Project ID: P008801	*Project Name:* BIODIVERSITY CONSERVATION PROJECT
Team Leader: Andrey V. Kushlin	*TL Unit:* ECSSD
ICR Type: Core ICR	*Report Date: March 29, 2004*

1. Project Data

Name: BIODIVERSITY CONSERVATION PROJECT
L/C/TF Number: TF-28315; TF-28647
Country/Department: RUSSIAN FEDERATION
Region: Europe and Central Asia Region

Sector/subsector: General agriculture, fishing and forestry sector (57%); Central government administration (23%); Sub-national government administration (10%); Other social services (10%)
Theme: Biodiversity (P); Environmental policies and institutions (P); Participation and civic engagement (P); Indigenous peoples (P); Land management (S)

KEY DATES		*Original*	*Revised/Actual*
PCD:	08/13/1993	*Effective:* 11/27/1996	11/27/1996
Appraisal:	10/15/1995	*MTR:* 07/01/1998	02/04/2000
Approval:	05/30/1996	*Closing:* 06/30/2002	09/30/2003

Borrower/Implementing Agency: RUSSIAN FEDERATION/MINISTRY OF NATURAL RESOURCES
Other Partners:

STAFF	Current	At Appraisal
Vice President:	Shigeo Katsu	Johannes F. Linn
Country Director:	Julian F. Schweitzer	Yukon Huang
Sector Manager:	Marjory-Anne Bromhead	Jonathan C. Brown
Team Leader at ICR:	Andrey V. Kushlin	Andrew H. Bond
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2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

Outcome: S
Sustainability: L
Institutional Development Impact: SU
Bank Performance: S
Borrower Performance: S

	QAG (if available)	ICR
Quality at Entry:		S
Project at Risk at Any Time:	Yes	

3. Assessment of Development Objective and Design, and of Quality at Entry

3.1 Original Objective:

The Russia Biodiversity Conservation Project (BCP) was established to assist the Russian Federation protect and manage its globally significant biological diversity in accordance with the principles of environmentally sustainable development throughout the economic transition. The project was designed to assist in ensuring the enhanced protection of biodiversity, within and outside protected areas, in conformance with the Government's obligations under the Convention on Biological Diversity. Project objectives included: i) supporting the development of federal and regional biodiversity strategies; ii) developing and implementing mechanisms and approaches, which would mainstream biodiversity conservation and environmental protection into the policy making process; iii) assessing the protected area institutional and operational framework and subsequently strengthening its effectiveness; iv) enabling the participation of all interested stakeholders, including aboriginal peoples and local communities, in biodiversity conservation; and v) developing an inter-regional demonstration of cross-sectoral approaches to biodiversity conservation and environmentally sustainable natural resource management. Project objectives were planned to be realized both directly through project-financed investments and indirectly through demonstration impacts.

The Russian Federation occupies about one eighth of the Earth's land surface and contains an enormous diversity of ecosystems representing some of the last few remaining areas in the world, where ecological processes, plant and wildlife populations can fluctuate naturally. It spreads over eight broad natural zones (polar deserts, tundras, forest-tundra, boreal coniferous and broad-leaved forests, steppes, semideserts, and deserts) with transitional elements and vast mountain ranges, which contain associations of species outstanding in terms of uniqueness, endemism, and diversity. Russia is home to more than 12,500 species of vascular plants, 320 mammals, 732 birds, 80 reptiles, 29 amphibians, 343 freshwater and about 1,500 marine fishes, and 130 thousand species of invertebrates. Of these there are many endemics. This is a significant share of the world's biological diversity - for the key higher taxonomic groups (algae, lichens, mosses, vascular plants, freshwater fishes, birds, mammals, insects, etc.) Russia accounts for from 6 to 30% of the total number of species known globally. Of equal importance is the role of the huge expanses of forest and tundra, which act as a significant carbon sink. Although much of Russia's biodiversity falls outside of the protected area system, this system in early 1990s covered 6% of the country, was the largest, one of the most important globally, and one of the best organized in the world.

Transition of Russia to the market economy posed significant challenges for the society. Deep institutional changes and transformation of country's governance structures in 1990s affected all sectors of national economy and public administration. The process was accompanied by a rapid dramatic (40%) decline in GDP and budgetary revenues, high inflation rates (10% per month in 1993), distortions in income distribution and growing poverty, which together required public expenditures be prioritized to address the vital needs of economic restructuring and developing a social safety net. In the meantime, the transitional environment also undermined capacity of the Government to enforce sound natural resource management and ensure biodiversity conservation. Agricultural and forestry resource use occurred in changing and ill-defined administrative and legal circumstances, further complicated by the uncertainty generated by the land reform and privatization process. With the start of administrative and political changes, many of the responsibilities of policy implementation were moved without proper preparation to a local level, which resulted in a loss of coordination and a minimal implementation of laws and activity regulation. The consequent unsustainable use of natural resources was augmented by the fragmented institutional structure, particularly evident in the Protected Area administration - which turned to be beset by a lack of coordination, efficacy, finance and clarity.

The project was planned as an initial phase of support from the GEF to the Russian Federation to ensure conservation and sustainable management of its globally significant biological diversity and resources. The project served as one of the key elements of the broader Environmental Framework Program for the Russian Federation prepared by the Government and the IBRD in 1994 to address a wide range of priorities for the sector, including policy and institutional strengthening; air and water quality management; hazardous waste management; biodiversity conservation and sustainable natural resources management; conservation of cultural and natural heritage; establishment of the National Pollution Abatement Facility; and building capacity for international environmental projects preparation and implementation. In the view of implementation of the above objectives, the project was legally associated with the Russia Environmental Management Project (EMP) funded with the US$110 million IBRD loan, which provided financing for the other core components of the Framework Program. The IBRD loan to finance the EMP was approved by the Board of Directors on November 8, 1994 (Report No. 12838 of October 19, 1994) and this operation is currently in its final phase of implementation.

In that context, project objectives were clear, realistic, and important for the Russian Federation. They were in line with CAS objectives for the environmental sector in Russia, particularly with respect to (i) strengthening the relevant public sector institutions, policies, and procedures; (ii) development of arrangements and structures for sustainable natural resource management, including improved environmental planning and regulation; (iii) biodiversity conservation, improved management of national protected areas and forest resources; (iv) addressing issues of global environmental concern; and (v) mitigation of environmental risks, associated with the economic transition (Report No 14473-RU of May 15, 1995; Report No 16549-RU of May 6, 1997; Update Note R98-288 of December 1, 1998; Report No 19897-RU of December 1, 1999). Project objectives remain relevant under the most recent CAS (Report No 24127-RU of May 14, 2002), which specifies further support to conservation and sustainable management of globally significant natural habitats and biological resources, and the overall strengthening of the national institutional framework for environmental and natural resources management as areas for priority Bank intervention.

The project objectives and outcomes were also highly relevant under the Bank's sectoral operational strategies – the Natural Resource Management Strategy for the ECA Region (2000), the Environment Strategy for the World Bank (2001), and the Biodiversity Strategy for the ECA Region (2003).

The project aimed at influencing and strengthening the environmental sector policies and supporting the sector reform. From the outset, it was recognized that such an effort would be difficult due to the complexity and instability of the institutional framework and the large number of authorities, government and non-governmental stakeholder organizations, and regions involved. The geographic dispersion of project sites (because of multiple regional sub-components and large number of participating protected areas spread across the country) added to the complexity of the project. Given the Recipient's very limited previous experience in administering similar operations, the project was highly demanding in terms of building up the implementation capacity.

Since the project was initiated, there were no changes in the Recipient's circumstances and development priorities, which would require revision of the project objectives.

3.2 Revised Objective:

The original project objectives were not revised.

3.3 Original Components:

The project (original grant amount - US$20.1 mln) consisted of four components:
(A) Strategic Overview, (B) Strengthening Protected Area System, (C) Lake Baikal Regional Program, and (D) Project Management and Coordination. Project activities are summarized below.

Strategic Overview (Component A, original GEF budget US$2.7 mln). The component was to finance a range of activities to strengthen policy and institutional framework for the conservation of biodiversity at the federal level, and in several model regions identified on a self-selection basis. Activities were grouped in 3 sub-components: (i) *Development of National and Regional Biodiversity Strategies* (US$0.6 mln); (ii) *Biodiversity Policy Support* (US$1.7 mln); and (iii) *Establishment of Biomonitoring Information System* (US$1.1 mln).

The grant financed consultants' services for the strategies, action plans and policy support assistance, related workshops and publications, as well as purchase of specialized computer and GIS equipment for the information system. The key beneficiaries were the Ministry of Natural Resources of the Russian Federation (MNR) and environmental authorities of the participating regions.

Strengthening Protected Area System (Component B, original GEF budget US$ 9.3 mln). The component was established to help Russia maintain and strengthen the existing system of protected areas (PAs) in a context of deep reorganization of the national institutions and mechanisms for nature protection. It aimed to assist in increasing the efficiency of the federal management of PAs, while assuring that appropriate management and financial functions are devolved to the regions within a modified institutional structure. In parallel with this, the component aimed to improve biodiversity conservation by focusing on seven ecologically representative regions of high biodiversity value (Northwestern Russia, Center of European Russia, Upper and Middle Volga, Northern Caucasus, Lake Baikal, Southern Siberia and the Far East). It would also strengthen public support and establish long-term strategic partnerships among national, regional, and local conservation stakeholders. The component was divided into five sub-components, each with a subset of model projects: (i) *Institutional Support* (US$0.9 mln); (ii) *Support to PAs Operations and Planning* (US$ 2.7 mln); (iii) *Public Support and Education Programs* (US$ 2.9 mln); (iv) *Ecosystem Protection* (US$ 6.4 mln); and (v) *Training for PA staff* (US$ 0.8 mln).

The grant financed consultants' services and professional development/training packages for the above activities, as well as procurement of the required field research and monitoring equipment, vehicles, computer and office equipment, and miscellaneous critical infrastructure works for the selected protected areas. The key beneficiaries were the federal PAs (zapovednics - strict nature reserves and national parks), the MNR, and the regional and local environmental authorities and administrations.

Lake Baikal Regional Program (Component C, original GEF budget US$ 6.3 mln). The component aimed to develop viable and replicable mechanisms for implementation of biodiversity conservation priorities in the regional and inter-regional economic development context in the Lake Baikal watershed area. It was divided into five sub-components envisaged to: (i) *develop and implement* the first fully participatory *inter-regional biodiversity conservation strategy and action plan* in Lake Baikal Region in support of the Federal Law “On protection of Lake Baikal” (US$ 0.9 mln); (ii)-(iv) introduce and implement watershed-based model biodiversity conservation activities in each of the three participating regions (Buryatia Republic, Irkutsk Oblast and Chita Oblast) - *Goloustnaya, Tugnuy-Sukhara*, and *Khilok Model Watershed Programs* (US$ 2.9 mln); and (v) solicit and support broad-based, bottom-up *local initiatives* in biodiversity conservation and sustainable natural resources management in Lake Baikal region through a proactive and participatory *small grants program* (US$ 2.5 mln).

The grant financed monitoring, computer, and other equipment, and consultants' services for the inter-regional and regional activities, and the small grants program. The beneficiaries included the Irkutsk, Chita, and Buryat sub-national administrations; regional and local authorities of the model watershed areas; regional NGOs, PAs, environmental research and education organizations; individuals and local communities.

Project Management and Coordination (Component D, original GEF budget US$ 1.8 mln). The component was set to establish and maintain the required capacity for the project implementation and coordination with the other ongoing conservation activities in the country. The grant financed incremental costs of the Project Implementation Group (PIG), activities for the project monitoring and evaluation, and the other related costs.

The detailed list of project activities under Components A, B, and C is provided in *Section 10.1*.

Assessment of the Design. Project components were well designed technically and were reasonably related to the project objectives. To address objectives outlined in *Section 3.1* above, some activities had to be complex in technical and institutional design. However, the selection of interventions, their scope and regional focus was adequate and well substantiated (also see *Section 4.2*).

Project activities were reasonably related to the implementation capacity of the government. Component D provided for the incremental technical, procurement and financial management support to administer the operation. The implementation arrangements for the project were adequate and ensured single-point responsibility for deliverables and budget control. The national sector ministry - Ministry of Natural Resources* (MNR) - had the overall responsibility for the implementation. The Project Implementation Group (PIG) would administer project activities, including procurement, financial management, and technical supervision. Heads of the relevant department and line units of the MNR were appointed as *ex-officio* Project Director and Directors for Components A, B, and C, to provide policy guidance, close oversight and support to the implementation. PIG teams for the Strategic Overview and the Protected Areas components were located in the premises of the MNR in Moscow, while the team for the Lake Baikal component was based in that region (in cities of Irkutsk, Ulan-Ude and Chita).

BCP implementation arrangements were coordinated with those for the Environmental Management Project, and the PIG was initially set up within the CPPI** established under the EMP. In 2002, following the reorganization of the CPPI, PIG staff and resources were transferred to the Center for Investment Projects “Ozone” (CIP “Ozone”), and then to the Federal Center for Geo-ecological Systems “Ecologia” (FCGS “Ecologia”) – both affiliate entities of the MNR.

The Project Supervisory Board under MNR, representing key governmental and non-governmental stakeholders, evaluated project performance and supported coordination of activities at the national level. At the early years of the project implementation, inter-agency coordination was also facilitated by the Governmental Commission for the Protection of the Lake Baikal and the Inter-ministerial Commission on Environmental Protection and the Use of Natural Resources (these commissions ceased to exist with the Government reorganization of 2000 when all key functions were merged under one ministry - MNR).

The project design incorporated lessons learned from the biodiversity conservation programs undertaken in Russia earlier by the government and the international conservation organizations (particularly WWF and IUCN), as well as lessons learned from the preparation and initial operation of the EMP.

* In 2000 MNR assumed responsibilities of the State Committee on Environmental Protection and of the Federal Forest Service – the Bank's primary sector counterparts at appraisal.
** Center for the Preparation and Implementation of International Projects of Technical Assistance.

3.4 Revised Components:

The original project components were not revised.

3.5 Quality at Entry:

As indicated in *Section 3.1* above, the project was consistent with objectives of the CAS and governmental development priorities and complied with the applicable safeguard policies of the Bank. The technical design corresponded to the project objectives. Assumptions about the demand for the project output and the international/domestic commodity prices were reasonable. The GEF Project Document described the project and its background in sufficient detail. Key project stakeholders participated in appraisal and loan negotiations. The proposed implementation arrangements were adequate and in direct control of the government; they correctly followed Recipient's governance structures and accounted for institutional constraints associated with the project's strong regional focus. Needs in the implementation capacity building were assessed and adequately addressed in the project design. Assessment of the key implementation risks, related to the project sectoral context, was generally reasonable.

The project was one of the earliest (pilot phase) GEF projects, and its preparation was challenging for both the Bank and the Recipient. Bank- and GEF-financed projects were new to Russia, and the Recipient's learning of the relevant operational requirements, procedures, and practices had to be an integral part of the dialogue. There was a need for the government to establish a number of new nation-wide operational policies, in particular, those related to channeling grant proceeds to numerous PAs and other project beneficiaries in the regions. For all these reasons, the project start up was relatively slow and required extensive input from the Bank.

The project was not subject to a quality-at-entry review by QAG. However, QAG review for the quality of supervision has commented that the project seems to be well prepared, has a straightforward design and components tested in other countries. For the purpose of the ICR, the project is rated *satisfactory* for quality at entry.

4. Achievement of Objective and Outputs

4.1 Outcome/achievement of objective:

The project objectives outlined in *Section 3.1*, in particular: i) to support the development of federal and regional biodiversity conservation strategies; ii) develop and implement tools to mainstream biodiversity conservation and environmental protection into the policy making process; iii) sustain critical PAs and enhance effectiveness of the PA system; iv) strengthen stakeholder and public participation in biodiversity conservation; and v) provide a demonstration of the synergy between biodiversity conservation and sustainable natural resource management in the regional context - have been achieved in full. Moreover, the scope of the project exceeded appraisal estimates as the Recipient mobilized substantial additional counterpart financing. Project activities were completed successfully, and their results and demonstration impacts are significant. In many cases, the outcomes have exceeded initial expectations. Activities initiated under the project are now being expanded and replicated, funded from the governmental and non-governmental sources. Project outcomes are fully relevant to Russia's current policy objectives for the sector, consistent with the objectives of the CAS for Russia, and in line with the Bank sectoral strategies (also see *Section 3.1*). The achieved results on the ground and direct benefits

for the biodiversity conservation are significant.

The project implementation coincided with the critical political and socio-economic reforms in Russia including several reorganizations of the environmental protection system, which often lacked proper design and consultation. Nonetheless, the project attained all the main goals in maintaining and strengthening the basic elements of, and developing modern mechanisms for, biodiversity conservation in Russia. The project directly involved over 110,000 individuals in active programs of biodiversity conservation and rehabilitation, brought together all the main sectors of the society and ensured maximum use of the available national scientific and technical capacity.

The project pioneered the collection, processing and accumulation of extensive biodiversity information in Russia, which can be now freely accessed through the web portal www.biodat.ru. The scope of activities aimed at building public environmental awareness and advocating nature conservation through mass media was remarkable. The project developed, tested and recommended for replication innovative approaches, tools and mechanisms for biodiversity conservation.

The main innovations delivered by the project in Russia include: (i) a multi-sectoral, multi-stakeholder National Biodiversity Conservation Strategy and Action Plan; (ii) a Social Contract for Biodiversity Conservation as a tool for open-ended stakeholder implementation of the National Strategy; (iii) regionally focused programs of small grants for increased community involvement and mobilization of local financing in biodiversity conservation; (iv) informational partnership and web portal; (v) ecosystem- and biodiversity-based technique for state cadastre evaluation of PA lands; (vi) participatory preparation of PA management plans as a tool for their effective integration in local economy based on the value of PA ecosystem services; (vii) horizontal (regional) associations of PAs.

An important outcome of the project is a change in the public perception of biodiversity conservation issues through intensified participatory approach. In 1997-2001, the project-supported "March for Parks" brought together some 700,000-800,000 participants and practically all the reserves and national parks of Russia. The Social Contract for Biodiversity Conservation has directly or indirectly engaged 100,000 people, with over 20,000 people participating in the Baikal Day, Baikal Ecological Festivals and Marathons. In 1997-2003, over 110,000 people have been directly involved in the implementation of 750 programs and tasks under the Project (80,000 participated in the Baikal Regional Component, 14,000 - in the Strategic Overview Component, and 18,000 in the Protected Areas Component), including representatives of local communities, NGOs, businesses, academic and research organizations.

The total scope of project activities - now assessed at US$39.8 mln equivalent - substantially exceeded the original cost projections of US$26.0 mln. An important contribution of the project is the promotion of new funding sources for biodiversity conservation in Russia. The GEF Grant proceeds have been used at US$18.0 mln (US$18.1 mln is the current equivalent of the approved funding of SDR13.8 mln). The total counterpart contribution of the Russian Federation amounted to US$20.6 mln, which more than four times exceeded the original projection of US$4.8 mln. This contribution includes: (i) federal budget allocations for federal targeted programs in biodiversity conservation (US$6.0 mln); (ii) federal budget allocations for the payment and compensation of taxes and duties under the project (US$1.1 mln); (iii) regional and private counterpart financing of the regional biodiversity conservation strategies and action plans, small grants programs, and funds raised by the PAs from various sources (estimated at US$13.5 mln).

As indicated above, the project achieved all its major relevant objectives. The development results of the project are substantial. The project overall outcome is rated *satisfactory*.

4.2 Outputs by components:

The original program (detailed in *Section 10.1)* was completed in full. Key outputs are summarized below (detailed in *Section 10.2*).

Component A "Strategic Overview" (US$2.4 million, or 13% of GEF costs). The component has developed the national and regional biodiversity conservation strategies and launched new economic, financial, legislative and information mechanisms for their implementation. Thus, the National Biodiversity Conservation Strategy and Action Plan for the Russian Federation were developed, adopted by national authorities and endorsed by all stakeholders and the public. Model regional strategies and action plans were developed, tested, and replicated. Extensive analysis of economic and financial mechanisms of biodiversity conservation was undertaken to support strengthening of the national policy and regulatory framework. A package of 1500 investment proposals of various scope was developed in support of the National Action Plan and proposed for financing through the existing arrangement of the federal targeted programs. An Information and Analytical Center for Biodiversity Conservation was established.

Public understanding of the biodiversity conservation issues has increased significantly. As a result, these issues became an integral part of public dialogue, national policy-making process and strategic planning, including the Environmental Doctrine of the Russian Federation (2002) and the Federal Targeted Program "Ecology and Natural Resources (2002-2010)". In November 2003, the Presidium of State Council, chaired by the President of Russia, reviewed the current status of environmental protection and biodiversity conservation in the country and determined further strategic actions on the basis of the project's analytical and planning work. The Project outputs established grounds for the Russia's position on the relevant issues at the World Summit on Sustainable Development in Johannesburg (2002), the Conferences of the Parties to the Convention on Biological Diversity in Bratislava and the Hague (1998, 2002). Project results were endorsed by the CIS Regional Session of the Global Biodiversity Forum in Chisinau (April 2003) and presented at the World Parks Congress in Durban (September 2003).

Component B "Strengthening Protected Area System" (US$8.6 million, or 53% of GEF costs). The component supported a range of important nation-wide and region-specific institutional and operational improvements to ensure the long-term sustainability of biodiversity conservation in Russia, and financed targeted PA-based conservation programs, which achieved substantial results on the ground. The capacity of federal authorities to administer and further develop the PA system was significantly strengthened through the improved data management, communication, and coordination within the system. Innovative governance arrangements were put in place in the regions to foster cooperation among individual PAs, and between PAs and the regional and sub-national authorities. Integrated management plans were developed for 7 model PAs and the implementation of the initial activities under those plans was completed. Protection services were strengthened in 38 PAs. Capacity for information management by PAs, and information exchange among PAs and between PAs and MNR was strengthened. Improved communication and outreach has allowed PAs successfully market their expertise to the regional authorities, in particular, for the purposes of environmental monitoring – a number of PA-based regional monitoring centers were established. Conservation studies in 50 PAs were supported through a program of competitive research grants. The role and capacities of PAs in building public awareness and environmental education have increased significantly, and the increasing support to PAs and their work is being raised from stakeholders and the general public in the regions. Progress has been made in many regions of Russia towards the development of econets – networks of areas under protection, which would complement, integrate and interconnect the existing PAs and, therefore,

increase the territorial scope of protection for critical habitats and wildlife migratory routs. Good results on the ground and demonstration impacts were achieved in restoration of the critically endangered natural habitats and wildlife populations.

Overall, the component substantially strengthened the federal network of PAs by providing direct assistance to 82 out of Russia's 100 nature reserves and to 19 out of Russia's 35 national parks, thus improving the territorial aspects of biodiversity conservation across Russia. The bulk of this component's support (88% of funds) went to nature reserves and national parks to replace their depreciated fleets of vehicles and boats, spare parts, uniforms, communication and field equipment for protection services. The area directly covered by the improved protection services amounts to 14 million hectares (40% out of Russia's 27.7 million hectares of inland reserves and 7 million hectares of national parks). New possibilities offered to protection services significantly improved their performance, e.g. increased detection of violations of the protection regime. The newly procured equipment enabled inspection teams to increase their field presence and protection coverage. The use of video and photo equipment allowed to increase the percentage of detected violations. The project also supported PA-based environmental education of school students ('model school projects'). Such activities as environmental summer camps, public lecture centers, circles, ecological expeditions and excursions involved a total of 156,990 students (with a 40-fold increase in annual participation from 1997 to 2001). At present, 15 PAs operate 22 visitor centers, which have been visited by more than 80,000 people since 1997. New effective forms of horizontal cooperation between PAs, such as regional associations and directorates of PAs, have been tested and launched, increasing the effectiveness of use of limited public funds for ecosystem protection.

Component C "Lake Baikal Regional Program" (US$5.1 million, or 25% of GEF costs). The component has established a functioning framework for inter-sectoral and inter-regional coordination to enable incorporation of biodiversity conservation into the policy of sustainable socio-economic development of the Lake Baikal Region. The first participatory Biodiversity Conservation Strategy and Action Plan for the Baikal Region were prepared, adopted by the sub-national authorities and endorsed by the federal government. The practical instruments, mechanisms and approaches required to implement the Strategy were developed, tested and replicated, leading to the improved regulatory environment, economic incentives, and strong public support to conservation. Biodiversity conservation issues are becoming factored into the decision-making at all levels of authority - sub-national, regional, municipal, communal, and etc. Model region-specific watershed-based biodiversity conservation programs were designed and completed in each of the three sub-national administrative regions, generating important results on the ground.

The project made a great contribution to building environmental awareness in the Region and provided basis for development of 10 regulations necessary for the implementation of the Federal Law "On Lake Baikal Protection". The project governance structure developed under this Component is evolving in a pioneering interregional governance body for biodiversity conservation (Baikal Council). The Local Initiatives Program (Small Grants) supported 364 local projects, competitively selected from over 1,500 applications. This program attracted over 80,000 participants in the Region, who brought an estimated US$11.5 mln counterpart contribution on top of the US$2.4 mln of the awarded grants (1-to-4.8 leverage). The Local Initiatives program made a crucial contribution to building up civil society activism around the priorities of Lake Baikal biodiversity conservation. Examples of project activities in Lake Baikal Region include the establishment of artificial nesting grounds for rare bird species, a young sturgeon hatchery at the Selenga Fish Farm, 11 plantations of medicinal herbs, 8 new PAs. The project has established groundwork for the regional environmental network, supported PA volunteers, carried out environmental rehabilitation, recultivation and cleanup of sections of the Lake Baikal Shore,

reforestation in the upper reaches of the Khilok River watershed.

Component D "Project Management and Coordination" (US$1.9 million, or 9% of GEF costs). The component financed operation of the PIG, which ensured planning and coordination of day-to-day project activities, their technical supervision, and transparent administration of funds.

The project results were reviewed and discussed by all concerned governmental and non-governmental stakeholders, both nation-wide and in the regions, as part of the project completion activities. A detailed (150 pages) technical report on the project outputs and outcomes (*Annex 7 - ICR Supporting Document No.3*) was disseminated by the MNR to stakeholders and, along with more than 1000 other project publications, made publicly available in Russian and English, including via Internet. A summary of key project deliverables and a breakdown of project costs by specific activities are provided in *Section 10.2* and *10.4*. The overall geographic scope of investments under the project is illustrated on a map in *Section 10.3*.

The GEF grant proceeds allocated for the project were disbursed in full, and the resulting relevant nation-wide, regional and local development impact is significant. Components A (Strategic Overview), B (Strengthening Protected Area System), and C (Lake Baikal Regional Program) are rated *satisfactory* for the achievement of physical objectives, impact on sector policies, and the institutional development impact. Component D (Project Management and Coordination) is rated *satisfactory* for the achievement of physical objectives.

Design of the project was appropriate for achieving its multiple objectives, addressing relevant sector issues, and delivering the outputs expected at appraisal. However, because of the project's programmatic complexity, the implementation was demanding on the implementing agency and the project teams in the regions. This led to certain implementation and procurement delays at the project start-up with the Component B, and the Model Watershed Programs under Component C. Although the project implementation was then overall on track and the progress was satisfactory, the Recipient and the Bank jointly reviewed the design of several activities in an attempt to streamline procurement (this coincided with the project Mid Term Review by the Bank in February 2000). That analysis confirmed that the original design was overall adequate.

The GEF Project Document provided performance monitoring and evaluation criteria for project sub-components and key activities, and the project incorporated activities for performance evaluation. However, a comprehensive set of output-oriented performance indicators, linked to implementation targets and procurement plans, was not developed at appraisal as this was not a project processing requirement at that time. Such monitoring and evaluation system for the project was established following the MTR. Project results against key performance targets are summarized in *Annex 1*.

4.3 Net Present Value/Economic rate of return:

N/A

4.4 Financial rate of return:

N/A

4.5 Institutional development impact:

As indicated in *Section 3.3* and *4.2*, the project directly supported a wide range of institutional improvements, which significantly strengthened Recipient's institutional capacity for biodiversity conservation and sustainable natural resource management. Therefore, for the purpose of the ICR *(*

Section 2), the institutional development impact of the project is rated as *substantial*. The relevant project outcomes include, in particular, the following:

- The National Biodiversity Conservation Strategy and National Biodiversity Conservation Action Plan were developed, supported by the society, and adopted by the government for implementation. The strategy comes with a package of new economic, financial, legislative, administrative and information management instruments, most of which are already effectively engaged.

- The national system of PAs, which is a central vehicle for biodiversity conservation in Russia, was significantly strengthened. This equally relates to the legal framework, material base, human resources, and operational practices. The project piloted innovative arrangements to foster cooperation among PAs, and between PAs and the relevant local authorities, communities, and businesses. It also established priorities for the further development of the system.

- The project laid technical and methodological grounds and established replicable models for mainstreaming biodiversity conservation in sub-national and regional development policies. This includes guidelines for the regional conservation strategies and action plans, a set of relevant regulatory, economic and financial instruments, and participatory governance modalities, which were all successfully implemented in pilot regions under the project and were confirmed for their nation-wide applicability.

- Innovative participatory approaches for environmental policy formulation and decision-making were tested and introduced at all levels of public authority: national (strategy), inter-regional (Baikal program), regional (strategies), sub-regional (watershed programs) and community (PA and land management plans). Innovative tools to secure public commitment to policy objectives (Public Contract for Biodiversity Conservation, Baikal Declaration) were launched and proved successful.

- The project has strengthened technical and decisional capacity of the national authorities to effectively manage biodiversity conservation, administer PAs, establish and maintain public dialog with stakeholders, as well as prepare and implement conservation and development programs in a participatory and transparent environment.

5. Major Factors Affecting Implementation and Outcome

5.1 Factors outside the control of government or implementing agency:

SDR devaluation. Since 1996, when the grant agreement for the project was signed, the US dollar value of the SDR denominated grant reduced from US$ 20.1 mln equivalent to US$ 18.1 mln equivalent. However, the balance was compensated by significantly increased counterpart program co-financing, which allowed planned activities be completed in full. Therefore, the negative impact of the SDR devaluation on the overall project outcome was negligible.

Non-governmental co-financing. As indicated in *Section 4.1* and *4.2* above, program co-financing from the non-governmental sources significantly exceeded the initial projections. The impact was substantially positive.

5.2 Factors generally subject to government control:

Macroeconomic conditions. Massive (three times) devaluation of the Russian ruble in August 1998 and

the governmental response to it did not directly affected the outcomes of the project, as no major counterpart co-financing in foreign currency was required. However, as a result of the crisis, the project Special Account was temporarily blocked. This led to unavailability of funds from August to December 1998 for contractual disbursements and financing of the project management costs, which delayed implementation of the selected seasonal project activities in PAs and Baikal model watersheds by almost a year.

Governance. Project and Component Directors within MNR operated effectively and ensured continuity of governmental oversight with respect to the project's technical substance. However, at certain points, the ability of the PIG to implement the project was substantially constrained by the administrative instability and frequent re-organizations of the CPPI, and the subsequent change of the three project implementing agencies since 2001. The latter resulted in discontinued disbursements and blocked funding for PIG operating costs from August 2002 to February of 2003, which posed significant risks to the successful project completion (also see *Section 7.5*).

Administrative procedures. Selected procedural requirements established by MNR for the operation of the implementing agency (especially since 2002) were overly complex. As this coincided with the repeated reorganizations within the ministry itself, and frequent changes in ministerial staff responsible for clearances of project-related decisions, it sometimes delayed implementation. This did not substantially affected project overall outcomes, although increased administrative costs of the PIG.

Budgetary co-financing. As indicated in *Sections 4.1* above, the overall co-financing from the federal budget substantially exceeded the amounts agreed at appraisal, which had a significant positive impact on the outcomes. The direct co-financing of the project activities (i.e for VAT, etc.) was also provided in full, however, until mid-2003 it was always delayed as the government failed to establish relevant internal procedures for VAT refund. This resulted in ineligible expenses being regularly incurred, that have been subsequently refunded by the government to the Bank (also see *Section 7.5*).

5.3 Factors generally subject to implementing agency control:

The CPPI, CIP "Ozone" and FCGS "Ecologia" in their capacity of implementing agencies for the project operated overall effectively, which was determined by a continuity of staffing and effective management within the PIG. Internal arrangements for project management, monitoring and evaluation were generally adequate. The PIG has demonstrated strong commitment to the project: despite the unavailability of funds to cover operating expenses from August to December 1998, and from August 2002 to February of 2003 (also see *Sections 5.2* and *7.5*), the PIG has maintained the required project management controls, retained qualified staff, and ensured continuity of implementation and supervision services. This has helped the project avoid significant operational problems during that time.

5.4 Costs and financing:

In the GEF Project Document total costs of the project activities were estimated at the equivalent of US$26.0 mln, of which US$20.1 mln were to be financed by the GEF grant (SDR13.8 mln). Counterpart co-financing was estimated at US$4.8 mln, plus an additional US$1.1 mln was to be provided by the Swiss government through WWF. As indicated in *Section 5.1*, since 1996, when the grant was approved, its US dollar value reduced to US$18.1 mln because of the SDR devaluation.

Grant amount was disbursed in full (99.67%) and the minor remaining balance accounts for the savings achieved at completion. The counterpart contribution of the Russian Federation exceeded the appraisal

projections and amounted to an estimated US$20.6 mln, which allowed to significantly expand the project beyond the original scope. The actual cofinancing from the Swiss government was US$1.2 mln. Therefore, the cost of the project activities is now re-assessed at US$39.8 mln equivalent.

There were no major revisions made to the scope of the GEF-funded activities. The appraisal estimates for prices and contingencies were adequate. All planned GEF-funded activities were completed in full, although it required grant extension by 15 months. Grant extension was necessary to allow completion of seasonal (summer) field work in PAs and Baikal model watersheds, which was two times (in August 1998 and August 2002) discontinued because of significant delays in contractual disbursements (also see *Section 5.2*).

Estimated project costs and actual disbursements are presented in *Annex 2*. GEF costs by activities are presented is *Section 10.4*. Summary description of the counterpart contribution is provided in *Section 10.5*.

6. Sustainability

6.1 Rationale for sustainability rating:

The project is *likely* to be sustainable. Key considerations affecting the rating are as follows:

- Since the project's initiation, Russian counterparts have maintained a strong commitment to the project objective. Despite several major changes in the national institutional and governmental organization for environmental management and biodiversity conservation over the project implementation period, which were at times disruptive, the project-related national and regional environmental authorities provided strong leadership, timely and successfully translated project outcomes into relevant sector policies and regulations. Non-governmental stakeholders extensively supported the project with the expertise and the other available resources. The commitment is also evidenced by a significant co-financing that the Recipient and the project beneficiaries were able to mobilize.

- The package of strategic priorities and supporting policy instruments offered by the project to the government has been adopted and incorporated in the mid- and long-term national and regional development strategies, financing policies, and operational plans, including the Federal Targeted Program "Ecology and Natural Resources" (2002-2010). The performance of the national system of PAs steadily improves. Project investments demonstrate high technical and environmental viability which is already being transferred into considerable economic and social benefits. Public and stakeholder participation in the project has been particularly strong, and there are good incentives for participants to sustain the project results.

- The project had a strong demonstration impact in the regions. Project's technical and institutional solutions are being replicated in non-project areas, funded with budgetary, communal and private resources.

- The BCP has laid the ground and determined priorities, justifications, and operational instruments, for a number of follow-up Bank- and GEF-financed projects. They include: (i) ongoing IBRD-financed Russia Sustainable Forestry Pilot Project; (ii) GEF-financed Medium-Sized Project for the development the PA network in Khabarovsk Kray of Russia; (iii) GEF-financed fire

management project to protect high biodiversity value forests in the Russian Far East (under preparation - appraisal scheduled for June 2004); and a number of follow-up GEF projects currently under preparation with the UNDP and UNEP.

Therefore, the outcomes of the project are likely to be sustained in the long term.

6.2 Transition arrangement to regular operations:

Investments under the project have supported core functions of beneficiaries and addressed their critical priorities. The continuous involvement in implementation of the relevant technical departments of the MNR, and authorities of the project regions, have minimized the need for special transitional arrangements. Such arrangements were required mostly for extensive information resources and databases, developed under the project and maintained by the PIG. They have been all transferred to the MNR for regular operation, and are now properly managed.

Impacts of the project will be reviewed by the government as part of its regular monitoring effort for the sector. Monitoring will primarily address: (i) state of critical habitats and trends in biodiversity in the selected priority eco-regions; (ii) progress with the implementation of the National Biodiversity Conservation Strategy and Action Plan; (iii) progress with the implementation of conservation strategies and action plans in the Lake Baikal, Nizhny Novgorod and Volgograd regions; (iii) operational effectiveness of the PA system; and (iv) progress with, and the longer-term effectiveness of, the established multi-stakeholder and participatory arrangements for biodiversity conservation in the Baikal Region. Transfer of the required knowledge and skills from the PIG to MNR for that purpose has been successful. Arrangements are likely to be made to maximize benefits from the available staff capacity and skills for the governmental follow-up and the appropriate replication and dissemination of the project experience.

Follow-up Bank operations with a strong regional focus are highly desirable, as they would be able to further support critical sector improvements, and would utilize the momentum and commitment raised by the BCP in many regions of Russia.

As the BCP was one of the earliest, largest, and complex GEF-financed Bank operations in ECA, OED impact evaluation is recommended. It could take place from 2009 - when the Federal Program "Environment and Natural Resources 2002-2010", which operationalizes and finances selected key elements of the National Biodiversity Conservation Strategy, would be nearing completion. Such evaluation should review project impacts on: (i) mainstreaming biodiversity conservation in national and regional development policies; (ii) effectiveness of the PA network; and (iii) participatory conservation in the Lake Baikal region.

7. Bank and Borrower Performance

Bank

7.1 Lending:

The Bank performance in lending is rated overall *satisfactory*. The Bank provided adequate support to GOR and the sector ministry in identifying key project activities. It has also assisted the Recipient in project preparation and ensured a high degree of participation of key project governmental and non-governmental stakeholders in the appraisal. Objectives of the project were fully consistent with the governmental development priorities and the Bank's assistance strategy for the country. The project complied with Bank's applicable safeguard policies. The project's technical design was adequate.

Components of the project were clearly defined in the Grant Agreement and the respective technical requirements in the GEF Project Document were laid out in appropriate detail. The Project's institutional design and the proposed implementation arrangements, including those for procurement and financial management, were adequate.

However, as indicated in *Section 3.5*, there was a need for the Recipient to learn and adapt to Bank policies and requirements, and develop its own new operational procedures (covering project governance, technical supervision, procurement planning, financial management, etc.). For that reason, the project start-up was relatively slow and required extensive support from the Bank. The Bank has also underestimated the risks related to administratively associating the PIG with the CPPI – a large multi-project PIU, which, for both political and operational reasons, since November 2001 became subject to continuous re-organizations (also see *Section 7.5* and *7.6*).

7.2 Supervision:

The project implementation progress was reviewed and reported, and the project performance ratings appropriately reflected the performance during the particular rating periods. Implementation problems were identified in a timely manner and were addressed adequately and proactively. Advice to the Recipient and the follow-up on agreed actions was adequate. The project performance was regularly reviewed as part of the CPPRs.

The Bank maintained both DO and IP ratings for the project Satisfactory, as the progress with the key project elements always remained sound. However, the IP was rated as marginally Satisfactory from December 1997 to September 1998 and from March 2000 until September 2000, to account for delays with the implementation of the Baikal inter-regional and watershed management sub-components and reflect downgraded to U performance rating of these activities.

As the project was demanding on the implementation capacity (more than 60 main activity tasks with a multitude of sub-tasks, spread geographically over the entire country), the Bank maintained close supervision and provided extensive support to the Recipient on implementation matters. Day-to-day supervision and regular support in financial management and disbursement - decentralized to the Russia Country Office promptly after the project start-up, and in procurement - decentralized following the project MTR in February 2000, was essential.

The Bank was responsive to the Recipient's operational circumstances. Thus, following the 1998 financial crisis and in view of the associated co-financing problems, it accommodated higher GEF disbursement percentages for the project management activities. It also made procurement procedures more flexible, to help the PIG streamline implementation of multiple small tasks.

The quality and quantity of Bank staff and consultants, their time in the field, the timing of supervision missions, and the support of the Bank management to staff at critical points were adequate. In December 2001, in view of increased implementation risks related to operational problems with the CPPI (see *Section 7.5*), the project was reviewed by QAG for the quality of supervision. The review concluded, that the supervision was satisfactory (see *Annex 8 – ICR Supporting Document No.6*).

For the purpose of the ICR, the Bank performance in supervision is rated *satisfactory*.

7.3 Overall Bank performance:

At all stages of the project cycle the support to the Recipient from the Bank was adequate. Bank's effort both at lending and supervision phases was intensive (see *Annex 4*) and the Bank has exercised maximum flexibility to address changing circumstances and priorities of the Recipient. Staffing of the Bank's team was adequate and the required skill mix and continuity was maintained. The Country Office provided full support to the task team at all stages. Project supervision in financial management, procurement and disbursement, decentralized to the Country Office, was effective. During supervision, the Bank's response to implementation risks was adequate. The project complied with the applicable Bank's policies and procedures. Overall, the Bank performance was *satisfactory*.

Borrower

7.4 Preparation:

At the preparation stage, GOR and MEPNR (since 1996 – SCEP) demonstrated a strong commitment to the project objectives. The provided technical, institutional, administrative and financial support was adequate. Project design was sound and participatory. Arrangements to involve, and cooperate with, the relevant local stakeholders were generally effective. Project preparation benefited from the best available technical expertise (academia, leading environmental NGOs). The performance of the Recipient during project preparation is rated *satisfactory*.

However, as the BCP was one of the early GEF/IBRD projects in Russia, both preparation and initial implementation involved a lot of learning on the part of the Recipient. In particular, it took time for the Recipient to establish the implementation capacity and streamline arrangements for the implementation of the multiple project activities. This resulted in a relatively slow start-up of the project.

7.5 Government implementation performance:

During implementation, SCEP, and since 2000, MNR, provided strong and continuous support to the project on all issues related to its technical substance. The Project Supervisory Board operated as required, and its input to performance monitoring and stakeholder coordination was essential. Project and Component Directors provided adequate guidance to the PIG and supported implementation of its operational decisions. In view of the complexity and the geographic scope of the project, the secured continuity of these functions was critical to achieve implementation progress, timely integrate multiple outcomes in relevant sector policies, and ensure transition of project elements to sustainable regular operation.

In addition to providing strong implementation support on the substance, the government has also mobilized significant budgetary resources to address project objectives, expand project activities, and replicate them as components of national and regional conservation programs. It also facilitated mobilization of non-governmental co-financing (see *Section 10.5*). As a result, the scope of the project activities, their outcomes, and the development impact are significant and exceed appraisal projections. The implementation performance of the government is rated *satisfactory*.

However, in 2002 the MNR, beset by repeated reorganizations and changes in staff, insisted on a transfer of the PIG from the CPPI first to CIP Ozone, and then to FCGS Ecologia – two other MNR-affiliated organizations. That transfer resulted in interruptions in contractual disbursements and blocked funding for PIG operating costs from August 2002 to February of 2003, which delayed implementation and posed significant risks to the successful project completion. The government also failed in 2002-2003 (after enactment of the new Budget Code) to adjust and launch relevant procedures

for timely provision of co-financing of taxes and duties under the project. This caused ineligible expenses being regularly incurred and then - refunded by the MOF to the Bank. A proper direct co-financing arrangement was put in place only in mid-2003, a few months before project completion.

* The Project Supervisory Board was comprised of the Project and Component Directors, authorized representatives of the Federal Forest Service, Russian Academy of Sciences, Environmental Research Institute of the MNR, three leading national environmental NGOs (WWF Russia, Socio-Ecological Union of Russia, and the Biodiversity Conservation Center), and the head of the Project Implementation Group.

7.6 Implementing Agency:

Throughout the implementation, three organizations were subsequently authorized by the government to implement the project: the CPPI (November 27, 1996 - August 31, 2002), CIP "Ozone" (September 1, 2002 – December 17, 2002) and FCGS "Ecologia" (December 18, 2002 – September 30, 2003). As these entities operated project accounts, managed GEF-financed contracts, and provided the required administrative support services to the PIG, they are considered project implementing agencies for ICR purposes.

All three entities were reasonably effective and delivered results overall in accordance with agreed implementation plans. The internal technical, procurement, financial management, and administrative capacity was adequate. That was determined by a continuity of staffing and effective management within the PIG, which was simply transferred from one organization to another.

In the meantime, at certain points, the ability of the PIG to implement the project was constrained by the overly complicated administrative procedures imposed by the MNR, and, particularly, by the two subsequent transfers, which each required changes in the legal title of about 750 project-administered contracts. However, the PIG has demonstrated strong commitment to the project: as indicated in *Section 5.2* despite the unavailability of financing to cover operating costs from August to December 1998, and from August 2002 to February of 2003, it continued to provide critical implementation services and maintained the required project management controls. This has helped the project avoid significant operational problems.

The implementing agency performance is rated *satisfactory*.

7.7 Overall Borrower performance:

The Recipient maintained the commitment, capacity, and resources required to successfully complete the project, fully achieve its objectives, and maximize development benefits. The overall Recipient performance is rated *satisfactory*.

8. Lessons Learned

The key lessons learned from the Russia Biodiversity Conservation Project are summarized below.

Sector development issues

1. Given the overall shortage of resources available for biodiversity conservation in Russia under the current circumstances of economic transition, it is essential to identify and support high priority conservation initiatives, which can be easily expanded and replicated. *Activities, financed under the project in model regions - development of Regional Conservation Strategies and Action Plans, regional coordinating centers, small grants programs, and etc. – proved to be instrumental in addressing conservation issues of the regional scope.*

2. *Strong commitment on the part of the sub-national and local governments is in place to undertake biodiversity conservation initiatives,* as evidenced by the increased financial support to the project from various regional budgets. For the model regions, local project co-financing has increased 2-3 times in Nizhny Novgorod oblast, and 5-6 times in Volgograd oblast throughout the project.

3. High quality local technical expertise is available in Russia to support implementation of conservation programs nation-wide and in the regions. *However, the local institutional "infrastructure" for providing respective consulting and advisory services is underdeveloped, and the experience in bidding for, and performing the competitively awarded complex consulting assignments in that sector is still insufficient. There is a need to facilitate respective institutional change by further adapting procurement processes to the prevailing market conditions, especially outside Moscow, which would eventually result in more cost-effective project solutions in future biodiversity operations*.

4. The Project has been instrumental in strengthening the system of protected areas in Russia, which involved strengthening their protection services, capacity to carry out comprehensive ecosystem and species monitoring and undertake applied conservation research. The project has laid the ground for an extensive environmental education effort to be built upon the experience, expertise and resources of protected areas, and has helped protected areas to retain highly qualified staff critical to performance of their core monitoring and research functions. *The small grants program targeted at local organizations including protected areas has been an effective vehicle to support these activities.*

5. Establishment of the regional Associations of Protected Areas and the regional Administrations/Directorates of Protected Areas proved to be an effective mechanism to strengthen cooperation between the protected areas and the respective sub-national and local authorities. Associations provide for increased long-term institutional and financial sustainability of the participating protected areas, since these protected areas benefit from their involvement in various regional development programs. *Priority should be assigned to (i) strengthening the role of protected areas in addressing regional environmental issues and, where appropriate, (ii) more profound integration of protected areas in the growth of local economy based on increased ecosystem services.*

6. Although there is a strong commitment on the part of the protected areas' management to employ sound operational practices, the internal capacity to undertake adequate management planning in most protected areas is currently insufficient. *External advisory support to protected areas on that issue is required (based mainly on nationally available expertise) and should continue to be budgeted as part of the future project activities.*

7. *Close interaction and coordination between the protected areas and the regional/local public education authorities is required* to maximize the effectiveness of the protected area-based education

programs. There is also a *need to ensure adequate coordination with the federal education authorities for the nation-wide programs.*

8. The project's main recommendations for the future priority actions in biodiversity conservation in Russia include: (i) further expanded *use of Russia's network of protected areas for environmental education and awareness raising*; (ii) accelerated *development of interconnected networks of federal, regional and local protected areas with relevant conservation regimes (econets)* within globally important ecoregions of Russia; and (iii) adaptation of emerging tools for agricultural land market regulation *to support restoration of econets in the most heavily degraded agrarian regions* in South-Central Russia.

Bank operational context

9. Advance procurement and co-financing planning is essential for the implementation of complex multi-regional conservation programs. *Detailed planning should be carried out at the project preparation phase to identify and address issues such as lack of procurement capacity in the remotely located recipient and counterpart organizations, potential single-source, commercial-practice and/or community-based contracting for small contracts, eligibility of various (profit and nonprofit) project beneficiaries for tax refund procedures, etc.*

10. Adequate monitoring and review of the implementation progress and project outcomes, as well as of the performance of individual project activities is critical to ensure that the implementation issues are identified and addressed in a timely manner. *It is essential that the regular project reporting be designed as a convenient tool to review implementation progress, both in terms of procedures and the technical substance.*

11. At a late stage in implementation, the ability of the Recipient to implement the project was constrained by the change of implementing agencies, which delayed, and posed risks to, the completion of critical project activities. Unless such changes are fully justified by operational reasons, the Recipient should firmly adhere to the implementation arrangements agreed and confirmed at negotiations. *It is essential that at critical points in implementation these arrangements are stable, so that the implementation team could concentrate entirely on the project deliverables.*

12. The support provided to the project by the Project and Component Directors, who were on board since the early days of project preparation, has ensured strong governmental leadership on the technical side of the project throughout its implementation. Close supervision by the Bank in procurement, financial management and disbursement, largely decentralized to the Country Office, was effective, and assisted the Recipient to address timely and adequately diverse implementation circumstances. The continuity of task management allowed the Bank team to maintain focus on development objectives in the rapidly evolving institutional context and project operational environment. Therefore, *the continuity and the right mix of skills in the project teams, both on the Bank and Recipient sides, have significantly contributed to the successful project completion.*

13. The Project benefitted substantially from extensive and in-depth participation of civil society. *Active involvement of NGO community at all stages of the project cycle is essential to ensure availability of critical professional expertise in specific subject areas, transparency of project governance, and effective utilization of existing public information and dissemination mechanisms.*

14. The Project's Mid-Term Review (MTR) proved to be an invaluable tool in adjusting the original

project focus agreed at appraisal towards more up-to-date practical requirements on the basis of initial lessons from implementation on the ground. As the positive experience of this project demonstrated, *direct and proactive involvement of Bank's sector management should be ensured and encouraged at the MTR stage for each operation.*

15. A portfolio-wide review of ongoing and proposed biodiversity projects in Russia, which was conducted by the Bank jointly with the other GEF Implementing Agencies (UNDP and UNEP) in conjunction with the MTR for this project, has been extremely instrumental in identifying cross-cutting issues and lessons and developing clear recommendations for development of follow-up operations in the Country Assistance Strategy (CAS). It is essential that *a sector-wide review of project impacts, in correlation with other Bank and non-Bank implemented projects, be used to contribute in a meaningful and effective way to the elaboration of the CAS in the given sector.*

9. Partner Comments

(a) Borrower/implementing agency:

The Ministry of Natural Resources of the Russian Federation (the Recipient) has reviewed this Implementation Completion Report in draft form and agreed with its main findings (*see ICR Supporting Document 4A - Comments from the Recipient on the draft Bank ICR*).

(b) Cofinanciers:

The World Wide Fund for Nature (WWF), the cofinancing and implementation partner for the Protected Areas education and training activities under the Project, has also reviewed the draft version of this ICR (*see ICR Supporting Document 4B - Comments from WWF on the draft Bank ICR*). WWF agreed with the report's key conclusions and provided text-specific comments which have been addressed in the final version of this report.

(c) Other partners (NGOs/private sector):

See paragraph 9(b) above.

10. Additional Information

10.1 Summary description of the project activities

A. ***Strategic Overview*** (US$2,695,000 - hereinafter GEF cost at appraisal). The component would finance a range of activities to strengthen policy and institutional framework for the conservation of biodiversity at the federal level, and in the model regions. Activities were grouped in three sub-components:

(i) *Development of National and Regional Biodiversity Strategies (US$370,000)* - support to the development of the national strategy for biodiversity conservation, methodologies and procedures for biodiversity conservation in the regions, and a model regional strategy for the Nizhny Novgorod region. The regional strategies would assess the extent, status and vulnerability of biodiversity; detail current normative instruments which affect biodiversity conservation; and propose an action plan defining remedial actions.

(ii) *Biodiversity Policy Support (US$1,390,000)* - analytical and participatory actions to ensure mainstreaming of biodiversity values into policy formulation and implementation. Includes: (a) analysis of the economic linkages between biodiversity conservation and sound economic policy; (b) preparation of guidelines on regional biodiversity strategies development; (c) stakeholder coordination and

participation activities; (d) development of additional regional strategies; (e) analysis of economic aspects of biodiversity conservation; and (f) assessment of potential conservation funding mechanisms. Also includes the development of a wide range of training programs to disseminate this information.

(iii) *Establishment of Biomonitoring Information System (US$935,000)* - strengthening the capacity to gather, manage, and analyze various data related to biodiversity conservation. Includes: (a) support to the establishment and operation of the information center; and (b) development of the selected specific biodiversity databases.

B. ***Strengthening Protected Area System*** (US$9,257,000). The component was established to help Russia maintain and strengthen the existing system of protected areas (PAs) in a context of deep reorganization of the national institutions and mechanisms for nature protection. It aimed to assist in increasing the efficiency of the federal management of PAs, while assuring that appropriate management and financial functions are devolved to the regions within a modified institutional structure. In parallel with this, the component would improve biodiversity conservation by focusing on seven ecologically representative regions of high biodiversity value (Northwestern Russia, Center of European Russia, Upper and Middle Volga, Northern Caucasus, Lake Baikal, Southern Siberia and the Far East). It would also strengthen public support and establish long-term strategic partnerships among national, regional, and local conservation stakeholders. The component was divided into five sub-components, each with a subset of model projects:

(i) *Institutional Support (US$832.000)*: (a) strengthening the capacity of federal authorities to administer PAs – strict nature reserves and national parks; (b) establishment of Expert Council on PAs; (c) establishment and strengthening of 2 model regional PA directorates; and (d) establishment and strengthening of 5-6 regional associations of PAs.

(ii*) Support to PAs Operations and Planning (US$1,875,000)*: (a) establishing a PA information net and databases; (b) development of integrated management plans for 10-12 model PAs; (c) establishing ecosystem monitoring stations in PAs; and (d) research grants for PAs.

(iii) *Public Support and Education Programs (US$2,215,000)*: (a) strengthening coordination and cooperation among PAs, development of coordination center for environmental education and public support; (b) development of 8-10 model school projects in PAs; (c) development of field guides, collections and exhibits in PAs; (d) development and TV broadcast of video materials on PAs; (f) publication of a Newsletter and scientific-popular journal on applied conservation; (e) eco-tourism development in 1-2 model PAs.

(iv) *Ecosystem Protection (US$3,970,000)*: (a) strengthening the protection services for 10-15 model PAs – development and implementation of protection service management plans; (b) protection of rare species and endangered ecosystems, as well as biologically integrated landscapes (initially in watersheds of the Dnieper, Don, Volga, and Amur rivers); (c) planning of new federal PAs; (d) creation of 3 regional systems of PAs in model regions.

(v) *Training (US$365,000)*: (a) advance training courses for PA managers and practitioners; (b) regional training workshops and development of a handbook for PA staff; (c) development of academic courses on biodiversity conservation for the higher educational establishments.

C. ***Lake Baikal Regional Program*** (US$6,340,000). The component would develop viable and replicable mechanisms for implementation of biodiversity conservation priorities in the regional and

inter-regional economic development context in the Lake Baikal watershed area. It was divided into five sub-components envisaged to: (i) develop and implement the first fully participatory inter-regional biodiversity conservation strategy and action plan in Lake Baikal Region in support of the Federal Law "On protection of Lake Baikal"; (ii)-(iv) introduce and implement watershed-based model biodiversity conservation activities in each of the three participating regions (Buryatia Republic, Irkutsk Oblast and Chita Oblast); and (v) solicit and support broad-based, bottom-up local initiatives in biodiversity conservation and sustainable natural resources management in Lake Baikal region through a proactive and participatory small grants program. The activities were structured as follows:

(i) *Inter-regional Activities (US$950,000)*: (a) development of inter-regional biodiversity strategy and action plan; (b) data and information flows; (c) environmental policy evaluation; (d) strengthening legal and regulatory framework; (e) economic perspectives for biodiversity conservation.

(ii-iv) *Goloustnaya, Tugnuy-Sukhara, and Khilok Model Watershed Programs (US$2,890,000):* (a) land use plan; (b) environmental monitoring; (c) sustainable forest management - forest restoration, early forest fire detection and fire management, and training; (d) analysis of environment-economy linkages; (e) assessment of watershed management capabilities, institutional strengthening, and watershed management organization; (f) management of biodiversity conservation in regional and local PAs - PA management plans, legal framework, optimal land and resource use patterns; (g) recreation management plans; (h) environmental education programs and regional/local information centers; (j) sustainable agriculture - grazing regimes, alternative crops and breeds, soil erosion control, etc.; (k) protection of rare species and ecosystems.

(v) Local Biodiversity Conservation Initiatives (US$2,500,000). Small grants would be provided to institutions, NGOs, local communities, businesses and individuals to encourage small scale or specific conservation programs. This would include applied research, environmental monitoring, eco-tourism, nursery development, traditional resource use practices, appropriate husbandry programs (horse, cattle and other livestock breeding), management of PAs, publication of environmental literature and development of local school programs. Participation of the native populations, representatives of remote settlements, and women would be encouraged. Individual grants would range from US$1,000 to US$50,000.

D. ***Project Management and Coordination*** (US$1,806,000). Covers incremental costs of the Project Implementation Group (PIG), activities for the project monitoring and evaluation, and the other related costs.

10.2 Summary of project outputs and outcomes

Key project outputs and outcomes are summarized below. Details on the individual activities, their costs and results are provided in the *ICR supporting document 3 - Recipient's technical report on the project outputs and outcomes*; and the *ICR supporting document 6 - Detailed supervision report on the completion of project activities*.

A. ***Strategic Overview***

1. *National Biodiversity Conservation Strategy and Action Plan for the Russian Federation were developed, adopted by national authorities and fully endorsed by all stakeholders and the public.* Development of the Strategy and Action Plan involved extensive consultations, and promotion of a Public Contract for Biodiversity Conservation was especially instrumental in securing stakeholder and

public commitment.

2. *Model regional strategies and action plans for biodiversity conservation were developed, tested, and replicated*. In the Nizhny Novgorod Oblast, the Strategy and Action Plan were developed and adopted by the authorities together with the legal acts required for their implementation. A wide range of supporting activities included detailed planning for the expansion of the regional PA network, development of the regional Red Data Book, and etc. Similar program was completed in the Volgograd Oblast. Significant progress was made in both regions in expanding PA systems: 30 new PAs were established in Nizhny Novgorod Oblast and 4 - in Volgograd Oblast. These activities were also to various extent replicated in 20 other regions of Russia. In Penza, Saratov, and Vologda Oblasts, as well as Yakutia and Severnaya Osetya Republics, the developed strategies and action plans have laid the ground for the establishment of the regional targeted programs on biodiversity conservation. In Nizhny Novgorod, Volgograd, and Penza Oblasts the implementation of action plans was supported under the project through a competitive small grants program.

3. *Extensive analysis of economic and financial mechanisms of biodiversity conservation was undertaken to support strengthening of the national policy and regulatory framework.* Relevant studies were completed in more than 25 regional centers of Russia, supported by a series of publications, seminars, and training events (in Yaroslavl, Volgograd, Moscow, Nizhny Novgorod, and etc.). Outcomes of these studies are being incorporated in federal and regional legislation, regulations and management guidelines. Thus, the proposed methodologies to evaluate the economic damage to biodiversity were accounted for in the new Tax Code of the Russian Federation (2002). New methodology to define economic value of the biodiversity was integrated into the State Methodology for Cadaster Evaluation of Lands Designated for Nature Protection Purposes (2002). Innovative analysis with respect to the economic value of "ecosystem services" from natural habitats has laid the ground for the position of the Russian Federation at the World Summit on Sustainable Development in Johannesburg (2002).

4. A set of *fourteen modern comprehensive textbooks for the graduate-level educational programs* were developed and approved for the use in higher educational establishments. They cover relevant disciplines of biology, physical geography, cartography, environment and natural resource management, economy, law, and social science.

5. *A package of 1500 investment proposals of various scope was developed in support of the National Action Plan and proposed for financing through the existing arrangement of the federal targeted programs*. These proposals formed the key elements of the three sub-programs - related to: (i) conservation of the endangered species; (ii) strengthening the PA system; and (iii) protection of the Lake Baikal - of the Federal Targeted Program "Ecology and Natural Resources of Russia (2002-2010)".

6. *An Information and Analytical Center for Biodiversity Conservation was established* to develop and maintain an integrated database of available biodiversity-related information resources (including those developed under the project) and provide information support to the government in implementing the National Biodiversity Conservation Strategy and Action Plan. The Center has established relevant information standards, developed and operates extensive nation-wide databases and information systems. It manages Biodiversity Monitoring Information System established under the project, which includes interconnected and structured Internet-based resources and a user network with various forms of access to the data. The Center maintains Internet portal *www.biodat.ru*, which accumulates and provides public access to the multiple information resources developed under the project, and serves as a main tool to foster information partnerships for conservation in Russia. Throughout the project, more

than 200 analytical reports were prepared at the request of the MNR, Office of the Government, and the State Council of the Russian Federation in support of critical governmental decisions. The Center supports operation of the Russian National GEF Focal Point: it provided essential input to the preparation of the First (1997) and the Second (2001) Russia's National Reports to the Secretariat of the Convention on Biological Diversity and to the associated reporting on certain specific issues - invasive species, forest biodiversity, genetic resources, protected areas, and the biodiversity of mountains. The Center also operates as a Clearing-House Mechanism under the Convention.

B. *Strengthening the Protected Areas System*

Institutional Support

7. *The capacity of federal authorities to administer and further develop the PA system has been significantly strengthened.* The Dept. of PAs of the SCEP and the Dept. of National Parks of the FFS (both now merged under the MNR) were provided with the*data processing and communication equipment* required to ensure effective operational communication with more than 130 PAs under their jurisdiction. Ten *computerized management databases* were established to provide easy access to the information on individual PAs location, staffing, operating costs, needs in equipment and infrastructure, and the related legal and economic issues. The established *Expert Council on Protected Areas* provided essential input to the development of: (i) Guidelines for State Nature Reserves on Research Activities; (ii) Guidelines for National Parks on Research Activities; (iii) Principles of Environmental Education for the State Nature Reserves and National Parks; (iv) Principles of Ecological Tourism in the State Nature Reserves and National Parks; (v) Main Concept for the Development and Operation of the State Nature Reserves in Russia till the Year 2010; and (vi) Main Concept for the Development and Operation of the National Parks in Russia till the Year 2010. Extensive *analytical support* was provided on issues, related to: (i) strengthening protection services in PAs; (ii) developing public awareness and outreach programs; and (iii) optimizing ecosystem and species monitoring in PAs. An *enhanced PA inspection effort* included 84 field inspections, which allowed government officials and independent experts visit 48 individual PAs to review at site their facilities and operational programs. The nation-wide improvements in performance and coordination within the PA system were facilitated through a *wide range of training programs for PA managers, regular all-Russia meetings of PA directors,* and *support to the conservation press and publications* (quarterly newsletter "State Nature Reserves and National Parks", scientific journal "Biodiversity Conservation in Nature Reserves" and a monthly newspaper "Zapovestnik").

8. *Innovative governance arrangements were put in place in the regions to foster cooperation among individual PAs, and between PAs and the regional and sub-national authorities.* Ten *Regional Associations of Protected Areas*, which together include 112 federal PAs, were established and strengthened. These Associations have completed 26 regional projects covering: (i) exchange and dissemination of operational information; (ii) joint field inspections and cross-support to anti-poaching enforcement operations; (iii) training for management and enforcement personnel; (iv) public awareness; and (v) conservation research. More than 1000 conservation professionals have participated in 34 seminars in various regions. Outcomes of that work were reflected in numerous scientific publications, methodological guidelines, and information materials, which were widely disseminated.

As a pilot program, two *Regional Directorates for Protected Areas* were established in Orlovskaya Oblast and Taldomsky Rayon of the Moscow Oblast. The Directorate for Protected Areas in Orlovskaya Oblast - under the Oblast Committee for Natural Resources - works to: (i) ensure close cooperation between environmental authorities and PAs of the three Russian sub-national territories

(Bryanskaya, Kaluzhskaya, and Orlovskaya Oblasts); and (ii) secure the adequate involvement in and support to biodiversity conservation activities on the part of the Administrations of the subject regions. As a result of these efforts, the area under protection in the region increased by 6,568 ha, and a further increase by 5,000 ha is expected. Formation of the regional eco-net is also in progress.

The Directorate for Protected Areas of the Taldomsky Rayon provided support and coordination to the 11 local PAs. It completed a range of activities to strengthen coordination between PAs and the authorities of the Rayon and the adjacent administrative districts. It also provided support to PAs on various issues of their operation and development planning, which include: (i) habitat and species protection; (ii) anti-poaching enforcement; (iii) fire management; (iv) personnel training; (v) infrastructure development; (vi) public awareness; (vii) design of the new PAs; and etc. As an outcome, stakeholders coordination and support to conservation were strengthened significantly. The Directorate has developed and now operates the regional program on sustainable land use until 2010.

Protected Areas Operations and Planning

9. *Integrated management plans were developed for 7 model PAs and the implementation of the initial activities under those plans was completed.* Five year management plans were developed for 5 National Parks - Kenozersky, Shushensky Bor, Russky Sever, Sebezhsky, and Plesheevo Ozero, and 2 State Nature Reserves - Kerzhensky and Kavkazsky, covering in all 8,378.91 sq. km. Management plans were developed in a participatory manner and addressed PA territorial zoning, optimization of protective regime, development of infrastructure, protection services, ecosystem and species monitoring, public awareness programs, and etc. Training was provided to the PA personnel. Detailed one year operational plans were implemented. Selected activities were replicated in Ugra and Smolenskoye Poozerye National Parks with non-GEF funding.

10. *Protection services were strengthened in 38 PAs.* Thirty five State Nature Reserves and 3 National Parks developed and implemented 3-5 year management plans to strengthen their protection services. Ten of these PAs have status of the UNESCO biosphere reserves, and 7 PAs - support conservation of the 3 World Heritage Sites. Participating PAs were provided with the required facilities, vehicles, boats, spare parts, radio stations, field equipment and ammunition, office equipment, and etc. New opportunities greatly improved the performance of protection services and enabled inspection teams to significantly increase their field presence and protection coverage. The use of video and photo equipment allowed to increase the percentage of detected violations. The improved protection covers a total area of 140,000 sq.km. The decreased habitat disturbance has already resulted in the notable increase in the depleted local populations of background and rare species. These activities have also triggered governmental effort to optimize administrative and regulatory framework for anti-poaching and enforcement in PAs.

11. *Capacity for information management by PAs, and information exchange among PAs and between PAs and MNR was improved*. The established *Federal Information System "State Nature Reserves"* is based on the regular reporting of PAs, and for every individual PA covers: (i) sources and use of funds; (ii) status of protection services; (iii) progress in conservation research; and (iv) environmental awareness and eco-tourism activities. It is complemented with a computerized *database on PA research staff and experts*, and a *database on PA publications made over the last 15 years*. The new *database on the biodiversity of PAs*, accumulates the field data and information on the status and distribution of thousands of plant and animal species observed and studied within PAs. To facilitate the required information exchange and communication, 37 PAs were provided with the communication equipment and 35 PAs were connected to Internet and E-mail.

12. *Improved communication and outreach has allowed PAs successfully market their expertise to the regional authorities, in particular, for the purposes of environmental monitoring.* Thus, one environmental monitoring program, launched jointly by 9 PAs, includes regular assessments of dynamics in populations of the selected indicator species. The program is coordinated by the established *Regional Monitoring Center* in the Voronezh State Biosphere Reserve. Other State Nature Reserves - Mordovsky, Kostomukshsky, and Privolzhskaya Lesostep - now also take the lead in environmental monitoring in their respective regions. A *Station for the Integrated Ecosystem Monitoring* was established in Kerzhensky State Nature Reserve in Nizhny Novgorod Oblast under agreements with the regional Directorate on Hidrometeorology and Environmental Monitoring and with the Administration of the Oblast. All these activities demonstrate the significant public value of the PA expertise and, as they help PAs generate additional funds, contribute to the PAs financial sustainability.

13. *Conservation studies in 50 PAs were supported through a program of competitive research grants.* Grants, ranging from 5 to 25 thousand dollars, were allocated to 41 State Nature Reserves and 9 National Parks to support 62 research programs. Such programs included: (i) assessments of the current dynamics in natural complexes; (ii) biodiversity inventories; (iii) analysis of historical biodiversity records; (iv) studies of rare species; (v) development of the local biodiversity databases; and (vi) development of GIS for individual PAs. These activities were essential to properly take stock of key studies undertaken by PAs for decades, and more than 500 scientific articles and 30 monographs were published to make the results of these studies available to the conservation community. These grants were critical to help PAs retain and attract highly qualified research staff and maintain capacity for comprehensive ecosystem and species monitoring.

Public awareness and environmental education

14. *Increasing support to PAs and their work is being raised from stakeholders and general public in the regions*. Nation-wide annual *awareness campaign "March for Parks"* has generated massive positive response from the local authorities, NGOs, and the public. This campaign, undertaken by 15 PAs and coordinated by an NGO, included a set of public events attracting attention to PA work and the pressing local conservation issues. From 1996 to 2000, a number of participants has increased from 100,000 people to 1 million; a number of supporting local NGOs - from 30 to 60. From 80 to 600 has increased a number of voluntary inspection teams operating in PAs on the days of the event. Over 300 information agencies provided media coverage, which annually included around 600 publications in local press, and broadcasts on 3 national TV channels. Public financial support to the event has increased from US$ 100,000 in 1996 to US$ 200,000 in 2000. During that period, PAs were able to raise an additional US$ 850,000 from NGOs and local authorities. Although that activity under the project was completed in 2000, in view of its significant positive impact, decisions were taken by authorities in many regions to continue with the campaign, which since 2001 is financed entirely from the governmental sources and by NGOs.

15. *The role and capacities of PAs in building public awareness and environmental education have increased significantly.* In was supported through a set of *model school projects* completed in 18 PAs (13 State Nature Reserves and 5 National Parks). Ten PAs have introduced *long-term planning* of awareness and education activities. The *infrastructure* for such activities was strengthened: 15 PAs have built and equipped 22 visitor centers (already attended by over 78 thousand visitors); 16 PAs have established 30 various information points - field stations, museums, etc. (more than 30 thousand visitors); 13 PAs have established in all about 487 km of ecological trails and paths (used by over 47 thousand tourists). More than 156 thousand schoolchildren participated in the developed *environmental*

education programs, which included extracurricular training courses, lectures, excursions, educational camps, expeditions, and etc. Seminars for secondary school teachers were also part of these programs.

To support these activities, comprehensive *training in development of public awareness programs* was provided to 150 professionals from 13 PAs (included study tours to the selected PAs in Germany, Finland, Norway, and the USA). The *coverage of model school projects in mass media* was extensive – 388 articles in press, 99 TV and 45 radio broadcasts. Long-term *partnership arrangements* and cooperation were established by the participating PAs with schools, universities, local public education authorities, NGOs, and other education stakeholders.

As a separate effort, *video programs* covering various conservation issues and PAs work were developed and broadcasted by national and regional TV channels. Thus, 90 video materials from 40 PAs were broadcasted by 7 all-Russia TV channels. Arrangements are in place with 10 regional TV channels to present in their regions (total audience of 27 mln people) the prepared 26 full-size films on individual PAs and 3 other documentaries.

A *video production center* was established in the Bryansky Les State Nature Reserve. It now takes the lead in developing education video programs, and provides training and other support to such initiatives of the other PAs. The center has also established and maintains a centralized archive of video records on PAs and biodiversity conservation in Russia to ensure availability of all these records for education purposes.

An *Education and Scientific Information Center* was built and equipped in Teberdinsky State Nature Reserve to serve as a basis for environmental education and awareness activities in the region.

An *Education Center "Zapovedniki"* was established to provide centralized support to PAs on various issues related to building public awareness. The Center provided critical input to the development of methodologies and guidelines on public education activities in PAs. It was licensed to provide respective formal training to PA staff, and already delivered such training to more than 200 specialists from 127 Russian PAs, as well as to PA staff from Georgia, Kazakhstan, Kyrgyzstan, and Uzbekistan. Training seminars and specialized events were also attended by over 500 professionals from the regional authorities and the other stakeholder organizations. The Center also operates 40 branches (partner NGOs) in the regions of Russia and supports public education and awareness work in PAs. The establishment and initial operation of the Center was financed by a grant from the Government of Switzerland administered by the WWF Russia.

Ecosystem Protection

16. *Progress has been made in many regions of Russia towards the development of eco-nets – networks of areas under protection, which would complement, integrate and interconnect the existing PAs and, therefore, increase the territorial scope of protection for critical habitats and wildlife migratory routs.* The core and connecting elements of eco-nets would consist of new PAs to be established mostly by the sub-national and local authorities. These regional PAs of different scope and regime would complement state nature reserves and national parks managed by the federal government and would include nature parks, ecological corridors, landscape nature monuments, game management reserves, protected functional forests, and etc. The development of eco-nets is initiated in 4 model regions where anthropogenic transformation and fragmentation of habitats poses significant risks to biodiversity: Altai Mountains, South-West Russia (Central Black Soil region), Central Russian Plains, and Volga-Urals region. The results of the completed programs include:

Altai Mountains (Altai Republic) - key elements of the eco-net determined; areas of historical and cultural value identified; biodiversity inventory undertaken; existing PAs mapped; normative and program documentation for the establishment of the eco-net developed.

South-West Russia (Central Black Soil region – Belgorod, Voronezh, Kursk, Lipetsk, and Tambov Oblasts) - current PAs reviewed for adequacy and efficiency; legal base strengthened; arrangements to increase public support established; guidelines developed and field studies completed to establish ecological corridors in several Rayons of Voronezh Oblast.

Central Russian Plains (Vladimir, Kaluga, Moscow, Ryazan, Smolensk, Tver, Tula, and Yaroslavl Oblasts) - a structure of the eco-net determined, including transitional and buffer zones; 89 key territorial elements of the eco-net identified; justifications and proposal packages to establish 109 new PAs of differed categories developed; protective measures for key elements of the eco-net determined; establishment of 26 new PAs agreed with authorities; 2 new PAs established in Vladimir Oblast.

Volga-Urals region (Bashkortostan and Tatarstan Republics, and Samara Oblast) - the structure of the eco-net determined and 942 eco-net elements identified; 44 transitional territories identified, in 10 of which current protective regime reviewed for adequacy; justifications and proposal packages for 6 new large PAs developed. From the analysis of bird migratory routs over 700 *Important Bird Areas* were identified, of which for 114 areas detailed descriptions were developed. Nine such areas qualify as Wetlands of International Importance, and 12 – as important sites for the waterfowl regular monitoring. Computerized database on Important Bird Areas was established.

17. *Good results on the ground and demonstration impacts were achieved in restoration of the critically endangered natural habitats and wildlife populations.* Restoration of the natural *black-soil steppe* habitats has started in the Centralno-Cheronzemniy State Nature Reserve. Work to strengthen protection of natural steppe was initiated in Kursk, Orel, and Belgorod Oblasts. Wild populations of aurochs *(Bison bonasus)* are being re-established in Orlovskoye Polesye National Park and Bryanskiy Les State Nature Reserve; decline in aurochs population was reversed in Kavkazsky State Nature Reserve. Populations of the Japanese and Dahurian cranes (*Grus japonensis, Grus vipio*) have also increased, with support from the Rare Bird Breeding Station in the Khingansky State Nature Reserve. Other results include increase in populations and strengthened protection of: (i) melliferous bee *Apis mellifera* (Shulgan Tazh State Nature Reserve); (ii) Ussuri triton *Onychodactylus fischeri*, Yankovskiy carabus *Carabus Jankowskii*, narrow-chest carabus *Carabus constricticollis*, Maksimovich calosoma *Ñalosoma maximowiczi*, (Ussuriysky State Nature Reserve); diver *Gavia adamsii*, black stork *Ciconia nigra*, marmot *Marmota camtschatica*, Myotis *Myotis ikonnikovi*, Deschampsia *Deschampsia turczaninowii*, Calypso *Calypso bulbosa* (Bargusinsky State Nature Reserve). The activities on the ground, completed under the project by various PAs, have directly strengthened conservation of 568 rare and endangered species.

C. **Lake Baikal Regional Program**

18. *The first participatory Biodiversity Conservation Strategy and Action Plan for the Baikal Ecoregion are adopted by the sub-national authorities, endorsed by the federal government, and under implementation.* The *Baikal Declaration*, and the *Public Agreement on the Conservation of the Baikal Lake* were effective instruments to bring together all stakeholder groups and insure broad public participation and support. Extensive consultations and awareness campaign have raised significant public interest in conservation, and triggered a large number of environmental initiatives from regional

governments and the locally based industry. Now the Strategy is integrated into the long-term development programs for the region, including the Federal Targeted Program "Ecology and Natural Resources of Russia 2002-2010". The Baikal Economic Forum of 2002 has supported the Strategy and suggested to establish on its grounds a sustainable economic development program for the region.

19. *The practical instruments, mechanisms and approaches required to implement the Baikal Strategy on Biodiversity Conservation were established.*

Legal and regulatory framework for biodiversity conservation in the region was strengthened. Improvements included development of regulations in support of the Federal Law On Lake Baikal - to address delineation of responsibilities for the protection of Baikal between the concerned sub-national authorities and the federal government; establishment of an inter-regions coordination authority; and development of regulations on recreational activities and etc.; as well as filling the other identified gaps in the regional environmental legislation. All new recommendations to legislation were reviewed by authorities and dozens of the proposed regional legal acts were adopted. Good results were achieved in harmonizing sub-national environmental standards and their application procedures, professional development of local layers in environmental law, and increasing the public understanding and transparency of the legal and regulatory controls.

Economic mechanisms for biodiversity conservation were developed and implemented on the ground. This included: (i) transfer to environmentally sound technologies in agriculture and forest management; (ii) development and implementation in decision making of methodologies to define real economic values of biological resources; (iii) establishment of a compensatory arrangements to address regional disparities in potential development patterns; (iv) transfer of the industry to more environmentally friendly processes; (v) establishment of investment and insurance vehicles to promote conservation; (vi) development of eco-tourism and recreational use of land; and (vii) strengthening public environmental management and governance.

Capacity to access and disseminate information for conservation purposes within the region has increased significantly. A wide range of environmental information resources was established to improve data exchange and communication. They include a web-based biodiversity conservation meta-database, sectoral databases (Baikal Atlas, PAs, rare species, environmental experts, research organizations, publications, tourism, socio-economic, etc.), other Internet resources, and numerous publications. An inter-regional analytical center was also established.

Environmental and biodiversity conservation issues are becoming factored into the decision-making at all levels of authority - sub-national, regional, municipal, etc. This is largely a result of extensive public awareness and environmental education program completed under the project. Overall, more than 80,000 individuals participated in various project activities. Much training in biodiversity conservation and natural resource management was developed and delivered to stakeholders. In particular: (i) dozens of environmental education programs were introduced in secondary schools; (ii) environmental information centers were established in 11 settlements and mobile centers operated in other areas as well; (iii) 7 public environmental libraries were established; (iv) over 160 educational books and materials, and 148 video films were developed and widely disseminated. Broad involvement and participation of local people was supported by 300 articles in local press, 100 TV and 600 radio programs. Over 3,000 school children attended 30 outdoor training camps and summer schools; 134 exhibitions were visited by 23,000 people; 20,000 people participated in over 60 public environmental events; 12,000 people attended 303 thematic lectures; 2,000 - 130 excursions and expeditions; 2,500 - 50 other educational events. More than 70 environmental NGOs were established.

Based on the project experience, an innovative multi-stakeholder interregional governance structure (Baikal Council) was proposed to ensure the long-term sustainability of the conservation effort in the Baikal eco-region.

20. *Model watershed-based biodiversity conservation programs were completed in each of the three sub-national administrative regions*. A set of replicable model projects were implemented in Goloustnaya, Khilok, and Tugnuy-Sukhara watershed areas (Irkutsk and Chita Oblasts, and Buryatia Republic respectively), resulting in improved natural resource management and mainstreaming of biodiversity conservation in local economic activities and decision-making. The specific outcomes of these programs are as follows:

Goloustnaya Watershed: *Forest management* was improved: (i) a nursery for closed root seedlings was established and a reforestation was undertaken in selected areas; (ii) fire management and control capacity was increased; (iii) shift was made towards more sustainable forestry operations through economic analyses and increased environmental awareness; (iv) personnel was trained in environmentally friendly forestry practices and management. Comprehensive *environmental monitoring* was established with multiple partners. A *Watershed Management Plan* was developed and implemented. *Planning of recreational activities* and impacts was improved. *Biodiversity and environmental awareness* was raised among all stakeholders though the work with schools and publications – environmental education is included in school curricula, developed education programs are being replicated in other areas. Numerous *conservation initiatives on the ground* were implemented (spawning bed restoration, preparation of the Red Book of herbaceous plants, establishment of the local PAs, shore clean up, and others).

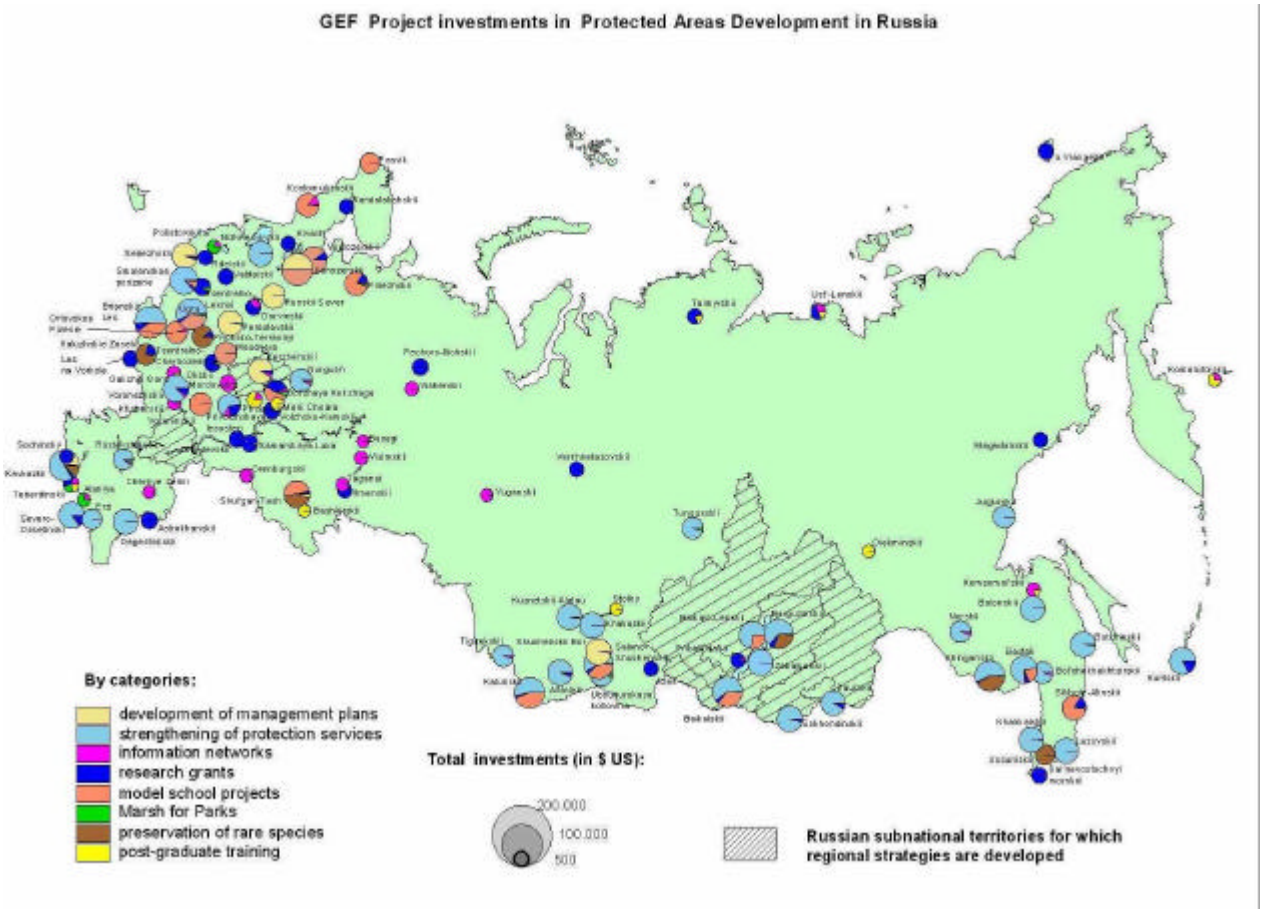
Khilok Watershed: *Land use plan* was prepared - planning was undertaken for the entire basin and implemented in model sections; the whole watershed is now zoned. *Biodiversity monitoring* program was developed, implemented in a PA (Ivano-Arakhleysky zakaznik), and a basin-wide monitoring effort in underway. Improvements in *forest management* included: (i) forest restoration in burned areas; (ii) strengthening fire detection and management capacity, as evidenced by decrease in areas burned – the new system is being replicated in other parts of Chita Oblast; (iv) training of forestry personnel in biodiversity conservation and fire management. *Environmental education center* was established in Petrovsk-Zabaikalsky; numerous education programs for secondary schools, resource managers and decision makers were developed and implemented. *Watershed management* capacity was greatly strengthened through the improved information base, use of GIS, and the developed new structures for integrated management of the basin.

Tugnuy-Sukhara Watershed: *Land use* plan was established and zoning undertaken accordingly. *Biodiversity monitoring* program was developed and data management capacity was strengthened. *Agriculture practices* were improved: (i) alternative/traditional breeds of horse and sheep were introduced that cause less damage to grass cover and soils; (ii) environmentally friendly methods of agricultural production were demonstrated and introduced; and (iii) methods to stabilize soils and prevent erosion were developed and demonstrated on model territories. *Forest Management* was strengthened, to include: (i) seedling propagation and afforestation of degraded lands, protection of certain trees by developing a register, establishment of a GIS of forest resources; (ii) greatly improved fire control capacity as demonstrated by much lower frequency of fire in basin compared to surrounding territories, prescribed burns also undertaken and demonstrated; (iii) sustainable forest management programs developed focusing on biodiversity friendly forest use; (iv) training delivered to forestry personnel. Biodiversity *conservation and resource management in local PAs* (Altacheisky and

Tugnuysky zakazniks) was improved to include: (i) management plans prepared, protection capacity increased, biodiversity inventories and analyses conducted, databases developed that are linked to work plans; (ii) revisions to local PA legislation developed and introduced; (iii) environmentally appropriate methods of land and resource use developed and implemented. *Environmental and biodiversity awareness* was raised among all stakeholders from decision makers to resource users and local residents - through numerous publications, education programs, work with local and regional media, and the establishment of a regional environmental center. *Watershed management* capacity was strengthened through (i) the development of a GIS, improvement in data quality, centralized data management, and creation of a LAN; (ii) training of staff and managers; and (iii) establishment of innovative management structure - the Committee for Natural Resource Management – which now serves as a model for improving management in other regions.

21. *Good results on the ground in biodiversity conservation and sustainable natural resources management were achieved through the implementation of the Small Grant Program, which supported 364 various community-based conservation initiatives from over the entire Baikal eco-region.* This program was extremely successful in engaging multiple local stakeholders in direct actions in support of biodiversity conservation and sustainable natural resource management. Activities undertaken include numerous publications, education programs, clean up of spawning beds, creation of new PAs, institutional strengthening by the preparation of new legislative proposals, reintroduction of species, and many others. In particular, 8 new PAs were established with a total area of 21.7 thousand ha; selected elements of the eco-net were identified and mapped; proposal packages were developed for 16 new PAs; in a number of PAs management plans were introduced; 11 plantations of medicinal plants were established; more than 30 lakes and small rivers were cleaned and rehabilitated; polluted grounds were cleaned from more than 200 tons of heavy oil; re-forestation was made on 47.2 ha in the upper zone of Khilok river; more than 150 thousand trees were planted to rehabilitate the degraded Lake Baikal coastal area. The demonstrated effectiveness of the program and the experience gained has resulted in the adoption of its procedures by the authorities of Irkutsk Oblast, municipal organizations and regional donors as a vehicle to finance their own environmental initiatives.

10.3 Overview of project activities' locations



10.4 Budget of the project activities (GEF proceeds, in US$ thousand)

	COMPONENT / *Subcomponent* / Activity	**Actually Disbursed**	Goods	Services	Small Grants	Works
A.	**STRATEGIC OVERVIEW**	**2,406.96**	**163.57**	**1,993.85**	**249.54**	**0.00**
A.1.	*National and Regional BD Strategies*	***1,000.27***	*8.51*	*742.22*	*249.54*	*0.00*
A.1.1	National BD Strategy	**644.94**	8.51	636.43	0.00	0.00
A. 1.2	Regional BD Strategies	**355.33**	0.00	105.79	249.54	0.00
A.2.	*Biodiversity Policy Support*	***477.18***	*0.00*	*477.18*	*0.00*	*0.00*
A.2.1	Stakeholder Work Groups	**54.88**	0.00	54.88	0.00	0.00
A.2.2	Analysis of Economic Linkages	**280.54**	0.00	280.54	0.00	0.00
A.2.3	Conservation Finance Mechanisms	**141.76**	0.00	141.76	0.00	0.00
A.3.	*Biomonitoring Information System*	***929.51***	*155.06*	*774.45*	*0.00*	*0.00*
A.3.1	Establishment of Information-Analytical Center	**557.95**	155.06	402.89	0.00	0.00
A.3.2	Information System Projects	**297.67**	0.00	297.67	0.00	0.00
A.3.3	Biodiversity Atlas of Nothern Eurasia	**63.09**	0.00	63.09	0.00	0.00
A.3.5	Info. management training and consultations	**10.80**	0.00	10.80	0.00	0.00
B.	**PROTECTED AREAS**	**8,547.89**	**3,095.33**	**4,880.42**	**0.00**	**572.14**
B.1.	*Institutional Support*	***827.31***	*188.94*	*634.88*	*0.00*	*3.50*
B.1.1	Strengthening of SCEP Department of PA	**267.35**	75.14	192.21	0.00	0.00
B.1.2	Strengthening of FFS Department of Nat. Parks	**121.92**	59.05	62.87	0.00	0.00
B.1.3	Creation of Joint Expert Council on PA	**71.28**	0.00	71.28	0.00	0.00
B.1.4	Strengthening of Regional Associations of PA	**299.56**	37.55	262.01	0.00	0.00
B.1.5	Strengthening of model Regional Zapo. Directorates	**67.20**	17.20	46.51	0.00	3.50
B.2.	*Operations and Planning*	***4,427.06***	*2,261.36*	*1,959.67*	*0.00*	*206.03*
B.2.1	Development of Management Plans	**704.38**	149.66	440.62	0.00	114.10
B.2.2	Strengthening the Protection Services	**2,966.50**	1,926.84	947.80	0.00	91.86
B.2.3	Establishing an Information Net	**210.76**	38.10	172.66	0.00	0.00
B.2.4	Establishing Ecosystem Monitoring Stations in PA	**22.50**	12.68	9.76	0.00	0.06
B.2.5	Scientific Research Grants in PA	**522.91**	134.08	388.83	0.00	0.00
B.3.	*Public Support and Education Programs*	***2,468.03***	*488.30*	*1,619.81*	*0.00*	*359.92*
B.3.1	System of model school projects of env. enlightment	**1,323.68**	393.94	756.30	0.00	173.43
B.3.2	PA public awareness campaign "March for Parks"	**64.40**	3.81	60.59	0.00	0.00
B.3.3	Creation of field guides and exhibits in PA	**32.17**	3.00	29.17	0.00	0.00
B.3.4	Creation of video materials on PA, for television	**192.02**	41.90	150.12	0.00	0.00
B.3.5	Publication of Newsletter & Sci.-Pop. Journal of Conservation	**107.99**	1.41	106.58	0.00	0.00
B.3.6	Regional Env. Education Ctr. in Teberdinsky Zapo.	**392.87**	44.23	162.15	0.00	186.49
B.3.7	Workshop of PA Directors	**354.90**		354.90	0.00	0.00
B.4.	*Ecosystem Protection*	***655.67***	*147.22*	*505.76*	*0.00*	*2.69*
B.4.1	Protection of Rare Species and Integrated Ecosystems	**424.76**	147.22	274.85	0.00	2.69
B.4.3	Creation of regional systems of PA	**230.91**	0.00	230.91	0.00	0.00
B.5.	*Training*	***169.82***	*9.52*	*160.30*	*0.00*	*0.00*
B.5.1	Work groups and workshops, dev-t of handbooks	**83.00**	0.00	83.00	0.00	0.00
B.5.2	Writing of conservation academic courses for students and other forms of education	**86.82**	9.52	77.30	0.00	0.00

	COMPONENT / *Subcomponent* / Activity	**Actually Disbursed**	Goods	Services	Small Grants	Works
C.	**LAKE BAIKAL REGIONAL PROGRAM**	**5,087.96**	73.10	1,224.43	3,790.43	0.00
C.1.	*Inter-regional Activities*	***719.28***	*64.37*	*339.58*	*315.33*	*0.00*
C.1.1	Data and Information Flow	**313.87**	49.79	192.78	71.30	0.00
C.1.2	Policy Evaluation	**123.73**	14.58	16.06	93.09	0.00
C.1.3	Strengthening Legal/Regulatory Base	**96.41**	0.00	18.79	77.62	0.00
C.1.4	Economic Perspectives	**97.83**	0.00	24.51	73.32	0.00
C.1.5	Regional BD Strategy and Action Plan	**87.44**	0.00	87.44	0.00	0.00
C.2.	*Goloustnaya Model Watershed*	***572.52***	*0.00*	*223.57*	*348.95*	*0.00*
C.2.3	Environment-Economy Linkages	**292.88**	0.00	84.73	208.15	0.00
C.2.6	Environmental Education Program and Info. Ctr.	**86.44**	0.00	80.06	6.38	0.00
C.2.7	Grazing and Biodiversity Conservation	**193.20**	0.00	58.78	134.42	0.00
C.3.	*Tugnuy-Sukhara Model Watershed*	***780.12***	*0.00*	*155.91*	*624.21*	*0.00*
C.3.1	Land Use Plan	**98.63**	0.00	28.25	70.38	0.00
C.3.2	Monitoring Program	**88.26**	0.00	9.50	78.76	0.00
C.3.3	Agriculture	**198.10**	0.00	24.34	173.76	0.00
C.3.4	Sustainable Forest Management	**154.62**	0.00	23.41	131.21	0.00
C.3.5	Managing for Biodiv. Conservation and Use in a PA	**96.75**	0.00	17.85	78.90	0.00
C.3.6	Env. Education and Extension Consulting Service	**69.60**	0.00	28.52	41.08	0.00
C.3.7	Watershed Management	**74.16**	0.00	24.04	50.12	0.00
C.4.	*Khilok Model Watershed*	***626.16***	*8.73*	*419.02*	*198.41*	*0.00*
C.5.	*Local Biodiversity Initiatives*	***2,389.88***	*0.00*	*86.35*	*2,303.53*	*0.00*
C.5.1	Small Grants Administration	**331.61**	0.00	80.35	251.26	0.00
C.5.2	Small Grants Annual Programs	**2,058.27**	0.00	6.00	2,052.27	0.00
D	**PROJECT MANAGEMENT**	**1,908.03**	85.49	1,822.54	0.00	0.00
Total amount USD (thousand):		**17,950.84**	**3,417.49**	**9,921.24**	**4,039.97**	**572.14**

10.5 Summary of Recipient contribution and counterpart financing (US$ thousand equivalent)

Sources of Funds	Years	Amount	Description
Component A. Strategic Overview			
Federal Targeted Program (FTP) "Ecology and Natural Resources", subprogram "Conservation of rare and endangered species of animals and plants in Russia"	2002	95	Research to support the implementation of the selected tasks under the National Biodiversity Conservation Action Plan.
Federal Science and Technology Program "Research and development in priority areas of science and technology for the civil sector", subprogram "Biological diversity"	1997-2000	840	
FTP "Research and development in priority areas of science and technology for 2002-2006"	2002	150	
FTP "Conservation of the Amur Tiger"	1997-2000 2001	170 60	11 anti-poaching teams and two Tiger special reserves established and operational, Tiger population monitored.
Regional and local budgets and non-budgetary sources.	1997-2002	350	Implementation of the regional biodiversity conservation action plans (establishment of regional PAs, publication of Red Data Books, environmental education, etc.)
Federal and regional budgets and non-budgetary sources	1997-2001	100	Co-financing conferences, seminars, and public forums (includes the lease of premises, traveling expenses of participants, publication of materials, etc.)
Federal budget	1997-2003	72	Financing taxes under the GEF-funded contracts for the Component A.
Sub-total A:	*1,837*		
Component B. Strengthening Protected Area System			
FTP "Governmental support to the state nature reserves and national parks"	1997-2000 2001-2002	2,200 1,600	Establishment of 15 new PAs covering more than 2.5 mln ha; support to the implementation of the GEF-funded activities in 82 nature reserves and 19 national parks.
FTP "Ecology and Natural Resources", subprogram "Support to the protected areas of Russia"	2002	115	Research in support of biodiversity conservation: 5 projects to expand and replicate activities financed by the GEF grant.
Funds raised by the federal PAs from various regional sources	1997-2002	1,300	Expansion and replication of GEF-financed activities in strengthening PA protection services, conservation research, and environmental education.
Financing provided to the PAs by	1998-2002	170	Strengthening protection services and

the Russian donors			public environmental education.
Federal budget	1997-2003	736	Financing taxes under the GEF-funded contracts for the Component B.
Sub-total B:	*6,121*		
Component C. Lake Baikal Regional Program			
FTP "Protection of Lake Baikal and Sustainable Use of Natural Resources in its Basin"	1997-2000 2001-2002	620 155	Biodiversity assessments in the Baikal eco-region, planning of new PAs, evaluation of potential for the development of tourism, etc.
Co-financing raised from the local budgetary and non-budgetary sources by the small grants program in the Baikal region	2001-2002	11,500	Development of the regional PA network (10 new PAs designated), biodiversity assessments, development of eco-tourism, and public environmental education.
Federal budget	1997-2003	179	Financing taxes under the GEF-funded contracts for the Component C.
Sub-total C:	*12,454*		
Component D. Project Management and Coordination			
Federal budget	1997-2003	155	Financing taxes under the GEF- funded contracts for the Component D.
Sub-total D:	*155*		
Total		**20,567**	

Annex 1. Key Performance Indicators/Log Frame Matrix

Outcome / Impact Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
Reduced rate of decline of important species, habitats and communities within and outside Protected Areas through intensified and expanded conservation activities.	Strengthen protection in substantial part of federal PAs. Develop and test legal and institutional base for regional PAs and prepare development plans for econets.	Protection services strengthened in 35 federal nature reserves and 3 national parks. New management plans completed in 2 reserves and 5 NPs. Total area covered by improved protection is 14 million hectares (40% of Russia's total federal PA system).

Note: see Section 10.2 for details on achievement of outcome and output indicators.

Output Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
Reforms to the legal and policy framework at different levels (regional, national and local): (i) production of ten sector studies, (ii) completion of legal gap analysis and ten legislative amendments, (iii) # of public agreements effective.	Achieve multi-stakeholder acceptance of the National and Regional Strategis and Action Plans; mainstream mechanisms for their implementation.	Key elements of the National Strategy and Action Plan incorporated in the National Environmental Doctrine and in the Federal Targeted Program "Ecology and Natural Resources (2002-2010)". Regional APs approved by authorities in Nizhny Novgorod, Penza, Saratov, Vologda.
Increased funding for the national biodiversity conservation system: annual budget allocations to protected areas.	Sustained increase in federal funding for biodiversity conservation and ecosystem protection; accelerated increase of non-budgetary funding.	FY2004 budget allocation for PAs and other environmental protection activities, including Lake Baikal, to be increased by 12.5% from 2003. Small grant activities in Baikal and other regions yielded a 1-to-4.8 leverage with attracted counterpart funding.
Delivery of a comprehensive suite of professional development and education activities: (i) # of personnel trained under the project, (ii) # of text books produced.	To complete Project-supported training and establish self-sustaining university and vocational training capacity in Russia.	Total trained personnel: 1200. Textbooks published: 238. Certified courses for PA managers established and operational in Educational Center Zapovedniki and at Moscow State Univ.
Increased level of public participation by beneficiaries in all stages of project management and in conservation activities: (i) # of publications produced by the project, (ii) # participants in project activities.	To involve at least 50000 persons, including specialists, in PA management and conservation activities.	Total direct involvement in Project activities - 110000 people, incl. local communites, NGOs, businesses, academia. (14000 - in Comp.A, 18000 - in Comp.B, and 80000 - in Comp.C).
Establishment of a functional national biodiversity information center: # of users.	Establish and maintain national mechanism for collection, exchange and analysis of biodiversity information.	Web portal www.biodat.ru fully functional, with open two-way access to information and functionalities for interactive database expansion. O&M responsibilities to be transfered to Ministry of Natural Resources (Dept. of PAs).
Development and achievement of ecosystem management plan targets and objectives: (i) # of plans prepared; (ii) effectiveness of guard service (increase in the number of revealed poaches and illegal activities).	Maintain protection services in at least 30 PAs; develop management plans in at least 10 PAs.	Protection services substantially improved over 40% of federal PA areas. Management plans already completed and being implemented in 7 PAs.
Local, national and regional coordination for protection of critical ecosystems: # of regional PA associations established.	Support 10 regional PA associations.	13 regional associations supported.
Effective implementation of selected Regional Biodiversity Strategies: (i) # of adopted regional strategies and # of regional regulations revised; (ii) # of public agreements and amounts of local implementation funding secured.	Develop 2 regional model Biodiversity Conservation Strategies and Action Plans.	Regional strategies and action plans adopted and being implemented in 5 regions. 20 more regions initiated preparation of action plans using own funds.

Development of an effective regional biodiversity monitoring and information system for Lake Baikal Region: (i) # of parameters and data sources accessible; (ii) # of users of regional information system.	Establish and launch regional mechanism for collection, analysis and dissemination of biodiversity information on Lake Baikal Region.	42 exiting and new information resources on Lake Baikal Region systematized and cross-linked for open use under a web metadatabase www.baikalregion.ru
Development and implementation of model Watershed Management Plans in Lake Baikal Region: (i) area covered by the watershed management measures implemented under the project; (ii) amount and # of small grants awarded for local initiatives.	Model watershed projects implemented in three administrative jurisdictions of Lake Baikal Region.	Model watershed projects completed in Goloustnaya (Irkutsk), Sukhara-Tugnuy (Buryatia) and Khilok (Chita).

[1] End of project

Annex 2. Project Costs and Financing

Project Cost by Component (in US$ million equivalent)

Component	Appraisal Estimate US$ million	Actual/Latest Estimate US$ million	Percentage of Appraisal
A. Strategic Overview	3.40	4.20	1.24
B. Strengthening Protected Area System	13.80	15.90	1.15
C. Lake Baikal Regional Program	6.30	17.60	2.79
D. Project Management and Coordination	2.50	2.10	0.84
Total Baseline Cost	26.00	39.80	
Total Project Costs	26.00	39.80	
Total Financing Required	26.00	39.80	

Project Costs by Procurement Arrangements (Appraisal Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1] ICB	NCB	Other[2]	N.B.F.	Total Cost
1. Works	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2. Goods	0.40 (0.40)	0.00 (0.00)	2.50 (2.50)	1.80 (0.00)	4.70 (2.90)
3. Services **Consultant Services, Training and Study Tours**	0.00 (0.00)	0.00 (0.00)	13.30 (13.30)	2.90 (0.00)	16.20 (13.30)
4. Community Investment Grants	0.00 (0.00)	0.00 (0.00)	2.50 (2.50)	0.00 (0.00)	2.50 (2.50)
5. Incremental Operating Expenses	0.00 (0.00)	0.00 (0.00)	1.40 (1.40)	1.20 (0.00)	2.60 (1.40)
6. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	0.40 (0.40)	0.00 (0.00)	19.70 (19.70)	5.90 (0.00)	26.00 (20.10)

Project Costs by Procurement Arrangements (Actual/Latest Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1] ICB	NCB	Other[2]	N.B.F.	Total Cost
1. Works	0.00 (0.00)	0.00 (0.00)	0.60 (0.60)	0.80 (0.00)	1.40 (0.60)
2. Goods	0.00 (0.00)	0.00 (0.00)	3.40 (3.40)	2.20 (0.00)	5.60 (3.40)
3. Services Consultant Services, Training and Study Tours	0.00 (0.00)	0.00 (0.00)	8.70 (8.70)	6.90 (0.00)	15.60 (8.70)
4. Community Investment Grants	0.00 (0.00)	0.00 (0.00)	4.00 (4.00)	11.70 (0.00)	15.70 (4.00)
5. Incremental Operating Expenses	0.00 (0.00)	0.00 (0.00)	1.30 (1.30)	0.20 (0.00)	1.50 (1.30)
6. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	0.00 (0.00)	0.00 (0.00)	18.00 (18.00)	21.80 (0.00)	39.80 (18.00)

[1/] Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

[2/] Includes: (i) goods procured through international and national shopping, and direct contracting; (ii) consulting services procured through Quality-Cost Based, Fixed Budget, Least Cost, and Single Source Selections; and (iii) small grants awarded on a competitive basis.

N.B.F. (Not Bank Financed) - co-financing from the Recipient's domestic sources (see Section 10.5), and from the Government of Switzerland.

Project Financing by Component (in US$ million equivalent)

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	Bank	Govt.	CoF.	Bank	Govt.	CoF.	Bank	Govt.	CoF.
A. Strategic Overview	2.70	0.70		2.40	1.80		88.9	257.1	
B. Strengthening Protected Area System	9.30	3.40	1.10	8.60	6.10	1.20	92.5	179.4	109.1
C. Lake Baikal Regional Program	6.30			5.10	12.50		81.0		
D. Project Management and Coordination	1.80	0.70		1.90	0.20		105.6	28.6	
Total	20.10	4.80	1.10	18.00	20.60	1.20	89.6	429.2	109.1

Notes:

1. "Govt. Financing" includes program co-financing from the Recipient's domestic sources (detailed in Section 10.5). (For Component C - this includes leveraged counterpart funding from small grant recipients.)
2. "Cofinancing" includes financing provided by the Government of Switzerland through WWF Russia for public environmental education and training of Protected Areas staff.

3. "Total Actual" Bank (GEF) financing is lower than "Appraisal Estimate" due to USD/SDR depreciation. The GEF grant was practically fully disbursed in SDR terms.

Annex 3. Economic Costs and Benefits

N/A

Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating	
Month/Year	Count	Specialty	Implementation Progress	Development Objective
Identification/Preparation				
10/1992	*2*	Environmental Specialists		
02/1993	*3*	Senior Biodiversity Specialist (C, TM) Forestry/Biodiversity Specialists (C)		
06/1993	*6*	Senior Biodiversity Specialist (C, TM) Principal Resource Economist Environmental Specialists Forestry/Biodiversity Specialists (C)		
07-08/1993	*7*	Senior Biodiversity Specialist (C, TM) Principal Resource Economist Environmental Specialists		
09-10/1993 (pre-appraisal)	*5*	Senior Biodiversity Specialist (C, TM) Principal Resource Economist Biodiversity Specialists (C) Environmental Specialist		
01/1994	*4*	Senior Biodiversity Specialist (C, TM) Principal Resource Economist Principal Sociologist Biodiversity Specialist (C)		
06/1994	*1*	Biodiversity Specialist (C)		
07/1995 (pre-appraisal)	*2*	Senior Biodiversity Specialist (C, TM) Country Counsel		
Appraisal/Negotiation				
10/1995 (appraisal)	*3*	Senior Biodiversity Specialist (C, TM) Biodiversity Specialist (C) Environmental Specialist (C)		
11/1995	*2*	Senior Biodiversity Specialist (C, TM)		

			Biodiversity Specialist (C)		
	04/1996 (negotiations)	*6*	Senior Biodiversity Specialist (C, TM) Environmental Specialist* Environmental Specialist (C) Biodiversity Specialist (C) Country Counsel Procurement Specialist*		
Supervision					
	11/07/1997	*3*	Senior Biodiversity Specialist (C, TM) Environmental Specialist (C) Country Counsel	S	S
	04/29/1998	*2*	Senior Biodiversity Specialist (C, TM) Environmental Specialist*	S	S
	09/16/1998	*3*	Senior Biodiversity Specialist (C, TM) Senior Forestry Specialist Watershed Management Specialist (C)	S	S
	05/02/1999	*4*	Senior Forestry Specialist (TTL) Senior Biodiversity Specialist Ecosystem Management Specialist (C) Project Management Specialist (C)	S	S
	08/20/1999	*6*	Senior Forestry Specialist (TTL) Protected Areas Specialist Project Management Specialist (C) Watershed Management Specialist (C) Biodiversity Specialist* (C) Head of the Resident Mission* (portfolio management)	S	S
	02/2000	*9*	Senior Forestry Specialist (TTL) Lead Natural Resource Economist Senior Biodiversity Specialist Ecosystem Management Specialist (C) Environmental Specialist* (C) Senior Procurement Specialist* Procurement Specialist* Disbursement Specialist* Financial Management	S	S

		Specialist*		
07/15/2000	*2*	Senior Forestry Specialist (TTL) Environmental Specialist* (C)	S	S
10/09/2000	*6*	Senior Forestry Specialist (TTL) Lead Natural Resource Economist Senior Procurement Specialist* Senior Biodiversity Specialist Environmental Specialist* (C) Watershed Management Specialist (C)	S	S
04/27/2001	*3*	Senior Forestry Specialist (TTL) Biodiversity Specialist* (C) Procurement Specialist*	S	S
11/10/2001	*4*	Senior Forestry Specialist (TTL) Senior Biodiversity Specialist (C) Biodiversity Specialist* (C) Procurement Specialist*	S	S
06/17/2002	*3*	Senior Forestry Specialist (TTL) Biodiversity Specialist*(C) Procurement Specialist*	S	S
01/2003	*3*	Senior Forestry Specialist (TTL) Biodiversity Specialist* (C) Procurement Specialist*	S	S
06/2003	*6*	Senior Forestry Specialist (TTL) Biodiversity Specialist* (C) Financial Management Specialist* Procurement Specialist* Institutional Development Specialist* (C) Watershed Management Specialist (C)	S	S
ICR				

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

(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US$ ('000)
Identification/Preparation	133.4	409.2
Appraisal/Negotiation	35.1	68.7
Supervision	166.4	601.0
ICR	4.0	19.8
Total	338.8	1098.7

Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	Rating				
☒ *Macro policies*	○ *H*	○ *SU*	○ *M*	○ *N*	● *NA*
☒ *Sector Policies*	○ *H*	● *SU*	○ *M*	○ *N*	○ *NA*
☒ *Physical*	○ *H*	● *SU*	○ *M*	○ *N*	○ *NA*
☒ *Financial*	○ *H*	○ *SU*	○ *M*	○ *N*	● *NA*
☒ *Institutional Development*	○ *H*	● *SU*	○ *M*	○ *N*	○ *NA*
☒ *Environmental*	○ *H*	● *SU*	○ *M*	○ *N*	○ *NA*
Social					
☒ *Poverty Reduction*	○ *H*	○ *SU*	○ *M*	○ *N*	● *NA*
☒ *Gender*	○ *H*	○ *SU*	○ *M*	○ *N*	● *NA*
☐ *Other (Please specify)*	○ *H*	○ *SU*	○ *M*	○ *N*	● *NA*
☒ *Private sector development*	○ *H*	○ *SU*	○ *M*	○ *N*	● *NA*
☒ *Public sector management*	○ *H*	○ *SU*	○ *M*	○ *N*	● *NA*
☐ *Other (Please specify)*	○ *H*	○ *SU*	○ *M*	○ *N*	● *NA*

Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

6.1 Bank performance	*Rating*			
☒ *Lending*	○ *HS*	● *S*	○ *U*	○ *HU*
☒ *Supervision*	○ *HS*	● *S*	○ *U*	○ *HU*
☒ *Overall*	○ *HS*	● *S*	○ *U*	○ *HU*

6.2 Borrower performance	*Rating*			
☒ *Preparation*	○ *HS*	● *S*	○ *U*	○ *HU*
☒ *Government implementation performance*	○ *HS*	● *S*	○ *U*	○ *HU*
☒ *Implementation agency performance*	○ *HS*	● *S*	○ *U*	○ *HU*
☒ *Overall*	○ *HS*	● *S*	○ *U*	○ *HU*

Annex 7. List of Supporting Documents

1. GEF Project Document - Report No.15064-RU of May 1996

2. GEF Trust Fund Grant Agreement TF028315 dated September 29, 1996 for the Russia Biodiversity Conservation Project

3. Technical report of the Recipient on the project outputs and outcomes (full version and illustrated summary – available in English and Russian languages)

4. (A) Comments from the Recipient on the draft Bank ICR (original)
   (B) Comments from WWF on the draft Bank ICR (original)

5. Assessment of the QAG on the quality of the project supervision, dated December 18, 2001

6. Detailed supervision report on the completion of Project activities

7. Project Maps:

   (i) IBRD 27085 - Vegetation Types and Protected Areas of Russia
   (ii) IBRD 27267 – Representativeness of Protected Areas of Russia
   (iii) IBRD 27290 - Lake Baikal Regional Component: Major Ecosystems and Protected Areas
   (iv) IBRD 27268 - Lake Baikal Regional Component: Land Use and Model Watersheds
   (v) IBRD 27289 - Lake Baikal Regional Component: Industrial Impact and Population

Additional Annex 8. Project Completion Report Prepared by the Recipient

"Main Results of GEF-Financed Biodiversity Conservation Project in the Russian Federation (1997-2003)"

Report submitted to the World Bank by the Ministry of Natural Resources of the Russian Federation on October 6, 2003

The GEF Grant Agreement between the Bank and the Russian Federation was signed on September 29, 1996 and became effective on November 27, 1996 through No.1130 Resolution of the Government of the Russian Federation dated September 23, 1996. The Resolution made Russia's State Committee for Environmental Protection responsible for controlling the proper use of the Grant proceeds. Prepared and implemented by the Russian Federation with the support of GEF (through the World Bank) and the Government of Switzerland (through Russia's WWF Program Office) in 1992-2003, the Biodiversity Conservation Project is viewed by us as one of the largest and most successful wildlife conservation project in Europe. The project included four components.

A. The Strategy Review Component (13% of the budget) was to develop a biodiversity conservation strategy and economic, financial, legislative, and information mechanisms to implement it.

B. Protected Areas Component (53% of the budget) intended to support and strengthen the state network of the Protected Areas while improving the territorial aspect of biodiversity conservation.

C. The Baikal Regional Component (25% of the budget) wanted to establish the framework for inter-sectoral and inter-regional coordination to enable incorporation of biodiversity conservation into the policy of sustainable socioeconomic development of the Baikal Region.

D. Project Management and Coordination (9% of the budget).

At the implementation stage, the Project was administered by the Center for Project Preparation and Implementation (CPPI), and at the completion stage this responsibility was delegated to the FCGS "Ecologia". The Project supervision was the responsibility of the Steering Committee comprising heads of departments of Russia's State Committee for Environmental Protection (currently, it is Russia's Ministry of Natural Resources – MNR), the relevant Project Components, representatives of Russia's Academy of Sciences, and nongovernmental organizations. The Baikal Steering Committee was established to supervise the Baikal Component.

The Biodiversity Conservation Project is a major investment wildlife conservation project in Russia financed by the Global Ecological Fund. Under direct coordination and control of Russia's MNR, the Project ***financed in 1997-2003 some 750 major, mid-sized and minor biodiversity activities, supported 82 reserves and 19 national parks, prepared and launched the Biodiversity Conservation Strategy and National Plan of Action, Regional Biodiversity Conservation Strategies, and established the institutional framework to improve ecosystem conservation in the Baikal Region.***

Because of the Project, this country has witnessed cardinal changes in understanding the biodiversity conservation issues. Currently, these are part of the documents governing the national environmental policy including the Environmental Doctrine of the RF (2002) and the Ecology and Natural Resources Earmarked Federal Program (2002-2010). The Project outputs were presented at the Johannesburg World Summit

(2002), the Bratislava and Hague Conference of the Parties to the Biological Diversity Convention (1998, 2002). Its results were approved at the GEF Kishinev Session for Eastern Europe (2003), with a presentation prepared for the Durban World Congress of Parks (September, 2003).

The Project initiated new financial and economic mechanisms of nature conservation, published handbooks, textbooks and popular science materials on various aspects of wildlife conservation, launched www.biodat.ru, which has become a major biodiversity conservation gateway in Russia. In the world, Russia is now viewed as a major "environmental donor". Throughout its implementation, the Project provided information support to the federal environmental authorities.

The Project implementation stage coincided with the dramatic political and socioeconomic reforms in Russia including several stages of transformations in the system of environmental protection. Nonetheless, the Project attained all the main goals in maintaining and strengthening the basic elements of nature conservation and in developing modern mechanisms of biodiversity conservation in this country, which constitutes one eighth of the Earth territory. The Project is unique in that it involved over 110,000 individuals to practice conservation and rehabilitation of biodiversity, brought together all the main sectors of the society including the available scientific and technical capacity.

The Project pioneered the collection, processing and accumulation of extensive biodiversity information in Russia, which can be accessed by all users through www.biodat.ru The Project is unique in terms of the scope of activities aimed at building public environmental awareness and advocating nature conservation through mass media. It developed, tested and recommended for replication innovative approaches, tools and mechanisms of biodiversity conservation.

1. Support to State Network of Protected Areas (PA). The overall **Goal of the Project** was to assist the Russian Federation in biodiversity conservation, which is consistent with the principles of sustainable development while supporting the state network of protected areas pursuant to the obligations of the Government of the Russian Federation under the Convention of Biological Diversity.

The adequacy of the Project priorities, goals and design is highlighted by its major outcome. Despite the economic difficulties, this country counts now more protected areas with a larger acreage than at the start of the Project. In 1996, there were 93 reserves with an overall area of 30.1 mln. ha and 30 national parks of 6.6 mln. ha, while in 2002, Russia had 100 reserves with an area of 33.712 mln. ha and 35 national parks with an area of 7 mln. ha correspondingly.

The Project activities, focused on strengthening the institutional capacity of the government, contributed to the establishment of ***an improved legal and regulatory framework for the PAs,*** with the ensuing stronger administrative liability for violations of the reserve regime. It expanded the rights of the protected area services, allowed an independent use of penalties, and restructured the reserve services from the departmental forest services into a specialized state inspectorate.

To strengthen the PA Services, the Project implemented **39 model projects** with budgets ranging from $US 40,000 to 100,000 in 35 nature reserves and 3 national parks with an overall area of some 14 mln. ha.

The successful forms of **governance support** included meetings of heads of the federal-level PAs. In 2000, the Krasny Poliana PA Meeting (Krasnodar Krai) agreed and adopted "***The Main Directives for Development and Organization of State Nature Reserves in the Russian Federation till 2010".***

The Project supported ***regular comprehensive inspections of nature reserves and national parks.***

Leading specialists of the MNR (former Russia's State Committee for Environmental Protection) and contracted experts (researchers of the RAS, representatives of nongovernmental organizations) participated in 84 field inspections in 38 nature reserves and 10 national parks.

The Project established **8 new National Park and Nature Reserve Associations,** which conducted 34 regional workshops to coordinate research, improve environmental awareness, and strengthen the PA Ranger Services. The workshops involved over 1,000 participants.

Most of the Component B proceeds (over 88%) were invested in the procurement of goods to ensure the PA conservation-related activities. As a result, the PA renewed their fleets of auto-, motor-, and water vehicles, procured fuel, spares, uniforms, overalls, field outfits, communications facilities, modern computer hardware, and office equipment. This contributed to a considerable improvement of the PA Ranger Services during the Project implementation.

Two reserves and 5 national parks adopted five-year **management plans,** which were developed by the administration and specialists of the PA involved, with the extensive support of professional consultants and specialists of other PA. New management plans were developed for the Caucasus and Kerzhen Reserves, Kenozero National Park and some other national parks.

The Project ***supported research activities in 41 reserves and 9 national parks*** *(totaling 62 projects).* It summarized and analyzed the research data accumulated by some reserves throughout the entire period of their operation. The Project-supported research grants improved the physical infrastructure of the PA research divisions, procured office facilities and equipment, published over 30 research monographs, prepared over 500 publications in the national and foreign editions. It increased the number of contracted researchers totaling more than 1,500 in 2001.

In 1997-2001, the Project ***supported PA-based environmental education of school students (***the so-called Model School Projects). The activities such as environmental summer camps, public lecture centers, circles, ecological expeditions and excursions involved 156,990 school students (1997 – students; 2001 – 73, 431). The Project ***initiated a visit center network*** and other PA-based information and education points. The physical capital expenditure accounted for some US$ 750,000 or 75% of the Model School Projects budget. At present, 15 PAs operate 22 visit centers, which have been visited by more than 80,000 people since 1997. The Project ***designed and developed ecological paths (***footpaths***,*** waterpaths, and horsepaths in the Baikal, Voronezh, Katun, Kostomuksha, Pinezh, Sayano-Shushensky, and other reserves, as well as in some national parks such as Vodlozersky, Kenozersky, Meshchera National Parks. In 2001, they were visited by more than 47,000 tourists, almost 40 times more than in 1997. The Project also ***equipped the Comprehensive Research Center of Environmental Education and Awareness in the Teberda Reserve.***

The Project-supported environmental awareness activity of the PA had extensive mass media coverage including over 390 articles, 100 TV shows, and 45 radio broadcasts. The Project supported the publication of 60 editions of the Nature Reserve News Newspaper, 10 numbers of the Nature Reserve Management and Studies Journal, 18 numbers of the Nature Reserves and National Parks Information Bulletin, dozens of books, methodological guidelines, and compendiums of research studies and monographs of the nature reserves. At the Bryansky Les Reserve, the Project established a TV team, who shot the Wildlife Sequel televised by 10 regional channels.

Establishment and successful operation of the Nature Reserve Environmental Awareness Center was an important contribution to the Project implementation. The Center operation was financed by the US$ 1.2

million grant of the Government of Switzerland, channeled through Russia's Program Office of WWF. The Center (i) developed the ***Concept of Public Environmental Awareness in State Nature Reserves and National Parks of the Russian Federation,*** approved by the Rosleskhoz and Russia's State Committee for Environmental Protection in 1998; (ii) published over 50 textbooks and methodological guidelines, brochures, and booklets; and (iii) **trained and continues training environmental educators** for the PA. Its development courses trained over 200 specialists from 127 nature reserves and national parks of Russia, Georgia, Kazakhstan, Kyrgyzstan, and Uzbekistan. ***The training programs of the Center covered over 500 PA specialists*** from various walks of life, including representatives of the regional environmental authorities, teachers, etc. The Center established a network of 40 nongovernmental organization-branches. For the last 6 years, it has published the Reserve Islands Monthly Newspaper (circulation of 3000 copies). The Center also supports the ***WildNet Server (www.wildnet.ru)*** and has been implementing a Volunteer Program for nature reserves and national parks.

The Nature Reserve Center carries on, supporting the PA through its ongoing activity. Its development is financed by the Moscow Government, Institute of Sustainable Communities, USAID, Embassy of the Netherlands, USA Wildlife Service, UNDP, etc.

The Project supported a number of activities to ***improve territorial-based biodiversity conservation.*** The Grant supported the development of the ***Environmental Frame of Russia's Central Plain Project***, which created 26 new PA, and the ***Environmental Frame of the Volga-Urals Region.*** The Project (i) initiated environmental restoration of the steppe ecosystems at the new sections of the Central Chernozem Reserve; (ii) developed a draft national strategy for the conservation of Bison in Russia, having created a 60 strong Bison group at the Orlovsky Polesie National Park; (iii) financed the activities for the breeding of the Far Eastern Crane, Black Stork, Whooper Swan in the Khingan Reserve and for the conservation of the Wild Honey Bee population in the Shulgan-Tash Reserve (the population of the bee families in 1999-2000 was the highest as compared with all the years of conservation).

The PA-oriented activities of the Project demonstrated effectiveness of the GEF Grant recipient, important achievements in raising funds to cofinance the Project in cooperation with the Bank and other counterparts.

2. Development of the National and Regional Strategies and Implementation Mechanisms. Substantiation of the National Policy Priorities and development of the National Strategy of Biological Diversity is one of the major outcomes of the Project. ***The Strategy Development*** involved (i) analytical studies, among which of specific importance is the analysis of the attitude of various communities and groups towards biodiversity conservation; (ii) identification of the relevant socioeconomic problems (such as poverty alleviation, resource-based economy, development of domestic business, inadequate taxation policies, etc.), which have an impact on biodiversity conservation; (iii) analysis of the positive experience of biological diversity conservation in various sectors, etc.

In the course of the Strategy and Plan of Action development, the Project contributed to the establishment of the ***system for inter-agency coordination and interaction*** between the government bodies and other organizations concerned with the wildlife conservation. At the initial stage, the Inter-agency Committee for Biodiversity Conservation became a leading government authority to coordinate this activity. Discussion of the draft Strategy documents was organized by way of their dissemination, with the ensuing collection of comments and proposals from the widest possible nongovernmental community concerned. The draft documents of the Strategy were also repeatedly made available to the various agencies, nongovernmental organizations, major corporations, and academic organizations. The State Duma conducted two discussions of the Draft Strategy – at the High Ecological Council and at the Round Table of the Environmental

Committee. The Project organized an on-line e-conference and discussion of the subject.

The National Strategy and Directives of the Plan of Action for Biological Diversity were adopted by the ***National Forum for Wildlife Conservation, which took place in June 2001.*** The Forum involved over 230 participants from different walks of life – academics, legislators and government officials of various levels, entrepreneurs and army officers, nongovernmental organizations and funds, artistic community, and mass media. The Strategy is viewed as a set of wildlife conservation priorities (identified by experts) for the governmental, commercial, research and nongovernmental organizations. This is a framework document covering all the sectors of Russia's economy. It was formally submitted to the Government of the Russian Federation, the ministries and agencies, heads of Regional Administrations, relevant committees of the State Duma, territorial environmental authorities, major corporations and nongovernmental organizations.

The Strategy served as a foundation for the ***National Plan of Action for Biological Diversity*** comprising some 1,500 activities. The Plan of Action portfolio is used by the Government of the Russian Federation, various agencies and regions to prepare the corresponding programs such as the ***Ecology and Nature Resources Federal Earmarked Program for 2002-2010.*** The Strategy and Plan of Action were published in the Russian and English languages in 2001, with the texts of both documents available at www.biodat.ru and www.biodiver.org.

Given the interest of the various groups of the society in the development and implementation of the National Strategy, the Project approach to its implementation focused on the concept of ecological partnership in the form of the ***Social Contract for Conservation of Wildlife in Russia.*** This agreement is open to all the parties concerned. The first stage of the campaign included some 30 public signings of the Protocol for joining the Social Contract at different administrative and sectoral levels involving such levels as governors and administrations of the constituent entities of the Russian Federation (Pskov and Volgograd Oblasts, etc.), territorial environmental authorities, major corporations (Siberian Aluminum, East Siberian Railway, Irkutskenergo, etc.), academic institutions, political parties, etc. The Social Contract was furthered in the Baikal Region (The Baikal Declaration), in Murmansk and Volgograd Oblasts, etc.

Under the Strategy Component, the Project also prepared and ***implemented a regional biodiversity conservation strategy. Nizhniy Novgorod Oblast*** was selected as a pilot region. In 1998-2000, the Project developed the Oblast Biodiversity Conservation Strategy and a detailed Plan of Action of Wildlife Conservation, approved by the Oblast Administration. The Oblast prepared new legislative acts, plans for the development of the PA regional network, prepared for publication the Nizhniy Novgorod Red Data Book, and proposed new forms of intersectoral biodiversity cooperation.

Supported by the Project, the Nizhniy Novgorod models were adapted and replicated in other oblasts and regions of Russia. For example, ***Volgograd Oblast*** adopted (through the Oblast Parliament) the Strategy and Plan of Action of Biological Diversity, prepared draft oblast laws, initiated the establishment of new protected areas, and implemented major activities for environmental education and awareness.

As a result of the Project support, some 20 regions started the preparation of the ***Regional Plans of Action of Biological Diversity*** as the ***first stage of the National Plan of Action.*** As part of the approved regional plans of action, some projects were competitively selected by the Project to be financed under the Small Grant Program. Their positive outcomes, public response and the socioeconomic effect became a vital foundation for promoting project-based activities in Russia and methods of the governmental support to wildlife conservation.

The Project involvement in the development and implementation of the National Biodiversity Strategy proved to be highly effective. It demonstrated ***a high degree of the attainment of the Grant goals, cofinancing mobilization*** capacity, ***involvement of the public and*** representatives of various sectors of the society in wildlife conservation, the quality focus of the Beneficiary, its learning capacity, and effectiveness of cooperation with the Bank, other potential donors and information partners.

3. Promoting Biodiversity Conservation in Baikal Region. The goal of the Baikal Component was to develop a wildlife conservation policy for the three administrative units of the Baikal Nature Territory (BNT) and agreed implementation action plan. The Component developed ***a package of strategic documents***, including (i) the ***Baikal Declaration;*** (ii) ***the Baikal Lake Ecosystem Conservation Strategy;*** (iii) ***the Plan of Action for Lake Baikal Biodiversity Conservation;*** and (iv) the ***Social Contract for Lake Baikal Nature Conservation.*** These documents were approved by the Government of the Republic of Buryatia, Administrations of Irkutsk and Chita Oblasts, and the MNR of RF. Throughout 1999-2002, they were published in the Russian and English languages (see also www.biodat.ru) and used to develop the Subprogram "Conservation of Lake Baikal and Baikal Nature Territory" by the Federal Center "Ecology and Natural Resources of Russia" for 2002-2010. The plan of action served as the basis for a number of programs of the socioeconomic development at enterprises and territories of the Baikal Region.

By its scope and scale of **public involvement**, the process of the development of the Baikal Strategy and Plan of Action of Biological Diversity has been the first national experience of such kind. The Component activities resulted in **over 70 Protocols for Joining the Social Contract and Baikal Declaration,** as well as a number of independent biodiversity programs adopted for implementation at some companies in the Baikal Region**.** Under the Project, the biodiversity conservation principles were implemented by each BNT administrative unit in ***model territories,*** such as the Goloustnaya River Basin in Irkutsk Oblast, the Tugnuy-Sukhara River Basin in the Republic of Buryatia, and the Khilok River Basin in Chita Oblast. Here, the Project assessed the state of biodiversity, identified mid-term and long-term priorities of nature conservation, and implemented business planning process. For the Khilok River Basin, the Project developed a land use strategy, including the forest use planning environmental audit of the territory, and issued recommendations for nature use improvements. For the Tugnuy-Sukhara Basin, the Component activity included planning for the development of agriculture and PA network. For the Goloustnaya River Basin, the Component developed the Plan of Environmentally Sound Socioeconomic Development, approved for implementation by the Irkutsk Oblast Administration. Another important output of the Component activities in the model territories was the ***initiative for a market of "ecosystem services"*** in the Baikal Region. The Component pioneered assessment of the nature resources value on the basis of their contribution to the formation of the environment and climate, deposition of carbon, recreation potential of the territories, etc.

Another effective element of biodiversity conservation management in the BNT was the Project-supported ***Local Initiatives Program (LI)*** comprising some 300 projects, which were competitively selected out of more than 1,500 applications**.** The Program pursued two main objectives of the Baikal component: (i) attracting as many participants as possible to the conservation of the Baikal nature and (ii) building the civil society attitude towards the priorities of the Baikal nature conservation. ***The Program featured comprehensive and diversified innovative approaches and tools***, making its results suitable for implementation and replications not only in the BNT, but elsewhere in Russia and the world. For example, the Project financed the establishment of artificial nesting grounds for rare bird species, a run of young sturgeon at the Selenga Fish Farm, 11 plantations of medicinal herbs and cultural resources, 8 new PAs. The Component established groundwork for the regional environmental network, supported PA volunteers, carried out environmental rehabilitation, recultivation and cleaning of some sections of the Lake Baikal Shore, carried out reforestation of 47.2 ha in the upper reaches of Khilok River.

One should specifically note the Project activities in BNT with respect to environmental education and awareness building. Here, the Component organized ***30 ecological camps,*** *established information and advisory points* in the cities of Ulan-Ude, Chita, Petrovsk-Zabaikalsky, Severobaikalsk, Baikalsk, in the Baikal-Lensk and Baikal Nature Reserves, developed several dozens ***local environmental educational programs for children.*** In Mukhorshibirsky District alone, ***continuous environmental training programs*** have been introduced in 21 schools and 14 kindergartens. The Project supported the shooting of **36 video films and 112 video pieces**, and financed ***134 environmental exhibitions and expositions***.

4. Expanding Social and Economic Base of Wildlife Conservation. Another important outcome of the Project is a ***change in the public perception of wildlife conservation issues*** through intensified participatory approach. In 1997-2001, the Project-supported ***Park Marches brought together some 700,000–800,000 participants*** and practically all the reserves and national parks of Russia. ***The Social Contract for Wildlife Conservation covered some 100,000 people, with more than 20,000 people participating in the Baikal Day, Baikal Ecological Festivals and Marathons.*** In 1997-2003, directly involved ***in the implementation of 750 projects and tasks were over 100,000 people*** (80,000 participants were in the Baikal Component, 14,000 people participated in the Strategic Component, and 18,000 people were involved in the Protected Areas Component) including representatives of nongovernmental organizations, academic institutions and sectoral research institutes, etc.

Environmental education and public awareness building were priority areas in all the three Project components, but the biggest coverage was in the Baikal Component, which implemented over 200 educational projects. These built the so-called "***Baikal ideology"*** in the region. The Project addressed the problems of wildlife conservation in the Baikal Region in more than 300 articles, 100 TV and 600 radio broadcasts. The total circulation of the periodicals concerned is over 1,000,000 copies. The region enjoys now ***103 educational programs, methodological and training manuals,*** a system of continuous environmental education in Irkutsk Oblast, the curriculum ***"Baikal Course", and the Regional Ecology Standard*** in Chita Oblast. The Baikal Component supported ***the establishment of 73 nongovernmental ecological organizations,*** including the Ecological Initiative NGO in Petrovsk-Zabaikalsk, Baikal Friends Association in Buryatia, Baikal Center for Public Ecological Expert Review, Irkutsk Ecological Scientific Youth Society, Baikal Ecological Center, etc.

The Project supported the publication of a unique ***series of manuals "Biodiversity Conservation"*** (15 manuals in 4 volumes) prepared on a competitive basis by the Moscow University Ecological Center.

The Project improved current and established new economic and financial mechanisms of biodiversity conservation. It contributed to establishing in Russia ***new approaches and methods of the economy of biodiversity conservation.*** Along with the implementation of positive international experience, such as "green accounts", environmental and economic assessment of "ecosystem services", "debts for nature", etc., the Project was proactive in the implementation of such domestic improvements as taxation regulation, ecological insurance, establishment of funds (in the Baikal Region and Novgorod Oblast), compensation payments for biosphere functions, etc. These studies were summarized in publications, which proved to be in great demand among the specialists. The competition for dissemination of information on new economic mechanisms ***involved over 40 organizations from some 20 regions.*** The Project implemented 19 subprojects for the implementation of new methods of economic assessment of wildlife, assessment of ecosystem services for management planning including environmentally-oriented business, etc. The Project summarized domestic and foreign experience in utilizing economic mechanisms for wildlife conservation *ex-situ*.

The Project prepared a series of handbooks covering such themes as (i) regulatory and legal acts for biodiversity conservation; (ii) approaches and methods for **economic assessment of damage;** (iii) economic mechanisms of wildlife conservation, etc. Important outcome of the Project was ***methodological support to the development of "State Methodology for Cadastre Assessment of Environmentally Important Lands"*** (Roszemcadaster, 2002). This methodology incorporated criteria for economic differentiation of land value depending on ecosystem services and biological diversification. This methodology has already been used when assessing the value of land in some regions.

Proposals for the ***development of international financial cooperation to compensate for "ecosystem services"*** are another innovation of the GEF-financed Project. For Russia, it is a number one priority, as this country has 65 percent of the territory covered by undisturbed ecosystems, including those of international importance, and bears all the ensuing cost, which is not small by any count. The Project-supported proposals were used by the Government of the Russian Federation at the World Summit for Sustainable Development in Johannesburg (September 2002). Detailed proposals were summarized in various publications and published in www.biodat.ru.

The Project made a great contribution to information support of wildlife conservation in Russia. The Project established and equipped ***the Information and Analytical Center for Biodiversity (IAC)***, which serves as a mechanism of information exchange, research and technical cooperation - ***Clearing-House Mechanism*** under the Convention of Biological Diversity. It features modern hardware, software, IT systems and is staffed with qualified personnel. Following the Project completion, IAC will be transferred to one of the organization of the MNR to ensure consistency of information support to biodiversity conservation activities. Among its achievements are the preparation of ***the National Biodiversity Reports*** (1997 and 2001) and ***6 thematic reports summarizing the compliance of Russia with specific articles of the Convention such as*** (i) alien species; (ii) biodiversity conservation in protected areas; (iii) biodiversity conservation in mountain areas. The first National Report was published in the Russian and English languages. The documents are available in www.biodat.ru. In accordance with the request of federal authorities, IAC prepared over ***200 information documents*** including those for sessions of the Government of the Russian Federation, collegiums of Russia's State Committee for Environmental Protection and MNR, State Council of the Russian Federation, etc. The Project-supported www.biodat.ru is an information system of free access. Following the Project completion, it will become the main tool of IAC and a platform for the intersectoral and interagency information exchange regarding wildlife conservation in Russia. The www.biodat.ru contains the information collected under the GEF Project such as contractors' reports, databases, methodologies, textbooks, handbooks, maps, references, etc.

The same approach was used to establish the biodiversity information system for the Baikal Region. The Project developed a *data metabase* to ensure free access to the information on the current state of wildlife and nature resources of the Baikal Region (www.baikalregion.ru) through a **free access Web-server,** which also manages many other specialized sites reflecting the outputs of specific projects under the GEF-supported Biodiversity Conservation Project in the Baikal Region.

Let us summarize the main achievements and innovations of the GEF Project. It preserved and strengthened to a considerable extent the 80-year old PA network, which is one of the best in the world occupying some 2 percent of Russia's territory and constitutes an important element of the global PA network of international importance. It developed and implemented modern mechanisms of biodiversity conservation that meet the new socioeconomic realities of Russia. The Project identified wildlife conservation priorities in the short-term perspective, established innovative approaches, tools and mechanisms of development to further improve the national environmental policy for biodiversity conservation.

As for the improvements, these include (i) the National Strategy, built on partnership between the state, business and various sectors of the society; (ii) the Small Grants Program as the *in-situ* system of implementing biodiversity conservation challenges, tuned to specific conditions of Russia; (iii) the proactive information partnership through www.biodat.ru; (iv) the methodology for the state cadastre assessment of land value, based on the assessment of "ecosystem services"; (v) incorporation of environmental indicators of land into the land statistics; (vi) management plans for the PA; (vii) establishment of regional PA associations, etc. In addition to that, the Project made a great contribution to building environmental awareness in the BNT. For example, the Project-sponsored ***Concept for Development of Lake Baikal Conservation Legislation*** gained support of the State Duma of the Russian Federation. It served as the basis for the development of 10 draft acts required to implement the FL "On Lake Baikal Protection". Organization of the **Baikal Council** (a coordinating body, operating in accordance with the same principles as the system of the Baikal Component Management under the GEF-financed Project) and of the Baikal Interregional Territorial Body of Russia's MNR are under way.

5. Financial Aspects of the Project. The total Project cost is assessed at ***US$ 39.7 million.*** An important contribution of the Project is the promotion of new financial resources for wildlife conservation in Russia. The GEF Grant proceeds in an amount of US$ 18.1 million (equivalent to SDR 13.8 million) will be spent by the Project completion date, which is September 30, 2003. The main changes in the Project budget were associated with the reduction of expenditures for some Project activities due to the denomination of the Grant in SDR. The two year extension of the Project duration resulted in the increased administration cost under Component D. In addition to this, the Project team reallocated the Grant proceeds among specific tasks under the Components as agreed with the steering bodies (MNR and World Bank). **The financial contribution of the Russian Federation is about US$ 20.4 million** consisting of (i) the state budget allocations for federal earmarked programs (equivalent to US$ 6.0 million); (ii) the state budget allocations for the payment and compensation of taxes and fees to the state budget under the Project activities (over US$ 970,000); (iii) cofinancing of regional strategies and plans of actions, small grants programs, and funds, attracted by the PA in 1997-2002 from various sources (US$ 13.42 million).

The Project contributed to the initiation of several major investment projects valued at more than US$110.0 million including the World Bank loans worth US$ 87.0 million. The Project initiated a number of new GEF applications from Russia. It was the Project PIU, who prepared the Project "Implementation of a Comprehensive Approach to Ecosystem Management in Model Territories for Biodiversity Conservation and Reduction of Habitat Fragmentation in Russia's Part of the Arctic" (GEF/UNEP, 2001), supported by the Russian Government and GEF. A number of follow up projects are under consideration in the MNR including the project "***Development of Territorial Approach to Biodiversity Conservation through Ecology-oriented Land Use in Traditional Agricultural Regions of Russia in the Context of Land Market Development".*** In 1997-2003, the Project results were used for the preparation of a number of GEF/UNDP projects. The focus of all the project applications is to identify priorities in biodiversity conservation and make the best use of learnings. One should specifically note that Russia has generated national expertise in the management of international environmental projects, with good knowledge of the international ecological money market and capacity to manage projects in accordance with the Bank guidelines and Russia's legislation.

In conclusion, it should be noted that the Project implementation is overall successfully completed, the GEF grant proceeds and the counterpart funds were used in a targeted fashion and with a high social, economic and environmental effect. We consider it necessary to recommend dissemination of the positive experience accumulated during implementation of this Project to the new GEF projects.

We wish to express sincere gratitude to the World Bank and first of all its Moscow staff, whose

businesslike and constructive cooperation allowed to implement the Project at a truly high level. The detailed description of the Project results is presented in the full report (see ICR Supporting Document 3).