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| 1. Project Data: | | Date Posted : 06/08/2004 | |
| PROJ ID: P004403 | | Appraisal | Actual |
| Project Name : Cons. Of Priority Pr | Project Costs (US\$M) | 22.85 | 16.65 |
| Country: Philippines | Loan/Credit (US\$M) | 20.0 | 15.52 |
| Sector(s): Board: RDV - Forestry (30%), Other domestic and international trade (25%), Roads and highways (24%), Crops (15%), Other social services (6%) | Cofinancing (US\$M) | | |
| L/C Number: | | | |
| | Board Approval (FY) | | 94 |
| Partners involved : | Closing Date | 06/30/2002 | 06/30/2002 |
| Prepared by : | Reviewed by : | Group Manager : | Group: |
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2. Project Objectives and Components

a. Objectives

The Conservation of Priority Protected Areas Project (CPPAP), financed by a grant from the Global Environment Trust Fund, was a complement to the Bank-financed Environment and Natural Resources Sector Adjustment Program (ENR-SECAL). The CPPAP was to support the GOP's policies for the design and development of a protected areas system to conserve the nation's biodiversity heritage

Its objectives were to (i) protect ten areas of high biodiversity value; (ii) improve management of protected areas (PAs) through strengthening the Department of Natural Resources (DENR); (iii) incorporate local people and NGOs into the management structure of PAs, and establish permanent funding mechanisms; (iv) confirm the tenure of indigenous cultural communities; and (v) develop sustainable forms of livelihood consistent with biodiversity conservation.

b. Components

At appraisal the project was defined as having four components :

- *Site development:* (25% of total cost): including provision of appropriate levels of staffing and construction of infrastructure in PAs;
- *Resource management:* (10% of total cost): including the establishment of a community-based and NGO-supported management structure, development of management plans, mapping, boundary demarcation, and habitat restoration.
- *Socio-economic management:* (49% of total cost): the development of non-destructive livelihood projects in buffer zones and multiple-use areas, supported by community consultation and training ; and
- *National coordination, monitoring and technical assistance :* (16% of total cost): providing for NGO-based project coordination: monitoring of project implementation, trends in biodiversity inventories, and assessment of management impacts; and technical assistance to individual PAs and to DENR's Protected Areas and Wildlife Bureau (PAWB)

At the Mid-Term Review, the components were recast within the original objectives :

- *Protected area planning and management:* including mobilizing/organizing PA residents in participative management, strengthening PA management Boards (PAMBs) and Project Implementation Units (PIUs), preparing community oriented PA management plans, PA gazetting, and establishment of the Integrated Protected Areas Fund (IPAF);
- *Biodiversity conservation:* including patrolling by staff and communities; information, education and communication support; boundary demarcation, resource assessment and rehabilitation /restoration activities; biodiversity monitoring; and construction of basic infrastructure and installation of equipment;
- *Tenurial security:* covering surveys, claims documentation and processing, and issuance of tenurial instruments (TI);
- *Livelihood systems:* including the setting up of capital savings and mobilization schemes for organized PA

residents, and establishment of mechanisms for use of IPAF; development and implementation of non-destructive livelihood projects with technology and market support, socio-economic profiling, and IEC training and support of livelihood development; and

- *Project management and coordination*: covering activities at the PCU level, including program coordination, monitoring and evaluation, fund management, procurement and provision of TA and other assistance from experts and from partners; policy advocacy, lobbying and networking.

The project was jointly implemented by DENR, which is legally responsible for the protected areas, and a non-governmental organization established to implement the project - the NGOs for Integrated Protected Areas Incorporated (NIPA). NIPA was to be responsible, in particular, for the implementation of the field operations designed to improve the livelihoods of those living in or near the PAs.

c. Comments on Project Cost, Financing and Dates

Project cost was estimated at appraisal as US\$22.85 million, of which US\$20.0 million was to be covered by a grant from the Global Environmental Trust Fund. Actual project expenditure was US\$16.65 million, of which US\$15.52 million was received from the trust fund. The balance of US\$4.48 million of the grant was cancelled.

3. Achievement of Relevant Objectives:

Achievement of project objectives was mixed. Significant progress was made in establishing protection mechanisms for the 10 key sites. Improvements were made in the capacity of DENR to undertake biodiversity conservation programs. Community and NGO involvement at the ten sites has been enhanced. Some progress has been made in improving tenurial arrangements for local indigenous people, but this has been subject to legal delays. However, achievement in developing sustainable livelihoods (for which almost half of project financing was targeted) has been minimal.

4. Significant Outcomes/Impacts:

Protected area planning and management. Satisfactory management plans have been prepared for all 10 PAs and implementation is underway. Legal steps necessary to establish the PAs has been completed for four of them and the remainder are ongoing. All 10 sites have operational PAMBs and are collaborating satisfactorily with the relevant Local Government Units (LGUs). All have established IPAFs, and user fees and contributions towards local costs have been collected. However, operation of the IPAFs has not been entirely satisfactory because of the complex operational arrangements that restrict ease of withdrawal of funds.

Biodiversity conservation. DENR budgetary constraints have limited its ability to increase staff, but progress has been made. Non-project Danish TA improved the biodiversity monitoring system for the PAs and significant progress has been made in improving relationships with local communities. This has led to the establishment of local volunteer brigades to augment work by DENR staff.

Tenurial security. Limited but important progress was made in strengthening the legal rights of local communities, especially of indigenous peoples (IPs). Positive outcomes include the introduction of Community Based Resource Management Agreements for Protected Areas (CBRMA-PAs), participation of IPs in the PAMBs and in PA patrols, and the motivation for the Indigenous Peoples Rights Act, passed in 1997.

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

Livelihood systems. There were considerable delays in developing a program and financing of local projects only started in 1998. The remoteness of several of the areas limited the possibilities but this was compounded by weaknesses in NIPA. Staff were inexperienced and implementation of those efforts that got going was spotty. A total of 331 schemes are reported, covering a wide range of activities but the ICR contains no specifics. Few schemes were successful and, in the aggregate, there is little to show for the effort. Given the inexperience of the staff one wonders whether too wide a range was not attempted: a footnote the ICR lists 25 different production type projects and 7 other types. Given the limitations on available skills in a new organization such as NIPA, this seems far too broad, especially as several of the project areas were remote.

Project management and coordination arrangements were weak and the strong implementation partnership between DENR and NIPA never developed. In particular, financial and procurement management, by NIPA (including accounting, record keeping, monitoring and oversight, was highly unsatisfactory. Problems included excessive overhead charges on consultant fees, inappropriate contract splitting to avoid due review process, expenditures not consistent with project objectives, and excessive expenditures on unfinished works. These problems are under review by a special government investigative committee composed of the Departments of Justice, Finance and DENR.

The project was appraised and approved around the time of the Rio environmental conference. At that time there was great pressure for greater involvement of NGOs in operations, especially in the environmental field. The Philippines has (and had) an active NGO community and, in retrospect, the Bank was too ready to accept their views

that they had the relevant capacities to undertake a major role in a project of this type . Under the parallel ENR-SECAL the DENR was undertaking similar community level initiatives, apparently with a greater degree of success. The Bank may be faulted for not having pressed at the CPPAP mid-term review for the role of NIPA to be reduced, with DENR perhaps taking over the livelihood and related operations in and around some of the PAs .

| 6. Ratings : | ICR | OED Review | Reason for Disagreement /Comments |
|-----------------------------|----------------|---------------------------|--|
| Outcome : | Unsatisfactory | Moderately Unsatisfactory | Progress was made on a number of fronts and significant, but limited, development benefits were achieved . The main failure was in the livelihood support area, at which the largest share of financing was targeted. The project achieved only some of its major objectives, but with significant environmental benefits. |
| Institutional Dev .: | Modest | Modest | |
| Sustainability : | Unlikely | Unlikely | |
| Bank Performance : | Unsatisfactory | Unsatisfactory | |
| Borrower Perf .: | Unsatisfactory | Unsatisfactory | |
| Quality of ICR : | | Satisfactory | |

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 ICR notes a total of 14 lessons, the most generally applicable of which are :

- Where implementation is to be the responsibility of a non-government agency, care needs to be taken not only in the choice of that agency, but also to ensure that the project design is appropriate for implementation by that agency.
- Even if a project is focussed on technical operations, strength of an agency in technical areas is not enough . Successful project implementation requires strength in management areas including finance, procurement, monitoring and oversight, and technical assistance should be sought if necessary .
- Operations that rely heavily on statements of expenditure for reimbursement of a large number of small expenditures in remote locations carry a high risk and require the establishment of appropriate control mechanisms, such as standard documentation, sampling for review and a strong oversight capacity .

8. Assessment Recommended? ☒ Yes ☐ No

Why? Should be considered as an input to any study of the effectiveness of the use of NGOs to manage project operations.

9. Comments on Quality of ICR:

The ICR is generally satisfactory, but would have benefited from more detail on the outcome of the livelihood support component. This accounted for nearly half of planned expenditure and was adjudged to be highly unsatisfactory and the major reason for the ICR rating the project outcome as unsatisfactory .