



1. Project Data :		Date Posted : 07/11/2000	
PROJ ID : P006446	OEDID : L3173	Appraisal	Actual
Project Name : National Environmental Project	Project Costs (US\$M)	166.4	269.0
Country : Brazil	Loan/Credit (US\$M)	117	115
Sector, Major Sect .: Natural Resources Management, Environment	Cofinancing (US\$M)		
L/C Number : L3173			
	Board Approval (FY)		91
Partners involved :	Closing Date	06/30/1994	12/31/1998
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components

a. Objectives

The objectives of the project were the strengthening of :

- (i) the protection of the most important conservation areas, and endangered ecosystems, and a reduction of economic and environmental losses in the Pantanal, Amazonia, Atlantic Forest and the Coastal Zone; and
- (ii) the national environmental agency, IBAMA, and of state level environmental agencies, and of environmental licensing, monitoring and planning functions, especially the guidelines for Environmental Impact Assessment, Environmental Zoning, River Basin Management and the management of toxic substances .

b. Components

As appraised, the project had three major components :

- (i) strengthening of the national system of Conservation Units, through improved protection of 50 existing conservation areas and establishment of at least 5 additional ones representative of important ecosystems;
- (ii) protection of ecosystems through special projects for environmental management and protection of the Pantanal wetland, the remnants of the Atlantic Forest and endangered systems along the coast; and
- (iii) institutional development, through measures for the strengthening of IBAMA, selected state level environmental agencies, and the regulatory framework, through provision of management and legal assistance, training, equipment, remote sensing and data base information systems .

At the mid-term review, these three components were scaled back because of the slow rate of implementation (e.g. the 50 conservation units to be assisted were cut to 33). A fourth component was added:

- (iv) Decentralized Execution Projects (PEDs), to provide support to operations to be implemented by state and local government units. These projects were to be accompanied by environmental policy reforms which, together with the proposal and implementation requirements, were laid out in a manual .

c. Comments on Project Cost, Financing and Dates

Project closing was extended by 4.5 years, doubling the implementation period. Project cost increased from US\$166 million to US\$269 million

3. Achievement of Relevant Objectives :

As pointed out by the ICR the overall objectives of the project were broad and its structure complex and the indicators proposed for monitoring represented inputs rather than outcomes and impacts . Based on the material in the ICR it is reasonable to conclude that conservation of key natural resources and the major environmental agencies and the regulatory and policy framework were strengthened . But, some of these results were achieved in tortuous ways, and the project implementation period was eight years, compared to the three and a half years planned.

4. Significant Outcomes /Impacts:

The PEDs received widespread acceptance. The Borrowers ICR reports that:

-- 89 projects were implemented in the areas of fishery, rehabilitation of river bank vegetation, agroforestry systems, ecological tourism, rehabilitation and sustainable use of natural resources, benefiting 19,000 households; and
-- during implementation 541 entities from public and private sectors were involved (92 implementing municipalities,

and 185 municipalities in co-management, 112 state government agencies, 7 federal agencies and 145 community and non-government agencies). Besides testing and disseminating sustainable development models, yielding economic results immediately appropriated by communities and people, the implementation of these projects increased the capacity of the local implementing agencies in terms of administration, planning and management of funds from multilateral finance organizations. In many localities, the administrative procedures developed for the management of these projects are being incorporated into their current administrative procedures."

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

Initial design was unrealistic and had to be trimmed at the MTR.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Marginally Satisfactory	Implementation period was doubled and cost increased by 60%, while some elements were scaled back
Institutional Dev.:	Substantial	Substantial	
Sustainability:	Likely	Likely	
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf.:	Satisfactory	Satisfactory	
Quality of ICR:		Satisfactory	

7. Lessons of Broad Applicability:

Under conditions in which the major agency (IBAMA) had just been formed by grouping a number of predecessor organizations, and where the legal and regulatory framework was new and untested, a detailed and candid review of the capacity of the implementing agency would have been essential. This type of situation would have benefited from the existence of a more flexible lending framework, such as is now provided by APLs.

8. Audit Recommended? ☒ Yes ☐ No

Why? Investigate in greater depth: (i) the value added by the project, given its substantial cost; and (ii) performance of PEDs, which were added at MTR and, in the end, amounted to 25% of project financing. In particular, their effectiveness in raising local environment management standards

9. Comments on Quality of ICR:

Overall, the ICR is satisfactory. It discusses the initial problems of the project and the changes made at the MTR. However, partly because of deficiencies in the monitoring framework, it is unable to provide a full assessment of the PEDs, or of the extent of the achievement of the major initial objectives.

The ICR provides no report on compliance with covenants, even though the appraisal report details two pages of agreements.