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| 1. Project Data: | | Date Posted : 03/03/2004 | |
| PROJ ID: P003253 | | Appraisal | Actual |
| Project Name: Environmental Support Program | Project Costs (US\$M) | 20.8 | 8.0 |
| Country: Zambia | Loan/Credit (US\$M) | 12.8 | 6.0 |
| Sector(s): Board: ENV - General public administration sector (60%), Other social services (40%) | Cofinancing (US\$M) | 6.6 | 1.4 |
| L/C Number: C2961; CQ009 | | | |
| | Board Approval (FY) | | 97 |
| Partners involved : UNDP, Nordic Development Fund (NDF) | Closing Date | 12/31/2003 | 06/30/2003 |
| Prepared by : | Reviewed by : | Group Manager : | Group: |
| George T. K. Pitman | Fernando Manibog | Alain A. Barbu | OEDST |
| 2. Project Objectives and Components | | | |
| a. Objectives | | | |
| To mainstream environmental and natural resource management in Zambia's development processes at national and local levels through development of mechanisms to foster interchange of ideas and active participation and coordination of stakeholders at all levels . | | | |
| b. Components | | | |
| There were 4 components: | | | |
| <ul style="list-style-type: none"> ● Strengthen institutional and legal framework . To put in place an effective institutional and regulatory framework for environmental protection and natural resource management and pilot a Community Management Program (CMP). \$8.5 million, only \$3 million spent. ● Promote environmental education and public awareness . To enable communities to assume responsibility for environmental management through education . \$1.8 million, only \$0.5 million spent. ● Establish Pilot Environmental Fund . Establish incentive mechanisms to promote community -based micro-projects and finance studies and development of action plans and strategies of national importance . \$4.3 million, only \$2 million spent. ● Establish environmental information management . Establish an Environmental Information Network and Monitoring Systems (EINMS) and forum, and several issue-oriented information subsystems, and establish a monitoring, evaluation and reporting system as a management tool for environmental support programs . \$3.9 million, only \$1.5 million spent. | | | |
| c. Comments on Project Cost, Financing and Dates | | | |
| A Bank proposal to restructure the project in October 2001 met resistance from government and was only partially implemented. Eventually, the project was suspended in December 2002 for misuse of project funds and closed six months early when US\$6.9 million was cancelled. UNDP withdrew early due to a lack of funds, disbursing only US\$0.4 million (13% of commitment), the NDF stayed involved after the Bank's exit, disbursing US\$ 1.0 million (30% of commitment). | | | |
| 3. Achievement of Relevant Objectives: | | | |
| The major objective was only partially achieved with major shortcomings . | | | |
| Generally, effectiveness increased away from central government, particularly for the pilot environmental fund at the district and community level. | | | |
| 4. Significant Outcomes/Impacts: | | | |
| <ul style="list-style-type: none"> ● The Environmental Council of Zambia narrowed and refocused its regulatory mandate and improved its EIA system and established an effective Communications Unit . ● A number of cross-cutting new institutions was established and include the Zambian Environmental Educators' Network, the National Environmental Steering Committee and the Environmental Information Systems Forum . ● Increased understanding by government agencies led to satisfactory incorporation of environmental concerns into the Zambia Poverty Reduction Strategy Paper which was lauded in an independent Bank -wide review of | | | |

PSRPs.

- Community environmental management programs were successful . District Environmental Committees were established and, using District Environmental Facilitators, 32 Community Environmental Action Plans were prepared.
- The national curriculum for environmental education was overhauled and revised, and is being applied throughout Zambia.
- The Pilot Environmental Fund supporting community environmental management and studies met local demand and continued at a reduced level, sponsored by government, after the Bank withdrew from the project .
- District Community Environmental Profiles were set up and local coordination and information -sharing mechanism established.

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

- Given that the weak institutional capacity of the implementing ministry was known at appraisal, project objectives were too ambitious and unrealistic .
- Institutional capture adversely affected the effectiveness of the project . The Ministry of Tourism, Environment and Natural Resources regarded the project as a source of funds to cover its own operating expenses and was reluctant to share it with other stakeholders or accelerate its implementation . In doing so, MTENR tolerated highly ineffective project administration, including corruption, and totally inadequate reporting on managed activities.
- Weak commitment at the highest levels of government and totally inadequate counterpart funding severely hampered the activities of the project and encouraged diversion of project funds to cover government administrative costs .
- Failure of government to financially support decentralization undercut strong ownership and effectiveness at the District level and led to a number of activities being stopped .
- Few activities made the transition from design to implementation, and many of those that did - for example EIAs - suffered from lack of follow-up and inadequate monitoring and evaluation .
- The institutional and regulatory framework was not strengthened at the national level, and neither a National Environmental Policy nor a National Environmental Education Strategy was produced .
- Environmental information management only covered about a fifth of its targeted outputs .
- The Bank's financial and procurement guidelines were rarely adhered to .
- Suspension and early closure of the project preempted commissioning of important stakeholder and other surveys that could have provided feedback on the effectiveness and sustainability of project initiatives .

| 6. Ratings : | ICR | OED Review | Reason for Disagreement /Comments |
|-----------------------------|----------------|----------------|-----------------------------------|
| Outcome : | Unsatisfactory | Unsatisfactory | |
| Institutional Dev .: | Modest | Modest | |
| Sustainability : | Unlikely | Unlikely | |
| Bank Performance : | Unsatisfactory | Unsatisfactory | |
| Borrower Perf .: | Unsatisfactory | Unsatisfactory | |
| Quality of ICR : | | 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:

- In countries with weak governance, it is essential not only to undertake an institutional assessment of executing agency capability but also put in place appropriate measures to strengthen capacity and ensure transparency . Simultaneously, project supervision must be backed-up with better than average managerial scrutiny and a full range of specialist skills so that problems can be spotted and mitigated before they get out of control .
- Understand the borrower's incentive structure . Take care to ensure that government and agency ownership of Bank-financed projects is related to specific project objectives, not the external source of funding it delivers . In the case of the Zambia environmental support program, it appears that the government saw the project as extra-budget support, not as additionality to assist achievement of a series of well -defined environmental objectives.
- If it is decided to close a project prematurely, care should be taken to minimize adverse consequences on stakeholders who are performing well . In the case of this project, premature closure went ahead without a risk assessment to non-Bank stakeholders . As a result, activities that had generated local ownership and were well on the road to being mainstreamed appeared, from beneficiaries perspectives, to be unjustly penalized .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

A very candid and open account of the project . The Borrower's Terminal Report adds immeasurably to an

Understanding of the tensions between government and the Bank over the premature closure of this project and clearly indicate that breakdown in communications and mutual incrimination were major issues sapping project effectiveness.