PROJECT PERFORMANCE ASSESSMENT REPORT
RUSSIAN FEDRATION

BIODIVERSITY CONSERVATION PROJECT
(TF-28315; TF-28647)

May 9, 2008

Sector Evaluation Division
Independent Evaluation Group (World Bank)
Currency Equivalents (annual averages)

Currency Unit = Ruble

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Abbreviations and Acronyms

| CAS  | Country Assistance Strategy             |
| CBD  | Convention on Biological Diversity      |
| CPPI | Center for the Preparation and Implementation of International Projects of Technical Assistance |
| EFP  | Environmental Framework Program         |
| FFS  | Federal Forest Service of Russia        |
| GEF  | Global Environment Facility             |
| GOR  | Government of Russia                    |
| ICR  | Implementation Completion Report        |
| IEG  | Independent Evaluation Group            |
| ICR  | Implementation Completion Report        |
| MNR  | Ministry of Natural Resources of the Russian Federation |
| MEPNR| Ministry of the Environmental Protection and Natural Resources of the Russian Federation |
| NGO  | Nongovernmental Organization            |
| PA   | Protected Area                          |
| PIG  | Project Implementation Group            |
| PPAR | Project Performance Assessment Report   |
| SCEP | State Committee of the Russian Federation on Environmental Protection |
| WWF  | World Wide Fund for Nature              |

Fiscal Year

Government: January 1 – December 31
About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank’s self-evaluation process and to verify that the Bank’s work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEGWB annually assesses about 25 percent of the Bank’s lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEGWB staff examine project files and other documents, interview operational staff, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEGWB peer review, Panel review, and management approval. Once cleared internally, the responsible Bank department comments the PPAR on. IEGWB incorporates the comments as relevant. The completed PPAR is then sent to the borrower for review; the borrowers’ comments are attached to the document that is sent to the Bank’s Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEGWB Rating System

IEGWB’s use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEGWB evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEGWB website: http://worldbank.org/ieg).

**Outcome:** The extent to which the operation’s major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. Relevance includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project’s objectives are consistent with the country’s current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project’s design is consistent with the stated objectives. Efficacy is the extent to which the project’s objectives were achieved, or are expected to be achieved, taking into account their relative importance. Efficiency is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. **Possible ratings for Outcome:** Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Risk to Development Outcome:** The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). **Possible ratings for Risk to Development Outcome:** High Significant, Moderate, Negligible to Low, Not Evaluable.

**Bank Performance:** The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. **Possible ratings for Bank Performance:** Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Borrower Performance:** The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency (ies) performance. **Possible ratings for Borrower Performance:** Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.
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This report was prepared by Colin Rees, an IEG Consultant, who assessed the project in November, 2006. Soon-Won Pak provided administrative support.
### Principal Ratings

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* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEGWB product that seeks to independently verify the findings of the ICR.

**As of July 1, 2006, Institutional Development Impact is assessed as part of the Outcome rating.

***As of July 1, 2006, Sustainability has been replaced by Risk to Development Outcome. As the scales are different, the ratings are not directly comparable.

### Key Staff Responsible

<table>
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<th>Project</th>
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<tr>
<td>Appraisal</td>
<td>Andrew H. Bond</td>
<td>Jonathan C. Brown</td>
<td>Yukon Huang</td>
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<td>Completion</td>
<td>Andrey V. Kushlin</td>
<td>Marjory-Anne Bromhead</td>
<td>Julian F. Schweitzer</td>
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Preface

This is the Project Performance Assessment Report (PPAR) for the Russian Federation Biodiversity Conservation Project estimated to cost a total of US$26.0 million. The project was approved in May 1996 for the Global Environment Facility Trust Fund (TF 028315) Grant in the amount of US$ 20.9 million equivalent (13.8 million SDR) with contributions from the Federation (US$ 4.8 million) and the Government of Switzerland (US$ 1.1 million). Final costs were $39.8, substantially exceeding the original cost estimate of $26.1; the additional amount came from Russian sources. Counterpart contributions are estimated at $20.4 million, compared to the original projection of $4.8 million. The GEF Grant actually dispersed was US$17.95 million; US$0.24 million was cancelled in July 2005. The difference in the amount approved and account total is due to exchange rate fluctuations: the US$ value was reduced to US$18.1 because of the SDR devaluation. The grant was closed on 30th of June 2003, some 15 months behind schedule.

The findings of this assessment are based on an Independent Evaluation Group (IEG) mission to Russia in October/November of 2006 and review of project documents. Key documentary sources consulted include: World Bank and other project files, the GEF Project Document and the ICR; project-related reporting and evaluation; and, conservation studies and evaluation reports generated in Russia. The mission met in Moscow with staff from the Russian Federation, NGOs and other donor agency staff. Site visits were paid to Ulan Ude, Nizhney Novgorod and St Peters burg to meet with regional government staff, local NGOs and villagers. This report draws heavily upon the technical reports and inputs of team members in Washington DC and in Moscow and government staff, the donor community and NGOs in Russia.

The IEG team gratefully acknowledges all those who made time for interviews and provided documents and information.

Following standard IEG procedures, copies of the draft PPAR was sent to the Government for comments, but none were received.
Summary

The Russian Federation Biodiversity Conservation Project was a core component of the Environment Framework Program also supported by a (separate and broader) Environmental Management Loan from the World Bank (US$110.0 million approved in February, 1995). The overall objective of the project was to assist the Russian Federation maintain optimum levels of biodiversity in accordance with the principles of economic and environmentally sound sustainable development. Specific objectives included: i) supporting the development of federal and regional biodiversity strategies; ii) developing and implementing mechanisms and approaches to mainstreaming biodiversity conservation and environmental protection into the policy making process; iii) assessing the protected area institutional framework and strengthening its effectiveness; iv) enabling the participation of all interested stakeholders, including aboriginal peoples and local communities, in biodiversity conservation; and, v) developing an inter-regional demonstration of inter-sectoral biodiversity conservation and environmentally sustainable natural resource management. Management of the project was the overall responsibility of the Ministry of Natural Resources (MNR). A Project Implementation Group (PIG) was established to administer project activities, including procurement, financial management and technical supervision.

The relevance of the project objectives rated substantial. The project was fully consistent with the Bank’s Country Assistance Strategy (CAS) and the Federation’s development priorities. The global objective of conserving biodiversity in critical Protected Areas (PAs) in a mega-diversity country is in compliance with the Convention on Biological Diversity (CBD) and GEF Council deliberations. However, the project design proved overly ambitious involving some 60 major tasks and numerous sub-tasks involving numerous organizations and individuals at national, regional and local levels of government, academia and NGOs. This subsequently required supportive action during implementation by both the Borrower and the Bank and suggests that fewer tasks and simpler design arrangements would have been appropriate in meeting the project’s objectives.

The project’s outcome is rated satisfactory overall. The project benefits proved durable in the face of ministerial reorganization and PIG disruptions (eg, leading to problems with contractual disbursements in 2002/03) and the many demands upon newly established institutions and inexperienced individuals at all levels of government.

Risk to development outcome is rated moderate. This is determined on the basis of a wavering financial commitment to federal and regional conservation strategies and support to updated action plans by the regions and to enhancing the performance of the national system of PAs). Less in doubt is the adoption of policy instruments in favor of biodiversity conservation and the continence of technical and organizational and managerial innovations in the regions and their replication in areas not covered by the project.
The dissolution of the Ministry of Environment in 2000 and the merger of its activities with MNR impaired the momentum for addressing environmental and conservation issues built up in the late 1990's. Regional offices of the existing MNR struggle to maintain allocations for conservation activities and implement stipulated measures. More encouraging has been the diligent attention to monitoring and evaluating performance following completion of the project by government agencies and NGOs. A significant contribution to sustainability has involved the building of public awareness and environmental education by the Protected Areas. Training in public awareness was provided to 150 professionals from 13 PAS and model school projects were completed in 18 PAS. However, the most significant long-term contribution likely centered on the development of networks of areas under protection (“econets”) to interconnect existing and new PAs and thereby step up the protection of critical habitats and wildlife migratory routes by sub-national and local authorities.

Despite difficulties in maintaining allocations for conservation, there is good evidence that the continuous and deep commitment of technical and administrative staff of the MNR and regional authorities, NGOs and academia during project preparation and implementation produced a very positive institutional development impact. The capacity of federal authorities to administer and enhance the PA system has been significantly improved through more effective operational communication between the MNR and the 130 PAs under its jurisdiction; equally, gains have been made with the establishment and use of management.

Overall, the Bank’s performance is rated satisfactory for preparation and implementation though in the latter case, only following the project’s mid-term review. The Bank dedicated considerable time and effort to the project, recognizing that the institutional and legal arrangements were in transition and that a partnership with counterparts and other stakeholders was critical to gaining ownership and commitment.

The Borrower’s performance is rated moderately satisfactory at the central level, particularly in the later stages of implementation when there were major problems over central administration, including disbursement issues, tax arrangements and major organizational changes, including the elimination of the Ministry of Environment.

The experience of preparing and implementing the project provides useful lessons for future biodiversity conservation efforts in the Federation and neighboring countries. These include:

- **Securing budgets for conservation at the regional level as soon as possible.** As with many conservation projects supported by the Bank/GEF, a commitment by the government to allocating resources for the longer term needs to be secured and arrangements for a stable funding mechanism (and possible co-financing by bilaterals and NGOs) stipulated and agreed during project preparation. While the budget for environment/conservation of the model regions has seen increases, overall allocations for conservation have been reduced.
• **Facilitating participation of NGOs and academia to supplement government financial and human resources.** During preparation and start-up of the project, international NGOs were critical in providing technical expertise in defining priorities and structuring of components and organizational requirements and in partnering national and local NGOs with government agencies; such NGOs proved instrumental during implementation in sustaining the commitment of federal and regional authorities and in providing the “glue” for effective partnerships between government agencies and local communities throughout the project. This endures following project completion.

• **Using a programmatic approach for complex and challenging conservation projects.** A programmatic approach or another phasing instrument may be more appropriate in obtaining tractability in the short-term and sustainability in the long-term. This would have been especially appropriate given the 60 major tasks and numerous sub-tasks spread across Russia, involving national, regional and local governments and staff from NGOs, academia and the general public.

• **Integrating conservation with regional/local planning commensurate with projected needs to conserve biodiversity at ecosystem, species and genetic levels.** For future projects, priority should be given to better integration of PAs with the growth of local economies based upon enhanced ecosystem services and to adapting emerging tools (eg, for agricultural land market regulation and management) to support restoration of ecological units, especially for application in the most heavily degraded agrarian regions.

Vinod Thomas
Director-General
Evaluation
1. Background

1.1 The Russian Federation contains an impressive biological diversity spread over eight broad natural zones (polar desert, tundra, forest-tundra, boreal coniferous and broad-leaved forest, steppe, semi-desert and desert) containing diverse habitats and species of exceptional uniqueness and endemism. Though much of Russia's biodiversity falls outside the Protected Areas system, in the early 1990s the system was the largest and one of most important and best maintained in the world.

1.2 The transition of the Russian economy in the 1990s brought major institutional changes to all sectors and the transformation of governance structures and the capacity of the Government to assure biodiversity conservation and natural resources management was severely compromised. Agricultural and forest resource use suffered from constantly changing and inconsistent administrative and regulatory procedures, frequently exacerbated by uncertainties over land reform and privatization. Many of the responsibilities for policy implementation resulted in loss of coordination and commitment. In particular, the Protected Area administration suffered from a fragmented institutional structure producing lapses in direction, efficiency and financial support.

1.3 The Biodiversity Conservation Project was prepared during the early 1990s as an initial phase of support to the Russian Federation. It had the overall objective of ensuring the conservation of globally significant biodiversity within and outside protected areas and was to be implemented in conformance with the Government’s obligations under the Convention on Biological Diversity and the principles of economic and environmentally sound sustainable development. The project was a key element of the Environmental Framework Program (EFP) prepared by the Government and the Bank in 1994 and was associated with the Bank-funded Environmental Management Project (EMP) designed to provide financing for the Program. Although financially distinct from the EMP, the Biodiversity Conservation Project consisted of the core biodiversity component of the EFP and was implemented under the same organizational arrangements. Thus, the then Ministry of Environmental Protection and Natural Resources (MEPNR), with the participation of the Federal Forest Service (FFS), had overall responsibility for execution of the project delegating some administrative functions to the Center for Project Preparation and Implementation (CPPI) established under the EMP.

1.4 Given this background, the project benefited substantially from a Project Preparation Advance by developing a methodology and identifying organizational issues as well as deriving lessons learned from bilateral and NGO-funded projects being implemented at the time of preparation and implementation.
2. Project Design and Implementation

Objectives

2.1 The overall objective of the project was to assist the Russian Federation maintain optimum levels of biodiversity in accordance with the principles of economic and environmentally sound sustainable development. Specific objectives included: i) developing federal and regional biodiversity strategies; ii) developing and implementing mechanisms and approaches to mainstream biodiversity conservation and environmental protection into the policy making process; iii) assessing the Protected Area institutional framework and strengthening its effectiveness; iv) enabling the participation of all interested stakeholders, including aboriginal peoples and local communities, in biodiversity conservation; and, v) developing an inter-regional demonstration of inter-sectoral biodiversity conservation and environmentally sustainable natural resource management.

Project Components and Financing Plan

2.2 The project consisted of the following components:

1) **Strategic Overview** (estimated costs $3.4 m; actual $4.2m): i) development of national and regional biodiversity strategies; ii) biodiversity policy support; and, iii) establishment of a biomonitoring information system (BIOTA);

2) **Strengthening Protected Area Systems** (estimated costs $13.8m; actual $15.9m): i) institutional support, including interagency coordination; ii) support to Protected Area (PA) operations and planning; iii) support for public participation and education programs; iv) ecosystem protection; and, (v) training of PA staff;

3) **Lake Baikal Regional Program** (estimated costs $6.3m, actual $17.6m): i) inter-regional biodiversity conservation strategy and action plan, including analysis of linkages between economics and environmental protection; ii-iv) model conservation activities in three participating regions; and, v) small grants program for local initiatives; and

4) **Project Management and Coordination** (estimated costs $2.5, actual $2.1): establish and maintain the Project Implementation Group (PIG) in the Ministry of Natural Resources (MNR) for project implementation and coordination with other conservation activities within the Federation.

2.3 Final costs were $39.8, substantially exceeding the original cost estimate of $26.1; the additional amount came from Russian sources. Counterpart contributions are estimated at $20.4 million, compared to the original projection of $4.8 million -- largely for regional government and private counterpart financing of the regional conservation strategies and action plans, small grants programs and federal budget allocations for
targeted programs in biodiversity conservation; funds were also raised by PA authorities from various sources. The MTR mission of February 2000 noted delays in implementation, especially of the Lake Baikal Regional Program (component). However, a formal restructuring or reallocation of disbursement was not considered necessary and steps were adopted to accelerate implementation and resolve management issues.

2.4 Since the signing of the grant agreement for the project in 1996, the US dollar value of the SDR denominated grant fell from US$ 20.1 million equivalent to US$ 18.1 million equivalent. However, the balance was compensated by significantly increased counterparty program co-financing and allowed all planned activities to be completed.

Project Design

2.5 The project was one of the earliest in the pilot phase of the GEF and its preparation presented challenges to the Bank and the Federation. The latter's unfamiliarity with Bank operational requirements, procedures and practices meant extensive discussions and building of ownership and understanding at all levels of government. In parallel, the Federation had to establish new national-wide operational policies, especially those channeling grant financing to Protected Areas and other regional beneficiaries. Consequently, preparation was prolonged (28 months) and required extensive dialogue between the parties to ensure confidence and commitment to project objectives.

2.6 Project preparation drew on internationally acquired lessons learned from ongoing biodiversity initiatives and studies by funding agencies and international NGOs. Principal among these were the need to: establish a national strategic framework for biodiversity policy; involve local people and regional administrations in project design and implementation; build in financial sustainability and long-term commitment by the Government; use macroeconomic and sector policies in establishing incentives for resource conservation; and, expand the Protected Area system in the context of regional strategic needs. The project's objectives and components were largely coincident with lessons learned and capitalized upon the experience of other countries in mainstreaming biodiversity conservation.

2.7 The Project Document recognized the challenges facing the Federation during the transition period and provided a tractable approach in strengthening institutions at the national and regional levels and in committing all parties (including the public) to a clear set of detailed objectives and deliverables. Criteria for selection of the seven regions/sites (Northwestern Russia, Center of European Russia, Upper and Middle Volga, Northern Caucasus, Lake Baikal, Southern Siberia and the Far East) included ecologically representative regions of high biodiversity value, the need to safeguard rare and endangered species and level of threat and quality of management. Lake Baikal was singled out to provide a practical regional demonstration of inter-sectoral and administration coordination necessary for the incorporation of biodiversity conservation into a development policy inclusive of sustainable economic and social welfare targets.

2.8 Some 60 major tasks and numerous sub-tasks were spread across the entire Federation covering national, regional and local levels of government and involving
many staff from NGOs and academia and members of the public. This subsequently required supportive action during implementation by both the Borrower and the Bank and suggests that fewer tasks and simpler design arrangements would have been appropriate in meeting the project’s objectives.

2.9 Key stakeholders participated in appraisal and the project benefited from major inputs from at federal, regional and local administrations, local communities and national and international NGOs.

Project Implementation

2.10 Management of the project was the overall responsibility of the Ministry of Natural Resources (MNR), previously the Ministry of Environmental Protection and Natural Resources (MEPNR). A Project Implementation Group (PIG), within the Centre for the Preparation and Implementation of International Projects of Technical Assistance (CPPI), was established to administer project activities, including procurement, financial management and technical supervision. The CPPI was re-organized in 2002 and PIG staff and resources were transferred to the Center for Investment Projects “Ozone” (CIO “Ozone”) and then soon after the Federal Center for Geo-ecological Systems “Ecologia” (FCGS Ecologia) – both affiliates of MNR. Under MNR, the Project Supervisory Board, representing key governmental and NGO stakeholders, evaluated project performance and supported the coordination of national level activities. During the project’s early implementation, the Government Commission on Environmental Protection for Lake Baikal and the Inter-Ministerial Commission on Environmental Protection and the Use of Natural Resources supplemented inter-agency coordination. Both of these commissions ceased to exist following government reorganization in 2000 when all major functions were amalgamated under MNR.

2.11 All parties accepted that the project would place extraordinary demands upon implementation capacity, especially in a time of transition and in meeting the often-complex procedural requirements of the Federation, the Bank and the GEF. Equally, challenging was the tracking of over 60 major tasks and numerous sub-tasks referred to above. Consequently, the Federation and the Bank dedicated increased resources to supervision of performance during implementation. Nonetheless, a number of problems emerged including: interruptions following the transfer of the PIG to different implementing agencies in 2002 and 2003 (without divestiture of responsibilities); the inflexibility of procurement procedures (eg, requiring changes to the legal title of about 750 project-administered contracts); disruptions in funding of PIG’s operating costs, and, inadequate procedures for the implementation of small tasks and co-financing arrangements.

2.12 Inter-agency coordination was also disrupted when the Ministry of Environment, the Inter-ministerial Commission on Environmental Protection and the Use of Natural Resources and Governmental Commission for the Protection of Lake Baikal were scrapped under the 2000 reorganization. All key functions of these agencies were later merged within the Ministry of Natural Resources (MNR). Nonetheless, MNR provided technical support; the Project Supervisory Board gave advice on performance monitoring and stakeholder participation and Project and Component Directors supported PIG
operational decisions. In addition, the Federation mobilized further budget support to expand project activities as part of national and regional conservation programs and helped secure NGO co-financing.

2.13 The Bank took the step of decentralizing its management of the project from Washington DC to the Moscow office following the MTR exercise in early 2000. The MTR (delayed from 1998) rated progress as satisfactory, but noted administrative, financial and procurement difficulties stemming in part from inadequate monitorable "outcome and output linked" project indicators. The Russian authorities did not appreciate the value and importance of project monitoring and there was a reluctance to restructure and realign responsibilities between components to improve coordination and achieve overall project objectives.

2.14 MTR recommendations included introduction of a revised project reporting system with agreed indicators and a revised procurement plan (Bank responsibilities for procurement being delegated to the Bank's Moscow office and simplified procedures entered into the Operational Manual). Reports were to be updated quarterly and training of CPPI staff in the revised procurement guidelines was to begin immediately. On substantive matters, project funding for new PAs was to discontinue, the number of regional biodiversity strategies to be reduced the eight Protected Area management plans to seven with a focus on strengthening their implementation. The Conservation Monitoring Center was tasked with coordinating the information management activities of all components and the Baikal Regional Program was to focus on supporting public commitment to the inter-regional strategy and establish regulatory tools for implementation of the Federal Law on Protecting Lake Baikal. Small grants and model watershed sub-components were to speed up actions to improve local biodiversity conservation by the sector agencies.

2.15 The MTR also noted that little progress was being made on developing alternative approaches to financing biodiversity conservation. An associated Aide Memoire provided detailed review of progress and agreed time bound actions covering indicators and project monitoring, procurement and component specific actions. Day-to-day supervision and regular support for financial management and disbursement and procurement was accordingly decentralized to the Russia Country Office. In addition, the Bank maintained close supervision and provided extensive support to the implementation of the 60 main tasks and sub-tasks spread over the entire country.

2.16 The transfer of the PIG from the CPPI first to CIP Ozone and then to FCGS Ecologia resulted in interruptions in contractual disbursements and blocked funding for PIG operating costs from August 2002 to February 2003 causing delays in implementation and posing significant risks to project completion. Following enactment of the new Budget Code during the same period, the government failed to adjust and launch relevant procedures for provision of co-financing of taxes and duties under the project. This caused ineligible expenses to be incurred -- later refunded by the MOF to the Bank. Though given constant support by the Bank, an acceptable co-financing arrangement was established only in mid-2003, a few months prior to project completion.
2.17 Key stakeholders participated in appraisal and throughout implementation and the project benefited from constant inputs from regional administrations and local communities. Mechanisms were deployed to involve local people in the management of Protected Areas and have proven valuable in improving the financial sustainability of Protected Areas. Increasingly, biodiversity conservation issues have played a major role in national policy-making and strategic planning and public dialogue. Under the Lake Baikal Regional Program component, a sub-component -- Local Biodiversity Activities -- provided small grants to institutions, NGOs, local communities, businesses and individuals to encourage small-scale programs and the participation of native populations, remote settlements and women.

2.18 The project closed in September 2003 having been extended twice from the original closing date of May 2002 at the request of the government. This was to permit completion of summer fieldwork in PAs and Baikal model watersheds disrupted because of delays in contractual disbursements.

3. Evaluation Findings

Relevance of Objectives

3.1 Project relevance is rated substantial. Project was fully consistent with the Bank’s Country Assistance Strategy (CAS), the Federation’s development priorities, and the global objective of conserving biodiversity in critical protected areas in a mega-diversity country is in compliance with the Convention on Biological Diversity (CBD) and GEF Council deliberations. It should be noted that international and national and local NGOs continue to support and build upon the project’s objectives. The preparatory work in agreeing specific objectives proved very relevant in molding the Bank’s Natural Resource Management Strategy (2000) and the Environment Strategy for the World Bank (2001), the CAS of 2002 and, following completion of the project, the Biodiversity Strategy for the ECA Region (2003).

Efficacy

3.2 Efficacy is rated substantial. The project objectives proved durable in the face of ministerial reorganization and PIG disruptions (eg, leading to problems with contractual disbursements in 02/03) and the many demands upon newly formed institutions and inexperienced individuals at all levels of government. The basis for this rating is elaborated below.

Objective 1: The development of federal and regional biodiversity strategies

3.3 This objective was achieved through the provision of a National Biodiversity Conservation Strategy and Action Plan and two model regional strategies (Nizhny Novgorod and Volgograd Oblasts). The Strategy involved extensive consultations and proved essential in stakeholder and public endorsement of conservation efforts and helped launch new economic, financial, legislative and information mechanisms to promote their implementation. Specifically, the Strategy and Action Plan was developed
by national agencies in parallel with the model regional strategies and action plans, the
latter being tested and widely replicated in more than 22 regions. Action plans are being
or have been updated in many Oblasts with a time horizon of 2010.

3.4 A package of some 1,500 investment proposals, developed in support of the
National Action Plan, was proposed for financing through the federal targeted program
“Ecology and Natural Resources (2002/10)”. The project pioneered the systematic
collection and processing of biodiversity information. An Information and Analytical
Center for Biodiversity Conservation was created and there is good evidence that it has
established durable nation-wide databases to help the Federation continue the
implementation of the Strategy and Action Plan and provides public access to
information as well as promoting information partnerships for conservation. The Center
also serves as a Clearing House Mechanism under the Convention on Biological
Diversity.

Objective 2: Mainstream biodiversity conservation and environmental protection into
the policy making process

3.5 Strengthening of the national policy and regulatory framework and strategic
planning for biodiversity conservation was based upon comprehensive studies of
economic and financial mechanisms. Recommendations from studies in more than 25
regional centers supported by publications, seminars and training were mainstreamed in
federal and regional legislation, regulations and management guidelines. A methodology
to evaluate the economic damage to biodiversity was incorporated in the new Tax Code
of the Russian Federation (2002) and a method to define the economic value of
biodiversity was integrated into the state Methodology for Cadastre Evaluation of Lands
Designated for Nature Protection Purposes (2002) and the Environmental Doctrine of the

Objective 3: Strengthening the institutional framework of the protected area system
and subsequently enhancing its effectiveness

3.6 Direct assistance was provided to 82 of Russia’s 100 nature reserves during
implementation of the project along with 19 of 35 National Parks covering a total area of
some 14 million hectares. Some 15 new Protected Areas covering 2.5 million hectares
were established. The capacity of federal authorities to administer and enhance the PA
system was assisted through an improved legal and regulatory framework expanding the
rights of PA services, allowing independent use of penalties and restructuring reserve
services for a specialized state inspectorate; communications and management databases
and a wide range of training programs for PA managers and directors were also
completed. An Expert Council on Protected Areas was established to support the
development of planning and operational guidelines for PAs and analytical capabilities
were strengthened through attention to PA services, developing public awareness and
outreach. An enhanced inspection operation (involving 84 field inspections) enabled
government officials and independent experts to visit 48 PAs to review facilities and
operational programs and innovative governance arrangements were created to promote
cooperation between PAs and regional and sub-national authorities. The use of video and
other acquired equipment helped field teams increase the detection of violations and
reduce the level of corruption.
3.7 Ten Regional Associations of Protected Areas (covering 112 federal PAs) were established or strengthened to foster cooperation among individual PAs and between PAs and regional and sub-national authorities. The Associations completed 26 projects involving joint field inspections and cross-support to controlling poaching, training of management and enforcement staff, public awareness and conservation research.

3.8 Integrated management plans were developed for seven model PAs and stipulated activities completed. Protection services were strengthened in 35 state Nature Reserves and three National Parks. Such improved protection covers an area of 140,000 sq. km. and reports conclude that there is evidence of decreased habitat disturbance and increases in populations of background and endangered and rare species. Restoration of natural black soil steppe habitats and protection of natural steppe was initiated and continues to this day. Activities on the ground have strengthened the conservation of some 568 rare and endangered species, including aurochs and Japanese and Dahurian Cranes.

3.9 Ecosystem protection was extended beyond PAs through the adoption of integrated approaches to biological landscapes, concentrating on selected watersheds as a unit of management. Ecosystem protection was also mediated through the development of networks of areas under protection – Econets – to interconnect and integrate existing and newly created PAs and thereby increase the protection of critical habitats and migration routes. Reports suggest that good on-the-ground results and demonstration impacts have been achieved in restoring critically endangered natural habitats and wildlife populations. The model regions chosen include: the Altai Mountains, South West Russia, Central Russian Plains and the Volga-Urals region. The challenge will come in ensuring resources dedicated for conservation are sustained by regional governments.

3.10 A significant contribution to sustainability has involved the building of public awareness and environmental education by the PAs. Training in public awareness was provided to 150 professionals from 13 PAs and currently 15 PAs manage 22 visitor centers – visited by more than 80,000 people since 1997. School student education programs were conducted in 18 PAs, with some 156,990 students participating in summer camps, lectures and ecological expeditions and excursions.

Objective 4: Enable the participation of all interested stakeholders, including aboriginal peoples and local communities into biodiversity conservation

3.11 A nationwide annual awareness campaign (“March of Parks”) undertaken by 15 PAs and coordinated by an NGO highlighted the importance of PAs and pressing local conservation issues. From 1996 to 2000, participants in the campaign increased from 100,000 to one million and the number of local NGOs from 30 to 60; voluntary inspection teams in PAs increased from 80 to 600 and over 300 information agencies provided media coverage. Financial support for the campaign by the public increased from $100,000 in 1996 to $200,000 in 2000 and PAs were able to raise an additional $850,000 from NGOs and local authorities during the same period.

3.12 PA-based environmental education was supported through model school projects in 18 PAs and awareness and education activities were strengthened in the form of visitor centers, information points (field stations, museums, etc) and trails and paths. Nearly, 160,000 schoolchildren participated in environmental education programs.
3.13 Though these activities were critical in garnering public support in the wider sense, there is evidence of insufficient stakeholder participation in some aspects of project implementation. For example, a small grants program was made available during implementation to enable consultations for the Lake Baikal component but the extent to which it involved civil society per se is unclear. Equally unclear is the degree to which "innovative participatory approaches for environmental policy formulation and decision-making were tested and introduced at all levels of public authority".

**Objective 5: Developing an inter-regional demonstration of inter-sectoral biodiversity conservation and environmentally sustainable natural resource management**

3.14 This objective was aimed at helping mainstream biodiversity conservation in the socio-development of the Lake Baikal Watershed Region, and is widely regarded as one of the most successful outcomes of the project. Efforts with regional governments and stakeholder groups resulted in many interventions in favor of conservation at regional and local levels. The Federal Law on Lake Baikal (the Declaration) provided a legal and regulatory framework defining protection responsibilities between sub-national authorities and the federal government, establishing an inter-regional coordinating authority (The Baikal Council), and regulations for recreational activities and other development activities. The Public Agreement on the Conservation of the Baikal Lake ensured broad public participation and support for legal and regulatory controls. A participatory Biodiversity Conservation Strategy and Action Plan for the Baikal Region was adopted by sub-national authorities and endorsed by the federal government and methods to implement the Strategy were developed, tested and replicated. This led to improved regulation and helped in integrating biodiversity conservation into decision-making at all levels, including communal.

3.15 Economic mechanisms were also developed to: build environmentally-sound technologies in agriculture and forest management, develop methodologies introducing economic values of biological resources in decision-making; establish compensatory arrangements to address regional disparities in development patterns; and, strengthen public environmental management and governance. Model watershed-based biodiversity conservation programs were completed in each of the three sub-national administrative regions. The Local Initiative (Small Grants) Program of $2.4 million proved crucial to generating the support of civil society for biodiversity conservation in the Lake Baikal region attracting over 80,000 participants who contributed an additional $11.5 million for the development and implementation of some 364 local projects, including 11 plantations for medical herbs, establishment of eight new PAs and establishment of artificial breeding grounds for rare bird species and a sturgeon hatchery. The project also supported environmental clean up and rehabilitation of sections of the Lake Baikal Shore and reforestation of the upper reaches of the Khilok River watershed.

3.16 During a visit to Ulan Ude near Lake Baikal, the IEG mission saw evidence of local initiatives being sustained (eg, functioning of a breeding facility for the re-introduction of rare species of cattle and camels, continued support to the Lake Baikal Training Institute) and to the Strategy and Action Plan. It was also evident that the agriculture and forestry departments of government have adopted new approaches and are maintaining close links with the Baikal Institute of Natural Management.
Studies on the Project

3.17 A number of studies have been conducted on the project, including: Russian Federation GEF Biodiversity Conservation Project: Brief Report on Outcomes and Prospects (2003), Biodiversity Conservation in Russia: Outcome and Prospects (2003); National Action Plan for Biodiversity Conservation in Russia: Priority Activities (2001); and, Bank evaluations: ICR (March, 2004) and OED ICR (June, 2004). These have been useful in taking stock and deriving lessons learned for application to future conservation activities. They have been critical in sustaining focus on the value of conservation and committing external resources, especially in the face of increasing marginalization of the environmental agenda by the federal government. International and national conservation NGOs continue to support the objectives of the project and refine interventions in keeping with local conditions.

Efficiency

3.18 This could not be rated for financial analysis because of the nature of interventions (biodiversity conservation, improving the enabling environment, etc.) and the difficulty of quantifying economic rates of return. Nonetheless, attainment is substantial given major leveraging of non-GEF resources and explicable of the project’s components.

3.19 Based upon the evidence of substantial relevance and efficacy, the project’s outcome is rated as satisfactory. Table 1 shows ratings of the project objectives (largely coincident with the project components).

Risk to Development and Outcomes

3.19 Sustainability, the resilience to risks of net benefits flows over time, is rated as moderate. This is determined on the basis of a waning financial commitment to federal and regional conservation strategies and support to updated action plans by the regions and to enhancing the performance of the national system of PAs. Less in doubt is the adoption of policy instruments in favor of biodiversity conservation and the continuance of technical and organizational and managerial innovations in the regions and their replication in areas not covered by the project. The latter prospect is enhanced by the continued substantive involvement of international and regional NGOs at national and local levels and resources available to sustain their work (partly through follow up GEF-financed projects executed by UNDP). The on-going Bank-financed Russia Sustainable Forestry Pilot Project has also supported the mainstreaming of biodiversity conservation in forest planning and management. With the recent devolution of management responsibilities for forests and for several types of Protected Areas to regional governments there is enhanced implementation of biodiversity conservation through control of budgets and associated co-financing in their respective territories and awareness and commitment of the private sector to biodiversity conservation through the adoption of corporate environmental performance ratings – now being mainstreamed under the Corporate Social Responsibility (CSR) agenda in the forest sector.
Table 1: Ratings of the Attainment of Project Objectives

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Relevance</th>
<th>Efficacy</th>
<th>Outcomes</th>
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<tr>
<td>Development of federal and Regional biodiversity strategies.</td>
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<td>Substantial</td>
<td>Substantial</td>
</tr>
<tr>
<td>Mainstream biodiversity conservation and environmental protection into the policy making process.</td>
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<td>Substantial</td>
<td>Substantial</td>
</tr>
<tr>
<td>Assess the protected area institutional framework and strengthen its effectiveness.</td>
<td>Substantial</td>
<td>Substantial</td>
<td>Substantial</td>
</tr>
<tr>
<td>Enable the participation of all interested stakeholders, including aboriginal peoples and local communities into biodiversity conservation.</td>
<td>Substantial</td>
<td>Modest</td>
<td>Modest</td>
</tr>
<tr>
<td>Develop an inter-regional demonstration of inter-sectoral biodiversity conservation and environmentally sustainable natural resource management.</td>
<td>Substantial</td>
<td>Substantial</td>
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</tr>
</tbody>
</table>

Overall Substantial Substantial Satisfactory

3.20. The dissolution of the Ministry of Environment in 2000 impaired the momentum for addressing environmental and conservation issues built up in the late 1990’s and during the IEG mission it was observed that regional offices of the existing MNR were struggling to maintain allocations for conservation activities and implement stipulated measures. There were also instances of national park boundaries being threatened in favor of development (e.g., creation of ski slopes) though, to date, the intervention of NGOs has helped control this possibility.

3.21. Nevertheless, there has been sustained, diligent attention to monitoring and evaluating performance following completion of the project by government agencies and NGOs. This concerns reporting on: trends in biodiversity in selected priority ecoregions; implementation of the National Biodiversity Conservation Strategy and Action Plan; the operational effectiveness of the PA system; implementation of conservation strategies and action plans in the Lake Baikal, Nizhney Novgorad and Volgograd regions; and, multi-stakeholder and participatory arrangements for biodiversity conservation in the Lake Baikal region. Such reporting has been subject to review at national and international conferences and overall progress has been described as satisfactory by national and international NGOs. The IEG mission sustains this view having found continuous involvement of the relevant departments of the MNR and project region authorities during implementation despite the difficulties of transition. One indicator of the sustained interest by all parties was the extensive use of information resources and databases developed under the project and their constant management by MNR. The IEG
mission noted the continuing utility of the databases by government institutions and NGOs during its visits to Nizhney Novgorod and Ulan Ude.

3.22. There is good evidence that the continuous and deep commitment of technical and administrative staff of the MNR and regional authorities, NGOs and academia during project preparation and implementation produced a very positive institutional development impact which is thus rated substantial. The capacity of federal authorities to administer and enhance the PA system has been significantly improved through more effective operational communication between the MNR and the 130 PAs under its jurisdiction; equally, gains have been made with the establishment and use of management databases on PAs, enhanced staffing, and support of operational costs (including infrastructure and equipment) and tackling related legal and economic issues. A wide range of training programs for PA managers, regular all-Russia meetings of PA directors and support for many publications helped upgrade performance and coordination within the PA system. In parallel, during implementation, innovative governance arrangements were created in the regions to promote cooperation among PAs and between PAs and the regional and sub-regional authorities. Ten Regional Associations of Protected Areas (covering 112 federal PAs) were established and developed along with two Regional Directorates for Protected Areas in Orlovskaya Oblast and Taldomsky Rayon of the Moscow Oblast under a pilot program. Efforts by the former increased the area under protection by 6,568 hectares and an additional increase of 5,000 hectares is anticipated. The Directorate of the Taldomsky Rayon of the Moscow Oblast helped design new PAs and develop and operate the regional program on sustainable land use. Stakeholder coordination and support for conservation were strengthened (also observed in Lake Baikal). A most useful contribution to institutional development (provided during implementation) was support for a grant program of conservation studies in 50 PAs. This involved studies on the dynamics of natural systems, biodiversity inventories of rare species and development of local databases on biodiversity and geographic information systems for individual PAs. The program is widely considered instrumental in helping PAs retain and attract highly qualified research staff and building capability for comprehensive ecosystem and species management, including monitoring and evaluation.

3.23. In the Lake Baikal region, capacity to assist implementation of the Strategy on Biodiversity Conservation was enhanced by incorporating biodiversity conservation issues in decision-making at sub-national, regional and municipal levels and pilot watershed-based conservation programs were undertaken in three sub-national administration regions to improve natural resource management and help integrate biodiversity conservation in local economic activities and decision-making. This was very evident during the IEG mission’s visit to the Baikal Region where local communities are taking the lead in applying sustainable development and conservation management practices.

**Monitoring and Evaluation: Design, Implementation and Utilization**

3.24. This activity is rated satisfactory. Key performance monitoring and evaluation criteria were stipulated in the GEF Project Document. However, as it was not a
requirement at the time of appraisal, output-oriented indicators (linked to implementation targets and procurement plans) were not developed and such criteria were only established following the MTR. Thereafter, outputs were reviewed with the government (in keeping with its obligations) and monitoring efforts were concentrated upon assessing progress with: reforms to the legal and policy framework; increased funding for the national conservation system; delivery of professional and education activities; increased levels of public participation by beneficiaries; development and achievement of ecosystem management plan targets and objectives; national, regional and local coordination for protection of critical ecosystems; effective implementation of selected Regional Biodiversity Strategies; development of an effective regional biodiversity monitoring and information system for the Lake Baikal Region; and the development and implementation of model Watershed Management Plans for the Lake Baikal Region.

Subsequent PSRs and Aides Memoire were used effectively to evaluate the application of these output indicators and to specify actions to be taken. This was especially true in the face of lapses in institutional and administrative arrangements following re-organization of the MNR.

3.25. For the development objective the matrix of key performance outcome/impact indicators included reduction in the rate of decline of important species, habitats and communities within and outside PAs through intensified and expanded conservation activities; for project output objective, key performance indicators included reforms to the legal and policy framework, increasing funding for the national biodiversity conservation system, professional development and education activities, increased public participation by beneficiaries, establishment of a national biodiversity information center, development and achievement of ecosystem management plan targets and objectives, local, national and regional coordination for the protection of critical ecosystems and effective implementation of selected Regional Biodiversity Strategies. Baselines were also established and targets set. Such performance indicators appear to have been utilized for the remainder of implementation.

3.26. Most of the targets were attained established in the matrix. Information is lacking on the performance indicator for the development objective save to state that the "total area covered by improved protection is 14 million hectares (about 40% of Russia’s federal PA system), there being no analysis of gains for habitats or species, including the relatively rare. This would have been difficult to assess accurately during the life of the project but it does set an indicator on which to judge progress some 10 years or so from 2000. Budget allocations for PAs and environmental activities are claimed to have increased by 12.5%; however, in many instances, only modest proportions went to PAs. This latter situation continues as the IEG mission learned during its visit to Nizhney Novgorod. The indicator for increased public participation by beneficiaries relies upon the number of publications produced and number of participants in project activities. The final PSR and the ICR that many people and NGOs were involved in project activities but does not signify the degree to which the views of local communities were incorporated in the design and implementation of the project. The exception was in Lake Baikal where the small grants program was introduced to undertake extensive consultations; however, there is little mention of civil society’s involvement.
Safeguards and Fiduciary Matters

3.27. The IEG mission finds the project to be in compliance with environmental and
social safeguards throughout preparation and implementation. Civil works activities did
not involve earthmoving operations or disturbance of the natural environment being
largely confined to the rehabilitation of existing structures. No indigenous peoples were
present in the project area and there was no resettlement involved in any project
activities.

Bank Performance

3.28. Overall, the Bank’s performance is rated satisfactory for preparation and
implementation though supervision up to MTR is best described as moderately
satisfactory having been insufficiently pro active in committing the Borrower to
addressing substantive issues. Nonetheless, the Bank dedicated considerable time and
effort to the project, recognizing that the institutional and legal arrangements were in
transition and that a partnership with counterparts and other stakeholders was critical to
gaining ownership and commitment, including that for the longer term. In the face of
inexperience with the Bank’s consultation requirements, a substantive level of
participation was assured with key governmental and non-governmental stakeholders
throughout processing and implementation of the project. Bank biodiversity specialists
provided technical and managerial input throughout and worked closely with
stakeholders at all levels. Their professionalism was evident in remarks made by
Government and NGO staff to the IEG mission in Moscow and elsewhere.

3.29. Bank and GEF policies and procedures were entirely new to the Federation and
necessitated extensive coaching by Bank staff for development and use by counterpart
agencies. Nonetheless, the time and effort required was underestimated and the project
got off to a slow start. Equally, demands of handling over 60 major tasks by the Project
Implementation Group and especially the implementing agencies (with numerous sub-
tasks spread over the entire country) were not fully gauged at preparation and generated
problems during implementation. This was exacerbated by several governmental
reorganizations and led to delays in implementation. Thus, during preparation, the Bank
might have opted for a phased, incremental approach to allow institutional and legal
arrangements to better mature and capacity to develop.

3.30. Clearly, the Bank adopted a progressive approach to addressing problems
emerging during supervision, including those of reorganization and changes in funding
flows. On two occasions (December 1997 to September 1998 and March 2000 to
September 2000), “U” ratings in PSRs reflected concern over delays in the
implementation of the Baikal inter-regional and watershed management components and
the project was accorded “moderately satisfactory” IP ratings overall. The MTR
(conducted jointly with other GEF implementing agencies – UNDP and UNEP—and
completed in April 2000) was used to apply lessons learned from the field and to review
crosscutting issues. Following the MTR in early 2000, to help rectify problems, the Bank
decentralized its environmental services to the Russia Country Office. An Aide Memoire
and a letter to the State Committee of the Russian Federation for Environmental
Protection provided reviewed progress and agreed time bound actions covering needed
improvements to performance indicators and project monitoring, financial management, procurement and disbursement and component specific actions. Day-to-day supervision and regular support for financial management and disbursement and procurement was accordingly decentralized to the Russia Country Office. In addition, the Bank maintained close supervision and provided extensive support to the implementation of the 60 main tasks and sub-tasks spread over the entire country. This provided valuable assistance to the government and appears to have solved the major problems though reorganization brought challenges and the need for interventions by the Bank.

**Borrower’s Performance**

3.31 The Borrower’s performance is rated moderately satisfactory, particularly in the later stages of implementation when there were major problems related to administration.

**Government Implementation Performance**

3.32 At the macro level, the Federation and regional governments supported legislation and reforms critical to the project’s implementation. Outcomes of analyses of economic and financial mechanisms of biodiversity conservation were incorporated into federal and regional legislation, regulations and guidelines. Methodologies to evaluate the economic damage to biodiversity were incorporated into the Tax Code for the Federation (2002) and a methodology to define economic value of biodiversity was integrated into the State Methodology for Cadaster Evaluation of Lands Designated for Nature Protection Purposes (2002). In several oblasts legal acts were adopted to implement the National Biodiversity Conservation Strategy and Action Plan.

3.33 Since the signing of the grant agreement for the project in 1996, the US dollar value of the SDR denominated grant fell from us$ 20.1 million equivalent to US$ 18.1 million equivalent. However, the balance was compensated by significantly increased counterpart program co-financing and allowed all planned activities to be completed.

**Implementing Agencies**

3.34 Government agencies provided considerable support and commitment during preparation, as did technical specialists from international and local NGOs and academia. Given the unique challenges of preparing the project during the transition period with the demanding needs of Bank and GEF policies and procedures, the client needed to establish capacity and special arrangements for implementation to be effective. This was further complicated by multiple project activities and the need to work across many sectoral boundaries and levels of government. Consequently, there was a protracted start to implementation of the project.

3.35 As experience and confidence was gained, substantive technical support was provided by the State Committee of the Russian Federation on Environmental Protection (SCEP) and, after 2000, by MNR. The Project Supervisory Board met regularly and offered timely guidance to the Project Implementation Group (PIG) along with support to the effective implementation of its operational decisions. As IEG was informed during interviews with Federation staff and NGOs, such support was especially critical to
sustaining integrated outcomes in the context of the many sector policies applicable at national and regional levels.

3.36 A number of difficulties emerged during implementation. In late August 2002, the MNR transferred the PIG from the CPPI to MNR-affiliated implementing agencies, firstly to CIP Ozone (September, 2002 to December 2002) and then to FCGS Ecologia (December 2002 to September 2003). Consequently, the PIG’s ability to implement the project (already constrained by the imposition of complex administration procedures imposed by MNR) suffered further because of required changes to the legal titles of some 750 project-administered contracts and interruptions to contractual disbursements and blocked funding of PIG-operating costs (from August 2002 to February 2003). In 2002/03, following enactment of the New Budget Code, the client also failed to adjust and implement procedures for co-financing of taxes and duties incurred by the project. The Ministry of Finance refunded the taxes and duties but, only just prior to project completion in mid-2003, was an appropriate co-financing arrangement established.

3.37 Despite these deficiencies, the PIG proved resilient in its commitment to the project its staff remained intact and provided effective management. Though financing to cover operating costs ceased between August and December 1998 and from August 2002 to February 2003, the PIG maintained essential implementation services and project management controls.

3.38 A particularly successful outcome was the development of an inter-regional demonstration of inter-sectoral biodiversity conservation and environmentally sustainable natural resource management in the Lake Baikal Watershed Region. The Federal Law on Lake Baikal (the Declaration) provided a legal and regulatory framework defining protection responsibilities between sub-national authorities and the federal government, establishing an inter-regional coordinating authority (The Baikal Council), and regulations for recreational activities and other development activities. A shortcoming has been the lack of an analysis of the degree to which tourist revenue has support conservation efforts.

3.39 As noted in paragraphs 3.37 and 3.38, satisfactory indicators were not applied until after MTR. Nevertheless, the capacity for information management by PAs and between PAs and MNR was improved. A Federal Information System for State Nature Reserves was established and a database on the biodiversity of PAs accumulates field data on the status and distribution of the plant and animal species within PAs. Regional monitoring centers have also been established in nine PAs. It should be noted that WWF has been working with the government to institute a system of corporate environmental performance ratings under the Corporate Social Responsibility (CSR) agenda in the Russian forest sector.

3.40 Capacity improved at all levels and was instrumental in enhancing technical rigor, collaboration between government and NGOs and civil society. However, sustaining such capacity may prove vulnerable in light of subsequent pressures on budget allocations.
4. Lessons Learned

4.1 Clearly, though the Biodiversity Conservation Project was prepared during a period of transition, it proved conducive to acceptance and mainstreaming environmental protection and conservation (1993 to 1996). The Government, NGOs and academia seized the exceptional opportunity to develop a strategy strengthening policy and institutional arrangements for biodiversity conservation at the Federal and regional levels in parallel with strengthening the Protected Areas system. Their energy and dedication was instrumental in gaining ownership and in imparting a vision that has proven both pragmatic and durable. The dissolution of the Ministry of Environment in 2000 and subsequent comprehensive downgrading of actions for environmental protection blunted wider reform in rural landscapes and building upon innovation during implementation of the project (1996 to 2003). Though this situation continues, the resilient spirit of the conservation movement in Russia and evidence of progress by institutions and individuals at the regional/local levels have done much to maintain core gains and sustain the commitment of civil society.

4.2 In light of the above, the challenge is to apply lessons learned such that they provide tractable guidance in further promoting conservation in such an uncertain climate. Such lessons concern:

- **Secure budgets for conservation at the regional level as soon as possible.** Conservation Action Plans (and their work programs) are entering a second 5-year phase but earmarked resource allocations (human and financial) are being reduced or are under threat. The central government needs to ensure that such committed funds are allocated appropriately. Some regions were effective in influencing/expanding the support and allocation of funds by regional governments, especially in the face of increasing central control. Their experience needs to be documented and shared with other regions. However, as with many conservation projects supported by the Bank/GEF, a commitment by the government to allocating resources for the longer term needs to be secured and arrangements for a stable funding mechanism (and possible co-financing by bilaterals and NGOs) stipulated and agreed during project preparation. While the budget for environment/conservation of the model regions has seen increases, allocations for conservation have been reduced.

- **Facilitate participation of NGOs and academia to supplement government financial and human resources.** This applied particularly giving advisory support to helping: implement conservation policies and regulations; monitor development activities in and around Protected Areas, forested areas and wild landscapes and intervene with proportionate protective actions; and demonstrate the feasibility and value of biodiversity conservation and influencing policy and decision-making. During preparation and start-up of the project, international NGOs proved critical in providing technical expertise in defining priorities and structuring of components and organizational requirements and in partnering national and local NGOs with government agencies; such NGOs proved
instrumental during implementation in sustaining the commitment of federal and regional authorities and in providing the "glue" for effective partnerships between government agencies and local communities. This endures following project completion.

- **Use a programmatic approach for complex and challenging conservation projects.** These projects are multi-sectoral and address many of the root causes of environmental degradation in a bid to sustain ecological goods and services, including biodiversity; they also require extensive nurturing of government agencies, sustained partnering and collaboration and a longer timeframe. Consequently, a programmatic approach or another phasing instrument may be more appropriate in obtaining tractability in the short-term and sustainability in the long-term. This would have been especially appropriate given the 60 major tasks and numerous sub-tasks spread across Russia, involving national, regional and local governments and staff from NGOs, academia and the general public.

- **Integrate conservation with regional/local planning commensurate with projected needs to conserve biodiversity at ecosystem, species and genetic levels.** Impressive progress was made in obtaining ownership of conservation initiatives at the local level. Some regions in the Federation were successful in using these as building blocks (e.g., regional PA associations and "econets") to introduce conservation activities in forested areas and other productive landscapes. However, for future projects, priority should be given to better integration of PAs with the growth of local economies based upon enhanced ecosystem services and to adapting emerging tools (e.g., for agricultural land market regulation and management) to support restoration of "econets", especially for application in the most heavily degraded agrarian regions.
Annex A. Basic Data Sheet

RUSSIAN FEDERATION BIODIVERSITY CONSERVATION PROJECT

Key Project Data (amounts in US$ million)

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<th>Appraisal estimate</th>
<th>Actual or current estimate</th>
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Cumulative Estimated and Actual Disbursements

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Date of final disbursement: 4/14/2005

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### Staff Inputs (staff weeks)

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### Mission Data

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<th>Date (month/year)</th>
<th>No. of persons</th>
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<th>Implementation progress</th>
<th>Development objective</th>
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<td>Identification/Preparation</td>
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<td>10/1992</td>
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<td>09-10/1993 (pre-appraisal)</td>
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<td>06/1994</td>
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<td>Senior Biodiversity Specialist (C, TM) Country Counsel</td>
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<p>| Appraisal/Negotiation |                |                            |                        |                       |
| 10/1995 (appraisal)   | 3              | Senior Biodiversity Specialist (C, TM) Biodiversity Specialist (C) Environmental Specialist (C) |                        |                       |
| 11/1995               | 2              | Senior Biodiversity Specialist (C, TM) Biodiversity Specialist (C) |                        |                       |
| 04/1996 (negotiations)| 6              | Senior Biodiversity Specialist (C, TM) Environmental Specialist* Environmental Specialist (C) Biodiversity Specialist (C) Country Counsel Procurement Specialist* |                        |                       |</p>
<table>
<thead>
<tr>
<th>Date (month/year)</th>
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### Annex A

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ICR

**Notes:** Staff marked (*) was based in Moscow.
Staff marked (C) are consultants.

### Other Project Data

**Borrower/Executing Agency:**

**FOLLOW-ON OPERATIONS**

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<th>Operation</th>
<th>Credit no.</th>
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