



1. Project Data :	
OEDID:	C2125
Project ID:	P001556
Project Name:	Environment Program
Country:	Madagascar
Sector:	
L/C Number:	C2125-MAG
Partners involved :	NORAD, USAID, KfW, FAC, UNDP. AfDB withdrew.
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2. Project Objectives, Financing, Costs and Components :
 Cr. 2125 supported the first five years of a 15-year environment program intended to support : conservation and management of biodiversity; promotion of sustainable development; improvement of living conditions; and development of human resources and institutional capacity . The first two years of implementation were intended to emphasize institutional development, followed by three years of pilot implementation actions . Support for project objectives was spelled out in seven components, two aimed at urgent actions to stem biodiversity loss and soil erosion, and five aimed at institutional development . Cr. 2125 was approved in FY89, became effective in FY91, and closed after a one-year delay in FY97. The fully-disbursed credit provided US\$26 million equivalent. Cofinanciers committed to provide US\$42.3 million and actually provided US\$64.7 million. The government contribution was US\$3.3 million plus an undisclosed amount in customs duties and taxes .

3. Achievement of Relevant Objectives :
 Relevant objectives were highly ambitious and program achievements were mixed . As appraised, the program was overly ambitious for the country conditions and the complexity of the issues being addressed . Through implementation, those involved have learned that in the absence of an environmental policy that unifies and coordinates the actions of stakeholders, the establishment of "mandate-specific agencies" and the implementation of local projects will not result in environmental protection and management . While the program has undertaken numerous activities, many of them in remote and difficult areas, it has not achieved its approved objectives .

4. Significant Achievements :
 Three new environmental agencies were established . Support was provided to some 44 protected areas through various mechanisms, from direct agency management, contractors, and local organizations . Numerous (1,177) mini-rural development projects were implemented for the benefit of farm families . The frequency of bush fires has been reduced as has soil erosion in specific locations . A remote sensing laboratory was established .

5. Significant Shortcomings :
 The project was overly complex as appraised . It required coordination of seven agencies by an eighth agency (which was newly created under the project). Three new agencies were created, but their future relevance and sustainability are in doubt for financial and public policy reasons . There is little evidence that the management of protected areas is benefiting biodiversity conservation, as planned . The approach to controlling soil erosion in micro-catchments is trivial compared to the scale of the problem . Cadastral surveys and land titling fell well below expectations. The environmental education component lapsed when the African development Bank withdrew its support for the program. The research component suffered from a lack of focus and links to project operations . There was no effective program monitoring or evaluation .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Unsatisfactory	The program failed to put in place the key elements of a long-term foundation for

			environmental conservation and management, including sustainable institutions, regulatory frameworks, data bases, M&E, training, and sector policy studies. The urgent actions to contain biodiversity loss and soil erosion, while numerous, are fewer than expected and many in the Protected Areas are of doubtful efficacy. 8 of 14 key indicators underperformed significantly. The research program fell short of expectations.
Institutional Dev .:	Partial	Modest	While OED's language is different, its rating is the same as the ICR's.
Sustainability :	Unlikely	Unlikely	
Bank Performance :	Satisfactory	Unsatisfactory	The appraised project was overly complex and overambitious for the country and the subject. Institutional risks were identified but not properly controlled. No specialist advice on institutional development was provided during supervision.
Borrower Perf .:	Satisfactory	Unsatisfactory	The borrower performed basic tasks (complying with covenants and providing counterpart funds), but was unable to implement the challenging array of institutional development and on-the-ground tasks expected of it. A constructive relationship between the new agencies and the administration was not developed. M&E was not done. The full extent of the borrower's financial contribution remains indeterminate.
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

Program objectives and implementation responsibilities must be realistically defined . In the Bank's (and donors') enthusiasm for environmental conservation and management, the challenge, risks, and realities must be very carefully appraised. A long time frame (15-years) is necessary to lay new institutional foundations and change behavior, and the first years of such a program must be used carefully to put a long -term foundation in place.

8. Audit Recommended? Yes No

Why? There is broad disagreement between OED and the ICR on ratings . Even more importantly, this is one of a new generation of environmental programs whose experience deserves careful assessment .

9. Comments on Quality of ICR :

The ICR is satisfactory in all respects except one : it lays out a full and candid picture of program design and implementation, most of which succeeded only partially, but in spite of its well established shortcomings, the ICR concludes that the first phase of the 15-year Environment Program was satisfactory . The conclusion, is not well-founded. No government-adopted policy framework is in place. No comprehensive policy-based action plan has been designed. Coordination among key agencies remains weak . "The approach to environmental protection and management was largely based on isolated self-standing activities, rather than integrated interventions more characteristic of a program."