GEF EO Terminal Evaluation Review Form

1. PROJECT DATA				
			Review date:	9/20/08
GEF Project ID:	412		at endorsement (Million US\$)	at completion (Million US\$)
IA/EA Project ID:	P048790	GEF financing:	\$6.9	\$1.1
Project Name:	Azov – Black Sea Corridor Biodiversity Conservation Project	IA/EA own:	\$16.0 (government IBRD loan – Land Titling and Cadastre Development Project)	\$0.0
Country:	Ukraine	Government:	\$2.0	\$0.11
		Other*: Total Cofinancing	\$7.6 \$25.6	\$0.4 \$0.51
Operational Program:	OP 2	Total Project Cost:	\$32.5	\$1.61
IA	IBRD	<u>Dates</u>		
Partners involved:	European Community, Denmark, IBRD Netherlands, UK	Effectiveness/ Pro	01/06/2003	
	Know-How Fund, USAID, World Wildlife Fund	Closing Date	Proposed: 12/31/06	Actual: 08/24/05 (cancelled) 12/31/06 (official closure)
Prepared by: Josh Brann	Reviewed by:	Duration between effectiveness date and original closing (in months):	Duration between effectiveness date and actual closing (in months): 32	Difference between original and actual closing (in months): -16
Author of TE: Serguei Milenin		TE completion date:	TE submission date to GEF EO: 4/23/2008	Difference between TE completion and submission date (in months): 20 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 AND KEY FINDINGS

Please refer to document GEF Office of Evaluation Guidelines for terminal evaluation reviews for further definitions of the ratings.

Performance	Last PIR	IA Terminal	IA Evaluation Office	GEF EO
Dimension		Evaluation	evaluations or reviews	
2.1a Project	U	U	U	HU
outcomes				
2.1b Sustainability	N/A	U	U	NA
of Outcomes				
2.1c Monitoring and	U	NA	UA	UA
evaluation				
2.1d Quality of	NA	NA	NA	U
implementation and				
Execution				
2.1e Quality of the	N/A	N/A	S	HS
evaluation report				

^{2.2} Should the terminal evaluation report for this project be considered a good practice? Why?

Yes, it is a good example of a TE that provides sufficient and candid information for a project that had many problems.

In situations where many project activities are not implemented and the project is cancelled it can be difficult to assess what led to this result, but this TE clearly outlines the shortcomings that resulted in project failure.

2.3 Are there any evaluation findings that require follow-up, such as corruption, reallocation of GEF funds, mismanagement, etc.?

Procedures should be undertaken to ensure that funds that were not disbursed are successfully returned. In addition, according to the TE, "Project financial management reporting was unsatisfactory and there were significant delays with the PIU audit and reporting on project accounts. There were repeated instances of inadequate adherence to procurement and financial management procedures and - at the time of preparation of this ICR - some irregularities in procurement are currently under review."

3. PROJECT OBJECTIVES

3.1 Project Objectives

a. What were the Global Environmental Objectives of the project? Were there any changes during implementation?

According to the project document, "The global objective is to support in situ conservation of biodiversity and threatened wetland ecosystems through protected area planning and reduction of agricultural impacts on Ramsar sites. The Project would implement recommendations of the Black Sea Environment Program, help remove institutional, financial and knowledge barriers which serve as disincentives to the adoption of environmentally sustainable agricultural practices, and develop Ukraine's leadership in international agreements such as the Bonn Convention on Migratory Species."

There were no changes during implementation.

b. What were the Development Objectives of the project? Were there any changes during implementation?

According to the project document, "The project objective is to conserve coastal biodiversity within the Azov Black Sea coastal corridor by strengthening the protected area network, mainstreaming biodiversity conservation into the agricultural landscapes which connect them, and by building support at the national and international levels for sustainable development of the region's unique biological landscape."

There were no changes during implementation.

Overall Environmenta Objectives	1	Project De Objectives		Project Components			Any other (specify)	
	If yes, tick applicable reasons for the change in objectives							
Original objectives not sufficiently	co ch a c	ogenous nditions anged, causing change in	restru becau objec	ct was actured ase original tives were	Project restruct because lack of	ured	Any other (specify)	
articulated	ob	jectives	over a	ambitious	progress	5		

4. GEF EVALUATION OFFICE ASSESSMENT OF OUTCOMES AND SUSTAINABILITY

4.1.1 Outcomes (Relevance can receive either a satisfactory rating or a unsatisfactory rating. For effectiveness and cost efficiency a six point scale 6= HS to 1 = HU will be used)

and cost efficiency a six point scale of this to 1. He will be used)	
a. Relevance	Rating: S
A.1. What is the relevance of the project outcomes/results to:	
(i) the national sustainable development agenda and development need	s and challenges?

According to the project brief, the coastal area and resources of Ukraine are under significant resource use and development pressures, which the government is working to address. "Government is working to reverse the degradation of the Black Sea in accordance with its responsibilities under the Bucharest Convention and as an executing agency of the Black Sea Environment Program. Ukraine's activities are coordinated by the Ministry of Environment and Natural Resources (MENR), which was created in 1991 to administer environmental programs and

policies throughout Ukraine. Through MENR, the Government is coordinating national, regional, and local efforts in the Black Sea region related to natural resource management, coastal protection and integrated coastline management, air and water pollution, environmental monitoring and environmental impact assessments, capacity building and public awareness."

(ii) the national environmental framework, agenda and priorities?

The national environmental framework supported by the project includes the following programs and legislation, as identified by the project brief:

"The Strategy for Conservation of Biological Diversity in Ukraine, approved by the Cabinet of Ministers in 1997. The strategy identifies four main objectives: (i) conservation of natural ecosystems, landscape components, and habitats of some species; (ii) promoting sustainable use of natural resources; (iii) strengthening public awareness and the involvement of local communities in conservation activities; and (iv) strengthening responsibility for biodiversity conservation, especially the responsibilities of institutions, organizations, land users, companies, and individuals.

The program for Protection and Rehabilitation of the Environment of the Azov and Black Sea, adopted I by the Cabinet of Ministers in 1998, to obtain financing for pollution monitoring and regulation, protection of natural habitats, and facilitation of coastal zone management. The Law on the Program of Forming the National Ecological Network for 2000-2015 was adopted in I 2000, which provides financial and political support for the creation of new protected areas and for ecological corridors connecting these.

The Danube Delta Biodiversity Project, which was satisfactorily completed in 1999, and which provided many useful lessons regarding management of wetland ecosystems and involvement of local communities in the design of this operation."

(iii) the achievement of the GEF strategies and mandate?

As described in the project brief, "The project falls under the GEF operational program for biodiversity conservation, especially OP2 on Coastal, Marine, and Freshwater Ecosystems. It is also consistent with the GEF "Integrated Land and Water Multiple Focal Area Operational Program." The project also achieves two of the four cross-cutting benefits that define OP12 - Integrated Ecosystem Management - which was adopted after the project's upstream approval by the GEF Secretariat in 1998. The project will support in-situ conservation and sustainable uses through extending protected areas along the Black Sea coast and by promoting on-farm land use practices for biodiversity conservation objectives."

(iv) the implementation of the global conventions the GEF supports (countries obligations and responsibilities towards the convention as well as the achievement of the conventions objectives)

The project supports the Ramsar Convention on wetlands, although the GEF is not the formal financial mechanism for the convention. The project also supports the Convention on Biological Diversity, and the Bonn Convention on Migratory Species, as described by the project document: "The project will support in-situ conservation and sustainable uses through extending protected areas along the Black Sea coast and by promoting on-farm land use practices for biodiversity conservation objectives. It will contribute to global biodiversity goals, strengthen protection of migratory species by protecting important feeding grounds along the Eurasian-African migratory flyway. It will also support conservation and sustainable use of waterbodies along the coastal zone. The project responds to COP3, COP4 and COP5 guidance by promoting capacity building, especially for NGOs; promoting conservation and sustainable use through adaptive management of agricultural landscapes; and promoting conservation through comprehensive ecosystem management interventions. The project meets the objectives of other international conventions, especially the Bonn Convention on Migratory Species."

A2. Did the project promote of International (Regional and / or Global) Cooperation and Partnership¹

The project received co-financing support from international sources, which was one form of partnership. Otherwise, since the project was a single-country project and was cancelled, there were not other significant aspects of a international cooperation and partnership.

b. Effectiveness Rating: HU

The project did not achieve its objectives. The project was cancelled and many of the project components were not

¹ Please consider for regional and global project only

implemented. About 14% of the original GEF funds were disbursed.

Despite the overall failure to achieve the objectives, according to the TE, "The project did initiate some activities that would contribute to the achievement of development and environmental objectives. These activities had strong local ownership and their demonstration impact was valuable."

These activities include progress toward the establishment and expansion of protected areas covering approximately 159,000 hectares.

The project also developed a national level environmental education program that was agreed between the Ministry of Environmental Protection and the Ministry of Education.

c. Efficiency (cost-effectiveness)

Rating: HU

The project was cancelled without implementing many components of the project. As noted in the IEG review of the TE, "Major objectives were not achieved even though the GEF disbursed \$1.1 million and leveraged \$0.4 million. Given this poor performance and the leverage ratio of 0.35, efficiency is rated negligible."

d. To what extent did the project result in trade offs between environment and development priorities / issues (not to be rated)

Since only 14% of the GEF funds were distributed, there were few results. However, the project design did not imply that trade-offs would have been anticipated, other than the areas to be established as protected areas would have likely been put under some development restrictions. However, the TE indicates that local communities were supportive of the protected areas that were established before the project was cancelled, and the protected areas were also anticipated to contribute to economic development through ecotourism. Another project component was to demonstrate biodiversity friendly agriculture practices, which would have positively contributed to economic development and conservation at the same time, rather than resulting in trade-offs.

- 4.1.2 Results / Impacts² (Describe Impacts) (please fill in annex 1 results scoresheet and annex 2 focal area impacts (against GEF Strategic Priority indicators, where appropriate and possible)
- **4.2 Likelihood of sustainability.** Using the following sustainability criteria, include an assessment of <u>risks</u> to sustainability of project outcomes and impacts based on the information presented in the TE. Use a four point scale (4= Likely (no or negligible risk); 3= Moderately Likely (low risk); 2= Moderately Unlikely (substantial risks) to 1= Unlikely (High risk)). The ratings should be given taking into account both the probability of a risk materializing and the anticipated magnitude of its effect on the continuance of project benefits.

a. Financial resources Rating: NA

The majority of project activities were not implemented, thus there is nothing to be sustained. One exception to this is the likely continued operation of Meotida RLP, as according to the TE, "this park now already has an established management regime and infrastructure, and there is also a commitment and substantial budgetary allocations on the part of the regional authorities to support it."

b. Socio political Rating: NA

The majority of project activities were not implemented, thus there is nothing to be sustained.

c. Institutional framework and governance Rating: NA

The majority of project activities were not implemented, thus there is nothing to be sustained. One exception to this is the likely continued operation of Meotida RLP, as according to the TE, "this park now already has an established management regime and infrastructure, and there is also a commitment and substantial budgetary allocations on the part of the regional authorities to support it."

d.	Environmental	Rating: NA

² Please consider direct and indirect global environmental results; any unexpected results; local development benefits (including results relevant to communities, gender issues, indigenous peoples, NGOs and CBOs)

The project's progress in establishing relevant protected areas may have some longer-term sustained environmental benefits.

e. Technological Rating: NA

The majority of project activities were not implemented, thus there is nothing to be sustained.

4.3 Catalytic role³

a. INCENTIVES: To what extent have the project activities provide incentives (socio-economic / market based) to catalyze changes in stakeholders

Few project activities were actually implemented before the project was cancelled. However, the project planned to demonstrate biodiversity friendly agriculture practices through evaluating conservation easements with favorable tax incentives for environmentally sensitive agriculturally marginal lands. The project also planned to fund a small grants program for environmentally friendly agricultural practices.

b. INSTITUTIONAL CHANGE: To what extent have the project activities changed institutional behaviors

The project was cancelled before any activities could have resulted in changed institutional behaviors.

c. POLICY CHANGE: To what extent have project activities led to policy changes (and implementation of policy)?

The project was cancelled before any activities could have resulted in policy changes, other than some establishment of additional protected areas.

d. CATALYTIC FINANCING: To what extent did the project led to sustained follow-on financing from Government and / or other donors? (this is different than co-financing)

The project was cancelled before many activities were implemented, thus there was little sustained follow-on financing. As mentioned previously, the one exception is the likely continued government financial support for Meotida Regional Landscape Park.

e. PROJECT CHAMPIONS: To what extent have changes (listed above) been catalyzed by particular individuals or institutions (without which the project would not have achieved results)?

Not applicable, considering cancellation of project activities.

4.4 Assessment of processes and factors affecting attainment of project outcomes and sustainability.

a. Co-financing. To what extent was the reported cofinancing (or proposed cofinancing) essential to achievement of GEF objectives? 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? If it did, then in what ways and through what causal linkages?

The co-financing, in particular the co-financing expected from the government, was critical to the achievement of project objectives. However, according to the TE, "The project entered implementation without established arrangement for counterpart financing. Co-financing in the form of cash contribution and /or tax and customs duty exemptions was essential for the implementation to proceed. In the absence of the adequate co-financing arrangement established at preparation, MEP for 2 years following project effectiveness was unable to mobilize required resources from the national budget or ensure relevant tax exemptions. This led to distortions in implementing the technical program, and undermined timely project start-up."

b. Delays. If there were delays in project implementation and completion, then what were the reasons for it? Did the delay affect the project's outcomes and/or sustainability? If it did, then in what ways and through what causal linkages?

³ Please review the 'Catalytic Role of GEF: How is it measured and evaluated – A conceptual framework' prior to addressing this section.

There were numerous delays during the project start-up process for many reasons. Reasons highlighted in the TE include the following:

"Critical project activities, particularly related to the development of the framework corridor conservation strategy, biodiversity monitoring, and mainstreaming of conservation in agricultural operations, were not adequately developed and discussed with stakeholders in sufficient detail during preparation, and this contributed to significant start-up delays."

"Project start-up was significantly delayed because of a one year delay in effectiveness and the subsequent two year delay in provision of Recipient counterpart funds. Subsequent implementation was slow due to the prevailing combination of obstacles, which included insufficient leadership on the part of the government and lack of proactive management and capacity in the implementing agency (PIU)."

c. Country Ownership. Assess the extent to which country ownership has affected project outcomes and sustainability? Describe the ways in which it affected outcomes and sustainability highlighting the causal links.

The significant lack of country-ownership was one of the primary drivers for the project's failure to achieve its objectives.

As noted in the TE, "National co-financing agreed at appraisal was not made available until 2005 - 2 years after project effectiveness. This caused significant delays in project start-up and resulted in reduced commitment to the project by some stakeholders."

Furthermore, "Project oversight by MENR and the other concerned governmental agencies was not sufficiently effective to ensure timely consideration of critical implementation matters. Delays in providing national counterpart funds and inaction on the essential issue of the PIU implementation capacity, which was repeatedly flagged to government, evidence insufficient leadership on the part of the Recipient, lack of the interagency coordination, and of the overall governmental ownership for the project. Repeated changes in government and MEP officials (5 MEP Project Directors in 2 years) may also have contributed to reduced commitment to address key issues."

4.5 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): MU

The project document includes a logframe, which includes "key performance indicators" for each project component output. The indicators are generally SMART indicators, though they are at the output/outcome level. A specific budget for the M&E plan is not identified in the project document, though this activity presumably falls within the auspices of the component on project management and information dissemination. There is some indication in the project document that baseline environmental data is available, though it is not specifically included in the project document. Other than the indicators in the project document logframe, it appears as though a more comprehensive M&E plan is left up to the project implementation unit. The project document states that quarterly Project Management Reports will be completed and submitted by the executing agency.

As noted in IEG's review of the TE, "While the PAD produced a list of output-based monitorable indicators, arrangements for development of procedures for M&E and their operationalization were delegated to the grant recipient. Details are not available.

b. M&E plan Implementation

Rating (six point scale): UA

The project M&E plan implementation did not occur, since the majority of project activities were not implemented.

Regarding the recipient and PIU implementation of the M&E process, IEG's review of the TE states, "Successful implementation of the M&E plan was a casualty of poor project management and there is no means to objectively judge its performance."

b.1 Was sufficient funding provided for M&E in the budget included in the project document?

It was not specified outside of the budget for the project management component.

b.2a Was sufficient and timely funding provided for M&E during project implementation?

Unable to assess. In reality, there was little, if any, implementation of the M&E plan during the project, since the majority of project activities were not implemented.

b.2b To what extent did the project monitoring system provided real time feed back? Was the information that was provided used effectively? What factors affected the use of information provided by the project monitoring system?

Unable to assess, the project M&E system was not implemented.

b.3 Can the project M&E system (or an aspect of the project M&E system) be considered a good practice? If so, explain why.

Unable to assess, the project M&E system was not implemented.

4.6 Assessment of Quality of Implementation and Execution

- a. Overall Quality of Implementation and Execution (on a six point scale): U
- b. Overall Quality of Implementation for IA (on a six point scale): MU

Briefly describe and assess performance on issues such as quality of the project design, focus on results, adequacy of supervision inputs and processes, quality of risk management, candor and realism in supervision reporting, and suitability of the chosen executing agencies for project execution.

The project preparation was insufficient on a number of fronts. The TE notes that for some components project stakeholders were not sufficiently consulted, which resulted in delays in project start-up. In addition, the institutional risks to project implementation could have been better anticipated. The necessary co-financing commitments from the relevant parties were also not fully established at the time of project approval.

As described by the TE, "The project had a number of critical weaknesses which eventually contributed to failure of the operation. These weaknesses mostly derived from inadequate appraisal of the recipient's implementation capacity."

From a technical point of view, according to the TE, "The project technical design was overall reasonable and was properly linked to its development and environmental objectives."

Once the project was underway, the implementation agency did a sufficient job of project oversight, including numerous oversight missions to try to induce action on the part of the recipient. This eventually resulted in the cancellation of the project, although according to the TE there is some indication that the suspension process was slower than it should have been. As noted in the TE, "The lack of workable co-financing arrangement and poor implementation capacity from the outset were recognized and brought to the recipients attention." The TE then outlines the chain of supervision events leading to cancellation. The annual PIRs were produced, and the IA had regular oversight and interaction with the project recipient. As described by the TE, "While dialog with the Government during the protracted period between Board and effectiveness could have been stronger, supervision by the Bank following effectiveness was diligent and proactive." However, the TE also notes, "Although some of the project ratings in the PSRs prior to June 2004 may have lacked realism, the performance reporting through BTOs and Aide-Memoires was adequately thorough."

c. Quality of Execution – for Executing Agencies⁴ (rating on a 6 point scale): HU

Briefly describe and assess performance on issues such as focus on results, adequacy of management inputs and processes, quality of risk management, and candor and realism in reporting by the executive agency.

The poor implementation process by the executing organization was also one of the key elements that resulted in project failure. The Ministry of Environmental Protection was the actual "Executing Agency" in a literal sense. However, the project implementation appears to have been outsourced by the Ministry to a local NGO. The performance of both the Ministry and the NGO were unsatisfactory. The TE highlights this in numerous instances:

"Procedural requirements established for the operation of the PIU InterEcoCentre were overly complex. There was no single point of responsibility within MEP to coordinate various internal ministerial clearances, ensure consistency and continuity of project processing requirements, and effectively interact with the PIU. In the absence of pro-activity on the PIU side, this adversely affected PIU performance and its ability to timely take and implement operational decisions."

⁴ Executing Agencies for this section would mean those agencies that are executing the project in the field. For any given project this will exclude Executing Agencies that are implementing the project under expanded opportunities – for projects approved under the expanded opportunities procedure the respective executing agency will be treated as an implementing agency.

- "Although the planned extensive NGO involvement in various project activities was a positive element of design, the outsourcing of central implementing agency (PIU) functions by MEP to a local NGO resulted in substantially reduced leadership on the part of the government in addressing critical implementation issues."
- "The NGO InterEcoCentre, sole-sourced to perform the function of PIU was unable to perform effectively partly because of its lack of authority to take operational decisions. The need and demand on the part of MEP for close supervision and guidance over the NGO rendered the proposed PIU arrangement inoperable."
- "Although it was an initial understanding that the MEP's State Agency for Protected Areas would take the lead in implementing the project, a single point of responsibility within MEP for project oversight and deliverables was not established, resulting in functional inefficiency and reduced ownership."
- "Implementation was adversely affected by a combination of factors, including ineffective arrangements for implementation and project oversight and delay in provision of budgetary co-financing In particular, significant project start-up and implementation delays were caused by: (i) 11 months delay in effectiveness, (ii) unavailability of counterpart funds for the subsequent 24 months, (iii) 18 months delay in opening transit accounts required to finance contracts in local currency, and (iv) inaction on the critical issue of PIU capacity."

5. LESSONS AND RECOMMENDATIONS

Assess the project lessons and recommendations as described in the TE

a. Briefly describe the key lessons, good practice or approaches mentioned in the terminal evaluation report that could have application for other GEF projects

The TE identifies several key lessons based on the project's experience:

- "Single-point responsibility for project implementation oversight and deliverables should be formally confirmed by appraisal. Furthermore, arrangements for inter-ministerial coordination should be laid out in the project and legal documents. Such arrangements should be formally established prior to effectiveness so as to insure full commitment and support of key parties."
- "Implementation arrangements and schedules, emphasizing transparency, functional clarity, and operational effectiveness, should be carefully reviewed and agreed prior to project effectiveness."
- "Requirements for counterpart funding should be agreed and confirmed prior to effectiveness."
- "High quality local technical expertise is available in Ukraine to support implementation of conservation programs nation-wide and in the regions. However, the institutional framework for consulting and advisory services is underdeveloped, and local experience in bidding for, performing, and administering competitively awarded consulting assignments in the sector is insufficient."

b. Briefly describe the recommendations given in the terminal evaluation

Recommendations are combined in the TE with the lessons section, as quoted above. There are no project specific follow-up recommendations, which is understandable considering the outcome of the project.

6. QUALITY OF THE TERMINAL EVALUATION REPORT

6.1 Comments on the summary of project ratings and terminal evaluation findings based on other information sources such as GEF EO field visits, other evaluations, etc.

No additional outside sources available.

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 terminal evaluations review for further definitions of the ratings. Please briefly explain each rating.

6.2 Quality of the terminal e	evaluation report
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Ratings

a. To what extent does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	6
b. To what extent the report is internally consistent, the evidence is complete/convincing and the IA ratings have been substantiated? Are there any major evidence gaps?	6
c. To what extent does the report properly assess project sustainability and /or a project exit strategy?	6
d. To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	5
e. Does the report include the actual project costs (total and per activity) and actual co- financing used?	5
f. Assess the quality of the reports evaluation of project M&E systems?	5

7. SOURCES OF INFORMATION FOR THE PRERATATION OF THE TERMINAL EVALUTION REVIEW REPORT EXCLUDING PIRS, TERMINAL EVALUATIONS, PAD.

Implementation Completion Report on the "Azov-Black Sea Corridor Biodiversity Conservation Project," June 21, 2006

Independent Evaluation Group, ICR Review, August 30, 2006

Project Appraisal Document, "Azov-Black Sea Corridor Biodiversity Conservation Project," October 22, 2001

Project Status Report, "Azov-Black Sea Corridor Biodiversity Conservation Project," January 4, 2006

Project Status Report, "Azov-Black Sea Corridor Biodiversity Conservation Project," June 1, 2005

Project Status Report, "Azov-Black Sea Corridor Biodiversity Conservation Project," June 3, 2004