



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

**Half-Yearly Progress Report
of the Project Activities for the period from 01 January 2007 to
30 June 2007**

**Project Office in Moscow
[June 30, 2007]**

Half-Yearly Progress Report of the Project Activities for the period from 01 January 2007 to 30 June 2007

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HALF-YEARLY PROGRESS REPORT As of 30 June 2007

Project Number: GFL / 2732 – 03 – 4694
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Project Title: Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment

Division/Unit: UNEP/DGEF

Coordinating Agency or Supporting Organization: UNEP is the Implementing Agency and Ministry for Economic Development and Trade of the Russian Federation acts as the Executing Agency

Reporting Period (the six months covered by this report): January 2007 – June 2007

I. SUMMARY

The second meeting of the Project Steering Committee was held in Saint Petersburg on April 25-26, 2007, which took a decision on prolongation of Phase I of the Project until the end of 2008. New Integrated Work Plan and budget for Phase I have been also adopted.

According to paragraph 44.4.1 of the Project Document and Agreement between Minekonomrazvitiya of Russia and the legal entity "Executive Directorate of the Russian National Pollution Abatement Facility" (NPAF ED) a Project Currency Account with tax-free status was established. Since the first quarter 2007 GEF funds are transferred to the Project Currency Account and use of UNDP account was discontinued.

Key project achievements for the reporting period are as follows:

SAP component. Twelve official TT SAP meetings and workshops were held for the reported period and structure and content of the SAP were further developed. At the moment several individual sections of SAP document are under discussion and finalisation stage and list of recommended SAP activities in the Russian Arctic regions at the federal level is close to be completed. Drafting of regional actions for the SAP including investment projects is at the initial stages of preparation. SAP Conceptual Notes of and Diagnostic analysis of environmental problems of the Russian Arctic have been prepared and submitted to the Second meeting of the Project Steering Committee, which was held in Saint Petersburg on 25-26th of April 2007.

PINS component. An update and review of the existing hot spots identified at PDF-B stage in the Russian Arctic is close to finalization .

Demonstration projects component. Further steps have been undertaken in preparation of demonstration projects. Project documents for the demo projects mentioned in the NPA-Arctic Project Document (COMAN-DEMO project - Indigenous Environmental Co-management, BASES-DEMO project - Environmental remediation of two decommissioned military bases and CLEANUP-DEMO project - Remediation of the Environment through the use of Brown Algae) were further developed, improved and submitted to the Second meeting of the Project Steering Committee meeting. All three projects got off the ground: tendering for COMAN-DEMO project was initiated; A lead cooperating organisation will be selected for the BASES-DEMO project implementation on a basis of invitation to bid issued by the Project Office and project will be implemented on the France Joseph Land (FJL); A status of CLEANUP-DEMO project has been lowered to a pilot project. A project document were thoroughly reworked in accordance with recommendations given by independent group of experts in the workshop held by the PO with the purpose of the

project proposal evaluation in March, 2007. The project document is endorsed by both Implementing and Executing Agencies and is ready for tender to select a lead cooperating organization .

In addition, three new demonstration projects and nine pilot projects were also prepared by the Project Office in close cooperation with local authorities and submitted to the Steering Committee approval. All these new demo and pilot projects have been approved by the Second StC meeting in Saint Petersburg. Mission to Murmansk region has been undertaken by the Project Manager with the purpose to discuss with local authorities future demo and pilot projects implementation in the region. Missions to other Arctic regions are scheduled for July-August 2007.

The main activities to be performed for the next reporting period (July-December 2007) are as follows:

- The draft of SAP document is finalized and circulated among Russian federal and regional authorities, international stakeholders and SC members;
- Completion all the preparatory work for pre-investment studies: finalization of work on the priority hot spot selection criteria; approval of this criteria by Russian authorities, preparation of the list of potential PIN studies, selecting 8-10 priority hot spots for pre-investment studies on a basis of the approved criteria; preparation of tenders dossiers and ToRs for three cooperating organisations, Concluding the contracts with bid-winners and commencing PIN studies..
- Project documents for the three DEMO projects are completed and tenders executed. Companies that won bidding started field activities.
- Initiation of EPS activities in line with IWP.
- Completion of project documentation prepared for new demonstration and pilot projects approved by the second meeting of the Project Steering Committee and beginning of these projects implementation.

II. PROGRESS ON PROJECT COMPONENTS (according to the Project IWP Phase I)*

*Present Integrated Work Programme reflects changes approved at the 2nd Steering Committee Meeting in April 2007.

Activity I. Strategic Action Programme (SAP)

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
1.1	Proposals and selection of the Task Team (TT) Co-ordinator.	Approval of TT Co-ordinator familiar with the methodology for the preparation of the SAP and familiar with the organisations and individuals that might be involved in the preparation of the SAP. <i>Output 100 %</i>	Manager/ ExA	January 2006	February 2006	completed
1.2	Proposals and selection of the TT members.	Selection of TT members to cover all major sectors of the SAP and the NPA-Arctic. <i>Output 100 %</i>	Manager/ ExA	January 2006	February 2006	completed
1.3	Preparation of the consultancy contract with TT Co-ordinator.	Signed contract with TT Co-ordinator, including duties, outputs, work plan, timetable and other details. <i>Output 100 %</i>	Manager/ ExA	January 2006	February 2006	completed
1.4	Preparation of consultancy contracts with TT members.	Draft contracts including duties, outputs, work plan, timetable and other details discussed with the potential TT members and signed subsequently. <i>Output 100 %</i>	Manager	January 2006	March 2006	completed
1.5	Preparation of the working document to be considered at the First Meeting of the TT.	Working document to include the basic SAP concept; objectives; principles; content; outputs; work plan; timetable; role of TT co-ordinator and members, as well as lead organisation; procedure for the national and international review of the draft SAP; procedure for the adoption of the SAP; and basic ideas about the implementation mechanism. The document is also to contain proposals for the terms of reference for the TT. This document is to	TT co-ordinator/ Manager	February 2006	February 2006	completed

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		be considered, amended and adopted by the First Meeting of the TT. <i>Output 100 %</i>				
1.6	Review of the working document at the First Meeting of the TT.	Report of the meeting to include the basic SAP concept; objectives; principles; content; outputs; work plan; timetable; role of TT co-ordinator and members, as well as lead organisation; procedure for the national and international review of the draft SAP; procedure for the adoption of the SAP; and basic ideas about the mechanism of the implementation; terms of reference for the TT; tender documentation for selection of the lead co-operating organisation; and decision on the establishment of working groups. <i>Output 100 %</i>	TT co-ordinator/ Manager	February 15, 2006	February 15, 2006	completed
1.7.1.	Development of financial mechanisms of the SAP implementation	Scoping report on mechanisms of financing the activities included into the SAP. <i>Output 80 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	Jan.- June 2007	July 2007	National consultant report is approved, final report is scheduled for July 2007
1.7.2.	Regional aspects of SAP	Scoping report on regional SAP sub-programs with recommendations for SAP. <i>Output 20 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	Jan.- June 2007	August 2007	Delays with responses from regions. Only two consultants of five initially planned are hired by ACOPS for donor funds reallocated for this activity
1.7.3.	Strategic environmental assessment on the SAP	Report on SEA to support SAP with recommendation on improvement of SAP <i>Output 70 %</i>	TT co-ordinator/ Manager in coordination with ExA	June 2007	September 2007	Planned for September 2007
1.7.4.	Diagnostic analysis of	Diagnostic analysis considering all environmental aspects of the Russian Arctic incl. causal-chain	TT co-ordinator/ Manager in	July 2006 –	July 2006 – data are	Analysis is completed; Work on the

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	environmental situation in Arctic region	analysis and prepared according to international standards <i>Output 80 %</i>	coordination with ExA and PA	March 2007 Publication – end of June 2007	collected; Publication is delayed	publication summarizing results of the analysis planned to be completed in June 07 is delayed indefinitely due to other commitments of the project office
1.7.5.	Causal chain analysis	Report on causal chain analysis with recommendations. <i>Output 40-50 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	March 2007	July 2007	Work has been initiated and partially presented at the SAP TT meeting. ACOPS reported to EPA on completion of this task already in December 2006, however no final report has been presented to the PO
1.7.6.	Stakeholder analysis and development of public involvement	Stakeholder perception survey report and draft public involvement plan. <i>Output 50 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	Regional reports ready by 15 th June 2007; PPS is ready by 20 th Jul 2007	July 2007	Draft reports from federal consultant and 2 regional consultants have been received. No final report on public participation strategy from ACOPS has been received
1.7.7.	Information to stakeholders and communication strategy to public on project results	Specific public awareness actions (round tables, TV broadcasting, newspapers and other public activities) for all Arctic regions <i>Output 20 %</i>	TT co-ordinator/ Manager in coordination with ExA	Apr. 2007 - Sept. 2008	Constantly	Some public awareness activities will be initiated during regional consultations in Jul-Aug 07 (activity 1.7.2). Work on hiring

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
						specific NGOs in representative regions is delayed due to other project office commitments
1.8	Preparation of the first draft of the SAP	The first draft of the SAP prepared in accordance with the conclusions and recommendations elaborated at the First Meeting of the TT. <i>Output 80 %</i>	TT co-ordinator/ Manager	Dec. 2006	September 2007	A new consultant will be hired for final SAP document editing and preparation to be submitted for federal and local authorities considerations. Tender for these consultancy services is announced
1.9	Review of the first draft of the SAP	SAP TT reviews the first draft of SAP and provides written comments. SAP document is translated and reviewed by the international SAP consultant <i>Output 0 %</i>	TT co-ordinator/ Manager in coordination with ExA	Jan. - March 2007	August 2007	Planned for August 2007
1.10	Preparation of the second draft of the SAP.	Project office combines comments received by SAP TT and international SAP reviewer and organizes for translation <i>Output 0 %</i>	TT co-ordinator/ Manager	Jan. - March 2007	10 September 2007	
1.11	Review of the second draft of the SAP by federal and regional executive authorities.	Comments by federal and regional executive authorities that will be taken into account in preparing the third draft of the SAP. <i>Output 0 %</i>	TT co-ordinator/ Manager in coordination with ExA	July – Sept. 2007-	September-December 2007	IAWG is to review 2 nd draft SAP by 25 th September and regional comments are to be received by 10 th Dec 2007
1.12	Preparation of the	The third draft of the SAP, to address comments by	TT co-ordinator/	July – Sept.	December 2007	Planned for December

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	third draft of the SAP	federal and regional executive authorities is reviewed by SAP TT. <i>Output 0 %</i>	Manager	2007		2007
1.13	International review of the SAP	SAP document is circulated among Arctic Council WGs, UNEP divisions, GPA and other partners. Comments by international community on the third draft of the SAP. Comments received are addressed <i>Output 0 %</i>	TT co-ordinator/ Manager in coordination with ExA and IA	July – Dec. 2007	February 2008	Planned for February 2008
1.14	Preparation of the 4 th draft of the SAP.	The fourth draft of the SAP, to address comments by the international community. This draft will be endorsed at the IAWG meeting. <i>Output 0 %</i>	TT co-ordinator/ Manager	October – Dec. 2007	March 2008	Planned March 2008
1.15	Endorsement of the SAP by relevant state authorities after taking into account comments received on a basis of international evaluation	Endorsed SAP, ready for approval. <i>Output 0 %</i>	Manager/ExA	December 2007 – March 2008	May 2008	Planned for May 2008
1.16	Adoption of the SAP by the relevant executive authority.	SAP adopted by the relevant executive authority of the Russian Federation. <i>Output 0 %</i>	Manager/ExA	March 2008	July 2008	Planned for July 2008

Activity 2. Pre-investment studies (PINS)

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
2.1	Proposals for and selection of the Co-ordinator of the Working Group (WG) for Pre-Investment Studies (PINS) will be prepared.	Approval of the selected WG Co-ordinator familiar with the methodology for the preparation of PINS and familiar with the organisations and individuals that might be involved in the preparation of PINS. <i>Output 100 %</i>	Manager/ExA	March 2006 Jan. – March 2007 for new person	April 2006	Completed New Coordinator is approved.
2.2	Proposals for and selection of the WG members.	Approval of the selected WG members for development of criteria for the hot spots selection and co-ordination of PINS taking into account environmental, economic, social and political factors. The WG will be composed of 8 Russian and 3 International consultants, and 1 representative from the Executing Agency. <i>Output 100 %</i>	Manager/ExA	April 2006	May 2006	Completed
2.3	Preparation of the consultancy contract with WG Co-ordinator.	Signed contract with WG Co-ordinator, including duties, outputs, work plan, timetable and other details. <i>Output 100 %</i>	Manager/ExA	April 2006 Apr. – June 2007 for new person	May 2006	Completed Contract will be signed for August 2007
2.4	Preparation of consultancy contracts with WG members.	Draft contracts, including duties, outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 100 %</i>	WG Co-ordinator / Manager	April 2006	May 2006	Completed
2.5	Preparation of the working document to be considered at the First Meeting of the WG.	Working document to include the basic concept of PINS; overview of priority environmental hot spots selected during the work on the NPA-Arctic and PDF B GEF Project; objectives and the content of PINS; work plan; timetable; and the role of the co-	WG Co-ordinator / Manager	April 2006	June 2006	Completed

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		ordinator of the WG and its members and of the lead cooperating and participating organisations. The document is also to contain proposals for the criteria for the selection of hot spots for which PINS will be prepared and terms of reference for the WG. This document is to be considered, amended and adopted by the First Meeting of the WG. <i>Output 100 %</i>				
2.6	Review of the working document at the First Meeting of the WG, Moscow.	Report of the meeting to include the basic concept of PINS; overview of hot spots selected during the work on the NPA-Arctic and PDF B GEF Project; objectives and targets, the content and outputs of PINS; work plan and timetable; the role of the co-ordinator of the WG and its members and of lead cooperating and participating organisations. The Report is also to contain proposals for the criteria for selection of hot spots for which PINS will be prepared and terms of reference for the WG. <i>Output 100 %</i>	WG Co-ordinator / Manager	May 2006	April 2006	Completed. Problems were with selecting consultants having proper expertise in this field; Coordinator of the WG resigned; prepared report was criticized by PO, ExA and IA for below-standard quality.
2.7	Update and review of the existing hot spots identified at PDF-B stage	Update (data collection), review and analysis of the situation with hot spots <i>Output 80 %</i>	WG co-ordinator / Manager in coordination with PA	Jan. - June 2007	July 2007	Planned to be completed in July 2007
2.8.	Preparation of Guidelines on conduction of pre-investment studies	Guidelines for conducting the pre-investment studies (methodology and procedures) <i>Output 80%</i>	WG co-ordinator / Manager in coordination with PA	June 2007	February 2007	Several versions of Guidelines have been submitted however all comments still not addressed
2.9	Development of criteria for selection of hot spots for which PINS will be	Criteria for selection of hot spots for which PINS will be prepared, which will include criteria for taking into account environmental, economic, social, and	WG Co-ordinator / Manager in coordination with	Apr. - June 2007	July 2007	An update of the document on criteria for selection of hot spots will be prepared

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	prepared, on the basis of comments given at the First Meeting of the WG.	other aspects in the process of selection. <i>Output 80 %</i>	PA			to the end of July and sent for consideration of both ExA and IA
2.10	Hot spots screening and selection. Preparation of the list of potential pre-investment studies.	On the basis of the work done on analysis of environmental hot spots in the PDF B GEF Project, the hot spots identified in the NPA-Arctic and submitted by federal and regional authorities, the list of potential pre-investment studies will be prepared. Using the adopted criteria for selection, about 8-10 hot spots will be selected for which PINS will be prepared. The Report of the Second Meeting will include selected hot spots and the rationale for the selection. <i>Output 50 %</i>	WG Co-ordinator / Manager in coordination with PA	Apr. - June 2007	September 2007	Planned for September 2007
2.11	Preparation of tenders dossiers and ToRs for cooperating organisations. Selection of lead cooperating organisations for the conduction of PINS.	Tender for the selection of three lead cooperating organizations for conducting PINS (for the western, central and eastern parts of the Russian Arctic) will be announced by the Project Office. Terms of reference for lead cooperating organisations will be included in the conditions of the tender. <i>Output 0 %</i>	WG Co-ordinator / Manager in coordination with PA	July – Sept. 2007	September 2007	Planned for September 2007
2.12	Concluding the contracts with bid-winners	On the basis of the tender and criteria adopted by the Executing Agency, three lead cooperating organisations are selected. Contracts are concluded that includes schedule of payments. <i>Output 0 %</i>	WG Co-ordinator / Manager	September 2007	October 2007	Planned for October 2007
2.13.	Investment Forum (Partnership conference)	Investment forum is organised and conducted <i>Output 0 %</i>	Manager in cooperation with ExA and IA	April - June 2008	March 2008	Planned for March 2008

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
2.14.	Consultations with potential financiers for selected PINS	Consultations with potential financiers for selected PINS are performed\ <i>Output 0 %</i>	Manager in coordination with PA	2007 – first half of 2008	June 2008	Consultations with NEFCO have been performed

Activity 3. Environmental Protection System Improvements (EPS)

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
3.1	Proposals for and selection of the Co-ordinator of the Task Team on Implementation of the SAP (TT SAP).	Approval of the TT Co-ordinator familiar with the methodology for the implementation of the SAP and with organisations and individuals that might be involved. <i>Output 0 %</i>	Manager/ExA	July – Sept. 2007	October 2007	Implementation of this Project component can be started after the 2 nd draft SAP review by authorities.
3.2	Proposals for and selection of TT members.	Approval of the TT members to cover various aspects of this activity, to be developed by three WGs (Legislative Improvements, Administrative Improvements and Institutional and Technical Improvements). It is envisaged that the TT will be composed of 10 Russian and 3 international consultants and 1 representative of the Executing Agency. <i>Output 0 %</i>	Manager/ExA	July – Sept. 2007	October 2007	As above
3.3	Preparation of the consultancy contract with the TT Co-ordinator.	Signed contract with the TT Co-ordinator, including duties, outputs, work plan, timetable and other details.	Manager/ExA	July – Sept.	October 2007	As above

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		<i>Output 0 %</i>		2007		
3.4	Preparation of consultancy contracts with TT members.	Signed contracts with TT members, including duties, outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 0 %</i>	TT Co-ordinator / Manager	July – Sept. 2007	October 2007	As above
3.5	Preparation of the working document to be considered at the First Meeting of the TT.	Working document to include basic concept of the Environmental Protection System (EPS); overview of priority improvements in environmental protection mechanisms for which the need was identified during work on the NPA-Arctic and PDF B GEF Project; proposals for the establishment of three WGs subordinate to the TT, including proposals for the respective Co-ordinators, tasks on EPS improvement in general and in all three directions for lead cooperating and participating organisations, outputs, work plan, timetable and other details. The document is also to contain draft terms of reference for the TT, including expected outputs, work plan, timetable and other details; the role of the co-ordinator of the TT and its members; as well as the role of cooperating and participating organisations. This document is to be considered, amended and adopted by the First Meeting of the TT. <i>Output 0 %</i>	TT Co-ordinator / Manager	Oct.-Dec. 2007	November 2007	As above
3.6	Review of the working document at the First Meeting of the TT, Moscow.	Report of the meeting to include basic concept of EPS; overview of priority improvements in environmental protection mechanisms for which the need was identified during work on the NPA-Arctic and PDF B GEF Project; and proposals for the establishment of three WGs subordinate to the TT,	TT Co-ordinator / Manager	Jan-March 2008	March 2008	As above

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		<p>including proposals for the respective Co-ordinators, tasks on EPS improvement in general and in all three directions for lead cooperating and participating organisations, outputs, work plan, timetable and other details. Report is also to contain terms of reference for the TT, including outputs, work plan, timetable and other details; the role of the co-ordinator of the TT and its members; as well as the role of cooperating and participating organisations.</p> <p><i>Output 0 %</i></p>				
3.7	Preparation of tender documents for organization to improve EPS Preparation of ToR for the lead cooperating organisation.	<p>ToR for the lead cooperating organisation and tender dossier</p> <p><i>Output 0 %</i></p>	TT Co-ordinator / Manager	Jan-March 2008	March 2008	As above
3.8	Carrying out tender and selection of the organization to improve EPS	<p>As a result of the tender, the lead cooperating organization for the development of the EPS (in general) is selected. Signed contract with this organisation to include terms of reference, expected outputs, work plan, timetable and other details. Contracts with cooperating organisation are concluded.</p> <p><i>Output 0 %</i></p>	TT Co-ordinator / Manager	Jan-March 2008	March 2008	As above
3.9	Preparation of the report on EPS improvements and its approval by EPS TT	<p>The report on EPS improvements approved by EPS TT</p> <p><i>Output 0 %</i></p>	WG and TT Co-ordinators / Manager	Apr.-June 2008	June 2008	As above

4. Demonstration Projects (DEMOS)

CLEANUP-DEMO project (Remediation of the Environment through the use of Brown Algae):

On 21st of March PO organised a meeting of nationally and internationally recognised Russian experts with the purpose to get a clear vision of, scientific and economic validation of the project and its readiness to be accepted as a demonstration project. Meeting participants supported the idea of developing the experimental marine brown algae plantation as a whole. Nevertheless, meeting concluded that the project cannot be qualified as a demonstration project, because the technology of using brown algae as “oil degraders” cannot be substantiated by either valid experimental results or data in the scientific literature. Project Steering Committee meeting approved CLEANUP project document as a pilot project. The project should be considered as a pilot project with a target of reducing the anthropogenic stress of ship dismantling enterprise “Nerpa” on Kola Bay marine environment. . An updated version of this demonstration project is prepared and initial budget is reduced considerably. Russian co-financing input was also quantified. Invitation to participate in the competition for this project implementation is prepared and will be posted early July. Practical implementation of this project should be started in August 2007.

COMAN-DEMO project (Indigenous Environmental Co-management)

A project document was further elaborated by WG-COMAN and agreed with both Executing and Implementing Agencies – all corrections and editions were included. The final project document has been approved by the second meeting of the Project Steering Committee. Invitation to express the interest to participate in international tender was issued in the mid of June. Short-listed companies will be invited to prepare their proposals to the middle of July and contract with bid-winner should be prepared in August 2007.

BASES-DEMO project (Environmental remediation of two decommissioned military bases)

A part of one of the former military bases on Franz Josef Land archipelago was selected as a remediation site (final decision on a site will be made in situ). Franz Josef Land Project is supported by the Arctic Council, Russian States Duma and major international stakeholders including NEFCO, ACAP, AMAP and other Arctic Council WGs. It is planned that a lead cooperating organisation will be selected in July 2007. Preliminary field works in two stages aboard of the r/v Mikhail Somov are planned in the end of August – September 2007

The progress as compared with the original Integrated Work Plan is illustrated in the Table below:

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
4.1	Proposals for and selection of the Co-ordinator of the WG on Contaminant Clean-up (WG CLEANUP).	Approval of the WG Co-ordinator familiar with the methodology for decontamination of marine waters through the use of brown algae as well as of organisations and individuals that might be involved. <i>Output 100 %</i>	Manager / ExA	March 2006	March 2006	Completed
4.2	Proposals for and selection of the WG CLEANUP members.	Approval of the WG members to cover various aspects of this demonstration project. <i>Output 100 %</i>	Manager / ExA	April 2006	March 2006	Completed
4.3	Preparation of the consultancy contract with the WG CLEANUP Co-ordinator.	Signed contract with the WG Co-ordinator, including duties, outputs, work plan, timetable and other details. <i>Output 100 %</i>	Manager / ExA	April 2006	October 2006	Completed Delays with consultant contract issuing
4.4	Preparation of consultancy contracts with the WG CLEANUP members.	Draft contracts, including duties, expected outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 100 %</i>	WG Co-ordinator / Manager	April 2006	October-November 2006	Completed
4.5	Preparation of the working document to be considered at the First Meeting of the WG CLEANUP.	Working document to include basic concept of the Contaminant Clean-up method; draft terms of reference for the WG, including expected outputs, work plan, timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. This document is to be considered, amended and adopted by the First Meeting of the WG. <i>Output 100 %</i>	WG Co-ordinator / Manager in coordination with PA	May 2006	October 2006	Completed
4.6	Review of the working document at the First Meeting of the WG CLEANUP, Moscow.	Report of the meeting to include basic concept of Contaminant Clean-up method; terms of reference for the WG, including outputs, work plan, timetable and other details; the role of the co-ordinator of the	WG Co-ordinator / Manager in coordination with	June 2006	February 2007	Completed

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		WG and its members; the role of the lead cooperating organisation. <i>Output 100 %</i>	PA			
4.7	Preparation of ToR and conduct of the tender and preparation of the contract with the lead cooperating organisation for the development of Contaminant Clean-up demonstration.	ToR for the lead cooperating organization for the development of CLEANUP-DEMOS is prepared. Signed contract with the lead cooperating organisation (which won the tender) to include duties, expected outputs, work plan, timetable and other details. Contract is concluded that includes schedule of payments. <i>Output 70 %</i>	WG Co-ordinator / Manager in coordination with PA	August 2006	July 2007	Planned for July 2007 Tender should be completed in August 2007
4.8	Proposals for and selection of the Co-ordinator of the WG on Indigenous Environmental Co-Management (WG COMAN).	Approval of the WG Co-ordinator familiar with the methodology for the implementation of the Indigenous Environmental Co-Management Project as well as of organisations and individuals that might be involved. <i>Output 100 %</i>	Manager /ExA	July 2006	August 2006	Completed
4.9	Proposals for and selection of the WG COMAN members.	Approval of the WG members to cover various aspects of this demonstration project. <i>Output 100 %</i>	Manager	August 2006	August 2006	Completed
4.10	Preparation of the contract with the WG COMAN Co-ordinator.	Signed contract with the WG Co-ordinator including duties, expected outputs, work plan, timetable and other details. <i>Output 100 %</i>	Manager /ExA	September 2006	November 2006	Completed
4.11	Preparation of contracts with the WG COMAN members.	Draft contracts, including duties, outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 100 %</i>	WG Co-ordinator / Manager	October 2006	November 2006	Completed
4.12	Proposals for and selection of the Co-ordinator of the WG on the Environment	Approval of the WG Co-ordinator familiar with the methodology for the environment remediation in the areas of two decommissioned military bases as well as of organisations and individuals that might	Manager /Executing Agency	November 2006	August 2006	Completed

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	Remediation in the areas of Two Decommissioned Military Bases (WG BASES).	be involved. <i>Output 100%</i>				
4.13	Proposals for and selection of WG the BASES members.	Approval of the WG members to cover various aspects of this demonstration project. <i>Output 100 %</i>	ExA/Manager	November 2006	August 2006	Completed
4.14	Preparation of the contract with the WG BASES Co-ordinator.	Signed contract with the WG Co-ordinator, including duties, expected outputs, work plan, timetable and other details. <i>Output 100 %</i>	ExA/Manager	November 2006	October 2006	Completed
4.15	Preparation of contracts with the WG BASES members.	Draft contracts, including duties, expected outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 100 %</i>	WG Co-ordinator / Manager in coordination with PA	November 2006	November 2006	Completed
4.16	Preparation of the working document to be considered at the First Meeting of the WG COMAN.	Working document to include basic concept of the environmental co-management method for extracting companies and indigenous peoples of the North; overview of relevant needs identified during the work on the NPA-Arctic and PDF B GEF Project; draft terms of reference for the WG, including expected outputs, work plan, timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. This document is to be considered, amended and adopted by the First Meeting of the WG. <i>Output 100 %</i>	WG Co-ordinator / Manager in coordination with PA	October 2006	December 2006	Completed
4.17	Preparation of the working document to be considered at the First Meeting of the WG BASES.	Working document to include basic concept of the environmental remediation method for the areas of two decommissioned military bases; overview of relevant needs identified during the work on the NPA-Arctic and PDF B GEF Project; draft terms of reference for the WG, including outputs, work plan,	WG Co-ordinator / Manager in coordination with PA	October 2006	April 2007	Completed

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. This document is to be considered, amended and adopted by the First Meeting of the WG. <i>Output 100 %</i>				
4.18	Review of the working document at the First Meeting of the WG COMAN, Moscow	Report of the meeting to include basic concept of the environmental co-management method for extracting companies and indigenous peoples of the North; overview of relevant needs identified during the work on the NPA-Arctic and PDF B GEF Project; terms of reference for the WG, including expected outputs, work plan, timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. <i>Output 100 %</i>	WG Co-ordinator / Manager in coordination with PA	November 2006	May 2007	Completed
4.19	Preparation of ToR and conduct of the tender and preparation of the contract with the lead cooperating organisation for Indigenous Environmental Co-Management	ToR is prepared. Signed contract with the lead cooperating organization (which won the tender) to include ToR, expected outputs, work plan, timetable, schedule of payments for the contract and other details. <i>Output 70 %</i>	WG Co-ordinator / Manager in coordination with PA	November 2006	July 2007	Planned for July 2007
4.20	Review of the working document at the First Meeting of the WG BASES, Moscow.	Report of the meeting to include basic concept of the environmental remediation method for the areas of two decommissioned military bases; overview of relevant needs identified during the work on the NPA-Arctic and PDF B GEF Project; draft terms of reference for the WG, including outputs, work plan, timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. <i>Output 0 %</i>	WG Co-ordinator / Manager in coordination with PA	November 2006	July 2007	Planned for July 2007

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
4.21	Preparation of ToR and conduction of the tender and preparation of the contract with the lead cooperating organisation for the environmental remediation in the areas of two decommissioned military bases	ToR is prepared. Signed contract with the lead cooperating organisation (which won the tender) to include ToR, expected outputs, work plan, timetable, schedule of payments for the contract and other details. <i>Output 50 %</i>	WG Co-ordinator / Manager Manager in coordination with PA	December 2006	July 2007	Planned for July 2007
4.22	Preparation and review of Progress Report to be considered at the Second Meeting of the WG CLEANUP.	Progress Report to include suggestions for further work. <i>Output 0 %</i>	WG Co-ordinator / Manager	January 2007	November 2007	Planned for November 2007
4.23	Preparation and Review of Progress Report to be considered at the Second Meeting of the WG BASES	Reviewed Progress Report with suggestions for further work <i>Output 0 %</i>	WG Co-ordinator / Manager	April 2007	October 2007	Planned for October 2007
4.24	Preparation and Review of Progress Report to be considered at the Second Meeting of the WG COMAN	Reviewed Progress Report with suggestions for further work <i>Output 0 %</i>	WG Co-ordinator / Manager	February 2008	February 2008	Planned for February 2008
4.25.	Consultations with potential financiers on pilot projects	Potential financiers are found for pilot projects <i>Output 20 %</i>	Manager	2007 – first part of 2008	2007 – first part of 2008	Continuously
4.26.	Preparation of project documentation for pilot projects	Project documents for pilot projects are ready Output – 30 %	Manager	Second - third quarter of 2007	Second-third quarter of 2007	Planned for 3 rd – 4 th quarters of 2007

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
4.27.	Contracting companies on selected pilot projects (preparation of tenders where applicable)	Contracts with companies on selected pilot projects are concluded Output – 0%	Manager	Third-fourth quarter of 2007	Third-fourth quarter of 2007	Planned for 3 rd –4 th quarters of 2007
4.28.	Final evaluation of conducted pilot projects and their replicability potential	Reports on pilot projects with recommendations for their replicability	Manager	Third quarter of 2008	Third quarter of 2008	Planned for 3 rd quarter of 2008

As it was stated in the initial Project Document for possible expansion of the donor base for the Project several additional demonstration and pilot projects have been developed by the PO in close cooperation with local administrations. The projects were introduced at the second meeting of the Steering Committee and generally approved.

New demonstration projects:

1. Disposal in environmentally sound manner of outdated RITEGs at the Arctic coast of Republic of Sakha (Yakutiya) and Chukchi autonomous okrug. The RITEGs are special devices developed to transform thermal energy from decay of radioactive material (strontium-90) into electricity. Main objectives of the project is to establish the inventory of the RITEGs in the Republic of Sakha (Yakutiya) and Chukotsky AO and to demonstrate safe approaches for collection, interim storage, transportation and final disposal/recycling of the RITEGs in line with requirements of radiation safety
2. Processing of associated gas and use for heat supply in Konda Region of Khanty-Mansiysk AO. Main objectives of the project is utilization of associated natural gas (ANG) with the purpose of supplying of the ANG processing products to meet the needs of Konda and October districts to reduce the cost of heat supply for the Konda region population.
3. Distant identification of local sources of contamination of environment by POPs at the coast of Arctic seas and evaluation of risks of their negative impact (costs of Arctic ocean at territory of Nenetsky AO)

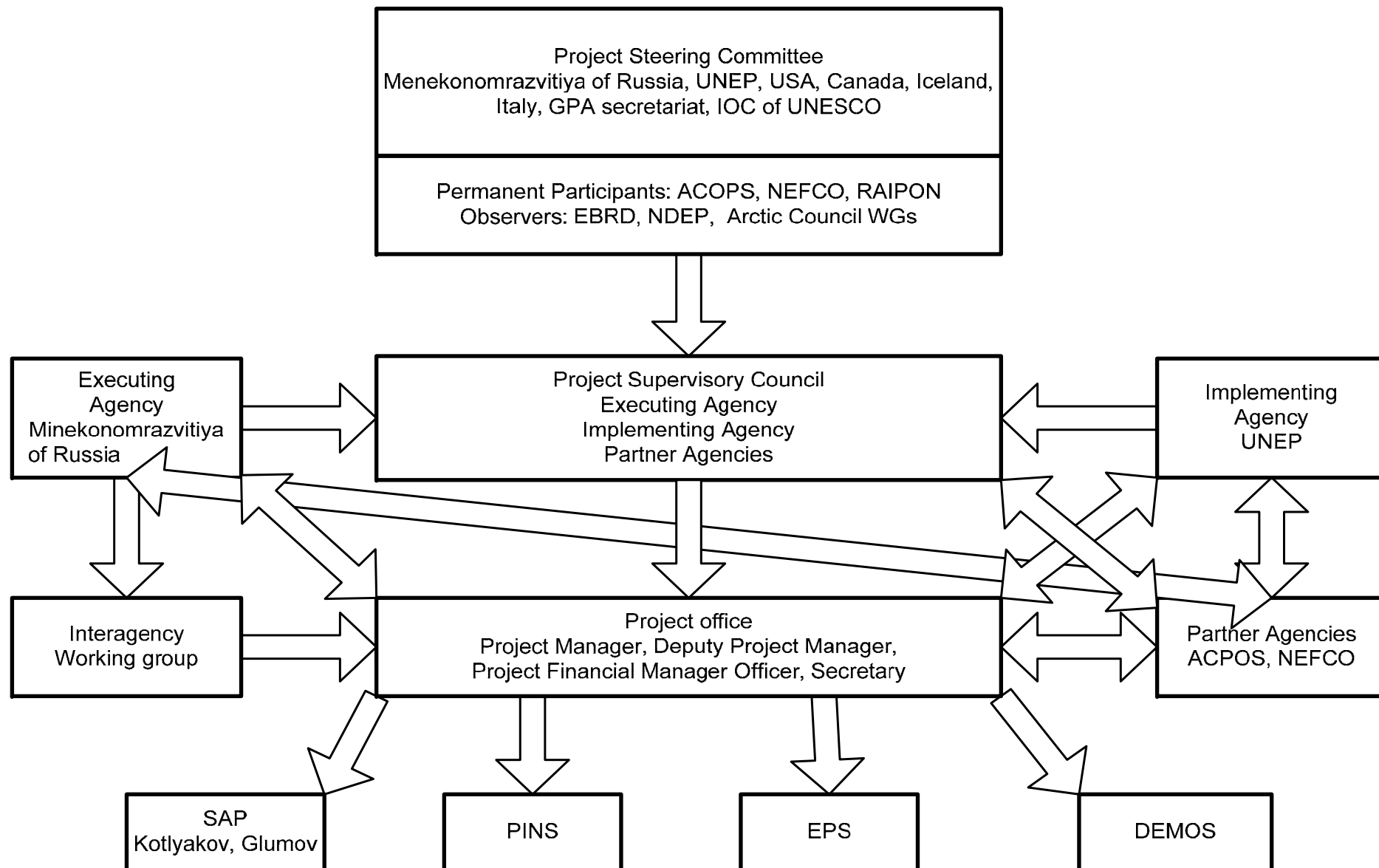
New pilot projects:

1. **Localisation and removal from a thermokarst crater two radioisotope thermoelectric generators (RITEGs) of GONG type at the Kondratiev navigation beacon site (Sakha (Yakutia) Republic, Ust-Yanski Ulus).** Objectives: to determine the depths of two RITEGs which are buried near Kondratiev navigation beacon site and to dig up both RITEGs from a thermokarst crater to the surface for following removal to the special storage.
2. **Increasing the efficiency of electrostatic precipitators at Arkhangelsk pulp and paper mill.** Objectives: to reduce emissions from electric filters in use at the Novodvinsk PPC and cleaning the environment in Arkhangelsk Oblast. In addition, the project can be used as a model for increasing the efficiency of electric filter at PPMs elsewhere.
3. **Salvation and scrapping of the hunting ship “Teriberka”** Objectives of this Project is to remove the hunting ship “Teriberka” from the bottom of the Kola Fjord and utilise it as well as its load, in an environmentally safe way (due to its location in the mid of the fairway close to the surface)
4. **Complete salvation and utilisation of the 12 remaining ships at the dumping site “Lavna”** Objectives of this Project is to remove all remaining vessels and other constructions from the Lavna dumping site and serve for its safe and environmentally safe utilisation (since almost half of them were removed and utilised in 2005 and it would be positive to have a whole dumping site completely eliminated)
5. **Complete data base on abandoned vessels in Murmansk Oblast.** Objectives of this Project is to get a thorough overview on the potential content of environmentally hazardous substances and estimated salvation costs of all abandoned vessels and other constructions along the shores of Murmansk Oblast as a guidance to future salvation projects aimed at the complete elimination of Hot Spot M9.
6. **Cleaning of hazardous substances from the bottom sediments of the Kola Fjord. Phase 1. Monitoring of hazardous substances in the bottom sediments of the Kola Fjord.** Objectives of this Project is to map the concentrations of hazardous substances of the bottom sediments of the Kola Fjord with the aims to a) identify pollution sources and deposits and b) to map the changes of concentrations over time.
7. **Decontamination of oil sludges and oil contaminated soil.** Objectives of this Project is to test bioremediation technology for oil contaminated soil. Additional pre-feasibility study is required for this project
8. **Waste treatment plant for problematic hazardous wastes including oil sludges.** Objectives: to develop an efficient system for oil-slime treatment accumulated by enterprises and plants located on the Kola region territory and in Murmansk, Kola, Severomorsk cities.

9. ***Removing sunken wood and ship frames from the sea bottom in Tiksi Bay.*** Objectives: to clean sea bottom of submerged wood items and to collect and recycling 5 ship frames in Tiksi Bay's water area.

Project office continues the work on further preparation of project documents for these pilot projects.

III.1. PROJECT ADMINISTRATION AND CO - ORDINATION



III.2. Staffing Details of Cooperating Agency/ Supporting Organization (Applies to personnel / experts/ consultants paid by the project budget)

Functional Title (position)	Name (Nationality)	IWP taskline	Budget line / Amount (USD)	Person months	Person months used to date
Project Manager	I.Senchanya (RUS)	All tasks	1101/ 3700	6	6 22 418
Project Deputy Manager	S. Tambiev (RUS)		1102/2000	6	6 12 329
Project Financial Management Officer	G. Zaytseva (RUS)		1103/2600	6	6 15 967
Lead Russian Consultant, TT, SAP	V. Kotlyakov (RUS)	1.8, 1.10, 1.11	1206/3900	2	1 3 890
Lead Russian Consultant, TT, SAP	I. Glumov (RUS)	1.8, 1.10 1.11	1206/3900	4	1 3 900
Russian Consultant, TT, SAP	M. Zhukov (RUS)	1.10-1.13	1207/3300	1	1 3 299
Russian Consultant, TT, SAP	V. Zhuravel (RUS)	1.10-1.13	1207/3300	1	1 3 299
Russian Consultant, TT, SAP	A. Danilov (RUS)	1.10-1.13	1208/3300	2	1 3 299
Russian Consultant, TT, SAP	A. Tishkov (RUS)	1.10-1.13	1209/3300	1	1 3 299
Russian Consultant, TT, SAP	Yu.Kochemasov (RUS)	1.10-1.13	1210/3300	1	1 3 299
Russian Consultant, TT, SAP	V. Gruzinov (RUS)	1.10-1.13	1211/3300	1	1 3 299
Russian Consultant, TT, SAP	V. Solomatin (RUS)	1.10-1.13	1212/2600	1	1 2 600

Functional Title (position)	Name (Nationality)	IWP taskline	Budget line / Amount (USD)	Person months	Person months used to date
Russian Consultant, TT, SAP	V. Gordeev (RUS)	1.10-1.13	1213/2600	1	1 2 600
Russian Consultant, WG-1, SAP	O. Shishova (RUS)	1.9.3	1216/3300	1	1 3 299
Russian Consultant, Project Advisor	B. Melnikov (RUS)		1245/3300	3	3 9 899
Russian Consultant, DEMOS, CLEANUP	A. Nikolsky (RUS)	4.6, 4.19	1247/3300	2	2 6 598
Russian Consultant, DEMOS, BASES	Yu. Sychev (RUS)	4.17, 4.20	1249/3300	2	2 6 598
Project Secretary	L. Anashkina (RUS)		1302/1000	6	6 6 158
TOTAL				47	42 116 050

III.3. ADMINISTRATIVE ISSUES DURING THE REPORTING PERIOD

Please describe administrative issues existed during the reporting period incl. staff changes, refusals to complete work, administrative changes in organizations-Project stakeholders, signed MoU if any, and etc.

Project Office ensured that all Project activities are carried out in compliance with the Project design and the instructions of the Steering Committee, Executing and Implementing Agencies. Detailed quarterly reports have been prepared and submitted to UNEP/DGEF by the Project Office in a timely manner. Progress reports have been also prepared for the Project Supervisory Council meetings that have been held in a form of conference-calls. Details of expenditures have been reported on an activity-by-activity basis, in line with Project budget codes as set out in the Project Document, as at 31 March and 30 June 2007 using the format given in Annex XVI (Quarterly Expenditures Report) of the Project Document.

Benchmark for the completion of the Phase I for Project Management Component “Successful establishment of Project implementation structure, including Project Office, Project Steering Committee, and Project Supervisory Council” is fully accomplished.

Among activities performed by the Project Office within Project Management component are the following:

- **The PO staff organised and held in Saint-Petersburg the Second Project Steering Committee Meeting on 25-26 of April 2007.** All needed documents have been prepared in two languages (Russian and English). All arrangements and bookings were made in St-Petersburg to meet high quality requirement for the international meeting of such level.
- **Organization of the different meetings required by Project Document.** Supervisory Council meetings in form of teleconference; TT-SAP and WG-SAP meetings; DEMOS-WG meetings. In addition different meetings devoted to discussion of potential small pilot project, prepared conceptual documents for DEMOS have been also organised. Packages of documents have been prepared for all the above meetings. Interagency Working Group meeting is postponed for the coming autumn.
- **Selection of consultants and service providers:** tender documentations to select consultants for the SAP WG1, WG2, WG3, for WG PINS and for 3 demo projects WGs have been prepared. ToRs for consultants and WGs have been prepared and agreed with both Executing and Implementing Agencies. Project office has been also participated in preparation of ToRs for consultants hired for donor funds.
- **Increasing awareness on the Project:** Project website has been maintaining and updating on the constant base (<http://npa-arctic.ru/>) – it is recognised now by leading internet search engines. Project staff participated in several international and national meetings, including PAME Working Group of the Arctic Council, on different aspects of environmental issues in the Arctic.
- **Other activities:** Two systems for conference calls have been tested and several meetings in form of international teleconference between members of the Steering Committee, Supervisory Council, Executing, Implementing and Partner Agencies have been held.
- Meetings of Executing and Implementing Agencies with the Project office as well as meetings with Partner Agencies to discuss current problems of the project implementation have been organised on a regular basis.
- It should be noted that ACOPS has withdrew from agreement with EPA on June 15th 2007 and refused to continue supporting activities under IWP to be financed by EPA. ACOPS informed PO and ExA that it will finalize activities for already issued contracts and no new activities within the IWP previously planned to be executed by ACOPS will be started. Since ACOPS did not provide quarterly funds disbursement information, there is no clear picture on how donor funds have been actually spent.
- It is agreed that Canadian second tranche will be used to cover costs of PINS preparations and RAIPON support at initial stage of DEMO-COMAN project.

III.4. PROJECT MONITORING & EVALUATION SYSTEM AND REPORTING QUALITY CONTROL

Please summarize any completed project reviews during the reporting period, including Annual Steering Committee meetings and its key recommendations, and quality control of the project technical reports (who is doing, how, which problems exist, lessons learned).

III.4.1 Completed Project Reviews

During the reporting period one Quarterly Financial Reports has been submitted to UNEP DGEF Nairobi via Moscow UNEP office on April 9, 2007. Annual Financial Report has been sent to UNEP DGEF Nairobi via Moscow UNEP office.

Completed Progress Report for the period between two Steering Committee meetings (14th of November 2005 – 25th of April 2007) has been prepared and submitted to the members of the Project Steering Committee.

Detailed reports for all meetings with all associated documentation distributed among all interested parties and uploaded on the Project website: <http://npa-arctic.ru>.

III.4.2 Quality Control of the Project Technical Reports

The PO scrutinised all technical reports prepared by the project consultants. Quality of the reports has been of a varying degree; some of them were seriously delayed or had a different content from what was agreed in the consultant contracts. Consultants were asked to rewrite technical reports if they were under standard. After that, most of the consultant technical reports were reviewed by ExA (through its Project advisor) and IA (through its representatives to the UNEP Moscow Office). In particular, technical reports on hot spots, pre-investment studies and financial mechanism of SAP recommendations implementation essentially improved by PO, ExA and IA. From the other hand, all documentations issued by PO were also under close quality control provided by both ExA and IA. These include Half yearly and Quarterly reports, all financial documents. Packages of necessary documents for all project consultants' tenders as well as for lead cooperating organisations for 3 demo projects tenders have been prepared by PO in close cooperation with both ExA and IA. ExA and IA representatives participated in most of TT SAP and WG meetings and workshops hold by PO. All draft versions of the SAP document and its separate chapters and sections were closely reviewed also by the representatives of both agencies. With the purpose

of quality control improving ExA, IA and PO were held several meetings in live or in teleconference form. A final quality control procedure is under development and will be presented after its finalization.

IV PROCUREMENT OF EQUIPMENT

Please provide inventory of non-expendable equipment purchased against UNE/GEF project unit value US\$1,500 and above and items of attraction

No procurement of equipment has been done during reporting period.

V FINANCIAL MANAGEMENT

According the Agreement between Minekonimrazvitia of Russia and the legal entity “Executive Directorate of the Russian National Pollution Abatement Facility” (NPAF ED) Project Currency Account with tax-free status is established. Since the first quarter 2007 funds are transferred to Project Currency account directly:

Beneficiary Bank:	SBERBANK (OPERATIONS DEPARTMENT) MOSCOW
Swift code:	SABRRUMM 011
To beneficiary account #	40 703 840 600 020 116 434
Beneficiary:	NPAF ED

V.1. BALANCE OF DISBURSEMENTS

TABLE 1. ACTUAL EXPENDITURE PER QUARTER, AGAINST THE CASHFLOW PREDICTION PER QUARTER

Period (quarterly)	Planned (USD)	Actual (USD)	Difference	Notes
2005 Q3	74816	0	74816	
2005 Q4	119700	107442	12258	
2006 Q1	115300	43122	72178	
2006 Q2	138550	94793	43757	
2006 Q3	271100	76459	194641	
2006 Q4	80550	144247	- 63697	
2007 Q1	61050	37196	23854	Delays with consultants remuneration – 20200 USD
2007 Q2	161050	102758	58292	Delays with consultants remuneration – 37500 USD (planned for 3 rd quarter of 2007), 1601 Business travel – 8500\$ - planned for 3 rd quarter of 2007, 5201 Reports & translation – 6000\$ - saving, 5301 Sundry – 4500\$ - planned for the whole year of 2007
2007 Q3				
2007 Q4				

TABLE 2. Quarterly Project Expenditure Accounts for Supporting Agencies

Quarterly project statement of allocation (budget), expenditure and balance (Expressed in US\$) covering the period April 01, 2007 to June 30, 2007.

Project No GFL/2732-03-4694 GF/3010-03-21 Agency name: Ministry of Economic Development and Trade of the Russian Federation

Project title: Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment

Project commencing: July 18, 2005.

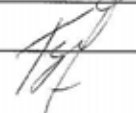
Project ending: June 30, 2010

Object of expenditure by UNEP budget code	Project budget allocation for year 2007.		Total expenditure for quarter II 2007*	Total unliquidated obligations.	Cumulative expenditure for year 2007.	Unspent balance of budget allocation for year .2007		Explanations/ details of expenditures
	m/m(1)	Amount (2)				(3)	(4)	
1100 Project personnel	36	99 600	25 814		50 714	18	48 886	
1200 Consultants	79	264 200	54 228		59 178	61	205 022	
1300 Administrative support	12	12 000	3 158		6 157	6	5 843	
1400 Volunteers								
1600 Travel		64 000	458		1 577		62 423	
2100 Sub-contracts								
2200 Sub-contracts		2 987 000	0		0		2 987 000	
2300 Sub-contracts								
3100 Fellowships								
3200 Group training								
3300 Meetings/conferences		162 000	13 726		13 726		148 274	
4100 Expendable equipment		2 400	0		00		2 400	
4200 Non-expendable equipment		8 000	0		0		8 000	
4300 Premises								
5100 Operation		4 500	174		290		4 210	
5200 Reporting costs		30 000	3 199		4 454		25 546	
5300 Sundry		22 000	2 001		3 858		18 142	
99 GRAND TOTAL	127	3 655 700	102 758		139 954	85	3 515 746	

*breakdown of expenditures per quarter with related information such as name of person hired, duration of contract, fees, purpose should be reported in a separate annex.

Signed:  I. Senchenya, Project Manager

Cleared: 

 G. Zaytseva, Project Financial manager

Duly authorised official of co-operating agency

B. Morgunov

REPORT ON CO-FINANCING

The current status with co-financing is given in Table 3. REPORT ON CO-FINANCING.

Co-financing contribution from Russia received to date (30th June 2007) was in cash contribution for Project Office premises amounted to 114,000.0 US\$ and in-kind contribution totally amounting to USD 3,634.930 and more specifically presented in the Table 3a of Annex 1 to this part of the report on page 37. Unofficial information provided by ACOPS with regard to Italian and Canadian funds is given in Annex 2 to this part of the report just after description of con-financing contribution from Russia.

TABLE 3. REPORT ON CO-FINANCING

Title of Project:	Russian Federation - Support to the National Programme of Action for the Protection of the Arctic Marine Environment							
Project Number:	GFL/2732-03-4694 GF/3010-03-21							
Name of Executing Agency:	Ministry of Economic Development and Trade of the Russian Federation (Mineconomrazvitiya of Russia)							
Project Duration:	From: July 18,2005				To: June 30, 2010			
Reporting Period (to be done annually):	January 1, 2007 - June 30, 2007							
Source of Cofinance	Cash Contributions				In-kind Contributions			Comments
	Budget original (at time of approval by GEF)	Budget latest revision	Channelled to ACOPS incl. Preparatory Phase ¹	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	501 000	0	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	22 993	0	0	0	
IOC of UNESCO	500 000	0	0	0	0	0	0	
RAIPON	270 000	0	0	0	0	0	0	

¹ On a basis of unofficial data provided by ACOPS

1	2	3	4	5	6	7	8	9
NEFCO	1 000 000	1 000 000	0	0	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	199 500	0	114 000	5 800 000	6 207 700	3,634.930	
Total	7651599	3 225 600	1 733 000	186 993	5 800 0000	6 207 700	3,634.930	

Annex 1 to Section V: Russian Input to the Project Co-Financing

The Russian input into the Project co-financing consists of the following components:

1. Federal funds of the Russian Federation budget allocated for implementation of Federal Target-Oriented Program (FTOP) “World Ocean”
2. Funds of the Arctic regions of the Russian Federation and industrial companies of all forms of ownership including private sector
3. Federal funds of the Russian Federation budget spent for implementation of other projects, which results can be used for the purpose of the Project implementation as in kind input.
4. In kind input given to the project by governmental officials at federal and regional level and representatives of the industrial companies of all forms of ownership who participate in the Project planned activities.
5. Expenditures of the Russian Federation associated with Project Office premises.

1. Funds of the Russian Federation federal budget allocated in the FTOP “World Ocean”

Funds of the Russian Federation federal budget allocated in the FTOP “World Ocean” are shown in a table in the section 1 below. The funds are represented in accordance with FTOP codes:

- 3.1 Improvement of a mechanism of state management in Arctic
- 3.2 Increase of power supply independence in Arctic regions.
- 3.3 Increase of reliability and efficiency of Arctic transport system
- 3.4 Creation of condition for sustainable development of Russian Arctic regions
- 3.5 Improvement of a management system of a social development

2. Funds of the Arctic regions of the Russian Federation and industrial companies of all forms of ownership including private sector

The justification of the input of the subjects (regions) of the Russian Federation and industrial companies of all forms of ownership including private sector will be presented to the next meeting of the Project Steering Committee.

3. Federal funds of the Russian Federation budget spent for implementation of other projects, which results can be used for the purpose of the Project implementation as in kind input.

The federal funds from the budget of the Russian Federation spent for implementation of other projects, in particular, Environment Management Project, which results can be used for the purpose of the UNEP/GEF Project implementation as in kind input are presented in the Section II of the table below.

4. In kind input given to the project by governmental officials at federal and regional level and representatives of the industrial companies of all forms of ownership who participate in the Project planned activities.

In kind input given to the Project by the governmental officials of the federal and regional levels and the representatives of the industrial companies of all forms of ownership who participate in the Project planned activities consists of the funds spent by the governmental authorities of different levels, the representatives of the companies of all patterns of ownership in connection with their participation in the Project planned activities. It includes arctic regional representatives travel expenses (taking into account a distance of the flights, an average air ticket cost is taken as US\$500) as well as the cost of the time given to the Project. The latter was considered to be an inclusive costing of salary and benefits, plus office support costs that was to be applied to all governmental and industrial companies representatives regardless of their level of seniority or actual salary. The cost of the time given to the Project by all individuals would be estimated and costed using a uniform coefficient of US\$ 100 per person per day. This coefficient undervalues the real co-financing of some individuals and over-values it for the others, but obviates the necessity for maintaining detailed records.

Cost estimates for this component is based on the participation of the federal and regional representatives in the following Project planned activities:

Interagency Working Group meetings (twice per year):

7 regional representatives (travel expenditures – $7 * 2 * US\$500 = US\7000); cost of works $7 * 3$ days (1 day – meeting preparation, 1 day – work at meeting and 1 day – work with IAWG materials after meeting) * $US\$100 * 2$ meetings = $US\$4200$.

5 representatives of the federal authorities – cost of works $5 * 3$ days (1 day – meeting preparation, 1 day – work at meeting and 1 day – work with IAWG materials after meeting) * $US\$100 * 2$ meetings = $US\$3000$

TOTAL: $US\$ 7100$ (as to June 2007)

SAP Task Team meetings (twice per year)

Participants name	Number	Fair expenditures	Working days number	Cost	Total US\$
Governmental representatives and	9		3	$9*3*100$	2700

Participants name	Number	Fair expenditures	Working days number	Cost	Total US\$
representatives of companies					
Total for 2 meetings					5400

Working Group for PINS meetings (twice per year)

Participants name	Number	Fair expenditures	Working days number	Cost	Total US\$
Regional representatives	7	$500 \cdot 7 = 3500$	4	$100 \cdot 4 \cdot 7 = 2800$	6300
Representatives of federal authorities and of companies	5		4	$5 \cdot 4 \cdot 100$	2000
Total for 2 meetings					16600

Working Group for DEMOS meetings (twice per year)

Participants name	Number	Fair expenditures	Working days number	Cost	Total
Regional representatives	15 (5 regional representatives for each DEMO project)	$500 \cdot 15 = 7500$	4	$100 \cdot 4 \cdot 15 = 6000$	13500
Representatives of federal authorities and of companies	15 (5 representative for each DEMO project)		4	$15 \cdot 4 \cdot 100 = 6000$	6000
Total for 2 meetings					39000

5. Russian Federation input (Project Office rental costs)

The Russian Federation input by way of office premises granting to the Project Office is equal in cash to US\$ 57,000 per year (95 sq.m * 600 US\$)

Name of UNEP/GEF Project activities	Code and name of activities in under Federal target-oriented programmes	Output of works under FTOP	Date	Set off cost, X US1000
		<p>necessary activities in the field of sustainable development, taking into account possible climate change, methane emission and assessment of their impact on the ecological balance.</p> <ul style="list-style-type: none"> - Medical and economic substantiation of an action plan on reduction of the negative effects of natural climatic and ecological conditions on migrants and indigenous people health conditions in the Arctic zone of the Russian Federation - Elaboration of the indexes characterizing the efficiency of measures for securing the environmental safety and protection of the Arctic territory from negative man-caused impact including industrial and consumption waste. 		<p style="text-align: center;">80</p> <p style="text-align: center;">70</p> <p style="text-align: center;">75</p>
				390

Name of UNEP/GEF Project activities	Code and name of activities in under Federal target-oriented programmes	Output of works under FTOP	Date	Set off cost, X US1000
	3.4. Creation of condition for sustainable development of Russian Arctic regions	2. Materials to the National Action Plan on sustainable development of the Russian Arctic, including the following R&D projects: <ul style="list-style-type: none"> ➤ Development of the Strategic Action Programme for elimination of the Arctic environment degradation or threats from land-based activities in the Russian Federation directed to fulfilment of international obligations and solution of national and regional environmental problems ➤ Development and justification of main elements of ecological regime and economic mechanisms ensuring the reduction of negative effects on the Arctic environment. ➤ Development of Strategic Action Program on elimination of environment degradation or threats from land-based activities in the Russian Federation 	2005- 2006	<p style="text-align: center;">75</p> <p style="text-align: center;">70</p> <p style="text-align: center;">80</p>
	TOTAL			225

Name of UNEP/GEF Project activities	Code and name of activities in under Federal target-oriented programmes	Output of works under FTOP	Date	Set off cost, X US1000
	3.2 Increase of power supply independence in Arctic regions. 3.3 Increase of reliability and efficiency of Arctic transport system 3.5 Improvement of management system of social development	3. Materials on the Arctic seas pollution prevention during marine activities (concerning coastal zone infrastructure impact); on power consumers transfer to use low and alternative power engineering and about sanitary-hygienic conditions of the Arctic territories.	2005-2006	137
	TOTAL for SAP			752
2. Pre-investment Studies (PINS)	3.3 Increase of reliability and efficiency of Arctic transport system	1. Analysis of AMAP reports regarding the environmental pollution in the Arctic and justification of the Arctic pollution monitoring system development including feasibility study of the radiation and ecological monitoring on the Novaya Zemliya archipelago and adjoining seas	2005-2006	20
	3.3 Increase of reliability and efficiency of Arctic transport system	2. Pre-investments studies related to the Arctic seas pollution prevention from the coastal infrastructure.	2005-2006	39

Name of UNEP/GEF Project activities	Code and name of activities in under Federal target-oriented programmes	Output of works under FTOP	Date	Set off cost, X US1000
	3.4. Creation of condition for sustainable development of Russian Arctic regions	3. Pre-investment studies for defining optimum package of investment projects aimed to elimination of damage/ threats for environment and ecological risks for the Arctic economic development. .	2005-2006	74
TOTAL for PINS				133
4 Demonstration projects 4.1. Indigenous Environmental Co-management	3.4. Creation of condition for sustainable development of Russian Arctic regions	Development of efficient legal and economic instruments for setting up of a balance of convenience between state, industrial companies and aboriginal population on the assumption of traditional way of life and natural habitat preservation	2005-2007	280
4.2. Remediation of the Environment through the Use of Brown Algae	3.3 Increase of reliability and efficiency of Arctic transport system	Research materials for brown algae-macrophytes protective zones creation around offshore Barents sea mineral and petroleum deposits	2005	70

Name of UNEP/GEF Project activities	Code and name of activities in under Federal target-oriented programmes	Output of works under FTOP	Date	Set off cost, X US1000
4.3. Environment Remediation of Two Decommissioned Military Bases	3.4. Creation of condition for sustainable development of Russian Arctic regions	1. Research materials for coordination of military and economic activities in the Arctic, in part of ecological rehabilitation of the territories and particularly toxic substances utilisation	2005-2007	180
		2. Development of measures on the environment remediation of decommissioned military bases transferred to the civilian sector.	2005-2007	120
		3. Development of economic justification and activities for arms and heavy armament utilisation, environment remediation of the territories and establishments transferred to the civilian sector.	2005-2007	240
		4. Development of a concept of agreeing of defence and economic activity	2005-2007	110
TOTAL for the demonstrations projects				1000
TOTAL for the FTOP "WORLD OCEAN"				1885

II. Federal funds of the Russian Federation budget spent for implementation of other projects, which results can be used for the purpose of the Project implementation as in kind input.

ENVIRONMENTAL MANAGEMENT PROJECT (EMP)

(Based on agreement between the Russian Federation Government and World Bank for Research and Development of February 6, 1995)

1.Strategic Action Programme (SAP)		1. Sectoral action plans for environment protection for ferrous and non-ferrous metallurgy (including RAO "Norilsky Nickel" enterprises), environmental condition forecasts for Murmansk and Arkhangelsk regions (in-kind)	2001	700
TOTAL for SAP				700
2. Pre-investment Studies (PINS)		1. Feasibility study for the RANARC Project (Russian-American-Norwegian Project for the safety and environmental protection regime in marine oil and gas operation in Arctic seas) (in-kind)	2001	400
		2. Environment analysis of Murmansk and Arkhangelsk regions, recommended practice on priorities selection, guidelines for environmentally sound investment projects, RAO "Norilskiy Nickel" environmental audit, regulatory, informational and guidance documents package for preparation of environmentally sound investment projects (in-kind)	2001	500
TOTAL for PINS				900
TOTAL EMP				1600

III. In kind input given to the project by governmental officials at federal and regional level and representatives of the industrial companies of all forms of ownership who participate in the Project planned activities.

Project Management	<i>Interagency Working Group meetings (1 *7.1)</i>	2006-2007	7.1
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1. Strategic Action Programme (SAP)	Task Team meetings (2 * 2.7) Working Groups meetings (3*3.0*2)	2006-2007 2006-2007	5.4 18
2. Pre-investment Studies (PINS)	Working Groups meetings (3 * 8.3) Sub-group for investment projects meetings (10 * 2.0 * 2)	2006-2007 2006-2007	24,9 40.0
3. Environmental Protection System (EPS)	Task Teem meetings (2 * 2.7) Working Groups meetings (2*3.0*2)	2007 2007	5.4 12.0
4. Demonstration projects (DEMOS)	Working Groups meetings (2 *19.5)	2006-2007	39.0
TOTAL			168.7

IV. RUSSIAN FEDERATION TOTAL INPUT		3,634.930
1. Strategic Action Programme	752 (FTOP) + 700 (EMP)	1478.1
2. Pre-investment Studies	133 (FTOP) + 900 (EMP)	1033.0
4. Demonstration projects	1000 (FTOP) + 2,7 (meet.part.)	1002.7
5. Project management	57.0 * 2 + 7.1 (IAWG meet.part.)	121.13

Annex 2 to Section V. Preliminary Report on expenditure of Canadian and Italian funds since January 2001 (Prepared by Tim Turner , ACOPS Project Manager, December 2006)

The following report is a preliminary summary of expenditures against Italian and Canadian funds in the five year period from January 2001 to September 2006. These figures have been extracted from ACOPS audited accounts. It should be noted however that these are provisionally figures and have not been verified by the ACOPS Financial Director.

Payments received in US Dollars

	Canada	Italy
2002	35,000 +	
2003	255,505 +	
2004	84,218	499,989.
2005	124,832	
Total	499,555	499,989

+Includes funding for non NPA activities

Expenditures

The expenditures are split into three distinct periods:

- 1) Implementation of the PDF-B: January 2001 to July 2003
- 2) Bridging period between submission of the PDF-B and commencement of the Full Sized Project: July 2003 to July 2005
- 3) Implementation of the Full Sized Project: July 2005 to September 2006

	Period 1	Period 2	Period 3	Total
International Consultants	248,000	189,186	195,924	633,110
Regional consultants	24,700	66,522		91,222
Meetings for fund raising	74,850	42,030	3,798	120,678
Meetings for project preparation	128,110	Included above	18,842	146,952
Management costs	96,043	29,773*	46,547^	172,363
GEF execution fee	(300,000)			(300,000)
Amount spent	271,703	327,511	265,111	865,325

* Assumes management fee of 10% .The management agreements between ACOPS and Canada and Italy during this period are unknown

+ Assumes management fee of 10% for Italian funds and inputs as per Canadian agreement

The major meetings during the project preparation period are listed in table 2

A full financial report will be prepared on ACOPS' expenditure of all funds will be prepared for the Steering Committee meeting in March 2007.

Table 2: Costs of meetings in Moscow leading to preparation of the Project Document (US \$) Jan. 2001 – July 2003**Meetings in Moscow**

	Cost					
	Tickets	DSA*	Interpretation	Translation	Report	Total
1. Parliamentary Hearing in the State Duma of the Federal Assembly of the Russian Federation on Protection of the Marine Environment from Anthropogenic Pollution in the Arctic Region of the Russian Federation (NPA-Arctic), Moscow, 8-15 March 2001 (Sebek, Jeftic, Farrimond)	2,400 (3x800)	5,250 (3x7x250)	1,600 (4x400)	4,000 (100x40)	1,000	14,250
2. Extended Meeting of the NPA-Arctic Section of Scientific Expert Council of the "World Ocean" FTOP on the Preparation of a GEF Full Project and Proposals and Documents for the Partnership Conference, Moscow, 22-27 April 2001 (Sebek, Jeftic, Bewers, Farrimond)	3,200 (4x800)	5,000 (4x5x250)	1,200 (3x400)	2,000 (50x40)	500	11,900
3. Second Extended Meeting of the NPA-Arctic Section of Scientific Expert Council of the "World Ocean" FTOP on the Preparation of a GEF Full Project and Proposals and Documents for the Partnership Conference, Moscow, 19-23 June 2001 (Sebek, Jeftic, Bewers, Farrimond)	3,200 (4x800)	5,000 (4x5x250)	800 (2x400)	1,200 (30x40)	300	10,500
4. Protection of the Arctic Marine Environment (PAME) Meeting, Moscow, 6-13 June 2001 (Hunt, Sebek, Jeftic, Farrimond)	3,200 (4x800)	5,000 (4x5x250)	2,000 (5x400)	800 (20x40)	200	11,200
5. Consultations on the GEF Full Project "Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment", Moscow, 2-8 Dec. 2001 (Jeftic, Bewers, Farrimond)	2,400 (3x800)	4,500 (3x6x250)	1,600 (4x400)	2,000 (50x40)	500	11,000
6. Consultations between Minekonomrazvitiya Russia and ACOPS on the GEF Project "Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment", Moscow, 27-Jan. – 2 Feb. 2002 (Sebek, Jeftic, Farrimond)	2,400 (3x800)	5,250 (3x7x250)	1,200 (3x400)	2,000 (50x40)	500	11,350
7. Consultations among Minekonomrazvitiya of Russia, ACOPS and UNEP/DGEF on the GEF Project "Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment", Moscow, 10-15 March 2002 (Jeftic, Farrimond)	1,600 (2x800)	3,000 (2x6x250)	1,600 (4x400)	2,000 (50x40)	500	8,700
8. Consultations among Minekonomrazvitiya of Russia, the Ministry of Natural Resources of Russia, Roshydromet, RAIPON, UNEP/DGEF and ACOPS on the GEF Project "Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment", Moscow, 12 March 2002 (Jeftic, Farrimond)				400 (10x40)	200	600
9. Consultations with Minekonomrazvitiya on the Project Documents, Moscow, 6-7 June 2002 (Sebek)	800 (1x800)	750 (1x3x250)				1,550
10. Consultations among Minekonomrazvitiya of Russia, ACOPS and UNEP/DGEF	2,400	3,750	800	1,000	1,000	8,950

	Cost					
	Tickets	DSA*	Interpretation	Translation	Report	Total
on the GEF Project "Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment", Moscow, 1-5 July 2002 (Sebek, Jeftic, Farrimond)	(3x800)	(3x5x250)	(4x200)	(50x20)		
11. Consultations among Minekonomrazvitiya of Russia, the Ministry of Natural Resources of Russia, Roshydromet, RAIPON, UNEP/DGEF and ACOPS on the GEF Project "Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment", Moscow, 4 July 2002 (Sebek, Jeftic, Farrimond)					200	200
12. Finalisation of ProDoc - UNEP/Russia/ ACOPS, Moscow, November 2002 (Sebek, Jeftic)	1,600 (2x800)	2,500 (2x5x250)	600 (3x200)	2,000 (50x40)	1,000	7,700
TOTAL						97,900

*DSA – Daily Subsistence Allowance (per diem)

Meetings outside of Russia

	Cost					
	Tickets	DSA	Interpretation	Translation	Report	Total
1. Consultations in EC on Russian NPA-Arctic with Chris Patten, Brussels, Jan. 2001 (Clinton-Davis, Sebek, Jeftic)	1,050 (3x350)	1,800 (3x3x200)				2,850
2. Consultations in US Congress, 2001 (Sebek)	1,000 (1x1,000)	1,500 (1x6x250)				2,500
3. Consultations in Helsinki and Rovaniemi at WGSD, 3-6 April 2001 (Sebek, Caballero)	2,000 (2x1,000)	1,600 (2x4x200)				3,600
4. Consultations in Rovaniemi on the occasion of the 10 th Anniversary of the Rovaniemi Agreement, 10-15 June 2001 (Sebek)	1,000 (1x1,000)	1,000 (1x5x200)				2,000
5. Consultations in London on the Project Brief, 20-21 May 2001 (Sebek, Jeftic, Caballero, Pernetta, Vandeewerd, Bernal)					100	100
6. Consultations on the Preparation of the Project Brief (Sebek, Jeftic, Bewers, Farrimond), London, 23-26 May 2001	1,500 (1x1,500)	2,000 (2x4x250)		800 (20x40)		4,300
7. Consultations with Ambassador Gilbert Parent and Canadian Government officials, Vancouver, 3-8 June 2001 (Sebek)	1,500 (1x1,500)	1,200 (1x6x200)				2,700
8. Consultations in Oslo, 18-20 June 2001 (Sebek)	700 (1x700)	600 (1x3x200)				1,300
9. Consultations on the Preparation of the Project Brief (Sebek, Jeftic, Bewers,	1,500	2,000		800		4,300

	Cost					Total
	Tickets	DSA	Interpretation	Translation	Report	
Farrimond), London, 27-30 June 2001	(1x1,500)	(2x4x250)		(20x40)		
10. Consultations on the Preparation of the Project Brief (Sebek, Jeftic, Bewers, Farrimond), London, 1-4 July 2001	1,500 (1x1,500)	2,000 (2x4x250)		400 (20x40)		3,900
11. Consultations on the Preparation of the Project Brief, The Hague, 9-11 July 2001 (Sebek, Pernetta, Vandeweerd)	500 (1x500)	600 (1x3x200)				1,100
12. Development of National Programmes of Action on Land-based Activities, The Hague, 26-27 Sept. 2001 (Jeftic, Caballero)	1,000 (1x1,000)	1,800 (3x3x200)			1,000	3,800
13. Consultations in Nairobi in finalising Project Brief for adoption by GEF Council, 15-20 October 2001 (Sebek)	1,500 (1x1,500)	1,200 (1x6x200)				2,700
14. Consultations during Canadian Workshop in Helsinki and SAO, Espoo, Finland, 1-6 Nov. 2001 (Sebek)	500 (1x500)	1,200 (1x6x200)				1,700
15. Intergovernmental Review Meeting on GPA, Montreal, 24-30 Oct. 2001 (Sebek, Jeftic, Caballero)	4,500 (3x1,000)	3,000 (3x5x200)				7,500
16. Consultations in Paris during IOC of UNESCO Ocean Event, 2-7 Dec. 2001 (Sebek, Caballero)	2,000 (2x1,000)	2,400 (2x6x200)				4,400
17. Consultations in US Congress to seek the US support, Washington. D.C., 10-18 Jan. 2002 (Sebek, Shelest)	2,000 (2x1,000)	3,000 (2x6x250)				5,000
18. Consultations in US Congress, Washington, D.C., 25-28 Feb. 2002 (Sebek)	1,000 (1x1,000)	1,500 (1x6x250)				2,500
19. Washington, D.C and New York, 18-28 March 2002 (Sebek, Caballero, von Dadelszen)	4,500 (3x1,500)	7,500 (3x10x250)				12,000
20. Protection of the Arctic Marine Environment WG Meeting, Reykjavik, 15-19 April 2002 (Jeftic, Lystsov)	1,600 (2x800)	2,000 (2x5x200)				3,600
21. Consultations in US Congress & Globe USA to seek the US support, Washington, D.C, 4-11 March 2003 (Sebek)	1000 (1x1000)	2,000 (1x8x250)				3,000
TOTAL						74,850

V.2. FINANCIAL PROBLEMS

Please describe in a narrative form existing project's financial problems during the reporting period and suggestions for improvement. Problems may include consultant procurement, UNDP disbursement procedures, regional obstacles for smooth financial operations and etc.

Main problems were associated with the PO transfer from under UNDP to ED NPAF that resulted in long delays with consultants remunerations and PO staff salary payments. These problems were fixed only to the end of April 2007 after the second Steering Committee meeting approved new budget for the first phase of the Project.

It should be also noted that ACOPS withdrew from agreement with EPA. ACOPS did not provide any acceptable financial reporting on donor funds spent by ACOPS including those funds spent by ACOPS before actual implementation of the Project.

VI PROJECT PERFORMANCE EVALUATION

VII SUMMARY of FOLLOW-UP CORRECTIVE ACTIONS

Overall problem	Specific problems	Follow-up Action	Responsible actor	Date to be remediate
1 PINS WG is not functional after submitting its report on criteria	1.1. PINS WG does not have coordinator and does not function properly.	1.1. Select new Coordinator for PINS WG	1.1. PO and PINS WG under guidance of PO	1.1. By July 20, 2007
2 Prepared DEMOs proposals are inadequate	2.1. BASES proposal: a leading cooperative organization is not contracted yet. The draft project document was worked out taking into account some extra donor funds (NEFCO supposed to provide about \$500K for the project implementation). At the moment it is unrealistic to get this donor funds and the project document have to be adopted to the new condition (lack or extra funds) 2.2. CLEAN-UP: a leading cooperative organization is not contracted yet. Working contacts are established with "Nerpa" enterprise, which can be a partner in this project implementation.	2.1. Necessary amendments to the prepared proposal have to be done to adjust it to the new financial realities – NPA-Arctic allocated for the project only \$200-250K this year 2.2. Announce a tender for CLEAN-UP project	2.1. PO, NO "Polar Front" 2.2. PO,	2.1. Changes already requested; final proposal to be ready by the end of July 2007 2.2. Tender should be announced in July 2007
3 Co-ordination mechanism between	3.1. Different approach to some issues of the	3.1. Regular meetings between all project	3.1. IA (UNEP) and ExA	3.1. On a monthly

Overall problem	Specific problems	Follow-up Action	Responsible actor	Date to be remediate
PO, IA and ACOPS as well as NEFCO is insufficient	<p>Project implementation</p> <p>3.2. Issuance of contracts for consultants via donor funding is delayed due to delays in preparation of TORs</p> <p>3.3. Reports prepared by ACOPS consultants are not provided for review by PO in a timely manner</p> <p>3.4. ACOPS withdrew from the Agreement with EPA</p> <p>3.5. NEFCO is inefficiently engaged in discussion of investment projects</p>	<p>partners to be conducted on a monthly basis</p> <p>3.2. PO and ACOPS should work closely preparing TORs according to item 2.5 of Procedure of disbursement of donors funds</p> <p>3.3. Timely submission of reports by consultants hired by ACOPS and its clearance according to item 2.5 of Procedure of disbursement of donors funds (see also point 4 below)</p> <p>3.4. Project work should be adjusted; missing activities to be executed and co-financing mobilization organized without ACOPS assistance</p> <p>3.5. Engage NEFCO in selection of new pilot or demonstration projects and all discussions of the PINS WG incl. preparation of guidelines for PINS.</p>	<p>3.2. PO and ACOPS</p> <p>3.3. PO and ACOPS</p> <p>3.4. PO, IA, ExA</p> <p>3.5. PO, IA, ExA and NEFCO</p>	<p>basis (mid-month), more frequent if required</p> <p>3.2. Immediately</p> <p>3.3. Immediately</p> <p>3.4. Work of the project office is already adjusted; co-financing mobilization activities are under preparation</p> <p>3.5. July 2007</p>
4 Quality of technical reports prepared within the project is often of suboptimal quality	<p>4.1. Consultants do not often understand the scope and expected outcomes of the work to be done</p> <p>4.2. Most technical reports are cleared by the PO, ExA and IA alone; available in the project and external expertise is not fully utilized</p>	<p>4.1. Provide clear and stringent guidance to all consultants and control of the work outcomes</p> <p>4.2. Develop formal quality control procedure for technical reports produced by the project</p>	<p>4.1. PO</p> <p>4.2. PO with the assistance of ExA and IAs</p>	<p>4.1. Immediately</p> <p>4.2. By August 2007</p>
5 Co-operation between existing international programs and structures working on Arctic environment is insufficient	<p>5.1. Project does not co-operate enough and use the expertise of the existing Arctic programmes such as WGs of the Arctic Council, GPA and etc.</p> <p>5.2. Project results are not disseminated widely enough in the national and international media</p>	<p>5.1. Develop information exchange approach with international programs operating in the Arctic. Prepare reports for coming PAME meeting in September as well as to the meetings of other Arctic Council WGs</p> <p>5.2. Extend project website and increase publicity by publishing project results both nationally and internationally</p>	<p>5.1. PO with the assistance of the IA and ExA</p> <p>5.2. PO with the assistance of ExA</p>	<p>6.1. Continuously</p> <p>6.2. Continuously</p>
6. ACOPS does not act in line with their functions prescribed in the Project Document	<p>6.1. ACOPS did not perform a work on attraction new bi-lateral and multi-lateral donors.</p> <p>6.2. ACOPS withdrew from agreement with EPA and will finish only works already contracted and refused to sign contracts with the other planned consultants. This raised the risk of delay of project implementation.</p>	<p>6.1. To ask ACOPS to prepare detailed report on activity associated with attracting new bi-lateral and multi-lateral donors</p> <p>6.2. PO should evaluate possible changes in the project budget to minimize the risk of delay in the project implementation. Special attention should be given to this issue during regional consultations.</p>	<p>6.1. PO with assistance of IA</p> <p>6.2. PO with assistance of ExA and IA</p>	<p>7.1. End of July</p> <p>7.2. End of July</p>
7 Involvement of regional authorities and industrial companies in the project	<p>7.1. Regional aspect in the draft SAP is not developed yet.</p>	<p>7.1. Arrange several travels of the Project manager and UNEP representative to the</p>	<p>7.1. PO, IA</p>	<p>7.1. July - August 2007</p>

Overall problem	Specific problems	Follow-up Action	Responsible actor	Date to be remediate
activities is insufficient	<p>7.2. There were no meetings of the Interagency Working Group since spring 2006.</p> <p>7.3. Key regional stakeholders of the project representing industrial companies do not have the sense of the project "ownership"</p> <p>7.4. Industrial companies operating in the Russian Arctic are not engaged in project activities at this stage, except participation in Interagency working group</p>	<p>regions of the Russian Arctic.</p> <p>7.2. Hold IWG meeting to discuss draft SAP</p> <p>7.3. Assure that regional consultants working for project activities are well represented; organize round-table SAP discussions in regions as early as the 2nd draft of SAP is ready</p> <p>7.4. Compile of the list of potential co-financers among local industrial companies and invite them to participate in the work of PINS WG and other project activities</p>	<p>7.2. PO</p> <p>7.3. PO in consultation with ExA</p> <p>7.4. PO and PINS WG in consultation with ExA</p>	<p>7.2. September 2007</p> <p>7.3. September - October 2007</p> <p>7.4. September - October 2007</p>

VIII KEY LESSONS LEARNED

The success of the project depends on level 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 the Russian Federation for the project needs. Bearing this in mind, during the reporting period for the project implementation Project Office continued to pay special attention to defining clear procedures of project management mechanisms and administrative procedures. Special emphasis was also given to establish good working relations with the Arctic regions of the Russian Federation.

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 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 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. However it should be noted that the dissemination of information on project implementation requires further improvement.

Project received full support and technical backstopping by the Executing Agency (Russian Ministry of Economic Development and Trade) that assures that project recommendations will be taken at the highest level possible and future interventions will be sustainable.

Amongst other lessons learned it should be noted the following:

Institutional arrangements, including project governance

- 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 work plan of PAME for 2006-2008. 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.

Follow-up action: Establish more closer co-operation with existing initiatives

- The compatibility of NPA-Arctic that corresponds to related governmental obligations under the Arctic Council, the GPA, different conventions and other pertinent intergovernmental agreements as well as reflection of the national practices needs to be considered by Project Office, and SAP and PINS WGs. Format of the final SAP document as well as the endorsement procedure should accommodate both, national and international practices, NPA-Arctic GEF project decided to develop SAP document incorporating elements of the Federal Targeted Programme (regional interventions matrix with cost estimates and financial sources) keeping at the same time internationally recognized elements of such documents (e.g., causal chain analysis)
- Key federal and regional bodies' technical support in the process of finalisation of diagnostic analysis of current state of Arctic environmental situation is of very high importance. Regional and federal authorities provided necessary information (copies of latest reports on environmental protection for the regions, other information specifically requested by the Project Office). Scheduled meetings to the Arctic regions could be useful to fill the gaps in.
- 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. Formal and informal communication mechanisms for the exchange of information should be further developed. Scheduled meetings to the Arctic regions will provide further impetus to this process.

Follow-up action: To update the web-site allowing interactive communication and providing the basis for long-term dialogue and for the continuous participation of regional stakeholders in the project. To use regional sources of information to provide broader dissemination of information on the project.

- There are still problems with the information exchange among PO, IA, ACOPS and NEFCO and day-to-day planning of project activities
Follow-up action: In addition to the Project Supervisory Council meetings it was agreed to hold consultative meetings between PO and representatives of the ExA, IA and ACOPS on a monthly basis. Technical issues as well as financial arrangements will be discussed at these meetings. Meetings should be also minuted.

Financial management and co-financing

- Further work is needed for involvement of key stakeholders from Arctic regions and industrial companies to increase their commitments, obtaining necessary information on regional and private co-financing and their involvement in preparation of investment projects.

Follow-up action: To establish closer cooperation with regions and industrial companies of all forms of ownership and invite them to participate in PINS working group. Scheduled meetings to the Arctic regions could be useful. IAWG should have its meeting on a regular basis twice a year as stipulated in the Project Document.

- There is no clear understanding with donors' funding for the whole project, despite of this issue was raised several times for ACOPS at the meeting of different level.

Follow up action: To urge ACOPS to submit a final financial report to EPA. To ask EPA to make necessary measures in this regard.

- Taking into account that ACOPS did not perform fund-raising activities this work should be performed by the Project Office in co-operation with both Implementing and Executing Agencies

Follow up action: Project Office should start independent fund-raising activity

The following advantages can be formulated:

- Sustain political commitment at federal and regional level ensuring the adequate level of project ownership;
- Broad public involvement including organization of indigenous people of North;
- Formal and informal communication mechanisms for the 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 of the Project website what helps in the Project publicity: <http://npa-arctic.ru/>. The website should become a forum on Arctic environmental issues after its renewal.

The following disadvantages or weaknesses can be noted:

- Members of interagency working group (IAWG) in Arctic regions as a rule are heads of corresponding environmental agencies or top-level representatives of regional administrations with a rather tight schedule and a lot of duties which caused delays in responses from Arctic regions. Contact persons for day-to day communication can be proposed. Representatives of industrial companies in this group are as a rule the persons who are responsible for environmental issues in their companies and they respond only after getting permission of top managers. This also causes delays in communication. IAWG was convened only once since the Project commencing,
- Relatively small involvement at this stage of industrial companies of different ownership in the process. ExA invited several large companies to participate in the Project implementation and to hold negotiations on this issue. Positive responses were received. Representatives of three companies were included in Interagency working group. However negotiations on co-financing have not been hold yet. They should be arranged by Project Office together with ExA. Representatives of companies should be invited to participate in PINS working group ASAP.
- Insufficient capacities of the Project Office staff. Project Office organizes and coordinates all the activities, prepares all ToRs for task teams, working groups, individual consultants, etc. In addition all these documents should be prepared in English and Russian, which require additional resources and time. More active involvement of working groups' co-ordinators in preparation of ToRs for consultants and meetings of working groups is needed.

IX Discussion acknowledgment (To be completed by UNEP)

PROJECT Coordinator's General Comments/Observations	First Supervising Officer's General Comments
Name:	Name:
Date:	Date:
Signature:	Signature:

ATTACHMENTS

Attachments to Half-Yearly Progress Report: Format for Inventory of Outputs/Services

A) Meetings

No	Meeting Type	Title	Venue	Dates	Convened by	Organised by	# of Participants	List attached Yes/No	Report issued as doc No	Language
1.	Steering Committee Meeting	Second Meeting of the Project Steering Committee	Saint-Petersburg, RF	April 15-26, 2007	EA	PO	20	Yes	StC2 Report	Russian and English
2.	International Forum	9th International Scientific-Industrial Forum "Great rivers – 2006" (ecological, hydrometeorological and power security)	Nizhny Novgorod, RF	15-19 May, 2007	UN, UNESCO, WMO, MNR of Russia and others	MNR of RF	300	No	No	Russian and English

No	Meeting Type	Title	Venue	Dates	Convened by	Organised by	# of Participants	List attached Yes/No	Report issued as doc No	Language
3.	Expert Group Meeting	Scientific workshop on brown algae use for clean-up of marine environment	Moscow	March 21, 2007	PO	PO	14	No, please visit project web-site	Meeting minutes published at the Project web-site	Russian
4.	Inter-governmental Meeting	IPY meeting	Moscow	June 21, 2007	State Duma	State Duma	1000	No	No	Russian
5.	Expert Group Meeting	Meeting on Franz Josef Land decontamination project	Moscow	June 20, 2007	State Duma	State Duma	20	No	No	Russian and English
6	Expert Group Meeting	Meeting in Murmansk on environmental problems of Murmansk region and identification of possible pilot and investment projects in region	Murmansk	March 27, 2007	Murmansk region environmental protection committee	PO in cooperation with Murmansk region environmental protection committee	30	No	No	Russian

B) Printed Materials

No	Type (note 5)	Title	Author(s)/Editor(s)	Publisher	Symbol	Publication Date	Distribution List Attached Yes/No
1.							

C) Technical Information / Public Information

No	Description	Date
1.		

D) Technical Cooperation

No	Type (note 6)	Purpose	Venue	Duration	For Grants and Fellowships		
					Beneficiaries	Countries/Nationalities	Cost (in US\$)
1.							

E) Other Outputs/Services (e.g. Networking, Query-response, Participation in meetings etc.)

No	Description	Date
1.	Constant maintenance and updating the Project website: http://npa-arctic.ru/	January 01 – June 30, 2007

Note 4

Meeting types (Inter-governmental Meeting, Expert Group Meeting, Training Workshop/Seminar, Other)

Note 5

Material types (Report to Inter-governmental Meeting, Technical Publication, Technical Report, Other)

Note 6

Technical Cooperation Type (Grants and Fellowships, Advisory Services, Staff Mission, Others)