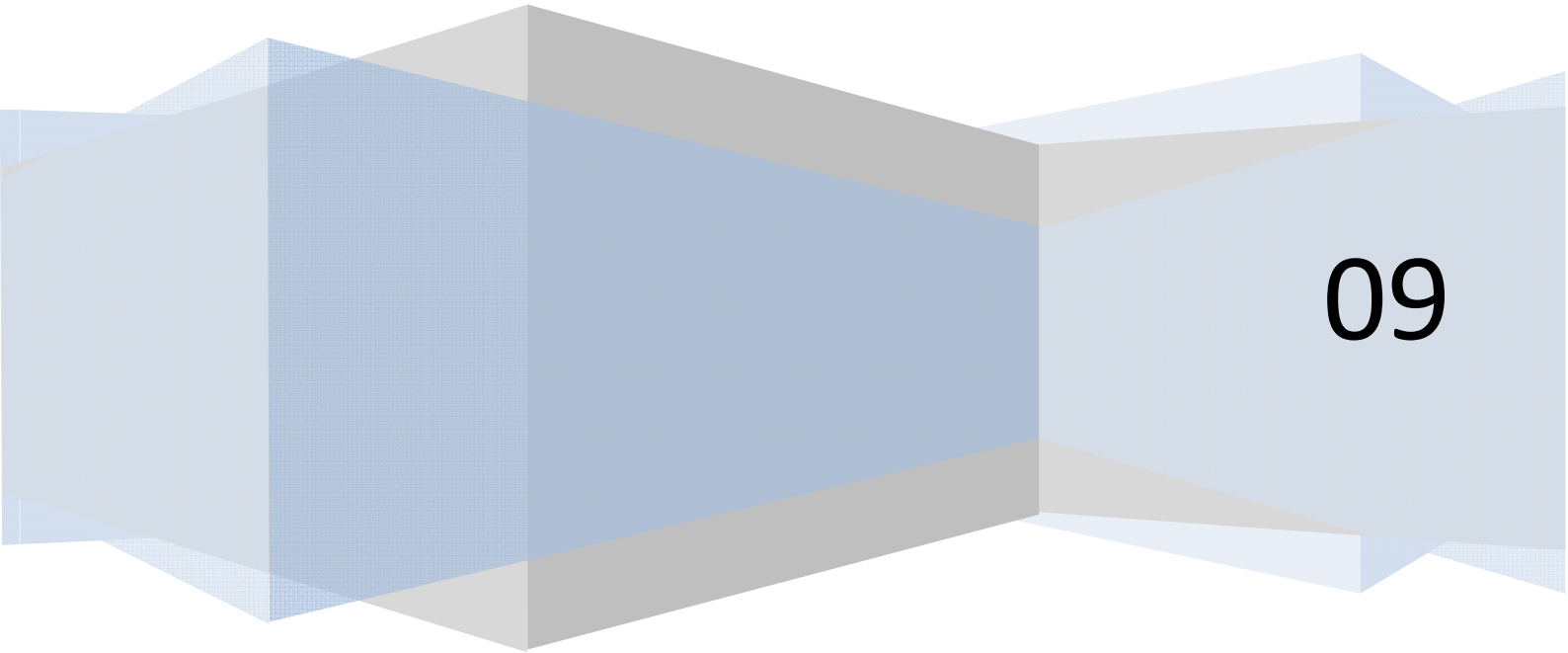
00047511 – Lia Carol Sieghart

Final Evaluation of the UNDP Regional Project

"Capacity Building for Kyoto Protocol implementation in Eastern Europe and CIS" 00047511

UNDP Bratislava Regional Centre



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Foreword and Acknowledgements

Climate change is not solely an environmental issue, but rather part of the larger challenge of sustainable development. The Kyoto Protocol and its provisions for flexible mechanisms have provided one tool for an effective and equitable global response. The flexible mechanisms by using the market as its driving force have the potential to not only contribute to the ultimate objective of the UN Framework Convention on Climate Change, but also to encourage EE & CIS to move their economic growth to a less carbon-intensive development path. Ideally, it will encourage additional capital flows, accelerate environment-sound technology transfer, create new job opportunities and enable EE & CIS to leapfrog to cleaner technologies. In order to realize the opportunities provided by the flexible mechanisms, the countries need to develop strong national institutional, technical and human capacities to be able to effectively identify, develop, assess, approve and implement projects.

The UNDP Regional Project "*Capacity Building for Kyoto Protocol implementation in Eastern Europe and CIS"* supported participating countries in building capacities and creating an enabling environment for their participation in the Kyoto Protocol.

This report presents the findings of the final evaluation of the UNDP Regional Project "*Capacity Building for Kyoto Protocol implementation in Eastern Europe and CIS"*, prepared on behalf of UNDP Regional Centre Bratislava.

The preparation of the evaluation benefitted from the excellent collaboration with UNDP Regional Centre Bratislava led by the decidedly supportive Project Manager, Ms. Anna Kaplina. Particular thanks go to Ms. Marina Olshanskaya, all programme managers in the UNDP country offices and project managers of the national projects who shared their insights with the Evaluator. I would especially like to thank the team in Belarus for their support during my mission. The evaluation has greatly benefited from the experience and expertise kindly provided by Mr. Alexandre Grebenkov, Mr. Vladimir Tarasenko, Mr. Dmitry Goloubovsky, Ms. Julia Kniga, Mr. Genady Luzan, Mr. Anatoli Yakashau, Ms. Milash, Ms. Belskaya, Mr. Siarhei Nikitsin, Mr. Muslum Gurbanov, Ms. Mirela Kamberi, Ms. Olga Shinkevich, Ms. Liliya Zavyalova, Ms. Dankova Natallia, Ms. Jamila Ibrahimova, Mr. Zharas Takenov, Ms. Irina Voitekhovitch, Mr. Irvan Narkevitch, Mr. Ularbek Mateev, Ms. Teodora Grncarovska, Ms. Kodzoman and Ms. Zuhra Abaihanova.

I hope that the findings and recommendations of this evaluation will assist in improving the effectiveness of UNDP's regional level assistance in EE & CIS in the coming period, and contribute to the achievement of its development goals.

Lia Carol Sieghart
31.01.2009

List of acronyms and abbreviations

AAU	Assigned Amount Unit
ACM	Approved Consolidated Methodology
AIE	Accredited Independent Entity for validating JI projects
AM	Approved Methodology
A/R	Afforstation and Reforestation
BAU	Business as Usual
BiH	Bosnia and Herzegovina
CA	Central Asia
CC	Climate Change
CDM	Clean Development Mechanism
CDM EB	CDM Executive Board
CER	Certified Emission Reduction
CH_4	Methane
CIS	Commonwealth of Independent States
CO	UNDP Country Office
CO_2	Carbon dioxide
CO_2e	Carbon dioxide equivalent
DNA	Designated National Authority
DOE	Designated Operational Entity
COP	Conference of the Parties
CPA	CDM project activity
EB	Executive Board of the CDM
EE	Eastern Europe
EIA	Environmental Impact Assessment
ERU	Emission Reduction Unit

FDI	Foreign Direct Investment
GDP	Gross domestic product
GHG	Greenhouse Gas
GWP	Global Warming Potential
HFC_s	Hydrofluorocarbons
HQ	Headquarters
IET	International Emission Trading
JI	Joint Implementation
KP	Kyoto Protocol
LDC	Least Developed Country
LoA	Letter of Approval
LoE	Letter of Endorsement
LULUCF	Land use, land-use change and forestry
MDG	Millennium Development Goals
MENA Region	Middle East and North Africa Region
MOP	Meeting of Parties to the Kyoto Protocol
MOU	Memorandum of Understanding
MP	Monitoring Plan
N_2O	Nitrous oxide
NGO	Non-Governmental Organization
ODA	Official Development Assistance
PDD	Project Design Document
PFC_s	Perfluorocarbons
PIN	Project Idea Note
PoA	Programme of Activities
RBEC	UNDP Regional Bureau for Europe and CIS
RIT	Registration and Issuance Team

RMU	Removal Units
SSC	Small-scale methodology
SF_6	Sulphur hexafluoride
tCO_2e	tons of carbon dioxide equivalent
UNFCCC	United Nations Framework Convention on Climate Change
UNDP	United Nations Development Programme

EXECUTIVE SUMMARY

The Kyoto Protocol provides countries of Eastern European and the Commonwealth of Independent States (EE & CIS) with new opportunities for reducing their greenhouse gas (GHG) emissions, moving their development towards a low-carbon path, mobilizing resources for environmentally friendly technologies and achieving other sustainable development objectives. However, in order to realize the opportunities provided by the innovative mechanisms under the Kyoto Protocol, the countries need to develop strong national institutional, technical and human capacities to being able to effectively identify, develop, evaluate, approve and implement projects under JI/CDM and other carbon market schemes, such as under the voluntary carbon market. Prerequisite for a host country's participation in JI or CDM is the establishment of a supporting policy and legislative framework for evaluating and approving CDM/JI project activities. It is crucial to develop sufficient awareness on the carbon markets (including the use of compliance and voluntary emission offsets), adequate technical capacity for the identification and the development of eligible projects and the relevant capacity to efficiently access the CDM/JI. It is also essential to develop relevant capacity to identify CDM/JI activities within the operational activities of potential project developers, hence to fully include also the private sector and to interact informed with a full range of diverse stakeholder groups (investment firms, brokerages, technology developers, accounting firms, consultants, etc.). Unfortunately, various technical, capacity, information, financial and policy-related barriers inhibited the use of the market-based instruments in EE &CIS.

In order to overcome these barriers and ultimately to realize the value in reducing emissions, the United Nations Development Program Regional Centre Bratislava launched a technical assistance project, called: "Capacity building for Kyoto Protocol implementation in Eastern Europe and CIS", created as two separate ATLAS projects:

- the Energy Thematic Trust Fund (TTF) funded component: ATLAS PROJECT ID Number: 49809, and the
- "Target for Resource Assignments from the Core" (TRAC) funded component: ATLAS PROJECT ID Number: 47511.

The TRAC funded component was signed on 13.10.2005 with a project duration to February 2007, which was extended until the end of 2008. The TRAC funded component was complimented in February 2006 with the TTF funded component. The main objective of the project was to build capacities and to create an enabling environment for countries' participation in the Kyoto Protocol. More specifically the project was designed as a regional initiative for: i) Institutional capacity building for Kyoto Protocol implementation, including support to establishment and operationalization of the Designated National Authorities (DNA), and ii) Building capacities for JI/CDM project development, in particular those greenhouse has reduction projects that can provide for a broader range of national and local environmental and development benefits than those that currently prevail at JI/CDM market. UNDP Bratislava Regional Centre provided overall coordination of the project activities and was responsible for implementation of regional activities.

In line with standard UNDP guidelines, a final evaluation took place within the period of 09.2008 to 01.2009. The evaluation was carried out according to a work plan and a time schedule, which can be seen in the annex section of this report. The approach was determined by the Terms of Reference, TOR (Annex 4) which were closely followed. An evaluation mission by the evaluator was fielded to Belarus. This report is the outcome of the evaluation study performed by the evaluator. During the evaluation process, discussions were held with several key stakeholders a large amount of project documents and reports was collected and the results of a questionnaire deepened the findings. The preliminary findings of the evaluator were presented and discussed with the Project Manager and with the stakeholders in the course of telephone interviews.

Key accomplishments of the project have been:

- *Output 1:* The project successfully managed to support countries through national and regional interventions to strengthen relevant capacities of national Governments. One major success, which cannot be stressed sufficiently, is the thriving achievement of providing support to eight COs in order to develop national CDM/JI capacity building projects. Through these projects direct and tailor-made support was provided to the DNAs/DFPs in accordance to their specific needs. Albania, Belarus, Uzbekistan, Macedonia, Kyrgyzstan were supported and accompanied in their process to develop the relevant legal and institutional frameworks for evaluation, approval and monitoring of projects under the flexible mechanisms under the Kyoto Protocol and also the voluntary market. In part credible to the project, a momentum of high interest for climate change in general and the Kyoto Mechanism in specific was was generated, which resulted subsequently in the ratification of the Protocol in BiH, Serbia and Tajikistan.

- *Output 2:* The design of the activities addressed the fact that relevant stakeholders groups have different capacity building needs, given the different roles they play in the CDM/JI process. Tailor-made capacity development workshops were designed for each group, while maintaining some common sessions. Such an approach contributed to the effectiveness of capacity development by ensuring that each individual receives the knowledge most relevant to his/her job responsibilities while ensuring a common underlying understanding. In order to facilitate and encourage the development of CDM/JI project activities, the project also assisted project developers in identifying CDM/JI projects within their operational activities. This approach was very much structured as "learning-by-doing". All these interventions resulted in a more or less capable pool of national CDM/JI experts, familiar with the project cycle and requirements.

- *Output 3:* The project successfully accomplished in strong cooperation with the COs to mobilize US$ 1.510.589 (co-/parallel-financing), a remarkable achievement which cannot be acknowledged sufficiently. Eight national capacity building projects were developed and operationalized. Two ERPAs were signed, including one ERPA with MDG Carbon Facility.

- *Output 4:* The project initiated and sustained regional/sub-regional networking among practitioners (UNDP COs, Representatives of local Governments, national experts, etc.) to promote exchange of knowledge in the area of JI/CDM. These efforts resulted in the establishment of a UNDP network of practitioners working in the area of carbon finance, which is meeting regularly.

- *Output 5:* The project managed to provide relevant support, out of which 10 JI and 18 CDM PINs originated. Further, one PDD was developed for Uzbekistan for which the ERPA has already been signed. Two Albanian PDDs and one for Kyrgyzstan were revised. In 2007, MDG Carbon Facility together with UNDP Uzbekistan has signed a Memorandum of Understanding with the Government of Uzbekistan on implementing the first carbon finance project. This has opened an opportunity to devise a Green Investment Scheme that will leverage investments generated under carbon projects towards sustainable development.

As overall conclusion of this evaluation, a rating is given on PIREP's performance that is given below together with the corresponding observations:

- *Highly satisfactorily with respect to output 1:* The project successfully addressed the challenging and complex procedures to be applied in country-specific circumstances. It managed to take care of the varied economic conditions of participating countries. The evaluator is convinced that the project has provided a significant basis to assist countries'

efforts to develop a proactive and sustainable approach to CDM/JI. However, the availability of a database and/or the development of a project webpage and a sound and full-fledged reporting system would have assisted to further raise awareness, exchange information and maximise the impacts achieved.

- *Satisfactorily with respect to output 2:* By assisting countries to identify JI/CDM projects within the operational activities of their private and public sectors provides a basis to create pilot project activities, but also helps the countries to understand their CDM/JI potential. In providing capacity building to local CDM/JI project experts, the often high transaction costs associated with CDM project preparation can be absorbed by the domestic market. East-East cooperation was triggered by regular regional meetings and provided further a mechanism to assist in decreasing transaction related costs through regional cooperation. The output was achieved considerably effectively, given the finance and time limitations of the project and taking into consideration the very limited domestic expertise.

- *Highly satisfactorily with respect to output 3:* The results achieved under this output are outstanding. Assisting countries in developing national capacity building projects and generating the necessary funding is of utmost importance. This allows for activities being tailored towards the specific context of the individual countries. As the political priorities vary between countries, and because the economic framework conditions are different, these national projects attend to national development priorities and organizational politics at an in-depth level. The project successfully managed to create a momentum and was able to engage a variety of donors in a time when discussions on climate change were still on the backburner with the donor community.

- *Satisfactorily with respect to output 4*: As part of the promotion of CDM/JI in a host country, there is an important need for local persons, experts and/or institutions that 'champion' the cause. The project was successfully able to install networking practices and East-East cooperation which will foster CDM/JI project development in the region. Sharing experiences, lessons and expertise within the framework of East-East cooperation allows the countries to embark on a process aimed at establishing an efficient and informed structure to participate in the flexible mechanisms and thereby reducing project costs. However, to see this output as *fait-a-compli* would be highly embellished. Due to the timing, resources available and given the complexity of technical needs it can only be seen as a first, but vital step in order to establish a self-sustained and skilled regional network of practitioners working in the area of carbon finance.

- *Satisfactorily with respect to output 5*: By establishing a project pipeline the project accomplished to enable countries to actively participate in the global carbon market. Experience from other regions shows that it is not necessarily sufficient for a host country to establish a DNA/DFP and to ratify the Kyoto Protocol to become an attractive CDM/JI destination. Carbon procurement programmes interested in the region expect to see indication of specific CDM/JI project potential and clear and transparent institutional arrangements. However, the pipeline still favours PINs and lacks a sufficient number of PDDs. Also feedback from the stakeholders strongly asks for more hands-on training for PDD development. The countries may use the developed PINs and the PDDs as blue-prints for further steps. Nevertheless, PDD development tutorial courses, sector-specific hands on trainings and marketing guidance are still needed; otherwise the sustainability of this intervention may not be ensured in all participating countries.

In general, the project created successfully an impetus – and a high level of interest for climate change in general and the Kyoto Mechanism in specific – resulting in a growing awareness in the region on CDM/JI and its important role in efforts to mitigate climate change.

Overall the implementation of the project has been efficient and effective, with a particularly well organised and exceptionally highly motivated team of national and international consultants and support staff overseen by two Project Managers. There was considerable country buy-in to the project at all levels of the respective Governments. It strengthened governments' institutions ability to develop and when required to implement approval procedures. This has guided the countries to gradually recognize the importance of capacity building at national, local and enterprise levels. The project was in the position to bridge the different country needs and potentials for CDM/JI. The project successfully accomplished to deal with high demand and expectations from all countries on one hand and with extremely low capacities and awareness on CDM/JI on the other. The implementation has been highly cost-effective. Eight national capacity building projects were developed, which further supported to balance the overall project costs. UNDP Country Offices supported the implementation of the project at the country level. In addition, the project benefitted from the technical expertise of the BDP Energy Group. Since the launch of the project, it was well managed and the project manager used an adaptive management approach adequately to secure project outcomes while maintaining adherence to overall project design. The log-frame as one of the main management tools to guide the implementation of a project was well addressed to. The project strongly benefitted from two consecutive, technically very sound and motivated project managers, who managed to guide the project through a period dominated by controversial international negotiations. Hence, the project managers fittingly used adaptive management to constantly adapt to changes; which are particular numerous when following the international climate change negotiations and an uncertain post-Kyoto period. Nevertheless, the project was in the course of its implementation always very much in-line with the objectives and outcomes identified in the log-frame at the design stage.

Important recommendations coming out of the evaluation study are:

In order to fully capitalize its CDM/JI potential, further steps need to be supported on a regional as well as on the local level. The evaluator strongly recommends initiating a second phase of the project, consisting of two parts. This is justified by the following: i) it would allow for a consolidation of capacity-building, sustain relationships built, and allow to further strengthen institutions to be more involved and better able to lead and take ownership in meeting emission targets, and to encourage the private sector and Non-Annex I countries to contribute actively to emission reduction efforts; ii) it needs to be emphasised that capacity-building is a slow, complex and resource-intensive process, needs are normally addressed over many years; iii) currently, there is no evidence that all barriers have been removed. Consequently a follow up project should be designed in the form of a programmatic approach and implemented in two phases, pre-2012 and post-Kyoto.

Capacity building requires long-term support. Though the project had been implemented over a period of 3 years, it is evident that there is still a need for more work to be undertaken to implement the spirit of the KP. In the Extension Part I, outputs which were rated below HS in this evaluation could be addressed. It is suggested to keep the same number of participating countries. Countries are just beginning to realize the potential of market opportunities. An extension of the project is specifically vital to assist countries in the region, which currently profit little from CDM/JI, to engage them on a more in-depth level. First and foremost there is a strong need for capacity building through actual CDM/JI project development and in transferring this knowledge to other provinces and local areas. Countries should continue to work together and share common experience regarding institutional set up, priority sectors, and for the JI more specific in areas such as national inventory quality assurance and control procedures, legal confidentiality provisions for emissions data, and the creation of national registries for emissions trading. CDM/JI needs to be

communicated appropriately. The region remains very vulnerable to misinformation by vendors and brokers until an appropriate communications plan has been put into effect for EE & CIS.

Feedback received still shows that the role the private sector plays needs to be strengthened and there is a need to take a different approach. CDM/JI is not well understood by the private sector, e.g. how they may benefit not only from technology transfer, but also from carbon financing and emissions trading. The private sector misses to use the CDM/JI window. In this way they strangle their limited financial resources. The private sector needs to recognize CDM/JI as an incentive to achieve green development and remain globally competitive. Detailed proposed activities are provided for in the body of the report.

As for the second part of the suggested extension, the fundamental question is as to how to assist countries in a post-2012 climate regime. However, to develop concrete steps at this stage would be precipitate. With the current commitment period expiring in December 2012, and a still uncertain post-Kyoto regime, the shape of future interventions are still speculative.

Given the increased complexity of a new climate agreement, it is likely that a reformed CDM will stick to what is desired by almost all Parties − increased environmental integrity, simplified governance, achievement of sustainable development benefits, and flexibility towards programmes and policies. Participating countries in EE & CIS need to be assisted to take up in a timely and informed manner its position within a post-2012 climate regime. Extension Part II could help countries to comply with their future mandate.

TABLE OF CONTENTS

1. The Project 13

1.1. Brief description of the project 13
1.2. Project background 13
1.3. Context of the project 15
1.4. Problems that the project seeks to address 15
1.5. Immediate and development objectives of the project 18
1.6. Main stakeholders 18

2. The Evaluation 19

2.1. Context and purpose of the evaluation 19
2.2. Methodology 19
2.3. Evaluation instruments 21
2.4. Limitation of evaluation 21
2.5. Structure of the evaluation (work plan) 22
2.6. Findings 22
2.6.1. Relevance of the project 22
2.6.2. Country ownership 22
2.6.3. Stakeholder participation 23
2.6.4. Replication approach 23
2.6.5. Cost-effectiveness 23
2.6.6. UNDP comparative advantage 23
2.6.7. Management arrangements 24
2.6.8. Implementation approach – analysis of project outputs 25

3. Conclusions and Recommendations 34

4. Annexes 42
Annex 1: Questionnaire 42
Annex 2: People interviewed and responded to questionnaire 46
Annex 3: Responses to questionnaire received – diagram formats 47
Annex 4: Terms of Reference (TOR) 55

Annex 5: Brief statement on the results achieved by the national project, entitled:
"Capacity Building for implementation of flexible mechanisms of Kyoto Protocol in Belarus" 60
Annex 6: Work-plan and Timetable 67
Annex 7: Some background information on the UNFCCC and the Kyoto Protocol 69
Annex 8: Baseline – situation in the region in October 2005 73
Annex 9: Details on parallel funding/co-funding (US$) 76
Annex 10: Members of the Project Advisory Committee 77
Annex 11: Lessons Learned from the Evaluation Process 78
Annex 12: Rating Tables 79

1. The Project

1.1. Brief description of the project

The UNDP Regional Project entitled "Capacity building for Kyoto Protocol implementation in Eastern Europe and CIS" included on the regional level the following, created as two separate ATLAS projects:

- the Energy Thematic Trust Fund (TTF) funded component: ATLAS PROJECT ID Number: 49809, and the
- "Target for Resource Assignments from the Core" (TRAC) funded component: ATLAS PROJECT ID Number: 47511.

The term "project" may be misleading as the efforts were, due to the required complexity of interventions, more of a programmatic character with activities supporting on the regional and national level. As spin-offs and with substantial efforts from UNDP Regional Centre Bratislava and the relevant UNDP country offices the project generated eight national capacity building projects in support of Kyoto Protocol implementation (See Graph 2) and additional regional capacity building activities, for which ample financial resources in form of parallel funding/co-funding were very successfully mobilized (details of which can be found in Annex 9).

The project aimed at building capacities and creating an enabling environment in the countries of Eastern Europe and the Commonwealth of Independent States (EE & CIS[1]) participating in the Kyoto Protocol. The overall objective of the project was to assist the countries in building institutional and project development capacities to enable their participation in the flexible mechanisms of the Kyoto Protocol and other carbon trading schemes. The objective was aimed to be achieved through implementation of the following main components:

i) Development of national Kyoto Protocol implementation strategies and establishment of institutional framework and capacity building for Joint Implementation (JI) and Clean Development Mechanism (CDM) project review and approval; including support to establish and operationalize the Designated National Authorities (DNAs)
ii) Raising awareness and building in-country expertise for identification and development of viable CDM and JI projects; (in particular for projects providing for a broader range of national and local environmental and development projects than those prevailing the JI/CDM market),
iii) Mobilizing resources for the follow-up of regional and national "learning-by-doing" capacity development projects;
iv) Establishment of a regional network of practitioners dealing with carbon market mechanism and strengthening UNDP's internal knowledge and capacities to develop and implement projects in support of the Kyoto Protocol;
v) Piloting the JI component of UNDP MDG Carbon Facility in Annex I Parties in EE & CIS.

1.2. Project background

The UN Framework Convention on Climate Change (UNFCCC), adopted in 1992 and entered into force on 21 March 1994, established an overall framework for intergovernmental efforts to address global climate change. At the 3rd Conference of the Parties (COP 3 - in 1997), held in Kyoto, Japan, the parties adopted the Kyoto Protocol, which commits industrialized countries (defined as

[1] Including Turkey, Kazakhstan, Serbia & BiH

Annex I countries[2]) to attain legally binding GHG reduction targets during the period 2008 to 2012. The Kyoto Protocol shares the Convention's objective, principles and institutions, but significantly strengthens the Convention by committing Annex I Parties[3] to individual, legally-binding targets to limit or reduce their greenhouse gas emissions. The quantified emission reduction commitments can either be achieved by domestic reductions or by the three innovative mechanisms under the Kyoto Protocol, namely Joint Implementation (JI), Clean Development Mechanism (CDM) and the International Emission Trading (IET).

However, in order to realize the opportunities provided by the innovative mechanisms under the Kyoto Protocol, the countries of EE & CIS need to develop strong national institutional, technical and human capacities to being able to effectively identify, develop, evaluate, approve and implement projects under JI/CDM and other carbon market schemes, such as under the voluntary carbon market.

Prerequisite for a host country's participation in JI or CDM is the establishment of a supporting policy and legislative framework for evaluating and approving CDM/JI project activities. It is crucial to develop a sufficient awareness on the carbon markets (including the use of compliance and voluntary emission offsets), adequate technical capacity for the identification and the development of eligible projects and the relevant capacity to efficiently access the CDM/JI. It is also important to develop relevant capacity to identify CDM/JI activities within the operational activities of potential project developers, hence to fully include also the private sector and to interact informed with a full range of diverse stakeholder groups (investment firms, brokerages, technology developers, accounting firms, consultants, etc.). A complex set of tasks that most of the countries in EE & CIS were not being able to acquire before the kick-off of the project.

In 2005, UNDP Regional Centre Bratislava carried out a number of local and regional assessments such as the "Overview of JI Secretariats in Eastern Europe and CIS" and the "CDM Institutional Frameworks in Southern Europe and CIS", to verify the baseline and how to structure planned and requested interventions. The needs-assessments resulted in the development of the project document, entitled "Capacity building for Kyoto Protocol implementation in Eastern Europe and CIS". The TRAC funded component was signed on 13.10.2005 with an original project duration to February 2007, which was extended until the end of 2008. The total budget of which was US$ 270.000. The TRAC funded component was complimented in February 2006 with the TTF funded component, with a total budget of US$ 120.000 (Table 1 & Graph 1).

Table 1: Project funding resources (US$)

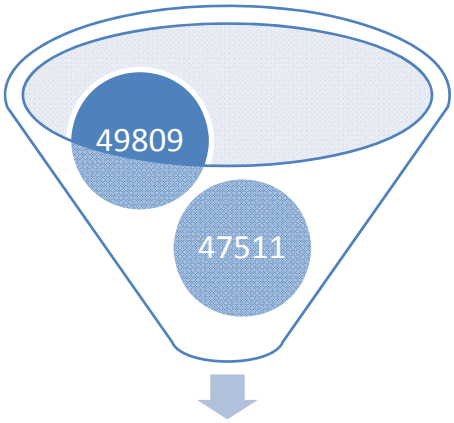
Main funding		**Parallel funding/co-funding** (see Annex 9 for details)	**Total**
BDP Energy Thematic Trust Fund component	UNDP Bratislava Regional Centre (TRAC)		
120,000	250,000	1,510,589	1,900,589

In parallel, UNDP was preparing for the establishment of the UNDP MDG Carbon Facility, with the dual purpose of: i) broadening access to carbon finance by enabling a wider range of developing countries to participate; and ii) promoting emission reduction projects which contribute to the MDGs by yielding additional sustainable development and poverty reduction benefits. Thereby, being able to provide further assistance to partner countries in their efforts to cope with the impacts of global climate change and to create more sustainable, less greenhouse gas intensive development paths. The regional project (TTF component) was in the due course of project implementation

[2] Reference is made to the Annex B of the Kyoto Protocol
[3] Reference is made to the Annex B of the Kyoto Protocol

streamlined as RBEC initiative in support of UNDP MDG Carbon Facility. The Facility was launched in June 2007, with a delay of 3-4 months. The impediment had an impact on the course of the project, which had to be adjusted accordingly in order to streamline efforts thereby allowing participants making use of the benefits offered by the Facility.

Graph 1: Regional project



"Capacity building for Kyoto Protocol implementation in Eastern Europe and CIS"

1.3. Context of the project

Entry into force of the Kyoto Protocol offers opportunities for countries in EE & CIS to reduce their GHG emissions, and mobilizing resources for environmental-sound technologies and achieving other sustainable development objectives. This potential can be realized through participation in the flexible mechanisms of the Kyoto Protocol, such as CDM, JI and the IET. The obtained carbon assets assist to improve project viability and to attract capital to finance the development of a project. Countries from the region have some unique commercial and development advantages over those from larger industrial economies already undertaking project activities. These include: i) EE & CIS projects provide investors with an opportunity for geographical portfolio diversification thereby offsetting some investment risk, ii) several 'virgin' projects in existing industrial complexes, and iii) reduced currency risk to investment in the region due to the stability of carbon credit exchanges vis-à-vis non-carbon investments.

It needs to be high-lightened that relevant players in EE & CIS do not operate in a "national" vacuum, as all activities are strongly influenced by the international climate change negotiations and market factors such as 'offer & demand', which are difficult to predict and may alter in a 'fluctuate-mode' the awareness/interest to implement activities by different stakeholder groups ad infinitum. It is important to be aware that the perception of the Kyoto Protocol is highly debated on the international level, and by critics not seen as being sufficient to prevent "dangerous anthropogenic interference with the climate system", the main aim of its mother convention, the UNFCCC. Thereby, leading to an ongoing and wide-ranging debate in policy, business, academia, and the general public on how international climate policy should take shape after 2012.

In this sense, climate governance takes a decidedly different path than other environmental issue areas, which are in general governed by one single regime that unites all actors and that serves as central nucleus of debate and decision-making. In the case of climate governance, however, the mosaic fragments along three dimensions: policies, politics and polities. First, climate governance is marked by a mosaic of policies, such as the emissions trading system of the European Union, the

target-and-timetables approach of the Kyoto Protocol, voluntary partnerships, and independent initiatives taken by for example some states of the US. Second, climate governance is marked by a mosaic of actors, including governments, civil society, science and business, and their corresponding politics in this field. For example, in the private sector there are actors such as: i) companies with binding emission reduction obligations; ii) companies with voluntary commitments; iii) emission-reduction project developers; iv) banks; v) investment firms; vi) brokerages; vii) law firms; viii) accounting firms; ix) technology developers, and x) consultants. In the public sector the following actors can be distinguished: i) multi-lateral development banks; ii) Government agencies; iii) UN agencies, and iv) non-governmental organizations. Further, this actor fragmentation extends to governments, where we can distinguish at least three different groups: industrialized countries that have ratified the Kyoto Protocol and committed to limit their greenhouse gas emissions by an average of five percent by 2012; industrialized countries that reject Kyoto, but intend to develop alternative regulatory approaches and architectures of international co-operation; and developing countries and countries in transition that support Kyoto in principle, and have ratified it, but do not need to limit or reduce their emissions within the first commitment period. Within these three core groups, fragmentation further intensifies.

This makes it obvious that a regional project of this size needed to be extremely responsive, constantly monitor the international climate change negations, the carbon market fluctuations and the needs/interests of actors involved, to being able to provide a state-of-the-art response.

CDM/JI investments are market driven in the sense that CER/ERU prices, volume, and terms of contract are negotiated between individual buyers and sellers. In addition private sector investment activities gravitate to countries and projects where investment risks are low. Hence, the GHG reduction potential is not an exclusive indicator for investment decisions. Furthermore, as to the design of the CDM as a voluntary market-based mechanism, investment activities tend to concentrate where transaction costs are low and opportunities are high. These sought after parameters do not necessarily reflect by design the operational environment in all EE & CIS countries. Besides, investors also articulate their concerns that in addition to conventional types of project risks, CDM projects do possess risks which are CDM specific such as validation and CDM Executive Board (CDM EB) registration, and verification and monitoring. Further, market fluctuations have an impact on the CER price.

Project risks, the relevant legal framework and political stability determine the attractiveness of a host country. Location decisions are made according to country risk assessments aiming at financing security. One needs to be aware that like with any other conventional investment decision, also under the umbrella of CDM/JI, it is based on strategic considerations such as risk spreading, investment security and expected financial return. Changing political situations may alter the risk setting of a country, which directly influences the market interest in the country and consequently if opportunities for CDM/JI investments are missing or limited – directly boomerang back to the interest of stakeholder groups in the host countries, hence the project participants.

A project of this magnitude operating in the area of climate change and carbon markets needs to be seen always in this international context of vacillation. Therefore, the need of a responsive project implementation team cannot be overstressed.

Effective participation requires substantial institutional capacities and informed local stakeholder to being able to engage substantially in the international carbon markets. Those capacities were either weak or not available in most of the countries in EE & CIS at the onset of the project. In October 2005 the situation in the region was summarized as outlined in the project document of TRAC component (ATLAS PROJECT ID Number: 47511) and is available in the annex section (Annex 8):

1.4. Problems that the project seeks to address

Market-based regulatory approaches have large potential to improve environmental performance and reduce compliance costs, however, in order to realize the opportunities provided by the flexible mechanisms of the Kyoto Protocol the countries need to develop strong national institutional, technical and human capacities to being able to effectively identify, develop, evaluate, approve and implement projects under JI/CDM and other carbon trade schemes. Parties need to be in the position to demonstrate adherence with UNFCCC provisions in order to be eligible for participation in the Kyoto mechanisms.

The needs differ from Annex I countries and Non-Annex I countries – some of the overall parameters needed in order with the compliance of the Kyoto Protocol remain the same for all the countries. Under these circumstances, countries in the target region are facing a significant challenge in taking a pro-active approach to participate as equal and reliable partners in the flexible mechanisms. National frameworks for the Kyoto Mechanisms will serve several objectives. Governments will use them to support domestic emissions trading and joint implementation programs. The mechanism frameworks will also support international trading by the government and companies. In addition, they will provide the information to the international community required for compliance assessment under the Kyoto Protocol. National frameworks for international and domestic trading will be closely interrelated and in many cases the functions required for domestic and international trading will be exactly the same.

For example, to participate in IET is made contingent upon the achievement of working national systems for inventory compilation, management, and reporting. For JI, according to Article 6.4, if the compliance of a Party is found to be questionable, the Party acquiring JI credits cannot use them to fulfil its obligations until the question of compliance is resolved. For CDM, the Party needs to have established its DNA and be in the position to verify whether the project meets national criteria for sustainable development in order to issue the Letter of Approval. Whatever specific eligibility requirements have been decided upon for each mechanism, these issues underscore the great importance of an effective national infrastructure. As with the demonstration of compliance with commitments, participation in the Kyoto Mechanisms will depend on the existence of regulatory and institutional frameworks and a pool of national experts allowing reducing transaction costs.

Nonetheless, systematic and systemic barriers to the equitable distribution of CDM/JI project activities vary according to the differing circumstances from country to country. However, overall the parameters can be summarized as follows:

- Lack of information on and awareness of climate change issues;
- Lack of regular opportunities to exchange information among other Parties;
- Limited number of institutions, organizations, and experts involved and capable of carrying out the necessary research, analysis, estimates, projections, assessments, studies, and verification and monitoring in the area of climate change;
- The relatively low priority of climate change as compared to the economic, social, and other more immediate issues faced by economies in transition;
- Absence of DNAs/DFPs;
- Absence of sufficient legal & regulatory frameworks;
- Lack of promotion of JI/CDM project activities;
- Insufficient domestic technical capacities to identify and develop projects;
- Lack of model or “show-case” projects to demonstrate how JI/CDM works in practice;
- Lack of funds for JI/CDM project identification and design (lack of upfront finance);
- Lack of funds for JI/CDM project implementation (lack of underlying finance);
- Shortage of local experts/consultants for project design, development, verification, validation.

Based on the prior assessments of the significance of CDM/JI opportunities in EE & CIS, barriers to project implementation, including needs for capacity building bases on the region's special circumstances and interests were revealed. It is important for Governments to adopt a proactive and sustainable CDM/JI policy and a critical capacity to encourage CDM/JI project identification and implementation. The project combined a top-down with a bottom-up approach, as to enhance capacity building in implementation of projects at the level of individual projects (micro level), while simultaneously developing CDM/JI policy at the macro level. On the micro level, there is a need for EE & CIS project participants (public and private) to learn how to identify, develop, and implement eligible CDM/JI projects. A practical way to meet the need is "learning by doing" through CDM/JI projects. At the macro level, there is a need for EE & CIS policymakers to know the potential demand for CERs in the world carbon trade market, as well as price trends. In order to formulate appropriate CDM/JI strategies and policies for their countries, they also need to know the least-cost CERs/CDM-ERUs/JI supply potential and priority areas by technology and sector, as well as their policy implications and the impact of CDM/JI on their economies.

Consequently, the project aimed at generating in participating countries a broad understanding of the opportunities offered by the Kyoto Protocol and their participation in the flexible mechanisms, and developing the necessary institutional/legal and human capabilities that allows them to formulate and implement projects under the CDM/JI. The project intended to help to establish GHG emission reduction projects that are consistent with national sustainable development goals. It aimed to develop national capabilities so that persons in the countries are at the project's conclusion capable of analysing the technical and financial merits of a project and negotiating possible finance agreements with Annex I countries or investors.

1.5. Immediate and development objectives of the project

The overall objective of the project was to assist countries in EE & CIS to access carbon financing. The project therefore supported the implementation of the UNFCCC and the Kyoto Protocol. It was in-line with the mandate and objectives of the UNDP Environmental Governance Programme, which is to develop and implement environmental policies and strategies and strengthen the legal and institutional framework for environmental governance. The project aimed to support East-East cooperation based on transfer of knowledge, experience, lessons learned and expertise on Kyoto Protocol implementation among countries in EE & CIS (in particular RBEC countries). Achievement of the overall project objective directly contributes to MYFF Goal 3 "Energy and Environment for sustainable Development", Service Line 3.3. "Increased access to investment financing for sustainable energy, including through the Clean Development Mechanism (CDM)". Building capacities for JI/CDM project development, in particular for those GHG emissions reductions that can provide for a broader range of national environment and development benefits than those currently prevail the JI/CDM market.

1.6. Main stakeholders

The complexity of needs is echoed in a complexity of stakeholders:

- Representatives of local Governments (national authorities in charge of Kyoto Protocol implementation strategies and establishment of institutional frameworks) – including all relevant line Ministries
- UNDP Country Offices staff
- UNDP BRC
- Environmental NGOs and academia
- Industrial and municipal companies (both public and private)

- Domestic JI/CDM experts (national consultants)

2. The Evaluation

2.1. Context and purpose of the evaluation

This final evaluation was initiated by UNDP Bratislava Regional Centre as the implementing partner. The evaluation was conducted in accordance with the evaluation policy of UNDP[4] and the UNDP Handbook on Monitoring and Evaluation for Results[5][6]. It aims to evaluate the activities supported by UNDP through this project. The purpose of this independent evaluation assignment is to assess the relevance, performance, management arrangements and success of the project and provide recommendations whether there is a rational to initiate a second phase of the project. The evaluation seeks to assess the efficiency and effectiveness of the project in achieving its intended outputs. The success of project implementation was reviewed, assessed and rated with respect to the aspects of relevance, effectiveness, efficiency, results and sustainability.

It is intended to provide an assessment of what works and why, highlight intended and unintended results, and provide strategic lessons to guide decision-makers and inform stakeholders. The evaluation aims to provide the basis for learning and accountability for managers and stakeholders. Particular emphasis is put on the project outputs, the lessons learned from the project and recommendations for follow-up activities. The later has been in particular emphasised by UNDP Regional Centre Bratislava and stakeholders.

2.2. Methodology

The evaluation uses the five major evaluation criteria from the UNDP/GEF "Monitoring and Evaluation Policies"[7]. This approach allows a degree of comparability with similar evaluation efforts. It was undertaken in-line with the UN's values and principles such as independence, impartiality, transparency, disclosure, ethical, partnership, competencies and capacities, credibility and utility.

In addition the Evaluator also applied the following methodological principles to conduct the evaluation: i) *Participator Consultancy*: Participatory data gathering activities; ii) *Applied Knowledge*: the Evaluator's working knowledge of evaluation theories and approaches and her particular experience with CDM capacity building projects and expertise of the carbon market and the international climate negotiations; iii) *Validity of information*: Limited only by the resources brought to bear, multiple sources were sought out to ensure that the results are accurate, valid and supported by more than one source of information wherever possible.

The final evaluation was conducted in the period starting with the signing of the evaluation contract on 18.09.2008 and was concluded by mid December 2008. It was carried out according to a work plan and a time schedule, which can be seen in the annex section of this report. The approach was determined by the Terms of Reference, TOR (Annex 4) which were closely followed. Throughout the evaluation, particular attention was given to come up with sound recommendations for a potential follow up project. Importance was also placed to ensure staff and stakeholders that the purpose of the evaluation was not to judge performance in order to credit or blame but to determine ways to maintain and if possible even improve means of implementation of future interventions. Wherever

[4] http://www.undp.org/eo/documents/Evaluation-Policy.pdf
[5] http://www.undp.org/gef/05/monitoring/policies.html
[6] Note: which differs from the *"GEF Monitoring & Evaluation Policy"*
[7] http://thegef.org/MonitoringandEvaluation/MEPoliciesProcedures/mepoliciesprocedures.html

possible, information collected was cross-checked between various sources to ascertain its veracity, but in some case time and inadequate "reported" information available limited this endeavour.

When applicable, the Evaluator has tried to evaluate in accordance to the following criteria, in-line with UNDP evaluation policy; which are also the five internationally accepted evaluation criteria as set out by the Development Assistance Committee of the Organisation for Economic Cooperation and Development:

- *Relevance* – the extent to which the activity is suited to local and national development priorities and organizational policies, including changes over time.
- *Effectiveness* – the extent to which an objective has been achieved or how likely it is to be achieved.
- *Efficiency* – the extent to which results have been delivered with the least costly resources possible.
- *Results* – the positive and negative, and foreseen and unforeseen, changes to and effects produced by a development intervention.
- *Sustainability* – the likely ability of an intervention to continue to deliver benefits for an extended period of time after completion.

The Evaluator has evaluated the project's performance following consecutively the originally planned outputs/outcomes derived from the project documents for TRAC & TTF components based on the log-frame provided by UNDP, thereby using the following evaluation criteria:

For the questionnaire, however, the original log-frame was revised to allow stakeholders to provide more fine-tuned answers and to make them more quantitative. The log-frame used for the questionnaire was extended by using the following two additional criteria: "HS = Highly Unsatisfactory" and "MU = Marginally Unsatisfactory".

Regular updates on the evaluation process where given to the Project Manager.

2.3. Evaluation instruments

To conduct this evaluation, the Evaluator used the following evaluation instruments and data collection instruments to successfully achieve the mandate:

Documentation Review: It was conducted home-based and in Belarus by the Evaluator. The Evaluator undertook a two-day mission to Belarus in order to verify the situation and the results achieved *in-situ,* a brief statement on the findings can be seen in Annex 5. Initially, a second mission to another country and a mission to the UNDP Regional Centre Bratislava were foreseen but cancelled due to financial limitations. In addition to the UNDP Regional Centre Bratislava being the main source of information, documentation received was also provided by UNDP COs and the Evaluator searched other relevant information through the web and contacts.

Questionnaire: Additional data to support the analysis was received from a questionnaire which was sent to the national stakeholders, such as the national project managers of the national capacity building projects. The results of the questionnaire are reproduced in form of graphs for easy reference and are presented in Annex 3. This approach ensures that the imperative responses received from stakeholders remain genuine.

Interviews: UNDP Regional Centre Bratislava assisted in identifying and contacting stakeholders who were interviewed by telephone. The questionnaire and the list of persons interviewed are attached in the Annex section (Annex 1 and 2).

In addition, the Evaluator prepared a rating table which is annexed (Annex 12) to the evaluation report. This table out provided for in the TOR, specifies for each of the main objectives and outcomes in the project logical framework, levels of performance (and their means of assessment) using the four performance categories above (U→HS). When possible the Evaluator provided comments to verify the rating.

2.4. Limitation of evaluation

While the Evaluator is positive that the methodology adopted and the data collection exercise conducted are sufficient to support the findings and recommendations laid out in this report, there were several major challenges. For example, establishing a sound base of all documents, reports and progress reports developed proved to be difficult. The Project Manager has been extremely helpful and went far out of her way in order to provide all necessary documents. The provided support was outstanding. Despite all these efforts, the frame of reference for evaluation performance was difficult as it was derived from multiple sources of information – many of which extracted from executive snapshots derived from the Atlas System. A detailed progress reporting system was lacking. Reports and documents developed – in specific for national interventions, with assistance from the regional project – were not readily available or not available at all with the Regional Office. A homogenous reporting system and a profound progress reporting system would have been more practicable in allowing the Evaluator to examine the reports/documents received more efficiently. The 'universe' of activities implemented within the frame of the national projects and the activities implemented within the frame of the regional project, lacked a paramount reporting procedure and not all reports developed nationally were necessarily submitted and made available on the regional level. If made available to UNDP Regional Centre Bratislava, a missing database made it difficult to structure the reports and making them accessible in a constructive manner. The Evaluator conducted the questionnaires also as a form of compensation. Despite a very intensive schedule and

great volumes of information collected, the evaluation would have benefitted from a mission to UNDP Regional Centre Bratislava and an established full-scale and easily accessible database.

2.5. Structure of the evaluation (work plan)

The outlined evaluation timeframe is provided in Annex 6. The UNDP Regional Centre Bratislava via the Project Manager served as the main focal point for the evaluation. The evaluation process had been structured independently from operational management and decision making functions in the organization. The Evaluator was free from undue influence, no restrictions on the scope, content, comments and recommendations of the evaluation report were received.

2.6. Findings

2.6.1. Relevance of the project

The project aimed to strengthen capacities and create an enabling environment in the participating countries in the Kyoto Protocol. The overall objective of the project was to assist the countries in building institutional and project development capacities to enable their participation in the flexible mechanisms of the Kyoto Protocol and other carbon trading schemes.

All targeted countries are Parties to the UNFCCC, have joined the Kyoto Protocol and Serbia and BiH were facilitated in their ratification of the Protocol. The project is highly relevant to the implementation of the UNFCCC and the Kyoto Protocol in the region. It contributes to the overall objective for intergovernmental efforts to address global climate change and for providing assistance in fulfilling the requirements of the Kyoto Protocol.

The challenge of building capacity in these areas is particularly daunting for EE & CIS countries, whose limited resources are currently stretched in managing the transitions to a market economy. However, these ongoing economic changes provide an excellent opportunity for the countries to reformulate their energy and climate change mitigation and adaptation policies. The application of the project based flexible mechanisms of the KP could directly channel investments to decrease greenhouse gas emissions and, at the same time, contribute to the production of sustainable energy.

Combining strong domestic action with participation in the Kyoto mechanisms could deliver substantial local economic and sustainable development co-benefits to EE & CIS countries, including upgraded technological capacity; improved energy efficiency, better air quality and health, and financial flows from developed countries. Recognizing the potential benefits of the Kyoto Protocol, along with the needed capacity improvements, is a first step towards forming strategies to enable EE & CIS countries to meet their commitments under the UNFCCC and for reduction commitments under the KP for Annex I countries. The next step was to move from these general priorities to specific, targeted actions to meet specific capacity needs. CDM projects must be identified and developed for EE & CIS region to capitalize on its CDM potential during the first commitment period from 2008 to 2012. The project is of relevance in order to empower Parties in the region to actively participate in the flexible mechanisms of the KP.

2.6.2. Country ownership

The Evaluator is pleased to be able to report that there appears to be considerable country buy-in to the project at all levels of the Government. The ownership of the countries and participation of stakeholders, as also confirmed by the results of the questionnaire (reference is made to Annex 3) is highly satisfactory. The project had to deal with high demand and expectations from all countries on

one hand and with extremely low capacities and awareness on CDM/JI on the other. No project team, though, experienced and competent, can ever deliver the entire range of support needed by its development partners. It is not an admission of weakness, but rather a means to add value to future work. Therefore, the acid test on the long-term sustainability remains, to prove whether the developed structures are to be digested by the national systems. However, to show positive tendencies, BiH, Serbia and Tajikistan have ratified the Kyoto Protocol.

2.6.3. Stakeholder participation

The stakeholder participation – also experienced from the active response to the questionnaire – was high. The project had to bridge a complex setting of local stakeholders and to address their diverging needs. Three broad groups of local stakeholders were addressed, namely: i) policy-makers in CDM/JI line-ministries, such as ministries of environment, energy, transportation, forestry, agriculture, etc., ii) DNA/DFP staff members and members of the CDM/JI approval committee, and iii) technical experts such as local consultants, academics, and engineers from the line-ministries such as the energy/electrification authority and renewable energy agencies. Furthermore, the project actively engaged UNDP country offices through on-line moderated discussions using UNDP's knowledge networks and providing tailor made training workshops. This ownership will positively reflect on the long-term impact of the project.

2.6.4. Replication approach

To promote the replication of the capacity building initiative the production of 'lessons' learnt' documents, such as the "How-to Guide: National Institutional Frameworks for the Kyoto Protocol Flexible Mechanisms in Eastern Europe and the Commonwealth of Independent States, 2007", were developed. These highlight, for example, initiatives that have proven to be effective in developing efficient DNA/DFPs structures, list key CDM/JI experiences and issues encountered in the different countries. Overall, the replication potential of this project is high. It is well appreciated by stakeholders. It is of high relevance to act as a pilot project for similar UNDP interventions in other regions. The lessons learnt and the best practice could be used as baseline for a potential follow-up project.

2.6.5. Cost-effectiveness

The implementation of the project appears to have been achieved in a highly cost-effective mode. In addition, as a spin-off, eight national capacity building projects were developed, which further supported balancing the overall project costs. The development of knowledge products allowed sharing lessons learnt on a regional level, which assisted in providing a cost-effective approach.

2.6.6. UNDP comparative advantage

Capacity building is an integral part of UNDP's activities in EE & CIS. UNDP has been as early as 1991 involved in the response to the threat of climate change. As one of the GEF Implementing Agencies, UNDP began to support regional and country-based project initiatives to address this major issue.

At its first session in 1995, the COP endorsed a combination of short- and long-term project and programme activities and agreed with the GEF that in the longer term, projects reflecting long-term priorities would have the greatest impact. The initial vehicle for taking forward the capacity-building aspects of the operational programmes was the 18-month Capacity Development Initiative (CDI),

introduced in 2000 by the GEF Council. This partnership between the GEF and UNDP aimed to prepare a comprehensive approach to capacity-building needs at the national level and the implications of meeting the challenges of global environmental action (including climate change).

UNDP is recognized as a leader on development issues relating to climate change. UNDP has prepared guidelines and analytical tools in areas such as climate impact analysis, adaptation and mitigation strategy development, economic and social project analysis and more recently on issues related to CDM project baselines, project screening and SD criteria. UNDP's comparative advantage includes the innovative aspects related to developing new approaches and issue linkages. In addition, UNDP has worked extensively on climate change related targeted assessments in the areas of e.g. climate change impacts and vulnerability and undertaken significant programmes examining both mitigation and adaptation opportunities.

UNDP is one of the largest sources of technical assistance for global environmental management in the world. In recognition of this unique capacity, countries are increasingly asking UNDP for assistance to tap into the development benefits that can be reaped through this new and complex field of carbon finance. UNDP is supporting a number of capacity development initiatives for JI/CDM throughout the world (establishment of DNAs, skills development, etc.) as well as the formulation of some pilot CDM projects. One of the first LDC projects registered by the CDM Executive Board (Bangladesh) was developed with UNDP support. By managing ODA, GEF, MLF, Carbon Finance and adaptation funds under one roof, UNDP helps programme countries sequence/combine these different sources of funds to address the existing policy, capacity and financing gaps to implement the Multilateral Environment Agreements and to meet the MDG targets.

2.6.7. Management arrangements

The UNDP Bratislava Regional Centre provided overall coordination of the project activities and was responsible for implementation of regional activities. The implementation of the project has been efficient and effective, with a particularly well organised and exceptionally highly motivated team of national and international consultants and support staff overseen by two Project Managers with strong management skills complimented by a sound technical expertise. A statement also confirmed through the interviews. UNDP Country Offices supported the implementation of the project at the country level. In addition, the project benefitted from the technical expertise of the BDP Energy Group. The project was overseen by a Local Project Advisory Committee. The role of which was to guide the project team, perform overall monitoring of the project activities and make decisions regarding essential components of the projects. The member list of the Committee is in Annex 10.

The project management was designed to ensure that the expected results are achieved through the effective and efficient use of UNDP resources. The project was being implemented under the Direct Execution (DEX) modality which permitted easier monitoring by UNDP and safeguarded the fiscal and management accountability of the project. Since the launch of the project, it was well managed (again reference is made to confirmation from the answers received through the interviews) and the project manager used an adaptive management approach adequately to secure project outcomes while maintaining adherence to overall project design and project was in the course of its implementation always very much in-line with the objectives and outcomes identified in the log-frame at the design stage.

Moreover, the project manager(s) had developed excellent working relationships with the project stakeholders, also emphasised to the Evaluator when talking to stakeholders. Consequently the management of the project is rated highly satisfactory.

2.6.8. Implementation approach – analysis of project outputs

The outputs of the project are evaluated consecutively; and wherever possible and constructive according to the criteria, also outlined in Section 2.2.; thereby using the indicators defined in the project document. In compliance with the UNDP-GEF Monitoring and Evaluation Policy, each section ends with a rating. Ratings may vary from HS to U.

Output 1: Strengthened institutional, human and technical capacities of the national Governments to participate in the flexible mechanisms of the Kyoto Protocol.

Achievements: The project successfully managed to support countries through national and regional interventions to strengthen relevant capacities of national Governments. One major success, which cannot be stressed sufficiently, is the thriving achievement of the objective of providing support to eight COs in order to develop national CDM/JI capacity building projects thereby strengthening Output 1 – for details, reference is made to Graph 2 and Output 3. In addition the remarkable amount of US$ 1.510.589 was raised in form of co-/parallel-financing. Through these projects direct and tailor-made support was provided to the DNAs/DFPs in accordance to their specific needs. Albania, Belarus, Uzbekistan, Macedonia, Kyrgyzstan were supported and accompanied in their process to develop the relevant legal and institutional frameworks for evaluation, approval and monitoring of projects under the flexible mechanisms under the Kyoto Protocol and also the voluntary market.

In part credible to the project, a momentum of high interest for climate change in general and the Kyoto Mechanism in specific was commenced, which resulted subsequently in the ratification of the Protocol in BiH, Serbia and Tajikistan (June, 2007, September 2007 and October 2007). Key barriers – such as like a lack of understanding, capacity and legal requirements responsible for a low-level of interest to ratify the Kyoto Protocol - were removed in some countries more than in others.

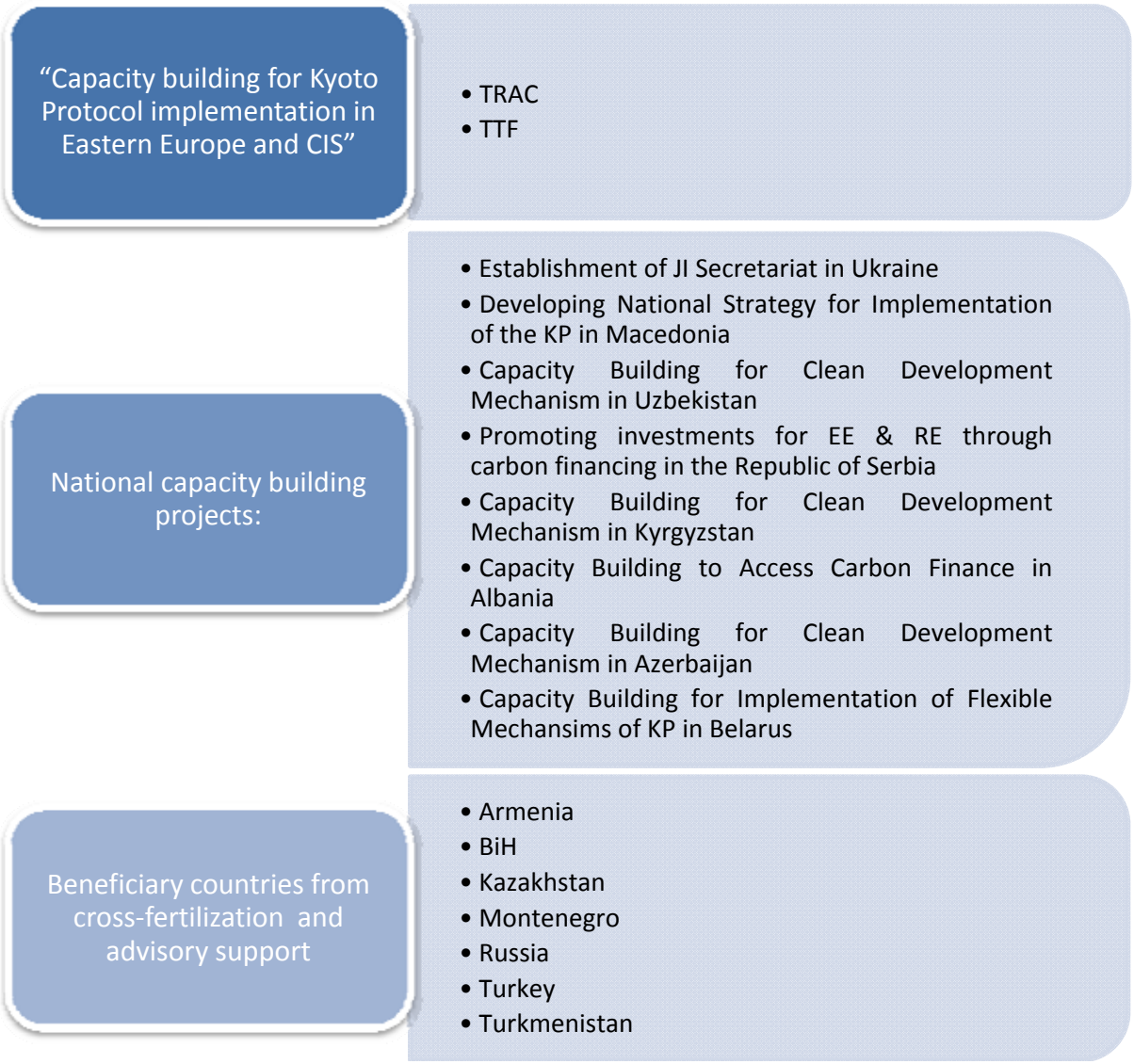
Although UNDP COs in the region were well acquainted in supporting countries in the ratification/implementation of the UNFCCC due to UNDP's long-term involvement in implementation of GEF-supported climate change projects, the CDM/JI was a relatively new field of operation for them. Therefore, additional skills, knowledge and capacities had to be developed/increased on part of UNDP personnel, activities which were taking place in parallel. Subsequently, the work has been carried out very effectively and implemented with strong engagement from the relevant COs. Given the results achieved (see Achievements above) and the development of eight national capacity building projects, it is obvious that this could have only been accomplished by a project which is backed-up by a highly motivated and very experienced team with active involvement and support from strong COs under the overall supervision of a highly-dedicated Project Manager.

Main deliverables/activities: Organized/implementation on a regional level: On October 2007 the First Central Asian Carbon Forum was organized and implemented in Tashkent, Uzbekistan. The project co-organized a regional session at the Moscow Carbon Market Forum (28-29 April 2008), which proved to be an outstanding outreach mechanism for the region to market its national CDM/JI programmes. In January 2008, with support of the Turkish Government, a regional training on the institutional aspects of carbon finance projects was implemented. The training received high level recognition and was attended by a variety of stakeholders of 17 countries from the region. An event which further assisted in building capacity through the means of East-East cooperation, as representatives from countries with a less developed CDM/JI environment had the chance to meet and exchange expertise with countries in the region being ahead in this process.

On the other hand, the pilot activities implemented in Macedonia demonstrated that the process of DNA establishment was much lengthier than originally planned for. The project strategy was revised

to allow for more direct and national interventions. The project implemented a series of national workshops/trainings and also assisted Albania, Belarus, Kyrgyzstan, Serbia and Uzbekistan with the development/definition of the relevant evaluation and approval procedures and the sustainable development (SD) criteria. As for the latter, the established way of measuring the sustainability of CDM interventions is through the use of sustainability indicators. The criteria were operationalised by using quantitative and qualitative indicators which allow the countries for a clear evaluation of potential CDM projects. The definition of the national sustainable development criteria is an important prerequisite for the project's eligibility to the CDM.

Graph 2: National components in relationship to regional components



The Evaluator considers the achievement of Output 1 as very successful. The relevance of the activities carried out to achieve the output is of uttermost importance. Competent participation in the Kyoto Protocol's flexible mechanisms is seen as a viable path to gain access to new opportunities for GHG emissions reduction and to achieve sustainable development. It is a prerequisite for host countries' participation in the JI/CDM to establish an institutional framework for evaluation and approving CDM/JI projects and having DNAs/DFPs established which are capable to carry out the mandated tasks. The project provided assistance in mitigating this risk by engaging in a policy

dialogue with government. National Governments need to be assisted in the processes for establishing national institutional frameworks, as transparent and efficient governance structures for JI/CDM will provide for attractive JI/CDM destinations and also for Annex I countries being able to comply with their reduction commitments. The lack of a supportive CDM/JI policy and infrastructure at the governmental level posed at the onset of the project a significant market risk to carbon transactions. The project successfully captured to address to the challenging and complex procedures to be applied in country-specific circumstances. It managed to take care of the varied economic conditions of participating countries. The countries are to various levels soundly engaged in formulating a CDM policy that responds to their specific needs. The Evaluator is convinced that the project has provided significant basis to help the countries' efforts to develop a proactive and sustainable approach to CDM/JI.

As for the effectiveness for this outcome, the project accomplished to breach different needs, assemble those under one umbrella, without losing the attention to specific country needs. The overall objective has been met. It is believed that good analytical work had been carried out before the onset of the activities to effectively streamline the support provided. In addition to the above mentioned regional workshops, national workshops and trainings were implemented in Albania, Belarus, BiH, Macedonia, Kazakhstan, Kyrgyzstan, Serbia, Turkey, Ukraine and Uzbekistan aiming to increase the understanding of Government officials with the interpretation of the Kyoto Protocol, in particular with regard to national mitigation policies. It assisted to create to some extent an understanding of climate change and sustainable development issues and their practical implications on the socio-economic development processes. Results achieved are also reflected in the ratification of the Kyoto Protocol by BiH, Serbia and Tajikistan.

However, the availability of a database and/or the development of a project webpage and a sound and full-fledged reporting system would have assisted to further raise awareness, exchange information and maximised the impacts achieved. Specifically the establishment of a project webpage would have been a vital mechanism for sharing information and experience, for outreach, for increased networking among the partners and recipient countries and for presenting an overview of achievements and gaps. Countries could have benefitted from the, thereby, increased cross-fertilization. The project provided regularly one-to-one support, outputs of which being publicly made available would have been also of assistance to other project participants. Some interventions appear of not being carried out in a programmatic approach but more as unplanned response to needs flagged or required to keeping up with externally caused bearings (such as the delay of the launching of MDG Carbon Facility).

For the efficiency of the output – all interviewed credit the interventions from UNDP (regional and national) as their major trigger to build capacity in order to participate in the carbon markets. Capacity building involved learning by doing and was built on existing processes and endogenous capacities. The project promoted cooperation among various stakeholders and effective participation in the Kyoto Protocol process. The project satisfactorily integrated two approaches for integrating capacity building, namely *horizontal integration*, when capacity is viewed and developed at the level of individuals, organizations and national systems (governmental) and *vertical integration,* when capacities are viewed and aggregated in terms of a regional level, towards the overarching-objective. The project efficiently and effectively made use of this complimentary approach to develop/scale up abilities of various stakeholders to participate in the Kyoto Protocol. Furthermore, the technical knowledge of the Project Manager proved to be very sound, hence, limited support by external experts was necessary and this allowed the project to operate in a highly cost effective way.

The sustainability of this output appears to be high. The project assisted with the development of the institutional framework in the countries, which were approved by their respective Governments. Legislative documents were developed and are now regulating the operation of the CDM/JI in 5

countries (Albania, Belarus, Uzbekistan, Macedonia, and Kyrgyzstan). BiH, Serbia and Tajikistan ratified the Kyoto Protocol. Five countries were assisted with the definition of their sustainable development criteria, which is of ample importance. The SD criteria help to ensure the CDM to be a dynamo for promoting host countries' sustainable development and thereby building synergies with other policies and programmes as part of the overall sustainable development process of the countries. Supporting training materials were developed on the regional and national level, such as the "How-to Guide: National Institutional Frameworks for the Kyoto Protocol Flexible Mechanisms in Eastern Europe and the Commonwealth of Independent States, 2007", the "Global Climate Change: Economic-legal mechanisms for Kyoto Protocol implementation in Ukraine", the Review of DNAs/DFPs in Eastern Europe and CIS: capacity needs assessment, case studies and lessons learnt," which provide guidance and help to policy makers to further nurture the entered paths in their countries. Macedonia was supported with the development of its national strategy for the CDM, which provides the Government with a clear course of action during the first commitment period, therefore also beyond the lifetime of the project. Nonetheless, further support and guidance will be needed to mature in the carbon market and to strengthen domestic capacity to the active participation of the countries in the international negotiation process for the post-Kyoto regime.

➔ **Highly Satisfactory (HS)**

Output 2: Developed in-country knowledge and skills of potential carbon market participants for identification and preparation of viable carbon investment projects.

Achievements: It appeared to be most important that the right people are trained on the relevant subjects, which involved a process of identification of local stakeholders who were the target of the provided trainings and workshops. The key element in this selection process was their expected role in the national portion of the CDM project cycle, including CDM project identification, design, approval, implementation and financing. Consequently, three broad types of groups for capacity building activities in each country have been targeted:

- Policy makers in CDM-related line-ministries such as ministries of environment, energy, transportation, forestry, agriculture, etc.
- DNA staff members and members of the CDM project approval committee.
- Technical experts such as local consultants, academics, and engineers from the line-ministries and government agencies such as the rural electrification authority, and the renewable energy agency.

The design of the activities for this output addressed the fact that these groups have different capacity building needs given the different roles they play in the CDM/JI process. Tailor-made capacity development workshops were designed for each group, while maintaining some common sessions attended by all three groups. Such an approach contributed to the effectiveness of capacity development by ensuring that each individual receives the knowledge most relevant to his/her job responsibilities while ensuring a common underlying understanding. In order to facilitate and encourage the development of CDM/JI project activities, the project also assisted project developers in identifying CDM/JI projects within their operational activities. This approach was very much structured as "learning-by-doing". All these interventions resulted in a more or less capable pool of national CDM/JI experts, familiar with the project cycle and requirements.

The project was structured to lay the ground for MDG Carbon Facility's operation in the region. Therefore, the initial research and feasibility assessments of JI/CDM projects were thought-out to explore potential linkages with the Facility and to identify a pipeline of eligible projects ideas. This approach, originally well reflected, proved to be partially perilous. The delay in the operationalization of the MDG Carbon Facility had an impact on the project, which had to adjust its

planned activities accordingly. In addition, RBEC was not perceived as a strategic priority for the Facility, which turned out to be another drawback for which immediate mitigation efforts had to be developed and implemented by the project in close cooperation with COs. The BRC hosted in September 2007 the first regional RR/DRR Climate Change training and the Project Manager maintained close interaction with HQ.

All the consolidated efforts in cooperation with HQ considerably paid off. A portfolio of over 20 JI/CDM PINs in-line with MDG Carbon Facility eligibility criteria was developed, with emphasis put on practical, hands-on training for local stakeholders. Three CDM projects (Uzbekistan, Macedonia, and Ukraine) were selected for the MDG Carbon Facility portfolio and MOUs have already been signed with the project proponents. It further needs to be highlighted that the Facility signed the first ever Host Country MOU with a country from the region, namely with the Uzbekistan. Also the first MDG Carbon Facility MOU was signed with a project proponent from the region (Uzbekistan, UzTransGaz) of which delivery is expected to start in 2009.

Main deliverables/activities: A series of national training workshops were organized in Albania, Azerbaijan, Belarus, Kyrgyzstan, Macedonia, Turkey, Serbia, Ukraine and Uzbekistan. Many capacity building activities were aimed at supporting project development by providing project developers and other organisations involved in project development with information on the project cycle and with training on project development skills. The project further assisted Kyrgyztan, Macedonia, Albania and Serbia in the assessment of their CDM potential. For Albania a baseline study was carried out for the power sector and Armenia was assisted with access to carbon market data. Sectoral reviews were undertaken which resulted in the following studies: i) "JI potential in biomass energy sector in Russia"; ii) "JI potential in biomass energy sector in the Ukraine"; iii) "LULUCF strategy for UNDP in Eastern Europe and CIS", and iv) Pre-feasibility for carbon projects development in the forestry sector in Albania". For example, the LULUCF strategy paper provides recommendations to assist technical development and marketing of UNDP LULUCF projects to potential buyers. Of particular interest, as LULUCF projects offer a significant potential for reducing emissions or sequestering carbon in the region. Which is also of importance as the region can build on its technical capacity, accumulated knowledge and experience in afforestation of degraded lands and other LULUCF activities, and a general belief that improved land management offers optimal solutions for economic recovery of rural areas. The project provided assistance with the development of a baseline and monitoring methodology (Armenia: methodology for energy efficiency in district heating). An effort which is often being avoided by technical assistance programmes, as of being too time consuming, costly and also risky, as to whether the approval will be provided at the end.

The relevance of the activities carried out to achieve the output is of very high importance. By assisting countries to identify JI/CDM projects within the operational activities of their private and public sectors provides a basis to create pilot project activities, but also helps the countries to understand their CDM/JI potential. In providing capacity building to local CDM/JI project experts, the often high transaction costs associated with CDM project preparation can be absorbed by the domestic market. East-East cooperation was triggered by regular regional meetings and provided further a mechanism to assist in decreasing transaction related costs through regional cooperation. Clearly, CDM capacity building investments and increased cooperation with host countries in the region can reduce transaction costs related to CDM/JI project development. Building the capacities of potential project participants in host countries can also help to reduce transaction costs by reducing a project developer's reliance on international technical services needed to complete the project cycle. This is in particularly true in the case of fees for preparation of PINs, PDDs, and new methodologies. By assisting to catalyze 'learning by doing' CDM/JI projects that meet the objectives of the Framework Convention on Climate Change and the Kyoto Protocol directly corresponds with national development priorities.

The output was achieved considerably effectively, given the finance and time limitations of the project and taking into consideration the very limited domestic expertise. The development of a project pipeline and its promotion at events, like the Moscow Carbon Market Forum - a platform for project developers and buyers to meet, helped effectively to promote the attractiveness of the region. However, some of the activities seem to have been fragmentary and the countries will require further attention. Some countries (like Armenia and Uzbekistan) seem to take the lead in developing projects in certain sectors, it would have been important to further capitalize on such experience and to address them in more depth on a regional level.

Additional capacity building is necessary to take advantage of approved methodologies. Also the capacity to demonstrate the additionality of projects needs to be further addressed. The pervading bottlenecks to generate the required underlying finance for project implementation, would have required a more active focus on the financial sector, legal specialists and project developers. Consultants being trained provided some feedback on a lack of capacity to develop PDDs. The project activities were often limited to workshops and did not involve sufficient on-the-job training. Some stakeholders expressed also the interest in more training in bundling of small-scale projects.

Capacity building should not be limited to transfer of knowledge but also include transfer of skills, which is best done through experiencing real ground work. Nevertheless the project made considerable progress in building the capacity in the countries. Summing up, the project preparation market is still largely externally induced and not completely self-propelled. Consequently, the efficiency how activities were implemented can be seen as moderate successful.

Sustainability: Capacity building assists CDM/JI activities to be self-sustaining in the long run. It also enables the optimum utilisation of skilled manpower in local regions, rather than depending on costly expatriate consultants. There is a great potential for increased regional cooperation in this field. Further activities will need to address local governments, despite focusing on the decision-making authority being concentrated in the central governments, as local authorities have more and better information in their region about project viability and its contribution to SD.

➔ **Satisfactory (S)**

Output 3: Mobilized resources for UNDP-led regional and national capacity building development projects in support of Kyoto Protocol Implementation

Achievements: The project successfully accomplished in strong cooperation with the COs to mobilize US$ 1.510.589 (co-/parallel-financing), a remarkable achievement which cannot be acknowledged sufficiently. It managed to generate the interest of various bilateral donors and COs (reference is made to the above sections). Eight national capacity building projects were developed and operationalized. Two ERPAs were signed, including one ERPA with MDG Carbon Facility.

Main deliverables/activities: Project proposals for Central Asia and Western Balkans on 'Leveraging carbon finance for sustainable development' were developed and presented to several donors, like the European Commission, the Governments of Germany, Norway, Switzerland and Finland. In unison, all donors provided encouraging feedback on the technical sectors of the proposals. Also bilateral meetings with donors were organized. In addition, a training workshop was held on carbon finance for the Swiss Development Cooperation (SDC) Agency, during which fundraising negotiations for UNDP carbon finance capacity building activities were carried out. As a further trigger to capitalize financing, a number of regional/sub-regional meetings were organized/co-organized to link potential investors with project developers from the region, such as the First Central Asian Carbon Forum and the Moscow Carbon Forum.

The Evaluator considers the results achieved under Output 3 as outstanding. The relevance of the activities carried out to achieve the output is of very high importance. Assisting countries in developing national capacity building projects and generating the necessary funding is of utmost importance. This allows for activities being tailored towards the specific context of the individual countries. As the political priorities vary between countries, and because the economic framework conditions are different, these national projects attend to national development priorities and organizational politics on an in-depth level. The independent evaluation is not mandated to evaluate the national capacity building projects. However, the Evaluator undertook a two-day mission to Belarus in order to verify the situation and the results achieved by the regional interventions *in-situ*. Thereby she had the chance to observe the results achieved by the national project, entitled: "Capacity Building for implementation of flexible mechanisms of Kyoto Protocol in Belarus". In order to respect the sovereignty of the national project, the brief findings annexed shall not be seen as a throughout evaluation initiated by UNDP Regional Centre Bratislava of a national project, but it is thought to provide some additional added value and some feedback on a national project which was initiated under this output. Reference is made to Annex 5.

The efficiency of the activities carried out in order to achieve this output can be highly acknowledged. It provided assistance in addressing the overall objective of the project on a national level. The project successfully managed to create a momentum and was able to engage a variety of donors in a time when discussions on climate change were still in the backburner also with the donor community. It allowed strengthening partnerships between host countries, donors and UNDP and the transfer of knowledge. As for the sustainability: to perceive the countries at this stage as fully self-sustained is rather questionable. With no doubt a momentum has been created, enormous results have been achieved, however, as for the complexity of technical and legal needs, further support would be of need.

➔ **Highly Satisfactory (HS)**

Output 4: Regional network of practitioners dealing with carbon market mechanisms established and UNDP internal knowledge and capacities in the area of carbon finance developed.

Achievements: The project initiated and sustained regional/sub-regional networking among practitioners (UNDP COs, Representatives of local Governments, national experts, etc.) to promote exchange of knowledge in the area of JI/CDM. These efforts resulted in the establishment of a UNDP network of practitioners working in the area of carbon finance, which is meeting regularly. Specific trainings were held for the network and supporting knowledge products were developed to assist in increasing its expertise. Also as a vital output of the initiated national capacity building projects in Albania, Azerbaijan, Belarus, Kyrgyzstan, Macedonia, Serbia, Ukraine and Uzbekistan (reference is made to Output 3) pools of national experts were created.

Main deliverables/activities: In Tashkent the position of a Regional Capacity Building Specialist was established and institutionalized. The book entitled, "How-to Guide: National Institutional Frameworks for the Kyoto Protocol Flexible Mechanisms in Eastern Europe and the Commonwealth of Independent States, 2007", was been developed in a cooperative approach with national stakeholders. This guidebook targets policy makers and CDM project proponents in the region. It provides an in-depth analysis of the various types of institutional frameworks for DNAs/DFPs. It also provides an introduction for policy makers as to how CDM projects can be developed and designed to promote sustainable development. It presents an operational approach to sustainable development impacts and how these impacts could be measured in relation to CDM, including proposed sustainable development criteria and indicators, & linkages to national development activities. It received enormous international attention and is also being used in other global regions as a reference guide. Four trainings on carbon finance and project development for UNDP CO focal

points were developed and implemented (at the Energy and Environment Community of Practice, at the COP/MOPs 2006-07 and one in Istanbul, 2007) which provided targeted training to UNDP personnel. The countries and the national capacity building projects benefitted from ad-hoc advisory and consultancy services – reference is made to Annex 5, as an example of assistance provided to Belarus. UNDP CO representatives and national project managers were supported to participate in international meetings/conferences of relevance for Kyoto Protocol implementation, such as, the Central Asia Carbon Forum, Moscow Carbon Forum, the COP/MOPs, and relevant UNFCCC meetings held in Bonn. The Armenian DNA was assisted with information on carbon finance, as subscriptions for the provider "Point Carbon" for 2007 & 2008 were provided.

All stakeholders interviewed in the course of the evaluation process have attributed the establishment of a regional expert pool as of highest relevance. As part of the promotion of CDM/JI in a host country, there is an important need for local persons, experts and/or institutions that 'champion' the cause. This form of established networking and East-East cooperation will foster CDM/JI project development in the region. Sharing experiences, lessons and expertise within the framework of East-East cooperation allows the countries to embark on a process aimed at establishing an efficient and informed structure to participate in the flexible mechanisms and thereby reducing project costs. Further, to comprehend on an informed level the opportunities and limitation of carbon trading supports to manage equitable trades and to take advantage of lessons learned of trading experiences from more advanced countries in the region. As there are strong potential synergies in East-East cooperation, these synergies can be captured through the regional platform established by also coordinating practical, coordinated and realistic mitigation projects – which might also be of relevance in a potential implementation of a cross-border programmatic CDM.

The activities were carried out effectively. This output is closely interlinked with Output 2 – through which local experts were trained, whose expertise are being used locally and regionally and also flagged at relevant international events.

However, to see this output as *fait-a-compli* would be highly embellished. Due to the timing, resources available and given the complexity of technical needs it can only be seen as a first, but vital step in order to establish a self-sustained and skilled regional network of practitioners working in the area of carbon finance. A commonly-used phrase in the CDM is to 'learn-by-doing' that is especially applied to those countries that have so far received little attention from investors and the capacity-building community. In order to follow this course, it is suggested to further assist in preparing in PINs/PDDs, obtaining national approvals (both stakeholders and DNA) and consideration of project financing. Stronger emphasis shall be given to sectoral specialists for certain project types and the involvement of specialized agencies. Further assistance is needed to stronger embark upon relevant capacities, therefore: i) to better understand relevant methodological and technical issues in order to provide technical advice on how best to apply the CDM/JI methodology guidelines to real CDM/JI projects in the region; ii) to better understand the market opportunities and economic benefits for the region when participating in the flexible mechanisms by identifying the region's CERs supply potential; iii) to analyze marginal abatement cost curves (MAC) and priority technology and sector areas; simulating the market price trends of CERs and the region's market share in the world carbon market under selected scenarios; assessing the impacts of CDM/JI on the region's economic development; and evaluating barriers, so as to identify the policy implications of CDM/JI for the participating countries. In general, these activities also mean to achieve an overall far-reaching objective: to enhance overall capacity building for the region to participate pro-active in the KP.

➔ **Satisfactory (S)**

Output 5: JI component of MDG Carbon Facility launched in Annex I EE & CIS countries.

Achievements: In order to ensure an overall coverage of the region, the output was refocused to allow also the CDM to be included. The due diligence process of MDG Carbon Facility to determine project eligibility proofed to be more difficult as originally envisaged and thereby more time had to be invested to follow all the necessary requirements. However, the project managed to provide relevant support, out of which 10 JI (3/Russia, 4/Ukraine, 3/Belarus) and 18 CDM (2/Armenia, 9/Azerbaijan, 1/Uzbekistan, 1/Macedonia, 3/Albania, 2/Serbia) PINs originated. Further, one PDD was developed for Uzbekistan for which the ERPA has already been signed. Two Albanian PDDs and one for Kyrgyzstan were revised. The revenue stream of the already mentioned CDM project in Uzbekistan, which is being developed by MDG Carbon Facility, is expected to generate a minimum of 1.000.000 CERs/year. In 2007, MDG Carbon Facility together with UNDP Uzbekistan has signed a Memorandum of Understanding with the Government of Uzbekistan on implementing the first carbon finance project. This has opened an opportunity to devise a Green Investment Scheme that will leverage investments generated under carbon projects towards sustainable development.

Main deliverables/activities: Identification and development of CDM/JI projects for MDG Carbon Facility and other potential investors in 11 countries in the region. The GIS scheme has been developed in Uzbekistan to provide a direct share of carbon revenues for sustainable development projects.

Project development assistance is key; therefore the output is of highest relevance. It fully supports the ultimate objective to enable countries to actively participate in the global carbon market and through this achieve both local and global environmental improvements. An established project pipeline is an important tool to enter market negotiations. It allows marketing the portfolio of CDM/JI projects in their respective countries and engaging in project promotion discussion with various carbon market players. Experience from other regions shows that it is not necessarily sufficient for a host country to establish a DNA/DFP and ratify the Kyoto Protocol to become an attractive CDM/JI destination. Carbon procurement programmes interested in the region expect to see indication of specific CDM/JI project potential and clear and transparent institutional arrangements. Therefore, support for the production of a CDM/JI project portfolio plays a major role in enabling countries to actively participate in the global carbon market.

The output has been achieved more or less effectively, as it resulted in the development of a project pipeline originating from the region. However, some hick-ups (as outlined above) slowed down the process and did not allow maximising the expected results. The pipeline still favours PINs and lacks a sufficient number of PDDs from the countries involved. Also feedback from the stakeholders strongly asks for more hands-on training for PDD development. The project had to deal with information campaigns, awareness-raising and institutional creation, activities which consumed more time and resources as originally anticipated for, other activities such as, sector-specific training and developing project identification notes and project design documents for specific projects clearly lacks behind in its efficiency. However, the project managed to address to the various country specific circumstances and their potential to develop projects. For example, it appears that Kazakhstan as a result of the size of its economy and the level of investment provides the largest country-level potential for CDM. Armenia on the other hand, compensates the small size of the economy with a strong CDM infrastructure and a wide range of potential CDM projects. Azerbaijan scores well on the economic criteria, while Uzbekistan has a larger economy. Kyrgyzstan may have a low potential mainly because of the small size of the economy, the lack of CDM infrastructure and the low level of investments.

Some grounds for sustainability have been developed. The countries may use the developed PINs and the PDDs as blue-prints for further steps. However, the likely ability of the intervention to continue to deliver benefits after completion of the project remains questionable. PDD development

tutorial courses, sector-specific hands on trainings and marketing guidance are still needed; otherwise the sustainability of this intervention may not be ensured in all participating countries.

➔ **Satisfactory (S)**

3. Conclusions and Recommendations

The overall design of the project has followed the guiding elements of the Decision 2/CP.7 taken at COP 7 in 2001 during which Parties provided a framework for capacity building to guide the Global Environment Facility (GEF) as an operating entity of the financial mechanism, and be considered by multilateral and bilateral organizations in their capacity-building activities related to the implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process.

Overall, as mentioned earlier, due to only one field visit and a lack of a sound reporting system established, it was difficult to make a reliable assessment, without risking missing out on achievements which would have also been worth mentioning. One of the biggest challenges of the evaluation was therefore the absence of a detailed progress reporting system tracking all activities and interventions profoundly. Such system is essential not only for evaluation purposes, but also to assist in the replication of activities and to provide a reference pool of lessons learnt. However, the answers received on the questionnaire seem to confirm the major findings presented. Apparently the project has gradually evolved from information campaigns, awareness-raising and institutional creation to sector-specific training and developing project identification notes and project design documents for specific projects.

In general, the project created successfully an impetus – and a high level of interest for climate change in general and the Kyoto Mechanism in specific – resulting in a growing awareness in the region on the CDM/JI and its important role in efforts to mitigate climate change. The project has considerably supported the implementation of the flexible mechanisms of the Kyoto Protocol in EE & CIS. It has assisted the region to be well positioned to take advantage of CDM/JI opportunities. It generated political commitment and has increased confidence regionally in the carbon markets and that the CDM/JI will be viable, in both governments and productive sectors. It strengthened governments' institutions ability to develop and when required to implement approval procedures. This has guided the countries to gradually recognize the importance of capacity building at national, local and enterprise levels. The project was in the position to bridge the different country needs and potentials for CDM/JI.

Although the average number of registered projects is still very low, a viable momentum has been created to build domestic institution and capacity to initiate and undertake CDM/JI projects. It also provided local stakeholders to some extent with the relevant skills and knowledge to enable CDM/JI projects to be developed in the region. The Evaluators' overall assessment is that the project has been successfully implemented, a judgment which has also been confirmed by the stakeholders responding to the questionnaire. The capacity building assistance provided, the establishment of streamlined and transparent CDM/JI procedures and sound governance in five countries, the lessons learned and expertise gained from establishing a project pipeline and the ratification of the Kyoto Protocol by three countries, will help the region to take advantage of CDM/JI opportunities. The project successfully accomplished keeping the balance, by addressing specific national circumstances and avoiding a one-size-fits-all approach. This made the overall implementation challenging, but has proven to provide better results. In summary, it has been demonstrated that the project was implemented in a responsive and pro-active manner. Reference is made to Annex 12 for the Rating Tables and Annex 3.

Table 2: Ratings summary

Criterion	Summary Comments	Rating
Relevance of the project	The project is of highest relevance for EE & CIS. The application of the project based flexible mechanisms of the KP could directly channel investments to decrease greenhouse gas (GHG) emissions and, at the same time, contribute to the production of sustainable energy. Combining strong domestic action with participation in the Kyoto mechanisms could deliver substantial benefits to EE & CIS countries, including upgraded technological capacity; improved energy efficiency, better air quality and health, and financial flows from developed countries. The project is of highest relevance in order to empower Parties in the region to actively participate in the flexible mechanisms of the KP.	Highest relevance
Country ownership	The country ownership is highly satisfactory as there has been considerable country buy-in to the project at all levels of the Government. The project had to deal with high demand and expectations from all countries on one hand and with extremely low capacities and awareness on CDM/JI on the other and successfully managed to provide bridging support. This ownership will positively reflect on the long-term impact of the project.	Highly satisfactory
Stakeholder participation	The project successfully managed to address to a complex setting of local stakeholders and to attend to their diverging needs. Furthermore, the project actively engaged UNDP country offices through on-line moderated discussions using UNDP's knowledge networks and providing tailor made training workshops.	Highly satisfactory
Replication approach	To promote the replication of project 'lessons' learnt' documents were developed. Those high-lighten, for example, initiatives that have proven to be effective in developing efficient DNA/DFPs structures, list key CDM/JI experiences and issues encountered in the different countries. Overall, the replication potential of this project is high. It is well appreciated by stakeholders. It is of high relevance to act as a pilot project for similar UNDP interventions in other regions. The lessons learnt and the best practice could be used as baseline for a potential follow up project.	Highest potential
Cost-effectiveness	The implementation has been highly cost-effective. Eight national capacity building projects were developed, which further supported balancing the overall project costs.	Highly satisfactory
UNDP comparative advantage	Capacity building is an integral part of UNDP's activities in EE & CIS. UNDP is recognized as a leader on development issues relating to climate change. UNDP has worked extensively on climate change (CC) related targeted assessments in the areas of e.g. CC impacts and vulnerability and undertaken significant programmes examining both mitigation and adaptation opportunities. UNDP is supporting a number of capacity development initiatives for JI/CDM throughout the world (establishment of DNAs, skills development, etc.) as well as the formulation of some pilot CDM projects.	Highly satisfactory
Management arrangements	The UNDP Bratislava Regional Centre provided overall coordination of the project activities and was responsible for implementation of regional activities. UNDP Country Offices supported the implementation of the project at the country level. In addition, the project benefitted from the technical expertise of the BDP Energy Group. Since the launch of the project, it was well managed and the project manager used an adaptive management approach adequately to secure project outcomes while maintaining adherence to overall project design. The log-frame as one of the main management tools to guide the implementation of a project was well addressed to. The project strongly benefitted from two consecutive, technically very sound and highly motivated project managers, who managed to guide the project through a period dominated by highly controversial international negotiations for a post-Kyoto regime. Hence, the project managers highly fittingly used adaptive management to constantly adapt to changes; which are particular numerous when following the international climate change negotiations and an uncertain post-Kyoto period. However, the project was in the course of its implementation always very much in-line with the objectives and outcomes identified in the log-frame at the design stage.	Highly satisfactory

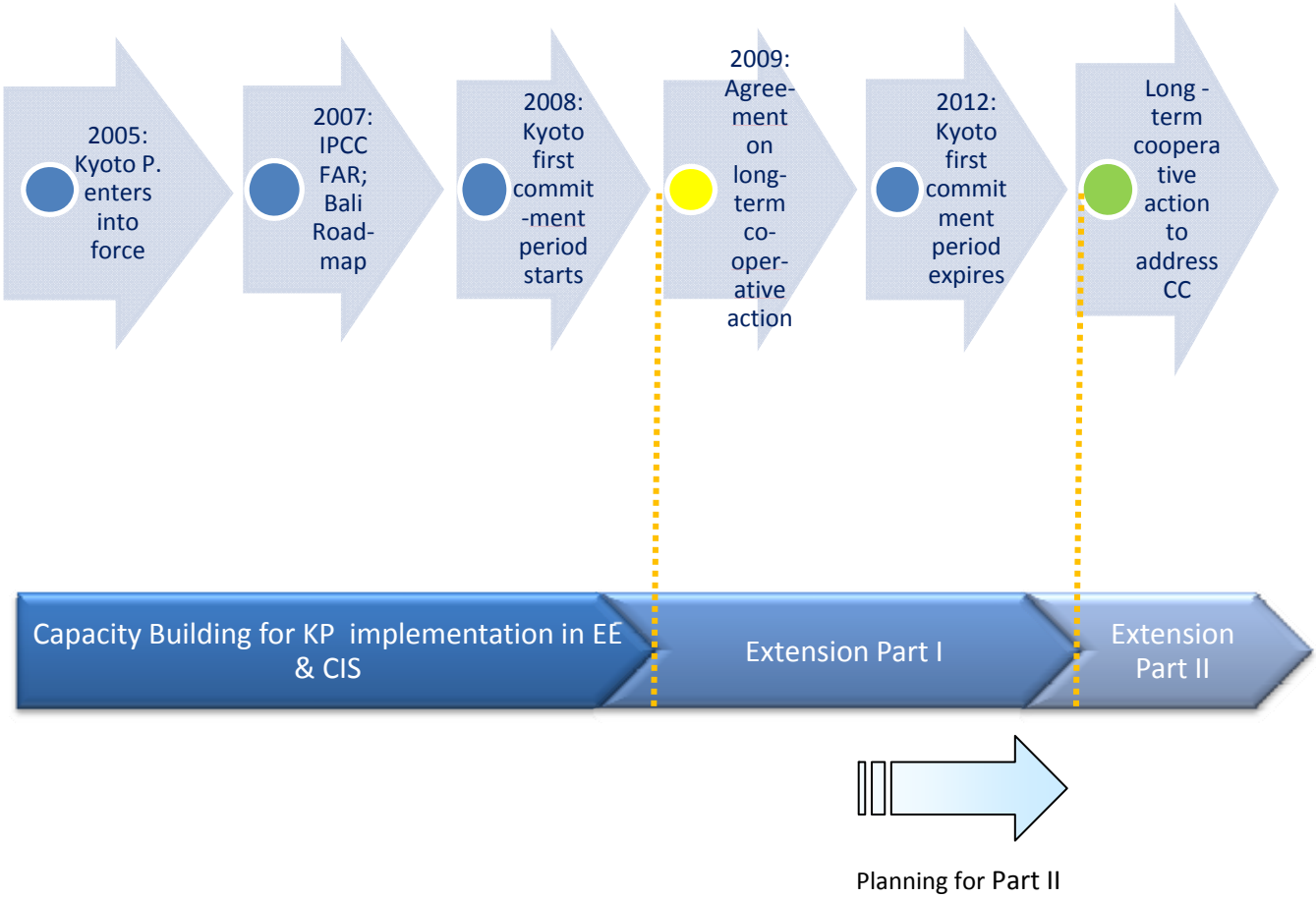
Analysis of project outputs

	Relevance	Effectiveness	Efficiency	Sustainability	Total
Output 1	HS	HS	HS	HS	HS
Output 2	HS	S	S	S	S
Output 3	HS	HS	HS	S	HS
Output 4	HS	S		S	S
Output 5	HS	S	S	S	S

In order to fully capitalize its CDM/JI potential, further steps need to be supported on a regional as well as local level. **The Evaluator strongly recommends initiating a second phase of the project, including two parts.** This is justified by the following: i) it would allow for a consolidation of capacity-building, sustain relationships built, and allow to further strengthen institutions to be more involved and better able to lead and take ownership in meeting emission targets, and to encourage the private sector and Non-Annex I countries to contribute actively to emission reduction efforts; ii) it needs to be emphasised that capacity-building is a slow, complex and resource-intensive process, needs are normally addressed over many years; iii) currently, there is no evidence that all barriers have been removed. The need for further capacity building assistance has been mentioned in every interview with the stakeholder.

This type of project emphasizing capacity development requires a longer timeframe to fully achieve results; 5 years should be a minimum. The time it takes to change a piece of legislation, to establish an institutional framework and to strengthen national capacity is often underestimated, thereby leading to a too short project duration to develop the full necessary capacity to make the change sustainable. The fundamental barriers are not ready for a quick fix. Most barriers should be addressed in the context of creating an enabling environment for clean investment and sustainable development. They are more substantial than what can be tackled from the perspective of climate change regime in isolation. For example sustainable investments in energy infrastructure need to be addressed not only by national policies, but also in the broader context of promoting economic and social development. Consequently a follow up project should be designed in the form of a programmatic approach and implemented in two phases, pre-2012 and post-Kyoto (see Graph 3).

Graph 3: Timeline – Kyoto Protocol vs. intervention by project and potential extension(s)



- **Recommendations for an Extension Part I:**

CDM/JI is a learning process that provides ways to create incentives for mitigation efforts in non-Annex I countries such as in energy and industry sectors. The entry into force of the Kyoto Protocol and the start of concerted public and private investment in the CDM has taken more time than expected. But after five years of technical experience and lessons learned, the market is starting to develop in a promising direction. A process directly reflected also on the countries in the region. Capacity building requires long-term support. Though the project had been implemented over a period of 3 years, it is evident that there is still a need for more work to be undertaken to implement the spirit of the KP. In the Extension Part I, parts which were rated below HS in this evaluation could be addressed. It suggested keeping the same number of participating countries. Countries are just beginning to realize the potential of market opportunities. An extension of the project is vital to assist countries in the region, which currently profit little from CDM/JI, to engage them more in-depth in the international climate cooperation including CDM/JI. Concerted efforts from both national governments and regional interventions can help countries to overcome remaining hurdles. First and foremost there is a strong need for capacity building through actual CDM/JI project development and in transferring this knowledge to the provinces and local areas in the region where CDM projects are being developed. It is important to strengthen the linkages between the central government's interest in CDM and local initiatives.

Given the common relevance, countries should continue to work together and share common experience regarding institutional set up, priority sectors, and for the JI more specific on areas such experience regarding national inventory quality assurance and control procedures, legal confidentiality provisions for emissions data, and the creation of national registries for emissions trading.

CDM/JI needs to be communicated appropriately. The region remains very vulnerable to misinformation by vendors and brokers until an appropriate communications plan has been put into effect for EE & CIS. The communication strategy must be driven by a capacitated DNA and local committees in place in EE & CIS countries. These may *inter alia* include the national committees for the development of national communications.

Feedback received still shows that the role the private sector plays needs to be different and there is a need to take a different approach. CDM/JI is not well understood by the private sector, e.g. how they may benefit not only from technology transfer, but also from carbon financing and emissions trading. The private sector misses to use the CDM/JI window. In this way they strangle their limited financial resources. There is also a need for EE & CIS's private sector to acquire an improved understanding of the legal aspects related to CDM/JI project activities. Otherwise there could be the risk that the private sector signs off the CER/ERU opportunity without realizing the financial incentives, thus entering into emissions-reduction purchase agreements without full knowledge. The private sector needs to recognize CDM as an incentive to achieve green development and remain globally competitive. Currently, even where the sectors are sizable, this is not the case. The private sector sees CDM/JI as a complicated and lengthy process and also as expensive one because of the validation process.

The financial sector needs to be stimulated to see carbon finance as another way of improving the bankability of projects they are already financing, thus minimizing risks or improving security.

The extension of the CDM capacity-building project could include the following activities:

- Implementation of a needs assessment resulting in a sound advice on the type of support the countries will further need – planning stage is instrumental.

- To further assist in the institutional strengthening and resourcing of DNA. This will enable DNAs to have specific and targeted resources for communication, project development, training of DNA personnel and funding the participation of additional personnel in DNA regional and international activities and programmes.

- To provide assistance with developing and financing a scholarship programme in local universities for students to undertake graduate climate-change studies across the main sectors. The sectors would be country-specific and should include finance and commerce, law, agriculture, water, social-sciences faculties, etc.

- To further assist and facilitate skills for developing CDM project proposals through East-East cooperation and North-East exchanges. This should not only aim at academia and the private sector but also the NGO and civil society.

- Identifying and implementing (in cooperation with UNDP MDG Carbon Facility) pilot projects to create opportunities for EE & CIS participation in the carbon market.

- Development of a clear outreach strategy for educating local stakeholders, as well as the public about the project. Over the course of a project, considerable documentation will be produced and it is essential that a proper information management system is in place to

ensure project documents and progress reports etc., can be retrieved in ways that are both accessible and user-friendly over time. The strategy should include the development of a website including a database, thereby ensuring its publications are easily accessible and available for public consumption. One could include the establishment of an intranet allowing the posting progress reports and establishing a direct channel of communication amongst all partners involved.

- Further and enhanced dissemination of CDM/JI knowledge to local authorities and project developers as sectorally and geographically wide as possible (including local authorities). Including legal support/training (examples give on int. best practice) on e.g. ERPAs, legal ownership of CERs, legal ownership of CERs, legal steps in registering a CDM project and contracting procedures.

- Improvement of the project preparation market by training local project developers. Regional approaches certainly have an added value as one could target capacity building activities on a sectoral level across the region.

- Another important issue is still the lack of a sufficient number of technically-skilled "CDM/JI service providers" in some countries. Still only a few local consultants are able to prepare the documentation for the approval of CDM/JI projects. Assistance in developing the local knowledge base of CDM/JI service providers can contribute to reducing the transaction costs and improve the awareness of project owners.

- Integration of CDM revenues in project financing is a key area that needs to be addressed in future capacity building activities. The level of awareness on CDM/JI as a financing mechanism is very low. Most local financial institutions do not yet know how to properly value the revenue stream in carbon purchase transactions. The financing sector needs to be increasingly invited to CDM/JI events. The role of financing organisations in CDM/JI needs to be matured. However, the effectiveness varies depending upon the market structure and the role of private and financial sector in the individual country. It may be more efficient to invest more resources in countries with more active private and financial sector rather than a uniform activity in all countries.

- To further expand on the established UNDP network of practitioners in the area of carbon financing by supporting a more formal approach and thereby to establish a "Project Development Forum" (PDF) that would allow diverse stakeholders to meet and learn from each other and set up a process for developing a pipeline of potential CDM/JI projects, potentially also under the Programme of Activities. The following suggestions could be taken into consideration: i) the PDF must synergize and build on existing initiatives and efforts and avoid duplication; ii) the PDF should be action oriented with clear agenda, expected outputs, and indicate explicitly the timeline of activities with identification of responsibilities; iii) the participants at the PDF must include also decision-makers, and iv) including the development of a trans-sectoral coordination mechanism to include climate change in development planning and the also private sector participants in the most effective way. The PFD could be accompanied by a regional CDM/JI helpdesk, the Secretariat of which could be with the UNDP Regional Centre Bratislava.

- As political priorities and the economic framework conditions in some countries may not always encourage FDI for the underlying projects, to the extent possible, national resources should be encouraged and tapped from the private financial, business and industrial sectors. Assessments can be undertaken to analyse as to how new and innovative means of financing could be developed. Some suggestions are: i) a revolving fund for CDM project development; ii) a venture capital fund to finance the underlying projects; iii) improving financial flows

through investor forums; iv) training in investment negotiations; v) assistance in establishing linkages and working relationships with financial institutions.

- Capacity building and marketing the national CDM/JI programmes to buyers of Certified Emission Reductions (CERs) or project investors is one of the important tasks of host countries. In that context, website development and hosting is a key outreach mechanism for DNAs/DFPs to market their national CDM/JI programme as well as improving their country's competitiveness on the global market. Organisation of some of the DNA/DFP websites and quality of information available can be improved and web-marketing tools introduced and countries without a CDM/JI web-page need to be assisted in its establishment.

- To provide assistance for a sound promotion of projects through the development of national/regional CDM catalogues/investor guides.

- Capacity building for the private sector increased, covering: i) the CDM project cycle (in general); ii) establishment and application of baselines; iii) contract negotiations (technology agreements, PPAs, ERPAs etc.); iv) missions monitoring (this should include quality control skills and well-equipped laboratories); v) preparation of bankable project proposals as knowledge of PDDs, baselines and monitoring alone may not 'sell' a project to investors/CER buyers., and in addition vi) training might include (for those countries/institutions with such aspirations) issues related to becoming an accredited operational entity as these are sorely needed in the region.

- Further improvement of the effectiveness/expertise of the local project preparation market by training local project developers is of uttermost importance, a train-the-trainer approach could be of benefit.

- To develop a strategy on mainstreaming carbon finance into bi/multilateral development assistance, in specific for infrastructure and technology development, and sectoral programmes, e.g. renewable energy and energy efficiency promotion, as this could advance implementation of cleaner technology projects as CDM/JI activities;

- Providing assistance to prepare for higher tiers of national GHG inventory and establish the national values of GHG emission rate for the key sectors and emission sources (in countries where needed, such as Belarus);

- To assist the development of a feasibility study of the national emission trading scheme as an efficient economically sound domestic measure in national climate change mitigation policy, especially when accessibility to international carbon markets is limited.

- To provide support and strengthen domestic capacity to the active participation of countries in the region in the international negotiation process for the post-Kyoto regime, thereby, contributing to policy development in a post-2012 climate regime.

- Part I needs to include a planning phase for Part II in order to establish an appropriate framework for a regional intervention in an international carbon trading market under different post-Kyoto scenarios.

- **Recommendations for an Extension Part II:**

The project has revealed the following key principles of CDM/JI capacity building which shall be in-cooperated into the second phase:

- ✓ Focus should be broad but attentive;
- ✓ Active participation of the private sector is crucial;
- ✓ Certain needs are country-specific others can be addressed on a regional level to benefit from cross-fertilization;
- ✓ National 'ownership'/sharing of benefits; local incentives should be created;
- ✓ A long time horizon is needed to build up human and institutional capacity in a wide range of areas including development, economic policies, environmental policies, social issues;
- ✓ Building on earlier experiences from climate change studies in EE & CIS.

For the second phase any way forward needs to digest the question: "Where to from here?"; in other words, how to assist countries in a post-2012 climate regime? However, to develop concrete steps at this stage would be precipitate. At present, the Kyoto Protocol provides an international framework for reducing GHG emissions and for the trading of carbon credits. The current commitment period expires in December 2012, creating a cloud of uncertainty over future investments. Following the Bali Action Plan, the challenge being most discussed now is how to build on the existing CDM to create much greater participation from developing countries post-2012 that can help them transit substantially to a development path free from damaging carbon emissions. At present how the post-Kyoto regime will take shape is highly speculative. The Bali Action Plan was launched for this purpose in December 2007 (decision1/CP.13) and is meant to enable full, effective and sustained implementation. The key elements of the Bali Action Plan include:

- A shared vision for long-term cooperative action
- Enhanced national/international action on mitigation of climate change
- Enhanced action on adaptation
- Enhanced action on technology development and transfer to support action on mitigation and adaptation
- Enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation

Given the increased complexity of a new climate agreement, it is likely that a reformed CDM will stick to what is desired by almost all Parties − increased environmental integrity, simplified governance, achievement of sustainable development benefits, and flexibility towards programmes and policies. A transition towards a graduation process, with some of the large emitting developing countries moving from being eligible for CDM project-hosting to some other form of technical and financial support, is being discussed in the negotiations. It will probably not happen at COP 15, but this or other new approaches could be built into a review process, leaving some of the tough negotiations and needed analytical understanding to be worked out over time.

There is uncertainty about the long-term nature of the carbon market, but there is broad consensus in the international talks on a post-2012 climate change regime on the need for some perpetuation of the CDM. Emissions trading will likely form an important cornerstone of future action on climate change, and the CDM with a strong focus on cost efficiency and flexibility is important to businesses seeking credits for compliance. And such a mechanism can help developing countries encourage sustainable development and contribute to the objective of the UNFCCC to reduce GHG emissions, consistent with the goal of Article 12 of the Kyoto Protocol.

Participating countries in EE & CIS need to be assisted to take up in a timely and informed manner its position within a post-2012 climate regime. Extension Part II could help countries to comply with their future mandate.

Annex 1: Questionnaire

Final Evaluation of the UNDP Regional Project
"Capacity building for Kyoto Protocol implementation in Eastern Europe and CIS"

Stakeholder feedback – local Governments & PMUs

Date:

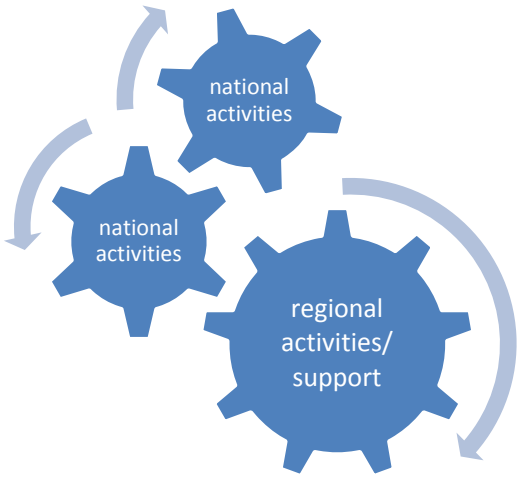
Name:

Position in Organization/Project:

Title of national capacity building project (if applicable for your country):

Telephone Number:

Email address:



Background:

UNDP Bratislava Regional Centre has initiated an independent final evaluation of the above mentioned project. Aim of the evaluation is to assess the relevance, performance, management arrangements and success of the project. The evaluation will also look into the raison d'être for initiating a second phase of the project.

Rationale for questionnaire:

Evaluation that is results-based requires specific kinds of tools and processes. An evaluation will address what works and why, as well as what does not work and unintended outcomes. One classic tool is the questionnaire, which assists in determining which interventions are contributing to results and which strategies contribute to success. It is seen as a tool to involve partners and stakeholders, consequently, to solicit feedback from stakeholders- a key in any evaluation performance. For this

questionnaire the main interest is to see how stakeholders perceive the above project and its outcomes and where future interventions would be needed.

Guidelines on how to answer the questionnaire:

The Evaluator cordially invites you to complete this questionnaire, thereby aiming to ensure a fair hearing to all stakeholders. Please be frank and open with your ratings and comments. Your opinion—no matter how positive or negative — is valuable. We would need to ask you to return the questionnaire with your answers electronically no later than 22 October 2008 to Ms. Anna Kaplina from the UNDP Bratislava Regional Centre: anna.kaplina@undp.org. As an evaluation is intended to generate a relevant and timely product that meets the needs of intended users, we ask for your understanding that later arriving questionnaires cannot be taken into consideration. Please accept our gratitude for providing your time in filling in the questionnaire.

- *Please rate each aspect of the activity listed below on a progressive scale of 1 to 6, where 1 is the minimum and 6 is the maximum.*

6 = Highly Satisfactory (HS)
5 = Satisfactory (S)
4 = Marginally Satisfactory (MS)
3 = Marginally Unsatisfactory (MU)
2 = Unsatisfactory (U)
1 = Highly Unsatisfactory (HU)
X = *If you feel that a question does not apply to you, or that you do not have enough information to express an opinion, please mark the "no opinion" option represented by:* X.

- *Indicate your answer by marking the corresponding number or the* X *at the end of the line.*
- *Please mark only one answer per question.*
- *Please use as much space as needed.*

Questions:

1.	Relevance of the project to your current work or functions	1	2	3	4	5	6	X
2.	Extent to which you have acquired information that is new to you	1	2	3	4	5	6	X
3.	Usefulness of the information that you have acquired by the project	1	2	3	4	5	6	X
4.	Focus of the project on what your Government and local stakeholders specifically needed to learn	1	2	3	4	5	6	X
5.	Extent to which the content of the implemented activities matched the announced objectives	1	2	3	4	5	6	X
6.	Overall usefulness of the project	1	2	3	4	5	6	X
7.	Relevance of the activities carried out by the project to your institution/organization/Government	1	2	3	4	5	6	X
8.	Relevance of the project to your country's needs under the Kyoto Protocol	1	2	3	4	5	6	X
9.	Improvement in your understanding of your Government's policy on the issue of Climate Change and the flexible mechanisms of the Kyoto Protocol credibly linked to the project	1	2	3	4	5	6	X
10.	Improvement of your Government's awareness on the issue of Climate Change and the flexible mechanisms under the Kyoto Protocol directly	1	2	3	4	5	6	X

linked to the project							
11. Increase in the strength of the partnership of your Government with UNDP Bratislava Regional Centre	1	2	3	4	5	6	X
12. Improvement of local understanding of the role of other carbon market participants	1	2	3	4	5	6	X
13. Increase in the strength of partnership of local stakeholders in your country with other carbon market participants in the international arena	1	2	3	4	5	6	X
14. Extent to which you developed useful contacts for you to continue working on the issue	1	2	3	4	5	6	X
15. Extent to which you found new sources of information due to initiated South-South cooperation useful for your work in the frame of the Kyoto Protocol	1	2	3	4	5	6	X
16. Extent to which in-country knowledge and skills for identification and preparation of viable CDM/JI projects were increased	1	2	3	4	5	6	X
17. Increase in the ability of the Government to pursue involvement in the flexible mechanisms of the Kyoto Protocol with less UNDP support	1	2	3	4	5	6	X
18. Extent to which you perceive the implementation and management arrangements of the project useful	1	2	3	4	5	6	X
19. Extent to which key partners/stakeholders were involved	1	2	3	4	5	6	X
20. Extent to which UNDP's "soft" assistance (like policy advise & dialogue) assisted to strengthen national capacities to participate in the flexible mechanisms of the Kyoto Protocol	1	2	3	4	5	6	X
21. Extent to which the overall awareness on the flexible mechanism of the Kyoto Protocol has increased in your country	1	2	3	4	5	6	X

Narrative:

22. What did you find most useful in the course of the project? (Please justify your answer.)

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23. What did you find least useful in the course of the project? (Please justify your answer.)

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24. What advice can you give us to improve projects of this kind in the future?

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25. Please list three main results achieved by the project

1. .....
2. .....
3. .....

25. Identify opportunities for stronger substantive partnerships in the future:

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26. What limitations does the project have?

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……..

27. What would be your recommendations for objectives/activities for a potential second phase of the project?

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……
……..

28. Any other comments or suggestions:

……
……
……

Would you be available for a telephone interview?

YES
NO

Thank you for completing this questionnaire.
Please send to
anna.kaplina@undp.org
by 22 October 2008

Annex 2: People interviewed and responded to questionnaire

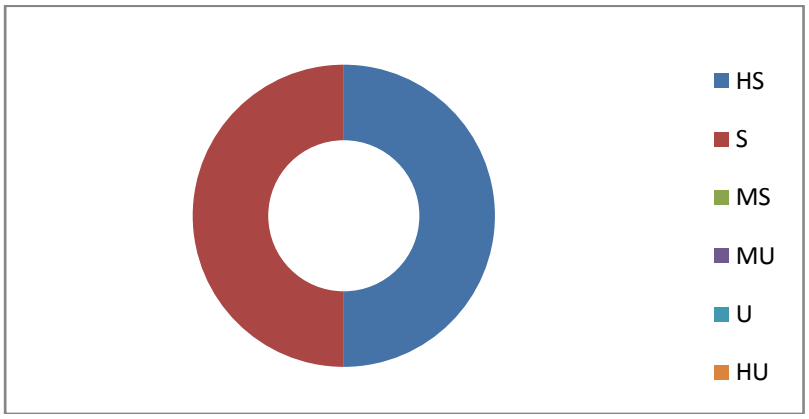
1	Ms. Anna Kaplina
2	Ms. Marina Olshanskaya
3	Mr. Alexandre Grebenkov
4	Mr. Vladimir Tarasenko
5	Mr. Dmitry Goloubovsky
6	Ms. Julia Kniga
7	Mr. Genady Luzan
8	Mr. Anatoli Yakashau
9	Ms. Milash
10	Ms. Belskaya
11	Mr. Siarhei Nikitsin
12	Mr. Muslum Gurbanov
13	Ms. Mirela Kamberi
14	Ms. Olga Shinkevich
15	Ms. Liliya Zavyalova
16	Ms. Dankova Natallia
17	Ms. Jamila Ibrahimova
18	Mr. Zharas Takenov
19	Ms. Irina Voitekhovitch
20	Mr. Irvan Narkevitch
21	Mr. Ularbek Mateev
22	Ms. Teodora Grncarovska
23	Ms. Anita Kodzoman
24	Ms. Zuhra Abaihanova

Annex 3: Responses to questionnaire received – diagram formats:

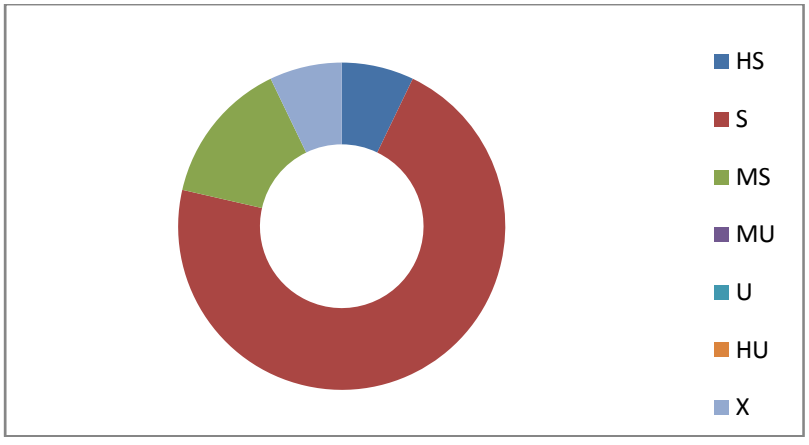
The questionnaire was perceived as a direct link and to solicit feedback from stakeholders. The main interest for this questionnaire was to see and display how stakeholders perceived the project and its outcomes and where future interventions would be needed. The results of the questionnaire are verified i) in form of graphs and ii) were taken into consideration throughout the evaluation process. The graphical approach ensures that the imperative responses received remain genuine. The questionnaire was distributed from October 17 and answers were received until 29 October 2008. Stakeholders from Macedonia, Belarus, Albania, Kyrgyzstan, Azerbaijan and Uzbekistan returned the filled in questionnaire. The rating of the answers followed a progressive scale of 1 to 6, with 1 the minimum and 6 the maximum. Thereby being directly linked to the standard UNDP/GEF evaluation criteria:

6 = Highly Satisfactory (HS)
5 = Satisfactory (S)
4 = Marginally Satisfactory (MS)
3 = Marginally Unsatisfactory (MU)
2 = Unsatisfactory (U)
1 = Highly Unsatisfactory (HU)
X = no opinion

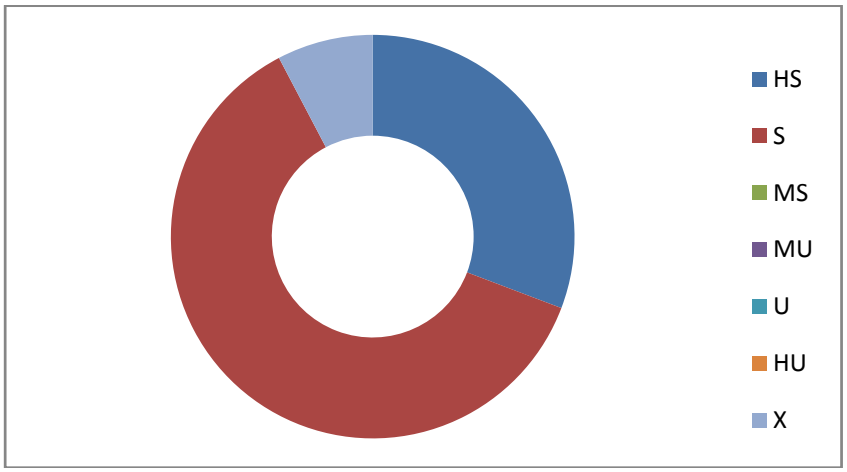
Question 1: Relevance of the project to your current work or functions?



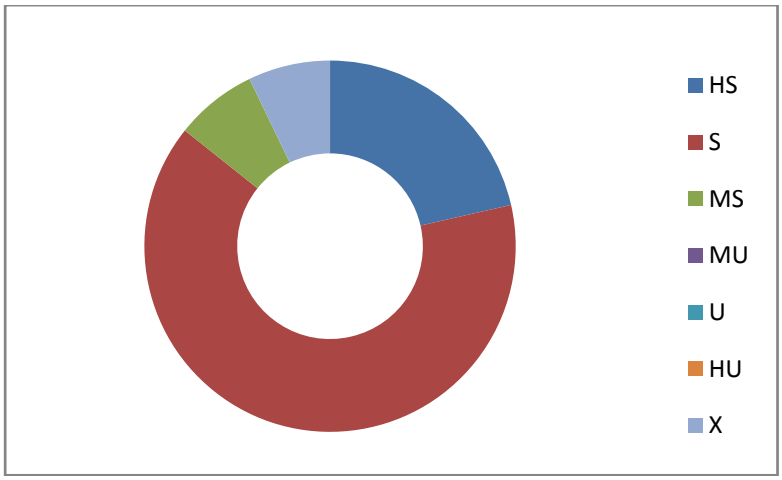
Question 2: Extent to which you have acquired information that is new to you?



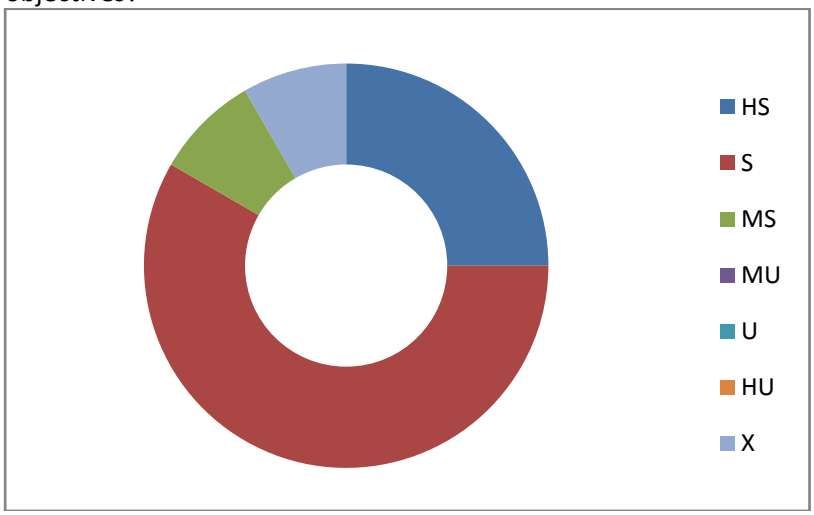
Questions 3: Usefulness of the information that you have acquired by the project?



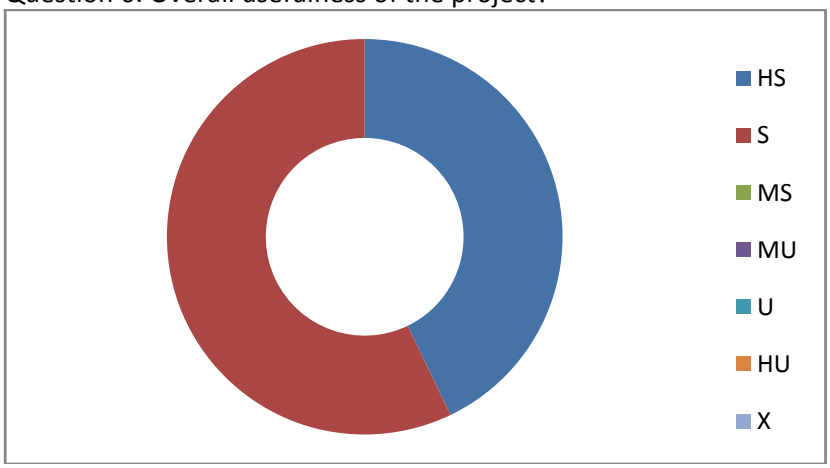
Question 4: Focus of the project on what your Government and local stakeholders specifically needed to learn?



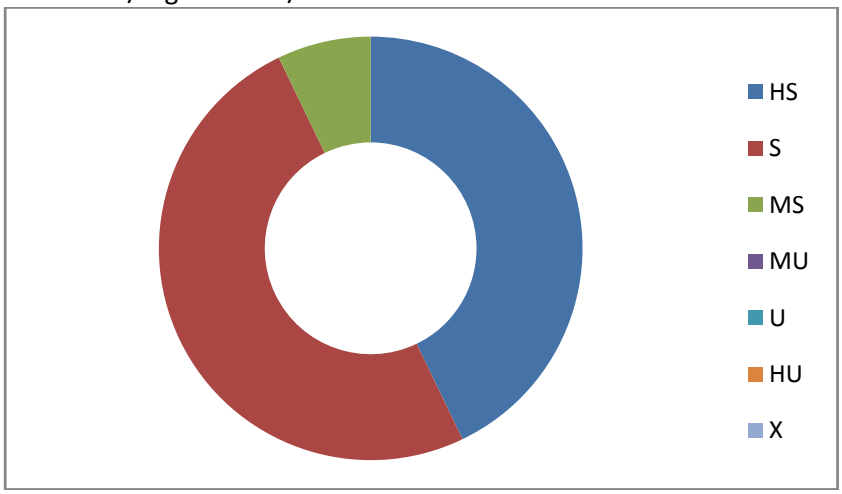
Question 5: Extent to which the content of the implemented activities matched the announced objectives?



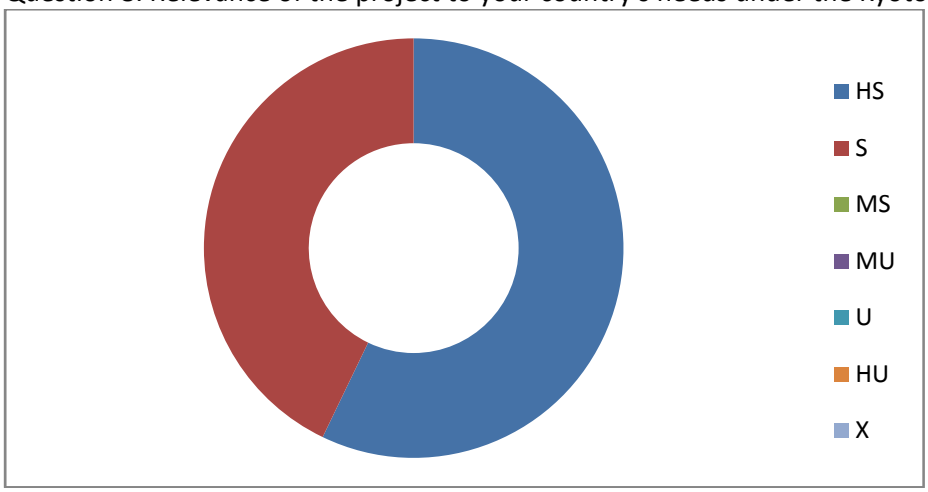
Question 6: Overall usefulness of the project?



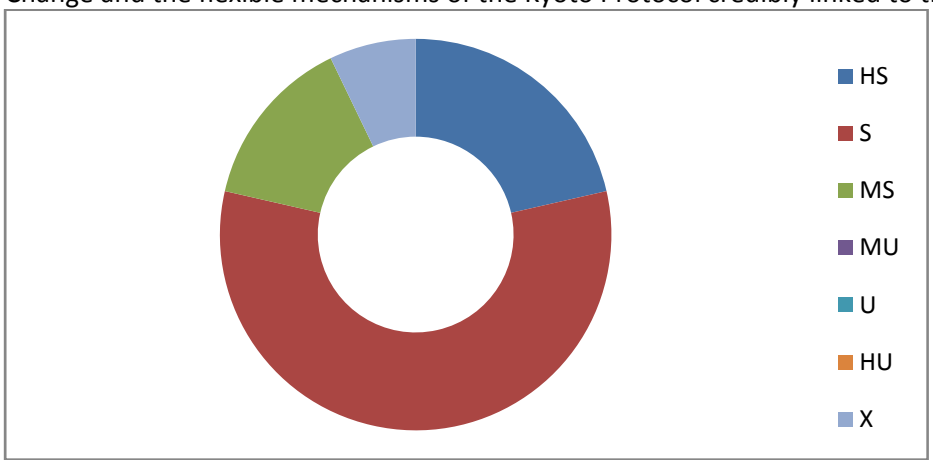
Question 7: Relevance of the activities carried out by the project to your institution/organization/Government



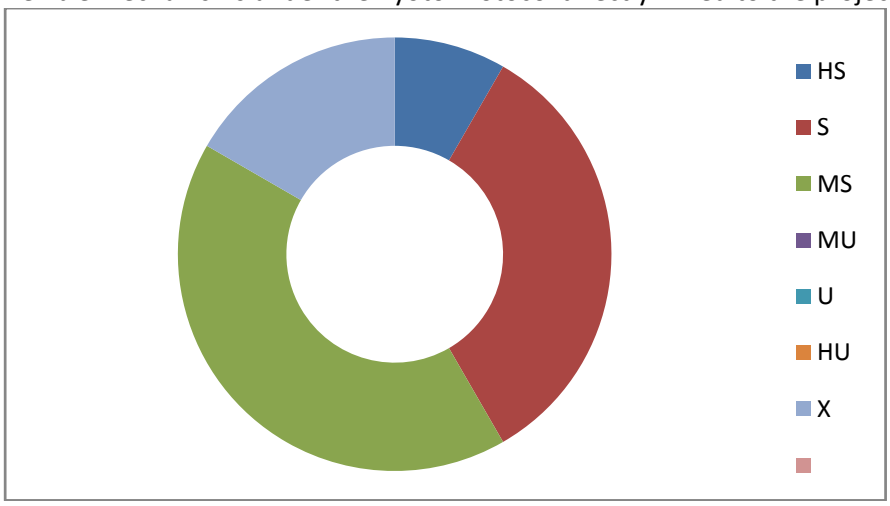
Question 8: Relevance of the project to your country's needs under the Kyoto Protocol?



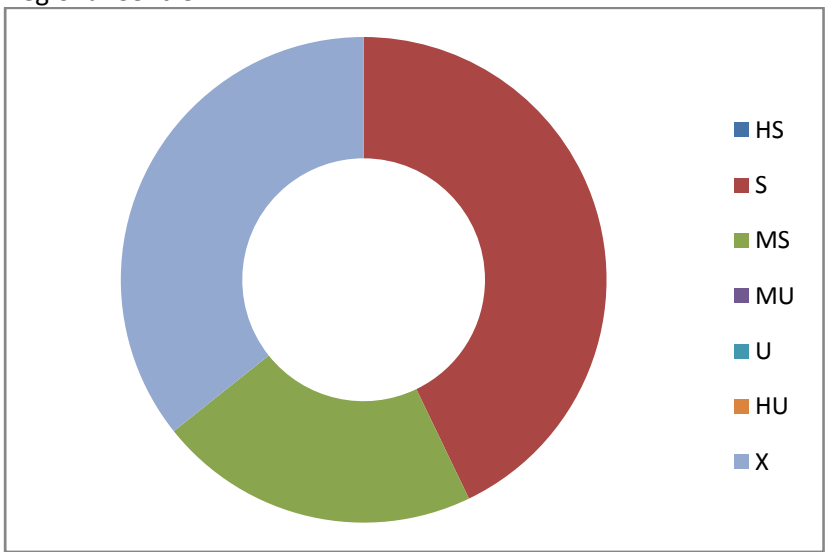
Question 9: Improvement in your understanding of your Government's policy on the issue of Climate Change and the flexible mechanisms of the Kyoto Protocol credibly linked to the project?



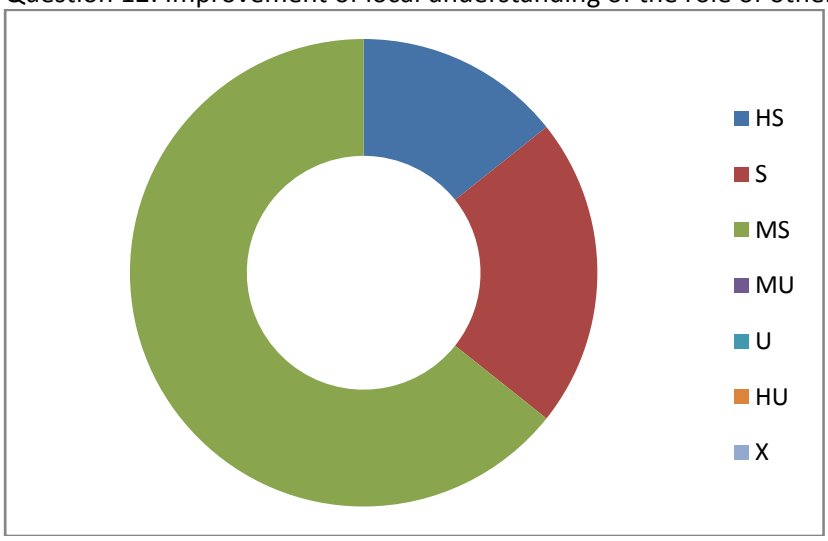
Question 10: Improvement of your Government's awareness on the issue of Climate Change and the flexible mechanisms under the Kyoto Protocol directly linked to the project



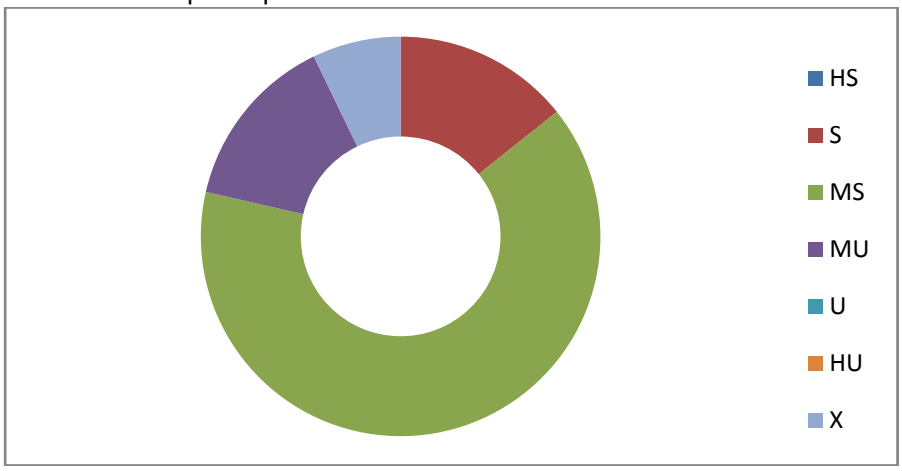
Question 11: Increase in the strength of the partnership of your Government with UNDP Bratislava Regional Centre



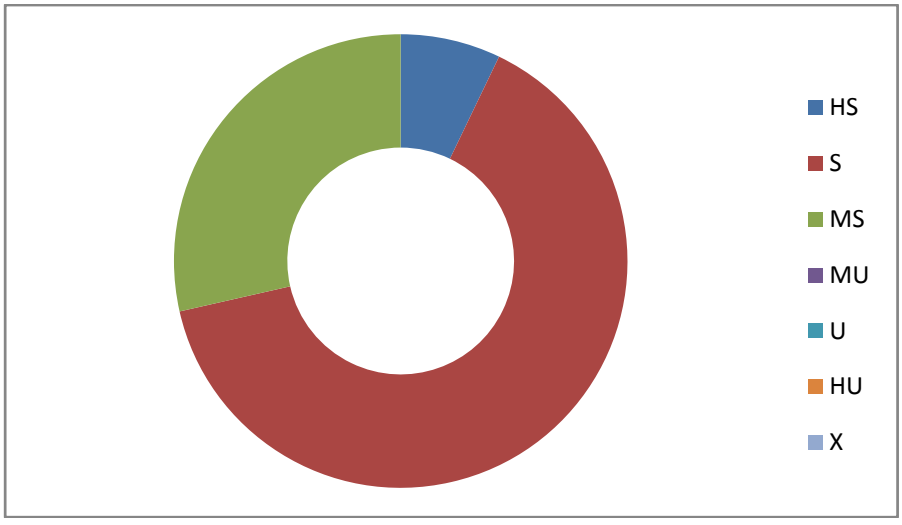
Question 12: Improvement of local understanding of the role of other carbon market participants



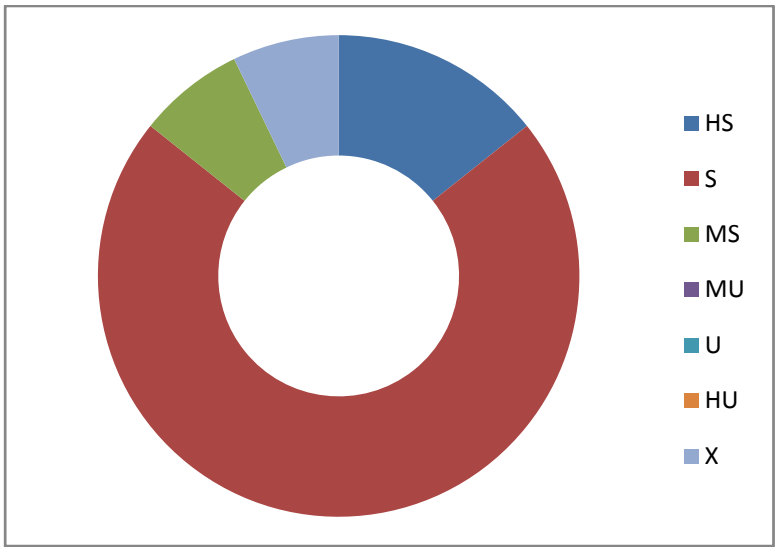
Question 13: Increase in the strength of partnership of local stakeholders in your country with other carbon market participants in the international arena



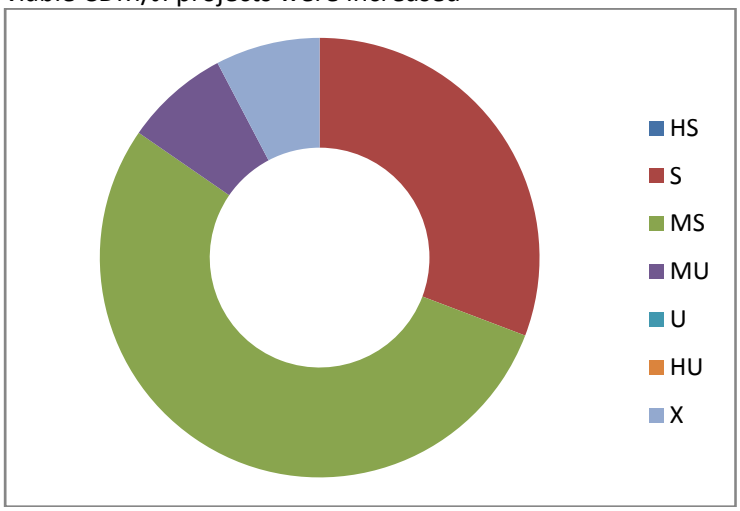
Question 14: Extent to which you developed useful contacts for you to continue working on the issue



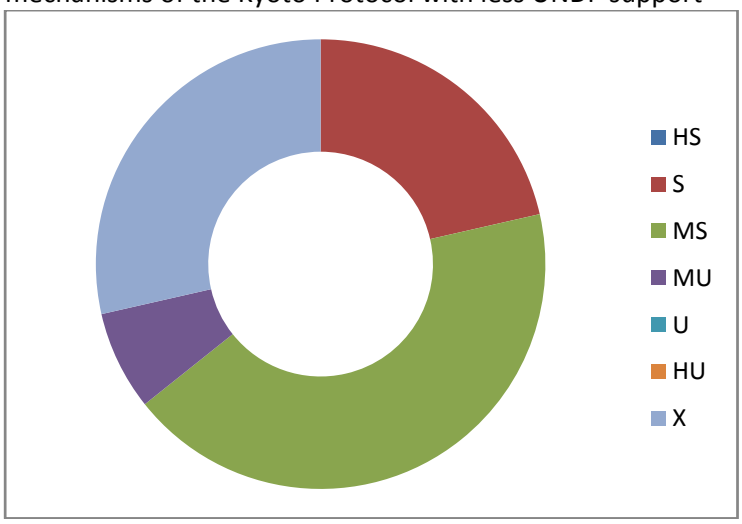
Question 15: Extent to which you found new sources of information due to initiated South-South cooperation useful for your work in the frame of the Kyoto Protocol



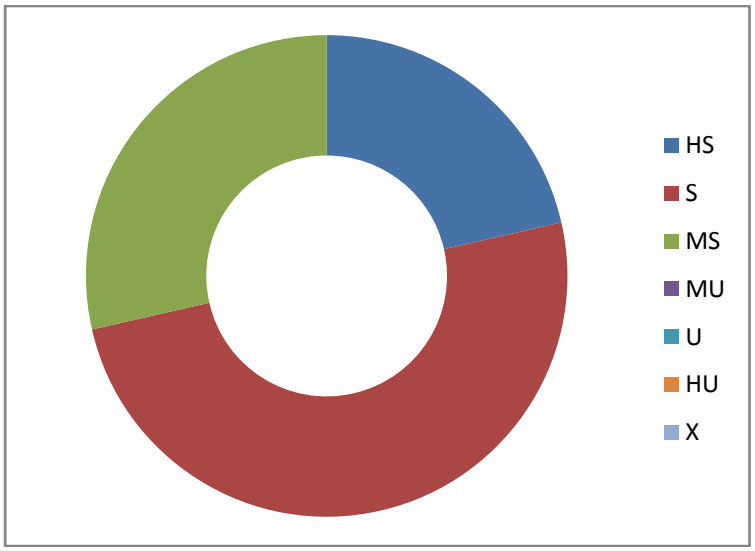
Question 16: Extent to which in-country knowledge and skills for identification and preparation of viable CDM/JI projects were increased



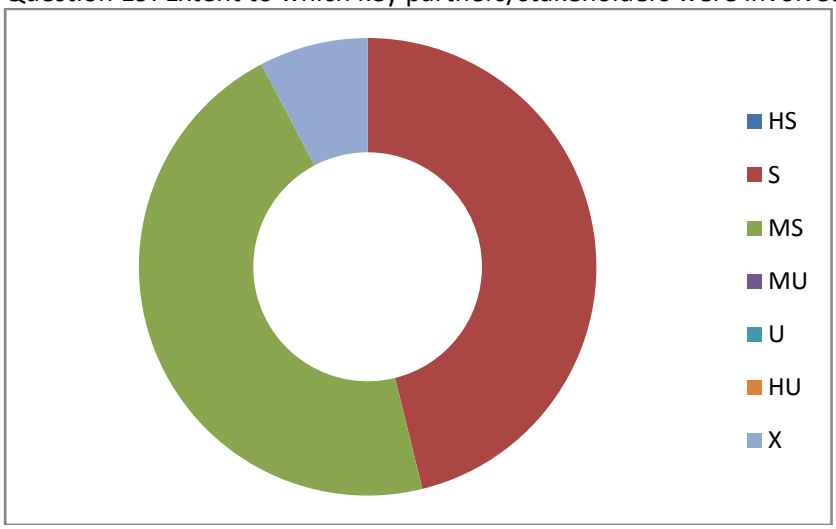
Question 17: Increase in the ability of the Government to pursue involvement in the flexible mechanisms of the Kyoto Protocol with less UNDP support



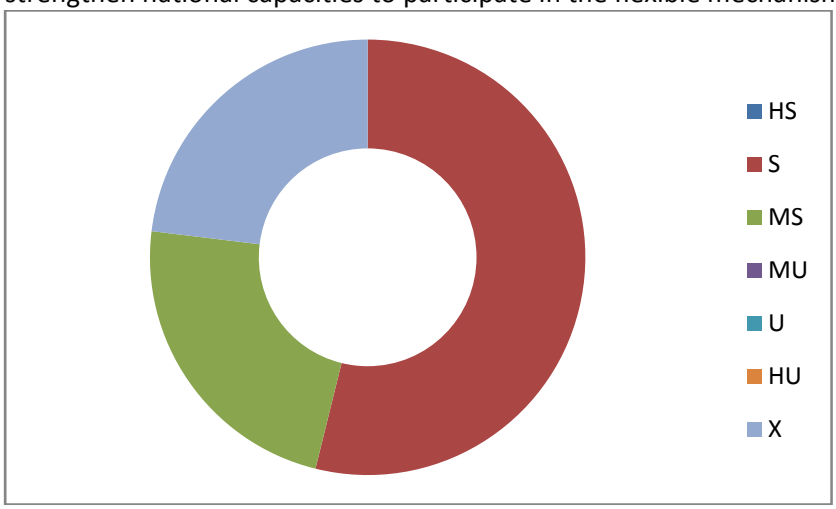
Question 18: Extent to which you perceive the implementation and management arrangements of the project useful



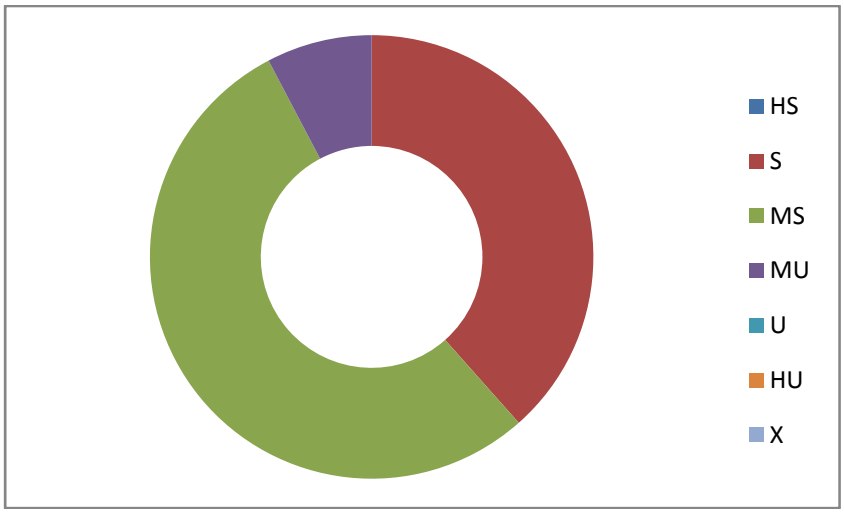
Question 19: Extent to which key partners/stakeholders were involved



Question 20: Extent to which UNDP's "soft" assistance (like policy advise & dialogue) assisted to strengthen national capacities to participate in the flexible mechanisms of the Kyoto Protocol



Question 21: Extent to which the overall awareness on the flexible mechanism of the Kyoto Protocol has increased in your country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Annex 4: Terms of Reference (TOR)

Terms of Reference
for the final evaluation of the UNDP Regional Project

"Capacity building for Kyoto Protocol implementation
in Eastern Europe and CIS"
00047511

Post Title: International Consultant
Duty Station: Home basis and at least 2 field trips to Belarus and another country to be decided
Type of Contract: SSA/RLA
Timeline: September 8 – October 31
Deadline for application: 01 September, 2008, 5:00 p.m.

I. INTRODUCTION

Monitoring and Evaluation requirements

This Final Evaluation is initiated by the UNDP Bratislava Regional Centre and aims to assess the relevance, performance, management arrangements and success of the project and provide recommendations whether there is a rational to initiate second phase of the project. It should provide the basis for learning and accountability for managers and stakeholders. The evaluation will have to provide to UNDP complete and convincing evidence to support its findings/ratings. Particular emphasis should be put on the project results, the lessons learned from the project and recommendations for the follow-up activities.

This evaluation is to be undertaken taking into consideration the evaluation policy of UNDP (http://www.undp.org/eo/documents/Evaluation-Policy.pdf) and the UNDP Handbook on Monitoring and Evaluating for Results (http://www.undp.org/gef/05/monitoring/policies.html).

Project objectives

The project is the first full-fledged UNDP-supported initiative in EE&CIS aimed at building capacities and creating enabling environment for country's participation in Kyoto Protocol. The objective of the project, i.e. to assist countries in Eastern Europe and CIS to access carbon financing, is to be achieved though implementation of the following outputs:

i) Development of national Kyoto Protocol implementation strategies and establishment of institutional framework and capacity building for JI/CDM project review and approval;
ii) Raising awareness and building in-country expertise for identification and development viable CDM and JI projects;
iii) Mobilizing resources for the follow-up regional and national "learning-by-doing" capacity development projects;
iv) Establishment of regional network of practitioners dealing with carbon market mechanisms and strengthening UNDP internal knowledge and capacities to develop and implement projects in support of Kyoto Protocol.

The project is implemented by the Bratislava Regional Centre, Energy and Environment Practice. Overall management of the project is the responsibility of the Project Manager, who is a full time employee of the UNDP.

II. OBJECTIVES OF THE EVALUATION

The evaluation is intended to provide a comprehensive overall assessment of the project and to provide recommendations for follow-up activities or even second part of the project.

The purpose of the Final Evaluation is:

- To assess overall performance against the Project objective and outcomes as set out in Project Document and other related documents.
- To assess the effectiveness and efficiency of the Project.
- To analyze critically the implementation and management arrangements of the Project.
- To assess the sustainability of the project's interventions.
- To list and document lessons concerning Project design, implementation and management.
- To assess Project relevance to national priorities.
- To assess changes in the baseline situation and provide guidance for the future activities in the area of capacity building for Kyoto Protocol implementation.

Project performance will be measured based on Project's Results and Resources Framework, which provides clear indicators for project implementation. The Report of the Final Evaluation will be stand-alone document that substantiates its recommendations and conclusions.

III. EVALUATION

The evaluation should assess:

Project concept and design: The Evaluators will assess the project concept and design. He/she should review the problem addressed by the project and the project strategy, encompassing an assessment of the appropriateness of the objectives, planned outputs, activities and inputs as compared to cost-effective alternatives. The executing modality and managerial arrangements should also be judged. The Evaluator will assess the achievement of indicators and review the work plan, planned duration and budget of the project.

Implementation: The evaluation will assess the implementation of the project in terms of quality and timeliness of inputs and efficiency and effectiveness of activities carried out. Also, the effectiveness of management as well as the quality and timeliness of monitoring and backstopping by all parties to the project should be evaluated. In particular, the evaluation is to assess the Project team's use of adaptive management in project implementation.

Project outputs, outcomes and impact: The evaluation will assess the outputs, outcomes and impact achieved by the project as well as the likely sustainability of project results. This should encompass an assessment of the achievement of the immediate objectives and the contribution to attaining the overall objective of the project. The evaluation should also assess the extent to which the implementation of the project has been inclusive of relevant stakeholders and to which it has been able to create collaboration between different partners. The evaluation will also examine if the project has had significant unexpected effects, whether of beneficial or detrimental character.

The Final Evaluation will also cover the following aspects:

3.1. Results and effectiveness

Changes in development conditions. Address the following questions, with a focus on the perception of change among stakeholders:

- What are the results (outcomes and impacts) of the project?
- Have awareness on CDM/JI projects in general and capacity of national stakeholders to identify and develop such projects in particular increased?

- Have the project contributed in the establishment of efficient national institutional frameworks for JI/CDM project development?

Measurement of change*:* Progress towards results should be based on a comparison of indicators before and after the project intervention.

Project strategy: How and why outputs contribute to the achievement of the expected results. Examine their relevance and whether they provide the most effective route towards results.

Sustainability: Extent to which the benefits of the project will continue, within or outside the project domain, after it has come to an end. Relevant factors include for example: development of a sustainability strategy, establishment of financial and economic instruments and mechanisms, mainstreaming project objectives into the local economy, etc.

3.2. Project's Adaptive Management Framework

Monitoring Systems
- Assess the monitoring tools currently being used:
    - Do they provide the necessary information?
    - Do they involve key partners?
    - Are they efficient?
    - Are additional tools required?

Risk Management
- Validate whether the risks identified in the project document and the ATLAS Risk Management module are the most important and whether the risk ratings applied are appropriate. If not, explain why. Describe any additional risks identified and suggest risk ratings and possible risk management strategies to be adopted for the future activities.

Work Planning
- Assess the use of the logical framework as a management tool during implementation and any changes made to it.
- Assess the use of routinely updated workplans.
- Are work planning processes result-based[8]? If not, suggest ways to re-orientate work planning.
- Consider the financial management of the project, with specific reference to the cost-effectiveness of interventions. Any irregularities must be noted.

Reporting
- Assess whether UNDP reporting requirements were met.

3.3. Underlying Factors
- Assess the underlying factors beyond the project's immediate control that influence outcomes and results. Consider the appropriateness and effectiveness of the project's management strategies for these factors.
- Assess the effect of any incorrect assumptions made by the project.

3.4. UNDP Contribution

[8] RBM Support documents are available at http://www.undp.org/eo/methodologies.htm

- Assess whether or not UNDP's outputs and other interventions can be credibly linked to achievement of the outcome, including the outputs, programmes, projects and soft and hard assistance that contributed to the outcome.
- Assess the role of UNDP against the requirements set out in the UNDP Handbook on Monitoring and Evaluating for Results.
- Consider the new UNDP requirements outlined in the UNDP User Guide[9], especially the Project Assurance role.
- Assess the contribution to the project from UNDP "soft" assistance (i.e. policy advice & dialogue, advocacy, and coordination).

3.5. Partnership Strategy
- Assess how partners are involved in the project's adaptive management framework: (i) Involving partners and stakeholders in the selection of indicators and other measures of performance; (ii) Using already existing data and statistics; and (iii) Analyzing progress towards results and determining project strategies.
- Identify opportunities for stronger substantive partnerships in the future.
- Assess how local stakeholders participate in project management and decision-making. Include an analysis of the strengths and weaknesses of the approach adopted by the project and suggestions for improvement if necessary.
- Assessment of collaboration between governments, intergovernmental and non-governmental organizations.
- Assessment of collaboration between implementation units of other related projects.
- Assessment of local partnerships.
- Transfer of capacity to the national institutions.

3.6. Project Finance:
- Assess the cost-effectiveness of the project interventions.
- Review the effectiveness of financial coordinating mechanisms.

IV. METHODOLOGY FOR EVALUATION

The Final Evaluation will be done through a combination of techniques, including
- Desk study review of all relevant Project documentation
- Consultations with stakeholders
- Two national project visits
- Extended Interviews with selected stakeholders.

Evaluation should involve the following stakeholders (but not be restricted to): UNDP Bratislava Regional Centre, UNDP Country offices, Government officials on different levels, etc.

V. DELIVERABLES
The core product of the Evaluation will be Final Evaluation Report as per report outline in the Annex 1 of this TOR. The report will be supplemented by rating tables (Annex 2).

List of deliverables and time-line

Deliverable	*Deadline*
Deliverable 1: Draft Final Evaluation Report	20 October 2008

[9] The UNDP User Guide is currently only available on UNDP's intranet. However UNDP can provide the necessary section on roles and responsibility from http://content.undp.org/go/userguide/results/rmoverview/progprojorg/?src=print

Deliverable 2: Final Report	31 October 2008

VI. REQUIRED QUALIFICATIONS:

(i) Recent experience with result-based management evaluation methodologies;
(ii) Experience applying participatory monitoring approaches;
(iii) Experience applying SMART indicators and reconstructing or validating baseline scenarios;
(iv) Experience of work in the climate change field, in particular knowledge of Kyoto Protocol and carbon finance;
(v) Demonstrable analytical skills;
(vi) Work experience in relevant areas for at least 10 years;
(vii) Experience with GEF Monitoring and Evaluation Policy and knowledge of UNDP's results-based evaluation policies and procedures would be an advantage;
(viii) Project evaluation experiences within United Nations system will be considered an asset;
(ix) Excellent English communication skills.

VII. IMPLEMENTATION ARRANGEMENTS

The assignment will take place in the period between September 08 and October 31, 2008. The assignment will involve desk work and two missions to Belarus and another selected country. Throughout the assignment the consultant will work in close collaboration with two UNDP Country Offices and relevant stakeholders. The consultant will report on his/her work to Ms. Anna Kaplina, Regional Kyoto Protocol Project Manager at UNDP Bratislava Regional Center.

VIII. TENTATIVE TIMEFRAME

- Selection of Evaluator — September 5-8 2008
- Briefings for Evaluator — September 8- 12 2008
- Desk review — September 11- 19 2008
- Trip to the field sites (including allocation for travel), interviews with local stakeholders, questionnaires — September - October 2008
- Validation of preliminary findings with stakeholders through
- circulation of initial reports for comments, meetings,
- and other types of feedback mechanisms — October 2008
- Preparation of final evaluation report — October 2008
- Submission of final evaluation report — 31 October 2008

APPLICATION: Each application should contain a brief concept paper - no more than 1-2 pages outlining the approach and methodology you will apply to achieve the assignment.

Please apply on-line at:
or send your applications and to Ms. Anna Kaplina, UNDP Bratislava, anna.kaplina@undp.org.
Deadline for applications is 1 September 2008.

Annex 5: Brief statement on the results achieved by the national project, entitled: "Capacity Building for implementation of flexible mechanisms of Kyoto Protocol in Belarus".

Introduction:

The UNDP Regional Project entitled "Capacity building for Kyoto Protocol implementation in Eastern Europe and CIS" includes on the regional level the following as two separate created ATLAS projects:

- the Energy TTF funded component: ATLAS PROJECT ID Number: 49809, and the
- TRAC funded component: ATLAS PROJECT ID Number: 47511.

As spin-offs and with substantial efforts by UNDP Regional Centre Bratislava and the relevant UNDP country offices eight national capacity building projects were developed in addition and operationalized. The independent evaluation is not mandated to evaluate the national capacity building projects, like the one in Belarus. However, the Evaluator undertook a two-day mission to Belarus in order to verify the situation and the results achieved by the regional interventions *in-situ*. Thereby had the chance to observe the results achieved by the national project, entitled: "Capacity Building for implementation of flexible mechanisms of Kyoto Protocol in Belarus". The Evaluator was requested by the Regional Project Manager to provide some feedback (off-TOR) on the national project and the results achieved. In order to respect the sovereignty of the national project, the brief findings outlined here shall not be seen as a throughout evaluation of a national project initiated by UNDP Regional Centre Bratislava, but it is hoped to provide some additional added value and some "outside" feedback.

Timing and mission arrangement:

The Evaluator was from 13-14 October with the national project and during these two days had the chance to meet with different stakeholders, from the Government, academia and private sector. The meetings were organized by the Project Manager in assistance of the Assistant Project Manager (for full timetable and agenda please refer to the annex).

Methodology:

The evaluation follows the evaluation policy of UNDP[10] and the UNDP Handbook on Monitoring and Evaluation for Results[11] and uses the five major evaluation criteria from the UNDP/GEF "Monitoring and Evaluation Policies"[12]. In compliance with the UNDP-GEF Monitoring and Evaluation Policy, each section is terminated with a rating of the implementation approach, monitoring and evaluation, sustainability and attainment of the outputs. Ratings may vary from Highly Satisfactory (HS), Satisfactory (S) to Marginally Satisfactory (MS) and Unsatisfactory (U).

Status of the project:

The project document was signed on 21.12.2006 with an original project duration of 19 months, which was extended until the end of 2008. The original total project budget was US$ 171.167, to which US$ 39.286 were added with the extension of the project. The extension was necessary in order to assist the country to enter the more applicable VER market, as to the delayed ratification of the Belarusian amendment to Annex B of the Kyoto Protocol and also to assist the Government with the legal framework for the emission trading scheme.

Overall objective of the project:

[10] http://www.undp.org/eo/documents/Evaluation-Policy.pdf
[11] http://www.undp.org/gef/05/monitoring/policies.html
[12] http://thegef.org/MonitoringandEvaluation/MEPoliciesProcedures/mepoliciesprocedures.html

To assist Belarus in creating the necessary enabling environment for the country's full-scale participation in the flexible mechanisms (Joint Implementation, Emission Trading) of the Kyoto Protocol to the UNFCCC.

Brief evaluation results:

Management Arrangements:

The Ministry of Natural Resources and Environment Protection was the implementing partner of the project and has appointed a National Project Director. The National Project Director, Mr. Alexander Apatsky, was responsible for achieving the project objective and outcomes, planning, reporting, coordination with stakeholders etc. and to support the project's objectives at high decision-making levels within the Belarusian Government. Project implementation was overseen by a Project Steering Committee. Operational implementation of the project was led by a Project Manager supported by a Administrative and Financial Assistant (= Assistant to the Project Manager).

The project management arrangements seemed at first sight to be quite complex given the limited size of the project. In specific, as the National Project Director is also the First Deputy Minister and might not always be time-wise available to attend to the assigned tasks on a daily level. This was successfully bypassed, as Mr. Vladimir Tarasenko, Head of the Department of State Control on Climate Impact at the Ministry, acted on behalf of the National Project Director in order to address upcoming issues on a more frequent and direct level. Mr. Apatasky highly supported the project also within the higher political ranks of the Government. Overall, a mechanism which turned out to be of benefit as the project was able to provide direct assistance to the Ministry both on political and technical level. The Steering Committee hold three meetings, which were well prepared and allowed to steer the implementation of the activities within the original logframe. The meetings were well attended and informative minutes of the meeting prepared. The project management arrangements had the very good fortune to benefit from a technical-sound, very committed and highly motivated Project Manager, who was supported by a dedicated Project Assistant. The outstanding efforts by the Project Manager for the success of the project cannot be conveyed adequately. Last but not least the project (NEX project) strongly benefitted from the assistance and expertise provided by UNDP CO & UNDP Regional Centre and also took actively the chance to make use of it. As for the sustainability of the results achieved, it might have been useful to have a low- to medium level employee as "trainee", e.g. from the Department of State Control on Climate Impact, fully appointed to the project and being transferred to the Project Office for the duration of the project. This arrangement would have helped to strengthen the capacity of the Ministry in an even more 'hands-on' approach than workshops, meetings and reports prepared could accomplish and future similar management tasks could have been absorbed directly by the Ministry. Nevertheless, the Evaluator strongly believes that of the management arrangements it can proudly be said to be an example of best practice. Its design, although perceived as quite complex, is sound and responsible for a good implementation approach.

➔ Satisfactory (S)

Overall implementation:

It was incredibly outstanding to experience the immense interest, enthusiasm and developed capacity for the flexible mechanisms under the Kyoto Protocol by all stakeholders interviewed during the mission. The implementation was outstanding both technically and managerially. Given the fact that before the onset of the project the local capacity was very limited or not available – the achievements within such a short period and with limited financial resources cannot be emphasized sufficiently. All partners directly involved with the implementation of the project have gone far out of their way to ensure the success of the project and provided support far beyond the originally planned activities; a momentum was created, not *en nature* delivered by a project. The Evaluator strongly believes this project should be held up as a model that other projects could aspire to.

➔ Highly Satisfactory (HS)

Outcome 1: Regulatory framework for application of the Kyoto mechanisms in Belarus established

- Strategy on the participation in KP flexible mechanisms developed including all relevant analytical documents on which the development of the strategy was based. The Strategy is now with the Government and will be considered this month by the Presidium of the Council of Ministers. Like with other of the activities implemented, the project benefitted by the direct support provided by the UNDP Regional Centre Bratislava, as detailed comments in form of a full-fledged report were provided.[13]

- Regulatory documents on the utilization of excess assigned amount were drafted and submitted and received approval by the Government; such as:
  - Ministerial Resolution No. 4 of 22 January 2007;
  - Ministerial Resolution No. 10 of 01 February 2007;
  - Council of Ministers Resolution No. 1117 of 04 August 2008.

Here it is important to acknowledge the assistance provided to the Government towards the approval stage was not part of the project and was provided complimentary by the project. Further, 5 documents have been prepared and have either been already approved by the Ministry of Natural Resources and Environment Protection or are pending for approval by the Council of Ministers and two of which be regulating Carbon Financing in Belarus are pending for Presidential Decree.

Given the multifaceted needs technically and legally required to assist with the development of a legal framework and the extensive number of resolutions prepared which were in due course approved by the Government, the results achieved can only be referred to as outstanding.

Further, the project provided regular legal support, upon request by the Ministry, on issues in relation to Climate Change and the Kyoto Protocol for which lengthy and detailed statements were delivered. The project was frequently addressed as a resource of expertise, which reflects the high level of recognition of the project by the Government and also mirrors the active interaction with local stakeholders.

➔ Highly Satisfactory (HS)

Outcome 2[14]**:** Capacity for the development of projects under the flexible mechanisms enhanced

[13] The outputs listed will only provide an overview and are not set to be conclusive.
[14] The outputs listed will only provide an overview and are not set to be conclusive.

The projects assisted potential project developers to identify JI projects within their operation activities, which resulted in the identification of 140 (!) projects. Out of which a pipeline of PINs and PDDs was developed:

- Petrochemical Industry: 6 PINs developed
- Ministry of Energy: 7 PINs developed
- Ministry of Forestry (Wood Processing Company): 3 PINs developed
- Ministry of Communal Services: 3 PINs developed
- Ministry of Industry: 2 PINs developed
- In cooperation with UNDP MDG Carbon Facility: 2 PDDs developed
- 2 further PDDs (biogas facility) are in the process of obtaining LoAs.

The developers were assisted in submitting the projects to buyers for consideration, such as Konsai Electric (ERPA drafted), Greenstream GmbH (ERPA signed) and Tricorona (ERPA drafted). High expectations were given to the cooperation with UNDP MDG Carbon Facility - also as a natural continuation of the cooperation with UNDP - but those were, unfortunately, not fulfilled.

This extensive PIN/PDD pipeline is self-explanatory.

➔ Highly Satisfactory (HS)

Outcome 3[15]**:** Infrastructure components for the Kyoto flexible mechanisms in Belarus established

- The Registry of Reduction Units (= Registry of Carbon Units) was established within the Belarusian Research Centre Ekologia – hardware and software was acquired (based on a tendering process) which consumed a substantial part of the overall project budget.
- Regulation "On Approving the Instruction on Procedure of Establishment and Maintenance of the National Carbon Units Registry of the Republic of Belarus" prepared, which was adopted by the Ministerial Resolution No.4 /2007.
- The National Registry Readiness Report has been drafted, however due to several external factors, such as: the registry test through ITL has been postponed, the requirement of an external back-up system (duplicate system) could not be accomplished due to missing financial means, etc., has not been finalized as of today.

The various different layers the project was operational on required a technical sound team in order to respond capably, given also the limited support by international experts (which would not have allowed the project to operate in such a highly cost effective way). These required tasks were well taken care of by the project.

➔ Highly Satisfactory (HS)

Outcome 4[16]**:** Stakeholder awareness of Kyoto Protocol implementation in Belarus increased

In addition to the implementation of a series of national technical capacity building workshops, three specialized training seminars were held in the Belarusian Research Centre Ekologia (during which 85 people were trained), fourteen direct on-site trainings undertaken (during which 350 people were trained), three side events organized at SBSTA and COP/MOP and thematic papers presented by Belarusian experts at eleven int./reg. conferences and seminars, also three international conferences were organized and held in Minsk. These int. conferences/seminars, such

[15] The outputs listed will only provide an overview and are not set to be conclusive.
[16] The outputs listed will only provide an overview and are not set to be conclusive.

as the “Legal and Methodological Basis of JI and Green Investment Scheme (14-15.06.2007)” and the “Carbon Financing Prospects for Utilizing in National Climate Change Mitigation Policy (19-20.11.2007)” attracted an extensive list of international, regional and domestic experts (from the public and private sector) and also a number of various participants in the carbon market, like companies with binding emission reduction obligations, emission-reduction project developers, brokerages, technology developers and also the JI Secretariat. All conferences were supported by presentations from the UNDP CO and UNDP Regional Centre Bratislava. Also awareness material and a web page were developed. The latter is a key outreach mechanism for the country to market its national JI programme.

The Evaluator had the chance to meet with several CDM experts trained in developing JI projects. The high level of expertise developed within the short period of time was impressive – Belarus can proudly say to have a vital pool of JI experts established. All experts interviewed fully credited the project in building the technical capacity. These new acquired tasks are also seen as facilitator to create a new job market. The high level of professionalism and enthusiasm of the local experts met was outstanding. The project created successfully a momentum – and a high level of interest for climate change in general and the Kyoto Mechanism in specific – an accomplishment within such a short period of time – which is exceptional. It is of uttermost importance not to lose the bandwagon and also the expectations created. A follow-up project would further assist to develop and strengthen the position of Belarus within the international climate change negotiations, the KP period 2008-2012 and given the situation in the country very important for the post-2012 period. It can be clearly seen that local participation was a priority; the project has worked hard to raise awareness and also win over initially sceptical public. There appears to be universal respect for the project among all stakeholders met and an unusual high level of goodwill and interest throughout.

As a result:

➔ Highly Satisfactory (HS)

Outcome 5: not considered

Overall Comment: The project will be developing a CD containing all reports and documents developed, including guidance, instructions and recommendations on project cycle procedure, selection and application of methodologies of baseline and monitoring – a viable approach which will assist to ensure sustainability. For further activities, it might be advisable to consider on how to further streamline capacity into the national Governmental structures, and thereby to optimise the “project-unit” approach.

Recommendation for follow-up activities – which could be supported by UNDP:

- Note: This section includes also feedback received from local stakeholders met and from the questionnaires sent out under the frame of the regional project evaluation

- capacity building for potential DOEs – for the promoting the establishment of DOEs in the region;
- further in-house capacity building for potential companies, interested in developing JI projects;
- to support and complete the offsite National Registry reserve installation that is a prerequisite for successful completion of the test through ITL;
- further improvement of effectiveness of the local project preparation market by training local project developers – train-the-trainer approach could be of benefit;

- capacity building focusing on the banking sector (private sector bank) – which may help to lower transaction costs;
- development of a criteria catalogue for the assessment of PDDs;
- setting up of database and library (elements have already been taken care of by the project);
- training on baseline determination of different project types;
- support for participation at int. carbon fairs (Carbon Expo, Carbon Market Insights);
- to provide assistance to prepare for higher tiers of national GHG inventory and establish the national values of GHG emission rate for the key sectors and emission sources.
- to assist in the development of a feasibility study of the national emission trading scheme as an efficient economically sound domestic measure in national climate change mitigation policy, especially when accessibility to international carbon markets is limited.
- support the preparation and submission of the Law on Climate Change and Climate Impact Mitigation;
- development of a national marketing strategy;
- to provide support and strengthen domestic capacity to the active participation of Belarus in the international negotiation process for the post-Kyoto regime.
- complete and approve the methodological tool for assessment and prognosis of the national climate change mitigation potential with due account of different influencing factors and national / international circumstances.
- to establish a platform of regular exchange of expertise nationally with regular international "visiting" expertise – in form of a skill-sharing forum;
- further capacity building of local experts;
- creation of an educational course for University students;
- development of a database to provide for best examples for BAT and relevant capacity building.

The Evaluator would like to express sincere gratitude to[17] Mr. Alexandre Grebenkov, Mr. Vladimir Tarasenko, Mr. Dmitry Goloubovsky, Ms. Julia Kniga, Mr. Genady Luzan, Mr. Anatoli Yakashau, Ms. Milash, Ms. Belskaya and Mr. Nikitsin for all their perceptive thoughts and insights support provided. Their efforts and support are very much appreciated.

I would like to wish Belarus every success in the Carbon Market – and keep the outstanding momentum going.

Attachment:

- Timetable and annex of mission to Belarus

Date, time	Activity	Responsible project staff
Oct 13, 2008, 9:00-13:00	**Meeting at project office.** Project presents: ▪ project objectives and strategy ▪ project outcomes ▪ project reports and other deliverables ▪ project procurements ▪ all other documentations and evidences upon request	Alexandre Grebenkov
Oct 13, 2008, 13:00-14:00	Lunch time	

[17] No academic titles included and list is developed randomly

Oct 13, 2008, 14:00-15:00	**Meeting with National Implementing Agency.** Project arranges: ▪ meeting with Mr. Tarasenko, *Head, Department of State Control on Climate Impact, Ministry of Natural Resources and Environmental Protection* ▪ phone conversation with any other selected officials, including National Project Director	Julia Kniga
Oct 13, 2008, 15:00-16:00	**Meeting with other stakeholders** Project arranges: ▪ meeting with Mr. Luzan, *Head, Environment Monitoring Center, "Belgorkhimprom" JSC, "Belneftekhim" Concern* ▪ meeting with Ms. Milash, *Principal Specialist, Department of Energy Efficiency and Ecology, Ministry of Energy* ▪ meeting with Ms. Belskaya, *Specialist, Ecology Service, ENAKA Co.* ▪ phone conversation with Ms. Lorth, *JI / VER Project Manager, GreenStream Network GmbH* ▪ phone conversation with any other selected stakeholders	Julia Kniga
Oct 13, 2008, 16:00-17:00	**Meeting with project experts and consultants.** Project arranges: ▪ meeting with Dr. Nikitsin, *Leading Researcher, Institute of Power Engineering, National Academy of Sciences* ▪ meeting with Dr. Yakushau, *Deputy Director General, Joint Institute for Power and Nuclear Research, National Academy of Sciences*	Julia Kniga
Oct 14, 2008, 9:00-11:30	**Meeting with project experts and consultants.** Project arranges: ▪ meeting with Dr. Laevskaya, *Assistant Professor in Law, Belarusian State University, Chairman of the board of directors, "Ecopravo" Public Society* ▪ phone conversation with any other selected experts	Julia Kniga
Oct 14, 2008, 11:30-13:00	**Meeting with UNDP CO** Project arranges: ▪ meeting with Mr. Golubovsky, *Program Officer, UNDP office in Belarus*	Alexandre Grebenkov
Oct 14, 2008, 13:00-14:00	Lunch time	
Oct 14, 2008, 14:00-17:00	**Desk study review of all relevant Project documentation.**	Julia Kniga

Annex 6: Work-plan and Timetable

WORK PLAN

Project: Capacity building for Kyoto Protocol implementation in Eastern Europe and CIS
Post Title: International Consultant – Final Evaluation
Duration: 06.10-30.11.2008

EXPECTED CP OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME								RESP-ONSIBLE PARTY
		W1	W2	W3	W4	W5	W6	W7	W8	
Full acquaintance of the situation. Strong linkage with the PM established	Briefing by RC – Information dissemination and coordination of on-going activities									LS
Work plan	Development of work plan that will govern the assignment and submission to PM for approval									LS
Full acquaintance of the situation. Strong linkage with PM established	Desk Review – Assessment of received documents.									LS
Full acquaintance of the local situation.	Field mission to Belarus – discussion and consultation with relevant stakeholder groups to assess the situation; to gather relevant data/information; evaluation of situation/achievements *in-situ*									LS
Further information gathered and harmonization of on-going activities	Meeting with PM at the RC									LS
Draft Evaluation Report	Evaluation process – home based									LS
	Secure comments by the means of telephone interviews, thus fostering broad-based feedback from local stakeholders of the target countries. In close cooperation with CO & PM.									LS
Draft Evaluation Report (Revision)	Submission of draft evaluation report to PM for comments/review →revision based on the feedback received									LS
	Validation of preliminary finding with stakeholders through circulation of draft evaluation report for comments → stakeholder consensus. In close cooperation with CO & PM.									LS
	Preparation of final evaluation report									LS
	Submission of final evaluation report									LS

LS = Lia Sieghart
W = Week
RC = UNDP Bratislava Regional Center
PM = Project Manager, Ms. Anna Kapalina

CO = Country Office(s)

Annex 7: Some background information on the UNFCCC and the Kyoto Protocol

The UN Framework Convention on Climate Change (UNFCCC), adopted in 1992 and entered into force on 21 March 1994, established an overall framework for intergovernmental efforts to address global climate change. The 191 Parties to the Convention agreed on the following:

- To gather and share information on greenhouse gas emissions, national policies and best practices;
- To launch national strategies for addressing greenhouse gas emissions and adapting to expected impacts, including the provision of financial and technological support to developing countries;
- To cooperate in preparing for adaptation to the impacts of climate change.[18]

The Convention divides countries into three main groups according to differing commitments:

- **Annex I** Parties include the industrialized countries that were members of the OECD (Organisation for Economic Co-operation and Development) in 1992, plus countries with economies in transition (the EIT Parties), including the Russian Federation, the Baltic States, and several Central and Eastern European States.

- **Annex II** Parties consist of the OECD members of Annex I, but not the EIT Parties. They are required to provide financial resources to enable developing countries to undertake emissions reduction activities under the Convention and to help them adapt to adverse effects of climate change. In addition, they have to "take all practicable steps" to promote the development and transfer of environmentally friendly technologies to EIT Parties and developing countries. Funding provided by Annex II Parties is channelled mostly through the Convention's financial mechanism.

- **Non-Annex I** Parties are mostly developing countries. Certain groups of developing countries are recognized by the Convention as being especially vulnerable to the adverse impacts of climate change, including countries with low-lying coastal areas and those prone to desertification and drought. Others (such as countries that rely heavily on income from fossil fuel production and commerce) feel more vulnerable to the potential economic impacts of climate change response measures. The Convention emphasizes activities that promise to answer the special needs and concerns of these vulnerable countries, such as investment, insurance and technology transfer.

At the 3rd Conference of the Parties (COP 3 - in 1997), held in Kyoto, Japan, the parties adopted the Kyoto Protocol, which commits industrialized countries (defined as Annex I countries[19]) to attain legally binding GHG reduction targets during the period 2008 to 2012. The Kyoto Protocol shares the Convention's objective, principles and institutions, but significantly strengthens the Convention by committing Annex I Parties[20] to individual, legally-binding targets to limit or reduce their greenhouse gas emissions. In 2001, at the COP 7 in Marrakech, Morocco, the Marrakech Accords were adopted, outlining detailed rules for the implementation of the Kyoto Protocol. The Kyoto Protocol entered into force on 16 February 2005. As of 16 October 2008, 182 countries and 1 regional economic integration organization (the EEC) have deposited instruments of ratification, accession, approval or acceptance.

Table 1: The six greenhouse gases (GHGs) addressed under the Kyoto Protocol:

[18] www.unfccc.int
[19] Reference is made to the Annex B of the Kyoto Protocol
[20] Reference is made to the Annex B of the Kyoto Protocol

GHG	Global Warming Potential
CO_2	1
CH_4	21
N_2O	310
HFCs	140-11,700
PFCs	6,500-9,200
SF_6	23,900

These greenhouse gases are not equivalent in terms of their global warming potential (GWP), which measures the relative radiative effect of GHGs compared to CO_2. For example, one ton of CH_4 has a GWP as powerful as 21 tons of CO_2.

The quantified emission reduction commitments can either be achieved by domestic reductions or by the three innovative mechanisms under the Kyoto Protocol:

- Joint Implementation (JI): An Annex I Party may implement a project that reduces emissions or increases removals by sinks in the terrain of another Annex I Party, and count the resulting "emission reduction units" (ERUs) against its own reduction target.

- Clean Development Mechanism (CDM): Annex I Parties may implement projects in non-Annex I Parties that reduce emissions and use the resulting "certified emission reductions" (CERs) to help meet their own targets. The CDM also aims to help non-Annex I Parties achieve sustainable development and contribute to the ultimate objective of the Convention.[21]

- International Emissions Trading (IET):[22] An Annex I Party may transfer some of the emissions under its assigned amount, known as "assigned amount units" (AAUs), to another Annex I Party that finds it relatively more difficult to meet its emissions target. It may also transfer CERs, ERUs[23] or RMUs[24] that it has acquired through the CDM, joint implementation or sink activities in the same way. In order to address the concern that some countries could "over-sell" and then be unable to meet their own targets, the Protocol rulebook requires Annex I Parties to hold a minimum level of AAUs, CERs, ERUs and/or RMUs in a "*commitment period reserve*" that cannot be traded.[2]

While the cost of limiting emissions varies considerably from region to region, the global benefit remains the same, independently where the action has been implemented. One of the aims of these outlined mechanisms is to lower the overall costs of achieving the respective emissions targets. Negotiations continued after Kyoto to develop the Protocol's operational details, outlined in the Marrakech Accords. The Kyoto Protocol identifies a number of modalities to help Parties reach their emissions targets, it does not elaborate on the operational specifics. The Marrakesh Accords (agreed upon at the 7. Meeting of Conference of the Parties in 2001) are a comprehensive rulebook guiding on how to implement the Kyoto Protocol. The Marrakech Accords also provide Parties with sufficient clarity to consider ratification. The Marrakesh Accords provide for businesses, non-governmental organizations and other entities to participate in the three mechanisms.

[21] www.unfccc.int
[22] http://unfccc.int/kyoto_mechanisms/items/1673.php
[23] Emission Reduction Unit
[24] Removal Units

The Kyoto Protocol provides countries of EE & CIS with new opportunities for reducing their greenhouse gas (GHG) emissions, moving their development towards a low-carbon path, mobilizing resources for environmentally friendly technologies and achieving other sustainable development objectives.

However, in order to realize the opportunities provided by the innovative mechanisms under the Kyoto Protocol, the countries need to develop strong national institutional, technical and human capacities to being able to effectively identify, develop, evaluate, approve and implement projects under JI/CDM and other carbon market schemes, such as under the voluntary carbon market.

Prerequisite for a host country's participation in JI or CDM is the establishment of a supporting policy and legislative framework for evaluating and approving CDM/JI project activities. It is crucial to develop a sufficient awareness on the carbon markets (including the use of compliance and voluntary emission offsets), adequate technical capacity for the identification and the development of eligible projects and the relevant capacity to efficiently access the CDM/JI. It is also important to develop relevant capacity to identify CDM/JI activities within the operational activities of potential project developers, hence to fully include also the private sector and to interact informed with a full range of diverse stakeholder groups (investment firms, brokerages, technology developers, accounting firms, consultants, etc.). A complex set of tasks that most of the countries in EE & CIS were not being able to acquire before the kick-off of the project.

Annex 8: Baseline – situation in the region in October 2005

- New EU Member States (Baltic countries, Czech Republic, Hungary, Poland, Slovakia, Slovenia) and EU Accession Countries (Bulgaria, Romania, Croatia) – Annex I to KP

Status of KP implementation: All New Member States and Accession Countries have ratified the Kyoto Protocol as Annex I parties (except for Croatia) and are therefore eligible to participate in JI and ET schemes. They are the most advanced among EE and CIS in terms of their capacities for KP. Most of the countries (except Slovenia and Croatia) have JI Secretariats, but only a few have clear procedures for JI, designated agencies with legal authority to approve JI projects, and a pipeline of good projects, candidates for JI. Among other Eastern European countries, Bulgaria is seen as the best example of current JI policies: it has operational JI Secretariat, clear procedures for project review and approval, Inter-agency Committee with delegated authority to approve projects, several MOUs with bilateral and multilateral donors, and, as a result, the largest number of approved projects (10). None of the Group 1 countries has in place all required components to qualify for Track I JI (and consequently for ET), which is more flexible and cost-effective implementation modality than Track II JI.

Priority capacity building needs: Although some key JI institutional capacity blocks have been built in almost all EE and CIS countries, gaps still remain. These countries still need assistance with further development of their national systems for GHG inventory and national registries to be eligible for Track I JI. Several countries need further help with clarification of institutional structures and technical guidelines for JI and designing project selection criteria compatible with national sustainable development objectives. There is a need to increase a number of trained experts working on JI issues, as well as to raise awareness and mobilize support of high-level decision-makers.

- Russia and Ukraine – Annex I to KP

Status of KP implementation: Regardless of Russia's and Ukraine's tremendous GHG reduction potential, both countries have only recently ratified the protocol are the furthest behind other Annex I countries in setting up appropriate institutional frameworks. Both, Russia and Ukraine, did not establish functioning JI Secretariats and did not delegate authority to approve projects. As a result, there is no JI project approved, though Russia has developed quite a large pipeline (as a result of JI pilot scheme). Apart from being eligible for JI and ET scheme, Russia and Ukraine are also very likely candidates for participating in Green Investment Scheme (GIS) provided they meet Track I JI eligibility requirements. Their current GHG emission level is well below Kyoto targets (as a result of sharp economic recession in 1990s), and they can sell their surplus quotas under GIS scheme, which has to be established at national level and ensure that received revenues are earmarked for environmentally-related purposes.

Priority capacity building needs: As with other Annex I countries, Russia and Ukraine have to develop and put in place clear and transparent procedures and institutional structures for JI project review and approval. They need to establish required institutional structures and capacities for Track I JI (this will also allow them to participate in ET and GIS), which are national GHG inventory and registry, estimated assigned amounts, and system for estimation of GHG emissions and sinks. There is a need to raise awareness among potential project proponents and develop in-country expertise for JI project development. Establishment of GIS also requires significant capacity building, and as a first step, a political consensus is required with regard to the amount of excess quota that can be sold under GIS, and GIS implementation and monitoring scheme has to be designed and agreed upon between key national stakeholders and potential investors.

- Central Asia, Caucasus, Moldova and Belarus – non-Annex I to KP

Status of KP implementation: Most of the countries have ratified the Kyoto Protocol, except Tajikistan, Belarus and Kazakhstan, and pertain to non-Annex I parties. This status does not imply any legally-binding commitments for GHG emission reduction and makes them eligible to host projects under the Clean Development Mechanism (CDM). Overall, Non-annex I CIS countries have just started developing appropriate institutional capacities and pipeline of projects candidate for CDM. Only Moldova has established a fully-fledged Designated National Authority (DNA)3 with project selection and approval procedures in place, but even there significant institutional and capacity gaps remain. There is only one CDM project (Uzbekistan) and one baseline methodology (Moldova) that have been so far submitted for approval by the CDM Executive Board.

Priority institutional capacity building needs: Throughout the non-Annex I countries in CIS, relevant country representatives expressed a need for help with setting up the institutional framework for project evaluation and approval, defining sustainable development criteria and project eligibility, training of the relevant government experts, development of a CDM project pipeline/database and building local expertise for project development.

- ❖ Western Balkan (Albania, Bosnia and Herzegovina (BiH), Macedonia, Serbia and Montenegro) – non-Annex I to KP

Status of Kyoto Protocol implementation: Western Balkan countries (Albania, Bosnia and Herzegovina (BiH), Macedonia, and Serbia and Montenegro) are the furthest behind other non-Annex I countries in Eastern Europe and CIS in terms of implementation of the Kyoto Protocol. Macedonia and Albania have ratified the treaty only in 2004. Serbia and Montenegro and BiH have not yet started the ratification process. Both countries are generally positive towards ratification, but would like to gain a better understanding of the requirements of the Kyoto Protocol before ratifying. There are no institutions for promoting, evaluating, approving, and registering CDM projects in the Western Balkans and as a result no projects have been developed and approved. The general level of awareness and understanding of the Kyoto Protocol mechanisms is extremely low both among governmental and private sector.

All countries in this group expressed a need for capacity building to establish the appropriate institutions and procedures for approving CDM projects. Albania and Macedonia were particularly and urgently interested in support for setting up a national CDM authority. All countries also reiterated the need for long-term capacity building projects in the following four areas: i) general support and awareness raising for ratification of the Kyoto Protocol; ii) support for setting up DNAs and developing institutional framework for national CDM process; iii) support for CDM project outreach and development (for both government and project proponents); and iv) support for attracting potential investors to the Region.

Table 2: Status of Kyoto Protocol ratification/entry into force in EE & CIS:

Annex I Country	Kyoto Protocol/ Date of R/At/Ap/Ac	Entry into Force	Non-Annex I Country	Kyoto Protocol/ Date of R/At/Ap/Ac	Entry into Force
Belarus	26/08/05 (Ac)	24/11/05	Albania	01/04/05 (Ac)	30/06/05
Bulgaria	15/08/02 (R)	16/02/05	Armenia	25/04/03 (Ac)	16/02/05
Croatia	30/05/07 (R)	28/08/07	Azerbaijan	28/09/00 (Ac)	16/02/05
Czech Republic	15/11/01 (Ap)	16/02/05	Bosnia and Herzegovina	16/04/07 (Ac)	15/07/07
Estonia	14/10/02 (R)	16/02/05	Georgia	16/06/99 (Ac)	16/02/05
Hungary	21/08/02 (Ac)	16/02/05	FYR	18/11/04 (Ac)	16/02/05

			Macedonia		
Latvia	05/07/02 (R)	16/02/05	Montenegro	04/06/07 (Ac)	02/09/07
Lithuania	03/01/03 (R)	16/02/05	Kazakhstan	-	-
Poland	13/12/02 (R)	16/02/05	Kyrgyzstan	13/05/03 (Ac)	16/02/05
Romania	19/03/01 (R)	16/02/05	Moldova	22/04/03 (Ac)	16/02/05
Russian Federation	18/11/04 (R)	16/02/05	Serbia	19/10/07 (Ac)	17/01/08
Slovak Republic	31/05/02 (R)	16/02/05	Tajikistan	22/10/08 (R)	-
Slovenia	02/08/02 (R)	16/02/05	Turkmenistan	11/01/99 (R)	16/02/05
Ukraine	12/04/04 (R)	16/02/05	Uzbekistan	12/10/99 (R)	16/02/05
Turkey	-	-			

R = Ratification; At = Acceptance; Ap = Approval; Ac = Accession
Status: 16 October 2008
Note: Countries covered by the project and have implemented national capacity projects are marked yellow
Countries covered by the project and were provided support through regional efforts are marked green

Annex 9: Details on parallel funding/co-funding (US$)

Table 5: Details on parallel funding/co-funding (US$)

1	Czech Trust Fund	**24,600**
2	Turkish International Cooperation and Development Agency (TIKA)	**25,600**
3	OSCE	**24,883**
4	Austrian Ministry of European and International Affairs	**259,000**
5	Government of Albania	**10,000**
6	Government of Norway & Government of the Republic of Azerbaijan	**299,600**
7	UNDP Belarus	**171,167**
8	UNDP Uzbekistan	**139,300**
9	UNDP Serbia & TTF for UNDP Serbia	**30,000 & 170,000**
10	UNDP Albania	**20,000**
11	UNDP Macedonia	**50,000**
12	UNDP Kazakhstan	**10,000**
13	UNDP Turkey	**2,500**
14	UNDP BiH	**3,000**
15	UNDP Kyrgyzstan	**50,000**
16	BRC Expert Exchange Scheme	**2,939**
19	Regional Director Discretionary Fund	**20,000**
20	MDG CF Project	**113,000**
21	KM Fund	**5,000**
22	Austrian Trust Fund	**80,000**
TOTAL		1,510,589

Annex 10: Members of the Project Advisory Committee

Name	Title
Ms. Marta Ruedas	LPAC Chairperson, Deputy Regional Director
Mr. Jafar Javan	Head of PSPD
Mr. Vladimir Litvak	Energy & Environment Practice, Team Leader
Ms. Marcia Kran	Democratic Governance Practice, Team Leader
Mr. Andrey Ivanov	Policy Advisor, Poverty Practice OIC
Mr. Andrey Pogrebnyak	Assistant Director & Operations Manager
Ms. Zuzana Cerna	Head of Admin/Procurement Unit
Ms. Milka Bindasova	Management Support Unit, Procurement Ass.
Ms. Louisa Vinton	Cluster Manager, RBEC
Ms. Christine Roth	Cluster Manager, RBEC
Ms. Oksana Leschenko	RBEC Environment Focal Point

Annex 11: Lessons Learned from the Evaluation Process

The overall experience of the evaluator from the evaluation process proved to be very positive. The evaluation process strongly benefitted from the interactive communication with the Project Manager and the stakeholders. This was in specific of importance as the evaluator was clogged with information which was not necessarily derived as a result from the regional intervention but rather from the national capacity building projects. As mentioned earlier, the biggest challenges of the evaluation was the absence of a detailed progress reporting system tracking all activities and interventions profoundly. Such system would have been essential not only for evaluation purposes, but also to assist in the replication of activities and to provide a reference pool of lessons learnt. An final evaluation cannot fill the data gaps left by inadequate internal monitoring and reporting. Evaluations build on indicators of achievement, baseline data and continuous monitoring and measurement of progress. Project-level reports should be rolled up into thematic reports, at a minimum annually, for presentation to the stakeholders. Consequently, also final-valuations strongly benefit from a sufficient in number, coverage and quality project reports.

The evaluation would have strongly benefitted from a mission to UNDP Regional Centre Bratislava which was foreseen but cancelled due to financial limitations. This would have helped in the process to sort out the information received and to differentiate which can be credited to the national projects or the regional project. Fortunately, these downsides were well compensated by the flexibility and support received through the Project Manager and the communication with the stakeholders. Nonetheless, it would have helped to streamline the evaluation process in a more efficient and effective manner.

The evaluator was under the impression of a form of uncertainty within the Regional Centre as to the requirements set by the evaluation policy of UNDP in differentiation to the evaluation policy of UNDP/GEF. Although there are similarities, both policies are not equivalent and the requirement for this evaluation was to follow the evaluation policy of UNDP as outlined in the UNDP Handbook on Monitoring and Evaluation for Results[25] [26].

The synergies and the close cooperation with the Project Manager were of high value and of enormous benefit for the evaluation process. The Project Manager was always available for the evaluator and the support received is highly appreciated.

The evaluation process also benefitted from the pre-planning and preparation phase which resulted in a conceptual framework based on evaluation principles. This allowed in the prioritisation of questions to be answered. The feedback from the Project Manager also allowed to collectively identifying the main focuses of the evaluation.

The duration of the evaluation process was sufficient. It may be important to view the evaluation as an activity done in phases rather than in one block of time. The evaluation highly depends on its complexity, the capacity and availability of stakeholders, which cannot be envisaged from the onset. Nevertheless, the used structure: defining the parameters of the evaluation, planning, collection of data, direct interventions with stakeholders, analysis of data, formulation of evaluation results and recommendations, was effective.

[25] http://www.undp.org/gef/05/monitoring/policies.html
[26] Note: which differs from the *"GEF Monitoring & Evaluation Policy"*

Annex 12: Rating Tables

TABLE 1: STATUS OF OBJECTIVE / OUTCOME DELIVERY AS PER MEASURABLE INDICATORS

OBJECTIVE	MEASURABLE INDICATORS FROM PROJECT LOGFRAME	TARGET	STATUS OF DELIVERY*	RATING**
To assist countries in EE & CIS to access carbon investment financing through building their institutional, human and technical capacities for participation in Kyoto Protocol flexible mechanisms.	Number of GHG reduction projects initiated and approved, and amount of resources leveraged through carbon market mechanisms (CDM, etc) for their implementation in EE & CIS			S
OUTCOMES	**MEASURABLE INDICATORS FROM PROJECT LOGFRAME**	**TARGET**	**STATUS OF DELIVERY**	**RATING**
The overall objective of the project (project "outcome" in ATLAS terminology) is to assist countries in Eastern Europe and CIS to access carbon financing through building their institutional, human and technical capacities for participation in Kyoto Protocol flexible mechanisms. Achievement of the project objective will directly contribute to MYFF Goal 3 "Energy and Environment for Sustainable Development", Service Line 3.3. "Increased access to investment financing for sustainable energy, including through the Clean Development Mechanism (CDM)".				S
Output 1 Strengthened institutional, human, and technical capacities of the national Governments to participate in the flexible mechanisms of the Kyoto Protocol;	Number of operational Designated National Authorities and supporting legal and regulatory frameworks for review, approval and monitoring of projects under CDM and other carbon finance schemes emerged as a result of project activities	How-to Guide and other training materials, prepared, published and translated into regional language(s). Two sub-regional DNA training workshops convened in Western Balkans and Southern Caucasus. DNA established and national approval framework approved at least in three countries (Macedonia, BiH, Azerbaijan). Two new countries ratified the Protocol (BiH, Tajikistan).	1. 8 DNAs/DFPs benefited from UNDP's support (Albania, Armenia, Azerbaijan, Kyrgyzstan, Macedonia, Serbia, Uzbekistan, Ukraine). 2. In 5 countries (Albania, Belarus, Uzbekistan, Macedonia, Kyrgyzstan) supporting legal and regulatory frameworks for review, approval and monitoring of projects under CDM and other carbon finance schemes were developed. 3. In part thanks to UNDP awareness raising activities, BiH, Serbia and Tajikistan ratified Kyoto Protocol in June, September 2007 and October 2008 respectively. Thus some of the key barriers to Kyoto Protocol implementation in these countries have been removed.	HS
Output 2: Developed in-country knowledge and skills of potential carbon market participants for identification and preparation of viable carbon investment projects	Number of investment proposals for carbon trading schemes developed as a result of project activities.	Two country assessments and two sectoral assessments are conducted. At least 10 PINs are developed. Training package developed and training delivered. At least three "model" projects for CDM/JI identified & developed to the PDD stage;	1. A portfolio of over 20 JI/CDM PINs has been developed in line with MDG Carbon Facility's eligibility criteria. 2. 3 CDM projects (Uzbekistan, Macedonia, Ukraine) have been selected for MDG Carbon Finance portfolio and MoUs with project proponents signed. Uzbekistan was the first country where MDG Carbon Facility Host Country MOU has been signed. The first MDG CF MoU with the project proponent has been signed also in	S

		Two sub-regional workshops for project proponents (project beneficiaries) from energy sector (CIS) and municipal sector (Western Balkan) conducted.	Uzbekistan with UzTransGaz, for 15 mln EURO (5 mln EURO annually). The first CERs delivery is expected in 2009.	
Output 3: Mobilized resources for UNDP-led regional and national capacity development projects in support of Kyoto Protocol implementation	Amount of resources mobilized	Resources mobilized for implementation of follow up capacity building programme for KP in EE and CIS. Emission Reduction Purchase Agreement signed for at least 2 CDM/JI projects.	1. USD 1,5 million mobilized from various donors and Country Offices. Additional USD 1 million will be coming though Global MDG CF project. 2. x ERPAs signed, including 1 MDG CF ERPA	HS
Output 4: Regional network of practitioners dealing with carbon market mechanisms established and UNDP internal knowledge and capacities in the area of carbon finance developed.	UNDP Community of Practice on carbon finance is established, its regional/sub-regional priorities identified and resources leveraged for joint programming and internal capacity building.	How to Guide on institutional capacity building for KP; Training on carbon finance and project development designed and delivered to UNDP CO focal points; At least 4 COs developed national projects.	1. UNDP network of practitioners working in the area of carbon finance is established, regular meetings and trainings are taking place, supporting knowledge products have been developed (e.g. How-to-Guide). 2. 8 COs (Albania, Azerbaijan, Belarus, Kyrgyzstan, Macedonia, Serbia, Ukraine, Uzbekistan) developed national capacity building projects.	S
Output 5: JI component of MDG Caron Facility launched in Annex I EE & CIS countries	Number of JI project idea notes (PINs) and project design document (PDDs) developed	At least 5 PDDs prepared and ERPAs signed with a total expected revenue stream of at least 300 ERUs/year (or 300.000 Euro/year).	10 JI (3 in Russia, 4 in Ukraine, 3 in Belarus) and 18 CDM (2 in Armenia, 9 in Azerbaijan, x in Uzbekistan, Macedonia, 3 in Albania, 2 in Serbia) PINs developed. 2. 1 PDD developed in Uzbekistan (ERPA signed), 2 PDDs revised in Albania, 1 PDD revised in Kyrgyzstan 3. Total expected revenue stream of the CDM project in Uzbekistan, which is being developed by the MDG CF, is expected to be at least 1,000,000 CERs/year 4. Agreement between UNDP and the Gopvernment of Uzbekistan on Green Investment Scheme for pilot MDG CF project in Uzbekistan negotiated providing for re-investment of CER revenues into socio-economic development projects in Uzbekistan.	S

* STATUS OF DELIVERY:

GREEN / COMPLETED	= Indicators show successful achievement
YELLOW	= Indicators show expected completion by end of Project
RED	= Indicators show poor achievement

** RATINGS: Highly Satisfactory = HS

Satisfactory = S

Marginally Satisfactory = MS

Unsatisfactory = U

TABLE 2: PROJECT RATINGS

Highly Satisfactory (HS), Satisfactory (S), Marginally Satisfactory (MS), and Unsatisfactory (U)

PROJECT COMPONENT OR OBJECTIVE	RATING SCALE				Comments
	U	MS	S	HS	
PROJECT FORMULATION					
Conceptualization/Design				x	Based on a sound assessment and tailored to the demands of the participating countries
Stakeholder participation				x	Participation of the private sector, local Government authorities
PROJECT IMPLEMENTATION					
Implementation Approach					
The use of the logical framework				x	The implementation was highly successful but had to be streamlined regularly in order to reflect external factors (such as political situations and the debate on post Kyoto).
Adaptive management				x	The management proved to be highly adaptive and proactive
Operational relationships between the institutions involved				x	Very well established relationship which could have benefitted from a project webpage
Technical capacities				x	
Monitoring and evaluation			x		An effective and profound progress reporting system would have been of benefit.
Stakeholder participation				x	Active participation of stakeholders involved
Production and dissemination of information		x			A formal established channel of dissemination of information would have assisted to increased cross-fertilization
Local resource users and NGOs participation			x		Appears to be concentrated on the central Governmental level – and experts attached to it
Establishment of partnerships				x	e.g. Cooperation with MDG Carbon Facility established
Involvement and support of governmental institutions				x	
PROJECT RESULTS					
Attainment of Outcomes/ Achievement of objectives					Reference is made to evaluation report 2.6.8. for details
Achievement of objective			x		
Outcome/Output 1				x	
Outcome/Output 2			x		
Outcome/Output 3				x	

Outcome/Output 4			x		
Outcome/Output 5			x		
OVERALL PROJECT ACHIEVEMENT & IMPACT			x