United Nations Environment Programme (UNEP)

Mid-Term Review of the UNEP / GEF Project:

"Russian Federation: Support of the National Programme of Action for the Protection of the Arctic Marine Environment"

Project Number : GFL / 2732 – 03 – 4694 GF/3010-03-21

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ABBREVIATION AND ACRONYMS

AEPS	Arctic Environmental Protection Strategy
ACAP	Arctic Council Plan of Action to Eliminate Pollution of the Arctic
AMAP	Arctic Monitoring and Assessment Program
BASES	Demonstration project: Environmental Remediation of Decommissioned Military Bases on Franz Josef Land Archipelago
BC	Black Carbon
DGEF	Division of GEF Coordination (UNEP)
EA, ExA	Executing Agency
ED	Executive Directorate
EPS	Environmental Protection System
FJL	Franz Josef Land archipelago
FSP	Full Size Project
FTOP	Federal Target Oriented Programme 'World Ocean'
GEF	Global Environment Facility
GOR	Government of Russia
GPA	UNEP Global Program of Action for the Protection of the Marine Environment from Land-based Activities
IA	Implementing Agency
IAWG	Interagency Work Group
MNR	Ministry of Natural Resources and Ecology
MOED	Ministry of Economic Development
MOF	Ministry of Finance
M&E	Monitoring & Evaluation
MTR	Mid-Term Review
NGO	Non-Governmental Organization
NPA	National Plan of Action
NPAF	National Pollution Abatement Facility
OP	Operational Programme
PAME	Protection of Arctic Marine Environment
PD	Project Document
PDF	Project Development Facility
PINS	Pre-investment studies
PIR	Project Implementation Review
PO	Project Office
PSI	Project Support Instrument
RAIPON	Russian Association of Indigenous Peoples of the North
RF	the Russian Federation
SAP	Strategic Action Programme
SAO	Senior Arctic Officials
R&D	Research and Development
SMART	Specific, Measurable, Achievable, Relevant, Time bound (indicators)
SP	Strategic Priority
StC	Project Steering Committee
TOR	Terms of Reference
TTPs	Territories of traditional nature management by indigenous peoples of the North
UNEP	United Nations Environment Programme
USD	United States Dollar
US-EPA	Environmental protection Agency of the USA
WB	World Bank

ACKNOWLEDGEMENTS

I would like to express sincere gratitude and appreciation to all the stakeholders, representatives of the Implementing Agency, Executive Agency, Project Office, representatives of federal and regional ministries and agencies of the Russian Federation, experts and former participants of this project activity I interviewed. Their contributions were most appreciated, and the facts and opinions they shared played a critical part in the conduct of this evaluation.
It was very important that the Project Steering Committee considered the draft report of this Review and provided me with valuable recommendations and comments.
The views expressed in this report are intended to offer some assistance and direction as this important project enters the second Phase. I have tried to balance my thoughts and offer a fair perspective of what I observed and was informed of by people more knowledgeable than I. My sincere apologies in advance, if anyone takes any of the criticism to be anything other than positive.

Executive summary

i. This is an external independent mid-term evaluation report of the UNEP/GEF project entitled: "Russian Federation: Support of the National Program of Action for the Protection of the Arctic Marine Environment" (NPA-Arctic). The project's overall global environment objective is to protect the global marine environment in which the Arctic plays a very important role. The more specific objective of the Project is to develop and establish a sustainable framework to reduce environmental degradation of the Russian Arctic from land-based activities on a system basis by development and endorsement of the SAP in favour of all Arctic States and global community and to comply with obligations of the Russian Federation under international conventions and agreements taking into account decisions and programmes of the Arctic Council. As such, the Project should create conditions, which would allow for capital investments to flow in the Russian Arctic in order to ensure long term protection of coastal and marine environment of the Arctic and to address main root causes of trans-boundary pollution in the Russian Arctic.

ii. The major part of the mid-term evaluation was carried out during the period of October 2009 – December 2009. The draft report on the Mid-term review was presented to the Project 4-th Steering Committee Meeting in February 2010. The Steering Committee members vision of the Project achievements, problems and ways of further development was very important for clear and overwhelming presentation of the Project's expected future. The Report examines the project performance and progress in implementation of planned activities, achievements of outputs against actual results as well as assessment of operational aspects such as project management and implementation. The review focused on identifying the corrective actions needed for project performance improvement to achieving maximum and measurable impacts (as agreed in the Project Document).

iii. The Phase I project duration was initially planned for two years (24 months) from July 2005 – June 2007. However, due to delayed payment of funds, uncertainties with donor funds and removal of Phase II of the project from GEF portfolio it was several times prolonged by the Steering Committee in order to have clear outcomes at the end of the Phase I. As the result by the present time the Project achieved much more ambitious results than it was initially planned for it's first phase. The Project is funded by GEF and co-financed by the Russian Federation and partners (Canada, Iceland, Italy, and USA). The total budget is US$5,885,000 of the GEF Funds.

iv. According to the project document the first phase of the project should be finalised with the following major outcomes : "a nationally approved Strategic Action Programme to address damage and threats to the arctic environment from land-based activities in the Russian Federation; direct and related improvements to environmental protection (legislative, regulatory and institutional and technical capacity) within the Russian Federation; the completion of ten pre-investment studies to determine the highest priority and tractable interventions to correct or prevent transboundary impacts of land-based activities; and three categories of demonstration projects dealing respectively with marine environmental clean up, the transfer of two decommissioned military bases to civilian control, and involving indigenous peoples in environmental and resource management. The results are intended to benefit the international arctic environment, particularly the Arctic Ocean basin and its shelf seas, and contribute to two principal international

agreements: Arctic Environmental Protection Strategy (AEPS); and the Global Programme of Action for the Protection of the Marine Environment from Land-Based Activities (GPA) as implemented in the Arctic Region through the Regional Programme of Action for the Protection of the Arctic Marine Environment from Land- based Activities (RPA) and the Arctic Council Plan of Action to Eliminate Pollution of the Arctic (ACAP).".

v. The Project covers 7 Arctic constituent entities of the Russian Federation as well as two sub-Arctic regions - the Republic of Komi, and Khanty-Mansiysky Autonomous District, where pollution sources have a substantial impact on the Arctic environment. Project extends over more than 7 mln square kilometers, length of costal zone is about 40,000 km.

vi. This MTR is based on a desk review of project documents and on interviews with key project informants and project staffs. and members of the Project Steering Committee The methodology included the development of an evaluation matrix to guide the entire data gathering and analysis process. The findings were triangulated with the use of multiple sources of information when possible. The evaluation report is structured around the GEF five major evaluation criteria: Relevance, Effectiveness, Efficiency, Results/Impacts and Sustainability.

vii. Overall, the project has made important progress towards the objective of development and establishment of a sustainable framework to reduce environmental degradation of the Russian Arctic from land-based activities on a system basis In spite of a relatively slow start due to administrative problems at project inception, substantial results have been produced with regard to the SAP, pre-investments studies as well as EPS component and DEMO projects implementation. Outputs produced so far include:

- Completion of preparation and adoption of the Strategic Action Programme for Protection of the Environment of the Arctic Zone of the Russian Federation (SAP-Arctic);
- Completion of the Pre-Investment Studies (PINS);
- Development of a series of proposals to the government of the Russian Federation on improvement of environmental legislation and regulations for Arctic areas and on strengthening a system of environmental monitoring; and
- Implementation of targeted demonstration and pilot projects.

viii. The strengths of the project include its close cooperation with the regional stakeholders, industry, and the international cooperation.

ix. The weaknesses of the Project are as follows:

- delay in activity implementation at initial stages;;
- low-level disbursement rate;
- lack of large-scale project management experience at a local level

x. The main findings of this mid-term evaluation are as follows:

Overall, the project design, implementation and current achievements are satisfactory. The GEF resources are correctly used to develop the SAP-Arctic, conduction of pre-investment studies, preparation of recommendations on improvements of

environmental protection system in the Russian Arctic and implementation of a number demonstration and pilot projects.

However, **the design is moderately satisfactory** for the following reasons:

- PD was resigned three times because of demands of the former Project partner – ACOPS what substantially shifted the start of the Project implementation and caused elements of the Project mismanagement due to introduction of two reporting centers. At a later stage ACOPS left the Project and project management scheme became more reasonable and effective that it was initially.
- PD was prepared for two Phases of the project considering development of the SAP-Arctic at the Phase I and only preparatory works for most other Components at the Phase I. In reality the Phase I of the Project covered major part of the activities planned for the entire Project what decreased risks of achieving the main project targets.
- The list of activities presented in the project document does not reflect changes since initial signing the document in 2001.

Additionally, the **utilization of project resources (efficiency) is moderately satisfactory** due to implementation delays, management issues and problems with donor funds transfers.

The **project is relevant in meeting the objectives** of the UNEP, GPA and Arctic council. It responds well to the country needs and recently adopted strategic documents such as Principals of the State Policy of the Russian Federation in the Arctic Zone until 2020, Arctic Council's Regional Program of Action for Protection of the Arctic Marine Environment from Land-Based Sources.

The **project effectiveness is satisfactory**. It is achieving its expected outcomes in particular partially those which were planned for Phase II of the Project. So far, the generated management information is improving the understanding of the impact of human activities on the Arctic environment

The Project activities have potential for replication both, nationally and regionally, to ensure sustainability of the project outcomes. The **potential to achieve the long-term project goal and objectives is satisfactory**. However the assessment indicates that there is a risk that not all project-generated knowledge will be properly published and delivered to corresponding stakeholders. The project is closing its implementation in about one year from the time of this MTE and the remaining time will put pressure on the implementation of the project to be able to improve the distribution of project-generated knowledge to all stakeholders. From a global environmental benefit point of view, however, the project is contributing through the detailed assessments of the current environmental problems of Russian Arctic, promoting and developing the capacity of local and national stakeholders.

The **potential for the long-term sustainability** of the project achievements is much related to the potential for long-term impact of the project; it **is satisfactory**. Project has received full support and technical backstopping by the Executing Agency (Russian Ministry of Economic Development) that assures that project recommendations will be taken at the highest level possible and future interventions will be sustainable. Provisions of draft SAP are taken into account in FTOP "The World Ocean" for 2008-2012 and in other

documents related to the Russian Arctic, which are approved by the Government of Russia (GOR). SAP, a strategic framework document that sets the goals, tasks, principal activities and targets in the area of protecting Arctic environment for the period up to 2020, is also recommended by the GOR for further promotion to the relevant governmental bodies.

xi. Few lessons were identified:

Sustained political commitment at federal and regional levels. The success achieved to date in the implementation of the project is directly related to sustained political commitment at federal and regional levels, ensuring the adequate level of project ownership, to the broad-based public support, including support of indigenous communities it has received as well as to closer cooperation with existing and planned programmes and projects in Arctic region. The maintenance of this support requires effective dissemination of accurate information about the objectives, achievements and challenges of the project. The broad support is critical for mobilization of domestic resources and obtaining commitments from municipalities, local NGOs and companies of all forms of ownership.

Top-level stakeholders from governmental institutions at federal and regional levels. The success of the project depends on degree of involvement of top-level stakeholders from governmental institutions at federal and regional level, the implementation of the activities at the regional level as well as on proper channelling contributions from donors and from the Russian stakeholders for the project needs. Bearing this in mind, in future projects special emphasis should be given to defining clear procedures of project management mechanisms, development of transparent procedures for donors/partners funds channelling and administrative procedures.

Fully Test Government Commitment and its Sustainability: The first overall lesson that can be drawn from the project is to underline the importance of fully testing government commitment and the prospects of it being sustained over the life of the project. The project largely met the overall objectives and expectations at the national and regional levels because what appeared to be significant government policy commitment to functional improvement of environmental management in the Arctic was sustainable.

Broader stakeholder support at the high level is required for introduction of environmental policy changes and ensuring their sustainability: While a number of government stakeholders were participating in the project design and implementation, not all project activities reached those echelons of power where policy decisions are being made. More direct and early involvement of regional development and financial ministries (MORD, MOF) as well as national legislative bodies (i.e. State Duma) in the project design and its implementation activities could strengthen sustainability of the project and help to reach its policy objectives.

Ensure Objectives and Outcomes/Outputs Are Realistic and Focused: NPA-Arctic illustrates the importance of the project's overall design in setting realistic objectives and outcomes based on well documented and comparable experience elsewhere. Where the objectives and scope were best defined, undertaken on a reasonable scale, and were linked to specific tasks (i.e. SAP, pre-investment studies, some demo-projects) better outputs were obtained. Conversely, where this was less the case as with the EPS component where broad objectives were set, it is more difficult to correlate outcomes and outputs with objectives.

Quality and consistency of supervision and direction provided to the project by ExA. The principal factor affecting project outcomes within the control of the executing agency as represented by MOED was the quality and consistency of supervision and direction provided to the project. From the outset, the direction exercised by MOED in the selection of the Project Office staff and active participation in the development of detailed work plans for the project at initial stages was in a form of general recommendations. With the progressive amount of project activities and documents produced by the project consultants ExA efforts on detailed revisions of the reports happened to cause delays in project implementation

With the progressive amount of project activities and documents produced, any semblance of such direction disappeared in all but symbolic form mainly because of insufficient experience of representatives of ExA in implementation of large-scale international programs/projects that finally resulted in micro-management of PO activities which often concentrated on minor revisions of reports prepared by Consultants that resulted in delays in project implementation

Less Complex Implementation Arrangements: Notwithstanding other factors that created relatively inefficient and overly bureaucratic implementation arrangements, a basic lesson from NPA-Arctic project is that complex implementation arrangements involving matrix of supervisory structures may not be workable when overlain on a direct relationship with project clients. Project is executed in the framework of the Agency Agreement between Ministry of Economic Development of the Russian Federation (Trustee) and the Legal Entity "Executive Directorate of the Russian National Pollution Abatement Facility" (Agent), which did not provide a Power of Attorney to the PM for procurement of goods, works and services, including awarding of contracts with Russian and international consultants under the Project, members of task teams and working groups, and leading organizations, etc. and raised additional requirements not specified in the Agreement. This resulted sometimes in delay with payments of consultants contracts, etc. Problems with the Commission for Humanitarian and Technical Assistance under the Government of the Russian Federation also contributes in the delay with sub-projects funding resulting in delay of these projects implementation. Executing Agency keeps too long submitted reports and other documents slowing down the Projects implementation. Lack of consensus on disbursement of donor funds from Trust Funds established by Partner Agencies also slowed the process down.

Closer cooperation amongst other relevant activities in the Arctic. Closer cooperation amongst existing and planned programmes that address the impact of various sources and activities on the Arctic marine and coastal environments is needed. Information on the Project was presented at the Arctic Council ministerial meeting as well as to Senior Arctic Officials and PAME Working Group. Russian NPA-Arctic activity is noted in Salekhard Declaration, SAOs' Report to Ministers, Arctic Marine Strategic Plan and Arctic Council's Regional Program of Action for Protection of the Arctic Marine Environment from Land-Based Sources. The work of several other Arctic Council Working Groups, first of all ACAP, is very pertinent to the NPA-Arctic and Project Office should consider how these sources of expertise could be best incorporated. Provisions of SAP were used in the preparation of Russian proposals for the PSI of the Arctic Council.

xii. Finally, based on the findings of this evaluation, a set of recommendations was identified:

xiii. Recommendations for Remaining Implementation Period of the Project

1. Considering the large amount of information generated by the Project so far, it is recommended to synthesize this knowledge and to give public access to this body of knowledge.

2. Publish, disseminate and make accessible the information produced so far.

3. Emphasize/support web site development and strategize this development within the context of the Arctic Council Working Groups similar activities. The website should become a forum on Arctic environmental issues.

4. Establish closer co-operation with existing initiatives under umbrella of the Arctic Council.

5. Develop as soon as possible a project exit strategy, which should be endorsed by all project partners. This exit strategy – which could be the development of a design documentation (proposal) for the second phase of the project or for the new project - will set the critical targets for each of the implementing partners to ensure a smooth ending of this project.

6. Conduct a thorough review of actual total expenditures at end of 2009, assess planned expenditures for 2010 and relocate of funds that can appear for new project initiatives.

7. Organize several workshops/seminars/conferences on results of demonstration/pilot projects with the aim of increasing awareness and potential for replicability.

8. To conduct an international workshop/ conference on environmental status of the Russian Arctic on the basis of the Diagnostic analysis of environmental problems of the Russian Arctic.

9. To conduct an international workshop on Franz Josef Land demonstration project in collaboration with Ministry of Defense.

10. Keeping in mind a considerable changes of personnel representing federal and regional authorities in the Project supervisory bodies it is desirable to have an effective succession of these representatives in terms of their in-depth understanding of the project targets and it terms of ownership if the project results.

xiv. **It is strongly recommended that a new project is formulated and implemented in order to benefit from the momentum created by the achievements of the current project**. This would allow to follow-up on existing activities and also introduce a broader scope addressing other management issues and approaches based on integrated environmental management that will mainstream into socioeconomic development strategies for the subjects of the Arctic Zone of the Russian Federation, schemes of territorial planning and socioeconomic development programs. Such a project needs to be formulated with some urgency to ensure continuation. The design process should be participatory – using the mechanisms for stakeholder consultations already established under Arctic council umbrella and in the countries participating in the current project.

xv. Recommendations for Phase II of the Project (new Arctic Project). It is recommended the following main Components for the new Project:

1. **Component 1. Implementation of the agreed SAP for the Russian Arctic** with emphasis on a number of key sectoral interventions at federal and regional levels with testing particularly relevant and highly replicable approaches in a number of selected geographical areas. Such interventions should address important environmental problems in the Russian Arctic, most of them are transboundary in nature. This strategic approach aims to address the problems and to take advantage of the high political momentum to strengthen and sustain the platform for environmentally and socially sustainable development in this globally significant region of the world taking into account interests of the Russian Federation and those of the neighboring Arctic countries;

2. **Component 2. Build a collaborative model with the public** (focusing on the indigenous communities and the private sector) **and among government entities**, particularly at the Arctic regional level, review and enhancement of relevant legislation and institutional frameworks. Interventions under this component will include development of regulatory acts for the establishment of special regimes for the use of natural resources and environmental protection at the federal, regional and municipal levels. Outcomes of this Component will significantly intensify participation of the Russian Federation in addressing the above five environmental problems through the Arctic Council and Barents/Euroarctic region, as well as through bilateral cooperation programs with the Arctic states. As an outcome, this Component will establish a new institutional coordinating mechanism of environmental governance for the Russian Arctic involving representation of multiple stakeholders.

3. **Component 3. Increase and align climate change incentives for best practices in the Arctic Region**. This component will integrate climate impact assessments with pilot climate change adaptation projects and capacity building activities. Implementation of this Component will translate scientific knowledge on current and future climate impacts in the Arctic into policy development and implementation, increase understanding and identify mechanisms (incl. financial such as risk insurance) to address issues of climate resilience promote building federal, regional and local capacity for environmental management under multiple climate risks;

4. **Component 4. Introduction and/or promotion of appropriate technology and practice**. The emphasis within this Component should be given to implementation of best practices to reduce short-lived pollutants such as black carbon (BC) particles that explain a significant fraction of the observed Arctic warming. BC is the second to CO_2 largest contributor to global warming. This Component will have a transformative and catalytic impact on the promotion of low-carbon development in the Russian Arctic without compromising its fragile environment. Also pilot clean-up initiatives testing new methods and approaches in the Arctic hot-spots should be of priority within this Component.

5. **Component 5. Agreements on Arctic LMEs** accompany programmatic approach contributing to prevention of further depletion/degradation.

1. Introduction and background

1.1 Project Backgrounds and Rationale

1. The UNEP/GEF project "Russian Federation: Support of the National Programme of Action for the Protection of the Arctic Marine Environment" (NPA-Arctic) was designed during the period 1998 through 2000 to provide support for a National Programme of Action developed by the Russian Federation. The project's overall global environment objective is to protect the global marine environment in which the Arctic plays an important role. The more specific objective of the Project is to develop and establish a sustainable framework to reduce environmental degradation of the Russian Arctic from land-based activities on a system basis by development and endorsement of the SAP in favour of all Arctic States and global community and to comply with obligations of the Russian Federation under international conventions and agreements taking into account decisions and programmes of the Arctic Council. As such, the Project should create conditions, which would allow for capital investments to flow in the Russian Arctic in order to ensure long term protection of coastal and marine environment of the Arctic and to address main root causes of trans-boundary pollution in the Russian Arctic.

2. The Project aims to overcome existing environmental problems in the Russian Arctic, as well as to reduce possible risks of their appearance, taking into account the influence of such threats and potential remedies on both regional and global levels. This project is a part of the *Global Programme of Action for the Protection of the Marine Environment from Land-based Activities* (UNEP). National Program of Action is the translation of the GPA at the national level.

3. The Arctic Ocean and its seas are globally significant because of their influence on oceanic and atmospheric circulation and because of their unique biological species, which are an essential component of global biodiversity. The Arctic makes an important contribution to the Earth's climate stability, the global carbon balance, and the preservation of the ethnic and cultural diversity of, and traditional natural resource use by, the northern peoples. Hydrocarbons and minerals (Russian Arctic holds about 20% of the world's energy resources including about 30% of the world's undiscovered gas resources) are found in quantities that are of strategic importance on a planetary scale as well as fisheries resources and large areas for raising domestic reindeer. Seasonal assemblages of marine mammals, especially whales and other cetaceans, occur over large areas; and bird populations in the millions find nesting grounds and flyways here.

4. The territory of the Arctic Zone of the Russian Federation extends over more than 7 mln square kilometers, length of costal line is about 40,000 km. It

comprises the Arctic marine expanses within the territorial sea and exclusive economic zone of the Russian Federation – more than 3 mln km^2. The Arctic seas of Russia include the Barents, White, Kara, Laptev, East Siberian, Chukchi, and Bering seas. The land area of the Russian Arctic is about 18 percent of the entire territory of Russia or 44% of the circumpolar arc – approximately twice that of the next largest country, Canada. More than a million people live and work in the Arctic Zone of the Russian Federation, including 136,000 members of 16 indigenous small nations of the North.

5. The important role played by the Arctic in world ocean circulation, global biodiversity and planetary climate control is unquestionable. The adverse effects of previous and contemporary anthropogenic activities in the Russian Federation extend beyond the arctic basin to the major deep water masses of the global ocean through the 'oceanic conveyor belt'. The NPA-Arctic provides a comprehensive framework for the reduction of environmental degradation of the Russian Arctic with net benefits to both, the Russian Federation and its arctic neighbours and the entire global community. The Project deals specifically with interventions within the Russian Federation to address the most seriously affected areas of the Arctic.

6. The national benefits from this project fall into four categories: improvement of the national capacity to manage and control national land-based activities in a manner that more effectively limits adverse environmental impacts and forestall threats to the environment; the restoration of the environment for enhancement of resource sustainability and public health; reduced dependence of indigenous peoples on state support; and increased economic prosperity associated with the enhanced use of the arctic, particularly accelerated mineral resource development, without large-scale environmental damage and costs.

7. The system boundaries for interventions within the current Project are marine areas of the northern region of the Russian Federation, covering the Arctic basin (which stretches from the Bering Strait across the North Pole to Spitsbergen and Greenland) and its adjacent seas (i.e., the Barents Sea, the Greenland Sea, Baffin Bay, and some parts of the Bering Sea). The geographic location of the Russian Arctic, the enormous expanses of land and sea, the exceptional natural diversity and extreme natural and climatic conditions, and the different levels of economic development, infrastructure, and settlement patterns – all these make it less efficient interventions in single specific sector or geographical area. In addition, the Arctic regions differ substantially in relation to participation of governmental, public-private, and private structures in environmental decision-making and in the economic coordination and competition that ensure minimal impacts on the environment. That is why the scope of SAP-Arctic developed at the system basic covers the Russian Arctic (the project covers 7 subjects of the Russian Federation), as well as two sub-Arc tic regions - the

Republic of Komi, and Khanty-Mansiysky Autonomous District, where pollution sources have a substantial impact on the Arctic environment.

8. Project consists of the following four major Components:

8.1. *Component 1: Strategic Action Programme (SAP)* – This component involves the preparation and adoption of a formal SAP based on GEF International Waters best practice guidelines with the objective of providing a systematic plan and program to address major sources of land based and coastal area pollution affecting the Russian Arctic within the framework of the Russia's overall development plans for the Arctic region, the activities that will be involved in implementation of such development, and the country's global environmental commitments. First and foremost for the Phase I of the Project is the preparation and endorsement by the Russian Government of a Strategic Action Programme that: (1) satisfies Russian requirements for sustainable exploitation of natural resources in the Arctic; (2) stipulates the fulfilment of environmental tasks under the Federal Target Oriented Programme 'World Ocean'; (3) fully meets the aspirations of the other Arctic States and the whole Arctic Council; and (4) ensures the Russian contribution to the implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-Based Activities.

8.2. *Component 2: Pre-Investment Studies (PINS)* – addresses priority environmental compromises in the Arctic. There is an abundance of evidence, that there are a number of seriously degraded environments within the Russian North both marine and terrigenous, including freshwaters, that seriously threaten the health of the arctic population, its resources and amenities. An updated list of hot spots and estuarine and marine impact zones has been prepared within a special study carried out by the Project Office (PO). The list was prepared on a basis of revision of information obtained at the preparatory stage of the project (1999), analysis of hot spot obtained within AMAP/NEFCO study (2003), state and regional reports on environmental protection for recent years (2000-2008) and consultations with regional authorities. This component covers the selection and completion of up to 15 PINS that will address the most frequent and serious cases of land based and coastal area pollution sources impacting the Arctic region. PINS should result in an optimal set of proposals for investment in the Russian Arctic, where input of money for their implementation will be most effective in economic, ecological, social and political sense and support business decision making and financing. The pre-investment component of the Project will allow the optimal set of environmental measures requiring significant investments to be established and to design remediation actions that can be instituted by the Russian Federation and funding partners, especially those within the Arctic.

8.3. *Component 3. Environmental Protection System (EPS) Development* – This component covers the development and implementation of an Environmental

Protection System (EPS) applicable to the Arctic environment and its sustainable development, protection, embodying legislative, administrative, institutional and technical capacity improvements consistent with the SAP; and

8.4.*Component 4: Demonstrations Projects* – is aimed at implementation of on-the-ground pollution reduction innovative investment modalities for addressing trans-boundary problems of the highest priority in the Russian Arctic and conducting three on-the-ground demonstration and pilot projects dealing respectively with (1) marine environmental clean up, utilizing developed in the country technology for marine water remediation using marine algae, (2) the environmental remediation of decommissioned military bases and their transfer to civilian control, and (3) the demonstration of new legislative and economic mechanisms balancing the interests of extracting companies and indigenous people in resolving economic and environmental problems in a sustainable way.

9. During the Phase I of the project, activities are conducted in all the components. The benchmarks for the completion of the Phase I are defined in the Project Document as follows: 1. Successful establishment of Project implementation structure, including Project Office, Project Steering Committee, and Project Supervisory Council; 2. Strategic Action Programme fully developed and endorsed by relevant stakeholders; 3. Working document revised at the first meeting of each of sub-group for each pre-Investment Study; 4. Selected lead implementing organization and members of each of the three working groups for the development of the Environmental Protection System; 5. Fully designed demonstration activities; and 6. Mid-term review of the project indicating satisfactory implementation of the project in the phase I.

10. New revision of benchmarks was suggested by EA and was reviewed by StC members at 3rd meeting in Helsinki. The following benchmarks has been approved and adopted as major outcomes for the Project Phase I:

1. Project Management: Project implementation structures established, including Project Office, Project Steering Committee, Project Supervisory Council and Inter-Agency Working Group.

2. Strategic Action Programme: Strategic Action Programme fully developed and endorsed by relevant stakeholders. Diagnostic analysis document prepared and ready for publication in English and Russian.

3. Pre-investment Studies: Hot spots list updated and finalised. Pre-investment studies successfully carried out and interest of financial institutions preliminary confirmed.

4. Improving Environment Protection System: Report on gap analysis of the environmental legislation applicable to the Russian Arctic with recommendations on improvements prepared and implemented.

5. Project Phase I Evaluation: Project results for all components evaluated by Interagency Working Group. Independent evaluation of the project completed confirming satisfactory prepared and submitted to the Russian Government.

6. Demo and Pilot Projects: Demonstration activities in accordance with the original Project Document fully implemented. New demonstration and pilot projects approved by the Steering Committee are implemented during the Project Phase I.

11. The total budget is US$5,885,000 of the GEF Funds, and is co-financed by the Russian Federation and partners (Canada, Iceland, Italy, and USA). The project had a PDF-B funded by GEF (USD$306,000) with co-financing of US$474,000.

1.2 Rationale of the Mid-term Review

12. The objective of the mid-term review is to assess operational aspects, such as project management and implementation of activities and also the extent to which objectives are being fulfilled.

2. Objective and Scope of the Review

2.1 Objectives

13. The review assessed project performance and the implementation of planned project activities and planned outputs against actual results. It focused on corrective actions needed for the project to achieve maximum impact. More specifically, the review assessed the following issues:

- the continued relevance of the expected results, outcomes and objectives;
- the quality of the outputs produced thus far, and their use by relevant stakeholders;
- the likely sustainability of any results/outcome so far and impact of the project;
- identify possible replication mechanisms; and
- strengths and weaknesses of the project's management structure, operations, and the various partnership arrangements of the project.

The Terms of Reference of the review are attached in ANNEX 4.

2.2 Scope of the Review

14. The present report is an evaluation of the first years of the NPA-Arctic Project action (July 2005 – December 2009), carried out by an independent consultant

retained by the UNEP. The review analyzed project performance and the implementation of planned activities and outputs against actual results. In view of the management issues raised in the 2009 PIR, the MTR has a strong focus on governance and organizational issues, considering corrective actions needed for the project to achieve maximum impact by its intended closure in December 2010. The evaluation findings are fed back into the project management processes. The risks to achievement of project outcomes and objectives are also appraised (see Annex 5). *The Mid Term Review focused on identifying the corrective actions needed for the project to achieve maximum impact. Review findings feed back into project management processes through specific recommendations and 'lessons learned' to date.*

15. The attached in Annex 1 the MTR Terms of Reference (TOR) describes the project aspects to be assessed and the performance criteria to be applied in doing so. These include relevance of project design; appropriateness of execution arrangements; availability of adequate resources and co-financing; relations between the PO and EA and IA and regional authorities, the quality, relevance and progress in achieving project outputs and outcomes.

3. Methodology of Mid-term Review

3.1 Methodology

16. This mid-term review is conducted as an in-depth project review using a participatory approach whereby the UNEP staff associated with the project, key representatives of the Ministry of Economic Development of the Russian Federation, the NPAF ED, the PO, and other relevant stakeholders are kept informed and regularly consulted throughout the review. The review consultants will liaise with the UNEP/GEF on any logistic and/or methodological issues to properly conduct the review in as effective way as possible, given the circumstances and resources offered.

17. The findings of the review will be based on the following:

(a) A desk review of project documents

(b) Person-to-person interviews with project management and technical

(c) Person-to-person interviews and/or telephone interviews with the Steering Committee and Supervisory Council members, as well as executives and/or staff of the key Partner Agencies (i.e, NEFCO and RAIPON).

(d) Person-to-person interviews and/or telephone interviews with the former UNEP/DGEF project task manager (Dr. Takehiro Nakamura), former technical and Fund Management Officers (Dr. Lev Neretin and Sergey Kurdjukov), and other relevant staff in UNEP

(e) Visit 2-3 pilot/demonstration sites involved in the project.

3.2. Limitations and Constraints

18. The findings and conclusions contained in this report are restrained in depth because they rely primarily on a desk review of project documents and about 30 interviews through the visits of Arctic regions (Murmansk, Arkhangelsk), federal level authorities and email/phone contacts with key informants in from StC and other parties affected by the Project.

19. Nevertheless, this mid-term evaluation report successfully ascertains whether the project is meeting its main objectives - as laid down in the project design document - and whether the project initiatives are, or are likely to be, sustainable after completion of the project. It also makes a number of recommendations that would be useful to reinforce the long term sustainability of the project achievements and also identifies the main lessons learned and best practices obtained during this initial period of implementation.

4. Results and Findings

4.1 Project Components and their implementation

20. The Project comprises four principal components:

1. Preparation and adoption of a Strategic Action Programme (SAP);
2. Completion of a set of Pre-Investment Studies (PINS);
3. Development and implementation of Environmental Protection System (EPS), embodying legislative, administrative, institutional and technical capacity improvements consistent with the SAP; and
4. Three demonstrations projects on:
   (i) Indigenous Environmental Co-management;
   (ii) Remediation of the Environment through the Use of Brown Algae; and
   (iii) Environmental Remediation of Two Decommissioned Military Bases

21. This section evaluates progress in implementing these Components planned for the Phase I of the Project. At the same time, this section is a summary of the project, which is deeply described in the next sections.

Component 1. Preparation and adoption of a Strategic Action Programme (SAP-Arctic).

22. SAP-Arctic has been developed by Task Team comprising of representatives of best Russian academic and R&D institutions where knowledge on Arctic issues is accumulated. SAP-Arctic is based on comprehensive diagnostic analysis, identification of priority environmental problems, causal chain analyses. Major features of the SAP-Arctic can be summarised as follows:

22.1. The detailed diagnostic analysis of the current situation and forecasting of the potential environmental changes in the Russian Arctic were used to identify the following priority environmental issues in the region:

- Environmental pollution (transboundary transport of pollutants by water and air, and oil, chemical, and radiation contamination) and deterioration of the quality of surface and ground waters in the coastal areas of the Russian Arctic;
- Land degradation and irresponsible use of land
- Changes in biodiversity and depletion of biological resources;
- Deterioration of the living conditions and environment of the indigenous population of the Russian Arctic and disruptions of their traditional use of natural resources;
- Negative consequences and threats from the ongoing global climate changes.

22.2 The long-term goal of the SAP-Arctic is to implement measures aimed at preventing, eliminating, and reducing the consequences of adverse human-induced environmental impacts in the Russian Arctic from activities on land and in the adjacent seas down to levels that will ensure sustainable development while at the same time taking account of the interests of the human population, including the native small nations of the North.

22.3. The long-term goal will be met by implementing a number of objectives which can be grouped into three main components:

- Prevention and abatement of pollution of the coastal and marine environments in the Russian Arctic, including the transboundary transport of pollutants with aquatic and atmospheric flows oil, chemical, and radiation contamination;
- Conservation and improvement of the quality of the environment, living conditions of the indigenous small-in-numbers peoples and conditions for traditional nature use by native small nations of the North;
- Prevention and mitigation of the negative consequences of natural disasters and technological emergencies, as well as of global climate changes.

22.4. The SAP-Arctic is a strategic framework document that sets the goals, tasks, principal activities and targets in the area of protecting Arctic environment for the period up to 2020. SAP-Arctic will be implemented in three stages including: Stage I - 2009-2012; Stage II - 2013–2015; Stage III - 2016-2020. Clear targets and performance indicators have been set for each stage of the SAP-Arctic implementation. One most important factor to ensure financial sustainability of SAP-Arctic implementation is government support by using funds from the budget

system of the Russian Federation including the federal budget, regional budgets and budgets of the local (self) governments.

23. SAP-Arctic has been approved by third and fourth meetings of Interagency Work Group (IAWG) in Moscow and by third meeting of the Project Steering Committee (StC). All final remarks and suggestions received from federal and regional authorities as well as from NGO and businesses were thoroughly considered by the PO and SAP Task Team and the SAP document was reworked and reformatted taking into account all above remarks and suggestions. The SAP document was reworked in accordance with Russian standards imposed for strategic documents of such kinds. The final SAP document was submitted to Russian Government and was approved by the Maritime Board at the Government of the Russian Federation, the highest-level body of the government in charge of coordinated efforts of federal enforcement authorities in the field of maritime activities, investigation and exploration of the World Ocean, Arctic and Antarctic. The Maritime Board at the Government of the Russian Federation recommended the SAP-Arctic for further promotion to the relevant governmental bodies. Provisions of draft SAP were taken into account in "The World Ocean" for 2008-2012 and in other documents related to the Russian Arctic.

24. Thus, the process to "prepare and adopt a Strategic Action Programme (SAP) that creates the enabling conditions and identifies the necessary actions required to improve the environmental situation in the Arctic region of the Russian Federation" has been effective and efficient and was based on the scientific and technical knowledge and analysis. Benchmark specified in the Project Document (Strategic Action Programme fully developed and endorsed by relevant stakeholders, see item 9) is achieved. Revised benchmark (see item 10) requires also preparation of diagnostic analysis document for publication in English and Russian. Taking into account that since DA preparation in 2006 a lot of new materials were accumulated by the Project Office new revision of the DA is in progress – some funds are reallocated for this work, a revised content of DA was approved by ExA and principal consultants are selected. The PO prepared TORs for preparation of the revised version of the diagnostic analysis which is supposed to be ready by the end of August 2010.

25. Project contributed to development of new revision of Regional Programme of Action for the Protection of the Arctic Marine Environment from Land- based Activities (RPA) and the Arctic Council Plan of Action to Eliminate Pollution of the Arctic (ACAP). Thus the Project contributed to implementation of the two principal international agreements, the Arctic Environmental Protection Strategy (AEPS) and the UNEP Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (UNEP/GPA) as implemented in the Arctic Region through the RPA.

Component 2. Pre-investments studies.

26. This component covers the selection and completion of up to 15 PINS that address the most frequent and serious cases of land based and coastal area pollution sources impacting the Arctic region. PINS should result in an optimal set of proposals for investment in the Russian Arctic, where input of money for their implementation will be most effective in economic, ecological, social and political sense and support business decision making and financing.

26.1 Compared to other regions of the Planet and highly populated areas of the Russian Federation, Arctic remains relatively clean. However, of intensive economic activity in the Russian Arctic created the environmental "hot spots"[1] . These "hot spots" are locations where environmental degradation has reached threatening volumes. The levels of pollution in these locations are considerably higher than the maximum allowable levels. In the "hot spot" areas, the natural ecosystems are disturbed and often destroyed, resulting in a substantial damage to the health of the local population and traditional life styles of the Arctic indigenous communities. Note that the destruction of fragile Arctic ecosystems may be irreversible. Over 100 hot spots (with 30 priority locations) have been identified in the Russian Arctic.

26.2 Preparatory work performed by the PO under Component 2 resulted in the list of 100 "hot spots" of which 30 most critical "hot spots" that have been separated for the purpose of this TOR into three regions of the Russian Arctic on land (Western (incl. Murmansk region and Franz-Joseph Land, Central incl. Arkhangelsk region, and Eastern) as well as for marine "hot spots". A prioritized list of "hot spots" has been prepared and, where feasible, specific investments have been proposed by local private and public sector project developers/owners. Based on this work, a consolidated screening process has been conducted by the NPA-Arctic Project Office after consultations with regional authorities resulting in the selection of 5-7 specific investment projects within each of these regions. The goal of the assignment is the development of PINS for investment projects associated with priority hot spots.

26.3. PINS is defined as a consolidated document containing sufficient physical definition, technical and implementation risk evaluation, environmental and social assessment, financial and economic analysis, and business planning information that would allow a public or private sector developer or proponent of an investment project to make the necessary business or public policy decision to proceed with such an investment and to present it for financing to one or more

[1] A "hot spot" means a limited area, within which man-induced pollution sources have adverse environmental impacts. Such areas demonstrate pollution of the environmental components the level of which is many times higher than the allowable limits. There is also degradation of the ecosystems, deterioration of the public health, loss of biodiversity, and disturbance of life support systems.

possible sources of financing. The investment projects considered for PINS preparation are characteristically capital investments that will reduce or eliminate sources of land-based or coastal area pollution, either from past, present or potential development activities. Three major categories of potential investment projects to be selected for PINS will include (i) industrial pollution abatement investments (i.e. facilities upgrading or replacement for purposes of modernization in order to reduce and prevent pollution incl. use of cleaner production technology), (ii) clean up of past environmental liabilities with actual or significant future major potential to add to Arctic pollution loads, and (iii) new or upgraded environmental management infrastructure (i.e. waste management, waste water treatment). Investments that contribute to biodiversity and the sustainability of habitat and traditional resource utilization by indigenous people are also included provided they have a defined proponent and reasonable commercial or public policy based *investment* rationale.

27. A total of more than 50 project proposals have been reviewed by consulting companies who won the international bids. The following projects have been selected:

Sakha (Yakutia) Republic

- Closure of the Kular Gold Tailings Based on Sound Environmental and Health & Safety Principles
- Mothballing of the Deputatsky Tin Ore Mining and Processing Plant Based on Sound Environmental and Health & Safety Principles
- Restoration of Commercially Important Fish Species in the Subarctic and Arctic River Basins in Yakutia.

Chukotka AO

- Localisation of lost RITEG in Rogers Bay of the Wrangel Island reserve
- Waste and Contamination Inventory and Clean-Up of the Wrangel Island Reserve.

In addition, there has been proposed an Inter-regional Project:

- Programme of Survey of Current and Historical Land-Based Contamination Sources of the Laptev Sea, East Siberian Sea and Chukchi Sea.

Komi Republic

- Solid domestic wastes disposal in Vorkuta, Komi Republic: Draft technical report completed, financial data preparation in progress.

- Modernization of sewage water treatment system in Vorkuta, Komi Republic: Draft technical report completed, financial data preparation in progress.

Nenets Autonomous Okrug:

- Waste Management in the City of Naryan-Mar and settlement Iskatelei of the City of Naryan-Mar: Project selection ongoing.

- Reconstruction of Waste Water Treatment Facilities in Settlement Kachgort: Project selection ongoing.

Arkhangelsk region:

- Land remediation from oil products in water protection zone of Northern Dvina River of White Sea basin near settlement Krasnoe of Primorsky district of Arkhangelsk Region.

- Construction of sewage treatment facilities in Lesnaya Rechka dwelling district of Arkhangelsk.

Murmansk region

- Improved waste water management in Murmansk region: Reconstruction of WWTP Murmansk, development of site for dewatered sludge composting

- Construction of complex of sewage water treatment facilities in the settlement Severomorsk-3 of Murmansk region

- Design and construction of complex of sewage water treatment facilities in Severomorsk

- Improvement of solid domestic waste management – Construction of waste segregation facility in Murmansk.

- Improvement of oil waste management program. Introduction of installations on oily sludge treatment in the territory of Murmansk region Construction of site to teat soils contaminated with oils Introduction of new techniques on oily waters collection and treatment (including ballast waters in vessels)

- Automatic air quality monitoring system.

28. Major part of the Pre-investment Studies component (PINS) was successfully implemented at selected hot spots in western, central and eastern regions of the Russian Arctic. Most of them were fulfilled in December 2009. Three selected contractors have made high quality studies, often – in uneasy

conditions of transport communications. These PINS will provide potential participants of the second phase of the Project (if and when a decision on it is taken) with adequate range of projects for implementation in favor of trans-regional and global environment with well identified risks and conditions of the projects organization and financing.

29. Thus, the process to "create a system to facilitate the investments that benefit the international Arctic environment, particularly the Arctic Ocean Basin and its shelf seas" has been initiated and was effective. Benchmark for this Component "Hot spots list updated and finalised. Pre-investment studies successfully carried out and interest of financial institutions preliminary confirmed" is fulfilled.

Component 3. Environmental Protection System improvements.

30. This component was launched earlier than it was scheduled initially. At present the Task Team on this component prepared proposals to the government of the Russian Federation on improvement of environmental legislation and regulations for Arctic areas and on strengthening a system of environmental monitoring. A concept paper on the state of Arctic environmental regulation in the Russian Federation, it's annotated version and a concept document for preparation of the draft federal law «On special regimes of the use of natural resources and environmental protection in the Arctic Zone of the Russian Federation» have been prepared. Acceptance of these documents will cause a tremendous impact on optimization of economic life in the Russian Arctic and on mobilization of organizational and financial resources for keeping an adequate level of environmental remediation in the Arctic region.

31. The Concept Paper presented to the Russian government consists of the following blocks of proposals:

- On development of environmental monitoring;
- -On prevention of pollution of the Arctic Marine Environment;
- On prevention of river pollution;
- On prevention of oil and oil products environmental pollution;
- On safeguarding of environmental safety of the Northern Sea Route;
- On the Arctic flora and fauna protection and biological diversity conservation;

- On norms and regulations determining demands to elimination of past environmental degradation;
- On adoption to negative climate changes;
- On the use of other Arctic countries experience for improvement of Russian environmental legislation for arctic areas;
- On participation of the Russian Federation in relevant international treaties and introduction of desirable changes in these treaties;
- On strengthening environmental protection in areas of traditional placement of indigenous peoples of the North.

The report to the Russian Government identified the most critical gaps in the Environmental Protection System of Russia which cause difficulties in achieving environmental safety in the Arctic zone of the Russian Federation:

1.Absence of integral environmental monitoring system in the Russian Arctic able to present an objective and overwhelming information on kinds and levels of economic activities impact at the environment necessary for decision – making at different management levels.

2. Lack of environmental norms for Arctic Zone of the Russian Federation for reasonable identification of possible maximal antropogenic impacts and implementation of environmental control.

3. Absence of a modern legal basis facilitating adequate investments in development and implementation of environmentally friendly technologies, including technologies for liquidation of past environmental damage.

4. Need for modernization of the methodological basis for regulating environmental security including environmental risk assessment, assessment of environmental damage, implementation of the state control functions.

5. Need for methodology of ecosystem approach to protection and use of marine and landbased biological resources.

32. Thus, benchmark for this Component "Report on gap analysis of the environmental legislation applicable to the Russian Arctic with recommendations on improvements prepared and implemented" is fulfilled

Component 4. Demonstration projects.

33. All three basic demonstration projects are successfully implemented.

33.1. **Demonstration project: Environmental Remediation of Decommissioned Military Bases on Franz Josef Land Archipelago (Demo-BASES)**

Franz Josef Land (FJL) is an archipelago consisting of around 200 islands situated in northeast of Barents Sea and is the northernmost landmass of Eurasia (N80-82o). The archipelago has no permanent inhabitants. Several military bases and polar station have been established around the FJL archipelago and most of them abandoned in succeeding years. Up to 50,000 tons of petrol and lubricants in steel drums and tanks were left behind on the archipelago including waste oil and several millions of drums with oil and lubricant residuals.

A former Russian military base located on the Alexandra Land – westernmost island of Franz Josef Land archipelago (FJL) was selected for this demo project. Reasons for Alexandra Land Island selection were as following:

- Representativeness of this area from the pollution types point of view, in particular huge amount of drums and tanks with waste oil and lubricants, hydrocarbon spills on soil;
- Accessibility by seaway all-the-year-round without icebreaker assistance;
- Availability of necessary infrastructure for field works.

A bid-winner, a nongovernmental entity "Polar Foundation", undertook two expeditions to the FJL archipelago in the 2007 and 2008 navigation periods. The following activities have been performed:

- Detailed survey and sites mapping including buildings, warehouses, depots etc., evaluation of quantities of drums and tanks and their conditions, oil and lubricants types and volumes, possible leakage, spills on soil, etc.
- Sampling and analyzing of soil, liquids and waste oil in drums and tanks for oil hydrocarbons, POPs and heavy metals.
- Demonstration of the whole chain of the drum recycling steps with waste oil and lubricants removal of liquids to special tanks, drums cleaning up, pressing the drums followed by removing the waste liquids and pressed drums from the archipelago by seaway and subsequent recycling on special plants in Arkhangelsk region.
- Demonstration soil remediation works on the selected sites after the drums removal.

Results

Geo-environmental survey of existing environmental situation in the decommissioned military bases on Alexandra Land, Hoffman and Graham-Bell islands allows drawing a conclusion about high level of pollution and soil degradation in the studied areas. In Alexandra Land for example 82% of the examined area was littered with metal scrap accompanied with visible degradation of soil-vegetable cover. A level of soil pollution can be considered as from dangerous lever to abnormally dangerous.

The results of the demonstration project on cleaning up Arctic terrains from the drums with oil waste testified:

- Cleaning up of the Arctic terrains of the abandoned drums with oil waste by means of pressing with preliminary cleaning and followed by transportation to the mainland for recycling is quite possible;
- More power pressing equipment (25-35 tonnes) should be employed;

- Drums' washing is unpractical in severe Arctic conditions. The better way is burning up the oil waste in the air flow – this technique prevents contamination of the atmosphere;
- Soil on the Alexandra Land island cannot be mechanically cultivated because of huge amount of rocks

Basing on the results of a soil cleaning experiment with the help of commercial biological products (Devoroil and Petro-Treat) the following main conclusions can be made:

- Bio-products should be employed in the sites characterised with high level of oil hydrocarbons in preliminary bounded areas to prevent the bio-products wash-away;
- Bio-products should be introduced into soil in the beginning of warm season.
- Treated soil should be covered with special air-conducting films to achieve maximum favourable temperature conditions in soil;
- It is desirable applying special bio-products adapted to low temperature.

A legal procedure for transferring the cleaned up territories of decommissioned military bases to the civilian sector has been also elaborated. One of the most important outputs of the implemented demo project is attraction of Ministry of Defence of the Russian Federation to the environmental problems in FJL archipelago resulted from former military activities on some of the FJL islands. Ministry of Defence co-financed this demo-project in amount of 2 mln RUR or approximately 80 K$. Ecological Department of the Russian Ministry of Defence designed an ambitious environmental project for cleaning up abandoned military bases in Russian Arctic from drums, tanks and other scraps followed by soil remediation when and where it is possible. The project will be funded mainly at the expense of the Russian Ministry of Defence.

33.2. **Demonstration project "Environmental co-management of extracting companies, governmental bodies and the small-numbered indigenous peoples of the Russian North"**

Overview There has been considerable discussion of the merits of territories of traditional nature management (TTPs)[2] by indigenous peoples of the North and a major focus of this project was to highlight the advantages of establishing these special areas as well as methods to make them workable and responsive. To do this, the project has developed proposals on the organisational frameworks and functioning principles of territories of traditional nature management, as well as outlined principles, procedures and methods of designing these territories.

This project envisioned that TTPs would provide the framework for co-management in three model regions of the Russian Federation – Yamal-Nenets Autonomous Okrug, Nenets Autonomous Okrug and Republic of Sakha (Yakutia). Much of the work focused on how to make TTPs work and ensured a balance of interests. The outcome of this work is the creation of conditions for co-management of environmental protection by executive agencies, local self-government bodies, extracting companies and indigenous peoples of the North in the areas of their traditional habitat and economic activities.

The purpose of this Demo-project was to examine new effective legislative and economic mechanisms to strike the balance of interests of extracting companies and indigenous peoples in resolving economic and environmental problems while preserving the traditional

[2] Here we used the English translation of the Russian wording of *"territorii traditsionnovo prirodopol'zovaniya"* (TTP), which is Territories of Traditional Nature Management (TTNM).

way of life and habitat. The project also looked at the advantages of establishing special areas – territories of traditional nature management by indigenous peoples of the North.

The demonstration project examined new effective mechanisms to balance the interests of Indigenous Peoples and industry in the Russian North using the following approach:

1. An examination of existing co-management structures in three model regions, including territories of traditional nature management (TTPs) where they exist. Since there are no comprehensive rules for TTPs it is anticipated that the demonstration project allows discussion of how these might be formalized and implemented.
2. An assessment of the effective legislative and economic mechanisms to strike the balance of interests of extracting companies and indigenous peoples in resolving economic and environmental problems while preserving the traditional way of life and habitat. This also involved, where relevant, an analysis of (i) the successes and/or problems associated with the mechanism and (ii) methods used to resolve conflicts.
3. Identification, through a brief analysis of co-management structures in other countries, such as Canada and Norway, of lessons learned and approaches that might be used to strengthen and improve effectiveness of existing relationships in Russia.
4. Determination what elements in the demonstration projects could be transferred in order to avoid conflicts in other regions between indigenous peoples and industry.

The demonstration project examined three model areas – Yamal Nenets Autonomous Okrug, Nenets Autonomous Okrug and Republic of Sakha (Yakutia). Through the series of regional planning workshops, the project identified common methods and approaches to ensure that indigenous peoples' needs and rights are protected as industrial development proceeds. These workshops l also provided industry with a forum to meet stakeholders and government and allow for the kind of planning that takes into account the needs of all parties.

The project's goal was to demonstrate that it is possible to resolve environmental and economic problems and at the same time ensure that indigenous peoples' rights are respected, that they continue to have access to their land, and that they are able to make informed choices about their lives. To do this it is necessary to understand the link between environmental protection and indigenous peoples' traditional ways of life.

This demonstration project was guided by the fundamental principle that indigenous peoples have rights that need to be recognized, including the right to participate in a meaningful way in the management of resources – biological and non-renewable – on their traditional lands. In order for this to happen, there must be a dialogue based on mutual respect and recognition of different interests. This is an important first step in the creation of a process that brings all stakeholders to the table to develop effective management systems based Russian experience and informed by international norms and standards.

Results

The project's experts and regional coordinators collected materials characterizing current practice of relations of authorities, industrial companies, public organizations and economic entities of the small-numbered indigenous peoples in the sphere of environmental co-management, in the three model regions, including functioning of the TTP of regional importance formed in Nenets Autonomous area. It was ascertained that regional legislation in the field of environmental co-management developed in advance of

the federal one in the three model regions and the present practice of agreements and contracts between authorities, extracting companies and indigenous organizations allows, though in implicit form, taking into account interests of the indigenous representatives. But absence of relevant forms in the federal legislation, appropriate mechanisms and methods approved on the federal level, unfortunately restrains regional initiatives; some regional initiatives, as the federal laws themselves, undergo steady recession, besides that, in practice of socioeconomic agreements and contracts, ecological component is taken into account deficiently.

Within the Demo-project, the methodology of training the small-numbered indigenous peoples to use traditional knowledge for charting the TTP was approbated. Creation of data base on the basis of materials collected by this methodology is to help arranging ethnoecological monitoring.

Also methodical recommendations were appraised on quality assessment of lands being original habitat of the small-numbered indigenous peoples of the North, Siberia and the Far East of the Russian Federation and on determining borders of the TTP and methodical recommendations on determining loss amount of users of lands and other natural resources at places of traditional habitat and traditional economic activity of the small-numbered indigenous peoples of the North, Siberia and the Far East of the Russian Federation.

The practical guide was prepared on establishment of the territory of traditional nature use. As the model of the TTP co-management, a project for establishing the Coordination Council of the TTP was offered, which was the coordination body created to secure unity of management and control on the TTP taking into account traditions and customs of the small-numbered indigenous peoples.

As a model of a forum or site for coordinating activity of local government bodies, bodies of executive and legislative power of the Russian Federation entities, specially authorized state nature protecting bodies, public organizations of the small-numbered indigenous peoples, the Public Ethnoecological Council was offered as the model of environmental co-management at places of traditional residence and nature use of the small-numbered indigenous peoples of the North, Siberia and the Far East of the Russian Federation. Presently, two co-management bodies, the Ethnoecological Councils are established in the two model regions – Yamal-Nenets Autonomous area and Republic of Sakha (Yakutia).

Ideas, methods and practical experience of the Demo-project were used in work over the draft federal law "Protection of original habitat, traditional way of life and traditional nature use of the small-numbered indigenous peoples of the Russian Federation". By offer of the Demo-project's experts, the following provisions were included to the draft law: detection of places of traditional residence and traditional economic activity of the small-numbered peoples; establishment and zoning territories of traditional habitat and traditional economic activity; holding the ethnological expertise of projects conducted on the traditional nature use territories; development of co-management with participation of the small-numbered indigenous peoples on the territories of traditional habitat, traditional economic activity and traditional nature use and others. The same ideas were in the basis of the legislative initiatives offered for improvement of the regional legislation in the three model regions of the Demo-project, which were considered by all interested parties in the regions at seminars and round tables.

In recommendations of the regional round tables it is offered to distribute experience of the Demo-project in other regions of these entities of the Russian Federation.

Besides that, for the period of the Demo-project it was managed to present some preliminary results of the project at international (Geneva, Khabarovsk) and regional

(Murmansk, Syktyvkar, Petropavlosvk-Kamchatskiy, Yuzhno-Sakhalinsk) seminars and sessions where they caused interest of representatives of authorities, companies and indigenous organizations. The Demo-project's experts obtained offers on preparation of projects for realization of some elaborations in Murmansk Region, Republic of Komi and Sakhalin Region.

All analytical materials and methodical recommendations worked out during the Demonstration project are published and can be used in other regions of the Russian Federation

33.3. Cleaning of Arctic marine water pollutions with brown algae (Marine Arctic Environment Clean-up by Setting up Brown Algae Shelter Zones Around Pollution Sources)

The pilot project "Cleaning of Arctic marine water pollutions with help of brown algae" is designed for testing new technology for cleaning the coastal water area oil pollution.

The plantation of 0.5 hectare based on a symbiotic association of brown algae and hydrocarbon oxidizing bacteria was set in the Olenja Bay of the Barrens Sea, where two sources of oil products were found: a factory on submarine fragmentation "Nerpa" and naval ships in the marine part of the bay. An approbation of the technological scheme happened from November 2007 to October 2008. The plantation represents an engineering construction with horizontal lines-substrates for *Fucus vesiculosus* on water surface, talloms of *Laminaria saccharina* on substrates in 0.5-5 m water layer and epiphyte hydrocarbon oxidizing bacteria. The floating construction was attached to artificial anchors in 15-25 m depth.

During the experiment some strong oil blowouts in the Olenja Bay were noted as a result of those the tight oil layer has closed the water surface. For the long time the Fucus algae layer in plantation was in a tight contact with oil products working as a slick bars and clearing water surface.

In addition possibility of Fucus algae use for cleaning water from oil products was examined in the laboratory of the biological station of the Murmansk Marine Biological Institute of the Russian Academy of Sciences (Dalniye Zelentsy, coast of the Barents Sea).

As the result of the pilot project the following findings were achieved:

1) The plantation-biofilter scheme and technology of its realization proved to function steadily over the year.

2) The algae plantation prevents oil product distribution by its accumulation and decreases oil products content in environment including them in metabolism with the following neutralization.

   Hydrocarbon oxidizing bacteria raised activity in conditions of oil pollution.

3) 5 species of the epiphyte bacteria dominants were undetermined providing the oil products neutralization on the algae surface.

4) Independent modules of the plantation can be used for the isolation of pollution source and for the providing of ecological security at the development of aqua plants in the Barents Sea coastal waters.

5) The calculations of oil product utilization by algae and carrying out of model experiments for estimation of plantation work effectiveness have shown that 1 ha of plantation-biofilter can neutralize about 100 kg of oil products per week.

6) Similar technology of oil products extraction can be used in other seas based on taking into consideration local abiotic and biotic factors.

On the base of materials of the pilot project the patent application "The way of the cleaning of the sea coastal water of oil products" (№2007106573/13 (007130)" was proposed and certified.

This project was co-financed by Mirmansk Marine Biological Institute of the Russian Academy of Sciences in amount about 50 K$.

33.4. Purification of bottom sediment of Kola Bay from dangerous substances. Phase 1. Monitoring of dangerous substances in bottom sediments of Kola Bay

Hydrochemical compound of bottom waters of Kola bay is under the influence of river flow of the rivers Kola and Tuloma, tidal effect and communication with the high sea, and also industrial and municipal drains of Murmansk and other settlements situated along the coast of the bay.

Polluting of bottom sediment in the southern knee of Kola bay has reached very high levels, particularly in areas of ports and ship-repair yards. Its level is higher, than that for bottom waters. Pollution of bottom waters varied from "practical absence" to "heavy pollution". Bottom sediments of the major part of the southern knee can be characterized as medium polluted. The area of apatite transfer terminal refers to the strongly polluted areas. The concentration of strontium here 5 times exceeds the level of heavy pollution and concentration of oil products, copper and zinc is very high. The areas of Trade and Fish ports also refer to similarly polluted areas. (5 different pollutants making anomalies higher than the high pollution level).

In all measurement points in 2007 there were recorded "prominent pollution" of polycyclic hydrocarbon, organochlorine pesticides content and predominantly "prominent pollution" of PCB content. There was recorded significant pollution due to content of aliphatic hydrocarbons and HCH

The worst conditions connected with high content of pollutants, their variety and high reserve in entrapped waters were found in port harbors and areas of dumps of vessels. The whole water area bottom of the southern knee in the area of Trade and Fish ports is situated in the zone of destroyed state of geological environment due to abnormally high content of oil products and wide range of heavy metals and hard organics.

The main findings of this project are as follows:

1. The Kola bay remains one of the most pollution-loaded in the Arctic region. At the same time it is still a fishery water body of the 1st category.

2. The main sources of Kola bay pollution and its southern and middle parts in particular are industrial enterprises, sewage waters of settlements and cities, activity of civil fleet and Navy. 78% of waters are wasted untreated. The point of Murmansk city treatment facilities commissioning demands urgent solution.

3. In some areas of the bay heightened concentrations of biogeneous elements, suspended and organic substances were found.

4. Oil pollution of water permanently occurs on the water area of the bay (oil slick, dissolved oil products). Unauthorized bilge and oily discharge from ships and vessels continues. The cleaning of bay from oil pollution has not been executed during last years. A regular oil spill at the surface of the bay demands organization of measures preventing unauthorized discharge of oil products into the waters of the bay.

Oil products are accumulated in the bottom sediment. The threat of further increase of water and bottom sediment pollution with oil products is connected with the forecasted increase of volumes of oil transportation and transshipment in Kola bay.

5. Unauthorized dumps of vessels are the sources of environmental threat, water and bottom sediment pollution with oil products, heavy metals, and hard organics, and sometimes represent a serious navigation danger. Dumps of vessels restrict the possibility of economic usage of coastal areas (development of coastal fishery, reappearance of coastal settlements, mariculture development)

6. High concentrations of pollutants in bottom sediment are the sources of secondary pollution of water and the reason of the bay ecosystem existence decline.

7. The pollution of some coastal areas of Kola bay bottom (water area of ports, shipyards, navy bases, dump sites and etc.) have reached such concentrations when it is necessary to arrange a special project aimed at their cleaning.

8. The results of monitoring investigations in 2007 has shown that not only silts refer to very polluted bottom sediments, which demand cleaning by means of ground excavation, but also sandy bottom (at the planning stage it was supposed that the major part of pollutants will be washed out of the sandy ground with sea currents and the significant part of pollutants will be found in silt ground only).

9. The ecological state of Kola bay is stretched to the limit of natural ability of self-purification (currents, high tides, river runoff). Exceed of this ability under continuous increase of load may lead to appearance of the areas of environmental threat. In this connection the development of "The integrated program of coastal zones management", which covers environmental management and environmental protection, becomes especially important.

This project initiated a detailed study of contaminated sediments in a Kola Bay and resulted in development of a design documentation for large-scale project on cleaning of Kola Bay.

33.5. Removing of sunken wood and ship wrecks from sea bottom in the Tiksi Bay (Tiksi-1)

Tiksi is Yakutia's sea gate. It was established in 1934 as part of the Northern Sea Route Initiative. More than 70 years of man-induced impacts on the Bay of Tiksi resulted in many environmental problems

Leftovers of the earlier round wood rafts, sunken logs, strapping steel wire and steel wire ropes and half-sunk skeletons of ships and wrecks that are still in the bay, decaying and rusting, emit harmful substances (organic, biogenic, etc.) and these lead to loss of all forms of plankton (bacteriaplankton, phytoplankton, zooplankton) and zoobenthos, and hence, to the potential loss of the principal nursery grounds of valuable northern species of fish populations.

Further contamination of the Bay of Tiksi waters may result in the disturbance of biotic community and in the extinction of some of its species. The loss of the feeding function of the largest fishery, which is also the nearest fishery to the Lena spawning grounds, will result in a reduction of stocks of the valuable species and the withdrawal of fish from the region. There is a direct threat to human life and health, particularly among the indigenous peoples of the North.

The demonstration Project main purpose consists in protecting the biosphere in the marine and coastal zone of the Bay of Tiksi and the Gulf of Bulunkan from man-induced pollution.

The cleanup technology was defined by the Port Technical Council, which was guided by the data from the engineering and underwater survey and ensuing recommendations.

At the results of the cleanup project activity an improvement was reached in the environmental conditions for the benthic organisms.

The cleanup operations demonstrated the need in cleaning the seafloor from decaying timber, even if such an operation is small scale and carried out for a short period of time.

There are the main conclusions of this project:

1. The clamshell trawling and the respective machines and equipment were the right choice.
2. The improved water quality, having resulted in an overall increase in the density of communities and biomass of zoobenthos and zooplankton soon after the cleanup operations makes it reasonable to suggest continuation of such work at the second phase of the Project.
3. The future expansion of the cleanup seafloor area (the second phase of the Contract will cover up to six hundred thousand square meters) towards the central part of the Gulf of Bulunkan, from the entrance gate to the former site of intensive raft accumulation site, would increase the amount of the decaying timber to be lifted from the seafloor due to the high rate of sunk timber accumulation in this area. The timber to be lifted may amount up to 2,500 – 3,000 cu. meters.
4. Future cleanup operations will lead to significant improvements in the environmental status of the Bay of Tiksi and the Gulf of BULUNKAN basins.
5. Providing local (indigenous) people with firewood from the logs so lifted will help conserve forests since there will be no need for felling forests. The local population used to gather timber for construction and firewood from rafts crashed by bad weather but after the termination of the timber rafting people started cutting down larger quantities of trees in the forest-tundra.
6. Intensive decaying of the sunken logs (more than eighty percent of the total amount of the sunken logs), particularly of the inner middle part of logs, leads to dangerous and toxic chemical contamination of water, which is clearly seen in the photographs. Chemical contamination of water has a negative impact on wintering, feeding and spawning of the most valuable commercial species of the Arctic fish. This requires not only the continuation of cleanup operations, but their intensification.
7. Developed and tested at the port, the clamshell trawling method can be applied in other Arctic regions in shallow fisheries and "fattening" water bodies.
8. As a result of the preparatory work on the wrecks they are ready for lifting and recycling during the second phase of the Project.

This project was co-financed by Tiksi port in amount of 400 KRUR (or 16 K$).

33.6. Development of technology of bioremediation of the lands contaminated by oil products in the Arctic conditions (Pilot-Bioremediation)

The purpose of the Bioremediation demonstration project was to test the technology for bioremediation of contaminated by oil products lands suitable for Russia and other parts of the Arctic region.

The following studies and activities were set for his project:

- Analysis of experience for soil bioremediation after oil pollution under low temperatures conditions. A choice of biological products for remediation of oil polluted environment in the Arctic region.
- Development of regimes for raising activity of biological products for restoration of the petropolluted soils in Arctic areas;

- Finding regimes of activation of habitability of native petrooxidizing microorganisms and methods of bioscrubbing of polluted soils .
- Arrangement of a workshop on the results of the project

The biological restoration is based on the use of chemical and biochemical processing of petroleum hydrocarbon into ecologically harmless substances of carbon dioxide and water. disappearance.

Biostimulation in situ (at-sight pollution) and bioaugmentation (biomeliorating) were used were used in this project.

The following findings were gained as the result of the project:

1) Soils of the Arctic areas most frequently have low biogenesis that leads to a very limited ability of self –remediation of soils there.
2) Activation of native microflora can produce a positive effect only in events with low concentration of pollution (to 1-2 %);
3) The highest purification efficiency of soil was achieved with the use of the biological product «Roder» for pollution by black oil (4,5-5,3 %), solar oil - «Devoroil» (4,8-5,9 %), petroleum - «Microzim (tm)« Petro TRIT "and" RODER »(6,7 %).

   The best result on weeding of soil from black oil and solar oil has shown a drug «Microzim (tm)« Petro TRIT», from petroleum -«Devoroil».
4) In the Arctic conditions use of microbal drugs turned out to be more effective than agrotechnical methods
5) Biological products have positive effect on magnification of biological activity of soils and, as consequence, accelerate process of moulding of oil contaminations;
6) Pre-award activation of biological products (preparation of working suspensions) that reduces the period of activation of bacteria in soil is recommended;
7) Peat executes functions: of a natural sorbent reducing infiltration of petroleum deep into soil; as well as of the water-retaining substance promoting maintenance of soil moisture necessary for bacteria; the natural organic fertilizer promoting an intensification of processes in soil;
8) Soil aeration promotes its fasters restoration;
9) Natural sorbents (peat, sawdust, a moss) speed up polluted soil restoration;
10) Bacteria activity drops in process of lowering of soil temperature;

33.7. Environmentally-sound Destruction of Obsolete and Prohibited Pesticides in Russia (Outdated pesticides)

At present, the regions of the Russian North are facing some challenges of environmental, production and technological nature associated with an accumulation and persistence of large amounts of pesticides that are either outdated or banned for being used. Data from AMAP researches and from the first phases of the ACAP projects, which are currently underway and which yielded information on an inventory of the POP’s (including pesticides), suggest that there is a substantial adverse influence of the discharge containing dissolved pesticides and pesticide-contaminated soil material in the basin of the Arctic Ocean. Considerable volumes of pesticides, unfit and banned for application, are kept in rooms of buildings that are tumbledown and unsuitable for storage, with the packaging often neglected to the point of being beyond compliance with applicable legislation.

Developing new techniques for processing and eliminating this hazardous waste is a priority.

The main objective of this demo project is the improvement of the system of handling outdated pesticides forbidden for application in the Northern regions of the Russian Federation, with the participating experts including organizations being Russian and international. The project is aimed at (1) disposal/elimination of a pilot batch of outdated and forbidden pesticides; (2) introduction of technologies and equipment meeting Russian and international standards in a broader industrial use. The judgement statements made by international expert organizations regarding the quality of the processing of the pesticides makes it safe to confirm the compliance with international norms and requirements, including observance of the pivotal principles of controlling transboundary movement of hazardous waste and its removal.

Expected Result of the project: cleaning the Russian Arctic of outdated and banned pesticides, abatement of the Arctic environment, prevention of pesticide seepage into the Arctic seas, demonstration of an economically efficient technology by eliminating a pilot batch (200 tons) of outdated and banned pesticides, demonstration of an environmentally safe management of all the stages of pesticide management

The project is ready for being implemented as a great amount of preparatory work has been done already. As a result of implementation of a number of international projects under the auspices of UNEP and the Working Group on the Arctic Contaminants Action Program within the Arctic Council and in line with the Declaration of the Ministers of the Arctic Countries (Salekhard, 2006), work was carried out for inventory, collection and placement of outdated and banned pesticides in temporary storage facilities in the Russian regions of Altay Kray, Altay Republic, Sakha Republic, Tomsk Oblast, Archangel Oblast, KMAO and Komi Republic.

Once completed, the demonstration project will highlight a technology that presents an environmentally safe elimination of outdated pesticides. The technologies and approaches devised to eliminate outdated and banned pesticides and other halogen-containing organic pollutants and tested during the project may then be applied elsewhere.

33.8. Tiksi-2

This project is supposed to continue activities started at Tiksi-1 pilot project. Partial financing for this project implementation is provided by the government of Island.

33.9 FJL-2

This project will be implemented with involvement of additional participants into clean-up and remediation activities at the France Josef Land archipelago in 2010 and with the use of findings of the First phase of the FGL project. This project strategy is a unique in terms of the Arctic area large–scale environmental restoration based on a complete removal from the area results of the previous negative man-made activities.

33.10. ONEGA-BASES. Environmental Remediation of the Former Military Site near Pokrovskoye (Onezhsky District of Archangel Region of the Russian Federation).

The purpose of this demo project is to demonstrate a cost-efficient methodology of an environmental remediation of disused military sites and handover thereof to civil use. This first case can then be used for remediation of chemically contaminated areas in coastal areas at a larger scale and consequently diminishing the impact of Russian sites on the international Arctic waters. This Project is under implementation and is co-financed by Arkhangelsk region administration in RUR equivalent of 130 K$.

Thus, the demonstration activities have been effectively initiated and functioned to restore and prevent environmental damage caused by pollution in the Russian Arctic region and benefit the indigenous peoples. Benchmark 6 is fulfilled.

4.2 Project Design

34. While the project document contains a considerable amount of information, it is not as clear and concise as it could have been, in particular with regards of activities to be implemented or initiated during Phase I of the Project. Project Document did not initially include logical framework possibly because of Project Document was resigned three times and as result of changes introduced there were some gaps in design. PD was prepared for two Phases of the Project considering development of the SAP-Arctic at the Phase I and mainly preparatory works for other Components at the Phase I. The list of activities presented in the Project Document does not reflect changes since initial signing the document in 2001. Moreover the list of activities is based on similar lists for other projects which are implemented by several countries and does not reflect that this project is implemented at the territory of one country only.

35. The logical framework contains 15 goals and objectives. While these are all generally relevant with regard to the overall objectives of the project, i.e. to "overall global environment objective is to protect the global marine environment", the way they are formulated and the levels of achievement they represent are not consistent. There are no quantifiable indicators and there appears to be some confusion. Moreover logframe indicates that "specific process, stress reduction, and environmental status indicators and their means of verification will be developed within the context of the SAP".

Thus, **the design of the Project is to be considered as moderately satisfactory.**

4.2.2 Continued Relevance of the Expected Results, Outcomes and Objectives

36. The overall project objective is found to be of continued or even growing relevance to the Russian Federation and other Arctic countries. However, it is noted that the project document was basically prepared about ten years ago and that the accumulated knowledge on the subject matters dealt with has increased since that time. With regard to Component number three as it was formulated in the Project Document,

37. The **project is relevant in meeting the objectives** of the UNEP, GPA and Arctic council. It responds well to the country needs and recently adopted strategic documents such as Principals of the State Policy of the Russian Federation in the Arctic Zone until 2020, Arctic Council's Regional Program of

Action for Protection of the Arctic Marine Environment from Land-Based Sources, etc.

4.2.3. Project Management and Administration

38. The project management structure is rather complex and involves the following:

Project Office consisting of Project Manager, Deputy Project Manager, Financial Management Officer and Secretary

Project Steering Committee consisting of full member, permanent participant and observer. Full members are Executing Agency, Implementing Agency, USA, Canada, Iceland, GPA Secretariat. Partner Agencies and RAIPON are the permanent participants

Project Supervisory Council, which includes representatives of Executing Agency, Implementing Agency and Partner Agencies

Interagency working group consisting of representatives of Russian organizations interested in the project implementation for taking into account their interests. Representatives of all concerned federal and regional authorities, Russian Academy of Sciences, organisations of native inhabitants of the North, companies of all forms of ownership, NGOs and civil society.

39. Initially the project had two co-Executing Agencies. The project was approved by the GEF Council in December 2001, and after the project appraisal, the project document was endorsed by GEF CEO and signed by concerned parties for immediate implementation which should be started in October 2003. After the signing of the project document, co-Executing Agency had divergent views on the execution modalities, leading to the re-negotiation of the project document. After three consultative meetings among the involved parties, particularly the coordination meeting in Washington, D.C. in May 2005, the project document was finally agreed upon among the concerned parties, and started its implementation in July 2005. Official launching of the project took place in November 2005 and was associated with the first meeting of the Steering Committee. First Supervisory Council meeting took place in December 2005 and the first meeting of Interagency Working Group (coordinating unit of Russian stakeholders) took place at the end of March, 2006. Interagency Working Group has contributed considerably to the success of the project implementation. **Thus, an effective regional/national coordination mechanism has been established and functioning.**

5. Project Performance

40. Detailed description of project performance is given in section 4.1 of this report. This section provides a general assessment of NPA-Arctic outcomes as judged against the project's development objectives as defined in the PD within the context of the previously assessed overall project objectives. Only analysis of attainment of objectives, achievement of outputs and activities and likely end-of-project achievements is given.

5.1 Attainment of Objectives: Current Status and End-of-Project Prognosis

41. Overall achievement of project objectives and outcomes is evaluated as satisfactory; the project reached most of its major objectives.

Overall, the implementation and current achievements are satisfactory. The GEF resources are used to develop the SAP-Arctic, conduction of pre-investment studies, preparation of recommendations on improvements of environmental protection system in the Russian Arctic and implementation of a number demonstration and pilot projects.

The **project effectiveness is satisfactory**. It is achieving its expected outcomes in particular partially those which were planned for Phase II of the Project. So far, the generated management information is improving the understanding of the impact of human activities on the Arctic environment.

The project has a website that is managed by PO. Project progress reports, meeting minutes, news briefs and other information are posted on the site in a timely manner.

42. Assuming that no major interruptions take place and that project activities are continued as currently planned, the following achievements are expected at the completion of the project in October 2010:

- A number of high quality publications and visual material will have been produced (in addition to that produced already);
- The awareness and knowledge on Arctic issues will have been enhanced
- In addition, if the recommendations given in this report are implemented, additional outputs are likely to be produced, in particular with relevance to an exit strategy for supporting the sustainability of results after project completion and measuring – to the extent possible – the impact of the project on the environment (see (see section 'Recommendations' below).

6. Sustainability and Replicability

43. The Project activities have potential for replication both, nationally and regionally, to ensure sustainability of the project outcomes. The **potential to achieve the long-term project goal and objectives is satisfactory**. However the assessment indicates that there is a risk that the not all project-generated knowledge will be properly published and delivered to corresponding stakeholders. The project is closing its implementation in about one year from the time of this MTE and the remaining time will put pressure on the implementation of the project to be able to improve the distribution of project-generated knowledge to all stakeholders. From a global environmental benefit point of view, however, the project is contributing through the detailed assessments of the current environmental problems of Russian Arctic, promoting and developing the capacity of local and national stakeholders.

44. The **potential for the long-term sustainability** of the project achievements is much related to the potential for long-term impact of the project; it **is satisfactory**. Project has received full support and technical backstopping by the Executing Agency (Russian Ministry of Economic Development) that assures that project recommendations will be taken at the highest level possible and future interventions will be sustainable. Provisions of draft SAP are taken into account in FTOP "The World Ocean" for 2008-2012 and in other documents related to the Russian Arctic, which are approved by the Government of Russia (GOR). SAP, a strategic framework document that sets the goals, tasks, principal activities and targets in the area of protecting Arctic environment for the period up to 2020, is also recommended by the GOR for further promotion to the relevant governmental bodies.

Financial resources

45. The Project has necessary resources for fulfilling of all planned activities by the end of October 2010, for undertaking a few additional pre-investment studies and for preparation of the project concept paper for the second phase of the Project to be presented to the GEF. The Project Steering Committee made a detailed consideration of the resources available for the project implementation and expressed its vision on financial aspects of the project until the end of December 2010 when the Project office should complete final reports necessary for closing the first phase of the Project.

46. In order to prepare the basis for successful presentation of the draft project document for the second phase of the Project the Project Office jointly with the Executing Agency and the project stakeholders plans to concentrate their efforts on preliminary identification of organizations in Russia and internationally for participation in investing sub-projects which were prepared by PINs consultants.

A number of international conferences will be used for adequate presentation of the project achievements and attractiveness for potential donors to participate in implementation of second phase of the Project.

47. In addition, funds envisaged by the FTOP "World Ocean" will be used to support the project activities and can be partially considered as GoR input to the second phase of the Project.

Social and political

48. Social and political role of this project is very important because in the process of its implementation practically all key decision–makers in charge of economic activity in the Arctic area in Russia and in international context were involved in dialogues and preparation of socio-economic policy for their particular territories and sectors of activity. The demonstration project "Environmental co-management of extracting companies, authorities and indigenous peoples of the North" created a sustained new platform for well-balanced further interrelationships of local population, industrial companies and governing organizations in the Russian North. Further expected implementation of selected institutional and investment projects in the region should substantially decrease the level of environmental deterioration at least in some Arctic regions and demonstrate the way for more broad resolution of conflicts between economic and social activity and state of the environment in the Arctic.

49. The Project's successes and the associated social and political benefits of a national and international nature are a valuable incentive to ensure the maintenance of environmental sustainability and management of ecologically harmless use of resources.

Institutional framework and governance

50. Based on the Strategic Action Program for Protection of the Environment in the Arctic Zone of the Russian Federation, accepted at a high political level in Russia, the Project continues to be a basic instrument for identification of critical problems in protection the Arctic environment, assessing environmental risks at different levels from different polluting and deteriorating sources. The Project has prepared proposals to the government of the Russian Federation for adequate legislative, regulatory and investment initiatives to improve the situation and control it permanently.

51. Outstanding role of the Project is based on its integral consideration of all practically possible and critical aspects of the state of the Russian Arctic environment and prepared an overwhelming set of products and proposals for improvement of the state of ecosystems on a sustained basis. The appropriate governmental agencies in Russia are directly involved in the process of planning and evaluation of project activities and ensured the adequate extent of the project ownership what creates a feeling that the post-project activities will be implemented successfully.

7. Catalytic role

52. The Project plays an important catalytic role for development a national law on environmental protection in specific conditions of the Arctic zone of Russia, a number of regulations and procedures for environmental monitoring, risk assessment, analysis, preparation of investment studies and creation of private – public partnerships for preparation and implementation of investment projects directed to social and environmental remediation.

The Project was strongly supported by the Government of the Russian Federation at all levels, by stakeholders at both regional and national levels, by concerned NGOs and local communities as well as by private sector. The Project served as a catalyst for strengthening and widening of collaboration between stakeholders at all levels.

Generous support was provided to the Project by bilateral and multilateral donors including Canada, Iceland, Italy, and USA which consider that the project results can be useful in international content. In particular, Project results have been used for preparation of Regional Programme of Action for the Protection of the Arctic Marine Environment from Land-based Activities that was adopted by the Arctic Council in 2009.

It should be also noted a catalytic role of the Project in leveraging additional funds for demonstration and pilot projects (for example, funds of Ministry of Defence for FJL remediation project, Arkhangelsk government fund for remediation of former military base, Murmansk administration funds for Kola fjord cleaning-up.

8. Achievements of outputs and activities

53. Scope of the Project activity was substantially increased in the process of its implementation in comparison with initially planned one. Project has achieved its expected outputs in particular also those which were planned for Phase II. Keeping in mind that a big part of the project outputs and activities was originated in the process of its step-by-step implementation, correlations between expected outputs and real achievements of the project are quite high.

9. Assessment of Monitoring and Evaluation Systems

54. Quarterly Financial Reports are submitted to UNEP DGEF Nairobi in a timely manner during the whole project period.Project Advisor to the EA has been conducting a total control of all Project activities by means of regular revision of project financial and operational documents. Project audit by independent audit company is fulfilled on the permanent basis annually.

55. Detailed reports for all meetings, demo and pilot projects implementation with all associated documentation distributed among all interested parties and uploaded on the official Project website: http://npa-arctic.ru. Visual materials (photo and video) collected during demo and pilot projects implementation are also available on the Project website.

56. The PO scrutinised all technical reports prepared by the project consultants and LCOs. Quality of the reports was usually acceptable in general. Consultants were asked to rewrite or update technical reports if they were below standard or need to be more specific and to include more details. After that, most of the consultant technical reports were reviewed by ExA. From the other hand, all documentations issued by PO were also under thorough quality control provided by both ExA and IA. These include half yearly and quarterly reports and all financial documents. Packages of necessary documents for all project consultants' tenders as well as for lead cooperating organisations (including ToRs) were prepared by PO in close cooperation with both ExA and IA. Usually ExA representative participated in most of TT and WG meetings and workshops hold by PO. All draft versions of the SAP and EPS documents were also closely reviewed by the ExA representatives.

57. The Project Executing Agency (i.e., the Ministry of Economic Development of the Russian Federation) has established an Interagency Working Group for the UNEP/GEF Project – Russian Federation: Support to the National Programme of Action for the Protection of the Arctic Marine Environment (IAWG), comprising representatives from federal and regional authorities, Russian Academic of Sciences, RAIPON, private sector, and non-governmental organizations ('stakeholders'). The IAWG tasks, as agreed upon by the participants during its first meeting held on 21 March 2006, include providing recommendations and guidance on Russian inputs and stakeholder coordination, as well as on new pilot/demonstration project proposals, in order to ensure effective and successful project implementation. The IAWG meets at least twice yearly or as needed. The PO functions as the IAWG secretariat and reports the results to the PStC.

10. Assessment of Processes that affected Attainment of Project Results

This section considers the issues that may have affected project implementation and attainment of project results:

10.1. Preparation and readiness

58. Initial design of the Project anticipated exclusively preparatory work and planning of activities for the second, more substantive phase of the Project. However, taking into account that Phase II of the project was taken off from GEF portfolio the initial scope of work planned for Phase I was considerably extended. This resulted in considerable prolongation of the Phase I.

59. Weak planning for implementation, in particular, uncertainness with donor funds transfer for Project activities should be specially mentioned. Project faced with problems of receiving donor funds channelling via Partner Agency – ACOPS, which

tried to start parallel activities and tried to channelled funds to the account of the consulting company TETHYS Consultants which served as ACOPS representatives. When ACOPS withdrawn the Project co-financing was secured and payments are received on time. However the Project did not receive any formal information on how Italian funds (0.5 M$) and most part of Canadian funds (0.8 M$) were used.

60. Project illustrates the importance of the project's overall design in setting realistic objectives and outcomes based on well documented and comparable experience elsewhere. Where the objectives and scope were best defined, undertaken on a reasonable scale, and were linked to specific tasks (i.e. SAP, pre-investment studies, some demo-projects) better outputs were obtained. Conversely, where this was less the case as with the EPS component where broad objectives were set, it is more difficult to correlate outcomes and outputs with objectives.

61. The effectiveness, efficiency and adaptability of project management and should be considered as satisfactory. The partnership arrangements were properly identified during preparatory stage with clearly defined roles and responsibilities (several top-level meetings with participation of Executing Secretary of UNEP) were held prior to implementation of the project. The supervision of project activities / project execution arrangements can be also evaluated as satisfactory. However adequate project management arrangements were not in place at project entry because of violation of partnership arrangements by ACOPS.

UNEP/GEF representatives in Moscow strongly supported the project and provide QA/QC to the project activities.

Thus, preparation and readiness should be considered as marginally satisfactory

10.2 Country ownership/driveness

62. Project was developed in-line with the national sectoral and development priorities and plans and was supported by the relevant country representatives, from government and civil society who were involved in the project since its early beginning. The Project is conducted within the context of the Federal Target-Oriented Programme (FTOP) 'World Ocean' which was approved by the Government of the Russian Federation, with the NPA-Arctic incorporated into the "World Ocean" FTOP. The Project is supported by the Arctic Council through the NPA-Arctic, which was stipulated in the declarations of ministers in Iqualuit (1998), Barrow (2000), Inari (2002), Reykjavik (2004), Salekhard (2006) etc. as this Russian plan is in line with the Arctic Council's aims and objectives and its regional programmes. The 'Global Programme of Action for the Protection of the Marine Environment from Land-Based Activities' GPA emphasised at the Intergovernmental Review Conferences in Montreal and Beijing the importance of this Project as one of the major demonstration projects implemented in the framework of GPA. The continued commitment of GOR and Arctic regions' administrations was evident in participation and feedback at meetings of different levels that served as reviews of progress. The Project is directly related to

sustained political commitment at federal and regional levels, ensuring the adequate extent of the project ownership, to the broad-based public support, including support of indigenous communities it has received

63. Provisions of SAP document were used in the preparation of Russian proposals for the PSI of the Arctic Council and are passed on to the Ministry of Economic Development for including into Strategy of the Russian Federation Arctic zone development and safeguarding of national security for the time period till 2020 which has being elaborating in Russian governmental institutions.

10.3. Stakeholder involvement

64. The broad support was critical for mobilization of domestic resources and obtaining commitments from municipalities, local NGOs and companies of all forms of ownership and the mechanisms were put in place by the project for identification and engagement of stakeholders since the very beginning of the project. A great deal of efforts has been undertaken in this direction by PO, EA and IA together with companies and organizations involved in PINS, demo and pilot projects implementation. These companies and organizations have been spreading information on their achievements on PINS, demo and pilot projects in frame of NPA-Arctic Project in local mass-media. Project received a broad-based public support, including support of indigenous communities. Closer cooperation with existing and planned programmes and projects in Arctic region has been established. The degree and effectiveness of collaboration/interactions between the various project partners and institutions during the course of implementation of the project and the degree and effectiveness of any various public awareness activities that were undertaken during the course of implementation of the project were generally good.

65. The success achieved to date in the Project implementation is directly related to sustained political commitment at federal and regional levels, ensuring the adequate extent of the project ownership, to the broad-based public support, including support of indigenous communities it has received as well as to closer cooperation with existing and planned programmes and projects in Arctic region. The maintenance of this support required effective dissemination of accurate information about the objectives, achievements and challenges of the project.

66. The following advantages of the Project with regard of stakeholders involvement can be formulated:

- Sustainable political commitment at federal and regional levels ensuring the adequate level of project ownership;
- Broad public involvement including organizations of indigenous people of North;
- Formal and informal communication mechanisms for exchange of information, which have been developed;

- Institutional procedures and structures have been established for long-term dialogue and for the continuous participation of multiple-stakeholders.
- Creation and continuous updating of the Project website that helps in the Project publicity: http://npa-arctic.ru . The website can and should become a forum on Arctic environmental issues.

10.4 Financial planning

67. Project prepared all necessary financial planning and reporting documents to the Executing Agency, UNEP/DGEF and other institutions in a timely manner. Project budget was thoroughly evaluated at the meetings of the Project Steering Committee. Members of the Steering Committee received also all financial reporting documents.

All the financial transactions during the project period have been duly audited by a certified auditing company.A breakdown of final actual project costs by activities compared to budget (variances), financial management (including disbursement issues), and co- financing is given in Annex 3 to this report.

68. Project is executed in the framework of the Agency Agreement between Ministry of Economic Development of the Russian Federation (Trustee) and the Legal Entity "Executive Directorate of the Russian National Pollution Abatement Facility" (Agent), which did not provide a Power of Attorney to the PM for procurement of goods, works and services, including awarding of contracts with Russian and international consultants under the Project, members of task teams and working groups, and leading organizations, etc. and raised additional requirements not specified in the Agreement. This results sometimes in delay with payments of consultants contracts, etc.

69. Problems with the Commission for Humanitarian and Technical Assistance under the Government of the Russian Federation also contributes in the delay with sub-projects funding resulting in delay of these projects implementation. Executing Agency keeps too long submitted reports and other documents slowing down the Projects implementation.

Besides in-kind support, the project was able to leverage additional funds for demonstration and pilot projects.

10.5 UNEP supervision and backstopping

70. Project has a good support from UNEP staff in Moscow office (until 2008) that provided quality support and advices to the project, approved modifications in time and restructure the project when needed.

Cooperation with UNEP was effective and constructive. From the information available regarding UN supervision and backstopping and feedback from the project office, it appears that UNEP supervision in the project implementation and management was highly satisfactory.

10.6. Co-financing and Project Outcomes & Sustainability

71. A breakdown of co- financing is given in corresponding Annexes to this report. Expected co-financing from the USA was considerably lower probably because of mismanagement of financial issues by partner agency ACOPS (see section 10.1 for details).

SAP-Arctic served as a basis for the Federal Target- Oriented Programme (FTOP) 'World Ocean' that secures sustained co-financing of the project.

10.7. Conclusion to this section

72. The ***ratings is presented in the form of a table*** with each of the categories rated separately and with **brief justifications for the rating** based on the findings of the main analysis.

An overall rating for the project should assessed as satisfactory. The rating system applied is specified in Annex X:

11. Project Finance and Mobilization of Co-financing

73. Project budget appears to be adequate considering the focus on SAP development, pre-investment studies and demonstration projects and the co-financing contributed by government of the Russian Federation (for SAP) and the regions and private companies in the demonstration projects.

74. The level of total disbursement of GEF funds (delivery) was 62 percent as of December 2009 increasing from 107 K$ (2005), 368 K$ (2006), 1301 K$ (2008) to 1348 K$ (2009).

75. A table reflecting the financial situation of the project is included in ANNEX 8. It is noteworthy that the total actual level of co-financing by government has exceeded that planned. However data for contributions by the private sector have also been substantial although the reporting thereof has been deficient and the sums included in the table are likely to be significantly underestimated.

76. The **utilization of project resources (efficiency) is moderately satisfactory** due to implementation delays, management issues and problems with donor funds transfers.

12. Lessons learned

77. Sustained political commitment at federal and regional levels. The success achieved to date in the implementation of the project is directly related to sustained political commitment at federal and regional levels, ensuring the adequate level of project ownership, to the broad-based public support, including support of indigenous communities it has received as well as to closer cooperation with existing and planned programmes and projects in Arctic region. The

maintenance of this support requires effective dissemination of accurate information about the objectives, achievements and challenges of the project. The broad support is critical for mobilization of domestic resources and obtaining commitments from municipalities, local NGOs and companies of all forms of ownership.

78. Top-level stakeholders from governmental institutions at federal and regional levels. The success of the project depends on degree of involvement of top-level stakeholders from governmental institutions at federal and regional level, the implementation of the activities at the regional level as well as on proper channelling contributions from donors and from the Russian stakeholders for the project needs. Bearing this in mind, in future projects special emphasis should be given to defining clear procedures of project management mechanisms, development of transparent procedures for donors/partners funds channelling and administrative procedures.

79. Fully Test Government Commitment and its Sustainability: The first overall lesson that can be drawn from the project is to underline the importance of fully testing government commitment and the prospects of it being sustained over the life of the project. The project largely met the overall objectives and expectations at the national and regional levels because what appeared to be significant government policy commitment to functional improvement of environmental management in the Arctic was sustainable.

80. Broader stakeholder support at the high level is required for introduction of environmental policy changes and ensuring their sustainability: While a number of government stakeholders were participating in the project design and implementation, not all project activities did not reach those echelons of power where policy decisions are being made. More direct and early involvement of regional development and financial ministries (MORD, MOF) as well as national legislative bodies (i.e. State Duma) in the project design and its implementation activities could strengthen sustainability of the project and help to reach its policy objectives.

81. Ensure Objectives and Outcomes/Outputs Are Realistic and Focused: NPA-Arctic illustrates the importance of the project's overall design in setting realistic objectives and outcomes based on well documented and comparable experience elsewhere. Where the objectives and scope were best defined, undertaken on a reasonable scale, and were linked to specific tasks (i.e. SAP, pre-investment studies, some demo-projects) better outputs were obtained. Conversely, where this was less the case as with the EPS component where broad objectives were set, it is more difficult to correlate outcomes and outputs with objectives.

82. Quality and consistency of supervision and direction provided to the project by ExA. The principal factor affecting project outcomes within the control of the

executing agency as represented by MOED was the quality and consistency of supervision and direction provided to the project. From the outset, the direction exercised by MOED in the selection of the Project Office staff and active participation in the development of detailed work plans for the project at initial stages was in a form of general recommendations. With the progressive amount of project activities and documents produced, any semblance of such direction disappeared in all but symbolic form mainly because of insufficient experience of representatives of ExA in implementation of large-scale international programs/projects that finally resulted in micro-management of PO activities which often concentrated on minor revisions of reports prepared by Consultants that resulted in delays in project implementation

83. Less Complex Implementation Arrangements: Notwithstanding other factors that created relatively inefficient and overly bureaucratic implementation arrangements, a basic lesson from NPA-Arctic project is that complex implementation arrangements involving matrix of supervisory structures may not be workable when overlain on a direct relationship with project clients. Project is executed in the framework of the Agency Agreement between Ministry of Economic of the Russian Federation (Trustee) and the Legal Entity "Executive Directorate of the Russian National Pollution Abatement Facility" (Agent), which did not provide a Power of Attorney to the PM for procurement of goods, works and services, including awarding of contracts with Russian and international consultants under the Project, members of task teams and working groups, and leading organizations, etc. and raised additional requirements not specified in the Agreement. This results sometimes in delay with payments of consultants contracts, etc. Problems with the Commission for Humanitarian and Technical Assistance under the Government of the Russian Federation also contributes in the delay with sub-projects funding resulting in delay of these projects implementation. Executing Agency keeps too long submitted reports and other documents slowing down the Projects implementation.

84. Closer cooperation amongst other relevant activities in the Arctic. Closer cooperation amongst existing and planned programmes that address the impact of various sources and activities on the Arctic marine and coastal environments is needed. Information on the Project was presented at the Arctic Council ministerial meeting as well as to Senior Arctic Officials and PAME Working Group. Russian NPA-Arctic activity is noted in Salekhard Declaration, SAOs' Report to Ministers, Arctic Marine Strategic Plan and Arctic Council's Regional Program of Action for Protection of the Arctic Marine Environment from Land-Based Sources. The work of several other Arctic Council Working Groups, first of all ACAP, is very pertinent to the NPA-Arctic and Project Office should consider how these sources of expertise could be best incorporated. Provisions of SAP were used in the preparation of Russian proposals for the PSI of the Arctic Council.

13. Recommendations

13.1 Corrective Action for the Next Step

85. Finally, based on the findings of this evaluation, a set of recommendations was identified:

Recommendations for Remaining Implementation Period of the Project

1. Considering the large amount of information generated by the Project so far, it is recommended to synthesize this knowledge and to give public access to this body of knowledge.

2. Publish, disseminate and make accessible the information produced so far.

3. Emphasize/support web site development and strategize this development within the context of the Arctic Council Working Groups similar activities. The website should become a forum on Arctic environmental issues. Information on the project should be further disseminated at the widest possible levels through the project web-site as well as mass-media, including regional sources.

4. Establish closer co-operation with existing initiatives under umbrella of the Arctic Council.

5. Develop as soon as possible a project exit strategy, which should be endorsed by all project partners. This exit strategy – which could be the development of a design documentation (proposal) for the second phase of the project or for the new project - will set the critical targets for each of the implementing partners to ensure a smooth ending of this project.

6. Conduct a thorough review of actual total expenditures at end of 2009, assess planned expenditures for 2010 and relocate of funds that can appear for new project initiatives.

7. Organize several workshops/seminars/conferences/contests on results of demonstration/pilot projects with the aim of increasing awareness and potential for replicability.

8. Further work is needed for involvement of key stakeholders from Arctic regions to increase their commitments and project ownership and their involvement in preparation of investment projects with high replicability potential.

13.2. Proposed Ideas for the New Phase

87***. Recommendations for Phase II of the Project (new Arctic Project).*** It is recommended the following main Components for the new Project:

1. **Component 1. Implementation of the agreed SAP for the Russian Arctic** with emphasis on a number of key sectoral interventions at federal and regional levels with testing particularly relevant and highly replicable approaches in a number of selected geographical areas. Such interventions should address important environmental problems in the Russian Arctic, most of them are transboundary in nature. This strategic approach aims to address the problems and to take advantage of the high political momentum to strengthen and sustain the platform for environmentally and socially sustainable development in this globally significant region of the world taking into account interests of the Russian Federation and those of the neighboring Arctic countries;

2. **Component 2. Build a collaborative model with the public** (focusing on the indigenous communities and the private sector) **and among government entities**, particularly at the Arctic regional level, review and enhancement of relevant legislation and institutional frameworks. Interventions under this component will include development of regulatory acts for the establishment of special regimes for the use of natural resources and environmental protection at the federal, regional and municipal levels. Outcomes of this Component will significantly intensify participation of the Russian Federation in addressing the above five environmental problems through the Arctic Council and Barents/Euroarctic region, as well as through bilateral cooperation programs with the Arctic states. As an outcome, this Component will establish a new institutional coordinating mechanism of environmental governance for the Russian Arctic involving representation of multiple stakeholders.

3. **Component 3. Increase and align climate change incentives for best practices in the Arctic Region**. This component will integrate climate impact assessments with pilot climate change adaptation projects and capacity building activities. Implementation of this Component will translate scientific knowledge on current and future climate impacts in the Arctic into policy development and implementation, increase understanding and identify mechanisms (incl. financial such as risk insurance) to address issues of climate resilience promote building federal, regional and local capacity for environmental management under multiple climate risks;

4. **Component 4. Introduction and/or promotion of appropriate technology and practice**. The emphasis within this Component should be given to implementation of best practices to reduce short-lived pollutants such as black carbon (BC) particles that explain a significant fraction of the observed Arctic warming. BC is the second to CO_2 largest contributor to global warming. This

Component will have a transformative and catalytic impact on the promotion of low-carbon development in the Russian Arctic without compromising its fragile environment. Also pilot clean-up initiatives testing new methods and approaches in the Arctic hot-spots should be of priority within this Component.

5. **Component 5. Agreements on Arctic LMEs** accompany programmatic approach contributing to prevention of further depletion/degradation.

Annexes

Annex 1.

TERMS OF REFERENCE

Mid-term Review of the UNEP/GEF Project:
"Russian Federation: Support of the National Programme of Action for the Protection of the Arctic Marine Environment"

Part I - Summary of Project Background and Overview

The Arctic Ocean and its shelf seas represent an area of global significance in terms of their influence on global oceanic and atmospheric circulation. Their unique biological species also constitute an essential element of global biological diversity. A further important feature of the Arctic is its indigenous inhabitants. Indigenous peoples have been living as part of the Arctic ecosystem for millennia and, in most areas, continue to do so. Despite its vast area, small human population, and limited economic development, the Arctic is affected by several aspects of human activities. The main economic development in the region include ocean fisheries, agriculture, petroleum exploration and production, mining and metallurgic industry, and military activities. Physical disturbances due to economic development activities have had negative impacts on the ecosystems and contributed to the deterioration of the Arctic environment. Pollution sources outside the Arctic region increase the threat to the Arctic from long-range transboundary pollutants transported through air and water, accumulating to hazardous levels in the Arctic food chain. As consumers of local resources, indigenous peoples and animal populations of the Arctic are frequently the most exposed recipients of contaminants from local and distant sources.

The Project on 'Russian Federation: Support of the National Programme of Action for the Protection of the Arctic Marine Environment' aims to overcome existing environmental problems in the Russian Arctic, as well as to reduce possible risks of their appearance, taking into account the influence of such threats and potential remedies on both regional and global levels. The system boundaries for interventions within the current Project are marine areas of the northern region of the Russian Federation, covering the Arctic basin (which stretches from the Bering Strait across the North Pole to Spitsbergen and Greenland) and its adjacent seas (i.e., the Barents Sea, the Greenland Sea, Baffin Bay, and some parts of the Bering Sea).

The current Project uses an incremental cost approach to support the Government of the Russian Federation in adopting a comprehensive approach towards environmental protection of the Arctic and its indigenous peoples. The goal of the Project is to create a system to facilitate the investments that benefit the international Arctic environment, particularly the Arctic Ocean Basin and its shelf seas. It also aims at contributing to implementation of the two principal international agreements, the Arctic Environmental Protection Strategy (AEPS) and the UNEP Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (UNEP/GPA), through the Regional Programme of Action for the Protection of the Arctic Marine Environment from Land-based Activities (RPA) and the Arctic Council Plan of Action to Eliminate Pollution of the Arctic (ACAP).

The main objectives, activities, and outputs of the Project include:

- to prepare and adopt a Strategic Action Programme (SAP) that creates the enabling conditions and identifies the necessary actions required to improve the environmental situation in the Arctic region of the Russian Federation, taking full account of the existing state and projected scope of contamination in the Russian Arctic, interests of the inhabitants including indigenous peoples, and the necessity to meet international obligations of the Russian Federation;

- to select and complete a set of (10) Pre-investment Studies (PINs), addressing serious environmental threats posed to the Russian Arctic environment from previous and current activities, and resulting in an optimal number of investment proposals for resource mobilization and implementation;

- to develop and implement an Environmental Protection System (EPS) for the Russian Arctic through the process of analyzing and identifying gap-filling measures for improving levels of institutional, technical, administrative and legal efficiency designed to ensure SAP implementation; and,

- to implement a set of pilot and demonstration projects for restoration and prevention of environmental damage caused by pollution in the Russian Arctic region, initially focusing on indigenous environmental co-management (COMAN), marine water clean-up by using brown algae (CLEANUP), and environmental remediation in the areas of decommissioned military bases (BASES).

Through donor and/or partner consultation processes, additional pilot/demonstration projects have been prepared and implemented (or will be implemented) as follows:

- Cleaning of hazardous substances from the bottom sediments of the Kola Fjord (KOLABAY);

- Designing bioremediation technology for oil-contaminated soil (BIOREMEDIATION);

- Removing of sunken wood and ship wrecks from sea bottom in the Tiksi Bay (PILOT TIKSI and TIKSI II);

- Disposal of 200-ton outdated and dangerous pesticides (PESTICIDES);

- Chemical and hazardous substance clean-up of the decommissioned military bases on Franz Joseph Land (FJL) Archipelago (DEMO-BASES II);

- Removal and recycle of the hunting ship 'Teriberka' (TERIBERKA);

- Environmental clean-up of the decommissioned military bases in Arkhangelsk region (BASES II – Arkhangelsk);

- Mitigation of risks associated with transportation of petroleum products for specially protected areas in Barents and White seas (TRANSPORTATION); and,

- Disposal of outdated RITEGs on the Arctic coasts of Republic of Sakha (Yakutiya) and Chukchi Autonomous Okrug (DEMO-RITEG and PILOT-RITEG-Vrangel/Kondratiev).

Relevance to GEF Programmes

The current project is in conformity with the GEF Operational Programme (OP) No. 10 – Contaminant-based, which states that 'the contaminant-based operational program is intended to include an array of projects that address certain high priority contaminants in the areas of land-based activities which degrade marine waters, global toxic pollutants, and ship related contaminants.' In the contaminant-based operational program, the GEF works with countries to demonstrate ways of overcoming barriers to the adoption of practices that limit contamination of international water systems. Projects under this operational program can also be aimed at deriving and disseminating lessons learned from, and among, international waters projects.

Executing Arrangements

The Ministry of Economic Development of the Russian Federation (Minekonomrazvitiya) is responsible for overall project execution as the Executing Agency (EA). The United Nations Environment Programme (UNEP) is the Implementing Agency (IA) for the Project, managing and overseeing GEF-funded activities. To ensure efficient implementation of the Project, in coordination with the IA, the EA has entrusted an existing independent non-profit organization (i.e., the Executive Directorate of the Russian National Pollution Abatement Facility –NPAF ED) to sign the agency agreement on the project and host the Project Office (PO) in Moscow. The PO comprises a Project Manager, a Deputy Project Manager, a Financial Management Officer, and a Secretary. A UNEP/GEF project unit, comprising a Project Management Officer and a Finance Assistant, is established in Moscow to oversee the technical activities and fund/financial management of the Project Office, working closely with the IW Task manager (in Nairobi/Bangkok), the Fund Management Office (in Nairobi), and the UNEP Moscow representative.

Partner Agencies

At the starting of the project implementation, the Advisory Committee on Protection of the Sea (ACOPS, based in London) and the Nordic Environment Finance Corporation (NEFCO, based in Helsinki) were designated as the Partner Agencies. At present, the Project's Partner Agencies include NEFCO and the Russian Association of Indigenous Peoples of the North, Siberia and Far East (RAIPON, based in Moscow). NEFCO funds are regulated by special procedure adopted by the Steering Committee.

Project Steering Committee

In order to maintain the integrity of the project, a Project Steering Committee (PStC) was established as the Project supreme governing body. The PStC functions as a forum to discuss and approve annual work plans and budgets for the Project, oversee the progress of the implementation of the agreed work plans and budgets, and adopt corrective actions relating to the further implementation of the Project. The PStC's membership is divided into three categories according to participation: full member, permanent member, and observer. Designated representatives from the following agencies/organization enjoy the full membership status: the Executing Agency (i.e., the Ministry of Economic Development of the Russian Federation), the Implementing Agency (i.e., UNEP), USA, Canada, Italy, Iceland, UNEP/GPA Secretariat, and IOC of UNESCO. The Partner Agencies are the permanent members, whereas NEFCO will have a full membership status when speaking as a donor. EBRD and NDEP are invited as observers.

Project Supervisory Council

A Project Supervisory Council (PSC) was established to oversee and manage the project activities according to the project work plan approved by the Project Steering Committee in order to ensure the efficient and cost-effective implementation in a coordinated manner. Its membership comprises the designated representative of the Executing Agency (i.e., the Ministry of Economic Development of the Russian Federation), the Implementing Agency (i.e., UNEP), and the Partner Agencies. Project donors may be represented at the PSC meetings through their respective Partner Agencies. The PSC shall convene a meeting once in every three months or as often as required, possibly through teleconference, and report progress to the Project Steering Committee in a timely manner.

Coordination of the Russian Stakeholders

The Project Executing Agency (i.e., the Ministry of Economic Development of the Russian Federation) has established an Interagency Working Group for the UNEP/GEF Project – Russian Federation: Support to the National Programme of Action for the Protection of the Arctic

Marine Environment (IAWG), comprising representatives from federal and regional authorities, Russian Academic of Sciences, RAIPON, private sector, and non-governmental organizations ('stakeholders'). The IAWG tasks, as agreed upon by the participants during its first meeting held on 21 March 2006, include providing recommendations and guidance on Russian inputs and stakeholder coordination, as well as on new pilot/demonstration project proposals, in order to ensure effective and successful project implementation. The IAWG meets at least twice yearly or as needed. The PO functions as the IAWG secretariat and reports the results to the PStC.

Consultation and Communication

The Arctic Council Secretariat (in Tromsø, Norway) and the UNEP/GPA Coordination Office (in Nairobi, Kenya) represent the primary international coordination centres for the protection of the Arctic and the marine environment from land-based activities, respectively. It is therefore anticipated that the Secretariat and the Office will provide a means of independent evaluation on progress towards the project goals to the extent that these goals meet their interests. In addition, to avoid any duplication of efforts, the PO and the Executing Agency will keep necessary consultations and communications with other relevant UN agencies, as well as with the GEF Secretariat, on the project implementation. All engaged organizations and nations, including those representing indigenous peoples' interests and those having interests or responsibilities in environmental protection (stakeholders) as well as the secretariats of all environmental conventions and agreements to which the Russian Federation is a contracting party, will be provided with regular updates on project activities and progress.

Progress To Date

Since the Project commenced in July 2005, the Russian Federation: Support of the National Programme of Action for the Protection of the Arctic Marine Environment Project (Phase I) has made considerable progress – the following meeting minutes and reports provide information on the key highlights to date:

The 4th Steering Committee Meeting – 2-4 of February 2010, Reykjavik, Iceland

- The 4th Meeting of Interagency Work Group - 21 of May 2009, Moscow
- The 3rd Steering Committee Meeting - 25-26 of March 2009, Helsinki, Finland
- The 3rd Meeting of Interagency Work Group - 20 of February 2009, Moscow
- The 5th Supervisory Council Meeting - 11 of March 2008, Teleconference chaired by the (then) Mineconomrazvitia of Russian Federation
- The 2nd Meeting of Interagency Work Group - 08 of February 2008, Moscow
- Coordinating Seminar on a Demo project "Environmental Co-Management by Indigenous Peoples, resource extracting companies and local authorities of the Russian North" (DEMO-COMAN) - 25 of January 2008, Moscow
- The 2nd Steering Committee Meeting - 25-26 of April 2007, Saint-Petersburg
- The 4th Supervisory Council Meeting - 14 of November 2006, Teleconference chaired by UNEP
- The 3rd Supervisory Council Meeting - 10 of July 2006, Teleconference chaired by the (then) Mineconomrazvitia of Russian Federation
- The 2nd Supervisory Council Meeting - 18 of April 2006, Teleconference chaired by UNEP
- The 1st Interagency Work Group Meeting - 21 of March 2006, Moscow
- The 1st Supervisory Council Meeting - 16 of December 2005, Teleconference chaired by

- The 1st Steering Committee Meeting - 14-16 of November 2005, Moscow
- Project Presentation - 14 of November 2005, Moscow

Project Budget (Phase I)

(in USD)

Project Activities	ussian Federation*	S-EPA	celand	thers	EF **	otal
Outcome 1. SAP Development	,964,130	55,390	-	-	74,266	,593,786
Outcome 2. Pre-Investment Studies	-	90,825	-	-	,093,100	,283,925
Outcome 3. Environmental Protection System Improvements	-	-	-	-	08,300	08,300
Outcome 4. Demonstration Projects	-	97,885	00,000	,000,000-	,505,031	,202,916
Project Coordination and Management	99,500	-	-		,404,303	,603,803
Sub-total	,163,630[1/]	44,100	00,000	,982,000	,885,000	3,074,730
PDF-B	71,000	-	-	03,000	06,000	80,000
Total	,334,630	44,100	00,000	,285,000	,191,000	3,854,730

- In cash and in kind
- ** Budget, adopted in 2008

[1/] As of 31 December 2008

-- To be filled in by the PO and/or the consultant(s)

Part II - Terms of Reference for the Review

1. Objective and Scope of the Review

The objective of this mid-term review (MTR) is to assess operational aspects, such as project management and implementation of activities and also the level of progress towards the achievement of the objectives. The review will assess project performance and the implementation of planned project activities and planned outputs against actual results. The risks to achievement of project outcomes and objectives will also be appraised (see Annex 5). ***The Mid Term Review focuses on identifying the corrective actions needed for the project to achieve maximum impact. Review findings will feed back into project management processes through specific recommendations and 'lessons learned' to date.***

The review focus on the following main questions:

- Is the project on track to achieve its goal of "overcoming the existing environmental problems in the Russian Arctic and reducing possible risks of their appearance, taking into account the influence of such threats and potential remedies on both regional and global levels?"
- Has the project contributed to implementation of the two principal international agreements, the Arctic Environmental Protection Strategy (AEPS) and the UNEP Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (UNEP/GPA)?
- Has the process to "prepare and adopt a Strategic Action Programme (SAP) that creates the enabling conditions and identifies the necessary actions required to improve the environmental situation in the Arctic region of the Russian Federation" been effective and efficient, based on the scientific and technical knowledge and analysis? What actions should the project take to improve the efficiency and effectiveness of this process?
- Has the process to "create a system to facilitate the investments that benefit the international Arctic environment, particularly the Arctic Ocean Basin and its shelf seas" been initiated and effective? What actions should the project take to improve the efficiency and effectiveness of this process?
- Have the demonstration activities effectively initiated and functioned to restore and prevent environmental damage caused by pollution in the Russian Arctic region and benefit the indigenous peoples?
- Has progress been made in developing a partnership mechanism to objectively measure effects of investment initiatives and management actions?
- Has there been an effective regional/national coordination mechanism established and functioning?

2. Methods

This mid-term review will be conducted as an in-depth project review using a participatory approach whereby the UNEP staff associated with the project, key representatives of the Ministry of Economic Development of the Russian Federation, the NPAF ED, the PO, and other relevant stakeholders are kept informed and regularly consulted throughout the review. The review consultants will liaise with the UNEP/GEF on any logistic and/or methodological issues to properly conduct the review in as effective way as possible, given the circumstances and resources offered. The draft report will be delivered to UNEP/GEF in English and then circulated to project management staff (translation into Russian may be required). Any comments or responses to the draft report will be translated into English and sent to UNEP/GEF for collation and the consultant(s) will be advised of any necessary revisions.

The findings of the review will be based on the following:

2. A desk review of project documents including, but not limited to:
   (a) The project documents, outputs, monitoring reports (such as progress and financial reports to UNEP and GEF annual Project Implementation Review report) and relevant correspondence.
   (b) Notes from the Steering Committee and Supervisory Council meetings.
   (c) Other project-related material produced by the project staff and partners.
   (d) Relevant material published on the project web-site.

3. Person-to-person interviews with project management and technical support including Mariya Kalugina.(NPAF ED); Mr. Boris Melnikov (Project Technical Advisor); Dr. Ivan Senchenya, Mr. Sergey Tambiev, Ms. Galina Zaitseva (Project Office); members and staff of selective (3-5) pilot/demonstration projects, selective (5-7) consultants from the SAP and PINs components.

4. Person-to-person interviews and/or telephone interviews with the Steering Committee and Supervisory Council members, as well as executives and/or staff of the key Partner Agencies

5. Person-to-person interviews and/or telephone interviews with the former UNEP/DGEF project task manager (Dr. Takehiro Nakamura), former technical and Fund Management Officers (Dr. Lev Neretin and Sergey Kurdjukov), and other relevant staff in UNEP, including the GPA Coordination Office. The evaluator shall also gain broader perspectives from discussions with relevant GEF Secretariat staff.

6. Attend stakeholder meetings (if available/planned) in Moscow and project sites where relevant stakeholders of the project will be invited to review the project progress so far.

7. Visit 2-3 pilot/demonstration sites involved in the project.

Key Review principles.

In attempting to evaluate any outcomes and impacts that the project may have achieved, evaluator(s) should remember that the project's performance should be assessed by considering the difference between the answers to two simple questions ***"what happened?***" and ***"what would have happened anyway?"***. These questions imply that there should be consideration of the baseline conditions and trends in relation to the intended project outcomes and impacts. In addition it implies that there should be plausible evidence to attribute such outcomes and impacts to the actions of the project.

Sometimes, adequate information on baseline conditions and trends is lacking. In such cases this should be clearly highlighted by the evaluator, along with any simplifying assumptions that were taken to enable the evaluator to make informed judgements about project performance.

3. Project Review Parameters

A. Attainment of objectives and planned results (progress to date):

The assessment of project results seeks to determine the extent to which the project objectives were achieved, or are expected to be achieved, and assess if the project has led to any other positive or negative consequences. While assessing a project's outcomes the review will seek to determine the extent of achievement and shortcomings in reaching the project's objectives as stated in the project document and also indicate if there were any changes and whether those changes were approved. If the project did not establish a baseline (initial conditions), the evaluator should seek to estimate the baseline condition so that achievements and results can be properly established (or state simplifying assumptions used). Since most GEF projects can be expected to achieve the anticipated outcomes by project closing, assessment of project outcomes should be a priority. Outcomes are the likely or achieved short-term and medium-term effects of an intervention's outputs. Examples of outcomes could include but are not restricted to stronger institutional capacities, higher public awareness (when leading to changes of behaviour), and transformed policy frameworks or markets. The review should assess the extent to which the project's major relevant objectives were effectively and efficiently achieved or are expected to be achieved and their relevance.

- *Effectiveness:* Evaluate how, and to what extent, the stated project objectives have been met, taking into account the "achievement indicators" specified in the project document and logical framework.
- *Relevance:* In retrospect, were the project's outcomes consistent with the focal areas/operational program strategies and country priorities? The review should also assess the whether outcomes specified in the project document and or logical framework are actually outcomes and not outputs or inputs. Ascertain the likely nature and significance of

- *Efficiency:* Cost-effectiveness assesses the achievement of the environmental and developmental objectives as well as the project's outputs in relation to the inputs, costs, and implementing time. Include an assessment of outcomes in relation to inputs, costs, and implementation times based on the following questions: Was the project cost-effective? Was the project the least cost option? Was the project implementation delayed and if it was then did that affect cost-effectiveness? The review should assess the contribution of cash and in-kind co-financing to project implementation and to what extent the project leveraged additional resources.

Specifically the review shall:

- Evaluate the progress towards the outcomes and objectives in each of the four main component of the project.

B. Assessment of the progress towards sustainability of project outcomes:

Sustainability is understood as the probability of continued long-term project-derived outcomes and impacts after the GEF project funding ends. The review will identify and assess the key conditions or factors that are likely to contribute or undermine the persistence of benefits after the project ends. ***At mid-term, identification of any likely barriers to sustaining the intended outcomes of the project is especially important.*** Some of these factors might be outcomes of the project, e.g. stronger institutional capacities or better informed decision-making.

Four aspects of sustainability should be addressed: financial, socio-political, institutional frameworks and governance, and environmental (if applicable). The following questions provide guidance on the assessment of these aspects:

- *Financial resources.* To what extent are the outcomes of the project dependent on continued financial support? What is the likelihood that any required financial resources will be available to sustain the project outcomes/benefits once the GEF assistance ends (resources can be from multiple sources, such as the public and private sectors, income generating activities, and market trends that support the project's objectives)? Was the project successful in identifying and leveraging co-financing?
- *Socio-political:* To what extent are the outcomes of the project dependent on socio-political factors? What is the likelihood that the level of stakeholder ownership will allow for the project outcomes/benefits to be sustained? Is there sufficient public / stakeholder awareness in support of the long term objectives of the project?
- *Institutional framework and governance.* To what extent are the outcomes of the project dependent on issues relating to institutional frameworks and governance? What is the likelihood that institutional and technical achievements, legal frameworks, policies and governance structures and processes will allow for, the project outcomes/benefits to be sustained? While responding to these questions consider if the required systems for accountability and transparency and the required technical know-how are in place.
- *Environmental.* Are there any environmental risks that can undermine the future flow of project environmental benefits?

As far as possible, also identify the potential longer-term impacts considering that the review is taking place at mid-term and that longer-term impact is expected to be seen in a few years time.

C. Catalytic role

The mid-term review will also describe any catalytic or replication effect of the project, both within the project (such as the replication of demonstrations) and outside of the project. What examples are there of replication and catalytic outcomes that suggest increased likelihood of sustainability? Replication approach, in the context of GEF projects, is defined as

lessons and experiences coming out of the project that are replicated or scaled up in the design and implementation of other projects, or replication within the projects. Replication can have two aspects, replication proper (lessons and experiences are replicated in different geographic area) or scaling up (lessons and experiences are replicated within the same geographic area but funded by other sources). If no effects are identified, the review will describe the catalytic or replication actions that the project carried out. Does the project have a strategy for replication?

D. Achievement of outputs and activities:

- Delivered outputs: Assessment of the project's success in producing each of the programmed outputs to date, both in quantity and quality as well as usefulness and timeliness.
- Assess to what extent the project outputs produced so far have the weight of authority / credibility, necessary to influence policy and decision-makers, particularly at the national or regional levels.

E. Assessment of Monitoring and Evaluation Systems:

- **M&E design.** Does the project have a sound M&E plan to monitor results and track progress towards achieving project objectives? The Mid-term Review will assess whether the project met the minimum requirements for the application of the Project M&E plan (Minimum requirements are specified in Annex 4). The review shall include an assessment of the quality, application and effectiveness of project monitoring and review plans and tools, including an assessment of risk management based on the assumptions and risks identified in the project document. The M&E plan should include a baseline (including data, methodology, etc.), SMART (see Annex 4) indicators and data analysis systems, and evaluation studies at specific times to assess results. The time frame and budget for various M&E activities and standards for outputs should have been specified.
- **M&E plan implementation.** Is an M&E system in place and does it facilitate tracking of results and progress towards projects objectives? Are Annual project reports complete, accurate and with well justified ratings? Has the information provided by the M&E system bee used during the project to improve project performance and to adapt to changing needs?
- **Budgeting and Funding for M&E activities.** Have adequate budget provisions been made for M&E made and have such resources made available in a timely fashion during implementation?
- **Long-term Monitoring.** Is long-term monitoring envisaged as an outcome of the project? If so, comment specifically on the relevance of such monitoring systems to sustaining project outcomes and how the monitoring effort will be sustained.

F. Assessment of Processes That Affected Attainment of Project Results.

The review will consider, but need not be limited to, consideration of the following issues that may have affected project implementation and attainment of project results:

i. **Preparation and readiness.** Were the project's objectives and components clear, practicable and feasible within its timeframe? Were capacities of the executing institutions and counterparts properly considered when the project was designed? Were lessons from other relevant projects properly incorporated in design? Were the partnership arrangements properly identified and the roles and responsibilities negotiated prior to implementation? Was availability of counterpart resources (funding, staff, and facilities), passage of enabling legislation, and adequate project management arrangements in place at project entry?

   - Ascertain to what extent the project implementation mechanisms outlined in the project document have been closely followed. In particular, assess the role of the various committees established and whether the project document was clear and

- Evaluate the effectiveness and efficiency and adaptability of project management and the supervision of project activities / project execution arrangements at all levels (1) policy decisions: Steering Committee; (2) day to day project management; (3) GEF guidance: UNEP, UNDP and UNIDO.

ii. **Country ownership/drivenness.** This is the relevance of the project to national development and environmental agendas, recipient country commitment, and regional and international agreements. Examples of possible evaluative questions include: Was the project design in-line with the national sectoral and development priorities and plans and regional agreements? Are project outcomes contributing to national and regional development priorities and plans? Were the relevant country representatives, from government and civil society, involved in the project? Did the recipient government maintain its financial commitment to the project?

iii. **Stakeholder involvement.** Did the project involve the relevant stakeholders through information sharing, consultation and by seeking their participation in project's design, implementation, and monitoring and evaluation? For example, did the project implement appropriate outreach and public awareness campaigns? Did the project consult and make use of the skills, experience and knowledge of the appropriate government entities, NGOs, community groups, private sector, local governments and academic institutions in the design, implementation and evaluation of project activities? Were perspectives of those that would be affected by decisions, those that could affect the outcomes and those that could contribute information or other resources to the process taken into account while taking decisions? Were the relevant vulnerable groups and the powerful, the supporters and the opponents, of the processes properly involved? Specifically the review will:
    - Assess the mechanisms put in place by the project for identification and engagement of stakeholders in each participating country and establish, in consultation with the stakeholders, whether this mechanism was successful, and identify its strengths and weaknesses.
    - Assess the degree and effectiveness of collaboration/interactions between the various project partners and institutions during the course of implementation of the project.
    - Assess the degree and effectiveness of any various public awareness activities that were undertaken during the course of implementation of the project.

iv. **Financial planning.** Did the project have the appropriate financial controls, including reporting and planning, that allowed management to make informed decisions regarding the budget and allowed for timely flow of funds. Specifically, the review should:
    - planning to allow the project management to make informed decisions regarding the budget and allow for a proper and timely flow of funds for the payment of satisfactory project deliverables throughout the project's lifetime.
    - Present the major findings from the financial audit if one has been conducted.
    - Did promised co-financing materialize? Identify and verify the sources of co-financing as well as leveraged and associated financing (in co-operation with the IA and EA).
    - Assess whether the project has applied appropriate standards of due diligence in the management of funds and financial audits.
    - Assess the strength and utility of financial controls, including reporting, and
    - The review should also include a breakdown of final actual project costs by activities compared to budget (variances), financial management (including disbursement issues), and co- financing. This information will be prepared by the

v. **UNEP Supervision and backstopping.** Did UNEP staff identify problems in a timely fashion and accurately estimate their seriousness? Did UNEP staff provide quality support and advice to the project, approved modifications in time and restructure the project when needed? Did UNEP provide the right staffing levels, continuity, skill mix, frequency of field visits?

vi. **Co-financing and Project Outcomes & Sustainability.** If there was a difference in the level of expected co-financing and actual co-financing secured, then what are the reasons for this? Will the extent of materialization of co-financing affect the project's outcomes and/or sustainability, and if it might affect outcomes and sustainability then in what ways and through what causal linkages?

vii. **Delays and Project Outcomes & Sustainability.** If there were delays in project implementation the review will summarise the reasons for them. Have delays affected the likelihood that the project's outcomes will be achieved and/or affect the likely sustainability, and if so in what ways and through what causal linkages?

The ***ratings will be presented in the form of a table*** with each of the categories rated separately and with **brief justifications for the rating** based on the findings of the main analysis. An overall rating for the project should also be given. The rating system to be applied is specified in Annex 1:

4. Review Report Format and Review Procedures

The report should be brief, to the point and easy to understand. It must explain; the purpose of the review, exactly what was evaluated and the methods used. The report must highlight any methodological limitations, identify key concerns and present evidence-based findings, consequent conclusions, recommendations and lessons. The report should provide information on when the review took place, the places visited, who was involved and be presented in a way that makes the information accessible and comprehensible. The report should include an executive summary that encapsulates the essence of the information contained in the report to facilitate dissemination and distillation of lessons.

Evidence, findings, conclusions and recommendations should be presented in a complete and balanced manner. The review report shall be written in English, be of no more than 50 pages (excluding annexes), use numbered paragraphs and include:

i) An **executive summary** (no more than 3 pages) providing a brief overview of the main conclusions and recommendations of the review;

ii) **Introduction and background** giving a brief overview of the evaluated project, for example, the objective and status of activities;

iii) **Scope, objective and methods** presenting the review, the review criteria used and questions to be addressed;

iv) **Project Performance and Impact** providing factual evidence relevant to the questions asked by the reviewers and interpretations of such evidence. This is the main substantive section of the report and should provide a commentary on all review aspects (A − F above).

v) **Conclusions and rating** of project implementation success giving the reviewers' concluding assessments and ratings of the project against given review criteria and standards of performance. The conclusions should provide answers to questions about whether the project is considered good or bad, and whether the results are considered positive or negative;

vi) **Lessons learned** presenting general conclusions from the standpoint of the design and implementation of the project, based on good practices and successes or problems and mistakes. Lessons should have the potential for wider application and use. All lessons should stand alone and should:

- Specify the context from which they are derived
- State or imply some prescriptive action;
- Specify the contexts in which they may be applied (if possible who when and where)

vii) **Recommendations**. High quality recommendations should be *actionable* proposals that are:

- Implementable within the timeframe and resources available
- Commensurate with the available capacities of project team and partners
- Specific in terms of who would do what and when
- Contain results-based language (i.e. a measurable performance target)
- Include a trade off analysis, when its implementation may require utilizing significant resources that would have otherwise been used for other project purposes.

viii) **Annexes** include Terms of Reference, list of interviewees, documents reviewed, brief summary of the expertise of the review team, a summary of co-finance information etc. Dissident views or management responses to the review findings may later be appended in an annex.

Examples of UNEP GEF Mid-term Evaluation Reports are available at www.unep.org/eou.

Review of the Draft Mid-Term Review Report

The draft mid-term review report is submitted to UNEP and further to the Ministry of Economic Development of the Russian Federation and NPAF ED. The UNEP staffs are allowed to comment on the draft review report. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The comments may also address the feasibility of the recommendations suggested. All comments are collated by UNEP DGEF for onward transmission to the reviewers. UNEP DGEF collates the review comments and provides them to the reviewers for their consideration in preparing the final version of the report.

5. Submission of Final Mid-term Review Report

The final report shall be submitted in electronic form in MS Word format in English and Russian and should be sent to the following persons:

Ms. Maryam Niamir-Fuller, Director
UNEP/Division of GEF Coordination
P.O. Box 30552-00100
Nairobi, Kenya
Tel: + 254-20-762 4686
Fax: + 254-20-762 3158/4042
Email: maryam.niamir-fuller@unep.org

Ms. Ampai Harakunarak
Task Manager, International Waters
UNEP/Division of GEF Coordination/ROAP
2nd Floor, Block B, UN Building
Rajdamnern Nok Avenue
Bangkok, Thailand
Tel: + 66-2-288 1977
Fax: + 66-2-280 3829
Email: harakunaral@un.org

The final Mid-term Review Report will be disseminated to: The GEF Operational Focal Point, The Ministry of Economic Development of the Russian Federation, Relevant Government

representatives, UNEP, The project's Executing Agency (NPAF ED) and Technical Staff (PO and Technical Advisors). The full list of intended recipients is attached in Annex 6.

6. Resources and schedule of the review

This mid-term review will be undertaken by a reviewer contracted by the UNEP DGEF. The contract for the reviewer will begin on Tuesday, 1 September 2009 to Thursday, 31 December 2009 (28 days) spread over 18 weeks. The reviewer shall submit a draft report to UNEP/DGEF Task Manager on Friday, 2 October 2009. Comments to the final draft report will be sent to the consultant by Monday, 26 October 2009 after which the consultant will submit the final report no later than Friday, 6 November 2009.

With the aim of having an objective and independent evaluation, the Mid-term Review Consultant(s) is expected to conduct the project review according to international criteria and professional norms and standards as adopted by the UN Evaluation Group. The reviewer should have the following minimum qualifications: (i) experience with management and implementation of large-scale projects, with emphasis on management of watersheds and their environment; (ii) experience with project review. Knowledge of UNEP programmes and GEF activities is desirable. Fluency in oral and written English and Russian is a must.

7. Schedule Of Payment

The consultants shall select one of the following two contract options.

Lump-Sum Option

The reviewer will receive an initial payment of 30% of the total amount due upon signature of the contract. A further 30% will be paid upon submission of the draft report. A final payment of 40% will be made upon satisfactory completion of work. The fee is payable under the individual Special Service Agreement (SSA) of the reviewer and IS **inclusive** of all expenses such as travel, accommodation and incidental expenses.

Fee-only Option

The reviewer receive an initial payment of 40% of the total amount due upon signature of the contract. Final payment of 60% will be made upon satisfactory completion of work. The fee is payable under the individual SSAs of the reviewer is NOT inclusive of all expenses such as travel, accommodation and incidental expenses. Ticket and DSA will be paid separately.

The consultant's choice of payment option will be specified in the signed contract with

UNEP.

In case, the reviewer does not provide the products in accordance with the TORs, the timeframe agreed, or his products are substandard, the payment to the reviewer could be withheld, until such a time the products are modified to meet UNEP's, standard. In case the reviewer fails to submit a satisfactory final product to UNEP the product prepared by the reviewer may not constitute the final report.

Annex 1 – Overall Rating Table

Criterion	Reviewers' Summary Comments	Reviewer's Rating
Attainment of project objectives and results (overall rating) Sub criteria (below)		
Effectiveness		
Relevance		
Efficiency		
Sustainability of Project outcomes (overall rating) Sub criteria (below)		
Financial		
Socio Political		
Institutional framework and governance		
Ecological		
Achievement of outputs and activities		
Monitoring and Evaluation (overall rating) Sub criteria (below)		
M&E Design		
M&E Plan Implementation (use for adaptive management)		
Budgeting and Funding for M&E activities		
Catalytic Role		
Preparation and readiness		
Country ownership / driveness		
Stakeholders involvement		
Financial planning		
UNEP Supervision and backstopping		
Overall Rating		

RATING OF PROJECT OBJECTIVES AND RESULTS

Highly Satisfactory (HS): The project had no shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Satisfactory (S): The project had minor shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Moderately Satisfactory (MS): The project had moderate shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Moderately Unsatisfactory (MU): The project had significant shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Unsatisfactory (U) The project had major shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Highly Unsatisfactory (HU): The project had severe shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Please note: Relevance and effectiveness will be considered as critical criteria. The overall rating of the project for achievement of objectives and results **may not be higher** than the lowest rating on either of these two criteria. Thus, to have an overall satisfactory rating for outcomes a project must have at least satisfactory ratings on both relevance and effectiveness.

RATINGS ON SUSTAINABILITY

Sustainability will be understood as the probability of continued long-term outcomes and impacts after the GEF project funding ends. The Mid-term review will identify and assess the key conditions or factors that are likely to contribute or undermine the persistence of benefits after the project ends. Some of these factors might be outcomes of the project, i.e. stronger institutional capacities, legal frameworks, socio-economic incentives /or public awareness. Other factors will include contextual circumstances or developments that are not outcomes of the project but that are relevant to the sustainability of outcomes..

Rating system for sustainability sub-criteria

On each of the dimensions of sustainability of the project outcomes will be rated as follows.

Likely (L): There are no risks affecting this dimension of sustainability.

Moderately Likely (ML). There are moderate risks that affect this dimension of sustainability.

Moderately Unlikely (MU): There are significant risks that affect this dimension of sustainability

Unlikely (U): There are severe risks that affect this dimension of sustainability.

All the risk dimensions of sustainability are critical. Therefore, overall rating for sustainability will not be higher than the rating of the dimension with lowest ratings. For example, if a project has an Unlikely rating in either of the dimensions then its overall rating cannot be higher than Unlikely, regardless of whether higher ratings in other dimensions of sustainability produce a higher average.

RATINGS OF PROJECT M&E

Monitoring is a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing project with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds. Evaluation is the systematic and objective assessment of an on-going or completed project, its design, implementation and results. Project evaluation may involve the definition of appropriate standards, the examination of performance against those standards, and an assessment of actual and expected results.

The Project monitoring and evaluation system will be rated on ‘M&E Design’, ‘M&E Plan Implementation’ and ‘Budgeting and Funding for M&E activities’ as follows:

Highly Satisfactory (HS): There were no shortcomings in the project M&E system.

Satisfactory(S): There were minor shortcomings in the project M&E system.

Moderately Satisfactory (MS): There were moderate shortcomings in the project M&E system.

Moderately Unsatisfactory (MU): There were significant shortcomings in the project M&E system.

Unsatisfactory (U): There were major shortcomings in the project M&E system.

Highly Unsatisfactory (HU): The Project had no M&E system.

"M&E plan implementation" will be considered a critical parameter for the overall assessment of the M&E system. The overall rating for the M&E systems will not be higher than the rating on "M&E plan implementation."

All other ratings will be on the GEF six point scale.

GEF Performance Description	**Alternative description on the same scale**
HS = Highly Satisfactory	Excellent
S = Satisfactory	Well above average
MS = Moderately Satisfactory	Average
MU = Moderately Unsatisfactory	Below Average
U = Unsatisfactory	Poor
HU = Highly Unsatisfactory	Very poor (Appalling)

Annex 2. Co-financing and Leveraged Resources

Co-financing (basic data to be supplied to the consultant for verification)

* Other is referred to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries.

Leveraged Resources

Leveraged resources are additional resources—beyond those committed to the project itself at the time of approval—that are mobilized later as a direct result of the project. Leveraged resources can be financial or in-kind and they may be from other donors, NGO's, foundations, governments, communities or the private sector. Please briefly describe the resources the project has leveraged since inception and indicate how these resources are contributing to the project's ultimate objective.

Co financing (Type/Source)	IA own Financing (mill US$)		Government (mill US$)		Other* (mill US$)		Total (mill US$)		Total Disbursement (mill US$)	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
– Grants										
– Loans/Concessional (compared to market rate)										
– Credits										
– Equity investments										
– In-kind support										
– Other (*) - - -										
Totals										

Table showing final actual project expenditure by activity to be supplied by the UNEP Fund management Officer. (insert here)

Annex 3 – Quality Control and Assessment

Review of the Draft Report

Draft reports submitted to UNEP are shared with the corresponding Programme or Project Officer and his or her supervisor for initial review and consultation. The UNEP and senior Executing Agency staff provide comments on the draft review report. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks agreement on the findings and recommendations. UNEP collates the review comments and provides them to the reviewers for their consideration in preparing the final version of the report. General comments on the draft report with respect to compliance with these TOR are shared with the reviewers.

Quality Assessment of the Review Report

All UNEP GEF Mid Term Reports are subject to quality assessments by UNEP. These apply GEF Office of Evaluation quality assessment and are used as a tool for providing structured feedback to the evaluator.

The quality of the draft review report is assessed and rated against the following criteria:

GEF Report Quality Criteria	UNEP EOU Assessment	ating
A. Did the report present an assessment of relevant outcomes and achievement of project objectives in the context of the focal area program indicators if applicable?		
B. Was the report consistent and the evidence complete and convincing and was the ratings substantiated when used?		
C. Did the report present a sound assessment of sustainability of outcomes?		
D. Were the lessons and recommendations supported by the evidence presented?		
E. Did the report include the actual project costs (total and per activity) and actual co-financing used?		
F. Did the report include an assessment of the quality of the project M&E system and its use for project management?		
G. Quality of the lessons: Were lessons readily applicable in other contexts? Did they suggest prescriptive action?		
H. Quality of the recommendations: Did recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?)'. Can they be implemented? Did the recommendations specify a goal and an associated performance indicator?		
I. Was the report well written? (clear English language and grammar)		
J. Did the report structure follow EOU guidelines, were all requested Annexes included?		
K. Were all evaluation aspects specified in the TORs adequately addressed?		
L. Was the report delivered in a timely manner		

GEF Quality of the MTE report = 0.3*(A + B) + 0.1*(C+D+E+F)

EOU assessment of MTE report = 0.3*(G + H) + 0.1*(I+J+K+L)

Combined quality Rating = (2* 'GEF EO' rating + EOU rating)/3

The Totals are rounded and converted to the scale of HS to HU

Rating system for quality of mid-term review

A number rating 1-6 is used for each criterion: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, Highly Unsatisfactory = 1, and unable to assess = 0.

Annex 4 - GEF Minimum Requirements for M&E

Minimum Requirement 1: Project Design of M&E3

All projects must include a concrete and fully budgeted monitoring and evaluation plan by the time of Work Program entry (full-sized projects) or CEO approval (medium-sized projects). This plan must contain at a minimum:

- SMART (see below) indicators for project implementation, or, if no indicators are identified, an alternative plan for monitoring that will deliver reliable and valid information to management
- SMART indicators for results (outcomes and, if applicable, impacts), and, where appropriate, corporate-level indicators
- A project baseline, with:
  - a description of the problem to address
  - indicator data
  - or, if major baseline indicators are not identified, an alternative plan for addressing this within one year of implementation
- An M&E Plan with identification of reviews and evaluations which will be undertaken, such as mid-term reviews or evaluations of activities
- An organizational setup and budgets for monitoring and evaluation.

Minimum Requirement 2: Application of Project M&E

- Project monitoring and supervision will include implementation of the M&E plan, comprising:
- Use of SMART indicators for implementation (or provision of a reasonable explanation if not used)
- Use of SMART indicators for results (or provision of a reasonable explanation if not used)
- Fully established baseline for the project and data compiled to review progress
- Evaluations are undertaken as planned
- Operational organizational setup for M&E and budgets spent as planned.

SMART INDICATORS GEF projects and programs should monitor using relevant performance indicators. The monitoring system should be "SMART":

1. **Specific**: The system captures the essence of the desired result by clearly and directly relating to achieving an objective, and only that objective.
2. **Measurable:** The monitoring system and its indicators are unambiguously specified so that all parties agree on what the system covers and there are practical ways to measure the indicators and results.
3. **Achievable and Attributable:** The system identifies what changes are anticipated as a result of the intervention and whether the result(s) are realistic. Attribution requires that changes in the targeted developmental issue can be linked to the intervention.

[3] http://gefweb.org/MonitoringandEvaluation/MEPoliciesProcedures/MEPTools/meptstandards.html

4. **Relevant and Realistic:** The system establishes levels of performance that are likely to be achieved in a practical manner, and that reflect the expectations of stakeholders.
5. **Time-bound, Timely, Trackable, and Targeted:** The system allows progress to be tracked in a cost-effective manner at desired frequency for a set period, with clear identification of the particular stakeholder group to be impacted by the project or program.

Annex 5 – Risk Factor Table

Evaluator(s) *will use this table to summarize risks identified in the* ***Project Document*** *and reflect also* ***any new risks*** *identified in the course of the evaluation in regard to project implementation. The Notes column should be used to provide additional details concerning manifestation of the risk* ***as relevant.***

INTERNAL RISK Project management										
Risk Factor	**Indicator of Low Risk**	**Indicator of Medium Risk**	**Indicator of High Risk**	Lo	Me	Sub	Hig	Not	To	**NOTES**
Management structure	Stable with roles and responsibilities clearly defined and understood	Individuals understand their own role but are unsure of responsibilities of others	Unclear responsibilities or overlapping functions which lead to management problems							
Governance structure	Steering Committee and/or other project bodies meet periodically and provide effective direction/ inputs	Body(ies) meets periodically but guidance/input provided to project is inadequate	Members lack commitment (seldom meet) and therefore the Committee/ body does not fulfil its function							
Internal communica-tions	Fluid and cordial	Communica-tion process deficient although relationships between team members are good	Lack of adequate communica-tion between team members leading to deterioration of relationships and resentment /factions							
Work flow	Project progressing according to work plan	Some changes in project work plan but without major effect on overall implementa-tion	Major delays or changes in work plan or method of implementa-tion							
Co-financing	Co-financing is secured and payments are received on time	Is secured but payments are slow and bureaucratic	A substantial part of pledged co-financing may not materialize							
Budget	Activities are progressing within planned budget	Minor budget reallocation needed	Reallocation between budget lines exceeding 30% of							

			original budget							
Financial management	Funds are correctly managed and transparently accounted for	Financial reporting slow or deficient	Serious financial reporting problems or indication of mismanage-ment of funds							
Reporting	Substantive reports are presented in a timely manner and are complete and accurate with a good analysis of project progress and implementa-tion issues	Reports are complete and accurate but often delayed or lack critical analysis of progress and implementa-tion issues	Serious concerns about quality and timeliness of project reporting							
Stakeholder involvement	Stakeholder analysis done and positive feedback from critical stakeholders and partners	Consultation and participation process seems strong but misses some groups or relevant partners	Symptoms of conflict with critical stakeholders or evidence of apathy and lack of interest from partners or other stakeholders							
External communica-tions	Evidence that stakeholders, practitioners and/or the general public understand project and are regularly updated on progress	Communica-tions efforts are taking place but not yet evidence that message is successfully transmitted	Project existence is not known beyond implementa-tion partners or misunderstand-ings concerning objectives and activities evident							
Short term/ long term balance	Project is meeting short term needs and results within a long term perspective, particularly sustainability and replicability	Project is interested in the short term with little understanding of or interest in the long term	Longer term issues are deliberately ignored or neglected							
Science and technological issues	Project based on sound science and well established technologies	Project testing approaches, methods or technologies but based on sound analysis of options and risks	Many scientific and /or technological uncertainties							
Political influences	Project decisions and	Signs that some project	Project is subject to a							

	choices are not particularly politically driven	decisions are politically motivated	variety of political influences that may jeopardize project objectives							
Other, please specify. Add rows as necessary										

Annex 6 - List of Intended Recipients for the Mid-term Review

Name	Affiliation	Email
Ms. Maryam Niamir-Fuller,	GEF Executive Coordinator and Director, UNEP/Division of GEF Coordination, Nairobi	maryam.niamir-fuller@unep.org
Ms. Ampai Harakunarak	Task Manager, International Waters, UNEP/Division of GEF Coordination/ROAP, Bangkok	harakunaral@un.org
Ms. Sandeep Bhambra	Fund Management Officer, UNEP/DGEF, Nairobi	sandeep.bhambra@unep.org
Ms. Jessica Kitakule-Mukungu	GEF Evaluation Office, UNEP/Evaluation and Oversight Unit, Nairobi	Jessica.Kitakule-Mukungy@unep.org
Government Officials		
Mr. Boris Morgunov	Assistant of the Minister, Ministry of Economic Development of the Russian Federation	morgunovba@economy.gov.ru
Mr. Andrey Peshkov	Ministry of Natiral Resources and Ecology of the Russian Federation	aspeshkov@mnr.gov.ru
Steering Committe		
Mr. Magnús Jóhannesson	Secretary General Ministry for the Environment	magnus.johannesson@umh.stjr.is
Ms. Eleonora Barnes	Program Manager, Office of Regional and Bilateral Affairs, Office of International Affairs, U.S. Environmental Protection Agency	barnes.eleonora@epa.gov
Ms. Neilima Senjanlia	Deputy Office Director, Office of Regional and Bilateral Affairs, Office of International Affairs, U.S.Environmental Protection Agency	senjalia.neilima@epa.gov
Ms. Jane Metcalfe	Senior Advisor, Office of Regional and Bilateral Affairs, Office of International Affairs, U.S. Environmental Protection	metcalfe.jane@epa.gov
GEF Focal Point(s)		
To be provided	GEF Operational Focal Point in Moscow	
Executing Agency/Partners		
Dr. Mariya Kalugina	NPAF ED, Moscow	mkalugina@fcpf.ru
Dr. Ivan Senchenya	Project Manager, Project Office, Moscow	senchenya@npaf.ru
Mr. Boris Melnikov	Project Advisors, Moscow	Melnikov@economy.gov.ru
Mr. Henrik Forsström	Senior Adviser, NAFCO, Helsinki	henrik.forsstrom@nefco.fi
Mr. Magnus Rystedt	Managing Director of NEFCO	magnus.rystedt@nefco.fi
Mr. Pavel Sulyandziga	First vice-president RAIPON	psulandziga@mail.ru

Annex 2 – Overall Rating Table

Criterion	Reviewers' Summary Comments	Reviewer's Rating
Attainment of project objectives and results (overall rating) Sub criteria (below)	The project is complex and ambitious. However overall achievement of project outcomes is evaluated as satisfactory; the project reached most of its major objectives.	S
Effectiveness	Project is achieving its expected outcomes in particular partially those which were planned for Phase II of the Project. So far, the generated management information is improving the understanding of the impact of human activities on the Arctic environment. The project outputs as stated in the project document were achieved within a reasonable time frame were of reasonable quality	S
Relevance	The project is relevant in meeting the objectives of the UNEP, GPA and Arctic council. It responds well to the country needs and recently adopted strategic documents such as Principals of the State Policy of the Russian Federation in the Arctic Zone until 2020, Arctic Council's Regional Program of Action for Protection of the Arctic Marine Environment from Land-Based Sources	S
Efficiency	From the financial (budget and expenditure reports) and project outputs information that was made available to the evaluator, it appears that most planned outputs and activities were achieved in a relatively cost-effective way. The utilization of project resources (efficiency) is moderately satisfactory due to implementation delays, management issues and problems with donor funds transfers.	MS
Sustainability of Project outcomes (overall rating) Sub criteria (below)	Considering the impetus given by the project it is expected that at national and regional level sustainability of project outcomes will be ensured. Project has received full support and technical backstopping by the Russian Ministry of Economic Development that assures that project recommendations will be taken at the highest level possible and future interventions will be sustainable. Provisions of draft SAP are taking into account in FTOP "The World Ocean" for 2008-2012 and in other documents related to the Russian Arctic.	S

Criterion	Reviewers' Summary Comments	Reviewer's Rating
Financial	Most of the project activities were implemented in a cost-effective manner.	S
Socio Political	Strong support from the RF Government at all levels, stakeholders at both regional and national levels, concerned NGOs and local communities, and private sector Contributions by the Russian Federation to the AEPS of the Arctic Council (AC) – acknowledged by the Arctic Council of the SAP as a component of the Regional Programme of Action for the Arctic	S
Achievement of outputs and activities	All project implementation units are functional and deliver expected outcomes on time	S
Monitoring and Evaluation (overall rating) **Sub criteria (below)**		MS
M&E Design	The Project Document does not contain a detailed log frame with clear indicators. The log frame was developed during the first year of the project.. The specific outputs indicated in the log frame were used as indicators of project performance. The project did not have a budget for monitoring and evaluation.	MS
M&E Plan Implementation (use for adaptive management)	Project progress reviews were carried out during IAWG meetings as well as other meetings. Steering Committee reports contain details of discussions and decisions taken	S
Budgeting and Funding for M&E activities	There was no clear budgeting for M&E activities.	MS
Catalytic Role	Strong support from the RF Government at all levels, stakeholders at both regional and national levels, concerned NGOs and local communities, and private sector. Project served as platform for a constructive dialog between all the stakeholders strengthening and widening their participation in the process Generous support from bilateral and multilateral donors (Canada, Iceland, Italy, and USA). Leverage additional funds for demonstration and pilot projects.	S
Preparation and readiness	Weak planning for implementation, in particular uncertainness with donor funds transfer for Project activities. Project faced with problems of receiving donor funds channelling via Partner Agency ACOPS that caused elements of the project mismanagement. When ACOPS withdrawn the Project co-	MS

Criterion	Reviewers' Summary Comments	Reviewer's Rating
	financing was secured and payments are received on time. Project illustrates the importance of the project's overall design in setting realistic objectives and outcomes based on well documented and comparable experience elsewhere. Where the objectives and scope were best defined, undertaken on a reasonable scale, and were linked to specific tasks (i.e. SAP, pre-investment studies, some demo-projects) better outputs were obtained. Conversely, where this was less the case as with the EPS component where broad objectives were set, it is more difficult to correlate outcomes and outputs with objectives.	
Country ownership / driveness	The continued commitment of GOR and Arctic regions' administrations was evident in participation and feedback at meetings of different levels that served as reviews of progress. The Project is directly related to sustained political commitment at federal and regional levels, ensuring the adequate extent of the project ownership, to the broad-based public support, including support of indigenous communities it has received	S
Stakeholders involvement	Project received a broad-based public support, including support of indigenous communities. Closer cooperation with existing and planned programmes and projects in Arctic region has been established.	S
Financial planning	All the financial transactions during the project period have been duly audited by a certified auditing company. Besides in-kind support, the project was able to leverage additional funds for demonstration and pilot projects amounting	MS
UNEP Supervision and backstopping	Cooperation with UNEP was effective and constructive. From the information available regarding UN supervision and backstopping and feedback from the project office, it appears that UNEP supervision in the project implementation and management was highly satisfactory.	HS
Overall Rating		**S**

Annex 3. Co-financing and Leveraged Resources

Co financing (Type/Source)	IA own Financing (mill US$)		Government**) (mill US$)		Other* (mill US$)		Total (mill US$)		Total Disbursement (mill US$)	
	Planned	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**
– Grants					1,0	0,25	1,0	0,25	0,25	0,25
– Loans/Concessional (compared to market rate)										
– Credits			0,64	0,27	3,03	2,45	3,67	2,72	3,67	2,72
– Equity investments										
– In-kind support			6,21	3,98			6,21	3,98	6,21	3,98
– Other (*) - - -										
Totals			6,85	4,25	4,03	**2,7**	10,88	6,95	10,13	6,95

Table showing final actual project expenditure by activity to be supplied by the UNEP Fund management Officer.)
Actual expenditures in the framework of FTOP "World Ocean" for 2009 are not included as this figure will be available only in 2010.

Co financing (Type/Source)	IA own Financing (mill US$)		Government (mill US$)**		Other* (mill US$)		Total (mill US$)		Total Disbursement (mill US$)	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
– Grants						0,25		0,25	0,25	0,25
– Loans/Concessional (compared to market rate)										
– Cash			0,64	0,64	3,03	1,95	3,67	2,65	3,67	2,65
– Equity investments										
– In-kind support			6,21	6,21			6,21	6,21	6,21	3,98
– Other (*) - - -										
			6,85	6,85	3,03	**2,20**	9,88	9,05	10,13	6.88

**) Actual expenditures in the framework of FTOP "World Ocean" for 2009 are not included as this figure will be available only in 2010.

REPORT ON CO-FINANCING. Co-financing contribution from Russia received to date was in cash contribution for Project Office premises amounted to 199,500.0 US$ and in-kind contribution totally amounting to USD 3,964.130 (31th December 2008). Donors contribution is based on unofficial information provided by ACOPS with regard to Italian and Canadian funds.

Reporting Period:	January 1, 2008 - December 1, 2009							
Source of Co-finance	**Cash Contributions**				**In-kind Contributions**			**Comments**
	Budget original (at time of approval by GEF)	Budget latest revision	Channelled to ACOPS incl. Preparatory Phase[4]	To date Through UNEP/Project office	Budget original (at time of approval by GEF)	Budget latest revision	Received to date	
1	2	3	4	5	6	7	8	**9**
EPA	4 000 000	944 100	550 800	393 3000	0	0	0	No official report on expenditures during this period was presented by ACOPS and no official proof exists that all or some of those funds were spent on activities directly related to the project
Canada	732 000	732 000	732 000	0	0	0	0	
Italy	500 000	0	500 000	0	0	0	0	
Iceland	100 000	100 000	0	100 000	0	0	0	
IOC of UNESCO	500 000	0	0	0	0	0	0	
RAIPON	270 000	0	0	0	0	0	0	
NEFCO	1 000 000	1 000 000	0	250 000	0	0	0	NEFCO has so far not contributed co-financing to the project
GPA	250 000	250 000		50 000	0	0	0	50000 per year to support UNEP technical staff
Russia	199 500	636 500	0	256 500	5 800 000	6 207 700	3 978 330	In cash contribution, 256500 – Russian input for lease of office premises for PO
Total	**7651599**	**3 662 600**	**1 782 800**	**1 049 800**	**5 800 000**	**6 207 700**	**3 978 330**	

[4] On a basis of unofficial data provided by ACOPS

Annex 4 – Risk Factor Table

INTERNAL RISK Project management										
Risk Factor	**Indicator of Low Risk**	**Indicator of Medium Risk**	**Indicator of High Risk**	Low	Medium	Substantial	High	Not Applicable	To be	**NOTES**
Management structure	Stable with roles and responsibilities clearly defined and understood	Individuals understand their own role but are unsure of responsibilities of others	Unclear responsibilities or overlapping functions which lead to management problems	X						Good management structure with defined roles & responsibilities of network members maintained and operational
Governance structure	Steering Committee and/or other project bodies meet periodically and provide effective direction/ inputs	Body(ies) meets periodically but guidance/input provided to project is inadequate	Members lack commitment (seldom meet) and therefore the Committee/ body does not fulfil its function	X						Steering Committee and/or other project bodies meet periodically and provide effective direction/inputs
Internal communica-tions	Fluid and cordial	Communica-tion process deficient although relationships between team members are good	Lack of adequate communica-tion between team members leading to deterioration of relationships and resentment /factions	X						Fluid and cordial
Work flow	Project progressing according to work plan	Some changes in project work plan but without major effect on overall implementa-tion	Major delays or changes in work plan or method of implementa-tion	X						Some changes in project work plan adopted by the Project Steering Committee but without major effect on overall implementation. The Project Phase I grew actually into full-scale project which

										embraced both phases envisaged in the original Project Document.
Co-financing	Co-financing is secured and payments are received on time	Is secured but payments are slow and bureaucratic	A substantial part of pledged co-financing may not materialize		X					After some difficulties with channelling of donor funds co-financing is secured and payments are received on time
Budget	Activities are progressing within planned budget	Minor budget reallocation needed	Reallocation between budget lines exceeding 30% of original budget		X					: Project is within budget though some reshuffling of the original budget has been undertaken with permission of the Project StC. The disbursement rate is not at an optimal level
Financial management	Funds are correctly managed and transparently accounted for	Financial reporting slow or deficient	Serious financial reporting problems or indication of mismanage-ment of funds	X						Funds are correctly managed and transparently accounted for. Detailed financial reports are available in Half Yearly reports. All the financial transactions during the project period have been duly audited by a certified public accountant
Reporting	Substantive reports are presented in a timely manner and are complete and accurate with a good analysis of project	Reports are complete and accurate but often delayed or lack critical analysis of progress and implementa-tion issues	Serious concerns about quality and timeliness of project reporting	X						Substantive reports by Project Office are presented in a timely manner and are complete and accurate with a good

	progress and implementa-tion issues									analysis of project progress and implementation issues
Stakeholder involvement	Stakeholder analysis done and positive feedback from critical stakeholders and partners	Consultation and participation process seems strong but misses some groups or relevant partners	Symptoms of conflict with critical stakeholders or evidence of apathy and lack of interest from partners or other stakeholders	X						Positive feedback from critical stakeholders and partners is achieved during regional consultations and round table discussions, presentations at different meetings inside and outside Russia, and mass-media
External communica-tions	Evidence that stakeholders, practitioners and/or the general public understand project and are regularly updated on progress	Communica-tions efforts are taking place but not yet evidence that message is successfully transmitted	Project existence is not known beyond implementa-tion partners or misunderstand-ings concerning objectives and activities evident	X						The project website http;//npa-arctic.ru is maintained properly. All important events are reflected in the website in due time. Aimed at consolidating and strengthening partner network, disseminating project outputs, and sharing experiences and lessons learned. Project website is updated regularly by PO staff. Detailed information for all demonstration sites and project activities easily accessible online. Regional round-tables are

										additional source of external communication. Information on project is regularly published in regional mass-media
Short term / long term balance	Project is meeting short term needs and results within a long term perspective, particularly sustainability and replicability	Project is interested in the short term with little understanding of or interest in the long term	Longer term issues are deliberately ignored or neglected	X						Project is meeting short-term needs and results with a long-term perspective
Science and technological issues	Project based on sound science and well established technologies	Project testing approaches, methods or technologies but based on sound analysis of options and risks	Many scientific and /or technological uncertainties	X						Leading Russian scientists participated in the Project implementation particularly in the SAP development and demo projects preparations. External scientific expertise is attracted in case of some scientific uncertainties
Political influences	Project decisions and choices are not particularly politically driven	Signs that some project decisions are politically motivated	Project is subject to a variety of political influences that may jeopardize project objectives	X						Project decisions and choices are not politically driven.
Other, please specify. Add rows as necessary										

Annex 5. **List of persons met and interviewed:**

Dr. Boris Morgunov (Assistant to the Minister of Economic Development of the Russian Federation), MorgunovBA@economy.gov.ru

Dr. Andrey Peshkov (Ministry of Natural Recourses and Ecology of the Russian Federation); aspeshkov@mnr.gov.ru

Mr. Boris Melnikov (Project Technical Advisor), Melnikov@economy.gov.ru

Ms.Mariya Kalugina.(General Director, NPAF ED), mkalugina@fcpf.ru

Dr. Ivan Senchenya (Project manager, Project office, Moscow), senchenya@npaf.ru ,

Mr. Sergey Tambiev (Deputy Project Manager, Project Office, Moscow), tambiev@npaf.ru

Ms. Galina Zaitseva (Project Office), zaytseva@npaf.ru

Dr. Takehiro Nakamura (former UNEP/DGEF Project Task Manager), Takehiro.Nakamura@unep.or.jp

Dr. Lev Neretin (former Project Technical Officer, UNEP), lev.neretin@unep.org

Sergey Kurdjukov (former Project Fund Management Officer, UNEP), SKurdjukov@cms.int

Ms. Ampai Harakunarak (Task Manager, UNEP), ampai.harakunarak@unep.org

Dr. Youry Sychev (Polar Fund), sychev@polarf.ru

Dr. Alexander Solovianov (Head of the ESP task force), soloviyanov@mail.ru

Dr. Alexander Averchenkov (Project expert), aavarchenkov@rambler.ru

Dr. Youry Kochemasov (SAP task force), Kochemasov2004@yandex.ru,

Ms. Yana Dordina (COMAN coordinator), batanifound@mail.ru

Ms. Galina Ermakova (Royal Haskoning), g.ermakova@royalhaskoning.com

Dr. Yelena Vylegzhanina (ESP task force);

Dr. Mikhail Brinchuk (ESP task force), brinchuk@gmail.com

Ms. Eleonora Barnes (US EPA) barnes.eleonora@epa.gov,

Dr. Henrik Forstrom (NEFCO) henrik.forsstrom@nefco.fi

Mr. Alexander Glazov (Ecocentre, Murmansk), a.glazov@eco-centre.org

Mr. Vladimir Bakharev (Ecocentre, Murmansk), vbakharev@eco-centre.org

Mr. Aleksey Smirnov (Head, Murmansk oblast committee on nature management and ecology), SmirnovAA@kpr-murman.info

Mr. Valery Votrin (ERM Eurasia LLC), valery.votrin@erm.com

Ms. Anna Kachanovskaya (ERM Eurasia LLC), anna.kachanovskaya@erm.com

Ms. Maria Suhanevich (Deputy Chairperson, Committee on Ecology, Arkhangelsk Oblast Administration);

Ms. Naida Murgazalieva (Rambol , Arkhangelsk), naida.murtazalieva@ramboll.com

Mr. Dmitry Dedkov ("Gorst" company, Arkhangelsk)

Ms. Liudmila Khorosheva (UNEP Moscow Office), khorosheva.unep@undp.ru

Mr. Vladimir Zemnukhov (Tiksy Port Director)

Annex 6. List of documents reviewed

1. Project document
2. Working plans and budgets (2005 – 2010)
3. Project Implementation Reports (2007 – 2009) – UNEP\GEF PIR
4. Project Steering Committee reports (2005 – 2010)
5. IAWG reports (2006 – 2009)
6. Financial Reports (2005 – 2009)
7. Auditors reports (2005 – 2009)
8. Contracts:
    a. Individual consultants
    b. Companies
9. Reports:
    a. Individual consultants
    b. Companies
10. Strategic Action Program for Environmental Protection in the Arctic Zone of the Russian Federation (SAP)
11. Report on Pre- investment studies implementation in three Russian Arctic regions (PINS)
12. Progress Report on Environmental protection System Component Implementation (EPS)
13. Progress Report on demo and pilot projects implementation
    a. PILOT-Bioremediation, PILOT- Tiksi, BASES-2 and TIKSI-2 projects
    b. Demo-projects co-management, ONEGA-BASE
14. Diagnostic Analysis of State of the Environment in the Arctic zone of the Russian Federation
15. Co-financing reports