

GEF EO Terminal Evaluation Review Form

1. PROJECT DATA				
GEF Project ID:	2194		Review date:	11/01/07
IA/EA Project ID:	PMIS 1595	GEF financing:	<u>at endorsement</u> (Million US\$)	<u>at completion</u> (Million US\$)
Project Name:	Developing the Legal and Regulatory Framework for Wind Power in Russia	IA/EA own:	0.73	UA
		Government:	0.10	UA
		Other*:	0.06	UA
Country:	Russia	Total Cofinancing	0.16	UA
Operational Program:	6	Total Project Cost:	0.89	UA
IA:	WB	Dates		
Partners involved:	IFC	Work Program date		-
		CEO Endorsement		09/24/03
		Effectiveness/ Prodoc Signature (i.e. date project began)		11/03/03
		Closing Date	Proposed: 05/04	Actual: 12/04
Prepared by: Ines Angulo	Reviewed by: Neeraj Negi	Duration between effectiveness date and original closing: 6 months	Duration between effectiveness date and actual closing: 13 months	Difference between original and actual closing: 7 months
Author of TE: Todd Bartholf		TE completion date: 07/25/05	TE submission date to GEF OME: 06/12/07	Difference between TE completion and submission date: 23 months

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

2. SUMMARY OF PROJECT RATINGS

Please refer to document "GEF Office of Evaluation Guidelines for the verification and review of terminal evaluations" for further definitions of the ratings.

	Last PIR	IA Terminal Evaluation	Other IA evaluations if applicable (e.g. IEG)	GEF EO
2.1 Project outcomes	S	No rating	-	S
2.2 Project sustainability	N/A	N/A	-	ML
2.3 Monitoring and evaluation	-	No rating	-	HS
2.4 Quality of the evaluation report	N/A	N/A	-	MS

Should this terminal evaluation report be considered a good practice? Why?

This TE is a desk review of the project, and only a 5-page Executive Summary was made available to the GEF EO. Even though it presents an analysis of the project implementation in a very concise manner it lacks important information regarding, for example, finance and co-finance.

Is there a follow up issue mentioned in the TE such as corruption, reallocation of GEF funds, etc.?

No

3. PROJECT OBJECTIVES AND ACTUAL OUTCOMES**3.1 Project Objectives**

<ul style="list-style-type: none"> • What were the Global Environmental Objectives of the project? Were there any changes during implementation? <p>According to the Project Document, the global objective was to promote the development of wind power through the private sector. Not only would such a development offset the use of fossil fuels for power generation, but it could also lead to the development of a new wind industry in Russia.</p> <p>No changes during implementation.</p>
<ul style="list-style-type: none"> • What were the Development Objectives of the project? Were there any changes during implementation? <p>The Project had 3 main objectives:</p> <ol style="list-style-type: none"> 1. to develop processes, procedures and model documents that are needed for implementing utility-scale wind power plants in Russia 2. to facilitate the implementation of the first 75 MW wind power plant to be built in Russia 3. to increase awareness of wind energy and its potential for utility-scale grid connected electric power production. <p>No changes during implementation.</p>
<p>3.2 Outcomes and Impacts</p> <ul style="list-style-type: none"> • What major project outcomes and impacts are described in the TE? <p>The GEF supported work had the following outcomes:</p> <ol style="list-style-type: none"> (1) A model long-term power purchase agreement between industrial customers, such as Lukoil and Transneft and the wind power company, (2) A model grid connection and grid access and priority agreement between the Oblast Energy Commission and the wind power company, (3) Draft Oblast legislation for an industrial users tax credit for wind power (4) An approved methodology for setting the tariff for electricity from a wind power plant, (5) A model long-term power purchase agreement for selling power to the Russian wholesale market (FOREM) which has the ability to remain valid under changes in the Russian wholesale market structure, (6) A model land lease/purchase/royalty payment agreement for the wind power plant with appropriate concessions from the Regional Administration, (7) A clearly delineated and sequential model ordering of the approval process on the Oblast level from design to commissioning (8) A model for obtaining licenses from the oblast and federal levels for wind power companies. (9) A model for conducting environmental assessments for obtaining environmental approval for wind power plants. <p>According to the TE, the pilot 75MW wind power plant in the Leningrad Oblast is moving towards implementation and the progress can be attributed largely to this GEF project and to the commitment of the participants.</p>

4. GEF EVALUATION OFFICE ASSESSMENT	
4.1.1 Outcomes (use a six point scale 6= HS to 1 = HU)	
A Relevance	Rating: HS
The GEF funding helped to open the vast untapped wind energy market in Russia, along with the associated reductions in atmospheric and ground water pollution from fossil fueled and old style nuclear power plants. At the time it linked with Russia's plans to accede to the Kyoto protocol. In addition the project matched closely with goals of the Leningrad Oblast and the Russian Federation to diversify energy supplies and to begin development of clean sustainable energy sources to meet the growing demand for electricity.	
B Effectiveness	Rating: S
The TE concludes that the work performed by the Grantee and subcontractors met the project objectives and are considered to be pioneering, innovative and of high quality. It adds that the compendium of deliverables is replete with useful information and that the model agreements will be helpful for additional projects in Russia and other projects.	
The project team showed flexibility in adapting to the changing business climate in Russia. These changes	

also meant that the planned Environmental Assessment had to be deferred until the off-take customers and power line routes were clearly identified.
C Efficiency (cost-effectiveness) Rating: MS
This project was not completed in the scheduled 9 months. There was a 6 month delay due to circumstances that were not under the project team control; these included a substantial reorganization and downsizing of the Russian Federal Government, and delays in the restructuring of the Russian United Energy Systems (RAO UES) and the Federal Wholesale Power Market (FOREM).

4.1.2 Impacts

According to the TE, in broad terms, the lack of legal and regulatory framework for renewable energy in Russia, a potential major barrier to all commercial project development, appears to be significantly reduced. The GEF project stimulated demonstrated interest in the LenWind plant project from both Oblast (regional) and federal governmental levels, in Russian United Energy Systems (RAO UES) and in the Federal Wholesale Power Market (FOREM).
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4.2 Likelihood of sustainability. Using the following sustainability criteria, include an assessment of **risks** to sustainability of project outcomes and impacts based on the information presented in the TE. Use a four point scale (4= no or negligible risk to 1= High risk)

A Financial resources Rating: ML
The TE concludes that the project team still faces substantial hurdles to obtain the needed tariff for the large-scale wind power project, particularly in a country with traditionally low electricity prices. On the other side, private companies are supporting this project.
B Socio political Rating: L
No risks mentioned
C Institutional framework and governance Rating: L
The TE mentions that the project has significantly reduced the barrier caused by the lack of legal and regulatory framework.
D Environmental Rating: NA
This criterion is not applicable to the project.

4.3 Catalytic role

a. Production of a public good
As a result of this project, there is a model framework for wind energy development in Russia, including several procedures and model agreements.
b. Demonstration
The model agreements presented in the 9 volume final report are being included in the IFC Renewable Energy Tool Kit. Project results have been disseminated to the involved agencies in Russia and to a limited extent to the wind energy business community at international conferences.
c. Replication
Not applicable.
d. Scaling up
Not applicable.

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

A. M&E design at Entry Rating (six point scale): S
According to the Project Brief, an independent project evaluator (PE) would be appointed by IFC to review the project plan. The PE would provide comments on the project work plan developed by the contractor during the first 30 days of the project. The contractor would undertake continuous, self-monitoring using the project plan as a metric. Overall project performance indicators relate to the project objectives and expected outcomes. Performance would be assessed at the mid term review and at the completion of all work. Project indicators identified for project outcomes and activities were straightforward and verifiable.
B. M&E plan Implementation Rating (six point scale): HS
The TE mentions that the Work Plan provided a detailed approach to the project which proved to be very helpful during implementation. It also stresses the importance of the flexibility and adaptability shown by the project team which allowed them to make necessary changes in order to achieve the desired outcomes.
C.1 Was sufficient funding provided for M&E in the budget included in the project document?
UA. The budget specified in the Project Brief includes \$20,000 for project M&E.
C.2 Was sufficient and timely funding provided for M&E during project implementation?
UA. No information on funding is provided in the TE.
C.3 Can the project M&E system be considered a good practice?

Yes. Not only did the M&E system proved to be helpful during implementation, but the project used a unique approach for project review and evaluation. Three major European organizations interested in investing in the project were invited to review the 75MW project and the GEF project activities. All aspects of the project including the financial documents were presented to NEFO and 2 Scandinavian utility companies, Fortum and Vardar, for possible investment with debt/equity participation. This provided the team with an unbiased and objective assessment of the project.

4.5 Lessons and Recommendations

Project lessons and recommendations as described in the TE

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?

No lessons included in the TE.

List (or if detailed summarize) the recommendations given in the terminal evaluation

- Since potential investor evaluations are perceived as unbiased and objective assessments of GEF projects, the IFC and GEF should consider including this valuable source for future project critiques.
- Additional presentation of this project results seems warranted, especially to Russian government Agencies, legislative offices in the Duma and at energy and business financing conferences in Russia and within the wind and renewable energy industries at large.

4.6 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 document "GEF Office of Evaluation Guidelines for the verification and review of terminal evaluations" for further definitions of the ratings.

4.6.1 Comments on the summary of project ratings and terminal evaluation findings from other sources such as GEF EO field visits, etc.

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4.6.2 Quality of terminal evaluation report	Ratings
<p>A. Does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives? The TE does provide an assessment of relevant outcomes and impacts, particularly regarding the status of the pilot wind power plant project in the Oblast region.</p>	S
<p>B. Is the report internally consistent, is the evidence complete/convincing and are the IA ratings substantiated? The TE does not include any ratings. It is consistent on the analysis of the implementation of the project, but does not provide much evidence on the quality of the deliverables.</p>	MS
<p>C. Does the report properly assess project sustainability and /or a project exit strategy? The TE does not assess the project sustainability specifically, but some sections of the TE do provide information on this issue.</p>	MS
<p>D. Are the lessons learned supported by the evidence presented and are they comprehensive? The TE identifies a couple of innovative approaches of this project; but does not provide any specific lessons from the project deliverables (it only concludes that "the compendium of deliverables is replete with useful information and the model agreements will be helpful for additional projects in Russia and in other countries")</p>	U
<p>E. Does the report include the actual project costs (total and per activity) and actual co-financing used? There is no information regarding the project budget and actual project costs.</p>	HU
<p>F. Does the report present an assessment of project M&E systems? The TE provides a clear analysis of the M&E system, describes the advantages of having external evaluators, and provides clear examples of how the team was flexible to adapt to continuous changes.</p>	S

4.6.3 Assessment of processes affected attainment of project outcomes and sustainability.

Co-financing and Project Outcomes & Sustainability. If there was a difference in the level of expected co-financing and actual co-financing, then what were the reasons for it? Did the extent of materialization of co-financing affect project's outcomes and/or sustainability, and if it did affect outcomes and sustainability

then in what ways and through what causal linkage did it affect it?
No information was available on the actual co-financing of the project.
Delays and Project Outcomes & Sustainability. If there were delays in project implementation and completion, then what were the reasons responsible for it? Did the delay affect the project's outcomes and/or sustainability, and if it did affect outcomes and sustainability then in what ways and through what causal linkage did it affect it?
The project had a 6 months delay. After the project started there was a substantial reorganization and downsizing of the Russian Federal Government which clearly made the project negotiations more difficult due to role and responsibility shifts in relevant agencies and resulting key staff changes. The project was also delayed by the summer holidays and the summer legislative recess which interrupted the consideration of Oblast legislation. Further, the planned restructuring of RAO UES and FOREM was delayed, which complicated negotiations with FOREM. The project team showed high degree of flexibility so these delays did not affect the project's outcomes or sustainability in a substantial way.

4.7 Is a technical assessment of the project impacts described in the TE recommended? Please place an "X" in the appropriate box and explain below. Explain:	Yes:	No: X

4.8 Sources of information for the preparation of the TE review in addition to the TE (if any) PIR 2005, Project Brief.
