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IMPLEMENTATION COMPLETION REPORT  
(TF-28267)

ON A GRANT

FROM THE GLOBAL ENVIRONMENT FACILITY

IN THE AMOUNT OF SDR 5.6 MILLION  
(US\$ 6.9 MILLION EQUIVALENT)

TO THE  
GOVERNMENT OF UKRAINE

FOR A  
AZOV - BLACK SEA CORRIDOR BIODIVERSITY CONSERVATION  
PROJECT

(GEF Grant No TF028267 UA)

June 21, 2006



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## CURRENCY EQUIVALENTS

(Exchange Rate Effective May 30, 2006)

Currency Unit = Hryvnia (UAH)  
UAH 1 = US\$ 0.198  
US\$ 1 = UAH 5.05

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CPPR	Country Portfolio Performance Review
GEF	Global Environment Facility
ICB	International Competitive Bidding
ICR	Implementation Completion Report
MENR	Ministry of Environment and Natural Resources of Ukraine
NCB	National Competitive Bidding
NGO	Non Governmental Organization
NNP	National Nature Park
PA	Protected Area
PAD	Project Appraisal Document
PIU	Project Implementation Unit
QAG	Quality Assurance Group
RLP	Regional Landscape Park
RLTP	Ukraine Rural Land Titling and Cadastre Development Project
SDR	Special Drawing Rights
TTL	Task Team Leader

Vice President:	Shigeo Katsu
Country Director	Paul Bermingham
Sector Manager	Benoit Blarel
Task Team Leader/Task Manager:	John Fraser Stewart

**UKRAINE**  
**Azov Black Sea Corridor Biodiversity Conservation GEF Project**  
**Implementation Completion Report**

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<i>Project ID:</i> P048790	<i>Project Name:</i> Azov Black Sea Corridor Biodiversity Conservation GEF Project
<i>Team Leader:</i> John W. Fraser Stewart	<i>TL Unit:</i> ECSSD
<i>ICR Type:</i> Core ICR	<i>Report Date:</i> June 27, 2006

## 1. Project Data

*Name:* Azov Black Sea Corridor Biodiversity Conservation GEF Project

*L/C/TF Number:* TF-28267

*Country/Department:* UKRAINE

*Region:* Europe and Central Asia Region

*Sector/subsector:* General agriculture, fishing and forestry sector (65%); Other social services (21%); Agricultural extension and research (14%)

*Theme:* Biodiversity (P); Water resource management (P); Environmental policies and institutions (S); Other rural development (S); Participation and civic engagement (S)

### KEY DATES

*PCD:* 01/30/1997  
*Appraisal:* 12/21/2001  
*Approval:* 01/22/2002

	<i>Original</i>	<i>Revised/Actual</i>
<i>Effective:</i>	04/30/2002	01/06/2003
<i>MTR:</i>		
<i>Closing:</i>	12/31/2006	12/31/2006

*Borrower/Implementing Agency:* UKRAINE/MINISTRY OF ENVIRONMENTAL PROTECTION/ NGO InterEcoCentre

*Other Partners:* authorities of the participating regions, national and regional non-governmental organizations, research and education centers, local communities

STAFF	Current	At Appraisal
<i>Vice President:</i>	Shigeo Katsu	Johannes Linn
<i>Country Director:</i>	Paul G. Bermingham	Luca Barbone
<i>Sector Manager:</i>	Benoit Blarel	Marjory-Anne Bromhead
<i>Team Leader at ICR:</i>	John Fraser Stewart	Phillip Brylski
<i>ICR Primary Author:</i>	Serguei Milenin	

## 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:* U  
*Sustainability:* UN  
*Institutional Development Impact:* N  
*Bank Performance:* U  
*Borrower Performance:* HU

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

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

#### 3.1 Original Objective:

The *Development Objective* of the Azov-Black Sea Corridor Biodiversity Conservation Project was to conserve coastal biodiversity within the Azov-Black Sea coastal corridor by strengthening the protected area network, mainstreaming biodiversity conservation into the surrounding agricultural areas, and by building support at the national and international levels for sustainable development of the region's unique biological landscape. The *Global Environmental Objective* was to support in-situ conservation of biodiversity and threatened wetland ecosystems through improved protected area planning and reduction of agricultural impacts on Ramsar sites.

Assessment of objective The Ukrainian coasts of the Black and Azov seas contain large and biologically diverse wetland complexes, some of which are the best or only remaining examples of such habitat types in Europe. About 650,000 hectares of the most important of these habitats are designated as Ramsar sites. The shallow fresh and salt water communities are critical spawning grounds for numerous species of fish. These wetlands and the adjoining endangered upland steppe serve as key components of an ecological corridor that links natural communities in the northern Black Sea region and provides critical wintering and feeding habitats for over one million of waterbirds migrating through the northwest shelf along various Eurasian – African flyways. In addition to this global environmental function, the marine, wetland and steppe communities together support more than 100 internationally endangered species. The prevailing unsustainable agricultural and land management practices pose significant threat to the environment of the corridor, and some of its important elements have already been lost. Ukraine undertakes a number of national initiatives to support conservation and prevent habitat degradation in the corridor: it maintains existing protected areas, builds legal grounds for the development of the ecological network, and carries out biodiversity monitoring. These efforts are in line with country's core obligations under international agreements addressing biodiversity conservation, protection of migratory species, and the environmental protection of the Black Sea (Convention on the Conservation of Biological Diversity, the Bucharest, Bonn and Bern Conventions, and etc.).

In that context project objectives are clear and important for Ukraine as they reflect its essential priorities for environmentally sustainable development of the Azov-Black Sea coastal area. The project would strengthen conservation of natural habitats by increasing protected area coverage and promoting throughout the region of biodiversity-friendly agricultural practices. In the long-term, this would significantly help sustain corridor's capacity to perform its critical environmental functions. Project objectives were realistic in view of (i) sufficient locally available technical knowledge; (ii) extensive national experience in protected area management; (iii) positive experience of the completed donor-financed conservation programs; and (iv) match of the project objectives to the operative national programs and country international commitments.

The project was included in the CAS 2000 and addressed the following CAS objectives: (i) help the Government develop the legal and institutional framework for environmental regulation; (ii) improve the capacity of the Ministry of the Environment and related agencies;

and (iii) efficiently prepare and implement larger environmental investment projects in the protection of biodiversity and improvement of land, water and solid waste management (Report No 20723-UA of August 16, 2000). Project objectives remain relevant under the current CAS 2003 (Report No 26448-UA of September 29, 2003; Progress Report No 32250-UA of May 19, 2005), which specifies protection of natural environment as area for priority Bank intervention. Project objectives are 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).

A significant strategic advantage of the project was to be its expected linkage with the IBRD financed Ukraine Rural Land Titling and Cadastre Development Project, which was prepared in parallel, and would link parcellization of land to wetland conservation through protecting stream borders, and the other vulnerable habitats in the Azov – Black Sea corridor.

The project aimed at strengthening the environmental policies and improving practices of protected area management and of agricultural operations. 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 and stakeholder organizations involved. The geographic dispersion of project sites added to the complexity of the project. Given the Recipient's very limited previous experience in administering similar large-scale 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 GEF cost - US\$ 6.9 mln) consisted of five components to be implemented in 5 years: (1) Support protected areas management, (2) Support protected area and corridor planning, (3) Build capacity and awareness for biodiversity conservation, (4) Demonstrate biodiversity friendly agriculture practices, and (5) Project management and information dissemination. Activities of components are summarized below.

#### 1. Support protected areas management (original GEF cost US\$ 3.31 mln).

The project would implement measures for improved management at priority marine and terrestrial protected areas in the corridor through: (i) creation or expansion of protected areas at the proposed Sivash (priority parts of its 200,000 hectares of open water, mudflats and saltmarshes) and Preazovsky (100,000 hectares of bays and coastal wetlands) national parks; (ii) preparation and implementation of management plans for these protected areas and three existing protected areas (Chornomorsky biosphere reserve and Granite-Steppe Pobuzhia and Meotida regional landscape parks); and (iii) professional development for park staff in protected area administration and management planning, wetland and waterbird ecology and management, warden skills, and visitor management.

2. Support protected area and corridor planning (original GEF cost US\$ 0.61 mln)

The Project would develop and implement a corridor conservation strategy for maintaining the corridor's ecological function, based on the following activities: (i) identify and prioritize key natural areas and ecological functions and their management requirements, through remote-sensing assisted inventories of natural habitats; (ii) establish a monitoring system of biodiversity in the corridor, focusing on indicators of ecosystem health, such as migratory waterbird numbers as indicators of flyway function; (iii) finalize the coastal protected area plan to expand areas under regional management and identify the roles of protected areas in local economies and financing needs for their long-term operation; and (iv) prepare land-use plans to locate natural areas which contribute significantly to the corridor's ecological function and to identify needs to mainstream biodiversity conservation into regional development plans. The implementation of recommendations under these planning activities would be supported by the small grants program of the Component 3 of the project.

The project would also map environmentally important areas (small rivers, forests, wetlands) around key Ramsar sites in the corridor, educate farmers and local governments about sustainable uses of these, and build consensus on ownership and use of non-agricultural and marginally productive agricultural lands within the privatized farm collectives.

3. Build capacity and awareness for biodiversity conservation (original GEF cost US\$ 1.27 mln).

The Project would build awareness of and support for wetlands conservation through an environmental education program and implement a competitive small grants program to support implementation of practical conservation measures by local communities, NGOs and individuals. This component would also support regional and international cooperation in wetlands conservation and waterfowl flyway management through regional exchange programs and by two regional conferences on wetland and waterbird conservation.

4. Demonstrate biodiversity friendly agriculture practices (original GEF cost US\$ 0.84 mln).

The project would assess environmental management needs for lands within the former collective farms, including needs for soils conservation and management of on-farm wetlands. The project would also evaluate the feasibility of developing conservation easements, with favorable tax incentives, for environmentally sensitive, marginal agricultural lands. Ukrainian agricultural, land management and environmental institutes would carry out these assessments for each former collective, and incorporate the results into the land titling outputs. The project would also implement sustainable agricultural practices at the farm and landscape levels, working through a competitive small grants program for improved on-farm management practices, which would have direct biodiversity conservation benefits for the priority protected areas in the corridor. The project would fund: (i) works, goods and services to improve management and protection of riparian areas and other natural habitats, and to improve management of soils, livestock, and livestock waste in buffer zones around Ramsar sites, and (ii) technical and other services by agricultural institutes, farmers/farmer associations, and NGOs to provide training or to disseminate the techniques and lessons learned.



5. Project management and information dissemination (original GEF cost US\$ 0.87 mln). The project would finance the operating costs of a Project Implementation Unit (PIU) under the Ministry of Environment and Natural Resources. The PIU would undertake procurement of goods, works and consultant services to implement the project. It would also develop and maintain a communications support system to serve project participants and stakeholders, and would monitor and evaluate project implementation.

As indicated in *Section 3.1*, the project would extensively cooperate with the Ukraine Rural Land Titling and Cadastre Development Project (RLTP) funded by the IBRD loan. The total associated financing from the RLTP was estimated at US\$ 16 mln.

Assessment of the design:

*Technical* The project technical design was overall reasonable and was properly linked to its development and environmental objectives. Analysis of project alternatives at appraisal was adequate. The selection of interventions, their scope and regional focus were appropriate and sufficiently substantiated. The project operationalized recommendations of the GEF-financed Regional Black Sea Environment Program and incorporated lessons learned from other completed conservation activities in Ukraine - Danube Delta Biodiversity and Transcarpathian Biodiversity Conservation Projects. Thus, lessons learned were reflected in the project's (i) strong regional focus of activities, (ii) active involvement of non-governmental stakeholders, (iii) clear linkages between conservation and socioeconomic objectives, and (iv) participatory implementation to build and sustain local ownership. The project was highly demanding on the Recipient's implementation capacity because of its (i) complex institutional setting, involving multi-stakeholder participatory arrangements for local implementation, (ii) innovative nature of mainstreaming of the conservation in agriculture and land management practices, and (iii) significant geographic scope of activities.

*Implementation arrangements* The Ministry of Environmental Protection (MEP) had the overall responsibility for implementation. The implementation would be supported through MEP line departments and territorial branches in the regions. A Project Steering Committee under MEP would facilitate coordination and interaction with the environmental authorities of the project regions. A Scientific Advisory Committee would review and endorse activities related to the project's scientific program. Local Advisory Committees, established in each project region, would represent the wide range of regional and local governmental and non-governmental stakeholders. The project implementing agency or implementation unit (PIU) – a local NGO InterEcoCentre – contracted by MEP under Component 5, would administer project activities, including procurement, financial management, and technical supervision. The central PIU office would be based in Kiev and the three PIU regional offices would be established in the project targeted area.

The project had a number of critical weaknesses, which eventually contributed to failure of the operation. These weaknesses mostly derived from inadequate appraisal of the Recipient's implementation capacity:

- (i) Inappropriate NGO arrangement for project execution Although the planned extensive NGO involvement in various project activities was a positive element of design, the outsourcing of central implementing agency (PIU) functions by MEP to a local NGO resulted in substantially reduced leadership on the part of the government in addressing critical implementation issues.
- (ii) PIU not fully empowered to implement the project The NGO InterEcoCentre, sole-sourced to perform the function of PIU was unable to perform effectively partly because of its lack of authority to take operational decisions. The need and demand on the part of MEP for close supervision and guidance over the NGO rendered the proposed PIU arrangement inoperable.
- (iii) Lack of clarity as regards project oversight responsibility within MEP Although it was an initial understanding that the MEP's State Agency for Protected Areas would take the lead in implementing the project, a single point of responsibility within MEP for project oversight and deliverables was not established, resulting in functional inefficiency and reduced ownership.
- (iv) No effective arrangement for inter-ministerial coordination Another weakness, although less critical, relates to the absence of adequate arrangement for national level inter-ministerial coordination under the project. Such an arrangement could have been integrated with the Project Steering Committee or operate separately (in a form of a committee or a working group) to address critical implementation issues like budgetary co-financing or cross-sectoral coordination of activities. In the absence of this arrangement it took a year to complete actions for project effectiveness, MEP also failed to timely organize required co-financing and tax regime for the project. Coordination of the educational segment of the project with the Ministry of Education also became an issue. Later in implementation, a coordination with the agricultural authorities would be required for the agriculture-related activities to proceed and be effectively replicated.

There were also other issues related to the project at-entry readiness for implementation:

- (v) Recipient co-financing not secured The project entered implementation without established arrangement for counterpart financing. Co-financing in the form of cash contribution and /or tax and customs duty exemptions was essential for the implementation to proceed. In the absence of the adequate co-financing arrangement established at preparation, MEP for 2 years following project effectiveness was unable to mobilize required resources from the national budget or ensure relevant tax exemptions. This led to distortions in implementing the technical program, and undermined timely project start-up.
- (vi) Not all project technical and operational requirements laid out in sufficient detail Critical project activities, particularly related to the development of the framework corridor conservation strategy, biodiversity monitoring, and mainstreaming of conservation in agricultural operations, were not adequately developed and discussed with stakeholders in sufficient detail during preparation, and this contributed to significant start-up delays.

### *3.4 Revised Components:*

The original project components were not revised.

### *3.5 Quality at Entry:*

Although the project technical design had a number of important positive and innovative features, the quality at entry is rated **unsatisfactory** because of weaknesses related to (i) appraisal of the Recipient's implementation capacity and arrangements for project oversight and execution, and (ii) availability of counterpart financing.

Risks related to the implementation capacity of MEP and the proposed PIU arrangement were underestimated. The NGO InterEcoCentre failed to timely establish and maintain critical procurement and financial management capacity to administer project activities, and lack of single-point responsibility as well as inter-ministerial coordination compromised the Recipient's ability to address implementation issues. This led to the Recipient's non-compliance with legal covenants and failure of the project.

Although the commitment of the government to provide required budgetary co-financing or tax exemptions for the project was agreed at appraisal and re-confirmed at negotiations, this issue was not entirely resolved before project presentation to Board. However, at the time of project processing there was already an operative national procedure and experience of granting tax exemptions for GEF-financed projects, and this critical issue could have been fully addressed. The unavailability of counterpart funding significantly delayed start-up activities, contributed to the loss of momentum and ownership, and to the eventual failure of the project.

The project was not subject to a quality-at-entry review by QAG.

## **4. Achievement of Objective and Outputs**

### *4.1 Outcome/achievement of objective:*

The outcome is rated **unsatisfactory**. The project failed to achieve its objectives to conserve biodiversity within the Azov-Black Sea coastal corridor by (i) strengthening the protected area network, (ii) mainstreaming biodiversity conservation in agricultural operations outside protected areas, and (iii) building national and international support for the sustainable development of the region. Project start-up was significantly delayed because of a one year delay in effectiveness and the subsequent two year delay in provision of Recipient counterpart funds. Subsequent implementation was slow due to the prevailing combination of obstacles, which included insufficient leadership on the part of the government and lack of proactive management and capacity in the implementing agency (PIU). The project was cancelled by the Bank when it became apparent that the DO would not be achieved. Of the original allocation of US\$ 6.9 mln (an equivalent of SDR 5.6 mln at appraisal), only US\$ 1.10 mln was spent.

However, the project did initiate some activities that would contribute to the achievement of development and environmental objectives. These activities had strong local ownership and their demonstration impact was valuable.

### *4.2 Outputs by components:*

Outputs of all project components are rated **unsatisfactory**, as only a few activities of the original program were initiated, and none of those was completed in full. The project sector policy, physical, and institutional development objectives were not achieved. Key outputs by components are summarized below.

Component 1. Support protected areas management (GEF cost US\$ 3.31 mln planned, US\$ 0.69 mln actual).

Project financed *creation of new and expansion of the existing protected areas*. This included conversion of the selected existing Regional Landscape Parks (RLPs) into National Nature Parks (NNPs) to improve their protective regime and national budgetary support. Activities related to (i) the establishment of the new Pryazovsky NNP with an area of 79,000 hectares; (ii) expansion by 10,000 hectares of the Meotida RLP, which was recently established with support from the UK Know-How Fund, and its conversion into NNP; and (iii) expansion of the Chornomorsky Biosphere Reserve by 10,000 hectares to increase its total area to 60,000 hectares, were largely successful. Although by the time of the project closure the establishment and expansion of these protected areas were not finalized, key decisions at the local level were made and their adoption by the presidential decree is expected within one year. Establishment of the new Sivashsky NNP (about 85,000 hectares) and expansion and conversion into NNP of the existing Granite-Steppe Pobuzhia RLP (about 10,000 hectares), is pending agreement with the respective regional authorities and is unlikely to be finalised within a reasonable time. Development of new regulations to improve legal base for establishing protected areas was also initiated.

Activities were undertaken to *improve management planning in protected areas*. Management plans were developed for the selected wetland sites of high conservation value, including Molochny Liman (part of the proposed Preazovsky NNP) and Buzskie Broyaki (part of Granite-Steppe Pobuzhia RLP). Analysis of the water regime was completed for the proposed Nizhne-Dnestrovsky NNP. Hunting management plan was developed for an area within the proposed Sivashskiy NNP. Analysis with recommendations for sustainable use was made for waterfowl resources of the Sivash lake.

The project initiated *delivery of critical equipment for protected areas and environmental authorities* to strengthen their operational capacity. Thus, field, biodiversity monitoring, and office equipment (vehicles, boats, boat engines, GPS navigators, binoculars, tents, laboratory devices, computers, and etc.) for the total amount of US\$ 0.25 mln was provided to 11 protected areas, including Teligulsky, Kinburzhskaya Kosa, Granit Steppe Pobuzhia and Meotida RLPs; Azovo-Sivashsky NNP; and Chornomorsky, Askaniya-Nova and Dunaisky Biosphere Reserves. Vehicles and office equipment were procured for Departments of Environment and Natural Resources of the participating regions - Zaporizhye, Mykolaiv, Odessa, Kherson, and Donetsk oblasts and the Autonomous Republic of Crimea.

In protected areas the project also (i) completed minor *construction works to improve field infrastructure* (offices, information boards), (ii) helped *publish information materials*, and (iii) financed selected *incremental operating costs* (fuel, vehicle spare parts, etc.).

Activities for the *professional development in protected areas management and wetlands conservation* included (i) training workshop in Meotida RLP for protected area managers and environmental officials, (ii) training courses in Melitopol and Simpheropol on wetlands conservation for managers of hunting associations and hunters, and (iii) support to the newspaper of the Dunaisky Biosphere Reserve.

Component 2. Support protected area and corridor planning (GEF cost US\$ 0.61 mln planned, US\$ 0.09 mln actual). In summer 2004 the project completed a *corridor-wide wetland bird inventory*. That inventory covered 100 bird species associated with 81 key wetland sites and was the first coordinated monitoring program addressing the entire Azov-Black Sea coastal area.

The other planned activities related to (i) finalizing corridor conservation strategy, (ii) establishing landscape level monitoring, and (iii) developing land use plans to improve land use practices within the corridor, were not implemented.

Component 3. Build capacity and awareness for biodiversity conservation (GEF cost US\$ 1.27 mln planned, US\$0.04 mln actual). A national – level *environmental education program* was developed and agreed between MEP and the Ministry of Education. The project also published and disseminated the field guide “Birds of Ukraine”.

Planned activities related to (i) building capacity of environmental NGOs, (ii) developing small grants program to support conservation, and (iii) promoting regional and international cooperation, were not implemented.

Component 4. Demonstrate biodiversity friendly agriculture practices (GEF cost US\$ 0.84 mln planned, US\$ 0.001 actual). Although some design work was made for the farmers training, no activities on the ground were implemented to mainstream biodiversity conservation in agricultural operations.

Component 5. Project management and information dissemination (GEF cost US\$ 0.87 mln planned, US\$ 0.28 mln actual). The component financed operating costs of the NGO InterEcoCentre, which was the implementing agency (PIU) for the project. InterEcoCentre was unable to operate effectively due to the continuous lack of qualified procurement and financial management staff. A communications support program, also planned under that component, was not implemented.

A set of DO- and results-oriented performance indicators was developed for the project at appraisal. However, because of the significant implementation delays and operational problems, the actual progress had to be monitored against a number of processing and intermediary results targets related to strengthening implementation capacity and managing the few initiated activities. The planned critical and innovative linkages to the associated Bank-financed Rural Land Titling and Cadastre Development Project did not materialize.

#### 4.3 Net Present Value/Economic rate of return:

N/A

*4.4 Financial rate of return:*

N/A

*4.5 Institutional development impact:*

Project activities to improve performance of the environmental authorities, strengthen environmental regulation and introduce important policy change towards mainstreaming of biodiversity conservation in agricultural operations were not implemented. The initiated activities to strengthen protected area system in the corridor were not completed in full. Therefore, the institutional development impact of the project is **negligible**.

## **5. Major Factors Affecting Implementation and Outcome**

*5.1 Factors outside the control of government or implementing agency:*

Positive factor:

*Availability of local non-governmental co-financing* In view of the Recipient's inability to provide national co-financing in a timely manner, some local non-government stakeholders established alternative arrangements for provision of counterpart funding. Co-financing from local sources allowed some corridor biodiversity monitoring and initiation of some start up project activities to proceed in the Meotida RLP at a time when national budgetary co-financing was not available.

*5.2 Factors generally subject to government control:*

Negative factors:

*Delay in providing budgetary co-financing* National co-financing agreed at appraisal was not made available until 2005 - 2 years after project effectiveness. This caused significant delays in project start-up and resulted in reduced commitment to the project by some stakeholders.

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

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

and its ability to timely take and implement operational decisions.

### *5.3 Factors generally subject to implementing agency control:*

#### Negative factor:

*Delays in hiring key staff and lack of staff continuity* The PIU InterEcoCentre delayed contracting of procurement and financial management staff with the required qualifications. Some PIU staff contracts were not effectively managed, and this led to frequent changes and lack of continuous presence of essential specialist staff. This resulted in significant project implementation delays and inadequate financial management reporting.

### *5.4 Costs and financing:*

In the PAD the total project costs were estimated at the equivalent of US\$ 32.5 mln, of which US\$ 6.9 mln were to be financed by the GEF grant (SDR 5.4 mln at appraisal). Counterpart financing from all Recipient sources was estimated at US\$ 2.4 mln. The co-financing from the Land Titling and Cadastre Development Project (associated IBRD loan) was planned at US\$ 16.0 mln. Additional funding in the amount of US\$ 7.2 mln was expected from bilateral donors.

As indicated above, because of significant operational problems including the lack of counterpart financing, most of the appraised project activities were not implemented. Only US\$ 1.1 mln or 16 % of the original GEF allocation was spent. Recipient co-financing amounted to US\$ 0.1 mln. The UK Know-How Fund provided associated financing in the equivalent of US\$ 0.4 mln. The original GEF project costs and the actual expenditures are summarized in *Annex 2*.

## **6. Sustainability**

### *6.1 Rationale for sustainability rating:*

Maintenance of the achievements generated by the project in relation to its objective is considered overall **unlikely**, as there appears to be no Recipient's capacity to properly institutionalize project deliverables. In particular, substantial inputs will still be required to finalize establishment of the Pryazovsky NNP and the other planned new protected areas, and there is no clear evidence that the government will allocate sufficient resources to complete these activities.

### *6.2 Transition arrangement to regular operations:*

Project activities were fully integrated into the regular operation of beneficiaries, including the existing protected areas and MEP territorial departments in the regions. Therefore, most of activities did not require special transition arrangements. Additionally, investments on the ground supported core long-term functions of project beneficiaries and largely had a strong local ownership. Thus, the operation of Meotida RLP (established under the associated program of the UK Know-How Fund and strengthened under the project) is likely to successfully continue, as this park now already has an established management regime and

infrastructure, and there is also a commitment and substantial budgetary allocations on the part of the regional authorities to support it.

## **7. Bank and Borrower Performance**

### **Bank**

#### *7.1 Lending:*

**Unsatisfactory.** Bank performance in lending is rated unsatisfactory because of weaknesses related to the project's quality at entry (see *Sections 3.3 and 3.5*). In particular, the Bank failed to adequately appraise project implementation arrangements and properly assess and mitigate capacity-related risks. Recipient's counterpart financing was not secured before project presentation to Board. Also, the dialogue at preparation appears to have been weak in areas of: (i) developing integrated corridor conservation strategy, and (ii) mainstreaming conservation in agricultural operations, whereby technical guidance for these activities were not laid out in sufficient detail in the project documentation.

On the positive side, the objectives of the project were consistent with government development priorities and with the CAS. Project's technical design was overall sound. The project complied with Bank's applicable safeguard policies and the assigned environmental category B was appropriate.

#### *7.2 Supervision:*

**Satisfactory.** The lack of workable co-financing arrangement and poor implementation capacity from the outset were recognized and brought to Recipient's attention. Thus, the first mission after project effectiveness (in May 2003) flagged delays in hiring qualified procurement and financial management staff to the PIU. The May 2003 mission agreed with MEP and PIU on a detailed action plan to address the delays, however, implementation of the plan failed. In October 2003 the Bank notified the Recipient of poor performance of the PIU and the need to agree on urgent measures to strengthen PIU capacity. Following the Recipient's failure to implement these measures and put implementation on track, in April 2004 the Bank proposed project implementation arrangements be improved. At that point MEP undertook to consider several options for improvement, including the option of transferring implementation functions directly to the ministry. In April 2004 MEP also agreed on a two year implementation plan for the project and on a priority action plan to be closely monitored as an indicator of project performance. In view of the very limited progress in implementing the action plan, the repeated lack of qualified procurement and financial management staff in the PIU, and its inadequate reporting, in October 2004 the Bank informed the Recipient of the possibility of project suspension. As a result of insufficient remedial action and continued Recipient non-compliance with legal covenants, the Bank suspended the project on June 23, 2005, and then, cancelled the project as of August 24, 2005.

In September 2004 the QAG reviewed the quality of supervision for FY03-04. Although the review noted a proactive and forceful procurement supervision and good Bank inputs on financial management, it assigned "unsatisfactory" rating as the task team appeared to have delayed project suspension. The QAG also recommended considering decentralizing project



execution to the authorities of the participating regions. The Bank had, indeed, somewhat delayed moves to suspension, primarily because even in the later stages of implementation assurances were being provided from the highest level of MEP that project implementation arrangements would be improved. The task team considered various restructuring options, including those recommended by QAG. Decentralization of implementation oversight to regional authorities proved to be impossible as MEP could not take the necessary measures to allocate resources to its regional units. Lack of success in pursuing other alternatives, including adjusting and improving implementation responsibilities within MEP at the central level, led the Bank to first suspend and then cancel the project.

While dialog with Government during the protracted period between Board and effectiveness could have been stronger, supervision by the Bank following effectiveness was diligent and proactive. During supervision the Bank: (i) identified implementation problems early on, (ii) recommended actions to address problems, and (iii) provided extensive support and staff time to guide and assist the Recipient to take corrective actions. Although some of the project ratings in the PSRs prior to June 2004 may have lacked realism, the performance reporting through BTOs and Aide-Memoires was adequately thorough. Supervision on the fiduciary aspects of project management and the procurement supervision were particularly strong. The Country Unit provided valuable support and guidance to the task team. 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 sector and country management to staff at critical points were adequate.

### *7.3 Overall Bank performance:*

**Unsatisfactory.** The operation appears to have failed as a result of inadequate implementation design, and inability on the part of the Recipient to rectify deficiencies.

### **Borrower**

### *7.4 Preparation:*

**Unsatisfactory.** Although the project technical design was sound, and there was substantial stakeholder commitment in the regions, the Recipient failed to secure counterpart funds required for implementation. Appraisal was delayed for over a year when the Ukrainian parliament froze ratification of all loans or grants from the Bank during 2000-2001 period, thereby impacting on such momentum as had been established during the protracted period of preparation.

### *7.5 Government implementation performance:*

**Highly unsatisfactory.** As indicated in *Section 5.2*, implementation was adversely affected by a combination of factors, including ineffective arrangements for implementation and project oversight and delay in provision of budgetary co-financing. In particular, significant project start-up and implementation delays were caused by: (i) 11 months delay in effectiveness, (ii) unavailability of counterpart funds for the subsequent 24 months, (iii) 18 months delay in opening transit accounts required to finance contracts in local currency, and (iv) inaction on the

critical issue of PIU capacity. Lack of implementation progress undermined credibility of the program in the regions, demotivated regional participants and stakeholders, and resulted in the overall loss of momentum and substantially reduced commitment to the project. Although the Bank provided extensive guidance and support to rectify deficiencies in implementation and the poor project performance was repeatedly noted at CPPRs by the representatives of the government, insufficient corrective action was taken on the part of the Government to put implementation on track. Lack of proactivity in addressing implementation challenges may have been exacerbated a broader systemic problem of bureaucratic inertia associated with frequent changes of leadership in MEP.

#### *7.6 Implementing Agency:*

**Highly unsatisfactory.** A local Kiev-based NGO InterEcoCentre was contracted under agency agreement by MEP to undertake the PIU function. However, the action plan to build implementation capacity of InterEcoCentre to a satisfactory level, which was agreed at appraisal and outlined in project documentation, was not implemented in full. As indicated in *Section 5.3*, the PIU was unable to timely engage or ensure continuity of qualified procurement and financial management staff required for implementation. Management of contracts under the project was largely ineffective, and the PIU repeatedly failed to deliver against the agreed implementation plans. Project financial management reporting was unsatisfactory and there were significant delays with the PIU audit and reporting on project accounts. There were repeated instances of inadequate adherence to procurement and financial management procedures and - at the time of preparation of this ICR - some irregularities in procurement are currently under review. Ineffective administrative procedures within PIU and with respect to its interaction with MEP substantially contributed to the failure of the project.

#### *7.7 Overall Borrower performance:*

**Highly unsatisfactory.** The Recipient failed to establish and maintain implementation capacity agreed at appraisal, and provide resources required to implement the project in a timely manner. Lack of proactivity in addressing implementation problems supported the perception that the Recipient was poorly motivated toward achieving the development and environmental objectives of the project.

At the time of preparing this ICR, the Recipient had not yet responded to the Bank's request for clarification on the status of audit reports due June 30th 2006.

## **8. Lessons Learned**

The key lessons learned from the Ukraine Azov-Black Sea Corridor Biodiversity Conservation Project are summarized below.

### **1. Project implementation arrangements**

(a) Governmental oversight: The ability of the government to implement the project was constrained by prevailing lack of clarity with respect to project oversight responsibilities within

MEP, lack of continuity in MEP senior project management staff, and ineffective coordination on critical implementation issues between MEP and other governmental agencies. Although it was agreed at appraisal and outlined in the project documentation that the protected area service (department) of MEP would take the lead in implementing the project, the service could not effectively perform this function as the required internal arrangements were not established. *Single-point responsibility for project implementation oversight and deliverables should be formally confirmed by appraisal. Furthermore, arrangements for inter-ministerial coordination should be laid out in the project and legal documents. Such arrangements should be formally established prior to effectiveness so as to insure full commitment and support of key parties.*

(b) Implementation capacity: The PIU InterEcoCentre was not adequately empowered to take operational decisions and functioned under continuous lack of procurement and financial management capacity. *Implementation arrangements and schedules, emphasizing transparency, functional clarity, and operational effectiveness, should be carefully reviewed and agreed prior to project effectiveness.*

## **2. Project processing and readiness for implementation**

(a) Timely availability of counterpart co-financing: Despite commitment to provide co-financing having been made at appraisal, adequate funding was not secured by the Recipient. *Requirements for counterpart funding should be agreed and confirmed prior to effectiveness.*

(b) Planning for implementation: The start-up of project activities related to the strategic planning of conservation interventions in the corridor and the mainstreaming of conservation objectives in regular agricultural operations was delayed partly because the details of these activities were not sufficiently developed during preparation. *Advance technical, institutional, and procurement planning for project activities of innovative nature is critical as it provides framework for their timely initiation in the field and reduces the project start-up pressure on the implementing agency.*

## **3. Sector operational context**

(a) Stakeholder support at the regional level: Project implementation demonstrated strong commitment on the part of regional and local governments, as well as non-governmental stakeholders, to support implementation of policies and practices for improved environmental management and conservation of biodiversity. Improved environmental sustainability is viewed by stakeholders as an important element of regional development, as evidenced by the strong leadership and critical financial contribution provided to the project in Donetsk and Zaporizhzhya oblasts. This experience suggests that more effective project implementation and ownership may be achieved by delegating project management functions to regional authorities. Regional level execution may also provide greater opportunity to maximize synergies and complementarities with the other locally-driven programs.

(b) Local technical capacity: *High quality local technical expertise is available in Ukraine to support implementation of conservation programs nation-wide and in the regions.* However, the institutional framework for consulting and advisory services is underdeveloped, and local experience in bidding for, performing, and administering competitively awarded consulting assignments in the sector is insufficient. Therefore, there is a need to further adapt procurement processes to the prevailing market conditions, leading to more operationally effective implementation solutions.

#### **4. Cross-cutting portfolio issues**

(a) Project ownership and authorizing environment: Although there was strong commitment to the project in the regions, government was unable to adjust implementation arrangements and enable the project to succeed. *There is a need to further focus on improving implementation arrangements to: (i) represent the most effective framework to achieve results on the ground, (ii) conform to national governance structures in a way that maximizes project ownership by the implementing authorities, and (iii) retain sufficient flexibility to respond to the evolving implementation circumstances and priorities. Greater attention should also be paid to the prevailing in-country operational risks.*

(b) Linking GEF resources to other investment operations: *Better leverage and mainstreaming of environmental concerns could be achieved by establishing more formal and stronger linkages between GEF projects and the broader development agenda, sectoral policies and specific investment programs.*

#### **9. Partner Comments**

*(a) Borrower/implementing agency:*

The draft ICR was sent to the Recipient for comments on May 29, 2006. No comments have been received.

The Bank also has not received from the Recipient its own Implementation Completion Report.

*(b) Cofinanciers:*

N/A

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

N/A

#### **10. Additional Information**

N/A

## Annex 1. Key Performance Indicators/Log Frame Matrix

Indicator	Baseline Value (at appraisal)	End-of-Project Target Value	End-of-Project Actual
1. Improved protection and sustainable use of biodiversity in 250,000 hectares of high priority gazetted coastal wetlands and associated upland sites.	Only 80,000 hectares of Ramsar sites in the corridor were adequately protected.	Management and monitoring plans prepared and under implementation for 3 or more protected areas by 3rd year.	Initiated activities not completed. Establishment of new protected areas not finalized. No PA management plans prepared.
2. Increased support for biodiversity conservation, marked by increased participation of local communities in protected area management and conservation activities.	350,000 people live in the project area and make use of the region's natural resources for income and subsistence. Project activities are intended to heighten awareness of the need for conservation.	Environmental education program for school teachers implemented at 1 or more teachers colleges by end of 2nd year. Small Grants Program disbursing funds by the end of the 2nd year of implementation.	Public awareness and environmental education activities not started. Small Grants Program not initiated.
3. Land use plans that integrate new and existing protected areas and other environmental issues prepared in six participating oblasts.	Plans that integrate protected areas and other environmental issues non-existent at the time of appraisal	2 land use plans completed by end 2nd year, and four by end 3rd year	No activities initiated.
4. Farm management plans to reduce nutrient runoff under implementation on 10,000 hectares of coastal farmland. Improved nutrient reduction and erosion control measures under implementation in all participating oblasts.	No farm-level management plans to reduce nutrient runoff in existence at the time of appraisal.	Small grants program disbursing funds to support control of nutrient runoff activities by end of 2nd year.	No activities initiated.
5. 5,000 hectares of forest belts under sustainable use, with defined roles of farms in their management.	Forest belts under threat due to poor management.	Small grants program disbursing funds to support sustainable management of 5,000 ha by end of 2nd year.	No activities initiated.

## 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
1. Support protected areas management	7.91	1.17	14.8
2. Support protected area and corridor planning	5.57	0.09	1.6
3. Build capacity and awareness for biodiversity conservation	7.14	0.04	0.6
4. Demonstrate biodiversity friendly agriculture practices	9.78	0.00	0
5. Project management and information dissemination	2.12	0.31	14.6
<b>Total Baseline Cost</b>	32.52	1.61	
<b>Total Project Costs</b>	32.52	1.61	
<b>Total Financing Required</b>	32.52	1.61	

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

Expenditure Category	Procurement Method			N.B.F.	Total Cost
	ICB	NCB	Other *		
<b>1. Works</b>	0.00 (0.00)	0.32 (0.00)	0.25 (0.00)	0.00 (0.00)	0.57 (0.00)
<b>2. Goods</b>	0.90 (0.00)	0.29 (0.00)	0.42 (0.00)	0.00 (0.00)	1.61 (0.00)
<b>3. Services</b>	0.00 (0.00)	0.00 (0.00)	2.69 (0.00)	0.00 (0.00)	2.69 (0.00)
<b>4. Small grants</b>	0.00 (0.00)	0.00 (0.00)	1.00 (0.00)	0.00 (0.00)	1.00 (0.00)
<b>5. Incremental operating costs</b>	0.00 (0.00)	0.00 (0.00)	1.03 (0.00)	0.00 (0.00)	1.03 (0.00)
<b>6. Recurrent costs and miscellaneous</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	25.62 (0.00)	25.62 (0.00)
<b>Total</b>	0.90 (0.00)	0.61 (0.00)	5.39 (0.00)	25.62 (0.00)	32.52 (0.00)

\* - Includes civil works and goods procured through commercial practices, national shopping, consulting services, services of the contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to managing the project.

N.B.F (Not GEF Financed) - co-financing from (i) Recipient's domestic sources, (ii) associated IBRD loan for the Land Titling and Cadastre Development Project, and (iii) bilateral and other donors.

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

Expenditure Category	Procurement Method			N.B.F.	Total Cost
	ICB	NCB	Other *		

<b>1. Works</b>	0.00 (0.00)	0.00 (0.00)	0.03 (0.00)	0.00 (0.00)	0.03 (0.00)
<b>2. Goods</b>	0.00 (0.00)	0.00 (0.00)	0.40 (0.00)	0.00 (0.00)	0.40 (0.00)
<b>3. Services</b>	0.00 (0.00)	0.00 (0.00)	0.55 (0.00)	0.00 (0.00)	0.55 (0.00)
<b>4. Small grants</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>5. Incremental operating costs</b>	0.00 (0.00)	0.00 (0.00)	0.12 (0.00)	0.00 (0.00)	0.12 (0.00)
<b>6. Recurrent costs and miscellaneous</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.51 (0.00)	0.51 (0.00)
<b>Total</b>	0.00 (0.00)	0.00 (0.00)	1.10 (0.00)	0.51 (0.00)	1.61 (0.00)

\* - Includes civil works and goods procured through commercial practices, national shopping, consulting services, services of the contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to managing the project.

N.B.F.(Not GEF Financed) - co-financing from (i) Recipient's domestic sources, (ii) associated IBRD loan for the Land Titling and Cadastre Development Project, and (iii) bilateral and other donors.

<sup>1/</sup> Figures in parenthesis are the amounts to be financed by the . All costs include contingencies.

<sup>2/</sup>

#### 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.
<b>1. Support protected areas management</b>	3.31	1.65	2.95	0.69	0.08	0.40	20.8	4.8	13.6
<b>2. Support protected area and corridor planning</b>	0.61	4.00	0.96	0.09			14.8	0.0	0.0
<b>3. Build capacity and awareness for biodiversity conservation</b>	1.27	4.00	1.87	0.04			3.1	0.0	0.0
<b>4. Demonstrate biodiversity friendly agriculture practices</b>	0.84	7.50	1.44	0.00			0.0	0.0	0.0
<b>5. Project management and information dissemination</b>	0.87	1.25		0.28	0.03		32.2	2.4	
<b>Total</b>	6.90	18.40	7.22	1.10	0.11	0.40	15.9	0.6	5.5

[Bank] - includes financing from the GEF Grant.

[Govt] - includes co-financing from the Recipient's domestic sources (national budget, regional budgets and project beneficiaries) and from the associated IBRD loan for the Land Titling and Cadastre Development Project.

[CoF] - includes co-financing from bilateral and other donors (DANIDA, TACIS, Gov. of the Netherlands, Gov. of USA, UK Know-How Fund, and WWF).



### **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
<b>Identification/Preparation</b>					
	11/1996	1	Senior Biodiversity Specialist (TM)		
		1	Operations Officer*		
		1	Environmental Specialist (C)		
	05/1997	1	Operations Officer*		
		1	Environmental Specialist (C)		
	07/1997	1	Senior Biodiversity Specialist (TM)		
		1	Operations Officer*		
	12/1997	1	Senior Biodiversity Specialist (TM)		
		1	Operations Officer*		
	07/1998 (appraisal 1)	1	Senior Biodiversity Specialist (TM)		
		1	Operations Officer*		
<b>Appraisal/Negotiation</b>					
	01/2001 (appraisal 1)	2	Senior Biodiversity Specialist (TTL), Operations Officer*		
		2	Financial Management Specialist, Procurement Specialist,		
	07/2001 (negotiations)	4	Senior Biodiversity Specialist (TTL), Senior Counsel, Senior Financial Management Specialist, Operations Officer*		
		3	Procurement Specialist, Disbursement Officer, Financial Management Specialist* (C)		
	12/2001 (appraisal 2)	1	Senior Biodiversity Specialist (TTL)		
		1	Operations Officer*		
<b>Supervision</b>					
	03/2002	2	Senior Biodiversity Specialist (TTL) Operations Officer*	S	S
	10/2002	2	Operations Officer (TTL)*	S	S

05/2003	3	Senior Biodiversity Specialist Operations Officer (TTL)* Senior Biodiversity Specialist Environmental Specialist (C)	S	S
06/2003	1	Operations Officer (TTL)*	S	S
10/2003	2	Operations Officer (TTL)* Environmental Specialist (C)	U	S
04/2004 (status review mission)	6	Operations Officer (TTL)* Senior Biodiversity and Natural Resource Specialist Procurement Specialist* Financial Management Specialist* Procurement and Disbursement Assistant Environmental and Rural Sector Assistant	U	S
07/2004	7	Operations Officer (TTL)* Senior Biodiversity and Natural Resource Specialist Procurement Specialist* Financial Management Specialist* Environmental Specialist (C) Procurement and Disbursement Assistant Environmental Sector Assistant	U	U
02/2005	9	Senior Biodiversity and Natural Resource Specialist (TTL) Senior Social Development Specialist Operations Officer* Procurement Specialist* Financial Management Specialist* Environmental Specialist (C) Operations Analyst Procurement and Disbursement Assistant Environmental Sector Assistant	U	U
06/2005	2	Senior Biodiversity and Natural Resource Specialist (TTL)* Operations Officer*	U	U
12/2005	3	Senior Biodiversity and Natural Resource Specialist (TTL)* Senior Operations Officer* Senior Environmental Specialist (C)	U	U
04/2006	3	Senior Biodiversity and Natural Resource Specialist (TTL)* Senior Operations Officer* Senior Environmental Specialist (C)	U	U

<b>ICR</b>				
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Staff marked (\*) was based in Kiev.  
Staff marked (C) are consultants.

*(b) Staff:*

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US\$ ('000)
Identification/Preparation		1,000.70
Appraisal/Negotiation		43.00
Supervision		232.10
ICR		30.00
<b>Total</b>		<b>1,305.80</b>

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

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

	<u>Rating</u>				
<input checked="" type="checkbox"/> <i>Macro policies</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Sector Policies</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Physical</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input checked="" type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Financial</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Institutional Development</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input checked="" type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Environmental</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input checked="" type="radio"/> N	<input type="radio"/> NA

### Social

<input checked="" type="checkbox"/> <i>Poverty Reduction</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Gender</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Private sector development</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Public sector management</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA

## Annex 6. Ratings of Bank and Borrower Performance

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

### 6.1 Bank performance

#### Rating

- |                                      |                          |                                    |                                    |                          |
|--------------------------------------|--------------------------|------------------------------------|------------------------------------|--------------------------|
| <input type="checkbox"/> Lending     | <input type="radio"/> HS | <input type="radio"/> S            | <input checked="" type="radio"/> U | <input type="radio"/> HU |
| <input type="checkbox"/> Supervision | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U            | <input type="radio"/> HU |
| <input type="checkbox"/> Overall     | <input type="radio"/> HS | <input type="radio"/> S            | <input checked="" type="radio"/> U | <input type="radio"/> HU |

### 6.2 Borrower performance

#### Rating

- |  |                          |                         |                                    |                                     |
|--|--------------------------|-------------------------|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Preparation                           | <input type="radio"/> HS | <input type="radio"/> S | <input checked="" type="radio"/> U | <input type="radio"/> HU            |
| <input type="checkbox"/> Government implementation performance | <input type="radio"/> HS | <input type="radio"/> S | <input type="radio"/> U            | <input checked="" type="radio"/> HU |
| <input type="checkbox"/> Implementation agency performance     | <input type="radio"/> HS | <input type="radio"/> S | <input type="radio"/> U            | <input checked="" type="radio"/> HU |
| <input type="checkbox"/> Overall                               | <input type="radio"/> HS | <input type="radio"/> S | <input type="radio"/> U            | <input checked="" type="radio"/> HU |

## **Annex 7. List of Supporting Documents**

1. Project Document (PAD) - Report No. 22526-UA of December 2001.
2. GEF Trust Fund Grant Agreement TF 028267-UA of January 31, 2002.
3. Supervision reporting: BTOs, Aide-Memoires, Letters to the Recipient, PSRs/ISRs.
4. QAG Quality of Supervision Assessment dated September 10, 2004 and Joint comments on the Assessment by the ECSSD and ECCU2 management.

