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PERFORMANCE AUDIT REPORT

BOLIVIA

**ENVIRONMENTAL TECHNICAL ASSISTANCE PROJECT
(CREDIT 2443-BO)**

June 24, 1999

Operations Evaluation Department

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Currency Equivalents (annual averages)

Currency Unit = Country Currency: Bolivianos (BOB)

1992	US\$1.00	BOB 3.90
1993	US\$1.00	BOB 3.90
1994	US\$1.00	BOB 4.62
1995	US\$1.00	BOB 4.94
1996	US\$1.00	BOB 5.07
1997	US\$1.00	BOB 5.33
1998	US\$1.00	BOB 5.43

Abbreviations and Acronyms

EAP	Environmental Action Plan
ETAP	Environmental Technical Assistance Project
FONAMA	National Environmental Fund
GEF	Global Environment Facility
ICR	Implementation Completion Report
IDA	International Development Association
MDSMA	Ministry of Sustainable Development
NGO	Nongovernmental organization
OED	Operations Evaluation Department
PAAB	Bolivia Environment Action Plan
PAR	Performance Audit Report
SENMA	National Environmental Secretariat
SEGMA	National Environmental Secretariat General

Fiscal Year

Government: July 1 - June 30

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Office of the Director-General
Operations Evaluation

June 24, 1999

MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

**SUBJECT: Performance Audit Report on Bolivia
Environmental Technical Assistance Project (ETAP) (Credit 2443-BO)**

Attached is the Performance Audit Report prepared by the Operations Evaluation Department (OED) on the above project. The credit was approved in FY93, for the amount of US\$4.8 million. It was fully disbursed, and closed, as scheduled, on June 30, 1997. It was the first IDA-assisted environmental technical assistance project in Bolivia. Two project preparation facilities (P-691-BO, P-691-1-BO) totaling US\$1,030,000 and a Japanese grant facility (N JGF-991-BO) totaling US\$349,085 helped initiate the project.

The ETAP project had four objectives: (i) to strengthen the borrower's institutions involved in the promotion of sustainable use of natural resources and the protection of the environment; (ii) to develop the borrower's skills to plan, evaluate, and implement environmental action programs; (iii) to rationalize and improve the borrower's environmental, legal, and regulatory framework; and (iv) to raise public awareness of environmental issues. The credit generally supported the National Environmental Action Plan and complemented a Global Environmental Facility Biodiversity project.

The project aimed to attain the objectives through three main components: institutional strengthening of environmental agencies (45 percent of project costs); development of regulations for laws covering the environment (12 percent of project costs); and environmental education (17 percent of project costs).

ETAP was unsuccessful at strengthening environmental institutions because staff turnover was excessive, and it failed to upgrade staff skills in prioritizing important environmental programs for the same reason. ETAP trained technical staff who were not retained by their agencies, produced educational materials that were never used, and attempted to strengthen environmental institutions that lost their technical focus and actually became weaker. Nevertheless, project-funded activities had a considerable impact within Bolivia and internationally. Progress in the development of legislation and regulations was good. The Government now requires environmental assessments and there is a register of hazardous substances in operation. OED rates project outcome as marginally unsatisfactory, sustainability as unlikely, and institutional development impact as modest. This differs from the ICR, which rated overall outcome of the project as satisfactory, sustainability as uncertain, and institutional development as partial. OED rates borrower performance as unsatisfactory. The introduction of sustainable development elements into all government planning brought special recognition for Bolivia by the United Nations World Conference on the Environment (1997). Lessons learned highlight the importance of retaining expensively trained personnel, transparency in hiring, and clarity in procurement TORs.

Attachment



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Principal Ratings

	<i>ICR</i>	<i>Audit</i>
Outcome	Satisfactory	Marginally unsatisfactory
Sustainability	Uncertain	Unlikely
Institutional Development	Modest	Modest
Borrower Performance	Satisfactory	Unsatisfactory
Bank Performance	Satisfactory	Unsatisfactory

Key Staff Responsible

	<i>Task Manager</i>	<i>Division Chief</i>	<i>Country Director</i>
Appraisal	Kanella Vasiliades	Douglas Forno	Ping Cheung-Loh
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Completion	Gary Hunnisett	N/A	Isabel Guerrero

Preface

This is a Performance Audit Report (PAR) on the Bolivia Environmental Technical Assistance Project (Credit 2433, approved on December 21, 1992, for SDR 3.3 million). It was the first IDA-assisted environmental technical assistance project in Bolivia. Two project preparation facilities (P-691-BO, P-691-1-BO) totaling US\$1,030,000 and a Japanese grant facility (N JGF-991-BO) totaling US\$349,085 helped initiate the project. It was fully disbursed and closed as planned on June 30, 1997. The government disbursed US\$432,000 (78 percent) of the amount agreed. The final project cost was US\$5.192 million; the last disbursement was made on May 12, 1997.

This Operations Evaluation Department (OED) report is based on the President's Report, sector and economic reports, special studies, Country Assistance Strategy and Policy Framework papers, loan documents, review of the project files, and discussions with Bank staff. An Implementation Completion Report (ICR, Report No. 17530, dated March 25, 1998) was prepared by Environment and Socially Sustainable Development, Latin America and Caribbean Region. An OED mission visited Bolivia in June and July 1998 and discussed the effectiveness of the Bank's assistance with government officials, other development organizations, bilateral donors, beneficiaries, and stakeholders. Their kind cooperation and invaluable assistance in the preparation of this report are gratefully acknowledged.

The ICR provides an account of the project experience and covers project design, the role of the Bank, achievements, and sustainability. The PAR focuses on the impacts of the project considering the institutional changes that have taken place, discusses a number of problems that constrained the achievement of project objectives, and describes development progress in the environment sector. It assesses the quality of the intervention design, including its consistency with the problems identified. It considers the effectiveness of the Bank and borrower dialogue; reflects on the borrower's ownership, consensus, and commitment; and determines the effectiveness of the project subcomponents.

Copies of the draft PAR was sent to the relevant government officials and agencies concerned for their review and comments. No comments were received.

1. Introduction

Country Context

1.1 The early 1990s, when the World Bank approved the Bolivia Environmental Technical Assistance Project (ETAP), was a time of great excitement about the environment. Substantial international assistance was available for environmental projects and influential international Nongovernmental Organizations and UN agencies were providing the field with the intellectual leadership it needed. NGOs and international organizations alike enthusiastically promoted participatory problem analysis and action planning. These two development tools were to define the approach taken in ETAP.

1.2 The most severe environmental problems facing Bolivia are deforestation, soil erosion, water pollution, and loss of biodiversity and natural habitat. When ETAP was under preparation, a variety of ministries had some involvement with the environment through their assigned activities—finance, investments, policy making, education, and the administration of justice. All made environmental policy in small areas, but their efforts were uncoordinated. Key constraints to improved environmental management included an absence of communication and coordination among the principal environmental actors; inadequate policy, legal, and regulatory frameworks; a weak environmental institutional structure; and a severe shortage of technical capacity. During the preparation of ETAP it was apparent that if Bolivia was to increase growth and reduce poverty, it needed to develop stronger environmental institutions, new legislation, and increased technical capacity. It also needed to adopt a more sustainable approach to using the country's abundant natural resources. ETAP addressed these problem areas. It was the first credit of its kind in Bolivia.

Institutional Context

1.3 The principal institutions explicitly dedicated to the environment when ETAP was designed were as follows:

- The National Environmental Secretariat (SENMA) was responsible for formulating environmental policies and coordinating implementation. It later was elevated to the rank of Secretariat General and referred to as SEGMA.
- The semi-autonomous National Environmental Fund (FONAMA) helps the government to develop projects, raise money from international donors, and oversee the administration of environmental projects. Its creation was supported by the Bank and the principal bilateral donors who collectively were unwilling to fund SENMA to administer the projects they funded.

The Government needed to translate the above organizations and initiatives into concrete actions by formulating realistic policies, and addressing the formidable constraints to improved environmental management. Soon after implementation began, a new government created the Ministry of Sustainable Development (MDSMA), which put environmental issues high on the country's agenda.

Bank's Role in Environmental Planning

1.4 Even before Operational Directive 4.02 (1992) formalized Bank support for environmental action plans (EAPs) Bank policy had been to foster the preparation and implementation of an appropriate EAP in each country. Ideally, the findings and strategies of each country's action plan are reflected in Bank work. A country's EAP constitutes essential preparation for integrating environmental considerations into the overall economic and social development strategy. The action plans describe the major environmental concerns of the country, identify the principal causes of problems, and formulate policies and actions to deal with the problems identified by the EAP.

1.5 Before preparation of this loan, IDA supported the development of an EAP to guide actions and policies in the sector. The Bolivia Environment Action Plan (known locally as the PAAB) reflects the growing environmental awareness in the country and a clear understanding of the environmental priorities. The government had already committed itself to preparing the planning document in 1989, and affected groups had time to think about their role in the process before funding became available in 1991. The PAAB, the first National Environment Policy, was supervised and published by the Environmental Secretariat's Director of Environment Policy the same year.

1.6 The PAAB was not intended to gather dust on a shelf but rather "to establish a permanent process of planning and coordination of the different social actors involved with environmental problems." Other objectives of the plan were as follows: to formulate national and regional environmental policies that would orient the actions of SEGMA, FONAMA, the Ministry of Planning, and other sectoral agencies; to establish an institutional and legal framework in order to incorporate environmental concerns in national and regional development policies; to promote the debate of environmental issues in civil society and finally, to advertise the activities of the PAAB through the media.¹

Project Objectives

1.7 ETAP had four objectives: (i) to strengthen the borrower's institutions involved in the promotion of sustainable use of natural resources and the protection of the environment; (ii) to develop the borrower's skills to plan, evaluate, and implement environmental action programs; (iii) to rationalize and improve the borrower's environmental, legal, and regulatory framework; and (iv) to raise public awareness of environmental issues. The credit generally supported the PAAB and complemented the Global Environmental Biodiversity project (GEF Grant 28620-BO). The total project cost was estimated as US\$5.5 million.

Components

1.8 The project aimed to attain the objectives through three main components:

1. *Institutional strengthening of environmental agencies (45 percent of project costs)*

1. A revised version of the National Environmental Action Plan was produced in 1996.

- The project financed consultant and staff salaries and procurement of information processing equipment. Training was ultimately provided for environmental professionals in both FONAMA and the National Secretary of Natural Resources and Environment (SNRMA) of the MDSMA. The training covered environmental impact assessment, environmental economics, data collection and storage, administration, environmental legislation and regulations, and public dissemination procedures.
2. *Environmental, legal, and regulatory framework (12 percent of project costs)*

Activities under this component included the following:

- development of regulations for laws covering the environment, forestry, water, and biodiversity;
 - development of regulations on environmental impact assessment, environmental quality control, environmental aspects of mining, and hydrocarbon exploration;
 - support to Environmental Congressional Commissions with consultancy services for technical assistance;
 - workshops on public participation in planning and implementation of regulations;
 - training of public and private sector personnel on environmental legal issues; and,
 - the establishment of an environmental law library.
3. *Education (17 percent of project costs)*
- NGOs were to carry out pilot environmental education projects for the three main ecological zones of Bolivia in primary schools. Teachers were to receive training in environmental education and methodology plus textbooks designed by NGOs sponsored by the project. The pilot projects were to be models for the introduction of curriculum changes into the National Education Reform Project.

2. Implementation and Results

The Evolving Institutional Framework

2.1 During project design it was already apparent that the successful implementation of this project would depend upon placing numerous highly educated specialists in critical positions and upon finding competent managers. As a result, many core positions in ETAP were filled with consultants who could be paid higher salaries. ETAP began implementation three weeks before a new government took power. Not surprisingly, the incoming government (of 1993) had little commitment to the project and felt obliged to make institutional and staffing changes so that it would have more ownership. Staff changes for key positions were frequent during the entire implementation period. The new government created the entirely new Ministry of Sustainable Development and Environment (MDSMA), an ambitious undertaking. Many SENMA staff were absorbed into MDSMA, but even there the vast majority of experienced staff as well as staff

trained under the loan were ultimately not retained. For the first few years at least, the technical people beneath the level of the sub-secretaries were very qualified. These people, together with staff contributed from five international organizations, began a series of environmental reforms and oversaw the passage of new laws affecting the environment. Although the Legal Agreement (Section 3.03 article [b]) specifies that IDA must give its “no objection” to changes in the organizational structure, it was not consulted about MDSMA.²

2.2 Naturally, the creation of MDSMA had an impact on FONAMA and SEGMA. SEGMA was closed down completely (although some staff were absorbed into MDSMA). The government changed FONAMA’s executive director 15 times over a five-year period. In the absence of a clear direction from the top, higher level FONAMA staff coordinated closely with MDSMA. As FONAMA’s autonomy was considerably reduced, it forfeited some of its credibility: donors lost confidence in the FONAMA’s capacity to professionally manage projects, and its ability to raise and administer foreign funds largely evaporated. NGOs and donors saw it as totally politicized. Since raising US\$56 million from donors during its first three years, it had been unable to raise any more new money. By the spring of 1998, it appeared that FONAMA, a main focus of the technical assistance component, was about to disappear.

2.3 Within the public sector, questions about the manner in which the project had been managed continued to be raised following credit closing. In 1997 the government decided to audit all the activities financed under the credit; immediately afterwards, following widespread dissatisfaction with the audit report, the government audited the auditors. However, although the OED mission (in July 1998) found FONAMA down to two technical staff (from a high of about 60), it appeared poised for rebirth. The same constituency that had insisted on its creation—NGOs and foreign donors—was clamoring for a technically competent, apolitical, and transparent interlocutor. They seem to have persuaded the government to give it one more chance. Reportedly, the government has committed itself to finding an apolitical and technically qualified new director and to refrain from replacing him in the short term.³

Institutional Strengthening Component

2.4 Project preparation documents identified SENMA’s inability to maintain its current organizational and staffing arrangements as a major project risk. FONAMA, too, ultimately faced this problem. New computers and the acquisition of reference materials made staff more productive but, in the longer term, structural change and attrition kept both institutions from being strengthened. The protracted and ongoing instability of FONAMA, and the failure of the MDSMA to retain experienced and project trained technical staff and/or incorporate them into the Civil Service Program were decisive. Institutional strengthening activities (45 percent of project costs) were not successful at strengthening environmental institutions (objectives 1 and 2) because staff turnover was excessive.

2. IDA amended the project agreement after the fact, noting the institutional changes made by the government, in January 11, 1994.

3. The Region notes that while the audit report is correct in describing FONAMA’s serious tribulations resulting from MDSMA interference, the Coordinating Unit established within FONAMA to handle the project’s finances and accounting strictly adhered to Bank Guidelines for Procurement of Goods and Services. All audits have been unqualified.

2.5 Since the project was designed before MDSMA was established, and was intended to work with a much smaller SENMA, the credit was sufficient to support training and equipment purchase in only one of the five National Secretariats of the MDSMA: the National Secretariat of Natural Resources and Environment (SNRMA).⁴ The audit could not detect significant differences between the sections of MDSMA which had been strengthened and other offices within the Ministry which had not received such support. Institutional changes within the environment sector eventually extended into the departments and municipalities. This further weakened FONAMA and, by the end of the project, MDSMA also declined in influence and lost some of its capacity to meet its original objectives.

2.6 ETAP was originally to have a follow-on project, and IDA agreed to consider the government's request to incorporate ETAP II into the Country Assistance Strategy. However, the government that entered in September 1997 indicated that it had no interest in borrowing for the environment and that donor offers of financial assistance would be sufficient to continue the initiatives begun with ETAP support. The Inter-American Development Bank prepared a US\$19 million loan for the environment sector, but it also is on hold. A Danish project is helping to implement the environmental impact assessment system and decentralization.

2.7 To summarize: the role of FONAMA was somewhat diminished by the creation of the MDSMA, which had more staff, budget, and (frequently) overlapping functions. Thus, even though the project strengthened the infrastructure, equipment, and management systems of FONAMA, institutionally the fund became weaker because it lost its mission and institutional memory at the top level. Furthermore, almost all staff members trained by the project lost their jobs. FONAMA's debilitated institutional position was accompanied by diminishing political support and institutional independence. This was evidenced by its ultimate inability to raise funds for additional environmental projects or to effectively manage the fiduciary fund for protected areas or the projects of bilateral donors.

Training

2.8 More than 1,000 persons from the private and public sectors received training in environmental legislation, environmental impact assessment, and environmental management. However, most of these individuals did not stay employed by their agencies after credit closing.⁵ Many more were trained in short courses given in ministries whose activities pertained to the environment. Most of these people are likely to have remained in public employment. Project staff had discussed the possibility of training department (*prefectura*) and municipal officials with new environmental responsibilities, but in the end nothing was done.

4. This Secretariat had three sub-Secretariats with the following tasks: development and enforcement of environmental laws; execution of the environmental education component; and support for biodiversity conservation. The latter also received support from a Global Environment Facility Grant for Protected Areas.

5. The Region notes that one can be sure that the consultants trained under the project are now carrying out environmental assessments and other aspects of environmental management within the private sector, or work in firms carrying out environmental activities for the public sector. This could not have been achieved within the given time without the Government's training program by relying on market forces.

Environmental Education

2.9 Under the Environmental Education component the project supported production of about 3,000 teacher's manuals (over 12,500 teachers manuals were supposed to be produced) and 38,960 student workbooks on environmental issues.⁶ Few of these were ever used because the Ministry of Education never authorized their distribution to the students and their teachers. This is unfortunate because the materials were of high quality.

2.10 Bolivia has an ongoing National Education Reform Program that might have used the instructional materials had their production been more timely. Instead, the reform program set a new curriculum without the materials. The chief cause for the production delays, according to NGO representatives interviewed for this audit, was late payments for the work. Another contributing factor was a lack of precision in the terms of reference developed by FONAMA, which relied on the NGOs to determine appropriate style and content, but then refused to accept the final products because of their deficiencies. The NGOs eventually finished the project with their own funds, receiving reimbursement from the government several years later. Nevertheless, school children's (and the public's) awareness of environmental issues was greatly increased during the years in which the project was implemented, but the Rio Earth Summit, the consciousness-raising work conducted by NGOs, and the numerous local broadcasts of educational TV programs about the environment had a greater role to play than the unfortunate educational materials. Of course the increased global attention to environmental problems and the PAAB preparation process were other contributing factors.

Legal and Regulatory Component

2.11 The projects' greatest success was the passage of several laws staff in SENMA's legal department helped to develop, but the project objective was not fully attained because two key laws were never approved. The Forestry Law was passed on July 12, 1996, and applicable regulations were approved some six months later. The regulations that gave meaning to the Environmental Law⁷ were passed on December 8, 1995. Other significant laws that passed in part through the support of project staff include the Mining Law (March 17, 1997), the Agrarian Reform Law, and the Hydrocarbon Law. All of these were eventually followed by the passage of applicable environmental regulations. Project staff were unsuccessful in obtaining passage of the Biodiversity Law and the Water Law—passage of both was a project objective.

2.12 The legislation promoted by ETAP has reformed the way many industrial and commercial activities are done. The mining industry is now far more careful with tailings and has reduced contaminated run-off. Project staff note that Bolivia's environmental legislation has been an example for other countries. They mention El Salvador—which apparently sent staff on a study tour to Bolivia to evaluate the impact of the legislation that had been enacted—as a country which subsequently adopted legislation modeled on the laws supported by the project.

6. The materials were produced by a coalition of environmental NGOs under contract to FONAMA.

7. Six in all: atmospheric contamination, aquatic contamination, solid wastes, toxic wastes, prevention and control, and general regulations.

3. Assessment of Performance

3.1 ETAP was unsuccessful at strengthening environmental institutions because staff turnover was excessive, and it failed to upgrade staff skills in prioritizing important environmental programs for the same reason. ETAP trained technical staff who were not retained by their agencies, produced educational materials that were never used, and attempted to strengthen institutions that, through no fault of the project staff, actually became weaker. Except for the progress in legislation and regulations—which had personnel and financial support from many other sources—ETAP did a poor job of attaining its objectives. The use of such a simple checklist, however, overlooks the considerable impact of project-funded activities within Bolivia and internationally.

3.2 Many of the technicians who were taught environmental legislation, environmental impact assessment, and environmental management currently have jobs in the private sector or in other government agencies where they can still make use of what they are taught. The local universities are only now beginning to offer environmental degree programs, so the existing pool of talent either studied abroad or was trained in or by the project. For example, the MSDMA estimates that local consultants prepare 90 percent of the environmental impact assessments submitted each year—when the project was prepared the country may have had no one qualified to prepare such a report. Moreover, MDSMA now requires environmental assessment in three categories (based on the Bank's categories A-C). Hundreds of these assessments have been processed in the two years since the regulations were approved, and mining and energy operations (to name two sectors where practices are particularly improved) are now more environmentally benign. There is also a register of hazardous substances in operation; there was nothing like that six years ago. The various projects funded by FONAMA under its *Cuenta para Las Américas* and other funds were also training centers for today's environmental professionals. Introducing sustainable development elements into all government planning brought special recognition for Bolivia by the United Nations World Conference on the Environment (1997). With the assistance of the credit proceeds, the government met its international commitments to the UN Ozone Reduction and Global Warming Programs, produced national watershed and forest cover maps, and updated the National Environmental Action Plan.

Ratings

3.3 This audit rates project outcome as marginally unsatisfactory, sustainability as unlikely, and institutional development impact as modest. This differs from the ICR, which rated overall outcome of the project as satisfactory, sustainability as uncertain, and institutional development as partial. The ICR project outcome rating was based on the success of the environmental legislation and regulations and of the environmental education component.⁸ Normally an audit outcome rating is determined by the extent to which a project produces the expected results. Even though the audit found that reported environmental education achievements were illusory, and that 62 percent of project costs went into components the audit considers fully unsatisfactory, the audit outcome rating reflects the importance of the laws and regulations developed and the project's impact on the environmental assessment process.

8. Together these account for 15 percent of actual project costs.

3.4 The sustainability of the project activities funded by the credit, which are directly tied to the objectives, is rated as unlikely because most of them have already failed to last. Nevertheless, ETAP contributed significantly to changing environmental management practices in Bolivia in a manner that will be sustained. Fairly significant institutional development impact has taken place up to now, but it has happened outside the institutions the project was designed to strengthen. The government transfer of certain environmental responsibilities and authority to the regional and municipal governments is just one example of mainstreaming the environment, the presence of trained staff in other ministries, and a new and better-informed inclusion of environmental issues in the work of these ministries is another.

Bank Performance

3.5 IDA's performance was marginally unsatisfactory. It was appropriate for the project to attempt to increase the attention given to the environment by the government rather than to wait for increased institutional stability and transparency. However, the risks facing the project were not well identified during appraisal, and starting the project three weeks before a new government took office weakened local ownership.⁹ The Bank also failed to discuss a serious lack of political commitment to FONAMA. Supervision was expected to require seven weeks of staff time but ultimately needed 64 staff weeks. Salary differentials between consultants and agency staff had more of an impact on the project than anticipated, and issues surrounding the tenure of key staff were generally given insufficient attention during appraisal.

Borrower Performance

3.6 The borrower's performance was unsatisfactory. The new government did not fully meet its obligation to budget counterpart funds. It also failed to abide by the Credit Agreement stipulation that it seek IDA approval before making changes in institutional structure or in making appointments of key staff. Transparency in staffing was inadequate, particularly in the later stages of the project. Changing directors of FONAMA 15 times was excessive, impossible to justify, and made a mockery of its so-called autonomy. The lack of concern with retaining experienced and expensively trained personnel undermined the institutional strengthening objectives of the project. Weakening FONAMA to the point of collapse is difficult to justify, especially given that current policy seems to be to build it back up again. Reporting and financial management were adequate, and national and international consultants were hired as required.

4. Conclusions, Recommendations, and Lessons

4.1 In spite of the project's failure to strengthen environmental institutions and to meaningfully upgrade staff skills within them, the project contributed to numerous positive long-term outcomes. Some departments in key institutions involved with environmental management

9. The Region argues that the audit gives too much weight to starting the project three weeks before the change in Government. It notes that changes in Ministries and political alliances cannot be avoided in Bolivia. The first year of that particular Government was spent on reorganizing the bureaucratic structure. Even if IDA had waited a full year to start, there is no guarantee that the outcome would have been better.

received new computers and reference collections. The use of NGOs to execute the education component was successful in that it produced a quality product; that it was never used was due to a lack of precision in the terms of reference developed by FONAMA, as well as poor contracting and procurement practices.

4.2 There was a serious lack of political commitment to FONAMA, one of the institutions the project was designed to strengthen. The transformation of the former Subsecretary of Environment into MDSMA, which temporarily became a higher priority than the activities under the credit, relegated FONAMA to an institutional backwater. The lack of transparency in the staff selection process was compounded by the turnover of political authorities (four ministers, five secretaries), which led to lack of continuity and forced staff to restart the consensus-building process too many times.

Lessons Learned

Short Cuts Can Endanger Successful Implementation

4.3 Contracted staff have the same weaknesses as project implementation units. When core positions are filled with consultants earning higher salaries than their peers, it limits the project's sustainability, leads to inequalities between staff performing the same services, and contributes to a poor retention rate. Similarly, international consultants hired under the project were dismissed before completing their assigned tasks because of the perception (of some officials) that they were too highly paid. This issue could have been better addressed during project preparation, and a clear policy on salary could have been agreed with the government. If the country is going to borrow to train technical staff, the least that can be done is to develop an agreement with the government to retain them for a specified minimum period on the job. This should have been stipulated in the Legal Agreement.

Civil Service

4.4 Most former project staff argued strongly about the need for an autonomous civil service in Bolivia. The lack of transparency in hiring, the extent to which non-technical considerations influence employment tenure, and the speed of the "revolving door" all support the need for civil service protections. A civil service is already in place, but the number of people covered by its provisions is quite small. The government has little inclination to increase their number as the salary and benefits civil servants receive are substantially greater than those enjoyed by other public employees. Indeed, it seems as though the idea of civil service protection is going out of fashion. Nevertheless, until some other mechanism is developed to guarantee key staff some sort of reasonable tenure, the development of sustainable Bolivian institutions will face unnecessary obstacles.

The Political Cycle and Government Commitment to the Implementing Agency

4.5 Projects suffer when they are designed under one government and executed under a subsequent one whose structure and priorities are distinctly different. What was gained by starting implementation three weeks before a new government took office? The instability of FONAMA during the life of the project demonstrates that unless an institution has the clear support of the government, it is unlikely to improve no matter what level of "institutional

strengthening” is provided under a project. It therefore behooves project designers not to deprive the government that will be running a project of the more important ribbon-cutting opportunities. Planning activities to take capacity *and* tenure into account contributes to better outcomes.

Use of NGOs

4.6 Even though the materials they produced were not used, local NGOs developed high-quality environmental education materials. There should be further opportunities designed for them in other Bank projects, particularly in pilot projects and environmental subcomponents. Government agency supervision of their work was deficient, however. Increased specificity in terms of reference should aid in resolving future disputes. It needs to be clear to all parties what is to be produced, and standards need to be agreed in advance so that the subcontractor and the supervisor can agree when the task can be declared complete.

Basic Data Sheet

BOLIVIA ENVIRONMENTAL TECHNICAL ASSISTANCE PROJECT (CREDIT 2443-BO)

Key Project Data (amounts in US\$ million)

	Appraisal estimate	Actual or current estimate	Actual as % of Appraisal estimate
Total project costs	5.3	4.8	87
Credit amount	4.8	4.8	100
Date physical components completed	6/30/97	6/30/97	

Cumulative Estimated and Actual Disbursements

	FY91	FY92	FY93	FY94	FY95	FY96	FY97
Appraisal estimate	0	0	1.38	2.71	3.84	4.44	4.80
Actual			1.66	3.02	4.32	4.97	0
Actual as % of estimate			120	111	112	107	--

Project Dates

	Original	Actual
Identification (Executive Project Summary)		
Preparation	4/91 - 9/92	11/15/92
Appraisal	4/92	11/92
Negotiations	09/92	09/92
Board approval	12/92	12/92
Signing	12/92	12/21/92
Final Disbursement	6/30/97	5/21/97
Effectiveness	3/93	06/18/93
Closing date	06/30/97	06/30/97

Staff Inputs (staff weeks)

Stage of project cycle	Planned Weeks	Planned US\$'000	Revised Weeks	Revised US\$'000	Actual Weeks	Actual US\$'000
Preappraisal	*	*	*	*	70.4	155.7
Appraisal	*	*	*	*	29.5	69.3
Negotiations					4.8	13.3
Supervision	7.0	17.5	11.0	33.5	64.1	146.5
Completion	-	-	-	-	0.1	0.3
Total	7.0	17.5	11.0	33.5	168.9	385.1

Note: *This information was not available as project began after the CAS system was introduced.

ANNEX

Mission Data

<i>Stage of project cycle</i>	<i>(month/year)</i>	<i>No. of persons</i>	<i>Days in field</i>	<i>Specializations represented</i>	<i>Performance rating</i>	<i>Rating trend</i>	<i>Types of problems</i>
Identification/ Preparation	April 22 May 3, 1991	6	13	Enviro. Education Economists Biologist			
Supervision	March 14-16 1994	2	3	Environment Education Administration	2	3	No work plans, Tax complications, Change of structure of GOB Delays
Supervision	Sept. 26 Oct. 6 1994	7	11	Environment education Financial analysis Institutional analysis Community Develop.	S	S	Tax complications, Local disbursement delays, Deficient accounting system, Responsible authorities in GOB
Supervision	July 17-28 1995	4	12	Environment education Administration Financial analysis Institutional analysis Community Develop.	S	S	Amendment requests, Instability FONAMA causing delays, Procurement
Supervision	April 15 May 3 1996	2	18	Environment specialist Natural resources Management specialist	S	S	Sustainability planning, Overdue audits
Implementation (ICR)	October 27 November 6 1997	1	15	Environment specialist	S	S	Weakness of FONAMA, Continuity

Other Project Data

Borrower/Executing Agency:

FOLLOW-ON OPERATIONS

<i>Operation</i>	<i>Credit no.</i>	<i>Amount (US\$ million)</i>	<i>Board date</i>
Mining, Industry & Environment Project	28050-BO	11.0	1995
Land Administration	27420-BO	20.4	1995
Education Reform	26500-BO	40.0	1994
Bio-diversity Construction	28620-BO	4.5	1993