

## I. Executive Summary

**Table 1 Project Summary Data**

Project Title:	Integrated Natural Resource Management in the Baikal Basin Transboundary Ecosystem			
GEF Project ID:	4029		<u>at endorsement (US\$)</u>	<u>at completion (US\$)</u>
UNDP Project ID:	4347 ATLAS ID: 00076781	GEF financing:	US\$3,898,000	US\$3,898,000
Country:	Russian Federation, Mongolia	IA/EA own:		
Region:	Europe & CIS	Government :		
Focal Area:	International Waters, Biodiversity	Other:		
FA Objectives, (OP/SP):	Strategic policy and planning framework, Institutional Strengthening for IWRM, Demonstrating methods and approaches for water quality and biodiversity mainstreaming	Total co-financing:	Cash contributions: Foundation for the Protection of Lake Baikal: US\$3,387,097 Coca-Cola: US\$300,000 UNESCO: US\$ 315,000  In-kind contributions: National Governments US\$15,161,290 Regional Governments US\$30,124,782	Cash contributions: Foundation for the Protection of Lake Baikal: US\$3,387,097 Coca-Cola: US\$300,000 UNESCO: US\$ 315,000  In-kind contributions: National Governments US\$15,161,290 Regional Governments US\$30,124,782
Executing Agency:	UNOPS	Total Project Cost:	US\$53,186,169	US\$53,186,169
Other Partners involved:	UNESCO, Federal Ministry of Natural Resources and Environment (MNRE) (Russia); Federal Ministry of Environment and Green Development (MEGD) (Mongolia)	ProDoc Signature (date project began):		20 June 2011
		(Operational) Closing Date:	31 December 2015	

### PROJECT DESCRIPTION AND OVERVIEW

1. The Baikal project was funded by the Global Environment Facility (GEF) with a grant amount of \$3.90 million United States dollars (USD) (not including \$0.18 million USD in project development financing, and \$0.40 million USD in project implementation fees), and originally planned co-financing of \$49.29 million USD, for a total project cost of \$53.19 million USD. The United Nations Development Programme (UNDP) is the GEF Agency, and executing partners are UNOPS, the Russian Federal Ministry of Natural

Resources and Environment (MNRE), and Mongolian Ministry of Environment and Green Development (MEGD).<sup>1</sup> The project has an expected approximately four-year implementation period, from late 2011 to December 2015.

2. As stated in the project document, the project objective is *“To spearhead integrated natural resource management of Baikal Lake Basin and Hövsgöl Lake ensuring ecosystem resilience, reduced water quality threats in the context of sustainable economic development.”* The project strategy is to take a multi-pronged IWRM approach addressing the range of threats and barriers to the Baikal Basin watershed.

3. The project objective is planned to be achieved through three main outcomes:

- **Outcome 1: Stakeholders Elaborate and Adopt a Strategic Policy and Planning Framework**
- **Outcome 2: Institutional strengthening for IWRM**
- **Outcome 3: Demonstrating methods and approaches for water quality and biodiversity mainstreaming**

4. The project target area is the transboundary watershed of Lake Baikal in Mongolia and Russia, which covers 54,000,000 ha, an area approximately the size of France. The project strategy includes a mix of scientific data aggregation, systemic and institutional capacity development (including policy strengthening), and practical on-the-ground demonstration activities. The core of the approach is the production of the Transboundary Diagnostic Analysis (TDA) and Strategic Action Program (SAP), as per the standard GEF international waters focal area approach.

5. According to GEF and UNDP evaluation policies, mid-term evaluations are required practice for GEF funded FSPs, and the mid-term evaluation was a planned activity of the monitoring and evaluation (M&E) plan of the Baikal project. As per the evaluation Terms of Reference (TORs) the mid-term evaluation reviews the actual performance and progress toward results of the project against the planned project activities and outputs, based on the standard evaluation criteria: relevance, efficiency, effectiveness, results and sustainability. The evaluation assesses progress toward project results based on the expected objective and outcomes, as well as any unanticipated results. The evaluation identifies relevant lessons for other similar projects in the future, and provides recommendations as necessary and appropriate. The evaluation methodology was based on a participatory mixed-methods approach, which included three main elements: a) a desk review of project documentation and other relevant documents; b) interviews with key project participants and stakeholders; c) field visits to a selection of project activity sites in the Baikal basin. The evaluation is based on evaluative evidence from the project development phase through April 2014, when the mid-term evaluation data collection phase was completed. The desk review was begun in March 2014, and the evaluation mission was carried out from April 7 – 18, 2014.

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<sup>1</sup> Formerly the Ministry of Nature, Environment and Tourism (MNET).

## **FINDINGS AND CONCLUSIONS ON THE MAIN EVALUATION CRITERIA**

6. The Baikal project is at a critical phase, where the governments of Russia and Mongolia must now move forward in a meaningful way in relation to agreement on the SAP, and on strengthening transboundary cooperation mechanisms. This includes a revised and updated agreement that can support transboundary integrated natural resource management based on current international norms and standards, and an enhanced joint institutional mechanism to support implementation of the SAP and effective transboundary cooperation. A large number of valuable outputs have been produced by the project, but it is necessary to have the bilateral cooperation mechanisms in place to support future work, and ensure sustainability of the Baikal project's impressive results. Concrete steps toward continued transboundary cooperation are urgent, as the project has only approximately 18 months remaining.

7. With respect to **relevance**, the project is considered **relevant / highly satisfactory** for strengthening integrated natural resource management and supporting sustainable in the Baikal basin. The project clearly supports priority transboundary environmental and water management issues between Russia and Mongolia, and is in line with numerous national policies and pieces of legislation in both countries. The project is also relevant to local resource user needs and priorities. The project is supportive of the agreed UNDP country priorities for each country, and is in-line with the GEF strategic priorities for the biodiversity and international waters focal areas. Further, the project clearly supports implementation of relevant multilateral environmental agreements, including the Convention on Biological Diversity (CBD), the Ramsar Convention, and the World Heritage Convention.

8. Project **efficiency** is rated **highly satisfactory**. Project implementation is considered satisfactory, while project execution (i.e. project management) is assessed as highly satisfactory. The project is well on-track with financial delivery, with 54.9% of the total GEF financing disbursed by the end of 2013, and greater than 95% annual budget delivery in 2012 and 2013. The results produced thus far are impressive relative to the project expenditure. Project management costs are also below the budgeted amount, and are expected to remain less than 10% of GEF funding. It is fully expected that the project will finish by the revised completion date of December 2015. Financial management procedures are in-line with norms for international development projects, and conform to UNDP and UNOPS policies and procedures, as well as the requirements of both participating governments. Project co-financing is on-track (with a co-financing ratio of 1 : 12.7), and could potentially significantly exceed originally expected amounts by the end of the project. The PMU is highly professional and has demonstrated excellent planning, reporting, and financial management. The project has good stakeholder engagement through various partnership approaches, though country ownership in Mongolia is weaker than in Russia.

9. The Baikal basin project is well on-track to make important progress toward the overall project objective, and to achieve the supporting three outcomes. Following the initial slow start (the six-month "inception phase"), the project is making good progress

on the activities in its agreed workplans. Project **results** thus far are rated **satisfactory**, and project **effectiveness** is also rated **satisfactory**. The results framework has some shortcomings, as it does not fully and adequately reflect project results, and at least one indicator has been completely dropped with approval of the PSC, while others have been modified or downscaled. Nonetheless, the project is on-track to achieve a majority of indicators. The most significant question for the Baikal project – as it is for most GEF international waters projects – is whether at the end of the day the participating countries will be willing to formally agree to concrete and specific measures in the final SAP, which will allow them to move forward in a meaningful and collaborative way. The current view for the Baikal project is optimistic, particularly since there are only two countries involved, but drafting of the SAP has only started, and there are a number of reasons that the countries may ultimately be reluctant to make further formal commitments.

10. Key results achieved with project support thus far include:

- Completion of the draft TDA by April 2013;
- Progress toward enhanced transboundary cooperation through submission to the Russian and Mongolian governments of a draft revised and updated transboundary agreement for the management of natural resources;
- Increased understanding and knowledge of ecosystem dynamics in the Baikal basin through multiple high quality technical studies and reports on various aspects of the Baikal watershed, including the water quality study for the Selenga delta, groundwater assessment, pollution transport model, and pollution hotspot assessment, as well as the forthcoming Baikal Atlas;
- Strengthened foundational elements of transboundary water resource management through significant progress on water monitoring harmonization;
- Enhanced capacity for effective integrate natural resource management through development of four river sub-basin management plans, with progress toward implementation of these plans;
- Good progress on the pilot and demonstration activities in Russia, including biodiversity-responsible mining practices, and development of ecotourism plans and infrastructure; and
- Increased information sharing and dissemination through development of the Baikal Information Center web portal.
- Another highly notable development is the Russian government's decision to close the Irkutsk paper mill on the south shore of Lake Baikal in early 2014; the mill had been identified as the single most significant point source of pollution to the lake. This action was not the direct result of project activities funded with GEF resources, though the Russian government's work to improve many aspects of environmental quality in the Baikal basin is clearly within the framework of the project.

11. Key issues and areas for attention for the Baikal project in the 2<sup>nd</sup> half of implementation include:

- Development of an SAP that is adequately concrete and specific, but that can also gain political support from both Russia and Mongolia;
- The need to make significant progress toward concluding bilateral agreement on a revised transboundary water and environment agreement, including consensus on an enhanced joint institutional mechanism to implement the agreement;
- Further progress toward implementation of river basin management plans that have been developed; and
- Capacity strengthening support for River Basin Administrations and River Basin Management Councils in Mongolia.

12. Sustainability is difficult to assess at the mid-term of a project, but risks to the sustainability of project results appears to be limited, and overall **sustainability** is considered **moderately likely**. Currently, financial risks and institutional/governance risks are not significant. Socio-political risks do exist in terms of whether Mongolia and Russia will be prepared to continue close formal cooperation on transboundary integrated natural resource management at the end of the project, as signified by adoption of the SAP, and substantive progress toward a revised and updated bilateral transboundary agreement. Environmental risks also do exist as well, considering the current uncertainty about potential hydropower development in the Baikal basin in Mongolia.

## RECOMMENDATIONS

13. **Key Recommendation 1:** The SAP development process should include consultations with sub-national government stakeholders, such as soum and aimag level government representatives in Mongolia. To ensure implementation of the SAP it must be integrated with the planning processes and policies of the Aimags whose territories are included in the Selenga basin. The project could support at least one round of stakeholder consultations, which should be held in the early phases of SAP development (presumably in the third quarter of 2014). If necessary the project should transfer resources from Outcome 3 to Outcome 1 to cover these activities. This could be facilitated through the environment departments of the Aimag governments. [PMU, Mongolia MEGD]

14. **Key Recommendation 2:** The project should explore the possibility of providing further immediate support to the government of Mongolia for reviewing and analyzing the draft revised transboundary agreement with Russia. This approach would follow similar activities undertaken in previous donor projects in which the project supported activities such as expert legal analysis, and consultation with the Department of Justice. Being a transboundary agreement, this would be facilitated in collaboration with both the MEGD and the Ministry of Foreign Affairs. The UNDP Mongolia Country Office may be able to help facilitate such an approach. [PMU, PSC]

15. **Key Recommendation 3:** The project exit strategy should be developed by the end of 2014, for approval by relevant stakeholders in early 2015. The exit strategy is necessary to clearly define roles and responsibilities to support the sustainability of

project results. This would include, for example, clear agreement about the responsibility for managing and updating the BIC website. [PMU, PSC]

16. **Key Recommendation 4:** It is recommended that the project explore all potential opportunities to undertake additional demonstration or pilot activities in Mongolia related to integrated natural resource management. The project has thus far included relatively few practical on-the-ground activities in Mongolia, and such activities are often important for gaining stakeholder support and buy-in, and raising awareness. This could have important dividends for the project in Mongolia, by engaging aimag and soum government stakeholders. [PSC]

17. **Recommendation 5:** The Baikal project should explore the option of collaborating with the GEF SGP in Mongolia to activate the Baikal NGO network, and potentially undertake some biodiversity-related pilot activities in Mongolia supporting IWRM management. [PMU, UNDP Mongolia Country Office, GEF SGP in Mongolia]

18. **Recommendation 6:** The project should consider a variety of approaches to increase the chances of the two countries moving toward accepting the revised and updated transboundary water and environment management agreement. One opportunity could be to hold a media event highlighting “20 years of cooperation” on water management between Russia and Mongolia (or even 40 years, going back to the 1974 agreement). This theme could also be extended to an academic conference on the subject where participants discuss and explore current key topics related to transboundary water management for the two countries. [MNRE, MEGD, PMU, PSC]

19. **Recommendation 7:** To strengthen the current plenipotentiaries mechanism in lieu of a new joint commission the project should work with the key stakeholders and both the government of Russia and government of Mongolia to integrate the SAP actions and targets into the meetings and workplans of the current plenipotentiaries mechanism. This would help consolidate the project results and strengthen sustainability, demonstrating initial steps toward implementation of the SAP. [MNRE, MEGD]

20. **Recommendation 8:** Once the BIC website is fully operational it should be promoted and linked to as many other relevant websites as possible, in particular the website of the MEGD in Mongolia and MNRE in Russia, as well as the websites of the environmental agencies of the Republic of Buryatia and the relevant Aimags in Mongolia. The BIC will be a great public information resource, but it is necessary to make a proactive effort to drive website traffic to the site to ensure that it becomes known to the widest possible relevant audience. This would include search-engine optimization as well, and, for example, publication of the website URL on any printed materials of the project. [PMU, BIC developers]

21. **Recommendation 9:** In Mongolia the project should seek opportunities to develop the capacity of Mongolia’s watershed management institutions, i.e. River Basin Management Authorities and River Basin Councils. This could include, for example, the possibility of developing the capacity of the River Basin Councils to act as conduits for public and expert input to EIAs relevant to the river basin management plans. In addition, the River Basin Management Authorities are expected to operate as key actors

in implementing integrated water resource management in Mongolia, but they require training and technical capacity on IWRM issues and approaches. The River Basin Management Authorities and River Basin Councils for the Eg and Ider rivers are still being established, and thus there is a good opportunity for the Baikal project to directly contribute to the establishment of these bodies to support implementation of the river basin management plans that were developed under the Baikal project. [PMU, PSC, MEGD]

22. **Recommendation 10:** The project should increase activity related to responsible mining in Mongolia. The project should ensure that the lessons from the biodiversity friendly mining pilot activities on the Russian-side are documented and shared with the Mongolian colleagues. In addition, the project should engage with the stakeholders in Mongolia involved with identifying and disseminating environmentally responsible best practices for the mining industry. The Asia Foundation has organized stakeholder roundtable events on this issue, and it is a critical issue for the Baikal watershed in Mongolia. The above activities would require relatively little project funding. In addition the project should explore the option of conducting environmentally responsible mining pilot projects in Mongolia (most likely in the artisanal sector), not necessarily with biodiversity funding, but with funding from the international waters portion of the project budget, or with funding from other partners, such as the GEF-SGP. [PMU, PSC]

23. **Recommendation 11:** The project should conduct an assessment of the feasibility and opportunities for citizen-based water quality monitoring networks, supporting the implementation of river basin management plans. Such a program would help more closely track water quality issues; Mongolia's rivers have a high capacity for quick self-cleaning, so if pollution or water quality issues are reported, by the time government officials are able to respond and test the water, the pollution may already be significantly diluted. Citizen-based monitoring programs also serve a dual purpose of increasing public awareness and supporting environmental education, and they can also be relatively cost-effective means of collecting basic monitoring data. Examples of such programs include the Georgia (USA) Adopt-A-Stream program (<http://www.georgiaadoptastream.com/db/>), and Cook Inletkeeper (Alaska, USA) Citizen Environmental Monitoring Program (<http://inletkeeper.org/clean-water/citizen-monitoring>). [PMU, PSC]

24. **Recommendation 12:** The key technical experts from the Baikal project should participate in the inception workshop of the FAO/GEF mainstreaming project that will be starting in 2014, in order to identify all potential synergies between the two projects. One area of potential synergy may be related to Payments for Ecosystem Services, which the FAO project plans to pilot within Mongolia. [PMU, UNDP, FAO]

25. **Recommendation 13:** Support information dissemination and awareness raising of key issues identified in the TDA through 1-2 page policy briefs highlighting the key points of the primary threats and issues identified in the TDA for the Baikal Basin, particularly for Mongolia. Stakeholders highlighted the fact that it is critical to continue raising awareness of high-level policy makers in understanding these complex issues. [PMU]

26. **Recommendation 14:** There is an excellent opportunity to explore and assess the feasibility of payments for ecosystem services (PES) from a transboundary perspective. There are numerous examples of successful PES for watershed maintenance around the world, but there are few or no known examples of transboundary PES. The Baikal basin has strong potential for such a scheme, since Russia is the downstream partner, and has greater resources (higher GDP, higher level of development) than Mongolia. A PES scheme could even be explored on a non-cash basis, where Russia agrees to provide technical support, or timber, or invest in development in Mongolia (specifically, for example, in the soums located ear the border) in exchange for a guaranteed level of water quality in the Selenga river as it crosses the border, or for ensuring a certain level of forest coverage in specific zones in Mongolia. It is highly unlikely that such a scheme could be piloted on a small scale before completion of the current IWRM project, but the concept should be explored, potentially with an exploratory concept paper or feasibility study, and inclusion of the idea in the SAP. Moving toward such a scheme could be globally significant. [PMU, PSC, SAP drafting team]

27. **Recommendation 15:** The evaluation recommends that the project keep detailed records of co-financing received from all sources. With the Russian Federal investment program in the Baikal region the project can be considered to have more co-financing than originally planned. At the same time, the number and type of co-financing partners, not just the amount of co-financing received, can be an important indication of stakeholder ownership and support. Thus it would be beneficial for the project to record the range of partner organizations who have contributed any amount of cash or in-kind co-financing. [PMU]

28. **Recommendation 16:** The evaluation recommends that the project results framework be reviews in its entirety following this mid-term evaluation to ensure that additional changes are not required in the 2<sup>nd</sup> half of the project. In particular, the indicators for Outcome 2 are not reflective of the planned project results under this outcome. [PSC]

#### **BAIKAL PROJECT MID-TERM EVALUATION SUMMARY RATINGS TABLE**

<b>Evaluation Ratings:</b>			
<b>1. Monitoring and Evaluation</b>	<b>rating</b>	<b>2. Implementation &amp; Execution</b>	<b>rating</b>
M&E Design at Entry	MS	Quality of UNDP Implementation	S
M&E Plan Implementation	S	Quality of Execution - Executing Agency	HS
Overall Quality of M&E	S	Overall Quality of Implementation / Execution	S
<b>3. Assessment of Outcomes</b>	<b>rating</b>	<b>4. Sustainability</b>	<b>rating</b>
Relevance	R / HS	Financial Resources	L
Effectiveness	S	Socio-political	ML
Efficiency	HS	Institutional Framework and Governance	L
Overall Project Outcome Rating	S	Environmental	ML
<b>5. Impact</b>	<b>rating</b>	Overall Likelihood of Sustainability	ML
Environmental Status Improvement	M		
Environmental Stress Reduction	M		
Progress Toward Stress/Status Change	M	<b>Overall Project Results</b>	S