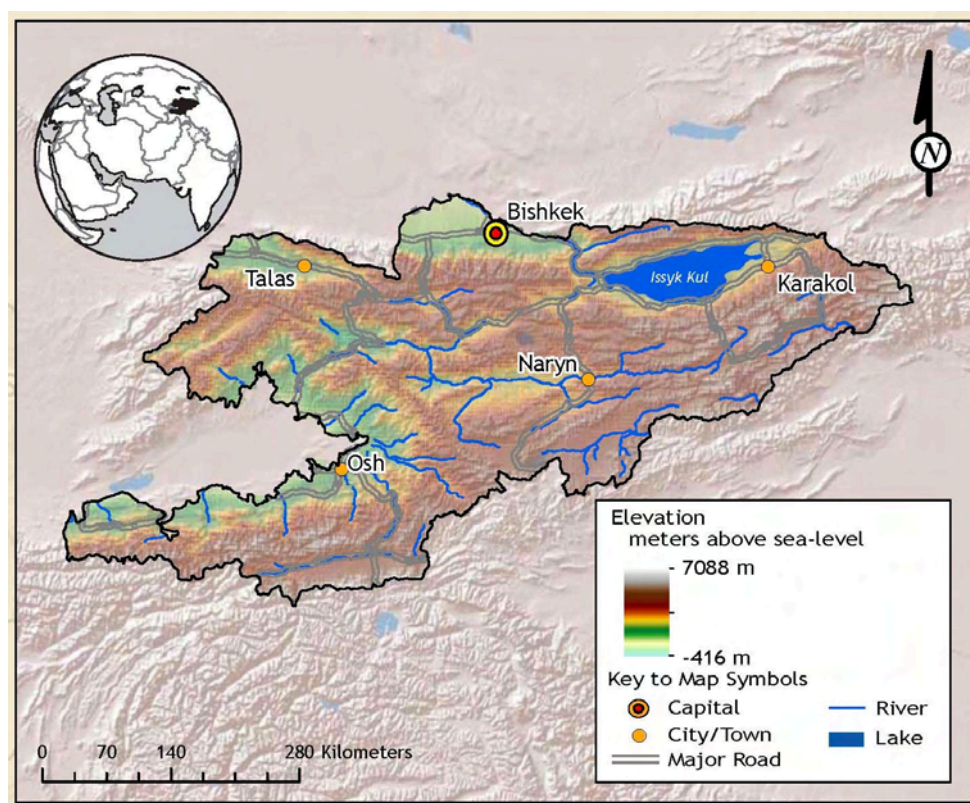




## FINAL EVALUATION

of the UNDP/GEF Project

*“Capacity Building for Improved National Financing of Global Environmental Management in Kyrgyzstan”*



## Final Report

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## List of Abbreviations and Acronyms

ADB	Asian Development Bank
APR	Annual Progress Report
AWP	Annual Work Plan
BCPR	Bureau for Crisis Prevention and Recovery
BD	Biodiversity
CARNet	Central Asia Resource Network
CB2	Capacity Building 2
CCCD	Cross-Cutting Capacity Development
CD	Capacity Development
CDI	Capacity Development Initiative
CDS	Country Development Strategy
CO	Country Office
DEX	Direct Execution
DFID	Department For International Development
DO	Development Objective
DRM	Disaster Risk Management
EFR	Environmental Fiscal Reform
EN	English
EPNRM	Environmental Protection and Natural Resources Management
ERP	Enterprise Resource Planning
FE	Final Evaluation
GEF	Global Environment Facility
GoKR	Government of Kyrgyzstan
GSAC	Government Structural Adjustment Credit
IMF	International Monetary Fund
IP	Implementation
KR	Kyrgyzstan
LFA	Logical Framework Analysis
MAWRPI	Ministry of Agriculture, Water Resources and Processing Industry
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MEA	Multi-lateral Environmental Agreement
MEF	Ministry of Economy and Finance
MIEFR	Ministry of Industry, Energy and Fuel Resources
MoA	Ministry of Agriculture
MOF	Ministry of Finance
MSP	Medium Size Project
MTE	Medium Term Evaluation
NCSA	National Capacity Self-Assessment
NEAP	National Environmental Action Plan
NEX	National Execution
NGO	Non-Governmental Organisation
NPD	National Project Director
NRMP	Natural Resource Mobilization Program
OECD	Organization for Economic Co-operation and Development
PB	Project Board
PCB	PolyChlorinated Biphenyl
PFM	Public Finance Management
PIR	Project Implementation Review
PMU	Project Management Unit
PPG	Project Preparation Grant
PSC	Project Steering Committee
RBEC	Regional Bureau for Europe and the CIS (Commonwealth of Independent States)
RBM	Results-Based Management
RCU	Regional Center Unit
REAP	Regional Environmental Action Plan
RU	Russian
SAEPF	State Agency for Environmental Protection and Forestry
SDC	Swiss Agency for Development and Cooperation

SECO	State Secretariat for Economic Affairs
SIDA	Swedish International Development Cooperation Agency
SMART	Specific, Measurable, Achievable, Realistic and Timely
SPA	Special Protected Area
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United National Environment Programme
USAID	United States Agency for International Development
USD	United States Dollar
WB	World Bank

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This report was prepared by Mr. Jean-Joseph Bellamy, Consultant – Team Leader ([JJ@Bellamy.net](mailto:JJ@Bellamy.net)) and Mr. Bakytbek Satybekov – National Consultant ([b.satybekov@gmail.com](mailto:b.satybekov@gmail.com)). The Evaluation Team would like to express its gratitude and appreciation to all stakeholders it interviewed. Their contributions were most appreciated, and the facts and opinions they shared played a critical part in the conduct of this evaluation.

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## DISCLAIMER

*This report is the work of independent consultants and does not necessarily represent the views, or policy, or intentions of the United Nations Development Programme (UNDP).*

## EXECUTIVE SUMMARY

The project “*Capacity Building for Improved National Financing of Global Environmental Management in Kyrgyzstan*” was a joint initiative of the United Nations Development Programme (UNDP) and the State Agency State Agency for Environmental Protection and Forestry (SAEPF). It was implemented by the SAEPF as the National Executing Agency. The project had a total budget of USD 670,000 that were financed by a GEF contribution of USD 445,000 and by co-financing commitments of about USD 225,000. The project started in December 2008 and will close on July 31, 2012.

The aim of the project was to assist Kyrgyzstan in protecting its environmental resources and to prevent further degradation by initiating a process of environmental fiscal reform. Its objective was to improve fiscal measures for collecting, managing and allocating revenues for global environmental management. Three expected outcomes of the project were identified; there are:

- Improved tax instrument for assessing, collecting, and managing revenues for industrial pollution control developed;
- Natural Resource Mobilization Program (NRMP) and associated comprehensive budget for environmental protection and natural resources management;
- Capacities strengthened to assess and management environmental payments for global environmental protection.

UNDP Kyrgyzstan as the GEF Implementing Agency initiated this final evaluation. Its main objective were to assess the achievement of project results, and to draw lessons that can both improve the sustainability of benefits from this project, and aid in the overall enhancement of UNDP programming. The evaluation also generated substantive evidence based knowledge by identifying lessons learned that could be useful to other development interventions at national and international level.

The findings presented in this report are based on a desk review of project documents and on interviews with key programme informants and programme staffs including a one-week mission to Kyrgyzstan. The methodology included the development of an evaluation matrix to guide the entire data gathering and analysis process; using the five GEF evaluation criteria: *Relevance, Effectiveness, Efficiency, Results/Impacts* and *Sustainability*. The findings were triangulated with the use of multiple sources of information when possible.

### ***The Main Findings of this Final Evaluation are:***

***Conclusion 1:*** The project is highly relevant for Kyrgyzstan; particularly in the context of the Public Finance Management (PFM) reform initiative, within which the project was able to develop synergies and the result is that SAEPF became the 7th public organization targeted by these reforms nationally.

***Conclusion 2:*** The project was designed as a follow up project to address a national priority that was identified through a national self-assessment (NCSA) conducted in Kyrgyzstan from 2003 to 2005. The project is rooted into a good participative assessment of national barriers and priorities for environmental management and is a direct response to national needs that were identified through this participative assessment.

***Conclusion 3:*** Three key concepts were identified at the formulation stage as critical success factors: (i) *Commitments*: In order to succeed, the project needed the partners to be committed to the process of environment fiscal reform, (ii) *Institutionalization*: Activities supported by the project needed to be institutionalized within the relevant institutions to be sustainable in the long term and to be effective at reforming the fiscal side of environmental management; and (iii) *Capacity development of relevant staff*: In addition to improving the tax instruments, it was recognized early on that the project needed to develop the capacity of the relevant staff involved in applying and sustaining the achievements of the project.

***Conclusion 4:*** The project management team used adaptive management extensively and efficiently throughout the implementation of the project to adapt the project to the evolving context of Kyrgyzstan. The project went through 2 major disruptive events (resignation of the Project Manager and

Revolution/vandalism of project office) but was able to regroup and pursue its implementation.

**Conclusion 5:** The project has been very effective and successful in delivering its expected results. It was able to achieve what it was intended to achieve in the planned timeframe and for several key results, these achievements surpassed the targets that were set at the onset of the project. For instance, the target for a revised methodology was to submit a tested proposal for revising this fiscal instrument; the actual result is that this revised methodology was approved by the government and is already used by the relevant stakeholders to calculate environmental fees/payments. Overall, stakeholders appreciated the focus of the project that was on implementing concrete activities to improve existing processes.

**Conclusion 6:** The assessment of the capacity development approach used by the project management team reveals that it meets many attributes of a well designed capacity development initiative; such as ownership, collaborative agreements, relevant and valid information for effective decision-making, incentives and resources, capacity development needs to be part of early project design, and build on existing structures and mechanisms.

**Conclusion 7:** The project has been enjoying a strong country ownership, coming from a good design strongly rooted in the participative assessment of national barriers and priorities for improving the management of the environment; a national executive agency (SAEPF) that was well engaged in the implementation of the project and that provided a legitimization of the project and its achievements; and, an objective that was well aligned with the Public Finance Management reform initiative.

**Conclusion 8:** The prospects for the long-term sustainability of project achievements are excellent. Most achievements are already institutionalized and used. The government approved the revised methodology in 2011 and it is already used by the staff at SAEPF to collect pollution fees/payments. The government passed the legislative changes (technical regulations) in March 2012. It is now part of the national legislation body and relevant institutions are using them to make sure stakeholders comply with the established regulations. Finally, the SAEPF is now equipped with a programme-based budgetary process that is better geared toward an effective management of Kyrgyz natural resources. The nature of the project is such that there is no or negligible risks that may affect the financial, socio-economic, institutional framework and governance and environmental dimensions of sustainability.

**Conclusion 9:** The project played a major catalytic role in improving the environmental taxation system in Kyrgyzstan due to key factors such as a strong focus to “*tackle one small, but strategic component of environmental fiscal reform*”; the collaboration with the PFM reform initiative, which provided political support, reform guidelines and a wide network of resources and expertise; the participation of stakeholders all along, which translated into a good initial level of compliance; and, a holistic approach to develop capacity at all levels for a functional environmental taxation system.

***Few lessons were identified:***

- The association/collaboration with a large national development initiative allows a small well designed and focused project to be efficient and effective in delivering sustainable results with limited resources and time.
- A project using technical assistance (staff and consultants) with government knowledge/experience benefits from it. When the project staff has government experience, there is a greater understanding of how the government functions.
- There is a link between the effectiveness of a project and how this project responds/addresses to national needs/priorities. The better a project is rooted into national priorities and needs, the more effective it will be.
- To maximize the long-term impact and sustainability of project results it is critical that the achievements be institutionalized and approved by the government before the end of the project.
- The combination: national assessment – follow up project to address priorities (NCSA-CB2), is a very effective way to help countries to address their environmental priorities.
- A holistic approach emphasizing the development of capacities at three levels – individual, organizational and systemic – is an effective approach to produce the expected change.
- A project design (prodoc) that includes a project strategy but also guidelines on how to develop the required capacities and a long-term sustainability strategy leads to an effective



- implementation of activities with a holistic approach and with sustainable principles embedded into the implementation process.
- A flexible project using adaptive management allows the project to manage disruptive events and yet keep its efficiency and effectiveness.

***The Key Recommendations are:***

***Recommendation #1:*** It is recommended to organize a regional workshop to exchange this type of project experiences in the RBEC region and possibly other regions (*UNDP*).

***Recommendation #2:*** It is recommended that the project lay out a plan of action for controlling industrial pollution in the near and medium term in Kyrgyzstan (what is next?) (*Project* and *SAEPF*).

***Recommendation #3:*** In addition to the information already made public, it is recommended to post all key information products produced by the project to the CARNet network (*Project*).

***Recommendation #4:*** It is recommended to conceptualize a new project under the Cross-Cutting Capacity Development (CCCD) strategy of GEF-5 in collaboration with national partners and before the end of the project. A potential focus could be on strengthening the environmental governance system in Kyrgyzstan (*Project*, *UNDP* and *SAEPF*).

***Recommendation #5:*** It is recommended to produce a publication highlighting key results of the project as a documented case study (in EN and RU) (*Project*).

## 1. INTRODUCTION

1. This report presents the findings of the Final Evaluation of the UNDP-GEF Project “*Capacity Building for Improved National Financing of Global Environmental Management in Kyrgyzstan*”. This final evaluation was performed by two independent Consultants Mr. Jean-Joseph Bellamy (Team Leader) and Mr. Bakytbek Satybekov (National Consultant) on behalf of the United Nations Development Programme (UNDP).

2. This project was to assist Kyrgyzstan in protecting its environmental resources and to prevent further degradation by initiating a process of environmental fiscal reform. Given that environmental fiscal reform is a complex and wide reaching process, affecting and affected by broader reforms in public finance management, this project focused on addressing fiscal instruments for collecting, managing and allocating revenues from fines for environmental degradation.

3. This evaluation report documents the achievements of the project and includes seven chapters. Chapter 2 presents an overview of the project; chapter 3 briefly describes the objective, scope, methodology, evaluation users and limitations of the evaluation; chapter 4 presents the findings of the evaluation. Conclusions, lessons learned, and recommendations are presented in Chapters 5, 6 and 7 respectively and relevant annexes are found at the back end of the report.

## 2. CONTEXT AND OVERVIEW OF THE PROJECT

4. The UNDP-GEF Project “*Capacity Building for Improved National Financing of Global Environmental Management in Kyrgyzstan*” was to assist Kyrgyzstan in protecting its environmental resources and to prevent further degradation by initiating a process of environmental fiscal reform. The central objective of this project was to better allocate revenues for biodiversity conservation, creation of incentives for the use clean(er) technologies, and adoption of techniques and practices that minimize the risks of land degradation (e.g., salinization and erosion). As such, the project approached environmental fiscal reform ‘vertically’, targeting capacity development at multiple levels of the decision-making chain for assessing, collecting and managing revenues from environmental fines. It was implemented within the broader framework of Kyrgyzstan’s Public Finance Management Reform Programme, which is being supported by several donors. Given that environmental fiscal reform is a complex and wide reaching process, affecting and affected by broader reforms in public finance management, this project is narrowly focused on addressing fiscal instruments for collecting, managing and allocating revenues from fines for environmental degradation.

5. This is a joint initiative of the United Nations Development Programme (UNDP) and the Ministry of Environment. The Executing Agency for the project is the State Agency for Environmental Protection and Forestry (SAEPF). The implementation started in December 2008 with a total project budget of USD 670,000 including a grant contribution of USD 445,000 from GEF and a co-financing commitment of USD 225,000; including USD 180,000 from the government. This budget included the financing of a preparation phase through a Project Preparation Grant (PPG) for an amount of USD 25,000 including USD 20,000 from the GEF contribution. The project is ending in July 2012 after a no-cost extension of 6 months and an additional 1 month due to a delay in finalizing this final evaluation report.

6. The main objective of the project was to improve fiscal measures for collecting, managing and allocating revenues for global environmental management. Three expected outcomes of the project were identified; there are:

- Improved tax instrument for assessing, collecting, and managing revenues for industrial pollution control developed;
- Natural Resource Mobilization Program (NRMP) and associated comprehensive budget for environmental protection and natural resources management;
- Capacities strengthened to assess and management environmental payments for global environmental protection.

### 3. DESCRIPTION OF THE EVALUATION

7. This final project evaluation (a requirement of UNDP-GEF procedures) has been initiated by UNDP Kyrgyzstan as the GEF Implementing Agency. This evaluation provides an in-depth assessment of project progress and recommendations for other similar UNDP-GEF projects in the region and worldwide.

#### 3.1. Objectives

8. The objectives of the evaluation are to assess the achievement of project results, and to draw lessons that can both improve the sustainability of benefits from this project, and aid in the overall enhancement of UNDP programming. More specifically, the evaluation will:

- Assess the overall performance against the project objective and outcomes as set out in the project document, project's logical framework and other related documents;
- Assess the effectiveness and efficiency of the project;
- Analyze critically the implementation and management arrangements of the project;
- Assess the progress to date towards achievement of the outcomes;
- Review planned strategies and plans for achieving the overall objective of the project within the timeframe;
- Assess the sustainability of project's interventions;
- List and document lessons concerning project design, implementation and management;
- Assess project relevance to national priorities (including achieving gender equality goals);
- Provide guidance for closing project activities.

#### 3.2. Scope

9. Below – as per the TOR - is a summary of the elements that were covered by this evaluation. Each element was assessed and those marked with an “R” were rated as per the TOR. These elements are:

- ***Project concept/design, relevance and strategy***
  - Project relevance, country ownership/drivenness (R)
  - Preparation and readiness
  - Stakeholder involvement (R)
  - Underlying factors/assumptions
  - Management arrangements (R)
  - Project budget and duration (R)
  - Design of project M&E system (R)
  - Sustainability; including the following 4 dimensions: financial resources, socio-political, institutional framework and governance, and environmental
- ***Project implementation***
  - Project's adaptive management (R); including monitoring systems, risk management, work planning, financial management, reporting and delays
  - Contribution of Implementing and Executing Agencies
  - Stakeholder participation, partnership strategy (R)
  - Sustainability
- ***Project results (outputs, outcomes and objectives)***
  - Progress towards achievement of intended outputs, outcomes/measurement of change

#### 3.3. Methodology

10. The methodology used to conduct this final evaluation is compliant with international criteria and professional norms and standards; including the norms and standards adopted by the UN Evaluation Group.

##### 3.3.1. Overall Approach

11. The evaluation was conducted in accordance with the guidance, rules and procedures established by

UNDP and GEF as reflected in the UNDP Evaluation Guidance for GEF Financed Projects<sup>1</sup>. It was undertaken in-line with GEF principles, which are: independence, impartiality, transparency, disclosure, ethical, partnership, competencies/capacities, credibility and utility. It considered the two GEF evaluation objectives at the project level: (i) promote accountability for the achievement of GEF objectives; including the global environmental benefits; and (ii) promote learning, feedback and knowledge sharing on results and lessons learned among the GEF and its partners.

12. The Evaluation Team developed tools in accordance with the GEF policy to ensure an effective project evaluation. The evaluation was conducted and the findings were structured around the GEF five major evaluation criteria; which are also the five internationally accepted evaluation criteria set out by the Development Assistance Committee of the Organisation for Economic Co-operation and Development. There are:

- *Relevance* relates to an overall assessment of whether the project is in keeping with donors and partner policies, with national and local needs and priorities as well as with its design.
- *Effectiveness* is a measure of the extent to which formally agreed expected project results (outcomes) have been achieved, or can be expected to be achieved.
- *Efficiency* is a measure of the productivity of the project intervention process, i.e. to what degree the outcomes achieved derive from efficient use of financial, human and material resources. In principle, it means comparing outcomes and outputs against inputs.
- *Impacts* are the long-term results of the project and include both positive and negative consequences, whether these are foreseen and expected, or not.
- *Sustainability* is an indication of whether the outcomes (end of project results) and the positive impacts (long term results) are likely to continue after the project ends.

13. In addition to the guiding principles described in the TOR, the Evaluation Team applied to this mandate their knowledge of evaluation methodologies and approaches and their expertise in global environmental issues. They also applied several methodological principles such as (i) *Validity of information*: multiple measures and sources were sought out to ensure that the results are accurate and valid; (ii) *Integrity*: Any issue with respect to conflict of interest, lack of professional conduct or misrepresentation was immediately referred to the client; and (iii) *Respect and anonymity*: All participants had the right to provide information in confidence.

14. The evaluation was conducted following a set of steps presented in the table below:

**Table 1: Steps Used to Conduct the Evaluation**

<b><u>I. Review Documents and Prepare Mission</u></b> <ul style="list-style-type: none"> <li>▪ Collect and review project documents</li> <li>▪ Prepare mission: agenda and logistic</li> </ul>
<b><u>II. Collect Information</u></b> <ul style="list-style-type: none"> <li>▪ Mission to Kyrgyzstan for the Team Leader</li> <li>▪ Interview key Stakeholders</li> <li>▪ Further collect project related documents</li> <li>▪ Mission debriefings</li> </ul>
<b><u>III. Analyse Information</u></b> <ul style="list-style-type: none"> <li>▪ In-depth analysis and interpretation of data collected</li> <li>▪ Follow-up interviews (if necessary)</li> <li>▪ Elaborate and submit <b><u>draft evaluation report</u></b></li> </ul>
<b><u>IV. Finalize Evaluation Report</u></b> <ul style="list-style-type: none"> <li>▪ Circulate draft report to UNDP/relevant stakeholders</li> <li>▪ Integrate comments and submit <b><u>final report</u></b></li> </ul>

15. Finally, the Evaluation Team applied the “*Code of Conduct*” for Evaluation Consultant. The Evaluation Team conducted evaluation activities, which were independent, impartial and rigorous. This final evaluation clearly contributed to learning and accountability and the Evaluation Team have personal and

<sup>1</sup> UNDP Evaluation Office, 2012, *Project-Level Evaluation – Guidance for Conducting Terminal Evaluations of UNDP-Supported, GEF-Financed Projects*.

professional integrity and were guided by propriety in the conduct of their business.

### 3.3.2. Evaluation Instruments

16. The evaluation provided evidence-based information that is credible, reliable and useful. The findings were triangulated through the concept of “*multiple lines of evidence*” using several evaluation tools and gathering information from different types of stakeholders and different levels of management. To conduct this evaluation the following evaluation instruments were used:

**Evaluation Matrix:** An evaluation matrix was developed based on the evaluation scope presented in the TOR, the project log-frame and the review of key project documents (*see Annex 2*). This matrix is structured along the five GEF evaluation criteria and includes all evaluation questions; including the scope presented in the TORs. The matrix provided overall directions for the evaluation and was used as a basis for interviewing people and reviewing project documents.

**Documentation Review:** The Evaluation Team conducted a documentation review in Kyrgyzstan and in Canada (*see Annex 3*). In addition to being a main source of information, documents were also used as preparation for the mission of the Team Leader. A list of documents was identified during the start-up phase and further searches were done through the web and contacts. The list of documents was completed during the mission.

**Interview Guide:** Based on the evaluation matrix, an interview guide was developed (*see Annex 4*) to solicit information from stakeholders. As part of the participatory approach, the Evaluation Team ensured that all parties view this tool as balanced, unbiased, and structured.

**Mission Agenda:** An agenda for the mission of the Team Leader to Kyrgyzstan was developed during the preparatory phase (*see Annex 5*). The list of Stakeholders to be interviewed was reviewed, ensuring it represents all project Stakeholders. Then, interviews were planned in advance of the mission with the objective to have a well-organized and planned mission to ensure a broad scan of Stakeholders’ views during the limited time allocated to the mission.

**Interviews:** Stakeholders were interviewed (*see Annex 6*). The semi-structured interviews were conducted using the interview guide adapted for each interview. All interviews were conducted in person with some follow up using emails when needed. Confidentiality was guaranteed to the interviewees and the findings were incorporated in the final report.

**Capacity Development Scorecard:** The national capacity for collecting, managing and allocating revenues for global environmental management in Kyrgyzstan was reviewed, using the UNDP/UNEP/GEF Capacity Development Monitoring Scorecard (*see Annex 9*). This scorecard was developed within the context of the GEF Strategic Approach to Enhance Capacity Building and the GEF Results-based Management Framework. The use of this tool contributed to the assessment of the project contribution(s) toward the development of the related national capacity.

**Achievement Rating:** The Evaluation Team rated project achievements according to the GEF project review criteria, including the evaluation criteria marked with an “R” in the TOR; using the ratings as: *Highly Satisfactory* (HS), *Satisfactory* (S), *Moderately Satisfactory* (MS), *Moderately Unsatisfactory* (MU), *Unsatisfactory* (U), *Highly Unsatisfactory* (HU) and *Not Applicable* (NA).

### 3.4. Evaluation Users and Stakeholders

17. This Final Evaluation was initiated by UNDP as the GEF Implementing Agency. It aims to provide managers (at the Ministry of Environment, the State Agency for Environmental Protection and Forestry (SAEPF), private companies, UNDP-Country Office and UNDP-GEF levels) with strategy and policy options for more effectively and efficiently replicating successful project initiatives or for filling gaps not covered in the policy area by the project. It also provides the basis for learning and accountability for managers and stakeholders.

18. The Stakeholders include the Ministry of Environment, SAEPP, private companies, UNDP-Kyrgyzstan and UNDP-GEF levels. It also include other Stakeholders such as the Ministry of Agriculture, the Ministry of Finance, the donor community in the Kyrgyz Republic, the Kyrgyz Research Irrigation Institute, the Water and Processing Industry, the National Agency on Antimonopoly Policy and Development Competition, the State Inspection Agency of Energy and Gas and the Kyrgyz State Project Institute on Land Management “Kyrgyzgirprozem”.

19. The Evaluation Team is fully responsible for this independent evaluation report; which may not necessarily reflect the views of the Ministry of Environment, the SAEPP, UNDP or the GEF. The circulation of the final report will be determined by UNDP.

### 3.5. Limitations and Constraints

20. The findings and conclusions contained in this report rely primarily on a desk review of project documents and a one-week mission of the Team Leader to Kyrgyzstan. It includes about 24 meetings with project key informants. Within the limited resources allocated to this final evaluation, the independent team of consultants was able to conduct a detailed assessment of actual results against expected results.

21. Nevertheless, this final evaluation report successfully ascertains whether the project met its main objective - as laid down in the project design document - and whether the project initiatives are, or are likely to be, sustainable after completion of the project. It also makes a number of recommendations that would be useful to reinforce the long term sustainability of the project achievements and also identified lessons learned and best practices obtained during the implementation of the project which could be further taken into consideration during the development and implementation of other similar GEF projects in the region and elsewhere in the world.

## 4. EVALUATION FINDINGS

22. This section presents the findings of this final evaluation and their presentation below adheres to the basic structure proposed in the TOR and as reflected in the UNDP Evaluation Guidance for GEF Financed Projects.

### 4.1. Project Design / Formulation

23. This section discusses the assessment of the formulation of the project and its overall design; particularly its relevance to the implementation of the project.

#### 4.1.1. Analysis of Logical Framework (LFA)/Results Frameworks

24. The LFA identified during the design phase presents a set of clear objective and outcomes, it is rated as *satisfactory*. It follows the UNDP-GEF guidelines with the project strategy (objective and outcomes), corresponding indicators to measure the performance of the project against baseline and target values at end of project and the sources of verification and assumptions made at the design phase.

25. The logic model of the project presented in the LFA is presented in the table below. It includes one objective, three outcomes and a set of performance indicators, which are in fact the expected project outputs. This model is coherent and presents clear and logical links from a Results-Based Management (RBM) point of view: the set of indicators (outputs) will lead clearly to the achievement of the expected outcomes, which in turn will contribute to the achievement of the project objective.

**Table 2: Project Logic Model**

<b>PROJECT OBJECTIVE</b>
To improve fiscal measures for collecting, managing and allocating revenues for global environmental management.
<b>Outcome 1:</b> Improved tax instrument for assessing, collecting, managing and allocating revenues for industrial pollution control developed <ul style="list-style-type: none"> <li>Proposal for a revision of existing economic instruments for environmental</li> </ul>

<ul style="list-style-type: none"> <li>pollution focusing on the pollution charge system</li> <li>Effective administration and transparent management of funds for environment protection</li> <li>Adequate package of by-laws, instruction, methodic documents and technical regulations that regulate reduction of industrial pollution and nature management</li> </ul>
<p><b>Outcome 2:</b> Natural Resource Mobilization Programme and associated comprehensive budget for EPNRM.</p> <ul style="list-style-type: none"> <li>Program to improve the funding situation of environmental investments developed</li> <li>Strategy aiming to develop criteria for the appraisal of environmental priorities and investment decision</li> </ul>
<p><b>Outcome 3:</b> Capacities strengthened to assess and management environmental fines for global environmental protection.</p> <ul style="list-style-type: none"> <li>Dissemination activities, such as training of experts and workshops presenting the recommended changes</li> <li>Public information campaign with regard to the proposed changes with regard to the system of pollution charges and the funding schemes of nature protection measures</li> </ul>

26. Each of these expected results is well described in the project document and the LFA was used as a “blueprint” throughout the implementation of the project.

27. It was noted that the performance indicators were revised/simplified during the inception phase and documented in the inception report (*see Section 4.2.4*).

#### 4.1.2. Assumptions and Risks

28. Risks were discussed in the project document, though it was aggregated in the same section with the sustainability of expected results. Nevertheless, it was a *satisfactory* assessment of risks, which could have prevented an effective implementation of this project. One main risk was identified as the “institutionalized corruption” whereby there is an expectation and trust that paying officials “under the table” will allow polluters to continue “business as usual”. Another main risk was the political long-term commitment to environmental fiscal reform. In both cases the analysis presented in the project document indicated that these risks were manageable based on the government’s strategies of the day. During the design phase, the government of Kyrgyzstan was totally committed to environmental fiscal reform as part of the overall public finance reform that was underway and was acting to fight corruption such as the creation of the National Council on Fighting Corruption in 2005 to guide the work of the National Agency on Corruption Prevention created in 2006.

29. Based on the risk analysis, a list of assumptions were drawn up and added to the LFA; there are presented in the table below.

**Table 3: List of Assumptions**

Project Strategy	Assumptions
<p><b>Objective:</b> To improve fiscal measures for collecting, managing and allocating revenues for global environmental management</p>	<ul style="list-style-type: none"> <li>Experts and decision-makers will agree and prioritize an optimal set of fiscal measures for EPNRM</li> <li>GoKR and UNDP-GEF continue to support this project strategy, in particular the process to improve the institutionalization of EFR within key agencies, including the Tax Inspection Unit, SAEPF, MAWRPI and MEF</li> <li>Sustainability of project benefits is assured by GoKR budgetary appropriations derived from the collection of revenues from environmental fiscal measures, and not by extra-budgetary resources</li> <li>Relevant individuals within key government agencies actively participate in the training and sensitization workshops</li> <li>Recommendations for the institutionalization of best practices from the piloting of EFR are politically, technically and financially feasible</li> </ul>
<p><b>Outcome 1:</b> Improved tax instrument for assessing, collecting,</p>	<ul style="list-style-type: none"> <li>Economic stability</li> <li>Commitment of the MEF, Tax Inspection Unit, MAWRPI, MoA, and SAEPF to adopt and enforce EFR recommendations (specifically improvements to the tax code for EPNRM)</li> </ul>

Project Strategy	Assumptions
managing and allocating revenues for industrial pollution control developed	<ul style="list-style-type: none"> <li>targeted to industry)</li> <li>EFR can be implemented in a cost-effective manner.</li> <li>EFR will be institutionalized within existing procedures for the monitoring natural resource use and exploitation</li> <li>The development of capacities for one or two taxation instruments targeted to polluting industries can be effectively implemented to produce significant revenues</li> <li>As industries adopt environmentally sound and sustainable practices, including cleaner technologies, they will not be subjected to fines, thus reducing revenues from relevant tax instruments</li> </ul>
<b>Outcome 2:</b> Natural Resource Mobilization Programme and associated comprehensive budget for EPNRM	<ul style="list-style-type: none"> <li>NRMP and streamlined budget plans will facilitate the allocation of resources for EPNRM</li> <li>NRMP will be fully endorsed and supported by political process that embodies the broader Public Investment Programme and Public Finance Management Reform process, in particular the MEF reforms envisioned as part of GSAC output 5.2</li> <li>Government remains committed to April 2006 Memorandum of Economic Policies with the IMF to curb tax evasion and streamlining tax administration</li> </ul>
<b>Outcome 3:</b> Capacities strengthened to assess and management environmental fines for global environmental protection	<ul style="list-style-type: none"> <li>Broader Public Investment Programme and Public Finance Management Reforms do not contradict the objectives and implementation of EFR</li> <li>Selected trainees are the staff responsible for implementing EFR, and are receptive to training</li> <li>Public officials do not seek alternative means to subvert improved fiscal measures</li> <li>Industry representatives remain committed to participating in EFR training sessions</li> <li>National environmental registries and their data continue to be maintained and updated adequately</li> <li>Political will of government agencies to share data and information</li> </ul>

30. From this list of assumptions, three key concepts were noted:
- Commitments:* In order to succeed, the project needed the partners to be committed to the process of environment fiscal reform
  - Institutionalization:* Activities supported by the project needed to be institutionalized within the relevant institutions to be sustainable in the long term and to be effective at reforming the fiscal side of environmental management.
  - Capacity Development of relevant Staff:* In addition to improving the tax instruments, it was recognized early on that the project needed to develop the capacity of the relevant staff involved in applying and sustaining the achievements of the project.

31. These three concepts have been very important for the success of this project; it will be discussed in the Chapter 4.3 of the report on achievements (results). In addition to the LFA (logic model), these concepts that were identified at the design phase gave the right focus to the project management team. The project supported the reform of environmental tax system by ensuring a strong commitment of the government (partnership), an early institutionalization of project results and the development of capacity of the relevant staff. As we will see in Section 4.3.4, this approach allowed for a good prospect for long-term sustainability of project achievements.

32. Based on the analysis of risks and assumptions documented in the project document, risks were reviewed and expanded during the inception phase and changes were documented in the inception report with corresponding risk ratings and adequate management responses for each risk. A list of 10 risks was finalized during the inception phase: 5 strategic risks, 2 political, 2 operational and 1 regulatory. For each risk, impact and probability were identified as well as countermeasures/management response, person responsible and status.

33. This list was then uploaded in the UNDP-Atlas system and amended/updated regularly, including the assessment of each risk as “critical” or not at the time of each update.

#### 4.1.3. Lessons from other Relevant Projects Incorporated into Project Design

##### *The National Capacity Self-Assessment (NCSA)*

34. Before discussing the lessons from other relevant projects, it is important to consider that this project



has been specifically addressing some priorities that were identified through the NCSA conducted from 2003 to 2005 in Kyrgyzstan. With the financial support of GEF, UNDP implemented the Kyrgyzstan's National Capacity Self-Assessment (NCSA) in three phases: The first phase consisted of collecting data on the country's national implementation of the three Rio conventions, including the analysis of the institutional framework mandated for the implementation of these conventions. The second phase focused on an assessment of the cross-cutting interactions of convention implementation, including an assessment of stakeholder capacities and identifying priority actions for capacity development. Finally, the third phase involved the development of the Strategic Action Plan of National Capacity Building for the Implementation of the Global Environmental Conventions in Kyrgyzstan.

35. Considering the barriers to achieve global environmental objectives, the NCSA strategic action plan recommended six strategic directions for developing the capacity of Kyrgyzstan in implementing the Rio Conventions. There are:

- Strategic Direction 1. Improving the legal framework
- Strategic Direction 2. Strengthening institutional capacity and coordination
- Strategic Direction 3. Improving a system of market mechanisms and economic stimuli
- Strategic Direction 4. Development of new technologies
- Strategic Direction 5. Strengthening information and education capacity
- Strategic Direction 6. Improving natural resource monitoring

36. Under these strategic directions a set of 18 recommendations was made to address the national priorities focusing on the Rio Conventions obligations that Kyrgyzstan committed to when signing these conventions. Of particular interest for this project are the following 6 recommendations:

- Official recognition of environment as a priority for the sustainable social and economic development of Kyrgyzstan, related to providing sustainable financing for environmental protection from the national and local budgets and environmental protection funds;
- Improving the economic tools of natural resource management based on the principle of the "user and polluter pays", including clarification of this principle in the taxation policy for the use of natural (water, forestry, energy and other) resources;
- Introduce differentiated tariffs for services providing water and other natural resources to users, adequately considering the cost of those services in different regions of the Republic;
- Develop and implement a set of measures to create a favourable investment climate in the country, including tax, customs and other incentives for foreign investors in environmental projects;
- Develop and introduce an evaluation methodology and procedures for compensating for damage from pollution, depletion and irrational use of natural resources and other negative impacts on the health of the population and the environment; and
- Improve the system of local taxation with a focus on strengthening business activity in rural areas, with the purpose of replenishing local budgets and proper comprehension of local environmental programmes.

37. As a result of this NCSA exercise, this project was identified and developed in order to address several recommendations from the NCSA Strategic Action Plan and focusing on increasing the level of national financing for environmental management from the State budget.

### ***Other Relevant Projects***

38. In addition to the extensive assessment conducted under the NCSA, this particular project benefited from lessons from several other projects. It includes:

- The UNDP Capacity Building and Environmental Governance Strengthening for Sustainable Development project, which provided capacity development support to the State Agency for Environmental Protection and Forestry (SAEPF). This project supported the establishment of the National Commission for Sustainable Development to strengthen the inter-sectoral cooperation for sustainable development, including the greater participation of different groups of stakeholders in the management of the environment.
- The Environmental and Security Initiative in Central Asia (UNEP and UNDP) seeking to address environmental degradation, inequitable access to natural resources and trans-boundary

movement of hazardous materials that increase the probability of conflict and pose a risk to human and national security.

- The Regional Environmental Action Plan (REAP) project that developed National Environmental Action Plans (NEAPs) in the five Central Asian countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. This project also focused on developing national capacities.

39. Therefore, this project is rooted into a strong assessment of national barriers and priorities for environmental management. It is a direct response to national needs that were identified through these projects with a strong participation of stakeholders.

#### **4.1.4. Planned Stakeholder Participation**

40. The project was developed through a participative process involving all relevant stakeholders. It included government representatives, donor community representatives, NGO, and private sector. The main organizations involved at the formulation stage were:

- Republic of Kyrgyzstan's Parliament (Jogorku Kenesh)
- Ministry of Economy and Finance
- Ministry of Economic Development, Industry and Trade
- Ministry of Agriculture, Water Resources and Processing Industry
- State Agency for Environmental Protection and Forestry (SAEPF)
- Kyrgyz Research Irrigation Institute, Ministry of Agriculture, Water and Processing Industry
- National Agency on Antimonopoly Policy and Development Competition
- State Inspection Agency of Energy and Gas
- Non-governmental Organizations
- Kyrgyz State Project Institute on Land Management "Kyrgyzgirprozem"
- Asian Development Bank
- United Nations Development Programme
- United Nations Economic Commission for Europe
- World Bank
- Independent Ecological Expertise (NGO)
- Demzona, Ltd

41. This list was confirmed during the inception phase and these stakeholders participated to the inception workshop on May 13, 2009. The plan was also to keep these stakeholders engaged into the project through the Project Board (*see Section 4.1.8*).

#### **4.1.5. Replication Approach**

42. Replication was discussed in the project document; however, the focus was mostly on the replication of the reform throughout Kyrgyzstan. It was mentioned that this project was heavily based on the Organization for Economic Co-operation and Development (OECD) guidelines on environmental fiscal reform<sup>2</sup>, but the approach to replicate project achievements internationally was limited to the potential of sharing the project experience with government officials from other countries.

43. Nationally, due to the limited project resources, the original plan was for the project to focus on one pilot area - Baityk ayil okmotu – which was selected given the existence of two specially protected natural areas with significant land degradation issues arising from erosion and salinity of arable and pasture lands. The idea was also to be complementary to another UNDP project "*Transparent municipal finances through improved local statistics*", which was to improve the allocation of resources towards the most vulnerable groups of populations and the least developed areas.

44. However, this plan was changed during the inception phase due to the non-existence of industrial pollution in this area. Instead, the project targeted 20 industrial enterprises to improve the pollution charge system. Then, based on the experience with these 20 enterprises, the system was to be expanded nationally to

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<sup>2</sup> OECD, 2005, *Environmental Fiscal Reform for Poverty Reduction*.

all “polluters”.

#### **4.1.6. UNDP Comparative Advantage**

45. Considering the focus of this project on developing the environmental taxation capacity of Kyrgyzstan, UNDP – as the implementing agency – brought its extensive experience in developing capacities for development, including environmental management throughout the world. Following the “*Reforming Technical Cooperation*” initiative in the late 90’s, UNDP developed its approach to capacity development through a broad spectrum of development practitioners that provided policy and programme inputs at country, regional and global levels.

46. UNDP defines capacity development as the process through which individuals, organizations and societies obtain, strengthen and maintain their capabilities to set and achieve their own development objectives over time. It is the ‘how’ of making development work better that is at the heart of UNDP’s mandate and functions. The UNDP Strategic Plan 2008–2011 – which was extended to 2013 - positions capacity development as the organization’s overarching service to programme countries.

47. In addition, UNDP was one key implementing agency for implementing GEF financed NCSAs globally. The agency implemented about 75% of all NCSAs (150) and benefits from this extensive experience of national capacity assessments. Furthermore, UNDP is a key GEF partner to implement 23 follow-up projects<sup>3</sup> to NCSAs - including this project - addressing national priorities identified through these self-assessments.

48. It is certain that UNDP benefits from a comparative advantage when implementing this type of projects. It has the required set of skills and knowledge to guide the implementation of these CB2 projects.

#### **4.1.7. Linkages Between the Project and Other Interventions within the Sector**

49. The main linkage between the project and other interventions has been with the Public Finance Management (PFM) reform that is still underway in Kyrgyzstan. It is part of a programme of economic reform to be implemented within the broader framework of poverty alleviation and the achievement of the Millennium Development Goals (MDGs) in Kyrgyzstan. Fiscal discipline has been a central component of this programme, with the government calling for a careful prioritization of public outlays and the strengthening of expenditure controls. Among others, the government has been intended to intensify the tax effort by curbing tax evasion, while streamlining the tax structure and administration. This programme was initiated in 2006 by an MOU signed by the government of Kyrgyzstan and the IMF.

50. The PFM reform initiative has been aligned with the Country Development Strategy (CDS) 2009-2011, which outlined the need to improve governance and transparency in public administration. It encompasses major reforms needed in public finances that should be reflected in several analytical reports, including the Country Financial Accountability Assessment, Country Procurement Assessment Report, Programmatic Public Expenditure Review, Public Expenditure and Financial Accountability Assessment, Reports on the Observance of Standards and Codes and technical notes on budget preparation and execution. Several international donors are supporting the PFM reform in Kyrgyzstan. It includes the World Bank, DFID, SECO/SDC, SIDA, USAID, ADB and the European Commission.

51. As part of implementing this public finance management reform, the government of Kyrgyzstan in collaboration with international donors set up a Trust Fund with the objective of supporting the government’s efforts in reforming the Kyrgyz PFM system through: (a) strengthening the budgetary process; (b) improving the implementation of the internal audit function; and (c) building capacity in areas of public financial management (PFM) for activities covered under the Trust Fund such as the budget process, the internal audit and control, capacity development activities relating to PFM, execution of the Trust Fund, administration and program management of the Trust Fund and supervision of recipient activities. Activities supported by the Trust Fund target 6 ministries: ministry of health, ministry of agriculture, ministry of defence, ministry of transportation, ministry of youth and ministry of internal affairs.

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<sup>3</sup> These projects are also called CB2 projects.

52. Negotiations between UNDP, the government and donors involved in the Trust Fund during the design phase ended up with a UNDP proposal to include the SAEPF as one additional targeted organization under the PFM reform umbrella whereby reform activities targeting SAEPF would be funded by this project. The main instrument used to established linkages between the PFM initiative and the project has been the PFM Action Plan, which was the instrument to guide the overall implementation of the PFM reform initiative.

53. At the design stage, in order to establish a framework to cooperate, planned activities to be supported by this project were “linked” with reform activities included in the PFM Action Plan; it included:

**Table 4: Linkage Between Project and PFM Action Plan**

<b>PFM Action Plan</b>	<b>CB2 Project Activities</b>
I.A.3 - Preparation of realistic budget activities	• Training provided to estimate the cost of environmental protection and restoration (in order to ensure consistency of calculating environmental fines)
I.B.1 - Consolidate chart of accounts with international standards	• International standards for classifying budget lines for EPNRM identified and adopted
I.E.1 - Integration of sectoral strategies into the budget	• A Natural Resource Management Strategy will be developed, which includes a comprehensive budgeting of EPNRM activities, with particular reference to meeting obligations under the global environmental conventions (CB2 output 2)
I.H.1 - Training on public finance management reforms (MEF)	• Training and public awareness workshops on understanding and interpreting environmental fiscal reforms, with particular reference to fines for environmental pollution and degradation
II.A.4 - Piloting the transfer of resources from republican budget to ayil okmotu	• Particular modalities will be tested for transferring republican budget resources to ayil okmotu of Baitik in the Alamedin district of Chui province
II.A.5 - Prepare guidelines for developing ayil okmotu budget	• Preparation of budget lines for EPNRM activities, with particular reference to meeting obligations under the global environmental conventions
II.B.1 - Training to ayil okmotu staff for II.A.5	• Training for the preparation of EPNRM budget lines (MEF, Tax Inspection Unit, MoA, MAWRPI, SAEPF, ayil okmotu)
III.A.1 - Training on new version of Tax Code	• Training component on the interpretation of the Tax Code with particular reference to environmental pollution and natural resource degradation

54. This approach has been an excellent “tactic” to position the project within the government reform umbrella and certainly contributed to its success. With a relatively small budget to undertake environment fiscal reform, the project was able to develop synergies with the overall reform agenda implemented by the government. It allowed the project to keep its focus on the SAEPF when at the same time benefiting from the national momentum on reforming public finances and led by the PFM reform initiative. In itself, the SAEPF became the 7<sup>th</sup> public organization targeted by these reforms nationally and supported by the project.

#### **4.1.8. Management Arrangements**

55. The initial management arrangements planned at the onset of the project included:

- *GEF Implementing Agency*: UNDP served as the GEF implementing agency for the project.
- *Executing Agency*: The Ministry of Economy and Finance (MEF) was proposed as the executing agency for the project at the formulation stage. However, following the inception phase, the project partners decided that the SAEPF would be the Executing Agency for the project. The Executing Agency was to nominate a *National Project Director (NPD)* whom will provide government oversight to the project.
- *Project Board (PB)*: At the formulation state, the plan was to have a *Policy Committee* through the extension of an existing high level policy committee or the establishment of a new one to facilitate negotiation among senior government officials on the policy and legislative reforms necessary to support institutional recommendations made by the project. In addition a *Project Steering Committee (PSC)* was to be established and chaired by the SAEPF to provide management oversight of project activities. This committee was also to take into consideration

the work of the national Working Group Partnerships set up in Kyrgyzstan to coordinate the implementation of the global environmental conventions. Following the inception phase – including the inception workshop – the decision was made to replace these 2 committees by a *Project Board* chaired by the SAEPF and keeping the same objective to facilitate the process of negotiation with top public officials with regard to reforming policy and legislation to support institutional recommendations made by the project and facilitate the parliament review of those measures when parliamentary approval would be required. This PB also provided management oversight of project activities, reviewed progress and evaluation reports, and advised on programmatic modifications to project execution, as appropriate, and in accordance with UNDP procedures.

- *Project Management Unit (PMU)*: A Project Management Unit (PMU) was established and administered by a *Project Manager*. The PMU/Project Manager oversaw the daily implementation of the project. The PMU was located in an office provided by the Government as co-funding to the project. However, following the revolution (April 2010), the decision was taken to move the office in a more secure location and funded by UNDP (see Section 4.2.1).
- *Expert Working Group*: A working group comprised of independent experts, technical government agency representatives, as well as representatives from stakeholder groups was to be formed to discuss and deliberate the design and implementation of particular fiscal instruments; including making recommendations for particular fiscal instruments and institutional structures necessary to support them.
- *Stakeholder Consultations*: Consultations with stakeholders were to take place at multiple levels, including the participation of stakeholders in the PB and the expert working group. In addition, it was planned that the project will organize public consultations to inform and receive feedback/inputs from stakeholders on the design and implementation of fiscal mechanisms and their underlying required institutional structures.

56. The membership of the PB was finalized during the inception phase and included:

- UNDP CO;
- Administration of the Government of the KR;
- State Agency for Environmental Protection and Forestry under the Government of KR;
- Ministry of Economy and Finance of the KR;
- Ministry of Economic Development, Industry and Trade of the KR;
- Ministry of Industry, Energy and Fuel Resources of the KR;
- Ministry of Agriculture, Water Resources and Processing Industry of the KR;
- National Agency on Local Self-Governance;
- Local Authorities;
- Entrepreneurs Alliance;
- Relevant projects;
- NGOs;
- Academic Institutions.

57. Based on the past donor experience with project experience, policy and institutional authorities and responsibilities, and government agency capacities, it was decided that the execution arrangements to implement the project would be the National Execution (NEX) modality that is the transfer of the funds to the national executing agency and these financial resources to be mobilized by the PMU. This method was used from the beginning of the project and until after the “Revolution” in the spring of 2010<sup>4</sup>. Following the Revolution and due to uncertain time in Kyrgyzstan, these execution arrangements were changed to the Direct Implementation (DEX) modality that is the mobilization of financial resources to be done directly by UNDP.

58. Overall, these management arrangements are *satisfactory*. They provided the project with clear roles

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4 The 2010 Kyrgyzstani revolution was a series of riots and demonstrations across Kyrgyzstan in April 2010 that led ultimately to the ousting of President Kurmanbek Bakiyev. The uprising stemmed from growing anger against Bakiyev's administration, rising energy prices, and the sluggish economy, and followed the government's closure of several media outlets. Protesters took control of a government office in Talas on April 6, and on April 7 clashes between protesters and police in the capital Bishkek turned violent. At least 88 deaths and over 1000 injuries have been confirmed ([http://en.wikipedia.org/wiki/2010\\_Kyrgyzstani\\_revolution](http://en.wikipedia.org/wiki/2010_Kyrgyzstani_revolution))

and responsibilities and good mechanisms for the participation of stakeholders. The review of these arrangements indicates that adaptive management was used during the inception phase to streamline these arrangements and provide an effective approach to oversee the implementation of the project, to ensure good stakeholders participation and to provide good “connections” with the central government for the passing of the required legislation.

## **4.2. Project Implementation**

59. This section discusses the assessment of how the project has been implemented. It assessed how efficient the management of the project was and how conducive it was to contribute to a successful project.

### **4.2.1. Use of Adaptive Management**

60. Throughout the implementation of the project, the project management team used adaptive management extensively and efficiently to adapt the project to the evolving context of Kyrgyzstan. It is rated *highly satisfactory* and is part of the critical success factor that made this project a success. During the lifetime of this project several changes were made. However, three major steps when management changes were made to the project are worth signalling.

61. The first step was during the inception phase. An inception workshop was held on May 13, 2009 and was attended by approximately 52 people from a wide range of stakeholder groups including main government counterparts and representatives from the private sector and NGO sector. The overall objective of this inception workshop was to assist the project team to understand and take ownership of the project's goals and objective, review and revised as necessary the project strategy and its implementation modalities and finalize the preparation of the project's first annual work plan on the basis of the project's log-frame. Based on the project document, discussions provided valuable comments, which were addressed by the project management team following the workshop. The management arrangements, annual work plan, logical framework (performance indicators) and budget were revised and all changes were documented in the inception report. These changes reflected the new context at the time of project inception and allowed the project management team to start the project with an adapted design.

62. The second major step when the project management team used adaptive management extensively and demonstrated its capacity to adapt was around the time of the Revolution in Kyrgyzstan (April to June 2010). A few important events took place in the spring of 2010, which could have been detrimental to the project; there were:

- *The first Project Manager resigned from her position in March 2010:* The project started in December 2008 and following a period of assessments, the project was at a critical time to make proposals to the government for improving the environment taxation system. Internal conflict between national experts and the Project Manager ended when the Manager resigned from her position.
- *The project office was vandalized during the Revolution in April 2010.* Project equipment was stolen and some project information/data was lost as a result of vandalism. The implementation was stopped during the period April to June 2010. During this time, UNDP made the decision to move the project office to a more secure location and due to uncertain political situation the mobilization of financial resources was changed from NEX to DEX (*see Section 4.1.8*). UNDP refurbished the project office from its own TRAC funds and no project funds were used to resolve this issue. Fortunately, critical project information such as project document, Annual Work Plans (AWPs), progress reports, etc. were also stored at UNDP and copied to the new project office.
- *A new Project Manager was hired in August 2010.* The new Project Manager re-started the project in the new project office and with new management modalities (DEX).

63. Together, these events could have been sufficient to jeopardize the implementation of the project. However, this review indicates that despite the implementation time lost during the Revolution, the project was able to re-start and carry on with its activities and achieve its objective and outcomes (*see Chapter 4.3*). Assessments conducted prior to the Revolution were used to make recommendations to the government to improve fiscal measures for collecting, managing and allocating revenues for global environmental

management.

64. The third major step when adaptive management was used was the mid-term evaluation (MTE). The MTE was conducted in September 2010 by an evaluation team composed of an international evaluator and a national evaluator. Based on the assessment conducted during the MTE, the evaluation team made several recommendations to improve the delivery of the project. The project management team and UNDP reviewed these recommendations and produced a management response to address these recommendations. This management response was then incorporated into the AWP and became part of the day-to-day implementation of the project.

65. These three steps demonstrates the ability of the project management team to use adaptive management to adapt the project to new circumstances without losing sight of the overall expected objective and planned outcomes of the project. This approach certainly contributed to the high level achievements of the project.

#### **4.2.2. Partnership Arrangements**

66. The management arrangements set up at the onset of the project (see Section 4.1.8), led to effective partnership arrangements that were *highly satisfactory*. A PB was set up with clear roles and responsibilities. PB Members met twice: 2009 and 2010. The PB was composed of all key stakeholders to oversee the implementation of the project, including representatives from the private sector, which was affected by the planned outcomes of the project.

67. In the meantime, the PMU established good relationships with key project partners, particularly with the SAEPF during the implementation of the project. Staff from the SAEPF was involved into the entire implementation process, keeping a good “ownership” of the project with national partners. This good relationship also contributed to the success of the project in passing some legislative recommendation changes and the adoption by the government of a new methodology and standards.

68. In 2011, the supervision of the project was moved from the PB to the Public Council, a stakeholder body set up under the SAEPF in September 2010 (President’s Decree No.212) to improve the coordination between the SAEPF and the civil society and supervise the work of the Agency. Benefiting from good relationships of the project with national partners, the project management team was able to present achievements of the project in front of the Public Council at their December 2011 meeting.

69. This council is a national body bringing together representatives from the government and the civil society. It was an excellent move from a project point of view, reinforcing the country ownership of project achievements and contributing to the long-term sustainability of project results.

70. In addition, the project had also several good relationship arrangements with key projects. The project management team worked in close collaboration with:

- *CARNet*: A digital network on environmental and sustainable development practice and policy in Central Asia and the neighbouring regions of Russia. The network’s objective is to empower civil society for the participation in implementing National and Regional Environmental Action Plans and Sustainable Development Strategies, within a broader context of the Millennium Development Targets. The project used CARNet to disseminate some of its publications.
- *UNDP-GEF funded PCB project*: The project provides Kyrgyzstan with the tools to achieve effective compliance with respect its Convention obligations and the objective of substantively minimizing the environmental and health risks, both local and global. The project partnered with this project to develop a toolkit to stimulate producers of waste to better manage their waste. This toolkit was aligned with the introduction of a new methodology and fees for “polluters”; an activity supported by the project.
- *Multi-Trust Fund*: As described in Section 4.1.7, the objective of this trust fund is to support government’s efforts in reforming the Kyrgyz public finance management system. The project worked in close collaboration with this initiative to carry out its activities aiming at improving fiscal measures for collecting, managing and allocating revenues for global environmental management.

- *UNDP Environmental Protection for Sustainable Development Project*: The project also collaborated with the environmental protection for sustainable development project that was implemented by UNDP in Kyrgyzstan. The main objective of this programme has been to support and strengthen the capacity of civil society and state institutions of the Kyrgyz Republic to enhance environmental governance systems.

#### 4.2.3. Project Finance

71. As described in Section 4.1.8, the modalities to mobilize the project resources changed over the course of the project. Initially, it was decided that the project would be implemented using the NEX modality. As a result from the onset of the project (December 2008) financial resources were transferred from UNDP to SAEPF, which in turn justified the money expended with proper financial documentation. However, following the Revolution during the spring of 2010 and due to uncertain time in Kyrgyzstan, the management modality was changed at that time to DEX that is project resources were mobilized by the PMU but the funds were directly withdrawn from UNDP Kyrgyzstan and recorded accordingly in the UNDP ERP system. The management of the project finances is rated as *satisfactory*.

72. The financial records were consolidated into the UNDP-ATLAS system as the accounting and financial system for all UNDP projects. Once updated, the ATLAS system could produce financial information for the project team. The system was set-up by Activity and further broken down by items such as local consultant fees, travel tickets, printing and publications, utilities, etc.

#### GEF Funds

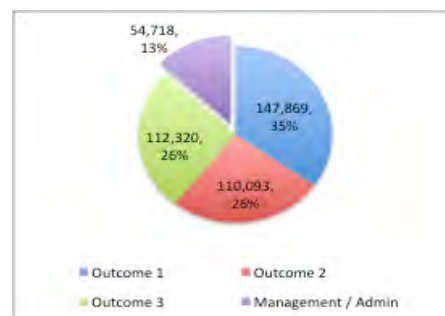
73. The financial records indicate that 100% of the original GEF budget will be spent (USD 425,000) by the end of the project in July 2012 after an implementation period of 43 months. It was also noted by the Evaluation Team that a Project Preparation Grant (PPG) of USD 14,000 was used in addition to the USD 425,000 budget to prepare the project document. The breakdown of project expenditures by outcome and by year is presented in the table below.

**Table 5: UNDP/GEF Fund Disbursement Status**

Item	Total Budget	2009 Actual	2010 Actual	2011 Actual	2012 Budget	Total	%
Outcome 1	125,000	61,724	54,042	25,210	6,893	147,869	35%
Outcome 2	110,000	4,974	28,768	51,524	24,827	110,093	26%
Outcome 3	140,000	6,635	21,546	50,171	33,968	112,320	26%
Management / Admin	50,000	30,682	8,437	11,599	4,000	54,718	13%
Total	425,000	104,015	112,793	138,504	69,688	425,000	100%

\* Actual figures are based on yearly CDRs.

74. The financial figures presented above indicate that 35% of the budget has been spent on outcome 1 that was to improve tax instruments for assessing, collecting, managing and allocating revenues for industrial pollution control; 26% on outcome 2 that was to strengthen the natural resource mobilization programme and its associated comprehensive budget; 26% on outcome 3 that was to strengthen capacities to assess and manage environmental fines for global environmental protection. Finally 13% has been spent on management/administration.



75. When comparing the actual figures to the budget, the main differences are that the project spent somewhat more on outcome 1 and less on outcome 3. More budget than planned were spent for the development and approval of the "*Methodology for determination of payment for environment pollution*" and for the legislative changes to address the gaps in the law on "*General technical regulations on environmental safety in the Kyrgyz Republic*" (outcome 1). On the other hand, the cost for strengthening the capacity of government officials and nature users for the evaluation and management of payments for environment



pollution (outcome 3) was lower than planned due to the partnerships (co-funding) with the UNDP-GEF project "*Management and placement of PCBs in Kyrgyzstan*", the project "*Capacity building in public financial management*" and with the Orhuz center in Osh.

### **Co-financing**

76. The budgeted co-financing at the formulation stage totaled the amount of USD 220,000 of in-kind contributions (*see Annex 7*); which were confirmed by letters attached to the project document. The table below indicates the breakdown of these contributions.

**Table 6: Co-financing from Project Partners**

Partner	Type	Commitments (US\$)
MEF	In-kind	40,000
SAEPF	In-kind	40,000
MAWRPI	In-kind	40,000
MIEFR	In-kind	40,000
Baitik AO	In-kind	20,000
UNDP	In-kind	40,000
Total (US\$)		\$220,000

(\*) Source: Project Document.

77. As per June 2011, an amount of USD 120,000 was reported in the Project Implementation Review (PIR) report 2010-11 as actual co-financing; conforming that the project cooperates closely with several ministries and agencies such as the Ministry of Finance, Ministry of Economic Regulation, Ministry of Natural Resources and the State Agency on Environment Protection and Forestry. However, it was also reported that this amount of USD 120,000 is only an approximation of in-kind contributions from project partners. The project management team stated that despite difficulties to estimate the dollar value of in-kind contributions from project partners, these partners throughout the 3.5 years of project implementation have honoured pledges made at the formulation stage.

78. It is also important to note that there was other financing for associated activities that were identified at the formulation stage such as the multi-million dollar public finance management reform initiative. This initiative has been financed by multiple international donors, including the ADB, DFID, IMF, WB and UNDP. For instance, the World Bank's Government and Structural Assistance Credit Support Project financed activities that were similar to this project but did not specifically address taxation for industrial pollution control.

### **4.2.4. Monitoring and Evaluation (M&E) Approach**

79. A comprehensive M&E plan was formulated during the design phase and the review found it in accordance with UNDP and GEF procedures. The process of monitoring and evaluating the project is rated as *satisfactory*. The operating modalities of this plan are as follows:

- A set of performance indicators with their respective baseline and target at end of project as well as their sources of verification were identified and documented in the log-frame.
- A capacity development (CD) monitoring and evaluation scorecard to monitor the project capacity development performance. This scorecard was used to track project capacity development processes along five capacity results. Indicators were used to measure the changes achieved (*see Section 4.3.3*).
- An inception workshop where the M&E plan was discussed and amended. The changes to the M&E plan were documented in the inception report (*see discussion below*).
- The Project Manager ensured the day-to-day monitoring, particularly to monitor the implementation of annual work plans.
- The PMU had the responsibility to produce progress reports documenting/measuring the

progress made by the project for any given period; it included two main types of progress reports:

- *Quarterly Progress Reports*: This is a UNDP requirement. These reports are produced by the PMU following UNDP guidelines and submitted to the UNDP Country Office and UNDP-GEF RCU.
- *Annual Project Reports (APRs) / Project Implementation Reviews (PIRs)*: These reports are both UNDP and GEF requirements, following specific guidelines. The guidelines are evolving year after year but it is basically an annual progress report measuring the progress made by the project during the past year. It includes two main parts: The DO (Development Objective) tab that monitors the progress made to achieve the overall expected objective and outcomes. Using a set of performance indicators (see below), this progress is measured against established targets at the end of the project cycle. The IP tab (Implementation) monitors the key (\$) outputs achieved under each outcome during the past year.
- The PMU had the responsibility to report the progress made by the project to the PB, using the above reports.
- Mid-term and final evaluations: Conducted at mid-point and at end of project, these 2 external evaluations were opportunities to assess progress made at specific points in time, including progress made against expected results; reviewing the implementation modalities and identify any need for corrective actions and finally to identify any lessons learned.

80. The set of performance indicators was reviewed during the inception phase. Revisions were discussed at the inception workshop in May 2009 and documented in the inception report. The original set included 26 performance indicators. The list of indicators was revised/simplified to end up with a set of 11 performance indicators; see table below.

**Table 7: List of Performance Indicators**

Project Strategy	Performance Indicators
<b>Objective:</b> To improve fiscal measures for collecting, managing and allocating revenues for global environmental management	1. Proposal of reforming the pollution charge system in the context of the Rio Conventions 2. Reform proposals of nature resource mobilization program and development of a financing strategy for financing environmental protection activities 3. Improvement of financial administration and increased transparency in the management of environmental funds 4. Capacity development monitoring scorecard rating
<b>Outcome 1:</b> Improved tax instrument for assessing, collecting, managing and allocating revenues for industrial pollution control developed	5. Proposal for improving the pollution charge system 6. Effective and transparent administration of environmental funds 7. Adequate legislation package (by-laws, instruction, methodological documents and technical regulations) for pollution charges and environmental funds
<b>Outcome 2:</b> Natural Resource Mobilization Programme and associated comprehensive budget for EPNRM	8. Program to improve the funding situation of environmental investments developed 9. Strategy aiming to develop criteria for the appraisal of environmental priorities and investment decision
<b>Outcome 3:</b> Capacities strengthened to assess and management environmental fines for global environmental protection	10. Dissemination activities, such as training of experts and workshops presenting the recommended changes 11. Public information campaign with regard to the proposed changes with regard to the system of pollution charges and the funding schemes of nature protection measures

81. The revision of performance indicators during the inception phase improved the quality of indicators and made the monitoring function more feasible by decreasing the number of indicators (from 26 to 11). It was also noted that during this inception period these performance indicators became also expected outputs of the project (*see Section 2 Project Logic Model in Inception Report, 2009*). These expected outputs were used to draw the multi-year work plan at inception (*Annex 5 of Inception Report, 2009*) whereby planned activities were identified under each expected output.

82. The assessment of these indicators reveals that some of them could be SMARTer<sup>5</sup>; particularly more specific. It is particularly true for the two indicators under outcome 3. In order to meet the target at the end of the project it is mainly a matter to organize training activities (workshops) and information campaign. However, it is not ensuring that the capacity to assess and manage environmental fines for global environmental protection was strengthened. Part of developing this capacity certainly includes the training of staff involved in managing environmental fines and a public made aware. However, it requires that adequate procedures and mechanisms be followed for these changes to take effect. In other words, measuring the progress under this outcome should focus more on the effectiveness of this training and public campaign than only on counting the number of people trained.

83. Nevertheless, this set of indicators accompanied with the CD monitoring and evaluation scorecard provide a good framework for monitoring the project and measuring the progress made in developing the capacity of the government of Kyrgyzstan to improve its fiscal measures for environmental protection and natural resource management. The lack of specificity is counter-balanced by indicators that are also outputs of the project and very much linked to what the project was supposed to deliver.

#### **4.2.5. Contribution of Implementing and Executing Agencies**

84. The overall efficiency of the UNDP Country Office (CO) and of the SAEPF - as respectively the GEF implementing agency and the national execution agency of the project - to support the implementation of the project is rated as *satisfactory*. In their respective area of responsibility, they provided the necessary project management support to the project team to ensure an efficient use of the GEF resources. Both agencies participated actively in PB activities.

85. UNDP-CO provided the required guidance to apply UNDP project management procedures such as procurement, hiring and contracting. It also provided guidance for reporting project progress and played a major role during the Revolution in April 2010. Following the assessment of losses after the project office was vandalized, UNDP provided the necessary resources to refurbish a project office and allowed the project team to pursue the implementation of the project. Finally, UNDP played a role of quality assurance over the implementation of the project, ensuring that the required qualities for project activities were fulfilled. UNDP provides also a global link to access and share international experiences, which is beneficial to the project when well chosen. It is recommended that based on the good results of this project, UNDP should promote these achievements and explore the possibility to organize an exchange of similar experiences in the RBEC region and possibly in the world (*see Chapter 7*).

86. SAEPF as the national execution agency but also as the main beneficiary of this project played a key role in the success of this project. The SAEPF is also the organization where the GEF focal point is located. The Head of SAEPF chaired the PB of the project to provide leadership in guiding the implementation of the project. At the same time, it was the main organization that benefited directly from the achievements of the project. Overall, SAEPF played an important facilitator role for the project, providing the organizational context for legitimization of the process to reform the environment taxation system; SAEPF has been the government anchor point of the project. In return, the capacity of SAEPF to collect, manage and allocate revenues from environmental fees was increased. The organization is now better equipped with a new methodology, adequate legislation to support the environment tax system and the set of skills needed to implement the system.

#### **4.2.6. Summary of the Mid-Term Evaluation (MTE)**

87. A Mid-Term Evaluation (MTE) was conducted in September 2010 by an international consultant and a national evaluator<sup>6</sup>. The evaluation team reviewed the project at mid-point following the UNDP and GEF evaluation guidelines. It concluded at the time that the project was on track and progressing well. It did not seem to have given an overall rating for the project but rather a set of ratings for each evaluation criteria. It said that the project was highly relevant but overall implementation and progress in achieving the intended outcomes was marginally satisfactory.

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5 SMART: Specific, Measurable, Achievable, Realistic and Timely

6 It is important to note that this MTE was conducted just after the Revolution period (April 2010) and also immediately after the period March to August 2010 when no Project Manager was on board. This turbulent time, may have affected the MTE.

88. A set of 7 recommendations was made by the MTE. A management response was developed to plan how to address these recommendations by identifying key actions, their timeframe, responsibility and tracking. The table below is a summary of these recommendations and the corresponding management responses.

**Table 8: List of MTE Recommendations**

<b>Recommendation</b>	<b>Management Response</b>
1. Hiring experts for development of the Strategy on Improvement of Environment Protection Activities' Financing System; expert for development of proposals on introduction of amendments into current normative and legal acts on usage of flora's and fauna's objects, expert to develop the "Guideline on development, agreement and approval of environment protection plans and expert on Public Relations should be done as early as possible.	The project management accepts this recommendation and will speed up the process of recruitment of experts
2. Number of training, workshops and round table discussion on the new pollution charge methodology and other proposal developed by the project should be increased so that more stakeholders from all provinces of Kyrgyzstan could be consulted and trained on pollution methodology and other project documents.	The project management accepts this recommendation. The round-table on discussion of the Draft Methodology of Environment Pollution Charge's Calculation was conducted in 2010 with participation of the main stakeholders. The Annual Work Plan for 2011 will include activities considering this recommendation.
3. Study of impact of new pollution charge methodology should incorporate impact on women, minority groups, poor communities and industries. This is very important as it may affect product price and thereby affect poor communities whose purchasing power is very low. This project should not make poor more poor against the millennium.	The project management accepts this recommendation and will conduct analysis of impact of the new pollution charge's calculation methodology on entrepreneurs and society, including poor population to not allow poverty level increase. The project management will conduct gender expertise of the normative and legal acts that are being developed within the project.
4. Increase participation of relevant stakeholders (municipalities, Aiyl Okmotus and women's groups, organisation/project working in the field of environment etc.) from the six provinces of the Kyrgyz Republic.	The project management accepts this recommendation and will conduct several activities in the provinces of Kyrgyzstan.
5. All the project documents should be placed on the webpage of UNDP, CARNet, and SAEPF and if possible also the English version so that individual from different international organizations or individual experts from anywhere could also provide feed backs.	The project management accepts this recommendation and will conduct an informational campaign in all available Mass Media means.
6. Make arrangement so that the same person from each of the institutions represent in all activities so that the institutional memory could be maintained	The project management accepts this recommendation and will invite same persons from each of the institutions represent in all activities so that the institutional memory could be maintained.
7. Since the project was affected by political and other reasons, extension of the project life is necessary to accomplish remaining activities. So no cost extension of 6 months is suggested.	The project management accepts this recommendation and will prepare justification for the project duration's extension.

89. The review of these recommendations during the final evaluation exercise indicates that they were implemented as per the described management responses, including the 6-month no-cost extension of the project.

### **4.3. Project Results**

90. This section discusses the assessment of project results; how effective was the project to deliver its expected results and how sustainable these achievements will be over the long-term.

#### **4.3.1. Overall Achievements/Results**

91. As presented in Sections above, the project had three outcomes that were further divided into 7 outputs. As discussed in Section 4.2.4, these outputs were also the performance indicators that were used to

measure the progress of the project. Below is a table listing the key results achieved by the project against each output and the corresponding target(s) planned at the end of the project (*see also Annex 8*).

**Table 9: List of Key Outputs Delivered**

Expected Results	Targets at End of Project	Key Results
<b>Project objective: To improve fiscal measures for collecting, managing and allocating revenues for global environmental management.</b>		
<b>Outcome 1: Improved tax instrument for assessing, collecting, and managing revenues for industrial pollution control developed</b>		
<b>Output 1.1:</b> Proposal for a revision of existing economic instruments for environmental pollution focusing on the pollution charge system	<ul style="list-style-type: none"> <li>Proposals developed addressing the shortcomings identified, tested and evaluated in a pilot test case in which a large number of pollution-intensive enterprises are located</li> <li>Proposal submitted to the relevant governmental institutions for approval</li> </ul>	<ul style="list-style-type: none"> <li>A revised methodology to calculate pollution fees/payments; including the revision of the list of pollutants from few hundreds (complex list) to 20 pollutants, the revision of procedures (simpler) for importing lubricants but fees to be applied to “polluters” were kept at the same level, which were approved by the government in 2002. A few national consultations reviewed this revised methodology – which was also posted to the web – and it was finally adopted by the Government Decree #559 of September 19, 2011.</li> </ul>
<b>Output 1.2:</b> Effective administration and transparent management of funds for environment protection	<ul style="list-style-type: none"> <li>Proposals for improving the work of environmental funds is developed based on international practice and recommendations</li> <li>Guidelines for the identification of priorities are derived</li> </ul>	<ul style="list-style-type: none"> <li>Draft provision on internal auditing for SAEPF to comply with the President Decree on setting up an internal audit system. This draft will be transferred officially to SAEPF at the end of project. Currently only 6 ministries are mandated to set up these internal audit systems in the context of the public finance management reform initiative. However, with the support of the project, SAEPF is now ready to do implement this reform too.</li> <li>A guidebook on public involvement/participation in the management of environmental protection funds.</li> </ul>
<b>Output 1.3:</b> Adequate package of by-laws, instruction, methodic documents and technical regulations that regulate reduction of industrial pollution and nature management	<ul style="list-style-type: none"> <li>Legislative package as well as reform proposal approved by implementing agency and submitted to Government for approval</li> </ul>	<ul style="list-style-type: none"> <li>Set of legislative changes (Technical regulations) to address gaps. These changes were developed with the support of the project, reviewed by the government through the formal reviewing process, then finally reviewed by the Parliament and sent to the President to be signed. These legislative changes entered into force on March 1, 2012.</li> </ul>
<b>Outcome 2: Natural Resource Mobilization Program (NRMP) and associated comprehensive budget for EPNRM</b>		
<b>Output 2.1:</b> Program to improve the funding situation of environmental investments developed	<ul style="list-style-type: none"> <li>Policy framework for the inclusion of environmental investments into national budgetary programme (budget financing for environmental objectives) is established</li> <li>Strategy for extending the revenue base of environmental funds is developed</li> </ul>	<ul style="list-style-type: none"> <li>The first programmatic budget for SAEPF was prepared for 2012-14 with the support of the project. It was approved by the MOF as complying with the “reformed” budgetary process under the PFM reform initiative, which targets 6 main ministries; SAEPF being one additional agency to be reformed with the project’s support.</li> <li>The project is currently supporting the development of the next programmatic budget for 2013-15 including the identification of performance indicators. This new budgetary process is programme-based and includes 4 lines of work: <ol style="list-style-type: none"> <li>1. Planning, management and administration</li> <li>2. Development of forest ecosystem</li> <li>3. Ensuring environmental security</li> <li>4. Preserving BD and developing a network of SPAs.</li> </ol> </li> </ul>

Expected Results	Targets at End of Project	Key Results
		This new approach replaces the old system whereby a budget line was given to each Ministry and agency and each organization was operating its own way with limited accountability.
<b>Output 2.2:</b> Strategy aiming to develop criteria for the appraisal of environmental priorities and investment decision	<ul style="list-style-type: none"> <li>Proposals for improving the work of environmental funds is developed based on international practice and recommendations (development of guidelines / criteria of prioritising environmental expenditures)</li> </ul>	<ul style="list-style-type: none"> <li>A strategy on improving the financing for environmental protection activities was drafted. The government has not approved it yet and considering the current national budget constraints, there is little hope that this strategy will be approved in the short or medium term.</li> </ul>
<b>Outcome 3: Capacities strengthened to assess and management environmental payments for global environmental protection</b>		
<b>Output 3.1:</b> Dissemination activities, such as training of experts and workshops presenting the recommended changes	<ul style="list-style-type: none"> <li>10 workshops are held open for the public and private sector</li> <li>At least 80 governmental officials (state and local institutions) and 30 representatives of the private sector are trained</li> </ul>	<ul style="list-style-type: none"> <li>3 workshops (June 2012) with about 90 inspectors from the newly established Environment Inspectorate on how to apply the revised methodology.</li> <li>2 workshops for 30 governmental specialists (SAEPF) and 25 representatives of the private sector (enterprises) on the new Law on “<i>General Technical Regulation for the Provision of Environmental Safety</i>” and on the methodology to determine the danger category of environment polluting enterprises.</li> <li>11 representatives of the Kemin district’s Aiyl Okmotu were trained and are now able to prepare applications for getting financial resources for environment protection activities from the Local Nature Protection and Forestry Development Funds.</li> <li>Expert support was provided to 4 representatives of the Aiyl Okmotu that prepared applications and submitted to Chui-Bishkek Local Nature Protection and Forestry Development Fund.</li> <li>As a result of workshops, the Heads of Republican and the Local Nature Protection and Forestry Development Funds, the Chiefs of the Territorial Nature Protection and Forestry Development Departments, and representatives of the Ministry of Finances and Ministry of Economic Regulation are now aware of the best international practices for the management of the Nature Protection Funds.</li> <li>Three training sessions on calculation of charge for environment pollution conducted with the participation of 75 nature users and environmental specialists from 6 regions of Kyrgyzstan (45 public servants and 30 private sector).</li> <li>2 training modules (financing environmental activities and environmental protection overview) for university students (optional courses).</li> </ul>
<b>Output 3.2:</b> Public information campaign with regard to the proposed changes with regard to the system of pollution charges and the funding schemes of nature protection	<ul style="list-style-type: none"> <li>Survey on the effectiveness of environmental fiscal measures</li> <li>Information campaign during project implementation is carried out during project implementation phase</li> </ul>	<ul style="list-style-type: none"> <li>A poster on financing environmental protection was designed and 300 copies were distributed to raise public awareness.</li> <li>Two TV programs on the project were broadcasted on two national and eight local TV channels in Sept.-Oct, 2011.</li> <li>A booklet on project activities was published and 1,000 copies were disseminated</li> <li>A document titled “<i>Application of the Best International</i></li> </ul>

Expected Results	Targets at End of Project	Key Results
measures		<p><i>Experience for Managing Environment Protection Funds in the Kyrgyz Republic</i>” was published and 800 copies were distributed.</p> <ul style="list-style-type: none"> <li>• 8 articles on the project have been placed in the local mass media outlets.</li> <li>• The draft normative and legal acts were posted to the SAEPF web site and to the CARNet portal for public discussions; almost 30 discussion treads took place on this portal.</li> </ul>

92. The review of these key results achieved indicates a very successful and effective project; its overall progress is rated as *highly satisfactory*. The project was able to achieve what it was intended to achieve in the planned timeframe. Two major critical success factors explained partially this success: (i) the use of adaptive management to continually adapt the implementation of the project to the local context (*see Section 4.2.1*). Despite major disruptive events (resignation of the first Project Manager and project office vandalized), the project management team was able to regroup, adapt and pursue the implementation of project activities; (ii) the excellent partnership arrangements with the key partners of the project, particularly with SAEPF. The SAEPF as the national executing agency and also as the main beneficiary of the project facilitated project activities, including the legitimization of the process to reform the environment taxation system in Kyrgyzstan.

93. The interviews conducted for this review also revealed that stakeholders appreciated very much the focus of the project that was on implementing concrete activities to improve existing processes as opposed to many projects that support the development of strategies but which go nowhere. The stakeholders that were involved in this project but also in the NCSA project (*see Section 4.1.3*) appreciated very much the approach that (1) supported the identification of national priorities through a national self-assessment, then (2) provided funding for implementing one key of these national priorities.

94. This review also indicates that some achievements surpass the targets that were set at the onset of the project. This is the case for the methodology, which was developed and tested with key “polluting” enterprises in Kyrgyzstan. The target was to submit a tested proposal for revising this fiscal instrument. The actual result is that this revised methodology was submitted to the government, was then the object of national public consultation coordinated by the government and finally was approved by the government through the Government Decree #559 of September 19, 2011. The same is true for the legislative changes regarding the technical regulations. After these changes were drafted in legislative language and send to the President’s Office for signature, they were signed and entered into force on March 1, 2012.

95. Regarding the reform of the budget and of the internal auditing processes of SAEPF, the project supported activities in this area in close collaboration and following the approach guided by the Public Finance Management (PFM) reform initiative that has been targeting 6 ministries (*see Section 4.1.7*). The result today is that the PFM reforms are being implemented for seven (6+1) government ministries/agency. The SAEPF has now a programme-based budget process that is geared toward a more efficient environmental management approach in Kyrgyzstan.

#### **4.3.2. Attainment of Project Objective**

96. Before assessing how well the objective was attained, it is interesting to review the hypothesis/rationale of this project at the formulation stage, which was described in the project document: *“Building upon the existing enabling environment, as well as those activities currently underway in the area of public finance management reforms, this project will tackle one small, but strategic component of environmental fiscal reform, targeting capacity-building activities longitudinally (nationally, provincially and locally). The strategy employed in the design of this project was to consider the nature of the issue holistically, and then structure a realistic sub-set of issues within the framework of a GEF and UNDP medium-size project guidelines.”* Indeed, after three years of implementation the review indicates that the project tackled successfully one small strategic component of environmental fiscal reform using a holistic approach.



97. As per the measurement of project performance to achieve its outcomes, a set of 5 indicators was identified to measure the progress of the project in meeting its objective.

**Table 10: Attainment of Project Objective**

Expected Results	Targets at End of Project	Key Results
<b>Project objective:</b> To improve fiscal measures for collecting, managing and allocating revenues for global environmental management.	<ul style="list-style-type: none"> <li>Revised pollution charge system is developed, tested and evaluated using data and information from different enterprises in a pilot territory</li> <li>Proposals with regard to increase of funds for environmental protection activities are submitted to the implementing agency aiming to be forwarded to the Government for approval</li> <li>Development of policies for improving the performance of environmental funds</li> <li>Proposals for increasing the revenue base of environmental funds</li> <li>Capacity for:               <ul style="list-style-type: none"> <li>Engagement: 3 of 9</li> <li>Generate, access and use information and knowledge: 8 of 15</li> <li>Strategy, policy and legislation development: 7 of 9</li> <li>Management and implementation: 2 of 6</li> <li>Monitor and evaluate: 6 of 6</li> </ul>               (total score: 26 / 45)             </li> </ul>	<ul style="list-style-type: none"> <li>An efficient system (methodology) is now in place – and official - in Kyrgyzstan to calculate pollution fees/payments, including the necessary legislation and technical regulations to support this new system.</li> <li>The list of pollutants that triggers pollution fees were simplified to 20 from a complex list of few hundreds pollutants.</li> <li>Following the consultation carried out, the SAEPF knows better who is polluting; the list of recognized “polluters” is now more transparent.</li> <li>The procedures for importing lubricants was much simplified with pollution fees now charged only once at the border.</li> <li>The better system impacted positively the collection of pollution fees that go directly to the Republican Environment Fund<sup>7</sup>. For instance, it is estimated that the revenue for the Bishkek Local Environment Fund, the revenue increased from 40M Soms (USD 0.85M) in 2011 to an estimated amount of 70M Soms (USD 1.5M) in 2012.</li> <li>The SAEPF is now better equipped to collect pollution fees/payments and to manage the use of these collected fees through a programme-based budgetary process.</li> <li>A strategy on improving the financing for environmental protection activities was drafted. However, the chance of this strategy to be approved by the government is not great considering the current national budget constraints.</li> <li>Capacity for:               <ul style="list-style-type: none"> <li>Engagement: 4 of 9</li> <li>Generate, access and use information and knowledge: 7 of 15</li> <li>Strategy, policy and legislation development: 6 of 9</li> <li>Management and implementation: 4 of 6</li> <li>Monitor and evaluate: 5 of 6</li> </ul>               (total score: 26 / 45)             </li> </ul>

98. Based on the review conducted for this final evaluation, the objective that was “*to improve fiscal measures for collecting, managing and allocating revenues for global environmental management*” have been met. The government of Kyrgyzstan is now better equipped to collect environmental fees and payments from “polluters” and the national environmental agency has now a programme-based budgetary process that is now more geared toward the management of natural resources in Kyrgyzstan.

99. The review indicates that the key achievement of the project is the development of the methodology. It has been a great opportunity to simplify and clarify the collection of environmental fees/payments. The procedures are much clearer for the private sector to comply with the existing regulations and the government (SEAPF) is better equipped to manage the collection of revenues and its effective use for managing the natural resources. Additionally, a simpler, clearer and more transparent process led to decrease the risk of corruption. As a result, the “polluters” pays their due to comply with the national regulations and

<sup>7</sup> The Republican Environment Fund was created by Decree in 1992. It is part of a set of 3 National Funds: Environment, Health and Social/Pension. Prior to 2007 the Republican Environment Fund was an extra-budgetary line and did not appear on the national budget. Since 2007 it is now part of the national budget, including the control function done by the ministry of finance. This fund is structured in a Republican fund – chaired by the Director of SAEPF - and 6 local funds managed by 6 Territorial Departments. The sources of revenue for these funds are pollution fees, pollution charges, and environmental permits. Revenues are split between the Republican Fund (25%) and 75% go to the local fund where the revenue was collected.



legislation, the environmental agency gets more revenues in its environmental funds to finance environmental protection and the overall process is much more transparent and contributes to the fight against corruption.

#### **4.3.3. Contribution to Capacity Development**

100. Developing the capacity to better manage environmental taxation in Kyrgyzstan is at the core of the project's objective that is *"to improve fiscal measures for collecting, managing and allocating revenues for global environmental management."* Instead of a distinct capacity development strategy detailing how the project will build the capacity to improve these fiscal measures, the concept of developing capacities was "embedded" into the project strategy itself, such as outcome #3 that is *"Capacities strengthened to assess and management environmental payments for global environmental protection"*. As described in Section 4.3.2 above, the project was designed with a strong focus on developing capacities by *"building upon the existing enabling environment, ....., targeting capacity-building activities longitudinally (nationally, provincially and locally). The strategy employed in the design of this project was to consider the nature of the issue holistically, ....."*

101. In its strategy, the project has all the ingredients to succeed as a capacity development initiative. Emphasizing a holistic approach, it targets its interventions at different levels to achieve long-term sustainability. Using the lessons learned from the Capacity Development Initiative (CDI) conducted by UNDP and the GEF Secretariat (2000), the project intervened at the *"individual"* level to raise skills and knowledge related to environmental taxation; at the *"organizational"* level to improve the functional capabilities of key organizations through better procedures, systems and mechanisms; and finally at the *"systemic"* level to provide an enabling environment (policy and legislation) that is supportive to the expected changes.

102. When assessing the capacity development approach used by the project management team it reveals that it meets many attributes of a well designed capacity development initiative. Referring to the list of attributes from the *"Monitoring Guidelines of Capacity Development in Global Environment Facility Projects"*<sup>8</sup> the approach meets most of the following attributes:

- Capacity development requires ownership
- Capacity development requires collaborative agreements
- Capacity development is a continuous process
- Capacity development requires relevant and valid information for effective decision-making
- Capacity development requires incentives and resources
- Capacity development needs to be part of early project design
- Capacity development needs to build on existing structures and mechanisms
- Capacity development needs a baseline
- Capacity development needs benchmarks
- Capacity development needs to be specific
- Capacity development needs to be attributable

103. Globally it is now well recognized that capacity refers to the overall ability of a system to perform and sustain itself<sup>9</sup>. Capacity development encompasses the acquisition of skills and knowledge for individuals, the improvements of institutional structures, mechanisms and procedures and finally the strengthening of an enabling environment (system) with adequate policies and laws. Capacity is the sum of a series of conditions, intangible assets and relationships that are part of an organization or system and that are distributed at various levels:

- Individuals have personal abilities and attributes or competencies that contribute to the performance of the system;
- Organizations and broader systems have a broad range of collective attributes, skills, abilities and expertise called capabilities which can be both 'technical' (e.g. policy analysis, resource

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8 Bellamy, Jean-Joseph and Kevin Hill (2010), *"Monitoring Guidelines of Capacity Development in Global Environment Facility Projects"*, Global Support Programme, Bureau for Development Policy, United Nations Development Programme, New York, USA.

9 See the study on *"Capacity, Change and Performance"* conducted by the European Center for Development Policy Management; which explored the notion of capacity and capacity development (<http://www.ecdpm.org/>).

assessment, financial resource management) and 'social-relational' (e.g. mobilizing and engaging actors to collaborate towards a shared purpose across organizational boundaries, creating collective meaning and identity, managing the tensions between collaboration and competition).

104. As discussed in Section 4.1.3, this project is a direct follow-up to the NCSA that was conducted from 2003 to 2005 in Kyrgyzstan. This self-assessment identified national priorities related to the management of the global environment and it is part of the GEF capacity development strategy implemented globally. The NCSA in Kyrgyzstan ended up with a strategic action plan that recommended six strategic directions and 18 recommendations to develop the capacity of Kyrgyzstan in implementing the Rio Conventions (*see Section 4.1.3*). This project was developed to address the recommendations related to the financing of environmental protection in Kyrgyzstan.

105. As discussed in Section 4.3.1 the level of project achievements is highly satisfactory. Furthermore, the comprehensive capacity development approach used to implement project activities and support the change process will ensure that these results are sustainable over the long-term. The review of achievements indicates that all necessary capacities to support the change process supported by the project are in place. The required legislation is in place, a revised methodology is approved and institutionalized and the staff at SAEPF has the skills and knowledge to carry out their duties using the new approach.

106. Finally, as part of the project M&E plan, a Capacity Development (CD) Monitoring and Evaluation Scorecard was used to measure the development of capacity (*see Annex 9*). This scorecard includes five capacity results needed in an area for a functional/operational managerial system and progress is measured through a set of 15 indicators. Related to this project, three measures were conducted over the life of this project: at inception, at mid-point by the MTE and at the end of the project during this final evaluation. The set of scores at each step is indicated in the table below:

**Table 11: Summary of Capacity Development Monitoring Scores**

Capacity Result	Maximum Scores	At Inception	At Mid-Point (MTE)	At End of Project (FE)
Engagement (max. 9)	9	1	2	4
Generate, access and use information and knowledge	15	6	7	7
Strategy, policy and legislation development	9	4	5	6
Management and implementation	6	1	1	4
Monitor and evaluate	6	4	5	5
Total	45	16	20	26

(\*) See Annex 9 for detailed scores.

107. This table indicates a total score of 16 out of a maximum of 45 at the onset of the project. Capacity development activities supported by the project contributed to the development of capacity related to the management of environmental taxation in Kyrgyzstan. By the end of the project the total score is 26 out of 45 and it meets the target that was set at the beginning of the project. However, what is also important to note is that the overall capacity for a functional/operational managerial system for environmental taxation still needs more attention. As said in the project document, the project “*tackled one small, but strategic component of environmental fiscal reform*”, more is needed in the area to claim that full capacity is achieved.

#### **4.3.4. Long-Term Sustainability of Achievements**

108. The prospects for the long-term sustainability of project achievements are excellent; it is rated as *highly likely*. Most achievements are already institutionalized and there are to stay and be used. The government approved the revised methodology in 2011. It is already used by the SAEPF to collect pollution fees/payments. All stakeholders interviewed during this assignment recognized the simplicity, clarity and transparency of this new methodology. Regarding the legislative changes, there were also passed by the government in March 2012. It is now part of the national legislation body and is used by the relevant

institutions to make sure stakeholders comply with the established regulations. Finally, the SAEPF is now equipped with a programme-based budgetary process that is better geared toward an effective management of Kyrgyz natural resources. This budgetary process change is also part of the overall public finance management reform initiative underway in Kyrgyzstan. The first phase of this initiative targeted 6 ministries and the project supported an additional one: SAEPF. In 2012, all ministries and agencies are now expected to implement this new programme-based budgetary process.

109. The long-term sustainability of these achievements was well strategized at the onset of the project. At the formulation stage, the design team identified 6 criteria for institutional sustainability. It was recognized that in addition to modeling and structuring the system boundary of the proposed project on the basis of a holistic perspective of the complexity of public finance and natural resource/environmental management, five other criteria of institutional sustainability were implied.

- In demonstrating environmental fiscal reform, the project is to take into account the need to build capacities that facilitate a greater accountability among the stakeholders.
- Project design (and implementation) is also to ensure that stakeholders deem the project and its components legitimate. In this respect, very careful consideration was given to the project's implementation arrangements.
- Legitimacy is also a central feature of the fair and equitable sharing of benefits, and in this respect, the project consulted with key stakeholders to take into account their expectations.
- The structuring of governance mechanisms (i.e., rules and decision-making procedures and their relevant organizational homes) that enhances and ensures accountability, legitimacy and equitable sharing of benefits, as well as facilitates the adaptive collaborative management of project activities.
- Adaptive collaborative management, which calls for full and equal collaboration early on in the design of the project to access critical data and information needs, as well as throughout the implementation of the project.

110. It was also noted that these institutional sustainability criteria are also well aligned with attributes of a well designed capacity development initiative (*see Section 4.3.3*).

111. In addition to these institutional sustainability criteria, maximizing long-term sustainability at the formulation stage was also viewed through the institutionalization of both: (i) institutionalize the availability and access to technical expertise and (ii) institutionalize the capacities developed with the support of the project within the key organizations at both national and local levels. Finally, sustainability of results was also viewed as the need to develop manuals and guidelines on the use of the revised methodology and provide training to a large complement of staff that are responsible for the environment taxation system in Kyrgyzstan.

112. Using the UNDP and GEF guidelines for final evaluation, sustainability is generally considered to be the likelihood of continued benefits after the project ends. Its assessment needs to consider the risks that are likely to affect the continuation of project outcomes; four areas are considered risks to sustainability:

- *Financial Risks:* Considering the nature of the project and its achievements, there are not really any financial risks for the long-term sustainability of these achievements. The objective of the project was “*to improve fiscal measures for collecting, managing and allocating revenues for global environmental management*”. In other words, the project was about improving existing processes. As discussed in previous sections, the revised methodology simplified, clarified and made the process more transparent. No additional recurrent costs are attached with these achievements. Furthermore, it is also expected that by streamlining the environment tax collection system, the efficiency of existing resources will increase over time.
- *Socio-economic Risks:* As it stands now, there is very limited socio-economic risks to threaten the long-term sustainability of project's achievements. Again, the revised approach is simpler and more transparent. All stakeholders interviewed during this evaluation indicated their strong support to these changes; including the private sector that sees these changes are more transparent, simpler and contributing to the fight against corruption.
- *Institutional Framework and Governance Risks:* The required legal structures and the governance processes to support and carry out these changes were also part of the capacities that were developed by the project. As discussed in Section 4.3.3, the implementation approach was

holistic, intervening at all levels where capacity development was required, including the legal framework and the governance structure.

- *Environmental Risks*: There are no environmental risks that may pose a threat to the long-term sustainability of project's achievements. The project contributed to streamlining the environmental taxation system. As a result, more "polluters" are complying with the need to pay the environmental fees and the SAEPP is getting more revenue to finance the management of natural resources in Kyrgyzstan.

113. Based on the review of these four areas of risks that may pose a threat to the long-term sustainability of project's achievements, it is *likely* that there are no or negligible risks that affect these dimensions of sustainability.

#### **4.3.5. Catalytic Role and Long-Term Impact**

114. The project played a major catalytic role in improving the environmental taxation system in Kyrgyzstan. The combination of several factors contributed to this catalytic role to support the government of Kyrgyzstan in improving the collection of environmental fees/payments:

- By "*tackling one small, but strategic component of environmental fiscal reform*", the project had a strong focus and was able to demonstrate positive changes with limited budget and time. It showed how to improve the management of public finance, which is the object of an important reform initiative in Kyrgyzstan.
- The collaboration with the PFM reform initiative allowed the project to stay focus on its objective but also to benefit from the larger PFM reform framework providing political support, reform guidelines and a wide network of resources and expertise.
- Using a good stakeholder participation approach, the project demonstrated the benefit of stakeholder consultation. The private sector ("polluters") was part of the process from the beginning and its engagement was translated into complying with the new methodology and paying their environmental dues.
- The holistic approach to develop capacity at all levels allowed the project to address capacity gaps that were required for a functional environmental taxation system; including an enabling environment, institutional procedures and mechanisms and finally staff with the required skills and knowledge.

115. The project demonstrated how "*to improve fiscal measures for collecting, managing and allocating revenues for global environmental management*". Despite the limited resources and time, the narrow focus allowed the project to make a positive difference and demonstrated how to reform the finances of environment taxation. However, it is also important to remember that collecting fees is not only a source of revenue for environmental protection. It is mainly a fiscal instrument to control industrial pollution. The ultimate goal of environmental fees/payments is a financial measure to limit and avoid the release of pollutants into the environment.

116. Improving fiscal measures for collecting, managing and allocating revenues for global environmental management is a major and necessary step toward the long-term impact of controlling industrial pollution. Stakeholders are aware that this is just the beginning and that much more is needed to ensure that good mechanisms are in place to control this pollution; a deterrent mechanism to control the release of emissions.

117. One aspect that the project did not change is the level of fees. These fees were legislated in 2002 and, according to comparative study with other countries in the region; they are on the low side, which could translate into being non-deterrent for industrial polluters. With the project support, the level of fees was discussed at different levels but changes were never formalized. Raising any fees is a sensitive issue in Kyrgyzstan in the context of the recent Revolution, which was due mostly to an increase of energy tariffs. Adding to the potential for social unrest, increasing the environmental fees may also affect the competitiveness of Kyrgyzstan to be able to attract foreign investment. Nevertheless, this question of fee level is still alive in Kyrgyzstan and a policy dialogue is ongoing; though any change may happen only in the medium to long-term.

118. Based on the achievements of the project within the context of the PFM reform initiative, the prospect

for the long-term impact of these achievements is *significant*. The improvement of the collection of environmental fees was already translated into higher revenue for the SAEPF to undertake environmental protection activities. It is also a major step toward the implementation of mechanisms to control industrial pollution. The project is ending at the end of July 2012 but already in August 2012, a new government reform programme will start, which will include a functional review of SAEPF and the recently created Environmental Inspectorate<sup>10</sup>. The project initiated and demonstrated how to reform the environment taxation system and to strengthen the capacity of SAEPF; it will certainly impact the effectiveness and efficiency of the protection of the environment in Kyrgyzstan over the long-term.

#### 4.3.6. Country Ownership

119. The country ownership is excellent and is a contributing factor to good prospects for the long-term sustainability of project achievements; it is rated as *highly satisfactory*. This ownership was nurtured overtime by the project design and implementation teams. Several critical factors contributed to this excellent country ownership:

- The project has its origin in a national self-assessment (NCSA) that identified national priorities for improving the management of the environment. This exercise was conducted under the leadership of the SAEPF and the decision was taken by stakeholders to address this particular priority in the context of improving the financing of environmental protection in Kyrgyzstan.
- As part of the overall strategy to improve the protection of the environment, it is also part of national priorities contained in the Country Development Strategy (CDS) 2012-14 that was in the process of being approved during the time of this evaluation.
- The objective of the project is well aligned with the Public Finance Management reform initiative that has been underway in Kyrgyzstan and targeting 6 ministries. The project worked in collaboration with this initiative and was able to bring the reform agenda at SAEPF and make it the seventh public organization to reform the management of its finances.
- The government demonstrated its commitment by supporting the project objective and approving officially key project results (methodology and legislation/technical regulations).
- The oversight of the project was done by a PB chaired by the Director of the SAEPF and a membership composed of all key stakeholders. Later in 2011, this oversight mechanism was changed from being done by a PB to becoming part of activities of the Public Council. This Council was set up in 2010 as a national body bringing together representatives from the government and the civil society to improve the coordination between the SAEPF and the civil society and supervise the work of the Agency.

## 5. MAIN CONCLUSIONS

120. The review of this project indicates a very successful project that delivered more than what it was supposed to deliver, including excellent prospects for the long-term sustainability of these achievements. *Overall the rating for this project is highly satisfactory*. Detailed ratings as required in the TORs for this final evaluation are summarized in the table presented in annex 10.

121. The main conclusions of this final evaluation are presented below:

**Conclusion 1:** The project is highly relevant in the context of the Public Finance Management (PFM) reform initiative.

Positioning the project within the government public finance management reform umbrella has been an excellent “tactic” and certainly contributed to its success. With a relatively small budget to undertake environment fiscal reform in one agency, the project was able to develop synergies with the overall reform

<sup>10</sup> An Environmental Inspectorate was created by a Government Decree in January 2012. It is an institutional change whereby the environmental control function was taken away from SAEPF and moved to this new Inspectorate. Corresponding resources for environmental control were also moved from SAEPF to this new entity. It is headed by a Director that is reporting directly to the Prime Minister.

agenda implemented by the government. It allowed the project to keep its focus on the SAEPF when at the same time benefiting from the national momentum on reforming public finances. With the support of the project the SAEPF became the 7th public organization targeted by these reforms nationally.

**Conclusion 2:** The project was designed as a follow up project to address a national priority that was identified through a national self-assessment (NCSA) conducted in Kyrgyzstan from 2003 to 2005.

The project is rooted into a good participative assessment of national barriers and priorities for environmental management. It is a direct response to national needs that were identified through this assessment with the participation of all key stakeholders.

**Conclusion 3:** Three key concepts were identified at the formulation stage as critical success factors: *commitments, institutionalization and capacity development of relevant staff.*

They guided the implementation of the project and certainly contributed to the success of the project: (i) *Commitments*: In order to succeed, the project needed the partners to be committed to the process of environment fiscal reform; (ii) *Institutionalization*: Activities supported by the project needed to be institutionalized within the relevant institutions to be sustainable in the long term and to be effective at reforming the fiscal side of environmental management; and, (iii) *Capacity Development of relevant Staff*: In addition to improving the tax instruments, it was recognized early on that the project needed to develop the capacity of the relevant staff involved in applying and sustaining the achievements of the project.

**Conclusion 4:** The project management team used adaptive management extensively and efficiently throughout the implementation of the project to adapt the project to the evolving context of Kyrgyzstan.

The project went through 2 major disruptive events (resignation of the Project Manager and Revolution/vandalism of project office) but was able to regroup and pursue its implementation. It demonstrates the ability of the project management team to use adaptive management to adapt the project to new circumstances without losing sight of the overall expected objective and planned outcomes of the project. This approach certainly contributed to the high level achievements of the project.

**Conclusion 5:** The project has been very effective and successful in delivering its expected results.

The project was able to achieve what it was intended to achieve in the planned timeframe and for several key results, these achievements surpassed the targets that were set at the onset of the project. This is the case for the methodology, which was developed and tested with key “polluting” enterprises in Kyrgyzstan. The target was to submit a tested proposal for revising this fiscal instrument. The actual result is that this revised methodology was approved by the government in September 2011 and is already used by the relevant stakeholders to calculate environmental fees/payments. The same is true for the legislative changes regarding the technical regulations. The target was to submit a proposal to the government but the actual result is that these legislative changes (technical regulations) entered into force on March 1, 2012. Regarding the reform of the budget and of the internal auditing processes of SAEPF, the result today is that the PFM reforms are completed for seven (6+1) government ministries/agency instead of 6. The SAEPF has now a programme-based budget process that is geared toward a more efficient environmental management approach in Kyrgyzstan. Overall, stakeholders appreciated the focus of the project that was on implementing concrete activities to improve existing processes.

**Conclusion 6:** The assessment of the capacity development approach used by the project management team reveals that it meets many attributes of a well designed capacity development initiative.

Referring to the list of attributes from the “*Monitoring Guidelines of Capacity Development in Global Environment Facility Projects*” the approach meets most of the attributes that are required for a successful capacity development initiative, such as ownership, collaborative agreements, relevant and valid information for effective decision-making, incentives and resources, capacity development needs to be part of early project design, and build on existing structures and mechanisms. The overall approach is aligned with the findings from the UNDP and GEF CDI, which demonstrated the need to intervene at all levels (individual, organizational and systemic) when developing capacities.

**Conclusion 7:** The project has been enjoying a strong country ownership.

It is mostly due to a good design strongly rooted in the participative assessment of national barriers and priorities for improving the management of the environment; a national executive agency (SAEPF) that was well engaged in the implementation of the project and that provided a legitimization of the project and its achievements; and, an objective that was well aligned with the Public Finance Management reform initiative, which provided synergies for implementing the reform agenda at the SAEPF.

**Conclusion 8:** The prospects for the long-term sustainability of project achievements are excellent.

Most achievements are already institutionalized and used. The government approved the revised methodology in 2011 and it is already used by the staff at SAEPF to collect pollution fees/payments; recognizing the simplicity, clarity and transparency of this new methodology. The government passed the legislative changes (technical regulations) in March 2012. It is now part of the national legislation body and relevant institutions are using them to make sure stakeholders comply with the established regulations. Finally, the SAEPF is now equipped with a programme-based budgetary process that is better geared toward an effective management of Kyrgyz natural resources. It is part of the overall public finance management reform initiative underway in Kyrgyzstan and in 2012 all ministries and agencies are now expected to implement this new programme-based budgetary process. The nature of the project is such that there is no or negligible risks that may affect the financial, socio-economic, institutional framework and governance and environmental dimensions of sustainability.

**Conclusion 9:** The project played a major catalytic role in improving the environmental taxation system in Kyrgyzstan.

The combination of several factors contributed to this catalytic role; they include:

- The project had a strong focus to “*tackle one small, but strategic component of environmental fiscal reform*”. It demonstrated positive changes with limited budget and time, including how to improve the management of public finance in an agency; an important reform initiative in Kyrgyzstan.
- The collaboration with the PFM reform initiative allowed the project to benefit from the larger PFM reform framework, which provided political support, reform guidelines and a wide network of resources and expertise.
- The project demonstrated the benefit of stakeholder consultation. The private sector (“polluters”) was part of the process from the beginning and its engagement was translated into a good level of compliance with the new methodology and paying their environmental dues.
- The holistic approach to develop capacity at all levels allowed the project to address capacity gaps that were required for a functional environmental taxation system; including an enabling environment, institutional procedures and mechanisms and finally staff with the required skills and knowledge.

## 6. LESSONS LEARNED

122. A summary of lessons learned is presented below. There are based on the review of project documents, interviews with key informants and analysis of the information collected:

- The association/collaboration with a large national development initiative allows a small well designed and focused project to be efficient and effective in delivering sustainable results with limited resources and time.
- A project using technical assistance (staff and consultants) with government knowledge/experience benefits from it. When the project staff has government experience, there is a greater understanding of how the government functions. As a result, it is easier for the project to link up with relevant government entities, establish partnership arrangements and have an effective and efficient implementation of project activities leading toward greater country ownership of project achievements.

- There is a link between the effectiveness of a project and how this project responds/addresses to national needs/priorities. The better a project is rooted into national priorities and needs, the more effective it will be.
- To maximize the long-term impact and sustainability of project results it is critical that the achievements be institutionalized and approved by the government before the end of the project. Any project achievements in the form of drafts or proposals by the end of a project has a limited chance to be sustainable in the future and may disappear quickly after the end of the project.
- The combination: national assessment – follow up project to address priorities (NCSA-CB2), is a very effective way to help countries to address their environmental priorities.
- A holistic approach emphasizing the development of capacities at three levels – individual, organizational and systemic – is an effective approach to produce the expected change.
- A project design (prodoc) that includes a project strategy but also guidelines on how to develop the required capacities and a long-term sustainability strategy leads to an effective implementation of activities with a holistic approach and with sustainable principles embedded into the implementation process.
- A flexible project using adaptive management allows the project to manage disruptive events and yet keep its efficiency and effectiveness.

## 7. RECOMMENDATIONS

123. Based on the findings of this final evaluation and considering that the project is ending, a few recommendations are made below:

<b>Recommendation #1</b>
It is recommended to organize a regional workshop to exchange this type of project experiences in the RBEC region and possibly other regions ( <i>UNDP</i> ).
<p><b>Issue to Address</b></p> <p>This project was very efficient and effective and lessons should be learned from it. The objective addressed capacity needs that were identified during the NCSA. It is a cost-effective way to address national priorities and support effective changes that should improve the management of natural resources in the country.</p>
<b>Recommendation #2</b>
It is recommended that the project lay out a plan of action for controlling industrial pollution in the near and medium term in Kyrgyzstan ( <i>what's next</i> ) ( <i>Project</i> and <i>SAEPF</i> ).
<p><b>Issue to Address</b></p> <p>The focus of the project was on improving the fiscal measures for collecting, managing and allocating revenues for global environmental management. The project contributed to simplify the system in place added clarity and transparency. However, this fiscal instrument is part of an overall approach to control industrial pollution. The setting of fees should be a deterrent for “polluters” to pollute and other measures can be implemented to further reduce the emissions. It is critical that following the success of this project in improving the collection of environmental fees, a plan of action be identified to continue to strengthen the control of industrial pollution in Kyrgyzstan.</p>
<b>Recommendation #3</b>
It is recommended to post all key information products produced by the project to the CARNet network ( <i>Project</i> ).
<p><b>Issue to Address</b></p> <p>Some project publications are already posted on this network and accessible by the general public. It is critical that before the end of project all the information that was produced and not confidential be made available through CARNet (and possibly on other networks?) to give public access to this information;</p>



particularly for after the end of the project.

#### **Recommendation #4**

It is recommended to conceptualize a new project under the Cross-Cutting Capacity Development (CCCD) strategy of GEF-5 in collaboration with national partners and before the end of the project. A potential focus could be on strengthening the environmental governance system in Kyrgyzstan (*Project, UNDP and SAEPF*).

#### ***Issue to Address***

The success of this project also highlights the need for more capacity development activities to improve the management of natural resources in Kyrgyzstan and particularly to meet the country's obligations under the multilateral environmental agreements signed by Kyrgyzstan. Under GEF-5, a CCCD strategy focuses on this type of projects (multi-focal areas) providing resources for reducing, if not eliminating, the institutional bottlenecks for a synergistic implementation of the Rio conventions. The main objective of this mechanism is to strengthen multi-sectoral processes that promote policy harmonization, realize cost-efficiency, and enhance operational effectiveness in Convention obligations. The focus of this strategy is on environmental governance systems and mainstreaming global environmental issues into national development programs.

#### **Recommendation #5**

It is recommended to produce a publication highlighting key results of the project as a documented case study (in EN and RU) (*Project*).

#### ***Issue to Address***

In addition to the already published project technical publication, there is a need to document the achievement of the project in one publication for posterity. This publication should be drafted in the form of a case study – as a brochure of small booklet - summarizing the context of the project, how it was implemented, its key achievements and the way forward.

## Annex 1: Terms of Reference

### TERMS OF REFERENCE Final Evaluation of UNDP-GEF project CAPACITY BUILDING FOR IMPROVED NATIONAL FINANCING OF GLOBAL ENVIRONMENTAL MANAGEMENT IN KYRGYZSTAN

#### 1. INTRODUCTION

This final evaluation is conducted on the initiative of UNDP in Kyrgyzstan, which is the project implementing agency and is focused on assessing compliance, implementation and success of the project. It aims to determine the potential impacts and sustainability of project results, including its contribution to capacity building and achievement of Global and National environmental initiatives. The final evaluation will determine and describe lessons learned and will develop recommendations to be used by project partners in order to improve their capacity in planning and implementing similar projects and programs.

This evaluation is to be undertaken taking into consideration the GEF Monitoring and Evaluation policy (<http://thegef.org/MonitoringandEvaluation/MEPoliciesProcedures/mepoliciesprocedures.html>) and the UNDP-GEF Monitoring and Evaluation Policy (<http://www.undp.org/gef/05/monitoring/policies.html>).

The final evaluation will:

- (i) identify factors, which have had positive or negative impacts on project implementation;
- (ii) assess the correlation of project activities with local and national development priorities and organizational policy, including progressive changes;
- (iii) assess the project efficiency, i.e. level of project goal achievement;
- (iv) assess sustainability of project results, i.e. potential positive results to be observed after project close;
- (v) present lessons learned from project development, implementation and management.

Findings of this evaluation will be considered as lessons learned and will assist in developing recommendations to improve institutional sustainability of project outputs, e.g. possible implementation of such activity in other regions. This final evaluation will contain description of project outcomes and their potential sustainability, as well as a project implementation monitoring table.

The evaluation will have to provide to the GEF Secretariat with complete and convincing evidence to support its findings/ratings. The evaluator should prepare specific ratings on specific aspects of the project, as described in the section IV of this Terms of Reference. A special attention should be paid to distribution of the received comprehensive project evaluation among the implementing agencies and project partners. Such distribution will benefit to application of project results, taking into account both achievements and faults.

#### II. PROJECT OVERVIEW

The “Capacity Building for Improved National Financing of Global Environmental Management in Kyrgyzstan” project was approved by GEF in August 2008. The Inception workshop was organized in May 2009. By that time the project team was hired as well as the main consultants. The project lifetime is 3 years. The total budget is 645,000.00 USD (GEF contribution is 425,000 USD, Government – 220,000 USD (in kind).

The **goal** of this project is to improve fiscal measures for environmental protection and natural resource management. The **objective** of the project is to improve fiscal measures for collecting, managing and allocating revenues for global environmental management.

The project is designed to produce three **outcomes**:

**Outcome 1.** Improved tax instrument for assessing, collecting, managing and allocating revenues for

industrial pollution control developed. The development of a tax instrument for controlling and managing industrial pollution that significantly degrades land and biodiversity-rich ecosystems and habitats, as well as contributes to climate change through atmospheric pollution.

With an emphasis on critical ecosystem and land degradation, as well as environmental pollution, international and national experts will consult and agree on what constitutes best taxation instruments and associated environmental fiscal reforms (EFR) are applicable to Kyrgyzstan. The Working Group established under the project will conduct thorough analysis of the strengths, weaknesses, threats and opportunities (SWOT analysis) of existing economic instruments for nature resources use with particular emphasis on payments for pollution of environment. In addition, particular attention will be given to the matters of best practice application for catalyzing financial and economic benefits to industry that employ environmentally sound and sustainable technologies. This output will build upon the OECD DAC Guidelines on “Environmental Fiscal Reform for Poverty Reduction”, with particular reference to Chapter 10, “Fiscal Measures for Industrial Pollution Control”.

The recommendations on improvement of the system of environmental protection activities financing, payments system for pollution of environment should be made effective by the relevant legislation. These recommendations should be discussed with the representatives of public, private sector and civil society, and should be considered and approved by all involved executive bodies with further presentation to the Government.

Proposed recommendations will allow for differentiation of payment for pollution of environment by industrial enterprises depending on their environmental impact. At the same time, the recommendations will allow for increasing capitalization of funds for further effective revenue allocation at the national and local levels.

**Outcome 1 indicators:**

- Proposal for improving the pollution charge system
- Effective and transparent administration of environmental funds

Adequate legislation package (by-laws, instruction, methodological documents and technical regulations) for pollution charges and environmental funds

**Outcome 2.** Natural Resource Mobilization Programme and associated comprehensive budget for EPNRM.

Products under this output include Recommendation on improvement of nature – conservative financing activity, which should be adopted by PB with further submitting for adoption at the legislative level. This outcome serves to ensure the institutional (largely political and financial) sustainability of the project by developing a clear, transparent and manageable strategy and guidelines for fiscal management of resources for environmental protection and natural resource management.

**Outcome 2 indicators:**

- Program to improve the funding situation of environmental investments developed
- Strategy aiming to develop criteria for the appraisal of environmental priorities and investment decision

**Outcome 3.** Capacities strengthened to assess and management environmental payments for global environmental protection. This outcome focuses on strengthening the human and institutional capacities for assessing, calculating and collecting fines for industrial pollution.

This output takes the form of pre-existing and strengthened mechanisms (process) that leads to the adoption of environmental fiscal reform package of guidelines and services (product), which includes the NRMP. Specifically, this output begins as a set of national consultations that are organized and held to solicit comments on the expert-recommended package for improvement of the system of payment for pollution of environment and improvement of financing of nature – conservative activity in particular for effective allocation of funds at the republican and local levels.

Trainings sessions will be conducted with natural resource users on the methodology related to identification of hazard category based on the Law “General technical regulation to ensure environmental safety”; training sessions on development and selection of programs (selection criteria), aimed at financing of nature –

conservative activity, including on implementation of GEF obligations ensuring transparency, accountability, cost-effectiveness, optimal yields and dividends, as well as timely and sustainable disbursement of funds to local levels. Importantly, criteria for the allocation of resources need to be developed to ensure fair and equitable distribution. This will build upon the assessments of the regulatory and institutional weaknesses for environmental fiscal management undertaken as part of outcomes 1 and 2. Particular attention will be given to training on fund and asset management. Project activities will also include improving lines of communication and instituting reporting requirements for improved oversight.

This process also serves to help institutionalize best practices for implementing EFR, building upon the experiences demonstrated by the project and the broader public finance management reforms underway in Kyrgyzstan. Among the project deliverables is the training provided to stakeholders (Government agencies and ministries, including non-governmental organizations and private sector) in the interpretation of new and improved environmental fiscal measures. Guidelines will be prepared on improvement of the system of payments for pollution of environment along with methodological guidelines on the development of targeted budgetary programs aimed at funding of nature – conservative activity on the basis of the costs of environmental degradation, ecosystem restoration, and environmental rehabilitation, with particular emphasis on activities that produce global environmental benefits. Parties found guilty of corruption are widely advertised in public notices.

#### **Outcome 3 indicators:**

- Dissemination activities, such as training of experts and workshops presenting the recommended changes
- Public information campaign with regard to the proposed changes with regard to the system of pollution charges and the funding schemes of nature protection measures

### **III. EVALUATION OBJECTIVES**

The final evaluation is initiated by UNDP Country Office in Kyrgyzstan in line with the UNDP-GEF M&E guidelines in order to assess the overall project progress, make sure the project is on track to deliver the agreed outcomes, and produce recommendations on any adjustments needed.

The purposes of the MTE are:

- To assess overall performance against the project objective and outcomes as set out in the Project Document, project's Logical Framework and other related documents<sup>11</sup>;
- To assess the effectiveness and efficiency of the project;
- To analyze critically the implementation and management arrangements of the project;
- To assess the progress to date towards achievement of the outcomes;
- To review planned strategies and plans for achieving the overall objective of the project within the timeframe;
- To assess the sustainability of the project's interventions;
- To list and document initial lessons concerning project design, implementation and management<sup>12</sup>;
- To assess project relevance to national priorities (including achieving gender equality goals);
- To provide guidance for the future project activities and, if necessary, for the implementation and management arrangements.

In particular, this evaluation will assess progress in establishing the information baseline, reducing threats, and identifying any difficulties in project implementation and their causes, and recommend corrective course of action. Effective action to rectify any identified issues hindering implementation will be a requirement prior to determining whether implementation should proceed.

Project performance will be measured based on Project's Logical Framework Matrix (see Annex 3), which provides clear performance and impact indicators for project implementation along with their corresponding means of verification. Success and failure will be determined in part by monitoring changes in baseline

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<sup>11</sup> Such as UNDP KGZ Country Gender Mainstreaming Strategy (2008-2011)

<sup>12</sup> Including achieving gender equality goals, setting gender-sensitive indicators and ensuring gender balance among the project's beneficiaries and target groups.

conditions.

Recommendations of the evaluation should also include the following gender-related criteria<sup>13</sup>:

Are women and men involved into project activity equally?

- Is the project maintaining a positive gender equality situation in improving national financing of Global Environmental Management in Kyrgyzstan?
- Is the project enhancing visibility and awareness of gender-related issues in Environmental Management in Kyrgyzstan?
- Will the project benefit to women and men equally?

The evaluation team is expected to work with key project stakeholders, including UNDP Country Office in Kyrgyzstan, The State Agency on Environmental Protection and Forestry under the government of the KR, Republican foundation on forestry development, business sector and NGOs, including women's groups.

#### IV. SCOPE OF THE EVALUATION

The evaluation will focus on the range of aspects described below. In addition to a descriptive assessment, all criteria marked with (R) should be rated using the following divisions: *Highly Satisfactory*, *Satisfactory*, *Marginally Satisfactory*, *Marginally Unsatisfactory*, *Unsatisfactory*, *Highly Unsatisfactory*. All ratings given should be properly substantiated:

##### 1. Project concept/design, relevance and strategy

*1.1 Project relevance, country ownership/drivenness (R)*: the extent to which the project is suited to local and national development priorities and organizational policies, including changes over time as well as the extent the activities contribute towards attainment of global environmental benefits:

- a. Is the project concept in line with the sectoral and development priorities and plans of the country, including MDGs?
- b. Are project outcomes contributing to national development priorities and plans?
- c. How and why project outcomes and strategies contribute to the achievement of the expected results.
- d. Examine their relevance and whether they provide the most effective way towards results.
- e. Do the outcomes developed during the inception phase still represent the best project strategy for achieving the project objectives (in light of updated underlying factors)? *Consider alternatives*.
- f. Were the relevant country representatives, from government and civil society, involved in the project preparation?
- g. Does the recipient government maintain its financial commitment to the project? Has the government approved policies or regulatory frameworks in line with the project's objectives?

*1.2 Preparation and readiness:*

- a. Are the project's objective and components clear, practicable and feasible within its timeframe?
- b. Were the capacities of executing institution and counterparts properly considered when the project was designed?
- c. Were lessons from other relevant projects properly incorporated in the project design?
- d. Were the partnership arrangements properly identified and the roles and responsibilities negotiated prior to project approval?
- e. Were counterpart resources (funding, staff, and facilities), enabling legislation, and adequate project management arrangements in place at project entry?

*1.3 Stakeholder involvement (R)*:

- a. Did the project involve the relevant stakeholders through information-sharing, consultation and by seeking their participation in the project's design?

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<sup>13</sup> In relation to the abovementioned, it should be noted that there is increasing feminization of poverty in Kyrgyzstan (70% of poor and poorest are women according to a World Bank assessment). There is an exclusion of women's groups from management of natural resources, decision making in environment protection, and from raising awareness on this issue. Achieving Gender Equality goals is reflected in UNDP Global Gender Equality Strategy for 2008-2011 and in a road map on making women's and men's concerns an integral dimension of all aspects and areas of UNDP's work. UNDP Kyrgyzstan also developed Country Gender Mainstreaming Strategy (2008-2011) and annual working plans for its implementation.

- b. Did the project consult and make use of the skills, experience and knowledge of the appropriate government entities, NGOs, community groups (including women's groups), private sector, local governments and academic institutions in the design of project activities?

#### *1.4 Underlying factors/assumptions:*

- a. Assess the underlying factors beyond the project's immediate control that influence outcomes and results. Consider the appropriateness and effectiveness of the project's management strategies for these factors.
- b. Re-test the assumptions made by the project management and identify new assumptions that should be made.
- c. Assess the effect of any incorrect assumptions made by the project.

#### *1.5 Management arrangements (R):*

- a. Were the project roles properly assigned during the project design?
- b. Are the project roles in line with UNDP and GEF programming guidelines?
- c. Can the management arrangement model suggested by the project be considered as an optimum model? If no, please come up with suggestions and recommendations.

#### *1.6 Project budget and duration (R):*

- a. Assess if the project budget and duration were planned in a cost-effective way?

#### *1.7 Design of project M&E system (R):*

- a. Examine whether or not the project has a sound M&E plan to monitor results and track progress towards achieving project objectives.
- b. Examine whether or not the M&E plan includes a baseline (including data, methodology, etc.), SMART indicators and data analysis systems, and evaluation studies at specific times to assess results and adequate funding for M&E activities.
- c. Examine whether or not the time frame for various M&E activities and standards for outputs are specified.

#### *1.8 Sustainability:*

- a. Assess if project sustainability strategy was developed during the project design?
- b. Assess the relevance of project sustainability strategy

## **2. Project implementation**

#### *2.1 Project's adaptive management (R):*

- a. Monitoring systems
  - Assess the monitoring tools currently being used:
    - Do they provide the necessary information?
    - Do they involve key partners?
    - Are they efficient?
    - Are additional tools required?
  - Assess the use of the logical framework as a management tool during implementation and any changes made to it.
  - What impact did the retro-fitting of impact indicators have on project management, if such?
  - Assess whether or not M&E system facilitates timely tracking of progress towards project's objectives by collecting information on chosen indicators continually; annual project reports are complete, accurate and with well justified ratings; the information provided by the M&E system is used to improve project performance and to adapt to changing needs.
- b. Risk Management
  - Validate whether the risks identified in the project document and PIRs are the most important and whether the risk ratings applied are appropriate. If not, explain why.
  - Describe any additional risks identified and suggest risk ratings and possible risk management strategies to be adopted.
  - Assess the project's risk identification and management systems:

- Is the UNDP-GEF Risk Management System<sup>14</sup> appropriately applied?
- How can the UNDP-GEF Risk Management System be used to strengthen the project management?
- c. Work Planning
  - Assess the use of routinely updated work plans.
  - Assess the use of electronic information technologies to support implementation, participation and monitoring, as well as other project activities.
  - Are work planning processes result-based<sup>15</sup>? If not, suggest ways to re-orientate work planning.
- d. Financial management
  - Consider the financial management of the project, with specific reference to the cost-effectiveness of interventions. (Cost-effectiveness: the extent to which results have been delivered with the least costly resources possible.). Any irregularities must be noted.
  - Is there due diligence in the management of funds and financial audits?
  - Did promised co-financing materialize (please fill out the co-financing form provided in Annex 1)?
- e. Reporting
  - Assess how adaptive management changes have been reported by the project management.
  - Assess how lessons derived from the adaptive management process have been documented, shared with key partners and internalized by partners.
- f. Delays
  - Assess if there were delays in project implementation and what were the reasons.
  - Did the delay affect the achievement of project's outcomes and/or sustainability, and if it did then in what ways and through what causal linkages?

## 2.2 Contribution of Implementing and Executing Agencies:

- b. Assess the role of UNDP, the state agency on environmental protection and forestry under the government of the KR and republican foundation on forestry development against the requirements set out in the UNDP Programme and Operations Policies and Procedures<sup>16</sup>. Consider:
  - Participation in Steering Committees
  - Project reviews, PIR preparation and follow-up
  - GEF guidance
  - Operational support
- c. Consider the new UNDP requirements outlined in the UNDP Programme and Operations Policies and Procedures, especially the Project Assurance role, and ensure they are incorporated into the project's adaptive management framework.
- d. Assess the contribution to the project from UNDP and assistance from the state agency on environmental protection and forestry under the government of the KR and republican foundation on forestry development (i.e. policy advice & dialogue, advocacy, and coordination).
- e. Suggest measures to strengthen UNDP's soft assistance to the project management.

## 2.3 Stakeholder participation, partnership strategy (R):

- a. Assess whether or not and how local stakeholders participate in project management and decision-making. Include an analysis of the strengths and weaknesses of the approach adopted by the project and suggestions for improvement if necessary.
- b. Does the project consult and make use of the skills, experience and knowledge of the appropriate government entities, NGOs, community groups, private sector, local governments and academic institutions in the implementation and evaluation of project activities?
- c. Consider the dissemination of project information to partners and stakeholders and if necessary suggest more appropriate mechanisms.
- d. Identify opportunities for stronger partnerships.

14 UNDP-GEF's system is based on the Atlas Risk Module. See the UNDP-GEF Risk Management Strategy resource kit, available as Annex XII at <http://www.undp.org/gef/05/monitoring/policies.html>

15 RBM Support documents are available at <http://www.undp.org/geo/methodologies.htm>

16 Available at <http://content.undp.org/go/userguide/results/project/>

## 2.4 Sustainability:

- a. Assess the extent to which the benefits of the project will continue, within or outside the project scope, after it has come to an end; commitment of the government to support the initiative beyond the project.
- b. The evaluators may look at factors such as mainstreaming project objectives into the broader development policies and sectoral plans and economies.

The sustainability assessment will give special attention to analysis of the risks that are likely to affect the persistence of project outcomes. The sustainability assessment should also explain how other important contextual factors that are not outcomes of the project will affect sustainability. The following four dimensions or aspects of sustainability will be addressed:

- *Financial resources*: Are there any financial risks that may jeopardize sustenance of project outcomes? What is the likelihood of financial and economic resources not being available once the GEF assistance ends (resources can be from multiple sources, such as the public and private sectors, income generating activities, and trends that may indicate that it is likely that in future there will be adequate financial resources for sustaining project's outcomes)?
- *Socio-political*: Are there any social or political risks that may jeopardize sustenance of project outcomes? What is the risk that the level of stakeholder ownership (including ownership by governments and other key stakeholders) will be insufficient to allow for the project outcomes/benefits to be sustained? Do the various key stakeholders see that it is in their interest that the project benefits continue to flow? Is there sufficient public / stakeholder awareness in support of the long term objectives of the project?
- *Institutional framework and governance*: Do the legal frameworks, policies and governance structures and processes pose risks that may jeopardize sustenance of project benefits? While assessing this parameter, also consider if the required systems for accountability and transparency, and the required technical know-how are in place.
- *Environmental*: Are there any environmental risks that may jeopardize sustenance of project outcomes? The terminal evaluation should assess whether certain activities will pose a threat to the sustainability of the project outcomes.

On each of the dimensions of sustainability of the project outcomes will be rated as follows:

- *Likely (L)*: There are no or negligible risks that affect this dimension of sustainability.
- *Moderately Likely (ML)*: There are moderate risks that affect this dimension of sustainability.
- *Moderately Unlikely (MU)*: There are significant risks that affect this dimension of sustainability.
- *Unlikely (U)*: There are severe risks that affect this dimension of sustainability.

## 3. Project results (outputs, outcomes and objectives)

### 3.1 Progress towards achievement of intended outputs, outcomes/measurement of change:

Progress towards results should be based on a comparison of indicators before and after (so far) the project intervention.

To determine the level of achievement of project outcomes and objectives following three criteria should be assessed:

- *Relevance*: Are the project's outcomes consistent with the focal areas/operational program strategies and country priorities?
- *Effectiveness*: Are the actual project outcomes commensurate with the original or modified project objectives? In case the original or modified expected results are merely outputs/inputs then the evaluators should assess if there are any real outcomes of the project and if yes then whether these are commensurate with the realistic expectations from such a project.
- *Efficiency*: Is the project cost effective? Is the project the least cost option? Is the project implementation delayed and if it is, then does that affect cost-effectiveness? Wherever possible, the evaluator should also compare the cost-time vs. outcomes relationship of the project with that of other similar projects.

Outcomes and the whole project should be rated as follows for relevance, effectiveness, efficiency:



- *Highly Satisfactory (HS)*: The project has no shortcomings in the achievement of its objectives.
- *Satisfactory (S)*: The project has minor shortcomings in the achievement of its objectives.
- *Marginally Satisfactory (MS)*: The project has moderate shortcomings in the achievement of its objectives.
- *Marginally Unsatisfactory (MU)*: The project has significant shortcomings in the achievement of its objectives.
- *Unsatisfactory (U)*: The project has major shortcomings in the achievement of its objectives.
- *Highly Unsatisfactory (HU)*: The project has severe shortcomings in the achievement of its objectives.

## V. EVALUATION DELIVERABLES

The core product of this Evaluation will be the Final Evaluation Report that includes:

- Findings with the rating on performance;
- Conclusions drawn;
- Lessons learned concerning best and worst practices in producing outputs;
- A rating on progress towards outputs.

The report is proposed to adhere to the following basic structure:

1. Executive summary
  - Brief description of project
  - Context and purpose of the evaluation
  - Main conclusions, recommendations and lessons learned
2. Introduction
  - Project background
  - Purpose of the evaluation
  - Key issues to be addressed
  - The outputs of the evaluation and how will they be used
  - Methodology of the evaluation
  - Structure of the evaluation
3. The project and its development context
  - Project start and its duration
  - Implementation status
  - Problems that the project seeks to address
  - Immediate and development objectives of the project
  - Main stakeholders
  - Results expected
  - Analysis of the situation with regard to outcomes, outputs and partnership strategy
4. Findings and Conclusions
  - 4.1 Project formulation
    - Project relevance
    - Implementation approach
    - Country ownership/Driveness
    - Stakeholder participation
    - Replication approach
    - Cost-effectiveness
    - Sustainability
    - Linkages between project and other interventions within the sector
    - Management arrangements
  - 4.2 Project implementation
    - Financial management
    - Monitoring and evaluation
    - Management and coordination
    - Identification and management of risks (adaptive management)
  - 4.3 Results
    - Attainment of outputs, outcomes and objectives

- Project Impact
  - Prospects of sustainability
5. Conclusions and recommendations
    - Findings
    - Corrective actions for the design, duration, implementation, monitoring and evaluation of the project
    - Actions to strengthen or reinforce benefits from the project
    - Proposals for future directions underlining main objectives
    - Suggestions for strengthening ownership, management of potential risks
  6. Lessons learned
    - Good practices and lessons learned in addressing issues relating to effectiveness, efficiency and relevance
  7. Annexes
    - Evaluation TOR
    - Itinerary
    - List of persons interviewed
    - Summary of field visits
    - List of documents reviewed
    - Questionnaire used (if any) and summary of results
    - Comments by stakeholders (only in case of discrepancies with evaluation findings and conclusions)

The Report will be supplemented by Rate Tables, attached in Annex 4 of this TOR

The Report will include a table of planned vs. actual project financial disbursements, and planned co-financing vs. actual co-financing in this project, according the table attached in Annex 1 of this TOR

The expected length of the report is around 50 pages in total. The first draft of the report is expected to be submitted to the UNDP Country Office in Kyrgyzstan within 2 weeks of the in-country mission for subsequent circulation to the key project stakeholders for comments. Any discrepancies between the interpretations and findings of the evaluator and the key project stakeholders will be explained in an annex to the final report.

## VI. METHODOLOGY

An outline of an evaluation approach is provided below, however it should be made clear that the evaluation team is responsible for revising the approach as necessary. Any changes should be in-line with international criteria and professional norms and standards (as adopted by the UN Evaluation Group<sup>17</sup>). They must be also cleared by UNDP before being applied by the evaluation team.

The evaluation must provide evidence-based information that is credible, reliable and useful. It must be easily understood by project partners and applicable to the remaining period of project duration.

Evaluators should seek guidance for their work in the following materials, which could be found at ([www.undp.org/gef](http://www.undp.org/gef)):

- UNDP Handbook on Monitoring and Evaluation for Results
- UNDP/GEF M&E Resource Kit
- Measuring Results of the GEF Biodiversity Programme

It is recommended that the evaluation methodology include the following:

- Documentation review (desk study), to include Project Document, GEF Project Implementation Reviews, Minutes of the Project Steering Committee meetings, GEF quarterly project updates;
- Interviews with Project Management Unit and key project stakeholders, including UNDP Country Office in Kyrgyzstan, GEF Regional Coordination Unit in Bratislava, the state agency on environmental protection and forestry under the government of the KR, republican foundation on forestry development, and other stakeholders, as necessary;

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<sup>17</sup> See <http://www.uneval.org/>

- In-country field visits.

## VII. EVALUATION TEAM

The evaluation will be undertaken by a team composed of an *International Consultant (Team Leader)* and a *Local Consultant*. They will receive the support of UNDP Country Office and Project Management Team, and will be assisted by a translator/interpreter (when needed).

The evaluators selected should not have participated in the project preparation and/or implementation and should not have conflict of interest with project related activities.

The *International Consultant - Team Leader* will be responsible to deliver the expected output of the mission. Specifically, he/she will perform the following tasks:

- Lead and manage the evaluation mission;
- Design the detailed evaluation methodology and plan;
- Conduct desk-reviews and interviews in order to obtain objective and verifiable data to substantive evaluation ratings and assessments, including:
  - Assessment of Annual Plan implementation;
  - Assessment of the developed recommendation on participation of the public in the management of environmental protection foundations;
  - Assessment of advanced development methodologies on the environmental protection activities and taking them into account while collecting fines for environment pollution;
  - Assessment of improvement of the methodology on collection of fines for environment pollution;
  - Assessment of the activities on discussion and coordination of the methodologies that being developed;
  - Assessment of the activities on the pilot territory for testing of the practical usage of the developed methodologies;
- Draft the evaluation report and share with the key stakeholders for comments;
- Finalize the evaluation report based on the inputs from key stakeholders.

Qualification requirements for the *International Consultant - Team Leader*:

- Advanced university degree in environment or related area;
- Extensive (at least 10-year) experience and proven track record with policy advice and/or project development/implementation in environment (preferably specialization in economics of nature management, and financing of environment conservation activities, experience in development and promotion of methodological approaches that strengthen financing mechanisms and capacity in the area of environmental protection);
- Proven track record of application of results-based approaches to evaluation of projects focusing on financial mechanisms in environmental protection (relevant experience in the CIS region and within UN system would be an asset);
- Familiarity with priorities and relevant international best-practices in the field, and with UNDP Gender Mainstreaming Strategy;
- Knowledge of and recent experience in applying UNDP and GEF M&E policies and procedures;
- Excellent English communication skills, knowledge of Russian would be an asset;
- Demonstrable analytical skills;
- Good interpersonal skills.

The *Local Consultant* will provide input in reviewing all the project-relevant documentation and provide the Team Leader with a compilation of information prior to the evaluation mission. Specifically, the Local Consultant will perform the following tasks:

- Review the original documents;
- Participate in the design of the evaluation methodology;
- Organize the mission program, arrange and facilitate meetings with key stakeholders;
- Provide regular translation/interpretation as necessary;
- Draft related parts of the evaluation report, as relevant;
- Assist the International Team Leader in finalizing the draft report by incorporating inputs received;

- Provide other support services for the International Team Leader.

Qualification requirements for the *Local Consultant*:

- Masters degree (or equivalent) in environmental sciences (agronomy, biology, zoology or related area);
- At least 5-year experience in project development and/or evaluation, preferably in the field of environment protection (preferably specialization in economics of nature management, and financing of environment conservation activities, experience in development and promotion of methodological approaches that strengthen financing mechanisms and capacity in the area of environmental protection);
- Familiarity with gender issues;
- Excellent time-management skills;
- Excellent interpersonal and communicational skills;
- Proficiency in English and Russian, Kyrgyz language is an asset;
- Prior experience with UNDP would be an asset.

## VIII. MANAGEMENT ARRANGEMENTS

The principal responsibility for managing this evaluation lies with UNDP Country Office in Kyrgyzstan. It will be responsible for liaising with the project team to set up the stakeholder interviews, arrange the field visits, coordinate with the Government.

These Terms of Reference follow the UNDP-GEF policies and procedures, and together with the final agenda will be agreed upon by the UNDP-GEF Regional Coordinating Unit and UNDP Country Office in Kyrgyzstan. UNDP Country Office in Kyrgyzstan will receive a draft of the final evaluation report and provide comments on it prior to its completion.

The evaluation mission will take place during April - May 2012. The total duration of the assignment will be 15 calendar days. The following timetable is recommended for the evaluation:

Desk review, development of methodology	2 days
Interviews with stakeholders	5 days
Drafting report	3 days
Draft report circulation	3 days
Finalization of report	2 days

Prepared by: \_\_\_\_\_

Approved by: \_\_\_\_\_

## IX. APPLICATION PROCESS

The selection process will be based on the BCPR Roster.

### TOR-ANNEXES:

- TOR-Annex 1: GEF terminology and project review criteria
- TOR-Annex 2: List of documents to be reviewed by the evaluators
- TOR-Annex 3: Revised project logical framework
- TOR-Annex 4: Rate tables
- TOR-Annex 5: Co-financing tables
- TOR-Annex 6: Cost breakdown template

## TOR-ANNEX 1. GEF TERMINOLOGY AND PROJECT REVIEW CRITERIA

**Implementation Approach** includes an analysis of the project's logical framework, adaptation to changing conditions (adaptive management), partnerships in implementation arrangements, changes in project design, and overall project management.

Some elements of an effective implementation approach may include:

- The logical framework used during implementation as a management and M&E tool
- Effective partnerships arrangements established for implementation of the project with relevant stakeholders involved in the country/region
- Lessons from other relevant projects (e.g., same focal area) incorporated into project implementation
- Feedback from M&E activities used for adaptive management.

**Country Ownership/Drivenness** is the relevance of the project to national development and environmental agendas, recipient country commitment, and regional and international agreements where applicable. Project Concept has its origin within the national sectoral and development plans

Some elements of effective country ownership/drivenness may include:

- Project Concept has its origin within the national sectoral and development plans
- Outcomes (or potential outcomes) from the project have been incorporated into the national sectoral and development plans
- Relevant country representatives (e.g., governmental official, civil society, etc.) are actively involved in project identification, planning and/or implementation
- The recipient government has maintained financial commitment to the project
- The government has approved policies and/or modified regulatory frameworks in line with the project's objectives

For projects whose main focus and actors are in the private-sector rather than public-sector (e.g., IFC projects), elements of effective country ownership/drivenness that demonstrate the interest and commitment of the local private sector to the project may include:

- The number of companies that participated in the project by: receiving technical assistance, applying for financing, attending dissemination events, adopting environmental standards promoted by the project, etc.
- Amount contributed by participating companies to achieve the environmental benefits promoted by the project, including: equity invested, guarantees provided, co-funding of project activities, in-kind contributions, etc.
- Project's collaboration with industry associations

**Stakeholder Participation/Public Involvement** consists of three related and often overlapping processes: information dissemination, consultation, and "stakeholder" participation. Stakeholders are the individuals, groups, institutions, or other bodies that have an interest or stake in the outcome of the GEF-financed project. The term also applies to those potentially adversely affected by a project.

Examples of effective public involvement include:

### Information dissemination

- Implementation of appropriate outreach/public awareness campaigns

### Consultation and stakeholder participation

- Consulting and making use of the skills, experiences and knowledge of NGOs, community and local groups, the private and public sectors, and academic institutions in the design, implementation, and evaluation of project activities

### Stakeholder participation

- Project institutional networks well placed within the overall national or community organizational structures, for example, by building on the local decision making structures, incorporating local

knowledge, and devolving project management responsibilities to the local organizations or communities as the project approaches closure

- Building partnerships among different project stakeholders
- Fulfillment of commitments to local stakeholders and stakeholders considered to be adequately involved.

**Sustainability** measures the extent to which benefits continue, within or outside the project domain, from a particular project or program after GEF assistance/external assistance has come to an end. Relevant factors to improve the sustainability of project outcomes include:

- Development and implementation of a sustainability strategy.
- Establishment of the financial and economic instruments and mechanisms to ensure the ongoing flow of benefits once the GEF assistance ends (from the public and private sectors, income generating activities, and market transformations to promote the project's objectives).
- Development of suitable organizational arrangements by public and/or private sector.
- Development of policy and regulatory frameworks that further the project objectives.
- Incorporation of environmental and ecological factors affecting future flow of benefits.
- Development of appropriate institutional capacity (systems, structures, staff, expertise, etc.) .
- Identification and involvement of champions (i.e. individuals in government and civil society who can promote sustainability of project outcomes).
- Achieving social sustainability, for example, by mainstreaming project activities into the economy or community production activities.
- Achieving stakeholders consensus regarding courses of action on project activities.

**Replication approach**, in the context of GEF projects, is defined as lessons and experiences coming out of the project that are replicated or scaled up in the design and implementation of other projects. Replication can have two aspects, replication proper (lessons and experiences are replicated in different geographic area) or scaling up (lessons and experiences are replicated within the same geographic area but funded by other sources). Examples of replication approaches include:

- Knowledge transfer (i.e., dissemination of lessons through project result documents, training workshops, information exchange, a national and regional forum, etc).
- Expansion of demonstration projects.
- Capacity building and training of individuals, and institutions to expand the project's achievements in the country or other regions.
- Use of project-trained individuals, institutions or companies to replicate the project's outcomes in other regions.

**Financial Planning** includes actual project cost by activity, financial management (including disbursement issues), and co-financing. If a financial audit has been conducted the major findings should be presented in the TE.

Effective financial plans include:

- Identification of potential sources of co-financing as well as leveraged and associated financing<sup>18</sup>.
- Strong financial controls, including reporting, and planning that allow the project management to make informed decisions regarding the budget at any time, allows for a proper and timely flow of funds, and for the payment of satisfactory project deliverables
- Due diligence due diligence in the management of funds and financial audits.

*Co-financing includes:* grants, loans/concessional (compared to market rate), credits, equity investments, in-kind support, other contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries. Please refer to Council documents on co-financing for definitions, such as GEF/C.20/6.

*Leveraged resources* are additional resources—beyond those committed to the project itself at the time of

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<sup>18</sup> Please refer to Council documents on co-financing for definitions, such as GEF/C.20/6. The following page presents a table to be used for reporting co-financing.

approval—that are mobilized later as a direct result of the project. Leveraged resources can be financial or in-kind and they may be from other donors, NGO's, foundations, governments, communities or the private sector. Please briefly describe the resources the project has leveraged since inception and indicate how these resources are contributing to the project's ultimate objective.

**Cost-effectiveness** assesses the achievement of the environmental and developmental objectives as well as the project's outputs in relation to the inputs, costs, and implementing time. It also examines the project's compliance with the application of the incremental cost concept. Cost-effective factors include:

- Compliance with the incremental cost criteria (e.g. GEF funds are used to finance a component of a project that would not have taken place without GEF funding.) and securing co-funding and associated funding.
- The project completed the planned activities and met or exceeded the expected outcomes in terms of achievement of Global Environmental and Development Objectives according to schedule, and as cost-effective as initially planned.
- The project used either a benchmark approach or a comparison approach (did not exceed the costs levels of similar projects in similar contexts)

**Monitoring & Evaluation.** Monitoring is the periodic oversight of a process, or the implementation of an activity, which seeks to establish the extent to which inputs, work schedules, other required actions and outputs are proceeding according to plan, so that timely action can be taken to correct the deficiencies detected. Evaluation is a process by which program inputs, activities and results are analyzed and judged explicitly against benchmarks or baseline conditions using performance indicators. This will allow project managers and planners to make decisions based on the evidence of information on the project implementation stage, performance indicators, level of funding still available, etc, building on the project's logical framework.

Monitoring and Evaluation includes activities to measure the project's achievements such as identification of performance indicators, measurement procedures, and determination of baseline conditions. Projects are required to implement plans for monitoring and evaluation with adequate funding and appropriate staff and include activities such as description of data sources and methods for data collection, collection of baseline data, and stakeholder participation. Given the long-term nature of many GEF projects, projects are also encouraged to include long-term monitoring plans that are sustainable after project completion.

## **TOR-ANNEX 2. LIST OF DOCUMENTS TO BE REVIEWED BY THE EVALUATORS**

### **General documentation**

- UNDP Programme and Operations Policies and Procedures
- UNDP Handbook for Monitoring and Evaluating for Results
- GEF Monitoring and Evaluation Policy
- Code of Conduct

### **Project documentation**

- Project document
- Annual Project Reports
- Project Implementation Review
- Quarterly Reports
- Steering Committee Meeting minutes



## TOR-ANNEX 3 PROJECT LOGICAL FRAMEWORK

<b>Project Title:</b> <i>PIMS 3726 Capacity Building for Improved National Financing of Global Environmental Management in Kyrgyzstan</i>					
<b>Project Goal:</b> Improved fiscal measures for environmental protection and natural resource management					

	▪	▪	▪	▪	▪
		▪	▪	▪	
		▪	▪	▪	
	▪		▪	▪	

Project Strategy	Indicator	Baseline	Revised Indicators Target at the End of Project	Sources of verification	Assumptions
<b>Goal</b>	Improved fiscal measures for environmental protection and natural resource management (EPNRM).				
<b>Objective:</b> To improve fiscal measures for collecting, managing and allocating revenues	1. Proposal of reforming the pollution charge system in the context of the Rio Conventions	<ul style="list-style-type: none"> <li>Current pollution charge system does not create incentives for behavioural changes. Charge rates are low, collection is not perfect and a too large number of pollutants are</li> </ul>	<ul style="list-style-type: none"> <li>Revised pollution charge system is developed, tested and evaluated using data and information from different enterprises in a pilot territory</li> </ul>	<ul style="list-style-type: none"> <li>UNDP quarterly reports, annual report on project implementation, minutes of the Project Board (PB) meetings</li> </ul>	<ul style="list-style-type: none"> <li>Experts and political decision makers will agree to a reform concept</li> <li>The Government of the KR and UNDP/GEF continue to remain committed to support the</li> </ul>

Project Strategy	Indicator	Baseline	Revised Indicators Target at the End of Project	Sources of verification	Assumptions
for global environmental management.		subject to the charge		<ul style="list-style-type: none"> <li>Independent project evaluation (mid term and end of project)</li> <li>External review of project documentation and reports</li> <li>Capacity assessment report</li> </ul>	<p>project and assesses the proposed measures for implementation</p> <ul style="list-style-type: none"> <li>Adequate support in developing and testing reform proposals by key stakeholders and from different ministries is guaranteed throughout the project implementation period</li> <li>Reform proposals are accepted by relevant stakeholders and in particular by the Government</li> </ul>
	2. Reform proposals of nature resource mobilization program and development of a financing strategy for financing environmental protection activities	<ul style="list-style-type: none"> <li>Environmental financing is imperfect and heavily relying on pollution charges</li> </ul>	<ul style="list-style-type: none"> <li>Proposals with regard to increase of funds for environmental protection activities are submitted to the implementing agency aiming to be forwarded to the Government for approval</li> </ul>		
	3. Improvement of financial administration and increased transparency in the management of environmental funds <sup>19</sup>	<ul style="list-style-type: none"> <li>Current system of environmental funds is decisive in channeling funds for environmental investments. System is inefficient and lacks transparency. Total revenue of environmental funds is rather limited and not sufficient for funding the required environmental investment needs</li> </ul>	<ul style="list-style-type: none"> <li>Development of policies for improving the performance of environmental funds</li> <li>Proposals for increasing the revenue base of environmental funds</li> </ul>		

<sup>19</sup> In this context 'environmental funds' are a synonym for all funds currently existing in the Kyrgyz Republic, i.e. the Republican Environmental Protection and Forestry Development Fund as well as the four local funds.

Project Strategy	Indicator	Baseline	Revised Indicators Target at the End of Project	Sources of verification	Assumptions
	4. Capacity development monitoring scorecard rating	Capacity for: <ul style="list-style-type: none"> <li>Engagement: 1 of 9</li> <li>Generate, access and use information and knowledge: 6 of 15</li> <li>Strategy, policy and legislation development: 4 of 9</li> <li>Management and implementation: 1 of 6</li> <li>Monitor and evaluate: 4 of 6</li> </ul> (total score: 16 / 45)	Capacity for: <ul style="list-style-type: none"> <li>Engagement: 3 of 9</li> <li>Generate, access and use information and knowledge: 8 of 15</li> <li>Strategy, policy and legislation development: 7 of 9</li> <li>Management and implementation: 2 of 6</li> <li>Monitor and evaluate: 6 of 6</li> </ul> (total score: 26 / 45)		
<b>Outcome 1:</b> Improved tax instrument for assessing, collecting, and managing revenues for industrial pollution control developed	5. Proposal for improving the pollution charge system	<ul style="list-style-type: none"> <li>Current pollution charge system is inadequate because of several reasons: charge rates are low, collection is not perfect and an excessive number of pollutants are subject to the charge</li> <li>Payments of pollution charges are not properly managed, controlled and collected by the relevant state authorities</li> </ul>	<ul style="list-style-type: none"> <li>Proposals developed addressing the shortcomings identified, tested and evaluated in a pilot test case in which a large number of pollution-intensive enterprises are located</li> <li>Proposal submitted to the relevant governmental institutions for approval</li> </ul>	<ul style="list-style-type: none"> <li>Reports published and discussed with stakeholders (public and private sectors) in PB meetings and workshops as revealed in the minutes of these meetings</li> <li>Proposals submitted to governmental institutions</li> <li>UNDP quarterly reports, annual report on project</li> </ul>	<ul style="list-style-type: none"> <li>The Government is committed to review and revise the current system of pollution charges and the internal policies of environmental funds</li> <li>Political and economical stability implying that the relevant implementing agencies and other government institutions are remaining committed to the overall goal of the project</li> </ul>
	6. Effective and transparent administration of environmental funds	<ul style="list-style-type: none"> <li>Performance of environmental funds is inadequate because of a lack of appropriate policies and guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Proposals for improving the work of environmental funds is developed based on international practice</li> </ul>		

Project Strategy	Indicator	Baseline	Revised Indicators Target at the End of Project	Sources of verification	Assumptions
		<ul style="list-style-type: none"> <li>Allocation of financial resources for nature protection is inefficient at local level</li> <li>Because of a lack of detailed guidelines funds are working without well-defined expenditure programs</li> </ul>	and recommendations <ul style="list-style-type: none"> <li>Guidelines for the identification of priorities are derived</li> </ul>	implementation, minutes of the PB meetings <ul style="list-style-type: none"> <li>Independent project evaluation (mid term and end of project)</li> <li>External review of project documentation and reports</li> </ul>	
	7. Adequate legislation package (by-laws, instruction, methodological documents and technical regulations) for pollution charges and environmental funds	<ul style="list-style-type: none"> <li>Existing legislation regarding pollution charges and environmental is assessed to be inappropriate</li> </ul>	<ul style="list-style-type: none"> <li>Legislative package as well as reform proposal approved by implementing agency and submitted to Government for approval</li> </ul>		
<b>Outcome 2:</b> Natural Resource Mobilization Program (NRMP) and associated comprehensive budget for EPNRM	8. Program to improve the funding situation of environmental investments developed	<ul style="list-style-type: none"> <li>Environmental funds are the main channel for funding environmental investments</li> <li>Financial resources of environmental funds is low as the revenue base is limited</li> </ul>	<ul style="list-style-type: none"> <li>Policy framework for the inclusion of environmental investments into national budgetary programme (budget financing for environmental objectives) is established</li> <li>Strategy for extending the revenue base of</li> </ul>	<ul style="list-style-type: none"> <li>Independent review of policy framework and strategy</li> <li>UNDP quarterly reports, annual report on project implementation, minutes of the PB meetings</li> <li>Independent</li> </ul>	<ul style="list-style-type: none"> <li>NRMP is integrated into action plan with regard to the reform of state finance management</li> <li>The Government remains interested in programs and strategies of improving environmental financing activities</li> </ul>

Project Strategy	Indicator	Baseline	Revised Indicators Target at the End of Project	Sources of verification	Assumptions
			environmental funds is developed <sup>20</sup>	project evaluation (mid term and end of project)	
	9. Strategy aiming to develop criteria for the appraisal of environmental priorities and investment decision	<ul style="list-style-type: none"> <li>• Basis for spending decision of environmental funds is unclear</li> <li>• Proper guidelines for the appraisal of environmental investment projects do not exist</li> </ul>	<ul style="list-style-type: none"> <li>• Proposals for improving the work of environmental funds is developed based on international practice and recommendations (development of guidelines / criteria of prioritising environmental expenditures)</li> </ul>	<ul style="list-style-type: none"> <li>• External review of project documentation and reports</li> </ul>	
<b>Outcome 3:</b> Capacities strengthened to assess and management environmental payments for global environmental	10. Dissemination activities, such as training of experts and workshops presenting the recommended changes	<ul style="list-style-type: none"> <li>• Low knowledge and capacity of officials from state and local institutions and of experts from the private sectors in the field of nature management and environment protection</li> </ul>	<ul style="list-style-type: none"> <li>• 10 workshops are held open for the public and private sector</li> <li>• At least 80 governmental officials (state and local institutions) and 30 representatives of the private sector are trained</li> </ul>	<ul style="list-style-type: none"> <li>• Number of experts participating and being trained at workshops</li> <li>• NDP quarterly reports, annual report on project implementation, minutes of the PB</li> </ul>	<ul style="list-style-type: none"> <li>• Main stakeholders from the public and private sectors are interested in the training sessions and workshops</li> <li>• State agencies continuously support the project implementation actively</li> </ul>

<sup>20</sup> Revenues generated from other economic instruments are allocated to environmental funds.

Project Strategy	Indicator	Baseline	Revised Indicators Target at the End of Project	Sources of verification	Assumptions
protection.	11. Public information campaign with regard to the proposed changes with regard to the system of pollution charges and the funding schemes of nature protection measures	<ul style="list-style-type: none"> <li>Public has no detailed knowledge regarding the funding of nature protection activities</li> <li>Ongoing lack of information of the business community in possibilities for receiving financial support for investment in environmental technologies</li> </ul>	<ul style="list-style-type: none"> <li>Survey on the effectiveness of environmental fiscal measures</li> <li>Information campaign during project implementation is carried out during project implementation phase</li> </ul>	meetings <ul style="list-style-type: none"> <li>Independent project evaluation (mid term and end of project)</li> <li>External review of project documentation and reports</li> <li>Information and articles in mass media published</li> </ul>	

## TOR-ANNEX 4 – RATE TABLES

Table : Status of objective / outcome delivery as per measurable indicators

OBJECTIVE	MEASURABLE INDICATORS FROM PROJECT LOGFRAME	END-OF-PROJECT TARGET	STATUS OF DELIVERY*	RATING**
Objective :				
OUTCOMES	MEASURABLE INDICATORS FROM PROJECT LOGFRAME	END-OF-PROJECT TARGET	STATUS OF DELIVERY	RATING
Outcome 1:				
Outcome 2:				
Outcome 3:				
Outcome 4:				

\* *STATUS OF DELIVERY COLOURING CODES:*

**Green** / completed – indicator shows successful achievement

**Yellow** – indicator shows expected completion by the end of the project

**Red** – Indicator show poor achievement - unlikely to be complete by end of Project

## TOR-ANNEX 5 – CO-FINANCING TABLE

Co financing (Type/ Source)	IA own Financing (mill US\$)		Government (mill US\$)		Other Sources* (mill US\$)		Total Financing (mill US\$)		Total Disbursement (mill US\$)	
	Proposed	Actual	Proposed	Actual	Proposed	Actual	Proposed	Actual	Proposed	Actual
Grant										
Credits										
Loans										
Equity										
In-kind										
Non-grant Instruments *										
Other Types										
<b>TOTAL</b>										

- Other Sources refer to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector etc.
- “Proposed” co-financing refers to co-financing proposed at CEO endorsement.
- Describe “Non-grant Instruments” (such as guarantees, contingent grants, etc):
  - *Source/amount/in-kind or cash/purpose.*
- Explain “Other Sources of Co-financing”:
  - *Source/amount/in-kind or cash*
  - ...
  - ...



## Annex 2: Evaluation Matrix

The evaluation matrix below served as a general guide for the evaluation. It provided directions for the evaluation; particularly for the collect of relevant data. It was used as a basis for interviewing people and reviewing project documents. It also provided a basis for structuring the evaluation report as a whole.

Evaluated component	Sub-Question	Indicators	Sources	Data Collection Method
<b>Evaluation criteria: Relevance - How does the Project relate to the main objectives of GEF and to the environment and development priorities of Kyrgyzstan?</b>				
<i>Is the Project relevant to GEF objectives?</i>	<ul style="list-style-type: none"> <li>How does the Project support the related strategic priorities of the GEF?</li> <li>Were GEF criteria for Project identification adequate in view of actual needs?</li> </ul>	<ul style="list-style-type: none"> <li>Level of coherence between project objectives and those of the GEF</li> <li>Extent to which the project is actually implemented in line with incremental cost argument</li> </ul>	<ul style="list-style-type: none"> <li>Project documents</li> <li>GEF policies and strategies including those for capacity development</li> <li>GEF web site</li> </ul>	<ul style="list-style-type: none"> <li>Documents analyses</li> <li>Interviews with government officials and other partners</li> </ul>
<i>Is the Project relevant to UNDP objectives?</i>	<ul style="list-style-type: none"> <li>How does the Project support the objectives of UNDP in this sector?</li> </ul>	<ul style="list-style-type: none"> <li>Existence of a clear relationship between the project objectives and capacity development objectives of UNDP</li> </ul>	<ul style="list-style-type: none"> <li>Project documents</li> <li>UNDP strategies and programme</li> </ul>	<ul style="list-style-type: none"> <li>Documents analyses</li> <li>Interviews with government officials and other partners</li> </ul>
<i>Is the Project relevant to Kyrgyzstan's development objectives?</i>	<ul style="list-style-type: none"> <li>How does the Project support the development objectives of Kyrgyzstan?</li> <li>How country-driven is the Project?</li> <li>Does the Project adequately take into account national realities, both in terms of institutional framework and programming, in its design and its implementation?</li> <li>To what extent were national partners involved in the design of the Project?</li> </ul>	<ul style="list-style-type: none"> <li>Degree to which the project support national environmental objectives</li> <li>Degree of coherence between the project and national priorities, policies and strategies</li> <li>Appreciation from national stakeholders with respect to adequacy of project design and implementation to national realities and existing capacities?</li> <li>Level of involvement of Government officials and other partners into the project</li> <li>Coherence between needs expressed by national stakeholders and UNDP-GEF criteria</li> </ul>	<ul style="list-style-type: none"> <li>Project documents</li> <li>National policies, strategies and programmes</li> <li>Key government officials and other partners</li> </ul>	<ul style="list-style-type: none"> <li>Documents analyses</li> <li>Interviews with government officials and other partners</li> </ul>
<i>Does the Project address the needs of target beneficiaries?</i>	<ul style="list-style-type: none"> <li>How does the Project support the needs of target beneficiaries?</li> <li>Is the implementation of the Project been inclusive of all relevant Stakeholders?</li> <li>Are local beneficiaries and stakeholders adequately involved in Project design and implementation?</li> </ul>	<ul style="list-style-type: none"> <li>Strength of the link between Project expected results and the needs of target beneficiaries</li> <li>Degree of involvement and inclusiveness of beneficiaries and stakeholders in Project design and implementation</li> </ul>	<ul style="list-style-type: none"> <li>Beneficiaries and stakeholders</li> <li>Needs assessment studies</li> <li>Project documents</li> </ul>	<ul style="list-style-type: none"> <li>Document analysis</li> <li>Interviews with beneficiaries and stakeholders</li> </ul>
<i>Is the Project internally coherent in its design?</i>	<ul style="list-style-type: none"> <li>Is there a direct and strong link between Project expected results (log frame) and the Project design (in terms of Project components, choice of partners, structure, delivery mechanism, scope, budget, use of resources etc)?</li> <li>Is the length of the Project conducive to achieve Project outcomes?</li> </ul>	<ul style="list-style-type: none"> <li>Level of coherence between Project expected results and Project design internal logic</li> <li>Level of coherence between project design and project implementation approach</li> </ul>	<ul style="list-style-type: none"> <li>Program and Project documents</li> <li>Key project stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Document analysis</li> <li>Key Interviews</li> </ul>

Evaluated component	Sub-Question	Indicators	Sources	Data Collection Method
<i>How is the Project relevant in light of other donors?</i>	<ul style="list-style-type: none"> <li>With regards to Kyrgyzstan, does the Project remain relevant in terms of areas of focus and targeting of key activities?</li> <li>How do GEF-funds help to fill gaps (or give additional stimulus) that are crucial but are not covered by other donors?</li> </ul>	<ul style="list-style-type: none"> <li>Degree to which program was coherent and complementary to other donor programming in Kyrgyzstan</li> <li>List of programs and funds in which the future developments, ideas and partnerships of the project are eligible?</li> </ul>	<ul style="list-style-type: none"> <li>Other Donors' policies and programming documents</li> <li>Other Donor representatives</li> <li>Project documents</li> </ul>	<ul style="list-style-type: none"> <li>Documents analyses</li> <li>Interviews with other Donors</li> </ul>
<b>Future directions for similar Projects</b>	<ul style="list-style-type: none"> <li>What lessons have been learnt and what changes could have been made to the Project in order to strengthen the alignment between the Project and the Partners' priorities and areas of focus?</li> <li>How could the Project better target and address the priorities and development challenges of targeted beneficiaries?</li> </ul>		<ul style="list-style-type: none"> <li>Data collected throughout evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Data analysis</li> </ul>
<b>Evaluation criteria: Effectiveness – To what extent are the expected outcomes of the Project being achieved?</b>				
<i>How is the Project effective in achieving its expected outcomes?</i>	<ul style="list-style-type: none"> <li>Is the Project being effective in achieving its expected outcomes? <ul style="list-style-type: none"> <li>Improved tax instrument for assessing, collecting, managing and allocating revenues for industrial pollution control developed</li> <li>Natural Resource Mobilization Programme and associated comprehensive budget for EPNRM.</li> <li>Capacities strengthened to assess and management environmental fines for global environmental protection.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>New methodologies, skills and knowledge</li> <li>Change in environment taxation strategies, programmes and practices</li> <li>Change in capacity for information management: Knowledge acquisition and sharing; Effective data gathering, methods and procedures for reporting.</li> <li>Change in capacity for awareness raising <ul style="list-style-type: none"> <li>Stakeholder involvement and government awareness</li> <li>Change in local stakeholder behavior</li> </ul> </li> <li>Change in capacity in policy making and planning <ul style="list-style-type: none"> <li>Policy reform for environment taxation</li> <li>Legislation/regulation change to improve environment taxation</li> <li>Development of national and local strategies and plans supporting environment taxation</li> </ul> </li> <li>Change in capacity in implementation and enforcement <ul style="list-style-type: none"> <li>Design and implementation of risk assessments</li> <li>Implementation of national and local strategies and action plans through adequate institutional frameworks and their maintenance</li> <li>Monitoring, evaluation and promotion of pilots</li> </ul> </li> <li>Change in capacity in mobilizing resources <ul style="list-style-type: none"> <li>Leverage of resources</li> <li>human resources</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Project documents</li> <li>Key stakeholders including UNDP, Project Team, Representatives of Gov. and other Partners</li> <li>Research findings</li> </ul>	<ul style="list-style-type: none"> <li>Documents analysis</li> <li>Meetings with main Project Partners</li> <li>Interviews with project beneficiaries</li> </ul>

Evaluated component	Sub-Question	Indicators	Sources	Data Collection Method
<p><i>How is risk and risk mitigation being managed?</i></p> <p><b>Future directions for similar Projects</b></p>		<ul style="list-style-type: none"> <li>○ appropriate practices</li> <li>○ mobilization of advisory services</li> </ul>		
	<ul style="list-style-type: none"> <li>■ How well are risks and assumptions being managed?</li> <li>■ What was the quality of risk mitigation strategies developed? Were these sufficient?</li> <li>■ Are there clear strategies for risk mitigation related with long term sustainability of the project?</li> </ul>	<ul style="list-style-type: none"> <li>■ Completeness of risk identification and assumptions during Project planning</li> <li>■ Quality of existing information systems in place to identify emerging risks and other issues?</li> <li>■ Quality of risk mitigations strategies developed and followed</li> </ul>	<ul style="list-style-type: none"> <li>■ Project documents and evaluations</li> <li>■ UNDP, Project Staff and Project Partners</li> </ul>	<ul style="list-style-type: none"> <li>■ Document analysis</li> <li>■ Interviews</li> </ul>
	<ul style="list-style-type: none"> <li>■ What lessons have been learnt for the project to achieve its outcomes?</li> <li>■ What changes could have been made (if any) to the design of the project in order to improve the achievement of the project's expected results?</li> <li>■ How could the Project be more effective in achieving its results?</li> </ul>		<ul style="list-style-type: none"> <li>■ Data collected throughout evaluation</li> </ul>	<ul style="list-style-type: none"> <li>■ Data analysis</li> </ul>
<b>Evaluation criteria: <i>Efficiency</i> - How efficiently is the Project implemented?</b>				
<p><i>Is Project support channeled in an efficient way?</i></p>	<ul style="list-style-type: none"> <li>■ Was adaptive management used or needed to ensure efficient resource use?</li> <li>■ Did the Project logical framework and work plans and any changes made to them use as management tools during implementation?</li> <li>■ Were the accounting and financial systems in place adequate for Project management and producing accurate and timely financial information?</li> <li>■ Were progress reports produced accurately, timely and responded to reporting requirements including adaptive management changes?</li> <li>■ Was Project implementation as cost effective as originally proposed (planned vs. actual)</li> <li>■ Was the leveraging of funds (co-financing) happened as planned?</li> <li>■ Were financial resources utilized efficiently? Could financial resources have been used more efficiently?</li> <li>■ How was RBM used during program and Project implementation?</li> <li>■ Were there an institutionalized or informal feedback or dissemination mechanisms to ensure that findings, lessons learned and recommendations pertaining to Project design and implementation effectiveness were shared among Project stakeholders, UNDP and GEF Staff and other relevant organizations for ongoing Project adjustment and</li> </ul>	<ul style="list-style-type: none"> <li>■ Availability and quality of financial and progress reports</li> <li>■ Timeliness and adequacy of reporting provided</li> <li>■ Level of discrepancy between planned and utilized financial expenditures</li> <li>■ Planned vs. actual funds leveraged</li> <li>■ Cost in view of results achieved compared to costs of similar projects from other organizations</li> <li>■ Adequacy of project choices in view of existing context, infrastructure and cost</li> <li>■ Quality of RBM reporting (progress reporting, monitoring and evaluation)</li> <li>■ Occurrence of change in project design/ implementation approach (i.e. restructuring) when needed to improve project efficiency</li> <li>■ Existence, quality and use of M&amp;E, feedback and dissemination mechanism to share findings, lessons learned and recommendation on effectiveness of project design.</li> <li>■ Cost associated with delivery mechanism and management structure compare to alternatives</li> <li>■ Gender disaggregated data in project documents</li> </ul>	<ul style="list-style-type: none"> <li>■ Project documents and evaluations</li> <li>■ UNDP, Representatives of Gov. and Project Staff</li> <li>■ Beneficiaries and Project partners</li> </ul>	<ul style="list-style-type: none"> <li>■ Document analysis</li> <li>■ Key Interviews</li> </ul>

Evaluated component	Sub-Question	Indicators	Sources	Data Collection Method
<p><i>How efficient are partnership arrangements for the Project?</i></p> <p><i>Does the Project efficiently utilize local capacity in implementation?</i></p> <p><b>Future directions for similar Projects</b></p>	<p>improvement?</p> <ul style="list-style-type: none"> <li>Did the Project mainstream gender considerations into its implementation?</li> </ul>			
	<ul style="list-style-type: none"> <li>To what extent partnerships/linkages between institutions/organizations were encouraged and supported?</li> <li>Which partnerships/linkages were facilitated? Which one can be considered sustainable?</li> <li>What was the level of efficiency of cooperation and collaboration arrangements? (between local actors, UNDP/GEF and relevant government entities)</li> <li>Which methods were successful or not and why?</li> </ul>	<ul style="list-style-type: none"> <li>Specific activities conducted to support the development of cooperative arrangements between partners,</li> <li>Examples of supported partnerships</li> <li>Evidence that particular partnerships/linkages will be sustained</li> <li>Types/quality of partnership cooperation methods utilized</li> </ul>	<ul style="list-style-type: none"> <li>Project documents and evaluations</li> <li>Project Partners</li> <li>Beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Document analysis</li> <li>Interviews</li> </ul>
	<ul style="list-style-type: none"> <li>Was an appropriate balance struck between utilization of international expertise as well as local capacity?</li> <li>Did the Project take into account local capacity in design and implementation of the Project?</li> <li>Was there an effective collaboration with scientific institutions with competence in environmental taxation?</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of total expertise utilized taken from Kyrgyzstan</li> <li>Number/quality of analyses done to assess local capacity potential and absorptive capacity</li> </ul>	<ul style="list-style-type: none"> <li>Project documents and evaluations</li> <li>UNDP, Project Team and Project partners</li> <li>Beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Document analysis</li> <li>Interviews</li> </ul>
	<ul style="list-style-type: none"> <li>What lessons can be learnt from the Project on efficiency?</li> <li>How could the Project have more efficiently addressed its key priorities (in terms of management structures and procedures, partnerships arrangements etc...)?</li> <li>What changes could have been made (if any) to the Project in order to improve its efficiency?</li> </ul>		<ul style="list-style-type: none"> <li>Data collected throughout evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Data analysis</li> </ul>
<b>Evaluation criteria: <i>Impacts</i> - What are the potential and realized impacts of activities carried out in the context of the Project?</b>				
<p><i>How is the Project effective in achieving its long-term objectives?</i></p>	<ul style="list-style-type: none"> <li>Will the project achieve its objective that is to improve fiscal measures for collecting, managing and allocating revenues for global environmental management?</li> </ul>	<ul style="list-style-type: none"> <li>Change in capacity: <ul style="list-style-type: none"> <li>To pool/mobilize resources</li> <li>For related policy making and strategic planning,</li> <li>For implementation of related laws and strategies through adequate institutional frameworks and their maintenance,</li> </ul> </li> <li>Change in use and implementation of sustainable alternatives</li> <li>Change to the quantity and strength of barriers such as change in <ul style="list-style-type: none"> <li>Knowledge about industrial pollution national incentives to decrease emissions in this area</li> <li>Cross-institutional coordination and inter-sectoral dialogue</li> <li>Knowledge of industrial pollution by end users</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Project documents</li> <li>Key Stakeholders</li> <li>Research findings; if available</li> </ul>	<ul style="list-style-type: none"> <li>Documents analysis</li> <li>Meetings with UNDP, Project Team and Project Partners</li> <li>Interviews with project beneficiaries and other stakeholders</li> </ul>

Evaluated component	Sub-Question	Indicators	Sources	Data Collection Method
<p><i>How is the Project impacting the local environment?</i></p> <p><b>Future directions for the Project</b></p>		<ul style="list-style-type: none"> <li>○ Coordination of policy and legal instruments incorporating environmental taxation strategies</li> <li>○ Environmental fiscal measures targeting “polluters”</li> </ul>		
	<ul style="list-style-type: none"> <li>■ What are the impacts or likely impacts of the Project? <ul style="list-style-type: none"> <li>○ On the local environment;</li> <li>○ On poverty; and,</li> <li>○ On other socio-economic issues.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Provide specific examples of impacts at those three levels, as relevant</li> </ul>	<ul style="list-style-type: none"> <li>■ Project documents</li> <li>■ Key Stakeholders</li> <li>■ Research findings</li> </ul>	<ul style="list-style-type: none"> <li>■ Data analysis</li> <li>■ Interviews with key stakeholders</li> </ul>
	<ul style="list-style-type: none"> <li>■ How could the Project build on its successes and learn from its weaknesses in order to enhance the potential for impact of ongoing and future initiatives?</li> </ul>		<ul style="list-style-type: none"> <li>■ Data collected throughout evaluation</li> </ul>	<ul style="list-style-type: none"> <li>■ Data analysis</li> </ul>
<p><b>Evaluation criteria: Sustainability - Are the initiatives and results of the Project allowing for continued benefits?</b></p>				
<p><i>Are sustainability issues adequately integrated in Project design?</i></p>	<ul style="list-style-type: none"> <li>■ Were sustainability issues integrated into the design and implementation of the Project?</li> </ul>	<ul style="list-style-type: none"> <li>■ Evidence/Quality of sustainability strategy</li> <li>■ Evidence/Quality of steps taken to address sustainability</li> </ul>	<ul style="list-style-type: none"> <li>■ Project documents and evaluations</li> <li>■ UNDP, project staff and Project Partners</li> <li>■ Beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>■ Document analysis</li> <li>■ Interviews</li> </ul>
<p><i>Financial Sustainability</i></p>	<ul style="list-style-type: none"> <li>■ Did the Project adequately address financial and economic sustainability issues?</li> <li>■ Are the recurrent costs after Project completion sustainable?</li> </ul>	<ul style="list-style-type: none"> <li>■ Level and source of future financial support to be provided to relevant sectors and activities in Kyrgyzstan after Project end?</li> <li>■ Evidence of commitments from international partners, governments or other stakeholders to financially support relevant sectors of activities after Project end</li> <li>■ Level of recurrent costs after completion of Project and funding sources for those recurrent costs</li> </ul>	<ul style="list-style-type: none"> <li>■ Project documents and evaluations</li> <li>■ UNDP, project staff and Project Partners</li> <li>■ Beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>■ Document analysis</li> <li>■ Interviews</li> </ul>
<p><i>Organizations arrangements and continuation of activities</i></p>	<ul style="list-style-type: none"> <li>■ Were the results of efforts made during the Project implementation period well assimilated by organizations and their internal systems and procedures?</li> <li>■ Is there evidence that Project partners will continue their activities beyond Project support?</li> <li>■ What degree is there of local ownership of initiatives and results?</li> <li>■ Were appropriate ‘champions’ being identified and/or supported?</li> </ul>	<ul style="list-style-type: none"> <li>■ Degree to which Project activities and results have been taken over by local counterparts or institutions/organizations</li> <li>■ Level of financial support to be provided to relevant sectors and activities by in-country actors after Project end</li> <li>■ Number/quality of champions identified</li> </ul>	<ul style="list-style-type: none"> <li>■ Project documents and evaluations</li> <li>■ UNDP, project staff and Project Partners</li> <li>■ Beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>■ Document analysis</li> <li>■ Interviews</li> </ul>
<p><i>Enabling</i></p>	<ul style="list-style-type: none"> <li>■ Were laws, policies and frameworks addressed through the</li> </ul>	<ul style="list-style-type: none"> <li>■ Efforts to support the development of relevant</li> </ul>	<ul style="list-style-type: none"> <li>■ Project documents and</li> </ul>	<ul style="list-style-type: none"> <li>■ Document analysis</li> </ul>

Evaluated component	Sub-Question	Indicators	Sources	Data Collection Method
<i>Environment</i>	<p>Project, in order to address sustainability of key initiatives and reforms?</p> <ul style="list-style-type: none"> <li>Were the necessary related capacities for lawmaking and enforcement built?</li> <li>What is the level of political commitment to build on the results of the project?</li> </ul>	<p>laws and policies</p> <ul style="list-style-type: none"> <li>State of enforcement and law making capacity</li> <li>Evidences of commitment by the political class through speeches, enactment of laws and resource allocation to priorities</li> </ul>	<p>evaluations</p> <ul style="list-style-type: none"> <li>UNDP, project staff and Project Partners</li> <li>Beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Interviews</li> </ul>
<i>Institutional and individual capacity building</i>	<ul style="list-style-type: none"> <li>Is the capacity in place at the regional, national and local levels adequate to ensure sustainability of the results achieved to date?</li> </ul>	<ul style="list-style-type: none"> <li>Elements in place in those different management functions, at the appropriate levels (regional, national and local) in terms of adequate structures, strategies, systems, skills, incentives and interrelationships with other key actors</li> </ul>	<ul style="list-style-type: none"> <li>Project documents and evaluations</li> <li>UNDP, Project staff and Project Partners</li> <li>Beneficiaries</li> <li>Capacity assessments available, if any</li> </ul>	<ul style="list-style-type: none"> <li>Interviews</li> <li>Documentation review</li> </ul>
<i>Social and political sustainability</i>	<ul style="list-style-type: none"> <li>Did the Project contribute to key building blocks for social and political sustainability?</li> <li>Did the Project contribute to local Stakeholders' acceptance of the new practices?</li> </ul>	<ul style="list-style-type: none"> <li>Example of contributions to sustainable political and social change in support of environmental fiscal reform</li> </ul>	<ul style="list-style-type: none"> <li>Project documents and evaluations</li> <li>UNDP, project staff and Project Partners</li> <li>Beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Interviews</li> <li>Documentation review</li> </ul>
<i>Replication</i>	<ul style="list-style-type: none"> <li>Were Project activities and results replicated elsewhere and/or scaled up?</li> <li>What was the Project contribution to replication or scaling up of innovative practices or mechanisms that support the reform of environmental taxation?</li> </ul>	<ul style="list-style-type: none"> <li>Number/quality of replicated initiatives</li> <li>Number/quality of replicated innovative initiatives</li> <li>Volume of additional investment leveraged</li> </ul>	<ul style="list-style-type: none"> <li>Other donor programming documents</li> <li>Beneficiaries</li> <li>UNDP, project staff and Project Partners</li> </ul>	<ul style="list-style-type: none"> <li>Document analysis</li> <li>Interviews</li> </ul>
<i>Challenges to sustainability of the Project</i>	<ul style="list-style-type: none"> <li>What are the main challenges that may hinder sustainability of efforts?</li> <li>Have any of these been addressed through Project management?</li> <li>What could be the possible measures to further contribute to the sustainability of efforts achieved with the Project?</li> </ul>	<ul style="list-style-type: none"> <li>Challenges in view of building blocks of sustainability as presented above</li> <li>Recent changes which may present new challenges to the Project</li> <li>Education strategy and partnership with school, education institutions etc.</li> </ul>	<ul style="list-style-type: none"> <li>Project documents and evaluations</li> <li>Beneficiaries</li> <li>UNDP, project staff and Project Partners</li> </ul>	<ul style="list-style-type: none"> <li>Document analysis</li> <li>Interviews</li> </ul>
<b>Future directions for the Project</b>	<ul style="list-style-type: none"> <li>Which areas/arrangements under the Project show the strongest potential for lasting long-term results?</li> <li>What are the key challenges and obstacles to the sustainability of results of the Project initiatives that must be directly and quickly addressed?</li> <li>How can the experience and good project practices influence the strategies for environmental fiscal reform in Kyrgyzstan and in the region?</li> <li>Are national decision-making institutions (Parliament, Government etc.) in Kyrgyzstan ready to improve their environmental fiscal measures?</li> </ul>		<ul style="list-style-type: none"> <li>Data collected throughout evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Data analysis</li> </ul>

### **Annex 3: List of Documents Reviewed**

- Begalieva, G.S., 2006, Fiscal policy of the Government of the Kyrgyz Republic and potential of encouragement of environmental activity
- Center for Public Opinion Survey “El-Pikir”, 2006, Capacity Building for National Financing of Global Environmental Conventions
- ECE, 2000, Environmental Performance Reviews - Kyrgyzstan
- ECE, 2009, Environmental Performance Reviews – Kyrgyzstan – Second Review
- GEF, Project Document: MSP - Capacity Building for Improved National Financing of Global Environmental Management in Kyrgyzstan
- GEF Evaluation Office, 2010, The GEF Monitoring and Evaluation Policy
- GEF Evaluation Office, 2008, Guidelines for GEF Agencies in Conducting Terminal Evaluations
- Government House, November 23, 2007, Presidential Decree on Approval of the Concept on Environmental Safety of Kyrgyzstan
- Government House, October 22, 2009, Presidential Decree on Approval of the medium term plan of action to reform the management of public finance in the Republic of Kyrgyzstan
- Government of Kyrgyzstan, Country Development Strategy (CDS) – 2009-2011
- Government of Kyrgyzstan, Country Development Strategy (CDS) – 2012-2014 (not approved yet by Gov.)
- Government of Kyrgyzstan, Law on Common Technical Regulations to ensure Environmental Security in the Republic of Kyrgyzstan, March 1, 2012
- Klarer Jurg, June 2011, Progress Report 2011
- Klarer Jurg, May 2011, Experience in Central and Eastern European countries with implementing environmental taxes
- Klarer Jurg, November 2010, Progress Report 2010
- Klarer Jurg, October 2010, Application of good international practice in managing Environmental Funds in the Kyrgyz Republic: Area 1: review of international experience with managing Environmental Funds
- Klarer Jurg, October 2010, Application of good international practice in managing Environmental Funds in the Kyrgyz Republic: Area 2: Governance
- Klarer Jurg, October 2010, Application of good international practice in managing Environmental Funds in the Kyrgyz Republic: Area 3: Spending Strategies
- Klarer Jurg, October 2010, Application of good international practice in managing Environmental Funds in the Kyrgyz Republic: Area 4: Project Cycle Management
- Klarer Jurg, October 2010, Application of good international practice in managing Environmental Funds in the Kyrgyz Republic: Area 5: Reporting and Outreach
- Klarer Jurg, October 2011, Project Exist Strategy
- Kyrgyz Republic, 2002, Law for the Protection of the Environment
- Kyrgyz Republic, 2011, Government Decision on Approval of Regulations on the collection and use of fees for Special use of wildlife and use of flora objects for special settlement in the Republic of Kyrgyzstan
- Kyrgyz Republic, 2010, Second Progress Report On The Millennium Development Goals
- Ministry of Ecology and Emergencies, GEF, UNDP, 2005, Global Ecological Conventions: Capacities of Kyrgyzstan – Subject Review
- Ministry of Ecology and Emergencies, GEF, UNDP, 2005, Global Environmental Conventions: Cross-Sectoral Interaction and Capacity Building in Kyrgyzstan (NCSA)
- Ministry of Environmental Protection, Biodiversity Strategy and Action Plan
- Ministry of Finance, SAEPF, Draft New Regulations for Internal Audit
- OECD, 2006, Transition To Integrated Environmental Permitting In The Kyrgyz Republic: Case Study

OSCE, Concept Paper – Kyrgyz Republic: Environmental Issues

Rijal Arun, Bakytbek Satybekov, September 2010, Mid-Term Evaluation of UNDP-GEF Medium Size Project

SAEPF, December 2011, Decision approving Project Implementation Plan for 2012.

SAEPF, 2005, Third National Report on Conservation of Biodiversity of the Kyrgyz Republic

SAEPF, 2008, Fourth National Report on Conservation of Biodiversity of the Kyrgyz Republic

SAEPF, UNDP, GEF, Draft Strategy for improving the system of environmental financing

SAEPF, UNDP, GEF, November 2009, Revised Inception Report

SAEPF, UNDP, GEF, Package detail-based recommendations for effective use of economic instruments for adequate funding of environmental activities, consistent with the key partners of the project

UNDP, 2010, Revised AWP for 2010

UNDP, 2009, AWP for 2009

UNDP, 2010, Management Response (to MTE)

UNDP, 2011, AWP for 2011

UNDP, 2012, AWP for 2012

UNDP, All TORs drafted for this project (about 40)

UNDP, Annual Progress Report 2011

UNDP, CDR 2009

UNDP, CDR 2010

UNDP, CDR 2011

UNDP, PIR 2009

UNDP, PIR 2010

UNDP, GEF, About 30 reports from Project Experts in Russian

UNDP, GEF, 2011, Program budget for the preparation of the draft budget for the SAEPF for 2012-2014

UNDP, GEF, PDF/PPG Status Report

UNDP, GEF, Project Document: PIMS # 4101 Management and disposal of PCBs in Kyrgyzstan Project

World Bank, 2012, World Bank – Kyrgyz Republic Partnership – Program Snapshot

World Bank, GFDRR, April 2011, Climate Risk and Adaptation Country Profile

\_\_\_\_\_, Project Guidelines to determine the charges for environmental pollution in the Republic of Kyrgyzstan

\_\_\_\_\_, Proposals for the promotion of natural resources to reduce the harmful impact on the environment, taking into account international practices

\_\_\_\_\_, Program of transition to an improved economic mechanism of nature

\_\_\_\_\_, December 2010, Minutes of the Project Board Meeting

\_\_\_\_\_, Annual Progress Report 2009

\_\_\_\_\_, Quarterly Operational Report – 2010 Quarter IV

\_\_\_\_\_, Quarterly Operational Report – 2011

***Main Web Sites Consulted:***

GEF: <http://www.gefweb.org>

UNDP Kyrgyzstan: <http://www.undp.kg/en> (incl. UNDAF, CPAP, CPD and other UN documents)



## Annex 4: Interview Guide

*Note: This is only a guide for the interviewers and a simplified version of the evaluation matrix. Not all questions will be asked to each interviewee; it is a reminder for interviewers about the type of information required to complete the evaluation exercise and a guide to prepare the semi-structured interviews.*

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### **I. RELEVANCE** - *How does the Project relate to the main objectives of the GEF and to the environment and development priorities of Kyrgyzstan?*

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- I.1. Is the Project relevant to the GEF objectives?
- I.2. Is the Project relevant to UNDP objectives?
- I.3. Is the Project relevant to Kyrgyzstan's development objectives?
- I.4. Does the Project address the needs of target beneficiaries?
- I.5. Is the Project internally coherent in its design?
- I.6. How is the Project relevant in light of other donors?

#### ***Future directions for similar projects***

- I.7. What lessons have been learnt and what changes could have been made to the Project in order to strengthen the alignment between the Project and the Partners' priorities and areas of focus?
- I.8. How could the Project better target and address the priorities and development challenges of targeted beneficiaries?

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### **II. EFFECTIVENESS** – *To what extent are the expected outcomes of the Project being achieved?*

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- II.1. How is the Project effective in achieving its expected outcomes?
  - Improved tax instrument for assessing, collecting, managing and allocating revenues for industrial pollution control developed
  - Natural Resource Mobilization Programme and associated comprehensive budget for EPNRM.
  - Capacities strengthened to assess and management environmental fines for global environmental protection
- II.2. How is risk and risk mitigation being managed?

#### ***Future directions for similar projects***

- II.3. What lessons have been learnt for the Project to achieve its outcomes?
- II.4. What changes could have been made (if any) to the design of the Project in order to improve the achievement of the Project' expected results?
- II.5. How could the Project be more effective in achieving its results?

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### **III. EFFICIENCY** - *How efficiently is the Project implemented?*

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- III.1. Was adaptive management used or needed to ensure efficient resource use?
- III.2. Did the Project logical framework and work plans and any changes made to them use as management tools during implementation?
- III.3. Were the accounting and financial systems in place adequate for Project management and producing accurate and timely financial information?
- III.4. Were progress reports produced accurately, timely and respond to reporting requirements including adaptive management changes?
- III.5. Was Project implementation as cost effective as originally proposed (planned vs. actual)
- III.6. Was the leveraging of funds (co-financing) happening as planned?
- III.7. Were financial resources utilized efficiently? Could financial resources have been used more efficiently?
- III.8. How was RBM used during program and Project implementation?
- III.9. Were there an institutionalized or informal feedback or dissemination mechanism to ensure that findings, lessons learned and recommendations pertaining to Project design and implementation effectiveness were shared among Project stakeholders, UNDP and GEF Staff and other relevant organizations for ongoing Project adjustment and improvement?

- III.10. Did the Project mainstream gender considerations into its implementation?
- III.11. To what extent were partnerships/ linkages between institutions/ organizations encouraged and supported?
- III.12. Which partnerships/linkages were facilitated? Which one can be considered sustainable?
- III.13. What was the level of efficiency of cooperation and collaboration arrangements? (between local actors, UNDP/GEF and relevant government entities)
- III.14. Was an appropriate balance struck between utilization of international expertise as well as local capacity?
- III.15. Did the Project take into account local capacity in design and implementation of the Project?

***Future directions for the Project***

- III.16. What lessons can be learnt from the Project on efficiency?
- III.17. How could the Project have more efficiently addressed its key priorities (in terms of management structures and procedures, partnerships arrangements etc...)?

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**IV. IMPACTS** - *What are the potential and realized impacts of activities carried out in the context of the Project?*

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- IV.1. Will the project achieve its objective that is to improve fiscal measures for collecting, managing and allocating revenues for global environmental management?
- IV.2. How is the Project impacting the local environment such as impacts or likely impacts on the local environment; on poverty; and, on other socio-economic issues?

***Future directions for the Project***

- IV.3. How could the Project build on its apparent successes and learn from its weaknesses in order to enhance the potential for impact of ongoing and future initiatives?

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**V. SUSTAINABILITY** - *Are the initiatives and results of the Project allowing for continued benefits?*

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- V.1. Are sustainability issues adequately integrated in Project design?
- V.2. Did the Project adequately address financial and economic sustainability issues?
- V.3. Is there evidence that Project partners will continue their activities beyond Project support?
- V.4. Are laws, policies and frameworks being addressed through the Project, in order to address sustainability of key initiatives and reforms?
- V.5. Is the capacity in place at the national and local levels adequate to ensure sustainability of the results achieved to date?
- V.6. Did the Project contribute to key building blocks for social and political sustainability?
- V.7. Are Project activities and results being replicated elsewhere and/or scaled up?
- V.8. What are the main challenges that may hinder sustainability of efforts?

***Future directions for the Project***

- V.9. Which areas/arrangements under the Project show the strongest potential for lasting long-term results?
- V.10. What are the key challenges and obstacles to the sustainability of results of the Project initiatives that must be directly and quickly addressed?

## Annex 5: Evaluation Mission Agenda

**Mission agenda of Mr. Jean-Joseph Bellamy,  
International expert for final evaluation within the UNDP/GEF project “Capacity Building for Improved National Financing of Global Environmental  
Management in Kyrgyzstan”.  
16-23 May 2012, Bishkek**

Date	Activity	Place	Time
16.05.12	Meeting with Mr. Omurbek Elemanov, NCSA– 2 Project Manager and Mr. Bakytbek Satybekov for discussion of general project management issues	UNDP Environment Programme	9.00-9.50
16.05.12	Meeting of project evaluation team with UNDP CO representatives: DRR, Mr. Daniar Ibragimov, Head of Environment and DRM Unit, Mr. Kumar Kylychev, Programme Associate	UNDP CO	10.00-10.30
16.05.12	Meeting with Mr. Omurbek Elemanov, NCSA– 2 Project Manager and Mr. Bakytbek Satybekov for discussion of general project management issues.	UNDP Environment Programme	11.00-12.00
16.05.12	Meeting with the Project Managers of the UNDP Environment Programme	UNDP Environment Programme	14.00-16.00
16.05.12	Meeting with Mr. Musuraliev T., project legal expert, on results achieved.	UNDP Environment Programme	16.00-17.30
17.05.12	Meeting with Mr. Umralliev E., Head of Chui-Bishkek Environment Protection and Forest Ecosystem Development Unit, to discuss methodology on fee payment for harmful environmental pollutions and cooperation results.	Chui-Bishkek Environment Protection and Forest Ecosystem Development Unit.	9.30-10.30
17.05.12	Meeting with Ms. Baizakova N., Senior specialist on budget policy development of the Ministry of Finance, to discuss State Financing of environmental activities, environmental and forest development funds; cooperation results. Participants: B. Satybekov, O. Elemanov.	The Ministry of Finance of KR	11.00-12.00
17.05.12	Meeting with Mr. Bortsov V., representative of Ecopartner Ltd, to discuss project cooperation results.	Office of the Ecopartner Ltd	14.00-15.00
17.05.12	Meeting with Ms. Shabaeva G., Head of the Geoecology Unit, and other representatives of the State Agency on geology and mineral resources, to discuss environmental management within mining industry and cooperation results.	Agency for Geology and Mineral Resources of the KR	15.30-16.00
17.05.12	Meeting with Ms. Borubaeva G., project expert, on results achieved.	UNDP Environment Programme	17.00-18.00
18.05.12	Meeting with Mr. Kadraliev A., ecologist of the Chaarat mining company, on project cooperation results.	UNDP Environment Programme	13.30-14.30
18.05.12	Meeting with Mr. Iliyazov M., manager of the UNDP/GEF project	UNDP Environment Programme	15.00-15.30

Date	Activity	Place	Time
	"Management and disposal of PCBs in Kyrgyzstan".		
18.05.12	Discussion of information obtained with Mr. Satybekov B., Local Evaluation Expert and the project team.	UNDP Environment Programme	15.30-18.00
18.05.2012	Meeting with Ms. Chistyakova I., CARNet coordinator.	UNDP Environment Programme	11.00-12.00
18.05.2012	Meeting with Ms. Uzakbaeva Zh., Project Manager, Strengthening coordination of project formulation and mobilization of resources for sustainable radioactive waste management in Central Asia"	UNDP Environment Programme	14.00-15.00
18.05.2012	Meeting with project experts, Ms. Ishalina D. and Ms. Gorshkova I.	UNDP Environment Programme	16.00-17.00
19.05.2012	Discussion with local expert and project team to finalize the draft report on final project activity.	UNDP Environment Programme	9.00-18.00
20.05.2012	In cooperation with Mr. Satybekov B. developing presentation on Evaluation of UNDP/GEF project activity. Results achieved	Hotel	9.00-18.00
21.05.2012	Meeting with Project Manager to discuss the results achieved.	UNDP Environment Programme	9.00-10.30
21.05.2012	Meeting with representatives of the Ministry of Economic Regulation on improvement of fiscal environmental management (macro economic forecast, opportunities for national environmental financing, economic encouragement of nature protection activities). Representative: Mr. Shamshiev N., Head of the Macro Economic Policy Development Unit.	The Ministry of Economic Regulation	11.00-12.00
21.05.12	Meeting with SAEPF representatives on evaluation of existing interaction and cooperation between Project and SAEPF. SAEPF representatives: Mr. Chyngojoev A., State Secretary SAEPF Ms. Bekkulova J., Head of the Environment strategy and policy unit;	SAEPF	14.00-15.30
21.05.12	Meeting with Mr. Avanesov A., Resident Representative of UNDP in Kyrgyzstan and Ms. Arstanbekova A., on final evaluation results	UNDP CO	16.00-17.00
22.05.12	Meeting with Project Manager on achievement of project goals	UNDP Environment Programme	9.00-15.00
22.05.12	Presentation of project achievements to partners: Ministry of Finance, Ministry of Economic Regulation, SAEPF, Agency on geology and mineral resources, project experts.	UNDP Environment Programme	15.00-17.00

## Annex 6: List of People Interviewed

Name	Position / Contact	Organization
Mr. Omurbek Elemanov	Project Manager	UNDP
Mr. Bakytbek Satybekov	Local Evaluation Consultant	UNDP
Mr. Daniar Ibragimov	Head of Environment and DRM Unit	UNDP
Mr. Kumar Kylychev	Programme Associate	UNDP
	Project Managers of the UNDP Environment Programme	UNDP
Mr. Musuraliev T.	Project legal expert	UNDP
Mr. Umralliev E.	Head of Agency	Chui-Bishkek Environment Protection and Forest Ecosystem Development Unit
Ms. Baizakova N.	Senior specialist on budget policy development	Ministry of Finance
Mr. Bortsov V.	Representative	Ecopartner Ltd
Ms. Shabaeva G. and other representatives	Head of the Geo-ecology Unit	State Agency on geology and mineral resources
Ms. Borubaeva G.	Project expert	UNDP
Mr. Kadraliev A.	Ecologist	Chaarat mining company
Mr. Iliyazov M.	Manager of the UNDP/GEF project <i>"Management and disposal of PCBs in Kyrgyzstan"</i>	UNDP
Ms. Chistyakova I.	Coordinator	CARNet
Ms. Uzakbaeva Zh.	Project Manager – "Strengthening coordination of project formulation and mobilization of resources for sustainable radioactive waste management in Central Asia"	UNDP
Ms. Ishalina D.	Project expert	UNDP
Ms. Gorshkova I.	Project expert	UNDP
Mr. Shamshiev N.	Head of the Macro Economic Policy Development Unit	Ministry of Economic Regulation on improvement of fiscal environmental management
Mr. Chyngojoev A.	State Secretary	SAEPF
Ms. Bekkulova J.	Head of the Environment strategy and policy unit	SAEPF
Mr. Avanesov A.	Resident Representative	UNDP
Ms. Arstanbekova A.		UNDP

## Annex 7: Co-financing Table

### CO-FINANCING

Co financing (Type/ Source)	IA own Financing (mill US\$)		Government (mill US\$)		Other Sources* (mill US\$)		Total Financing (mill US\$)		Total Disbursement (mill US\$)	
	Proposed	Actual	Proposed	Actual	Proposed	Actual	Proposed	Actual	Proposed	Actual
Grant										
Credits										
Loans										
Equity										
In-kind	0.040	0.040	0.180	0.180			0.220	0.220	0.220	0.220
Non-grant Instruments *										
Other Types										
<b>TOTAL</b>	0.040	0.040	0.180	0.180			0.220	0.220	0.220	0.220

(\*) Source: Project Document, UNDP-PIR 2010-11 (as of the end of June 2011).

- Other refers to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector etc.
- “Proposed” co-financing refers to co-financing proposed at CEO endorsement.
- Describe “Non-grant Instruments” (such as guarantees, contingent grants, etc):
- Explain “Other Sources of Co-financing”:

## Annex 8: Status of objective / outcome delivery as per measurable indicators

Objective	Measurable Indicators from Project Log-frame	End-of-Project Target	Status of Delivery*	Rating**
<b>Objective:</b> To improve fiscal measures for collecting, managing and allocating revenues for global environmental management.	Proposal of reforming the pollution charge system in the context of the Rio Conventions	<ul style="list-style-type: none"> <li>Revised pollution charge system is developed, tested and evaluated using data and information from different enterprises in a pilot territory</li> </ul>	Completed	Highly Satisfactory
	Reform proposals of nature resource mobilization program and development of a financing strategy for financing environmental protection activities	<ul style="list-style-type: none"> <li>Proposals with regard to increase of funds for environmental protection activities are submitted to the implementing agency aiming to be forwarded to the Government for approval</li> </ul>	Completed	Satisfactory
	Improvement of financial administration and increased transparency in the management of environmental funds	<ul style="list-style-type: none"> <li>Development of policies for improving the performance of environmental funds</li> <li>Proposals for increasing the revenue base of environmental funds</li> </ul>	Completed	Highly Satisfactory
	Capacity development monitoring scorecard rating	<ul style="list-style-type: none"> <li>Capacity for: <ul style="list-style-type: none"> <li>Engagement: 3 of 9</li> <li>Generate, access and use information and knowledge: 8 of 15</li> <li>Strategy, policy and legislation development: 7 of 9</li> <li>Management and implementation: 2 of 6</li> <li>Monitor and evaluate: 6 of 6</li> </ul> </li> </ul> (total score: 26 / 45)	Completed	Satisfactory
<b>Outcome 1:</b> Improved tax instrument for assessing, collecting, and managing revenues for industrial pollution control developed.	Proposal for a revision of existing economic instruments for environmental pollution focusing on the pollution charge system	<ul style="list-style-type: none"> <li>Proposals developed addressing the shortcomings identified, tested and evaluated in a pilot test case in which a large number of pollution-intensive enterprises are located</li> <li>Proposal submitted to the relevant governmental institutions for approval</li> </ul>	Completed	Highly Satisfactory
	Effective administration and transparent management of funds for environment protection	<ul style="list-style-type: none"> <li>Proposals for improving the work of environmental funds is developed based on international practice and recommendations</li> <li>Guidelines for the identification of priorities are derived</li> </ul>	Completed	Highly Satisfactory
	Adequate package of by-laws, instruction, methodic documents and technical regulations that regulate reduction of industrial pollution and nature management	<ul style="list-style-type: none"> <li>Legislative package as well as reform proposal approved by implementing agency and submitted to Government for approval</li> </ul>	Completed	Highly Satisfactory
<b>Outcome 2:</b> Natural Resource Mobilization	Program to improve the funding situation of environmental investments developed	<ul style="list-style-type: none"> <li>Policy framework for the inclusion of environmental investments into national budgetary programme (budget financing for environmental objectives) is established</li> </ul>	Completed	Highly Satisfactory

Objective	Measurable Indicators from Project Log-frame	End-of-Project Target	Status of Delivery*	Rating**
Program (NRMP) and associated comprehensive budget for EPNRM.		<ul style="list-style-type: none"> <li>Strategy for extending the revenue base of environmental funds is developed</li> </ul>		
	Strategy aiming to develop criteria for the appraisal of environmental priorities and investment decision	<ul style="list-style-type: none"> <li>Proposals for improving the work of environmental funds is developed based on international practice and recommendations (development of guidelines / criteria of prioritizing environmental expenditures)</li> </ul>	Completed	Satisfactory
<b>Outcome 3:</b> Capacities strengthened to assess and management environmental payments for global environmental protection.	Dissemination activities, such as training of experts and workshops presenting the recommended changes	<ul style="list-style-type: none"> <li>10 workshops are held open for the public and private sector</li> <li>At least 80 governmental officials (state and local institutions) and 30 representatives of the private sector are trained</li> </ul>	Completed	Satisfactory
	Public information campaign with regard to the proposed changes with regard to the system of pollution charges and the funding schemes of nature protection measures	<ul style="list-style-type: none"> <li>Survey on the effectiveness of environmental fiscal measures</li> <li>Information campaign during project implementation is carried out during project implementation phase</li> </ul>	Completed	Satisfactory

\* *STATUS OF DELIVERY COLOURING CODES:*

**Green** / completed – indicator shows successful achievement

**Yellow** – indicator shows expected completion by the end of the project

**Red** – Indicator show poor achievement - unlikely to be complete by end of Project



## Annex 9: Capacity Development Monitoring Scorecard

Project/Programme Name: Capacity Building for Improved National Financing of Global Environmental Management in Kyrgyzstan

Project/Programme Cycle Phase: Final Evaluation

Date: July 13, 2012

Capacity Result / Indicator	Staged Indicators	Rating	Score at Inception	Score at MTE	Score at End of Project
<b>CR 1: Capacities for engagement</b>					
Indicator 1 – Degree of legitimacy/mandate of lead environmental organizations	Institutional responsibilities for environmental management are not clearly defined	0	0	1	2
	Institutional responsibilities for environmental management are identified	1			
	Authority and legitimacy of all lead organizations responsible for environmental management are partially recognized by stakeholders	2			
	Authority and legitimacy of all lead organizations responsible for environmental management recognized by stakeholders	3			
Indicator 2 – Existence of operational co-management mechanisms	No co-management mechanisms are in place	0	0	0	1
	Some co-management mechanisms are in place and operational	1			
	Some co-management mechanisms are formally established through agreements, MOPs, etc.	2			
	Comprehensive co-management mechanisms are formally established and are operational/functional	3			
Indicator 3 – Existence of cooperation with stakeholder groups	Identification of stakeholders and their participation/involvement in decision-making is poor	0	1	1	1
	Stakeholders are identified but their participation in decision-making is limited	1			
	Stakeholders are identified and regular consultations mechanisms are established	2			
	Stakeholders are identified and they actively contribute to established participative decision-making processes	3			
.... Add your own indicator(s)	<b>Total score for CR 1</b>	<b>9</b>	<b>1</b>	<b>2</b>	<b>4</b>
<b>CR 2: Capacities to generate, access and use information and knowledge</b>					
Indicator 4 – Degree of environmental awareness of stakeholders	Stakeholders are not aware about global environmental issues and their related possible solutions (MEAs)	0	1	2	2
	Stakeholders are aware about global environmental issues but not about the possible solutions (MEAs)	1			
	Stakeholders are aware about global environmental issues and the possible solutions but do not know how to participate	2			
	Stakeholders are aware about global environmental issues and are actively participating in the implementation of related solutions	3			
Indicator 5 – Access and sharing of environmental information by stakeholders	The environmental information needs are not identified and the information management infrastructure is inadequate	0	2	2	2
	The environmental information needs are identified but the information management infrastructure is inadequate	1			
	The environmental information is partially available and shared among stakeholders but is not covering all focal areas and/or the information management infrastructure to manage and give information access to the public is limited	2			
	Comprehensive environmental information is available and shared through an adequate information management infrastructure	3			

Capacity Result / Indicator	Staged Indicators	Rating	Score at Inception	Score at MTE	Score at End of Project
Indicator 6 – Existence of environmental education programmes	No environmental education programmes are in place	0	1	1	1
	Environmental education programmes are partially developed and partially delivered	1			
	Environmental education programmes are fully developed but partially delivered	2			
	Comprehensive environmental education programmes exist and are being delivered	3			
Indicator 7 – Extend of the linkage between environmental research/science and policy development	No linkage exist between environmental policy development and science/research strategies and programmes	0	1	1	1
	Research needs for environmental policy development are identified but are not translated into relevant research strategies and programmes	1			
	Relevant research strategies and programmes for environmental policy development exist but the research information is not responding fully to the policy research needs	2			
	Relevant research results are available for environmental policy development	3			
Indicator 8 – Extend of inclusion/use of traditional knowledge in environmental decision-making	Traditional knowledge is ignored and not taken into account into relevant participative decision-making processes	0	1	1	1
	Traditional knowledge is identified and recognized as important but is not collected and used in relevant participative decision-making processes	1			
	Traditional knowledge is collected but is not used systematically into relevant participative decision-making processes	2			
	Traditional knowledge is collected, used and shared for effective participative decision-making processes	3			
.... Add your own indicator(s)	<b>Total score for CR 2</b>	<b>15</b>	<b>6</b>	<b>7</b>	<b>7</b>
<b>CR 3: Capacities for strategy, policy and legislation development</b>					
Indicator 9 – Extend of the environmental planning and strategy development process	The environmental planning and strategy development process is not coordinated and does not produce adequate environmental plans and strategies	0	2	2	2
	The environmental planning and strategy development process does produce adequate environmental plans and strategies but there are not implemented/used	1			
	Adequate environmental plans and strategies are produced but there are only partially implemented because of funding constraints and/or other problems	2			
	The environmental planning and strategy development process is well coordinated by the lead environmental organizations and produces the required environmental plans and strategies; which are being implemented	3			
Indicator 10 – Existence of an adequate environmental policy and regulatory frameworks	The environmental policy and regulatory frameworks are insufficient; they do not provide an enabling environment	0	1	1	2
	Some relevant environmental policies and laws exist but few are implemented and enforced	1			

Capacity Result / Indicator	Staged Indicators	Rating	Score at Inception	Score at MTE	Score at End of Project
	Adequate environmental policy and legislation frameworks exist but there are problems in implementing and enforcing them	2			
	Adequate policy and legislation frameworks are implemented and provide an adequate enabling environment; a compliance and enforcement mechanism is established and functions	3			
Indicator 11 – Adequacy of the environmental information available for decision-making	The availability of environmental information for decision-making is lacking	0			
	Some environmental information exists but it is not sufficient to support environmental decision-making processes	1			
	Relevant environmental information is made available to environmental decision-makers but the process to update this information is not functioning properly	2	1	2	2
	Political and administrative decision-makers obtain and use updated environmental information to make environmental decisions	3			
.... Add your own indicator(s)	<b>Total score for CR 3</b>	<b>9</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>CR 4: Capacities for management and implementation</b>					
Indicator 12 – Existence and mobilization of resources	The environmental organizations don't have adequate resources for their programmes and projects and the requirements have not been assessed	0			
	The resource requirements are known but are not being addressed	1			
	The funding sources for these resource requirements are partially identified and the resource requirements are partially addressed	2	0	0	2
	Adequate resources are mobilized and available for the functioning of the lead environmental organizations	3			
Indicator 13 – Availability of required technical skills and technology transfer	The necessary required skills and technology are not available and the needs are not identified	0			
	The required skills and technologies needs are identified as well as their sources	1			
	The required skills and technologies are obtained but their access depend on foreign sources	2	1	1	2
	The required skills and technologies are available and there is a national-based mechanism for updating the required skills and for upgrading the technologies	3			
.... Add your own indicator(s)	<b>Total score for CR 4</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>4</b>
<b>CR 5: Capacities to monitor and evaluate</b>					
Indicator 14 – Adequacy of the project/programme monitoring process	Irregular project monitoring is being done without an adequate monitoring framework detailing what and how to monitor the particular project or programme	0			
	An adequate resourced monitoring framework is in place but project monitoring is irregularly conducted	1			
	Regular participative monitoring of results in being conducted but this information is only partially used by the project/programme implementation team	2	2	2	2
	Monitoring information is produced timely and accurately and is used by the implementation team to learn and possibly to change the course of action	3			

Capacity Result / Indicator	Staged Indicators	Rating	Score at Inception	Score at MTE	Score at End of Project
Indicator 15 – Adequacy of the project/programme evaluation process	None or ineffective evaluations are being conducted without an adequate evaluation plan; including the necessary resources	0	2	3	3
	An adequate evaluation plan is in place but evaluation activities are irregularly conducted	1			
	Evaluations are being conducted as per an adequate evaluation plan but the evaluation results are only partially used by the project/programme implementation team	2			
	Effective evaluations are conducted timely and accurately and are used by the implementation team and the Agencies and GEF Staff to correct the course of action if needed and to learn for further planning activities	3			
.... Add your own indicator(s)	<b>Total score for CR 5</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>5</b>
	<b>Combined total score for CR1-CR5</b>	<b>45</b>	<b>16</b>	<b>20</b>	<b>26</b>

## Annex 10: Required Detailed Ratings for Evaluation Criteria

The table below presents evaluation criteria with their corresponding ratings as per the rating requirements in the Terms of Reference for this final evaluation.

EVALUATION CRITERIA	Rating	Summary of Supporting Evidence
<b>PROJECT FORMULATION</b>		
Project relevance, country ownership/drivenness	Highly Relevant	As discussed in Chapter 4.1, this project is a follow up project to address a national priority that was identified through the NCSA process conducted in Kyrgyzstan from 2003 to 2005. It is also much aligned with the Public Finance Management (PFM) reform initiative of the government and supported by other donors. A multi-donor trust fund is supported PFM reform activities targeting 6 ministries, the project supports activities targeting the SAEPF and that are aligned with this larger initiative, making SAEPF the 7 <sup>th</sup> organization to be reformed. Finally, the project objective is also well aligned with the soon-to-be-approved CDS 2012-24.
Stakeholder involvement	Satisfactory	The project was designed through a good participative process engaging all key stakeholders, including the donor community involved in the PFM reform initiative. The objective is also addressing a national priority that was part of the NCSA findings and which was a national assessment that was conducted through a good participation process.
Management arrangements	Satisfactory	Roles and responsibilities were clearly established at the onset of the project. Initially it was planned to have a Policy Committee and a PSC. However, during the inception phase, these arrangements were reviewed and the decision taken to replace these 2 bodies with a Project Board (PB). The membership included all key stakeholders and it was chaired by the Director of SAEPF.
Project budget and duration	Satisfactory	The budget for the project was in line with the objective. As a Medium-Size Project (MSP), the project had limited financial resources but it was also in line with a project that “ <i>tackled one small, but strategic component of environmental fiscal reform.</i> ” The project was also extended at no extra cost by 7 months due mostly to a slow start. The review also indicated an efficient use of the project financial resources.
Design of project M&E system	Satisfactory	A comprehensive M&E plan was formulated during the design phase and the review found it in accordance with UNDP and GEF procedures. The list of indicators was simplified during the inception phase going from 26 performance indicators to 11. Despite that some of these indicators could have been more specific (SMART), as a set, they provided a good framework to monitor/measure the progress of the project. This set of indicators was also accompanied by a capacity development monitoring scorecard that used another set of 15 indicators monitoring 5 capacity results.

EVALUATION CRITERIA	Rating	Summary of Supporting Evidence
<b>PROJECT IMPLEMENTATION</b>		
Project's adaptive management	Highly Satisfactory	The capacity of the project to adapt was a critical factor that contributed to the success of the project. The implementation period went through difficult contextual situations but the project always came back stronger with the same clear objective and a plan of activities to get there. Worth mentioning were the resignation of the first Project Manager in March 2010 at a critical moment where a full year of assessments was to be transformed into proposals to the government; in April 2010 during the Revolution, the project office was vandalized and in addition to losing most of the equipment, the project also lost some of its collected information. Nevertheless, in both cases, the project was able to adapt its implementation plan, keeping the same overall objective.
Stakeholder participation, partnership strategy	Highly Satisfactory	Rooted in the NCSA process that included a good participation of stakeholders, the project kept this participation approach and was able to establish an excellent partnership with the SAEPF. This agency was the national executing agency for the project but also, as the lead agency for environmental protection in Kyrgyzstan, was the main beneficiary of project activities. In particular, the SAEPF provided an excellent platform to legitimize the project within the government apparatus. All of this were transformed into an excellent country ownership of the project and in particular its achievements.
Sustainability – Financial resources	Highly Likely	The prospects for the long-term sustainability of project achievements are excellent. Most achievements are already institutionalized and there are to stay and be used. The government approved the revised methodology in 2011 and it is now the national methodology to calculate environmental fees/ payments. The legislative changes were passed by the government in March 2012 and are now part of the national legislation body and is used by the relevant institutions to make sure stakeholders comply with the established technical regulations. The SAEPF is now equipped with a programme-based budgetary process that is better geared toward an effective management of Kyrgyz natural resources. This budgetary reform is part of the overall public finance management reform initiative underway in Kyrgyzstan, which ultimately will be implemented throughout the government.
Sustainability – Socio-Political	Highly Likely	
Sustainability – Institutional framework and governance	Highly Likely	
Sustainability – Environmental	Highly Likely	
		Finally, the review indicated that there are no or negligible risks that affect the dimensions of financial, socio-economic, institutional framework and governance and environmental sustainability.

EVALUATION CRITERIA	Rating	Summary of Supporting Evidence
<b>PROJECT RESULTS</b>		
Progress towards achievement of intended outputs, outcomes/measurement of change	Highly Satisfactory	<p>The review of key results achieved by the project indicates a very successful and effective project. The project was able to achieve what it was intended to achieve in the planned timeframe and some key achievements surpass the targets that were set at the onset of the project. This is the case for the methodology, which was developed and tested with key “polluting” enterprises in Kyrgyzstan. The target was to submit a tested proposal for revising this fiscal instrument. The actual result is that the government approved this revised methodology in September 2011 and it is now the official methodology to calculate environmental fees in Kyrgyzstan. The same is true for the legislative changes regarding the technical regulations. The target was to submit a proposal to the government but the actual result is that these legislative changes (technical regulations) entered into force on March 1, 2012. Regarding the reform of the budget and of the internal auditing processes of SAEPF, the result today is that the PFM reforms are completed for seven (6+1) government ministries/agency instead of 6. The SAEPF has now a programme-based budget process that is geared toward a more efficient environmental management approach in Kyrgyzstan.</p> <p>Two major critical success factors explained largely this good prospect of sustainability: (i) the use of adaptive management to continually adapt the implementation of the project to the local context. Despite major disruptive events the project management team was able to regroup, adapt and pursue the implementation of project activities; (ii) the excellent partnership arrangements with key partners, particularly with SAEPF. The SAEPF as the national executing agency and also as the main beneficiary of the project facilitated project activities, including the legitimization of the process to reform the environment taxation system in Kyrgyzstan.</p>