GEFM&E Terminal Evaluation Review Form

1. PROJECT DATA				
			Review date:	October 2005
GEF ID:	PMIS 114		at endorsement (Million US$)	at completion (Million US$)
Project Name:	Ozone Depleting Substances Consumption Phase out Project	GEF financing:	$35.0 (database) $60.0 (ICR) $104.3 (OED)	$48.1 (ICR) 68.4 (OED)
Country:	Russian Federation	Co-financing:	$21.5	$?
Operational Program:	Ozone	Total Project Cost:	$56.5	$?
IA	WB	Dates		
Partners involved:	Danish Environmental Protection Agency, US TDA	Work Program date		04/01/1996
		CEO Endorsement		01/23/1998
		Effectiveness/ Prodoc Signature (i.e. date project began)		09/29/1996
		Closing Date	Proposed: 12/31/2001	Actual: 06/30/2004
Prepared by: Anna Viggh	Reviewed by: Siv Tokle	Duration between effectiveness date and original closing: 5 years and 3 months	Duration between effectiveness date and actual closing: 7 years and 9 months	Difference between original and actual closing: 2 years and 6 months
Author of TE: Richard Cooke Vladimir Tsirkunov Vassili Rodionov		TE completion date: 12/2004	TE submission date to GEF OME: 03/22/2005	Difference between TE completion and submission date: 3 months

2. SUMMARY OF PROJECT RATINGS

GEFME Ratings for project impacts (if applicable), outcomes, project monitoring and evaluation, and quality of the terminal evaluation: Highly Satisfactory (HS), Satisfactory (S), Moderately Satisfactory (MS), Moderately Unsatisfactory (MU), Unsatisfactory (U), Highly Unsatisfactory (HU), not applicable (N/A) and unable to assess (U/A). GEFME Ratings for the project sustainability: Highly likely (HL), likely (L), moderately likely (ML), moderately unlikely (MU), unlikely (U), highly unlikely (HU), not applicable (N/A), and unable to assess (U/A).
Please refer to document "Ratings for the achievement of objectives, sustainability of outcomes and impacts, quality of terminal evaluation reports and project M&E systems" for further definitions of the ratings.

	Last PIR	IA Terminal Evaluation	Other IA evaluations if applicable (e.g. OED)	GEFME
2.1 Project impacts	**N/A**	N/A	N/A	S
2.2 Project outcomes	S	S	S	S
2.3 Project sustainability	**N/A**	L	L	L
2.4 Monitoring and evaluation	**N/A**	N/A	N/A	U/A
2.5 Quality of the evaluation report	**N/A**	**N/A**	S	S

Should this terminal evaluation report be considered a good practice? Why? No. This is, overall, a satisfactory ICR. It clearly identifies both the project's successes and failings, but with some

shortcomings.

- In a few instances the ICR assumes too much knowledge on the part of the reader. Additional clarity could be achieved by a fuller explanation of what is covered under refrigeration servicing, and what it means by “direct” and indirect” access in this context.

- Note should be made of the poorly specified objective iii, which should have been defined exclusively in terms of institutional strengthening, which is an output, and should not have mentioned technical assistance, which is an input needed to achieve the output.

- Appraisal and actual project costs are not clearly specified in the ICR, making it difficult to deduce what the final costs of each component were. The ICR's project cost table per component, for instance, seemingly reports only GEF grant expenditures (that were to account for about 60 percent of total expenditures) while the ICR's project cost per procurement arrangements report the total cost figures. Thus, there are different total project cost figures in the two tables, which should be identical.

- Section 10 could have been used to discuss issues of interest to GEF, but these were well presented elsewhere.

3. PROJECT OBJECTIVES, EXPECTED AND ACTUAL OUTCOMES

3.1 Project Objectives

- **What are the Global Environmental Objectives? Any changes during implementation?** No.

Overall objective was to assist the Russian Federation in the phase-out of Ozone Depleting Substances (ODS) consumption in a manner consistent with international efforts in the field, while ensuring that this is accomplished with the minimum of economic dislocation.

- **What are the Development Objectives? Any changes during implementation?**

The project's more specific objectives are to:
i) Allow Russia to credibly initiate meeting its ODS consumption phase-out obligations under the Montreal Protocol within a realistic time frame;
ii) Facilitate access to financial resources needed for ODS consumption phase-out from a range of international and domestic sources;
iii) Provide necessary technical assistance and institutional strengthening; and
iv) Fund enterprise specific investments in high consumption sectors and to ensure that these activities mitigate potential negative economic and social impacts.
v) Ensure that these activities mitigate potential negative economic and social impacts.

The original components were not changed, but an investment component for enterprise specific sub-projects, originally in the aerosol and refrigeration sectors, was expanded in the second and third trance to include non-insulating foam, solvent and fire protection sectors.

3.2 Outcomes and Impacts

- **What were the major project outcomes and impacts as described in the TE?**

Impact

The project was very successful in achieving its overall objective to assist the Russian Federation in the phase-out of ODS consumption, and thereby credibly initiate meeting its obligations under the Montreal Protocol within a reasonable time frame.

The overall annual ODS phase out achieved was 17,645 MT ODP against an originally targeted 15,354 MT ODP indicating that the overall project objective was substantially exceeded. 8,968 MT ODP of annual consumption based on the final year of ODS use prior to conversion was

phased out. This was somewhat lower that originally targeted at appraisal of individual sub-projects (9,122 MT), the difference primarily being a result of progressive reduction in ODS use prior to full conversion either by partial conversion or enterprises down sizing production capacity to meet realistic market demand, and, in the refrigeration servicing sector, the more rapid than anticipated conversion and replacement of older equipment, both of which were themselves stimulated by the project.

Outcomes

- The ODS phase out provided substantial benefits to manufacturers. Most of ODS consuming manufacturers financed under the project needed to make significant technical improvements in their manufacturing processes to maintain themselves in the newly competitive Russian economy The project supported the introduction of the necessary manufacturing technology transfers needed to reestablish these firms in the new market. The absence of legal ODS supply would have effectively rendered production under their old technology uncompetitive.

- The revised third tranche also assisted with the phasing out of residual ODS consumption related to servicing equipment, in a sector where the absence of ODS supply would have otherwise created significant social and economic impacts.

- The conversion of major ODS users has effectively removed the core demand in Russia for the two major CFCs (CFC-11 and 12). The outcome related to commercial refrigeration was similarly successful, with the project supporting the effective survival and ultimately long term viability of the two largest manufacturers in this area.

- The project supported regional CFC recovery operations (from refrigerant servicing) covers approximately 30 percent of the national market. The success of the system and its growing effectiveness are attributable in large part to the project's success in upgrading of the service sector's basic technical skill and equipment, and to the implementation of market based incentives and business relationships in the sector, both of which have been a major focus of the project's TA initiatives.

- Closure of CFC and Halon production facilities became an integral part of the project, with much of the third tranche funding used for this purpose, even though originally the project did not address the production of CFCs and Halons.

4. GEF OFFICE OF M&E ASSESSMENT

4.1 Outcomes and impacts **Rating: S**

A Relevance

- **In retrospect, were the project's outcomes consistent with the focal areas/operational program strategies? Explain.**

The accomplishments achieved under this project have enabled Russia to greatly improve its international environmental standing. It has moved from being a highly criticized country to a respected participant and contributor to the work of the MP, to the extent that director of the Project Implementation Unit became the country's main spokesman and was appointed the President of the 11th Meeting of the Parties in Beijing.

B Effectiveness

- **Are the project outcomes as described in the TE commensurable with the expected outcomes (as described in the project document) and the problems the project was intended to address (i.e. original or modified project objectives)?**

Yes, with one exception. The project did not succeed in initiating direct cost recovery and recycling of halons in the fire protection sector as intended.

C Efficiency (cost-effectiveness)

- **Include an assessment of outcomes and impacts in relation to inputs, costs, and implementation times based on the following questions: Was the project cost – effective? How does the cost-time Vs. outcomes compare to other similar projects? Was the project implementation delayed due to any bureaucratic, administrative or political problems?**

The project took 2.5 years longer to implement than originally envisaged. There were two major reasons for this extended implementation period. First, there was a declining Government commitment to the environment over the life of the project, and a continual shifting of responsibilities for the project within the responsible Ministry. Second, the project was designed in three tranches, with each tranche requiring identification and appraisal of specific subprojects. During this period there was a great deal of change in the structure of the ODS using industries, which required refining the way each tranche was designed. Closing was delayed to ensure the effective use of the resources available in a continuingly important activity.

It is the most cost effective international ODS initiative of its kind to date. The cost per kg ODP in this project is estimated at $2.98 to $4.94 whereas it was $9.84 in Belarus, $15.88 in Slovenia, $6.24 in Hungary and $7.70 in Poland. Of the 36 investment subprojects financed under this project, only two have been judged unsatisfactory, and one marginally satisfactory. This is a remarkable record for investments in what were traditional state controlled enterprises that were being restructured, downsized, restructured, and privatized.

4.2 Likelihood of sustainability. Using the following sustainability criteria, include an assessment of project sustainability based on the information presented in the TE.

A Financial resources **Rating: L**

The project facilitated access to financial resources needed for ODS consumption phase-out from a range of international and domestic sources, through a separate, primarily donor financed project to eliminate the production of CFCs and Halons. Significant levels of enterprise contribution were involved. These were largely generated by the enterprises own funds although in several instances the GEF core financing facilitated access to international financing. GEF financing created the competitive capacity to attract debt an equity investment. This capacity may continue after project completion.

B Socio political **Rating: L**

The prospects appear good for the long term viability of the large majority of investment sub-projects undertaken. Therefore, the positive social and economic benefits of the project associated with industrial modernization should be sustained in a market economy.

C Institutional framework and governance **Rating: ML**

With the project's support, Russia has developed a modern regulatory framework for the proactive management of ODS issues consistent with international practice, including international reporting as required under the Montreal Protocol, establishing regulatory controls over ODS consumption, import and export, and licensing of residual ODS consumption. However, no transition arrangements have been made for maintaining the institutional and regulatory framework developed under the project. It is unclear how or if Russia will continue as an active international participant in address this global issue.

D Ecological (for example, for coffee production projects, reforestation for carbon sequestration under OP12, etc.) **Rating: HL**

The highly likely sustainability rating is based on the irreversible nature of the successful ODS consumption phase out outcome of the project. There is certainty that Russia will not be a consumer or producer of Annex A and B ODS in the future.

E Examples of replication and catalytic outcomes suggesting increased likelihood of sustainability **Rating: L**

The project created highly competitive markets for several consumption areas. Project funding provided access to essential modern, competitive non-ODS technologies. Sub-projects were implemented with high comparative cost effectiveness levels and their conversion for ODS effectively removed the core demand for two major CFCs in Russia. In the largest consumption area, the aerosol sector, most of the supported enterprises have regained a substantial portion of

their traditional domestic and CIS markets, with some also developing significant global export linkages.

4.3 Assessment of the project's monitoring and evaluation system based on the information in the TE

A. Effective M&E systems in place: What were the accomplishments and shortcomings of the project's M&E system in terms of the tools used such as: indicators, baselines, benchmarks, data collection and analysis systems, special studies and reports, etc.? Rating: U/A
The ICR does not address monitoring and evaluation issues.
B. Information used for adaptive management: What is the experience of the project with adaptive management? Rating: S
This was a highly complex project, which required a great deal of supervision and adjustments over the period of the three tranches. Each of the three tranches were modified as needed to meet the country's and the sector's changing circumstances.
Can the project M&E system be considered a good practice? No.

4.4 Quality of lessons
Weaknesses and strengths of the project lessons as described in the TE (i.e. lessons follow from the evidence presented, or lessons are general in nature and of limited applicability, lessons are comprehensive, etc.)

What lessons mentioned in the TE that can be considered a good practice or approaches to avoid and could have application for other GEF projects?
The tranched structure of this project, with its well defined process of sequentially approved work programs was well suited for a project with many investment subprojects to be implemented in a rapidly changing economic environment of a transition economy. • An investment appraisal process that takes into account market driven economic forces greatly improves the likelihood of identifying viable subprojects in a transition economy. • The project underlies the importance of the quality of preparation and appraisal in being able to deliver the integrated global environmental and local objectives in a cost effective manner. Doing so requires significant supervision time. • In this project successful implementation was associated with the establishment of an operationally independent PIU that is, nevertheless, closely associated with and directly reporting to a leading Implementation Agency. Transformation of the PIU into a regular ministerial legal entity, which took place in the final period of project implementation proved to be counterproductive. • Formal agreement on the financial allocations the Government needs to make to support the permanent regulatory and administrative institutions may be necessary to avoid the Government's tendency to use international assistance as budge replacement resources for maintaining these institutions. This would also help to ensure post project government commitment to sustainability of these institutions. • Issues such as exemptions for taxes and import duties on investment project inputs should be clarified during negotiations to avoid ongoing administrative impediments to project implementation.

4.5 Quality of the evaluation report Provide a number rating 1-6 to each criteria based on: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, and Highly Unsatisfactory = 1. Please refer to the "Criteria for the

assessment of the quality of terminal evaluation reports" in the document "Ratings for the achievement of objectives, sustainability of outcomes and impacts, quality of terminal evaluation reports and project M&E systems" for further definitions of the ratings.

4.5.1 Comments on the summary of project ratings and terminal evaluation findings
In some cases the GEF Office of M&E may have independent information collected for example, through a field visit or independent evaluators working for the Office of M&E. If substantial independent information has been collected, then complete this section with any comments about the project.

4.5.2 Quality of terminal evaluation report	**Ratings**
A. Does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives? Yes.	5
B. Is the report internally consistent, is the evidence complete/convincing and are the IA ratings substantiated? Yes.	5
C. Does the report properly assess project sustainability and /or a project exit strategy? Yes.	5
D. Are the lessons learned supported by the evidence presented and are they comprehensive? Yes.	5
E. Does the report include the actual project costs (total and per activity) and actual co-financing used? Yes, but it is not possible to tell what was financed by GEF. There are conflicting figures in the GEF database, the ICR and the OED review.	4
F. Does the report present an assessment of project M&E systems? No	1

4.6 Is a technical assessment of the project impacts described in the TE recommended? Please place an "X" in the appropriate box and explain below.	**Yes:** X	**No:**
Explain: It would be interesting to see if the phase-out has been sustained.		
Is there a follow up issue mentioned in the TE such as corruption, reallocation of GEF funds, etc.? No.		

4.7 Sources of information for the preparation of the TE review in addition to the TE (if any)
OED ICR Review, ICR, PIR04.