seven industrial sectors .

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

(i) the development of a regulatory environmental framework for the mining sector was not achieved . This is a significant shortcoming, since the mining sector is the most important source of industrial contamination;

(ii) the environmental training and awareness activities were only modestly effective .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Highly Satisfactory	Satisfactory	The project achieved or exceeded all its major objectives with the exception of those related to the mining sector, which is a significant shortcoming.
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability :</b>	Highly Likely	Highly Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Exemplary	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

**7. Lessons of Broad Applicability:**

The project represented a test of the "mainstreaming" approach to environmental management, where fundamental responsibility lies with the sectoral agencies rather than in a single environmental ministry . In this model, while CONAMA has significant tools at its disposal for inter-ministerial coordination, policy development, and pollution prevention, it has a very weak monitoring and enforcement role . The experience with this project suggests that this approach can be successful when environmental objectives are designed in such a way as to be in alignment with sectoral objectives (as with the forestry cadastre and the promotion of cleaner production methods ). When the sectoral institution cannot resolve the tensions between environmental regulation and investment promotion (as with the mining component), the environmental objective, progress is likely to be much slower .

**8. Assessment Recommended?**  Yes  No

**9. Comments on Quality of ICR:**

This "intensive learning" ICR is rated as exemplary for its well-written overview of the implementation experience of the project, with clear analysis and presentation of the evidence relating to outcome, sustainability, institutional development impact, Bank and borrower performance . It stands out because of the richness of the lessons learned, and the evidence of extensive dissemination and sharing of these lessons with the Borrower, as well as the quality of the borrower's inputs.