



<b>1. Project Data:</b>		<b>Date Posted :</b> 09/22/2003	
<b>PROJ ID:</b> P035733		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> National Environmental Policy Reform Project	<b>Project Costs (US\$M)</b>	3.6	3.16
<b>Country:</b> Dominican Republic	<b>Loan/Credit (US\$M)</b>	3.0	2.75
<b>Sector(s):</b> Board: ENV - Central government administration (75%), Sub-national government administration (13%), Other social services (12%)	<b>Cofinancing (US\$M)</b>	N/A	N/A
<b>L/C Number:</b> L4293			
	<b>Board Approval (FY)</b>		98
<b>Partners involved :</b> None	<b>Closing Date</b>	12/13/2001	10/31/2002
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
Siham A. Mohamedahmed	Soniya Carvalho	Alain A. Barbu	OEDST
<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
The overarching objective of the project was to establish the basis for improved environmental management by, defining environmental policy reforms and elaborating a National Environmental Management Program (NEMP) through a learning and participatory process.			
As stated in the Project Appraisal Document ( PAD ) , the specific objectives were:			
<ul style="list-style-type: none"> <li>a) Defining priority areas for reforms by taking stock of environmental management problems, information gap, and policy issues;</li> <li>b) Assessing and defining legal, fiscal, and institutional reforms;</li> <li>c) Developing a national environmental management policy;</li> <li>d) Testing innovative approaches to addressing key environmental problems;</li> <li>e) Developing a long term investment plan to support implementation of environmental management policy; and</li> <li>f) Strengthening key environmental institutions.</li> </ul>			
<b>b. Components</b>			
The project's three components were:			
<ol style="list-style-type: none"> <li>1. <b>Supporting policy and institutional reforms</b> (Appraisal: US\$1.5 million ; Actual US\$ 1.3 million). This component covered: key background studies; national-level public debate on the proposed reforms; defining sectoral action plans for reforms and priorities for future investment in environmental management; and the preparation and publication of the NEMP.</li> <li>2. <b>Developing pilot activities</b> (Appraisal: US\$1.25 million; Actual US\$ 0.67 million). This component covered: innovative models for natural resources management; decentralization of environmental functions; public -private sector partnerships; and creative financing mechanisms for sustainable environmental management .</li> <li>3. <b>Building capacity for project management and providing technical training</b> (Appraisal: US\$0.9 million; Actual US\$ 1.19 million ). This component included: strengthening the capacity for environmental planning and management in the Environmental Planning Department of the National Planning Office (ONAPLAN); financing the establishment of the Project Coordinating Unit (PCU); and developing the needed human resources for the institutional arrangements resulting from the reforms .</li> </ol>			
<b>c. Comments on Project Cost, Financing and Dates</b>			
<b>Cost &amp; Financing :</b> Actual total project cost was \$3.16 million, which is 12.2 % less than the \$3.6 million estimated at appraisal. The government disbursed only 60% of its agreed funding. Under the first component, the project financed the preparation of the Analytical Framework and Strategic Plan for Environmental Management (called the Toolkit) that was not envisioned in the original components .			
<b>Dates:</b> The project closing date was extended twice per borrower request for a total of 10 months.			
<b>3. Achievement of Relevant Objectives:</b>			

The project achieved its overall objective but with significant shortcomings . The achievement of specific project objectives is summarized below:

**a) Defining Priority areas for reforms** : The project identified reforming the legal and institutional framework as a key area and achieved significant progress in addressing it by supporting activities to consolidate and reform environmental management organizations .

**b) Legal, fiscal, and institutional reforms** : The Legal and Institutional Framework Study was completed and delivered in a timely manner, which provided an analysis of the country's environmental legal framework, including the new Environmental Law and proposal for further regulations . The project promoted dialogue among key stakeholders on the future of national environmental management through round table discussions on political and institutional reforms .

**c) Developing NEMP** : This objective was not fully achieved but, draft NEMP was prepared that provided a framework for prioritizing environmental challenges and developed a series of proposed interventions and policy reforms .

**d) Innovative approaches** : Seventy five percent of the eight pilot sub -projects were successfully completed, these pilot projects tested innovative approaches to managing environmental issues at the local level, developed new approaches to share management that promoted participation and strategic alliances in the environmental sector. These pilots contributed elements for policy reform in areas such as land use planning, management of solid waste, and management of protected areas . The lessons learned from these pilots were integrated into the NEMP .

**e) Investment plan** :The project failed to develop a comprehensive investment plan for the implementation of the identified priority reforms and supporting environmental policy .

**f) Strengthening institutions** : The project contributed to the strengthening of environmental institutions by providing training to key personnel in government agencies . It also sponsored specific capacity building activities targeting key needs of technical staff . In addition, the project built technical capacity through the implementation of the background studies and pilot process .

#### 4. Significant Outcomes/Impacts:

- The project played a crucial role in broad -based consensus building discussions that ultimately led to the passage of the Environmental Framework Law .
- The project contributed to the consolidation of dispersed environmental management agencies and created the Ministry of the Environment and Natural Resources (SMRN).
- Legal and Institutional Framework Study provided an analysis of the country 's environmental legal framework, including the new Environmental Law and proposal for further regulations and standards for protected areas, biodiversity, air quality, and forestry among others .

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

- The NEMP, provided limited recommendations for sectoral linkages to be developed, as well as guidance on decentralized environmental management . Because the Diagnostic Analysis was not prepared on time and was of inadequate quality, the NEMP failed to incorporate it in its final analysis .
- The project failed to provide a prioritized and detailed action plan with specific key policy reforms and investments .
- The project was limited on actively involving the private sector and civil society for consultation and on participation in workshops particularly regarding the dissemination of the final version of the NEMP .
- Although the project satisfactorily completed the legal and institutional framework study, it failed to conduct sector studies that analyzed the relationships between the environment and the sectors of energy and tourism, among others . Only one sector study was completed under the project, but its usefulness was questioned by SMRN .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Satisfactory	Moderately Satisfactory	The project fell short in achieving two important objectives, namely, objectives c and e (See Section 3). The project had significant shortcomings (See Section 5).
<b>Institutional Dev .:</b>	High	High	
<b>Sustainability :</b>	Highly Likely	Likely	The borrower's ICR indicates that the project was only partially successful in eliciting commitment from SMRN staff, also there is low degree of ownership from private sector and some government agencies in relation to NEMP .
<b>Bank Performance :</b>	Satisfactory	Satisfactory	

<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		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:**

- Simplicity and flexibility in project design (e.g. clear and concise components, concrete objectives in line with institutional capacity, realistic timing in output delivery, etc .) are essential characteristics for loans with short implementation periods.
- Projects that build in a flexible approach (e.g., demand-driven capacity building activities ) are better equipped to adapt to unforeseen shocks encountered during implementation, ensuring their completion .
- Adopting a participatory consultative process to develop project outputs and implement project activities enhances continuity and sustainability in project execution .
- Activities that fully involve local communities in decision -making, building ownership and trust from the proposal stage until the closure of the project tend to be more successful .

**8. Assessment Recommended?**  Yes  No

**Why?** An audit is recommended to learn lessons from this project which was one of the Bank's first Learning and Innovation Loans . The audit could also document methodologies for and outcomes from effective public participation in decentralized and privatized environmental management .

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

The ICR is satisfactory. It openly discusses the project's strengths and successes as well as the project's weaknesses and failures. A summary of sub-projects, achievements, and shortcomings provides key lessons from pilot studies. The analysis however, is confusing at times because of the way of presenting some outputs as unsatisfactory while the corresponding outcomes are satisfactory . The quality of the ICR would have been improved if the outcomes were analyzed in terms of achieving project objectives .