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Independent UNIDO Country Evaluation
RUSSIAN FEDERATION



UNIDO EVALUATION GROUP

**Independent
UNIDO Country Evaluation
Russian Federation**



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Abbreviations and acronyms

| | |
|---------|---|
| AB | Advisory Board |
| AH | Allotment Holder |
| AvtoVAZ | Volzhsky Avtomobilny Zavod |
| BAT | Best Available Techniques |
| BEP | Best Environmental Practices |
| BRICS | Brazil, Russia, India, China and South Africa. |
| CCA | Capital Cost Allowance |
| CE | European Community |
| CEO | Chief Executive Officer |
| CFC | Chlorofluorocarbon |
| CIIC | Centre for International Industrial Cooperation |
| CIS | Common Wealth of Independent States |
| CO | Country Office |
| CP | Country Programme |
| CPCS | Cleaner Production Centre |
| CPO's | Chief Procurement Officers |
| CPC-NW | North Western International Cleaner Production Centre |
| CSF | Country Service Framework |
| DAC | Development Assistance Committee |
| EBRD | European Bank for Reconstruction and Development |
| ECA | Eastern European and Central Asian |
| EE | Energy Efficiency |
| EEW | Electric and electronic wastes |
| EIB | European Investment Bank |
| ESM | Environmental Sound Management |
| EnMS | Enterprise Network Management System |
| EMS | European Monetary System |
| EU | European Union |
| EurAsEC | Eurasian Economic Community |
| EVA | Evaluation Group |
| FDI | Foreign Direct Investment |
| GCI | Global Competitiveness Index |
| GCR | Global Competitiveness Report |
| GDP | Gross Domestic Product |
| GEF | Global Environment Facility |
| GF | Global Forum |
| GFSI | Global Food Safety Initiative |
| GHG | Greenhouse Gas |
| GIS | Geographic Information System |
| GOR | Government of Russia |
| GORT | Government of Republic of Tatarstan |
| GPO | Group Policy Object |

| | |
|---------|--|
| GWP | Global Warming Potential |
| HACCP | Hazard Analysis and Critical Control Point |
| HCFC | Hydrochlorofluorocarbon |
| HDI | Human Development Index |
| HFC | Hybrid fibre coaxial |
| HQ | Headquarters |
| ICSTI | International Council for Scientific and Technical Information |
| ICBET | International Centre for the best environmental technologies |
| IDF | Industrial Development Fund |
| IFI | International Financial Institution |
| IEA | International Environment Agreement |
| IFC | International Finance Corporation |
| IMF | International Monetary Fund |
| IP | Integrated Programme |
| IPLA's | International Partnership for Expanding WM services of local authorities |
| IPA CIS | Inter - Parliamentary Assembly of member Nations of the Commonwealth of Independent States |
| IPU's | Investment Promotion Units |
| ITPO | Investment and Technology Promotion Office |
| JD | Job description |
| MENR | Ministry of Environment and Natural Resources |
| MDI | Metered Dose Inhaler |
| MDIS | Manufacture of Aerosol Metered Dose Inhalers |
| NCPC | National Cleaner Production Centres |
| MFA | Ministry of Foreign Affairs |
| MLF | Multilateral Fund of the Montreal Protocol |
| M&E | Monitoring and Evaluation |
| MMT Co2 | Million metric ton of carbon dioxide |
| MNRE | Ministry of New and Renewable Energy |
| MP | Montreal Protocol |
| MSE | Ministry of Science and Education |
| MVA | Market Value Added |
| NFP | UNIDO National Focal Point |
| NFP | National Focal Points |
| ODA | Official Development Assistance |
| OECD | Organisation for Economic Co-operation and Development |
| ODG | Office of the Director General |
| ODP | Ozone Depletion potential |
| ODS | Ozone Depleting Substances |
| PCB | Polychlorinated Biphenyl |
| PIR | Project Implementation Report |
| PIF | Project Identification Form |
| PM | Permanent Mission |

| | |
|-------------|--|
| POPs | Persistent Organic Pollutant |
| PPG | Project Preparation Grant |
| PPP | Public Private Partnerships |
| PTC/BRP/EUR | Programme Development and Technical Cooperation Division, Bureau for Regional Programme, Europe and NIS Programme |
| REA | Russian Energy Agency |
| RO | Regional Offices |
| RTG | Radioisotope thermoelectric generator |
| SCST | State Committee of science and Technology |
| SMEs | Small and Medium Sized Enterprises |
| SMED | Small and Medium Enterprise Development |
| SO | System Optimization |
| SPX | Sub-Contracting Partnership Exchange |
| TA | Technical Assistance |
| TC | Technical Cooperation |
| TEST | Transfer of Environmentally Sound Technologies |
| TOR's | Terms of Reference |
| TQM | Total Quality Management |
| UFP | UNIDO Focal Point |
| UK | United Kingdom |
| UN | United Nations |
| UNCT | United Nations Country Team |
| UNDAF | United Nations Development Assistance Framework |
| UNDP | United Nations Development Programme |
| UNICEF | United Nations Children's Funds |
| UNIDO | United Nations Industrial Development Organization |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNRC | UN Resident Coordinator |
| UR | UNIDO Representative |
| USD | United States of Dollar |
| URSS | Union of Soviet Socialistic Republics |
| VICPC | Volga International Cleaner Production Centre |
| WEF | World Economic Forum |
| WEEE | Waste Electrical and Electronic Equipment |

Glossary of evaluation-related terms

| Term | Definition |
|---------------------------------------|--|
| Baseline | The situation, prior to an intervention, against which progress can be assessed. |
| Effect | Intended or unintended change due directly or indirectly to an intervention. |
| Effectiveness | The extent to which the development intervention's objectives were achieved, or are expected to be achieved. |
| Efficiency | A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results. |
| Impact | Positive and negative, intended and non-intended, directly and indirectly, long term effects produced by a development intervention. |
| Indicator | Quantitative or qualitative factors that provide a means to measure the changes caused by an intervention. |
| Lessons learned | Generalizations based on evaluation experiences that abstract from the specific circumstances to broader situations. |
| Logframe (logical framework approach) | Management tool used to facilitate the planning, implementation and evaluation of an intervention. It involves identifying strategic elements (activities, outputs, outcome, impact) and their causal relationships, indicators, and assumptions that may affect success or failure. Based on RBM (results based management) principles. |
| Outcome | The likely or achieved (short-term and/or medium-term) effects of an intervention's outputs. |
| Outputs | The products, capital goods and services which result from an intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes. |
| Relevance | The extent to which the objectives of an intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donor's policies. |
| Risks | Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention's objectives. |
| Sustainability | The continuation of benefits from an intervention, after the development assistance has been completed. |
| Target groups | The specific individuals or organizations for whose benefit an intervention is undertaken. |

Executive summary

I. Introduction

This independent country evaluation presents an assessment of UNIDO intervention in the Russian Federation conducted since 2006. The evaluation pays particular attention to clusters of projects – energy efficiency, pollution control and chemicals; supply-chain and investment promotion, as well as to Global Forum activities and cross-cutting issues. The evaluation also assesses process related issues of design, implementation and monitoring, and also the role of the UNIDO Investment and Trade Promotion Office (ITPO) and Centre for International Industrial Cooperation (CIIC) in Moscow.

The main objective of the evaluation was to assess the relevance, effectiveness and results, efficiency, impact and sustainability of UNIDO's Technical Cooperation and Global Forum activities, in order to distil recommendations and lessons for UNIDO management and national stakeholders. The results of the evaluation are expected to feed into the design of future operations in the Russian Federation.

II. Evaluation mission and methodology

The evaluation was conducted between May and December 2013. The methodology used was primarily qualitative and was based on a combination of desk review, semi-structured interviews with stakeholders and field observations. The evaluation mission to the Russian Federation was conducted between June 2nd and June 14th 2013. The evaluation team was composed of Mr. Lee Alexander Risby, international evaluation expert and team leader, Dr. Alexander Knorre, national evaluation and environmental expert, and Mr. Johannes Dobinger from UNIDO's independent evaluation group.

The evaluation found that UNIDO's project assistance to the Russian Federation has been relevant to the Government of Russia (GOR) policies, priorities and challenges particularly with regard to environmental management and industrial pollution. UNIDO has been assisting the government with technical information from pilot and/or demonstration approaches for the improvement of the environmental performance of industry, however progress has been slower than originally expected with regard to regulatory and policy development. UNIDO's provision of technical expertise and knowledge services, which are also largely focused on environmental management through Global Forum (GF) activities were also relevant to GOR needs and well appreciated. UNIDO's role as a partner of the GOR is at the same time widening, as the GOR is increasingly

becoming a donor of international cooperation with UNIDO supporting the development and implementation of GOR-driven cooperation activities in neighbouring countries (e.g., in Central Asia) and developing countries.

Effectiveness and the conditions for the achievement of results in several projects were moderate. This is mainly because implementation was not consistently focused on delivering outcomes and had instead been activity and output oriented. Furthermore, three of the projects currently aim for second phase funding in order to move towards the delivery of tangible results. Exceptions were observed in the Automotive and Food safety supply-chain projects which achieved strong results with evidence of ex-post sustainability, particularly in the automotive sector because of significant market-based incentives down the supply-chain.

In the environment sector UNIDO has worked in three areas; industrial energy efficiency; pollution control, waste reuse and recycling, and phase-out of obsolete chemicals. Only one intervention, the Hydrochlorofluorocarbon (HCFC) phase-out project, which is under implementation, has put in place conditions to achieve outcomes and impacts. Other projects have either yet to begin implementation or have concentrated on establishing basic capacities within industry.

The efficiency of UNIDO projects was weak to moderate. The evaluation found that some projects had suffered implementation delays associated with procurement and delivery of equipment, and also in regard to co-financing. However, other projects made good use of national expertise and this reduced the need for more expensive international consultants.

The UNIDO Technical Cooperation (TC) portfolio in Russia has grown considerably over the past few years and further growth, especially in GEF-funded environmental projects can be expected. The UNIDO office in Russia (CIIC) was established at a time when the portfolio was much smaller and the Russian Industrial Development Fund (IDF) did not exist. Currently ITPO-CIIC operates as de-facto Country Office / project(s) implementation office. The model of the UNIDO office in Russia, which combines a UNIDO National Focal Point (NFP) with an ITPO, has not been adequately adapted to the new reality and is at risk to not cope with the increasing project portfolio and technical demands.

III. Conclusions and recommendations

Relevance

| Conclusion | Relevance Recommendation |
|--|---|
| <p>The portfolio is strongly aligned to address GOR environment and energy needs. Non-environmental issues such as competitiveness and diversification of the industrial base and the assistance to GOR in advancing its own cooperation agenda as an emerging donor have yet to be addressed.</p> | <p>UNIDO should continue to develop the environmental portfolio, including assistance in development of cohesive policy and regulatory environment. Non-environmental assistance and South-South cooperation should be further strengthened in-line with GOR demands and IDF funding.</p> |
| Contributing conclusion | Supporting recommendation |
| <p>Despite the relevance of improving the business and investment climate in Russia outlined clearly in recent reports (e.g., WEF Global Competitiveness Report) the ITPO-CIIC has currently little focus on non-environmental investment promotion or improving the business climate.</p> | <p>ITPO-CIIC has two choices: (a) to work with the GOR to identify meaningful investment promotion, and conduct private sector competitiveness activities in-line with its original objectives; or (b) revise its objectives and bring them in line with the current focus on investment for improved industrial environmental management.</p> |
| <p>UNIDO's engagement with the private sector has been based on establishing and demonstrating the 'business case' for environmental management.</p> | <p>UNIDO should continue to work with the private sector through demonstrations and present clear business case examples showing economic / financial benefits of improved environmental management.</p> |
| <p>The international segment of the special contribution of the GOR to the IDF offers an opportunity to strengthen Russia's capacities in cooperation for development.</p> | <p>The special contribution to the IDF should be utilized strategically to support and strengthen Russian development cooperation activities, outside Russia and in areas of UNIDO competence.</p> <p>In the preparation of future projects for the Russian IDF contribution UNIDO should utilize it's global network of field offices to identify relevant cooperation activities.</p> |

Effectiveness

| Conclusion | Effectiveness Recommendation |
|---|---|
| <p>The effectiveness of UNIDO projects was moderate. More than half of the projects assessed delivered planned outputs, but less progress was made on the achieving outcomes. The reasons for this relate to over-ambitious objectives; a lack of progress on putting in place environmental policy and regulatory frameworks; and a lack of enforcement.</p> | <p>UNIDO needs to place more emphasis across the portfolio in working with the GOR to put in place policy and institutional capacities to encourage and support environmental management and sustainable industrial development so that TC interventions can move towards sustainable outcomes.</p> |
| <p>The results of the projects that focused on improving private sector supply-chains show that UNIDO can provide added-value to improve competitiveness in industries exposed to internal and external market pressures.</p> | <p>Given the widely documented private sector competitiveness challenges within Russia, UNIDO should further assess, with the GOR, needs for targeted assistance to address supply-chain inefficiencies.</p> |

Efficiency

| Conclusion | Efficiency Recommendation |
|---|---|
| <p>Some projects suffered delays in implementation associated with procurement and delivery of equipment, customs clearances and co-financing.</p> | <p>Several approaches need to be followed by UNIDO to improve the efficiency of future projects: (a) work with the GOR to find comprehensive solutions to eliminate customs clearance hold-ups for imported equipment and have this applied to all TC projects; (b) set more realistic project work-plans and timetables, reflecting UNIDO procurement rules and in-country procedures; and (c) decentralize procurement whenever possible to the CIIC Office; and (d) co-financing needs to be formally agreed on during the project design stage in order to avoid misunderstandings during implementation.</p> |
| Contributing conclusion | Supporting recommendation |
| <p>Most projects have made use of the plentiful supply of national expertise in areas of environmental sciences, pollution control and project management and not used international consultants.</p> | <p>UNIDO should continue to use national experts to design and implement projects where possible.</p> |

Impact and sustainability

| Conclusion | Impact and sustainability Recommendation |
|--|---|
| The supply chain projects have been successfully completed and have achieved sustainable results based on well implemented and targeted capacity building and underpinned by market-based incentives for companies to sustain changes in business practices. | The ITPO – CIIC and UNIDO HQ should seek to further promote and replicate the experiences of the supply-chain projects in Russia and the surrounding region (e.g., Central Asia). |

Cross-cutting Issues

| Conclusion | Cross-cutting issues Recommendation |
|---|---|
| Attention to developing operational synergies between UNIDO projects was strong, and coordination with other development partners (e.g., EBRD) is well established. | UNIDO should continue to actively support high-level synergies between projects. |
| UNIDO missed opportunities to integrate gender perspectives into the majority of projects. For example, there is little appreciation of the differential risks and impacts of chemical and hazardous waste management on men and women. | Future UNIDO TC cooperation in Russia needs to be in-line with overall corporate goals for mainstreaming gender equality. |

Global forum

| Conclusion | Global Forum Recommendation |
|---|---|
| Global Forum is a relevant and important area of UNIDO in Russia. Global Forum activities were developed ad-hoc, when opportunities emerged. While this is not necessarily a problem, it limits | The CIIC and the UNIDO Europe Programme should take the lead in planning and monitoring GF activities in close cooperation with the GOR. This should include project-based as well as “stand-alone” GF initiatives. |

| | |
|--|--|
| <p>the possibility of establishing a stronger partnership with the GOR in the Global Forum arena, and it compromises the possibilities of evaluating the outcomes.</p> | |
|--|--|

ITPO-CIIC Management

| Conclusion | Country office management Recommendation |
|--|---|
| <p>Currently ITPO-CIIC operates as de-facto Country Office / project(s) implementation office and this has created considerable management and resource pressure as well as difficulties in achieving the original objectives and fulfilling the mandate of the ITPO-CIIC.</p> | <p>UNIDO should in coordination with the GOR assess the following options:</p> <ul style="list-style-type: none"> A) Upgrade the National Focal Point to a UNIDO Desk that carries out representation plus implementing some of the projects; at the same time separate the ITPO clearly from the Desk (i.e. two persons). The reporting line of the UNIDO Desk is to be PTC/BRP/EUR. B) Keep the current NFP/CIIC setup but establish a clearer separation of the duties, functions, responsibilities, budgets and reporting lines between the two, with additional human resources. Carry out regular audits and evaluations. |

| Contributing conclusions | Supporting recommendation |
|---|--|
| <p>The different roles of CIIC and NFP are currently blurred, which leads to confusion and exposes UNIDO to unnecessary risks.</p> | <p>UNIDO should prepare separate terms of reference for the NFP and the CIIC Director, including clear and distinct reporting lines.</p> <p>Reports should clearly distinguish activities and results in each of the two areas.</p> |
| <p>UNIDO acts as an implementing and executing agency with regard to GEF projects.</p> | <p>UNIDO should make arrangements to clearly separate implementing and executing agency functions clearly in GEF projects.</p> |
| <p>The capacity of the ITPO-CIIC and UNIDO HQ to conduct outcome orientated M&E was limited. Opportunities were missed to conduct mid-term evaluation(s).</p> | <p>M&E should be made a management priority in Russia. UNIDO staff and national experts may need appropriate training in Results-based Management and outcome-orientated reporting.</p> |
| <p>Responsibilities for the management of the UNIDO portfolio in Russia on one side and of the Russian IDF contribution on the other have not been clearly defined.</p> | <p>UNIDO PTC/BRP/EUR should manage the Russian IDF contribution in close consultations with the CIIC/NFP, technical branches and the UNIDO South-South programme.</p> <p>The IDF consultation mechanism should be revised; it should involve PM/Foreign Affairs, Europe Program and CIIC; bi-annual meetings should review detailed progress reports on all Russia projects, with emphasis on IDF;</p> |

1. Introduction and background

1.1 Introduction

1. This report presents the findings, conclusions and recommendations of the independent country evaluation of UNIDO's operations in the Russian Federation.¹ It assesses the relevance, effectiveness, efficiency and impact, and sustainability of UNIDO interventions, and in doing so it identifies and examines factors that influenced results that can be used to improve future performance of the portfolio in Russia. The evaluation insofar as possible examines the functioning of the UNIDO Investment and Trade Promotion Office (ITPO)² and Centre for International Industrial Cooperation (CIIC)³ in Moscow, and the strategic positioning of UNIDO in Russia. The scope of the evaluation covered the period 2006⁴ through to mid-2013 (see TOR Annex C).

1.2 UNIDO in the Russian Federation

2. UNIDO's activities in Russia began before the break-up of the Soviet Union, in early 1980s, with the establishment of industrial and technical cooperation activities and information exchange. The ITPO and CIIC was established in 1989 through a formal agreement between the Government of the Soviet Union and UNIDO to promote:
 - Access to investment information, government and private business institutions and contacts in other countries through the UNIDO worldwide network;
 - Direct communication with and access to entrepreneurs worldwide;
 - Participation at UNIDO-sponsored and/or organized investment and technology promotion events;
 - Upgrading skills of local staff of investment-related institutions by using UNIDO investment promotion methodologies and tools, e.g. project

¹ Hereafter referred to as 'Russia'.

² <http://www.unido.org/how-we-work/convening-partnerships-and-networks/networks-centres-forums-and-platforms/itpo-network.html>

³ http://www.unido.ru/eng/overview_en/center_en

⁴ The Integrated Program and Country Service Frameworks were concluded in 2006.

identification, screening, evaluation and promotion, building of strategic business alliances etc.

3. The establishment of formal in-country activities was concomitant with the opening up of the Soviet Union to more structured international cooperation and investment. After the dissolution of the Soviet Union in 1991 and the creation of the Russian Federation UNIDO's ITPO-CIIC agreement was renewed (1992). In 2007, the agreement was renewed by the Government of Russia (GOR) until 2009 and further extensions of the agreement have been made based on two-year cycles.
4. From its inception in 1992 the CIIC had a slightly wider mandate than a typical ITPO covering support to implementation of TC project within Russia. This mandate has been further widened through several modifications of the underlying agreements, including the support to implementation of TC projects in CIS countries. In 2004, the de-facto role of the CIIC as a UNIDO Country Office was recognized by awarding the status of UNIDO National Focal Point (NFP) to the CIIC Director. The options of establishing a Country or Regional Office or a UNIDO Desk in Russia have so far not been considered.
5. The ITPO-CIIC has provided official representation for UNIDO and is headed by a National Director who is assisted by two other project staff.⁵ Currently, the ITPO-CIIC assists in coordinating and implementing all project activities in Russia. The National Director has represented UNIDO interests within the UN Country Team (UNCT (see Chapter 4).
6. UNIDO has several federal counterparts in Russia. The Ministry of Education and Science (MES) acts as the coordinating and funding institution for the ITPO-CIIC. The GOR current funding for ITPO-CIIC is based on the revised Trust Fund Agreement from 2009 and amounts to biannual contributions of USD 158,000 and Russian Roubles 10 Million (equivalent to about USD 310,000). The Ministry of Natural Resources and Environment (MNRE), the Russian Energy Agency (REA) and at the regional level the MNRE in the Republic of Tatarstan are main counterparts for environmental and energy projects. The Ministry of Foreign Affairs (MFA), including the Permanent Mission of Russia to the International Organizations in Vienna, is the main political counterpart of UNIDO. The MFA is also counterpart for the special contribution to the Industrial Development Fund (IDF) of UNIDO (see Chapter 4). The ITPO-CIIC has

⁵ An IT consultant and office administrator / finance assistant.

developed links with the private sector and state industries through projects and also through the network of Cleaner Production Centres (CPCs).

7. Since the early 1990s UNIDO has implemented over 30 TC projects. The projects have addressed policy, institutional capacity building, and enterprise issues in various sectors such as automotive and food processing, investment and trade promotion, clean technologies and cleaner production, energy efficiency and environmental pollution reduction and control. The portfolio also includes Montreal Protocol (MP) and Global Environment Facility (GEF) funded interventions (see Chapter 3 and Annexes).
8. In 2009, the GOR made a special contribution to the UNIDO IDF to fund projects in Russia, Eurasian Economic Community (EurAsEC) and developing countries, with the first project in Sierra Leone. This special contribution is managed by the MFA and the Russian Federation Permanent Mission to the UN in Vienna. The country is one of the new emerging donors alongside other BRICS such as Brazil and China (see Chapter 4).

1.3 UNIDO Russian Federation portfolio

9. The earliest UNIDO projects were implemented in Russia over 20 years ago on a standalone basis. In the late 1990s this changed and UNIDO Technical Cooperation (TC) was organized through Integrated Programmes (IPs) and a Country Service Framework (CSF).
10. From 1999 to 2002/03 an Integrated Programme (IP) was implemented, consisting of one federal and several regional sub-programmes (Saint Petersburg, Moscow oblast, the Republic of Komi and the Republic of Bashkortostan).
11. One of the main areas of activity over this period was support to the creation of institutional infrastructure for industrial development with a particular focus on Small and Medium Sized Enterprises (SMEs) and pollution control through 'cleaner production'. Several institutional structures were developed at this time, including:
 - Clean Technologies Centre for the Oil and Gas Industry (Moscow) (CPC Oil and Gas) at the Gubkin Russian State University of Oil and Gas;⁶

⁶ http://www.ncpc.gubkin.ru/strategy_e.php

- North-western International Cleaner Production Centre (Saint Petersburg) (CPC-NW);⁷
 - Investment Promotion Centre (located in Ufa);
 - Venture Investment Fund to support Small High-tech Businesses (Saint Petersburg).
12. From 2003 to 2006 a Country Service Framework (CSF) was developed and, built on the IP, had a strong focus on SME development, strengthening competitiveness, cleaner production and energy efficiency. The CSF required approximately USD 15.5 million for implementation however only USD 2.5 million was mobilized and in-line with experiences in other countries most of the planned activities were not implemented.
 13. The CSF ended in 2006 and no further frameworks have been developed, and assistance to Russia has again been implemented on a stand-alone project basis. Despite the individualized character of project development the portfolio remained focused on addressing industrial environmental challenges such as phase out of dangerous chemicals and treatment of hazardous wastes, energy efficiency, and on improving business and investment opportunities for SMEs.
 14. The current portfolio has five national and one regional project under implementation: GEF Energy efficiency / climate change mitigation (USD 8.4 million); two GEF – MP projects – HCFC phase-out in the refrigeration and air conditioning sectors (USD 18 million) and CFC phase-out in Metered-dose Inhalers (MDIs) (USD 2.25 million); Pollution Hotspots (USD 1.3 million); and ITPO-CIIC (USD 1.2 million). The regional project is for the establishment of an ITPO network in EurAsEC member countries (USD 2 million).
 15. UNIDO also has two GEF projects that have recently been approved and will soon begin implementation:
 - Environmentally Sound Management and Final Disposal of PCBs at the Russia Railroad Network (to begin implementation in 2013) (USD 7.4 million GEF funding / 34.2 million in co-finance).
 - Saving the Source: Catalyzing Market Transformation of Breweries from a Major Natural Resource Consuming Industry to a Pro-active Steward for

⁷ http://www.nwicpc.ru/a_nwicpc_eng.htm

Resource Efficient Cleaner Production (USD 6.3 million GEF funding / 30.8 million in co-finance) (expected to begin implementation in 2014).

16. Both projects above are significant because of the business / private sector involvement. The Russian Railways Corporation (PCB phase-out project)⁸ is the third largest transport company in the world; and Baltika Breweries⁹ is the largest beer beverage company in Eastern Europe and Central Asia and since 2012 a subsidiary of the Carlsberg Group.¹⁰ The projects are the two largest private partnerships approved by the GEF.
17. The portfolio has three recently completed projects: The Global Metro project and the Facilitating Market Access for Automotive Suppliers in the Samara Region (USD 0.7 million); and Best Available Techniques (BAT) / Best Environmental Practices (BEP) for safe disposal of hazardous wastes (USD 1.3 million). All three are assessed in Annex A.
18. Overall UNIDO's TC project portfolio¹¹ in Russia has a total value of USD 47.6 million. The most significant area for UNIDO has been environmental management and this looks set to continue for the immediate future, with the recent approval of the GEF projects.

Table 1. UNIDO Russian Federation National Project Portfolio 2008 - 2012

| Component/ project (s) | Allotment / planned budget \$ | Total expenditure \$ | Total expenditure % |
|---|-------------------------------------|----------------------------|---------------------------|
| National projects | | | |
| Facilitating International Market Access for Manufacturing Suppliers in the Automotive Component Industry in Samara Region of Russia. | 763,727.00 | 763,110.00 | 99% |
| BAT/BEP Centre for Environmentally Safe Disposal of Potentially Hazardous Consumer Products and Industrial | 1,326,999.00 | 1,281,765.00 | 96% |

⁸ <http://eng.rzd.ru/>

⁹ <http://eng.baltika.ru/>

¹⁰ <http://www.carlsberggroup.com/Pages/default.aspx>

¹¹ Full list of projects (including preparatory activities) is provided in Annex F

| Component/ project (s) | Allotment / planned budget \$ | Total expenditure \$ | Total expenditure % |
|--|--|-------------------------------------|------------------------------------|
| Wastes. | | | |
| Other projects. ¹² | 1,458,228.00 | 1,458,228.00 | 100% |
| Identification, evaluation and prioritization of Pollution Hot-Spots in the Basins of Trans-border Reservoirs and Transfers of Environmentally Sound Technologies. | 1,310,000.00 | 1,308,565.00 | 99% |
| Market Transformation Programme of Energy Efficiency in GHG-Industries in Russia. | 8,443,225.00 | 2,386,930.00` | 28% |
| Phase-out of HCFCs and Promotion of HFC-free Energy Efficiency Refrigeration and Air – Conditioning Systems in the Russian Federation through Tech-Transfer. | 18,310,440.00 | 3,896,570.00 | 21% |
| Phase-out of CFC Consumption in the Manufacture of Aerosol Metered-dose Inhalers in the Russian Federation. | 2,550,000.00 | 17,392.00 | 1% |
| UNIDO CIIC (and ITPO) for the Russian Federation. | 1,208,851.00 | 1,070,890.00 | 88% |
| Saving the Source: Catalyzing Market Transformation of Breweries from a Major Natural Resource Consuming Industry to a Pro-active Steward for Resource | 6,300,000.00 | | |

¹² Other older completed projects include support to Cleaner Production Centres; development of an atlas for Best Available Technologies for water-based environmental management etc; and support to innovative industrial development.

| Component/ project (s) | Allotment / planned budget \$ | Total expenditure \$ | Total expenditure % |
|--|-------------------------------------|----------------------------|---------------------------|
| Efficient Cleaner Production. | | | |
| Environmentally Sound Management and Final Disposal of PCBs at the Russia Railroad Network. | 7,400,000.00 | | |
| Total national projects | 47,613,242.00 | 12,183,450.00 | 25.5% |

| | |
|--|--|
| Approved but not yet commenced Implementation | |
| Completed | |
| Under implementation | |

19. Russia is also involved in several regional and global projects including the EurAsEC project setting up ITPO offices in neighbouring Caucasus and Central Asian states; and the Global Metro project which has assisted local food suppliers to meet EU safety standards when supplying meat and other products to the Metro Group in Russia.

Table 2. UNIDO Regional / Global projects with Russia component

| Regional / Global projects | Allotments \$ | Total expenditure \$ | Russia share of expenditure % |
|--|---------------------|----------------------------|--|
| Establishment of UNIDO Investment and Technology Promotion Office (ITPO) Network in EurAsEC Member States | 1,983,496.00 | 1,940,686.00 | |
| UNIDO – Metro Group: Improving Livelihoods and Sustainable Food Supplies through Inclusive Value Chains (Egypt, India and Russia) | 530,973.00 | 530,973.00 | |
| Total | 2,514,469.00 | 2,471,659.00 | |

| | |
|-----------------------------|--|
| Completed | |
| Under implementation | |

20. The major funder of the UNIDO Russia TC portfolio has been GEF with a contribution of approximately USD 45 million for the ODS phase out, energy efficiency and most recently the POPs project and the multifocal water project with Baltika. The MFA is a key partner for the GOR funded activities within the country, EurAsEC and in developing countries. Funding so far has in general concentrated on environment and investment promotion through the Hotspots, BAT/BEP and EurAsEC projects. The only developing country project was a fishery technical cooperation project implemented in Sierra Leone.

1.4 Rationale and objectives of the evaluation

21. The evaluation was undertaken as part of the Evaluation Group work plan for 2013 and responded to a request from the Russian Permanent Mission to the International Organizations in Vienna to conduct an evaluation of operations¹³
22. The evaluation seeks to identify best practices, areas for improvement and lessons to enhance the relevance, effectiveness, efficiency, impact and sustainability of future UNIDO interventions in the Russian Federation. The evaluation is specifically focused on OECD-DAC evaluation criteria:
 - a) The relevance and alignment of interventions to national needs and priorities;
 - b) Assessment of effectiveness / results of the technical cooperation (TC) and the Global Forum (GF) interventions against planned objectives;
 - c) Impact and sustainability of benefits from UNIDO interventions;
 - d) The efficiency of management and coordination processes at Headquarters (HQ) and the CO, and;
 - e) Achievements in relation to cross-cutting issues such as delivering as "one UNIDO" (coordination and synergies), contribution to gender equality and environmental sustainability.
23. The key audience and users of the evaluation are UNIDO management at HQ, the ITPO – CIIC in Moscow and also the GOR, particularly the key partner ministries.

¹³ The evaluation was conducted concurrent to an internal audit of the ITPO – CIIC Office and associated project operation in Moscow.

1.5 Scope and methodology

24. The scope of the evaluation was from the 2006 when the CSF ended to June 2013. The emphasis was placed on assessing recently completed projects as well as those under implementation. Regional projects, which had significant 'on-the-ground' components, were also included.
25. The EurAsEC project has no TC activities in Russia. However, it was also included, given its intrinsic substantive linkage to the CIIC and the fact that it was implemented by the CIIC. No field visits were undertaken to EurAsEC countries though. A project assessment was prepared on the basis of stakeholder interviews and a review of project documentation.
26. The evaluation was conducted between May and September 2013. The methodology applied included a review of written documentation and other sources of information about UNIDO activities in Russia and the country's economic, social and policy conditions, interviews with project managers at UNIDO HQ, CO staff and in-country stakeholders, including beneficiaries and government representatives.
27. The documentation review was carried out during May and June 2013 and included project related documents, available self-evaluations, monitoring reports of ongoing and completed projects, and also contextual documents on GOR policies and recent economic and social development in Russia.
28. Initial interviews were conducted with UNIDO HQ project managers and other relevant staff members in May 2013, prior to the evaluation mission, and served to obtain more information on project design and implementation. The interviews were semi-structured and lasted between 40 mins to one hour. They focused on origins of the project, inputs from GOR and other stakeholders, institutional arrangements for implementation, achieved and expected results, strengths and weaknesses and missed opportunities.
29. Based on the desk review and the interviews an inception report was prepared that served to sharpen the focus for the evaluation mission on several emerging issues / areas:
 - **Private sector involvement in design and implementation of UNIDO projects:** The portfolio under implementation has a strong focus on partnering with or attracting private sector investment. Whilst interventions have mostly focused on improving environmental efficiencies and reducing externalities, the evaluation would also look at non-environmental investments (e.g., automotive supply chains) to identify key

challenges and opportunities. Furthermore as the ITPO – CIIC had an expanded mandate to focus on SME – foreign investment partnerships and the evaluation assessed the extent to which the original objectives of the ITPO – CIIC were still relevant.

- **Economic incentives:** The UNIDO environmental portfolio intervention logic is dependent on economic incentives (business cases) for cleaner production techniques and investments for / with the private sector. These are needed to sustain and catalyse wider post-project improvements in industry-environmental management. The evaluation would look into this issue through discussions with private sector partners, and NCPCs.
 - **UNIDO representation within Russia:** Currently UNIDO is represented through the ITPO – CIIC office in Russia with no formal 'Country Office' or UNIDO Representative (UR). The evaluation would assess the strengths and weaknesses of the current set-up, within the context of project management (implementation / supervision and M&E), GOR needs and the growing portfolio in pollution control and environmental management.
30. The evaluation mission to Russia took place between June 2nd and 14th 2013. Interviews were conducted with UNIDO ITPO – CIIC staff and project consultants, GOR, private sector, government parastatal organizations, other stakeholders and beneficiaries in Moscow, Kazan, Tolyatti and Saint Petersburg and the following project site visits were also made to interview project stakeholders and beneficiaries:

Environmental Management / Hazardous Chemicals Phase-out:

- BAT/BEP Centre for Environmentally Safe Disposal of Potentially Hazardous Consumer Products and Industrial Wastes;
 - Identification, evaluation and prioritization of Pollution Hot-Spots in the Basins of Trans-border Reservoirs and Transfers of Environmentally Sound Technologies;
31. Phase-out of HCFCs and Promotion of HFC-free Energy Efficiency Refrigeration and Air –Conditioning Systems in the Russian Federation through Tech-Transfer.

Supply / value-chain:

- Facilitating International Market Access for Manufacturing Suppliers in the Automotive Component Industry in Samara Region of Russia;
- UNIDO – Metro Group: Improving Livelihoods and Sustainable Food Supplies through Inclusive Value Chains.

- Non-project site visits:
 - North-western International Cleaner Production Centre (Saint Petersburg)
 - Chemical leasing activities
 - Vodokanal of Saint Petersburg
 - Cleaner Production Centre for Oil and Gas Industries at Gubkin University, Moscow
32. Interviews were semi-structured and qualitative, with sufficient flexibility to allow new lines of questioning to be followed where necessary, particularly with regard to reconstructing project histories and baseline situations (as recalled by beneficiaries). Most of the interviews were conducted with all three evaluators present so that notes could be taken and perspectives triangulated within the team and also with documentary evidence. While maintaining the independence of the evaluation the approach was participatory and open in order to facilitate cordial and constructive dialogue with all stakeholders.
33. The evaluation used a simple qualitative scale to rate project relevance, effectiveness, efficiency; sustainability and impact (see Table 3 below). The scale rating was based on evidence collected by the team. In order to improve the credibility and validity of findings on which ratings were based, the team triangulated data where possible and appropriate.
34. At the completion of the evaluation mission a presentation of the preliminary findings and conclusions was made to the ITPO-CIIC in Moscow on 14th June 2013. A second presentation of the findings and conclusions was made in Vienna at the UNIDO HQ on July 19th 2013. The preparation of the report took place between August and October 2013, based on the information collected during the previous phases. A draft report was disseminated in October 2013 for comments and the final version was prepared in December 2013.

Table 3. Rating Scale

| Rating | Definition |
|---------------|--|
| Strong | Evidence of achievement of outputs / outcomes or impacts Presence of conditions / actions that support progress towards impact and / or sustainability in which major threats or barriers have been mitigated |
| Moderate | Some evidence of achievement of outputs / outcomes or impacts Presence of conditions / action that support progress toward impact and / or sustainability but threats and barriers may not have been mitigated |
| Weak | Little evidence of achievement of outputs / outcomes or impacts No significant presence of conditions / actions that support progress toward impact and / or sustainability and threats or barriers remain in place |

1.6 Limitations

35. The main limitation faced by the evaluation team was the lack of quality documentary evidence across all projects and activities. Many projects, such as BAT / BEP and Hotspots project had inadequate monitoring or progress reports which lacked outcome focus, no mid-term and / or terminal evaluations¹⁴. Whilst others such as the ODS phase-out projects had either only recently commenced (CFC MDI project) or had yet to reach mid-term (HCFC project). Information on the Global Forum (GF) activities was difficult to uncover due to lack of documentation and record keeping at the ITPO-CIIC and at UNIDO HQ.
36. The limitations are in line with those reported in prior UNIDO country evaluations. Whilst the evaluation team made significant efforts to meet stakeholders and visit projects to reconstruct baselines and document results and factors influencing results a more rigorous assessment against standard evaluation criteria was not possible.

¹⁴ The terminal evaluation of the BAT/BEP project was carried out in October/November 2013.

2. Country context

2.1 Development and international cooperation

37. The Russian Federation is the largest country covering more than an eighth of the world's total land surface. It has a population of over 143 million. Extending from Europe to East Asia the country spans nine time zones and a wide range of environments and landscapes.
38. The Russian economy ranks as the eighth largest by nominal Gross Domestic Product (GDP) and the fifth largest by purchasing power parity. The economy is market based but growth since the break-up of the Soviet Union has been largely fuelled by extraction of the country's vast mineral and oil and gas reserves. Russia is one of the world's top producers of oil, gas, coal, diamonds, and gold.
39. In both electricity production and consumption Russia ranks fourth in the world, after China, USA and the European Union (EU). The total installed capacity of nuclear (17.2%); fossil (67.7%) and hydroelectric (15.1%) power generates over 15 terawatt hours of energy (TWh).
40. Between 2000 and 2008, the country experienced significant GDP growth averaging 7% per annum. At the same time the average monthly salary grew from USD 80 in 2000 to USD 885 (2012), and concurrent to this trend has been the emergence of a 'middle class'. In 2012, 11% of the population lived in poverty, earning less than USD 205 per month¹⁵, the lowest level since the break-up of the Soviet Union when over 30% of the population lived below the poverty line (see Table 4).
41. Russian experienced a brief recession in 2008 – 2009 at the onset of the global financial crisis however the economy recovered quickly mainly because of low levels of sovereign debt and short-term stimulus measures undertaken by the GOR. Furthermore, the recovery in oil and metal prices helped the economy to bounce back.¹⁶ GDP per capita in 2012 was USD 14,247 (47th globally) with expected growth of 2.5% (2013) and 3.4% (2014).¹⁷ Unemployment in Russia has remained low at 5.7% despite the global financial crisis. Russian's Human Development Index is in the high

¹⁵http://rbth.co.uk/news/2013/03/25/poverty_rate_in_russia_went_down_in_2012_-_russias_statistics_agency_24208.html

¹⁶ <http://www.imf.org/external/pubs/ft/survey/so/2012/car080312a.htm>

¹⁷ See: <http://www.imf.org/external/country/rus/>

human development category, ranking 55 out of 187 countries.¹⁸ (See Table 4).

Table 4. Selected indicators for Russian Federation¹⁹

| Indicator | Unit | 2000 – 2010 |
|---|-----------------|------------------------|
| Population | Millions | 143 (2013) |
| Population Growth | % | 0.23% (2012) per year |
| Poverty | % | 11.2% (2012) |
| GDP per capita | USD | 14,247 (2012) |
| GDP Growth | % | 2.5 – 3.5 (2013 est.) |
| HDI | | 0.78 (2012 Ranking 55) |
| Agriculture (contribution to GDP) | % | 3.9% |
| Industry (contribution to GDP) | % | 36% |
| Services (contribution to GDP) | % | 60.1% |
| Electricity production | Terawatt/hour | 15,038 (2012) |
| Electricity access | % Of Population | 16 (2009) |
| Russian Official Development Assistance (ODA) | USD | 472 million (2010-11) |

Industrial development

42. The Russian industrial sector went through a prolonged period of decline in the 1990s after the break-up of the planned economy under the Soviet Union. Companies went bankrupt because of poor competitiveness and inadequate investment and / or were rapidly privatized, which resulted in them being sold at prices which undervalued their resources and access to resources, particularly in the case of primary industries such as oil and gas and the mining sector. The industrial sector has recovered during the 2000s with inward and external investments. The last decade has seen a significant growth of electronics, telecommunications, including information technology, retail, financial and other service industries alongside traditional

¹⁸ <http://hdrstats.undp.org/en/countries/profiles/RUS.html>

¹⁹ The World Bank (accessed August 2013); IMF (accessed August 2013); UNDP Human Development Report 2011; Economist Intelligence Unit Russia Country Report 2012; Wikipedia (access September 2013); IEA (accessed August 2013).

industries such as aviation, automotive and defence. The defence sector is a significant employer with over 2.5 million people, which accounts for over 20% of all manufacturing employment.

43. Service industries accounts for 60.1% of GDP and 64.7% of the labour force, with industry accounting for 36% of GDP and 27% of the labour force. It should be noted, however, that these percentages include the mining and construction sectors. The higher value added segment of industry (i.e. manufacturing industry) accounts for only 13% of GDP. This indicates a process of de-industrialization as observed also in other middle-income and industrialized countries.²⁰
44. Exports rose from USD 522 billion in 2011 to USD 530 billion in 2012. The main exports are oil and gas products, primary metals, timber and timber products, chemicals and wide variety of civil and defence related goods. Similarly, imports rose from USD 323 billion in 2011 to USD 335 billion in 2012. Main imports are machinery, vehicles, pharmaceutical products, plastics, semi-finished metal products, and food, medical and optical instruments.
45. Despite sustained economy growth and considerable development of new industries in Russia, the country has a reputation for being a difficult country to start and run a business. According the World Bank / IFC 'Doing Business Report' Russia ranks 112 out of 185 countries overall in 2013 which is worse than several neighbouring countries including Kazakhstan (rank: 47) and China (rank: 91). Areas which businesses reported as being particularly problematic included getting electricity (rank: 184); dealing with construction permits (rank: 178)²¹; getting credit (rank: 104) and protecting investors (rank: 117). The time taken to register and start a business declined from 29 days in 2012 to 18 days in 2013.²²
46. The World Economic Forum (WEF) Global Competitiveness Report and Index (GCR / GCI) in 2013/14 ranked Russia 64(out of 144 countries) up three places from 2012.²³ The top three major constraints for industrial and business development in Russia were weak public institutions (ranked 118); lack of innovation capacity (ranked 78); and inefficiencies in goods (ranked 126) and labour (ranked 78) markets. The GCR cited significant challenges with regard to corruption and government bureaucracy as

²⁰ <http://www.project-syndicate.org/print/developing-economies--missing-manufacturing-by-dani-rodrik>

²¹ Russia ranks below most LDCs for electricity connections and building permits.

²² <http://www.doingbusiness.org/~media/giawb/doing%20business/documents/profiles/country/RUS.pdf>

²³ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

holding back improvements in competitiveness and investment. The GOR has reacted to the above reports and internal pressures by promising to make improvements to the investment climate a major public policy priority.²⁴

47. The strengths of the Russian economy include a well-educated workforce, with many holding tertiary qualifications, and strong scientific and technological base, fairly good infrastructure, and its large domestic market (ranked: 8 in the world), which continues to make it attractive for internal and foreign investors.

Environmental sustainability

48. Russia is endowed with a significant array of natural resources including some of the largest forest and water reserves in the world, however the country has numerous environmental challenges, such as serious air, soil and water pollution, much of which originates from poor policy and investment choices made during the Soviet period, at a time when officials placed little emphasis on controlling industrial pollution. As a result about 30 – 40% of the Russian territory had experienced environmental stress by the mid-1990s.²⁵
49. The post-Soviet period has seen some improvements in environmental policy and regulation, but their effectiveness has been undermined by lax enforcement and implementation²⁶, hence resource depletion such as illegal logging²⁷, industrial pollution²⁸, and the slowly degrading quality of its natural environment²⁹ have remained as serious challenges for the country³⁰

²⁴ <http://en.rian.ru/russia/20120907/175824744.html>

²⁵ Curtis, Glenn E., ed. (1996). "Environmental problems". *Russia: A country study*. Washington: GPO

²⁶ <http://www.oecd.org/env/outreach/38118149.pdf>

²⁷ http://wwf.panda.org/who_we_are/wwf_offices/russia/environmental_problems_russia/

²⁸ http://www.blacksmithinstitute.org/projects/regions/e_europe;

http://www.greenpeace.org/russia/Global/russia/report/Arctic-oil/Brifing_oil-pipelines-rupture-sand-volumes-of-oil-spills-in-Russia.pdf

²⁹ <http://naturvernforbundet.no/international/environmental-issues-in-russia/category930.html>

³⁰ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

International cooperation

50. The Soviet Union was a major provider of Official development assistance (ODA) to developing countries, but its collapse saw Russia become a net aid recipient as the economic transition to a market economy resulted in increased poverty. Until 2006/07 Russia continued to receive ODA from bilateral and multilateral sources, however, there was a significant change in policy when as president of the G8 (in 2006) the GOR made a number of new international aid commitments.³¹
51. The main goals of Russian ODA³² are inter alia: to influence global processes with a view to establishing a stable, fair, and democratic world order based on universally acknowledged norms of international law and partnership between countries; to eradicate poverty and ensure sustainable economic development in developing and post-conflict countries; to eliminate the consequences of humanitarian, natural, environmental, and industrial disasters and other emergencies; to foster democratic processes, the development of market economies, and respect for human rights in recipient countries; to create a zone of good neighbourliness along Russia's national borders; and to prevent the occurrence and facilitate the elimination of causes of tension and conflict, as well as sources of drug trafficking, international terrorism, and crime, particularly in regions neighbouring the Russian Federation.
52. Since 2006 Russian ODA has risen from USD 101 million to a high (in 2009) of USD 785 million. In 2011/12 Russian ODA was USD 479 million and mostly channelled through multilateral organizations to assist fragile states, and neighbouring Eastern European and Central Asian (ECA) countries (including EurAsEC members).
53. Russia still receives ODA from some multilateral partners such as the GEF, The World Bank Group, European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) mostly as co-financiers for environmental, infrastructure and private sector development projects. Furthermore, there is a considerable emphasis in assistance provided by multilateral partners on providing GOR, civil society

³¹http://siteresources.worldbank.org/EXTCFPDONFOR/Resources/1168942-1301591846030/D1S4_Russia.pdf

³²http://www.minfin.ru/common/img/uploaded/library/2007/06/concept_eng.pdf

and the private sector with non-lending 'knowledge products' and capacity building, rather than loans which Russia increasingly does not need³³

54. Bilateral aid to Russia has reduced over the last decade with most agencies either ceasing operations as relevance for engagement has decreased with economic growth³⁴ or with the GOR requesting agencies to close operations.³⁵
55. UNDP completed its final country programme in 2010 and closed its office in 2011, leaving only a project office to manage implementation of mainly GEF-related assistance. Similarly, UNICEF was requested by GOR to cease operations at the end of 2012, citing that 'the country was in a position to fulfil its own development needs'.

2.2 Relevant Government Policies and Strategies

56. Russia has no economic development plan or industrialization policy³⁶ unlike many other countries where UNIDO has operations, and hence TC operations are not grounded in a structured government determined policy framework in that area. However, as most UNIDO's TC assistance is associated with environmental issues and energy, it does relate to GOR energy and environmental strategies and policies.
57. The "Energy Strategy for Russia" covering the period up to 2030 was approved in 2009³⁷ and places considerable emphasis on: (a) improving energy efficiency at the household and industrial levels through technological development, standards, energy auditing and metering, economic and budgetary incentives for energy efficiency; education and awareness programs; and (b) further development of renewable energy sources to meet the countries present and future needs.
58. Environmental policy and regulation in Russia has been somewhat fragmented and has generally been eclipsed by the need to maintain economic growth. Another problem is that fines for violation of environmental laws and permit conditions are too low, and enforcement is

³³ See also World Bank (2013) Knowledge-based Country Programs: An Evaluation of The World Bank Experience. World Bank Independent Evaluation Group. Washington DC.

³⁴ UK Department for International Development ceased operations in 2010. Swedish International Development Agency also ceased operation in 2009.

³⁵ USAID was requested to leave Russia in late 2012: <http://www.usaid.gov/where-we-work/europe-and-eurasia/russia> ;

³⁶ During the Soviet period Russian economic and industrial development was mapped out in 5-year development plans. The planning approach was abandoned in 1991.

³⁷ [http://www.energystrategy.ru/projects/docs/ES-2030_\(Eng\).pdf](http://www.energystrategy.ru/projects/docs/ES-2030_(Eng).pdf)

frequently minimal or ignored.³⁸ In 2010, President Medvedev called for an 'improved and consolidated environmental policy to ensure observance [of the law] becomes standard practice'.

59. In April 2012, GOR approved the "Principles of State policy in the area of environmental development of the Russian Federation for the period up to the year 2030"³⁹ Notably the principles acknowledged global challenges such as biodiversity loss, climate change and environmental pollution and also the high impact of economic activities on the country with the key objective of providing a broad framework for more sustainable development. The principles outline the following actions: (a) improvement in public authority powers to regulate environmental protection and safety; (b) improvements in environmental management and supervision; (c) establishment of more coherent laws; (d) introduction of Strategic Environmental Assessment for plans and programmes; (e) increased liabilities for violation of environmental regulations; (f) introducing innovative environmental technologies; and (g) gradual abolition of temporary excess emission and discharges of pollutants into the environment inter alia.

³⁸ <http://www.oecd.org/env/outreach/38118149.pdf>

³⁹ <http://kremlin.ru/acts/15177>

3. Assessment of UNIDO activities in Russia

60. This Chapter presents UNIDO's TC and Global Forum (GF) activities in Russia, assessing the relevance, effectiveness, efficiency, impact and sustainability of projects and of UNIDO cooperation as a whole. The first section presents an assessment of TC projects; and the second section focuses on GF activities. A summary assessment of individual TC projects is presented in Annex A.

3.1 Assessment of technical cooperation projects

61. This section presents the assessment of TC projects in Russia. The tables below provide an overview of the assessment of projects examined in-depth during the field mission, with regard to relevance, effectiveness, efficiency, impact, sustainability and cross-cutting issues such as environment and gender. The main projects and / or clusters of projects examined during the field mission included: hotspots pollution control and BAT / BEP; MP HCFC and CFC phase-out; energy efficiency; supply / value-chain projects (automotive and METRO); and the regional EurAsEC project (see Table 5). Annex A provides further analytical detail of each project.

Table 5: TC projects – key findings⁴⁰

| National project | Main findings |
|---|--|
| <p>Identification, evaluation and prioritization of Pollution Hot-Spots in the Basins of Trans-border Reservoirs and Transfers of Environmentally Sound Technologies (Hotspots project)</p> | <p>Relevance of the Hotspots project was strong given the significant industrial pollution challenges faced by the country. The geographical focus of the project on the Volga River Basin was also relevant as the area contains a high concentration of agricultural and industrial units as well as many cities (hence municipal pollution and waste is also a key issue). The choice of Tatarstan reflected the high political and institutional support for the project approach, and whilst not the most polluted area within the Volga Basin region was a good choice to test and develop best practice. The project was also quite relevant to the new GOR 'principles for environmental development' with the focus on development of best available technologies and cleaner production through partnerships with the private sector.</p> <p>Key points identified were:</p> <ul style="list-style-type: none"> • The project was relevant to GOR environmental policies and challenges. <ul style="list-style-type: none"> ◦ Ownership of the project by the Republic of Tatarstan government was strong. • The project approach has replication potential to other polluted regions of Russia (e.g., Komi, Western Siberia). • Policy component of the project has yet to results in changes. The project has focus on advocacy and dissemination through meetings such as the Nevesky Ecological Congress. • Companies have been identified for the TEST methodology application but this will not commence until the second phase of the project. <p>The overall effectiveness of the Hotspots project was moderate (2nd phase yet to begin):</p> <ul style="list-style-type: none"> • The project delivered its initial outputs such as the baseline assessment of pollution hotspots and sources; it developed a GIS database and atlas. The GIS system has the potential to be replicated and therefore applied to other areas. • The project has yet to begin TEST activities with companies; potential economic and environmental benefits have been identified; but such work remains at the theoretical level. • The project has yet to establish conditions for replication to take place although a foundation has been laid on which the 2nd phase will now build. <p>The efficiency of the projects was moderate:</p> <ul style="list-style-type: none"> • The project was implemented with no significant delays; and the main project infrastructure was established on time (e.g., Hotspots study; GIS database); Companies have been selected for the TEST pilots; Water quality laboratory was upgraded. |

⁴⁰ Note that not all projects in Russia are detailed in the table, but those most recently completed and under implementation

| National project | Main findings |
|--|--|
| | <p>Impact and sustainability could not be assessed:</p> <ul style="list-style-type: none"> As the Phase 2 has not begun and no TEST pilots have been conducted the evaluation was unable to judge impact and sustainability. The 1st phase of the project has established some conditions for sustainability such as setting up the Volga International Cleaner Production Centre to support forthcoming activities as well as identifying hotspots and companies to work with in the 2nd phase. |
| <p>BAT/BEP Centre for Environmentally Safe Disposal of Potentially Hazardous Consumer Products and Industrial Wastes</p> | <p>Relevance of the BAT / BEP project was moderate to strong because of the current challenges with regard to waste disposal and management in Russia where recycling and re-use is not sufficiently prioritized. The problem of increasing amounts of toxic waste including e-waste and rubber especially in and around population centres is a pressing issue. Key points identified were:</p> <ul style="list-style-type: none"> The project was aligned with the broad environmental policy goals of the 2030 principles. However, the political and economic relevance of the project was limited, as there are no clear economic and regulatory incentives to encourage recycling or use of wastes such as rubber. <ul style="list-style-type: none"> One of the major uses of recycled rubber waste is in road construction but the current system of GOR procurement and contracting does not provide incentives to use rubber crumb which could increase the sustainability of the road transport system. Currently is low awareness among users / potential users of opportunities for recycling and re-use of rubber and e-waste materials <p>Effectiveness of the project was moderate:</p> <ul style="list-style-type: none"> Initial outputs included the creation of a database for Tatarstan which is being up-scaled to the whole of Russia in cooperation with the Federal Ministry of Regional Development; Recyclers Association was established 'Shinoecology' and now includes over 40 members from 20 regions; An independent Non-profit organization – International Centre for Best Environmental Technologies was established in the framework of the project to provide consulting services for assessment, selection and application of BAT/BEP as well as delivering training; Draft Federal Law on amending existing waste management legislation was prepared and has been submitted to the State Duma however, the project failed to meet its objective of strengthening the regulation and regulatory enforcement practices; Project has been working with Federal Ministries to push through the use of rubber crumb in road construction but has faced strong resistance from the road construction companies. |

| National project | Main findings |
|--|---|
| | <p>Efficiency of the project was moderate:</p> <ul style="list-style-type: none"> • Project encountered no significant delays in implementation or funding; <ul style="list-style-type: none"> ○ Project lacked a mid-term evaluation, which would have provided a mid-course reality check. • Project was overly focused on information dissemination and skill sharing rather than emphasis on pushing for relevant policy and regulatory changes, which are needed to mandate recycling and re-use of rubber and e-wastes; <ul style="list-style-type: none"> ○ Project lacked close alliances with road construction companies – and was in need of a champion in this area. <p>Impact and sustainability could not be assessed:</p> <ul style="list-style-type: none"> • Sustainability of the project activities and outputs will depend on necessary political support for the legislation and enforcement of regulations; <ul style="list-style-type: none"> ○ According to the project team the legislation will be passed in 2014 (this remains to be observed); ○ Institutional capacity of two institutes involved in the project were strengthened, they also diverted some of their core funds to further research on waste recycling which indicates some sustainability. |
| Market Transformation Programme of Energy Efficiency in GHG-Industries in Russia | <p>Relevance of the project was strong:</p> <ul style="list-style-type: none"> • The project reports confirmed the high potential for increased energy efficiency in Russia industry (e.g., 15% of the Russian Energy Strategy). The project was congruent with Russian policies and strategies which have emphasized increased energy efficiency since the mid-1990s; <ul style="list-style-type: none"> ○ New energy efficiency law was introduced in 2009 – obliging companies to reduce energy use by up to 3% each year. The GOR also has introduced compulsory energy audits and passports. The project is still defining its role in relation to these initiatives. <p>Effectiveness of the project is weak to moderate so far mainly because performance at the enterprise level is below target:</p> <ul style="list-style-type: none"> • The project has made some progress in terms of increasing awareness and delivering training for companies and government to build capacity; • Difficulties have been encountered in securing enterprise participation in the project and this has prevented substantive movement towards fulfilling the expected outcomes; <ul style="list-style-type: none"> ○ Only 4 out of 50 (expected) SMEs have signed letters of intent to participate. ○ In general, the low cost of energy in Russia is a disincentive for energy efficiency. <p>Efficiency of the project has been moderate:</p> <ul style="list-style-type: none"> • Project implementation started slowly in 2011. It was decided to decentralize part of the project to the ITPO – CIIC in Moscow and implementation progress increased after that; |

| National project | Main findings |
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| | <ul style="list-style-type: none"> • Project M&E has been conducted in accordance with the design plan. The first Project Implementation Report (PIR) was conducted in 2012, and a mid-term evaluation was conducted in June 2013. The quality of the MTE was good and provides a detailed assessment including actionable recommendations for the remaining implementation of the project. <p>Impact and Sustainability could not be assessed:</p> <ul style="list-style-type: none"> • The likelihood of the project impact is dependent on the success of new approaches to reach out and motivate companies to participate in the program and stimulate them to make investments to improve energy efficiency. The MTE considers the potential to be 'possible to likely'; • At the time of project design the main counterpart – Russian Energy Agency was just being established and its role in the project was unclear, but the project is in-line with its priorities and institutional remit; • SMEs are currently constrained by lack of or limited access to finance for energy efficiency activities. If this remains unchanged, the likelihood of company level activities (audits and training) leading to actual capital investments is doubtful. However, measureable and substantial improvements in energy efficiency would be still achievable. |
| Phase-out of HCFCs and Promotion of HFC-free Energy Efficiency Refrigeration and Air –Conditioning Systems in the Russian Federation through Tech-Transfer. | <p>Relevance of the HCFC project was strong:</p> <ul style="list-style-type: none"> • The project addressed GOR commitments to phase-out HCFCs in line with the MP. The design was based on established technology substitution / transfer and best practices combined with capacity building and relevant policy changes. This model was already well established in previous CFC-phase-out projects; • Additional components focused on the relevant issues of destruction of obsolete stocks of chemicals and strengthening customs to control illegal trade. Destruction aspects have synergies with POPs project investments. <p>Effectiveness of implementation so far has been strong:</p> <ul style="list-style-type: none"> • Companies have been selected to receive cyclo-pentene / iso-butane technologies. The project has experienced procurement delays (re-bidding) – delay of 6 months. Companies are in the process of readying the production facilities for installation and smooth transfer of technology. The project is expected to address about 10 – 15% of the market. The remainder of the market is mostly taken by imported units from companies that have already converted (e.g., LG / Siemens etc.); • Policy and legislative changes will be completed by the end of 2013; • Capacity building and training is currently ongoing within the MNRE and customs and excise organization. Unfortunately the capacity built through the previous World Bank-GEF CFC Phase out project has been eroded; |

| National project | Main findings |
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| | <ul style="list-style-type: none"> • Significant challenges are likely to arise with regard to capacity building for customs officials as Russia has nearly 700 border entry points. <p>Efficiency of implementation so far has been moderate:</p> <ul style="list-style-type: none"> • Some minor delays in procurement of equipment (as noted at Pozis / and also by the Audit report); • Destruction component has yet to be implemented – and is to some extent tied to the implementation of the PCB phase-out project. <p>Impact and Sustainability are likely to be strong:</p> <ul style="list-style-type: none"> • The project is likely to lead to successful conversion of companies to HCFCs and phase-out which will lead to significant benefits in terms of further reducing threats to the ozone layer and also reducing global warming (if HCFCs are destroyed safely and not leaked into the atmosphere); <ul style="list-style-type: none"> ○ Newer technologies are also more energy efficient and this will also provide additional benefits at the domestic and commercial level; • Changes are underpinned by GOR legislation and policy, and their commitments to the Montreal Protocol. |
| Phase-out of CFC Consumption in the Manufacture of Aerosol Metered-dose Inhalers in the Russian Federation | <p>Relevance of the project is strong:</p> <ul style="list-style-type: none"> • The project is relevant to GOR commitments under the MP to complete the phase-out of CFCs; • There is strong GOR support for the project to phase-out CFCs through the conversion of the MDI to non-CFC propellants. <p>Effectiveness of the project is premature to judge:</p> <ul style="list-style-type: none"> • The project has yet to begin implementation. <p>Efficiency of the project is weak due to implementation delays:</p> <ul style="list-style-type: none"> • The project has implementation has got off to a poor start due to implementation / procurement delays. <p>Impact and Sustainability cannot be assessed.</p> |
| Facilitating International Market Access for Manufacturing Suppliers in the Automotive Component Industry in Samara Region of Russia | <p>Relevance of the project was strong:</p> <ul style="list-style-type: none"> • The project was relevant to auto-supply industry in the Samara Region which was (and is) under pressure to modernize production and improve quality against a background of changing market conditions; • Government ‘push’ to ensure domestic auto supplies / parts constitutes 70% of cars; <ul style="list-style-type: none"> ○ Auto-Vaz (Lada) now owned by Renault-Nissan: demanding high quality auto-parts etc. (categorizing suppliers A to C). <p>Effectiveness was strong:</p> <ul style="list-style-type: none"> • Establishment of the Association of Automotive Suppliers of Samara (http://rucluster.com/) with 17 members to: <ul style="list-style-type: none"> ○ Support component manufactures to integrate into global supply chains. ○ Enhance public-private dialogue through acting as the |

| National project | Main findings |
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| | <p>industry's communication center.</p> <ul style="list-style-type: none"> ○ Promote the effective use of scientific, technological and innovative capacities of the Samara region through active collaboration <ul style="list-style-type: none"> ● Increased productivity of 33 local component manufacturers through training 600 CEOs, experts, managers and employees (40% female) in waste reduction and Lean techniques, TQM, and SMED which resulted in: <ul style="list-style-type: none"> ○ 20-45% reduction in changeover time. ○ a 10% reduction in the lead time. ○ a 15% reduction in downtime. ● Establishment of support service institutions such as: <ul style="list-style-type: none"> ○ the Measuring Laboratory for Collective Use. ○ the Centre of Lean Manufacturing and Quality. ○ the Lean Production Laboratory in Togliatti (planned). <p>Efficiency was strong:</p> <ul style="list-style-type: none"> ● Project was implemented with no delays or budgetary challenges. The M&E and reporting / supervision were strong. Final report was detailed and outcome orientated. <p>Impact and Sustainability was strong:</p> <ul style="list-style-type: none"> ● Example: UMM Company – received training in lean production under the project (engineer participants passed on knowledge to the workforce) to introduce new production techniques and line (mainly robotic): <ul style="list-style-type: none"> ○ Used to lose 56,000 pm. parts throw poor quality now down to 30,000. ○ Made Category C supplier – enabled the company to stay in business. |
| <p>Establishment of UNIDO Investment and Technology Promotion Office (ITPO) Network in EurAsEC Member States</p> | <p>Relevance of the project was moderate:</p> <ul style="list-style-type: none"> ● Project was in-line with partner countries objectives of economic integration in the EurAsEC area: <ul style="list-style-type: none"> ○ However, for some countries the relevance did not translate well into financial support for the project and the ITPO office network. ○ There was no evidence that the ITPOs are providing relevant services to the private sector and met their needs. ○ The relevance of the project for 'inclusive and sustainable industrial development cannot be determined. There is a mention of criteria for project selection but the criteria have not been described in the project documentation. <p>Effectiveness of the project was weak:</p> <ul style="list-style-type: none"> ● One ITPO was established in Armenia and is funded by the government; two others in Belarus and Kazakhstan were also established but not funded. ● Effectiveness in terms of achievement of the project objective – 'enhanced investment flow, and to facilitate integration through increased competitiveness) is weak as there is no |

| National project | Main findings |
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| | <p>evidence that the objective was met.</p> <ul style="list-style-type: none"> ○ The project put together 72 investment proposals for possible sub-contracting exchange and registration of 250 SMEs, however no concrete results were documented. • The project was moderately effective in building some institutional capacities and awareness for investment promotion. <p>Efficiency of the project has been moderate:</p> <ul style="list-style-type: none"> • The project was implemented within budget and although it overran by 1 year this is reasonable given the challenges of working across several countries. • A major weakness of the project was lack of appropriate monitoring and evaluation. The monitoring that did take place reported on activities and inputs with no outcome focus. No mid-term or final evaluations have been conducted. <p>Sustainability and Impact is weak / uncertain (pending approval of Phase 2):</p> <ul style="list-style-type: none"> • Sustainability is currently weak or uncertain, with the best chances for results in Armenia where the ITPO is funded by the government, but no long-term budgetary commitment has been made. • Overall approval of the Phase 2 will need to further lay the foundations for institutional sustainability across the EurAsEC region. Without the Phase 2 sustainability and impact will remain weak. • Project impact is uncertain due to the poor M&E. |
| <p>UNIDO – Metro Group: Improving Livelihoods and Sustainable Food Supplies through Inclusive Value Chains (Egypt, India and Russia)</p> | <p>Relevance of the project is strong:</p> <ul style="list-style-type: none"> • The project was relevant to food suppliers in Russia because of increasing demand for improvements in food / product safety from retailers (e.g., Metro) and consumers. Suppliers are interested in maintaining their market / profitability. • METRO Group was interested in raising product quality and safety among its local suppliers. Also expanding its local supply chain. • New GOR legislation re-affirmed the projects relevance ex-post through the introduction of HACCP regulations for the food industry. <p>Effectiveness of the project was strong:</p> <ul style="list-style-type: none"> • The project results were satisfactory training on HACCP resulted in improvements in food safety among participating companies: <ul style="list-style-type: none"> ○ First assessment failure rate of 76% / end of project failure rate of 29% for basic certification (22 companies). ○ METRO requires certification from local food suppliers (a strong market incentive). |

| National project | Main findings |
|---|--|
| | <ul style="list-style-type: none"> ○ Government has introduced new HACCP food safety legislation in July 2013 (in-line with EU regulations) – also applies to the customs union. <p>Efficiency of the project was moderate to strong:</p> <ul style="list-style-type: none"> • The project was implemented without delays over in a short time. However, stakeholders found the short time-span ignored the need for more support to put in place HACCP standards and stop 'backsliding'. <ul style="list-style-type: none"> ○ The Meat Instituted reported that several companies that passed have since abandoned the HACCP standard <p>Impact and Sustainability was moderate to strong:</p> <ul style="list-style-type: none"> • The project successfully trained 60% of companies to pass HACCP; and the GOR has introduced new food safety regulations to provide an appropriate push for companies to improve. Furthermore, there are strong competitive incentives to adhere to new standards if suppliers want to work with Metro Group. |
| <p>New projects: Environmentally Sound Management and Final Disposal of PCBs at the Russia Railroad Network Saving the Source: Catalyzing Market Transformation of Breweries from a Major Natural Resource Consuming Industry to a Pro-active Steward for Resource Efficient Cleaner Production</p> | <p>Relevance of the projects is strong:</p> <ul style="list-style-type: none"> • The PCB-phase out project is assisting the GOR to meet its commitments under the Stockholm Convention. The project is likely to be the first of several PCB phase-out / clean-up projects across various sectors. • The saving the source project addresses water management and conservation and climate change (through increased efficiency) in the brewery and beverage sector. This public-private sector project is likely to provide important experience for UNIDO Cleaner Production design and implementation, GOR, private sector and the GEF as a whole. <p>Effectiveness, efficiency and sustainability cannot yet be assessed:</p> |

Relevance

62. Relevance was assessed at two levels: Firstly, with regard to UNIDO's cooperation with GOR within the context of Russia's emerging donor status; and secondly, at the project level.
63. As already discussed (see 2.1) the context of cooperation with Russia has changed over the last decade from a receiver of assistance to a donor. Discussions with the GOR revealed that UNIDO is perceived as one of the

specialized UN agencies, which can provide expertise and knowledge to assist Russia in designing and implementing its development program(s) in the region (e.g., the Central Asia), and other countries. UNIDO's expertise in sustainable industrialization and environmental management was seen as particularly relevant fostering South-South / BRIC – South cooperation through present and future IDF contributions.

64. Within Russia the UNIDO portfolio has also changed from a focus on investment promotion and facilitation in the 1990s and early 2000s when the economy was transitioning from a planned to market-based mechanism to a focus on assisting GOR to address important environmental challenges through technical cooperation, demonstration of best practices and knowledge and technology transfer, predominantly within the context of GEF interventions.⁴¹
65. UNIDO environmental projects have (and are) focused broadly on: (i) assisting GOR to meet commitments to the Montreal Protocol through HCFC and CFC phase-out. Moreover, both the current projects have additional climate change mitigation benefits as ODS chemicals have much more significant global warming potential (GWP) than carbon dioxide emissions; (ii) assisting the GOR to meet commitments under the Stockholm Convention to phase-out and safely dispose of PCB chemicals (iii) pollution identification and mitigation through BAT / BEP and TEST approaches; (iv) energy efficiency related to strengthening SME industry efficiencies addressing commitments to the UNFCCC; (iv) waste recycling and re-use in rubber and e-waste areas; and (v) water management and cleaner production.
66. Despite the trade and investment climate challenges outlined in GCR / GCI and World Bank 'Doing Business' reports UNIDO projects have little emphasis on non-environment related investment and trade promotion in Russia. The supply chain development projects in the automotive and food industry (Metro) sectors produced results and demonstrated a clear need for exchange of technology and business practices between foreign investors / companies and Russia companies, but currently there are no plans for more supply-chain competitiveness TC.
67. ITPO-CIIC currently does little to promote non-environment investment with its focus on supervising and implementing the environment projects, albeit ones with significant private sector involvement and technology transfer

⁴¹ This focus is generally in line with the activities of other agencies such as World Bank which has a strong focus on knowledge-based services.

particularly with regard to cleaner production. The ITPO-CIIC has also played a significant role in hosting and supporting relevant GF meetings and workshops, which have encouraged the transfer of environmental knowledge both within the country (between Russian experts and practitioners) and international experts (see section 3.3).

68. The key findings for relevance are:

- UNIDO is relevant to GOR emerging donor programme with regard to providing technical expertise in project design and implementation and knowledge to further promote sustainable industrialization and environmental management in the region and in developing countries.
- The projects were well aligned with UNIDO environment and energy strategic priorities through the focus on energy efficiency, hazardous chemicals (assisting the GOR to implement the Stockholm Convention), water management and MP.
- The projects are aligned strongly with the most recent GOR 'principles' for environmental policy, and are assisting in providing inputs to further strengthen regulations in the areas of ODS phase-out. However, slower progress has been made in putting in place policies and incentives to encourage reuse and recycling of waste within the context of the BAT / BEP project. There are negative economic incentives related to the road construction sector in Russia that currently prevent the use of rubber crumb to improve longevity of roads.
- The activities of the ITPO-CIIC are now associated with the implementation of environmental projects and associated technology transfer and work with the private sector (see also Chapter 4). Whilst this is pertinent to GOR priorities, it has largely eclipsed investment promotion work, and the support to building an investment climate for Foreign Direct Investment (FDI) and internal investment in Russia. In essence, wider industrial trade and competitiveness issues seem to no longer central to UNIDO's role in Russia.
- Many projects' design and implementation had featured the involvement of private sector companies / enterprises, and in relation to this relevance was strongest in TC interventions that had clear competitiveness (profit / loss) incentives for such companies to participate (e.g., automotive / metro / HCFC and also the forthcoming PCB and water resource projects).

69. For example in the Automotive and Metro food supply chain projects there were strong financial and economic incentives to comply with customer

standards for improved production methods and product quality. The MP project focused on assisting Russia to phase-out the use of HCFC one of the companies involved reported⁴² that they wanted to participate because of a desire to be more competitive in the domestic and regional market and offer the latest energy efficiency technologies vis-à-vis competitor companies. Unfortunately the MP project M&E system does not consider surveying non-participant domestic refrigeration or air conditioning companies to assess differences in pre / post treatment competitiveness.

70. Projects were not always underpinned by realistic assumptions, as in the case of the EurAsEC regional project – whilst the project was based on the explicit assumption that counterpart institutions would have ‘sufficient capacities to sustain operations of the established ITPOs and ‘that business environments would improve’, it remained unclear what kind of information or services the ITPOs would offer to the private sector. In essence, what difference would they make for potential investors.
71. In the BAT / BEP project the design was relevant to waste reuse and recycle challenges faced by Russia with regard to rubber (tyres) and e-waste. The approach to develop incentives was mainly pursued through demonstration, with some but not enough emphasis in the design in developing regulations / policies to lay the foundation for demonstration to move towards replication and therefore clear environmental and economic benefits. At the end of the project demonstrations have been relevant and effective, but are operating without supportive government policies or enforcement.

Ownership

72. Ownership of development projects and programmes is established through stakeholder involvement⁴³ in design and implementation. The evaluation found that the ownership by GOR stakeholders of UNIDO TC interventions has been moderate to strong. All of the key federal partners, the MFA, MSE and MNRE are regularly briefed and involved, where appropriate and necessary in implementation. The most important partner at the implementation-level tends to be the MNRE because of the large and growing environmental management portfolio, particularly the MP and GEF project Involvement of other private sector stakeholders in projects was strong and in some cases such as the MP and GEF projects significant co-

⁴² Interview data.

⁴³ Consultation and participation.

finance has been mobilized. In the MP project the Pozis⁴⁴ – a partner company - has worked closely with UNIDO to select the cyclo-pentane / iso-butane technologies for foaming and refrigeration based on the climate specifics for the Russian market. The company stated:

“We built a very good working relationship with UNIDO and without bringing in their experience mistakes could have been made in the selection of technologies...”

73. Ownership of the Hotspots, BAT / BEP, Energy Efficiency and HCFC project by the Regional Government of the Republic of Tatarstan (GORT) was strong. UNIDO has built good relations with the GORT where there is support for improving environmental management and reducing industrial pollution. For the GORT the interest in the projects is not purely environmental but also focused on reducing economic costs to companies through improvements in efficiency. The GORT also supported the creation of the third NCPC in Kazan – the Volga International Cleaner Production Centre.

Effectiveness

74. The assessment of individual projects showed that overall effectiveness has been moderate. More than half of the projects assessed had moderate effectiveness in terms of delivering planned outputs, but with less progress made towards achievement of outcomes.⁴⁵
75. The most successful TC interventions in terms of delivering outcomes were the supply-chain Automotive (see Box 1) and Metro projects. Both projects were underpinned by a systematic approach to capacity building and knowledge transfer through training workshops and support to companies. They also had collected information on results of the intervention at the enterprise level.
76. One of the automotive supplier companies visited by the evaluation team reported that the project improved quality of the production by reducing manufacturing errors from 54,000 to 30,000 per annum. The company also reported positively on the high-quality of the capacity building offered through the project:

⁴⁴ <http://www.pozis.ru/>

⁴⁵ Although this may in part be related to poor outcome orientation of the M&E across most of the portfolio.

“It is one thing to understand ‘Kaizen’ [lean production] but it is another to know how to do it in practice. The project training and site visits gave us the practical ideas on how to change shop floor practices. Through the project we have a better chance at achieving category C supplier status and therefore staying in business.”⁴⁶

77. Stakeholders of the Automotive and Metro Group projects noted similar weak points in that both interventions were implemented over too short periods of time. Beneficiaries recognized the need for longer periods (around 2 years) of training and follow-up to thoroughly embed new ideas and practices such as lean production in the automotive sector and Hazard Analysis and Critical Control Points (HACCP)⁴⁷ for food safety.⁴⁸

Box 1. Improving quality in the automotive supply chain

Approximately 40% of industrial production and 35% of labour force in the Samara region are concentrated in the automotive industry. AvtoVAZ, the largest Russian automobile manufacturer, which is located in Samara, has long been the main driving force for component manufacturers, but with investments from Renault-Nissan, new supply chain requirements are emerging. The overall objective of this project was to strengthen its suppliers to meet the requirements of vehicle and Tier-1 automotive component manufacturers so as to be able to access and sustainably participate in global supply chains and international markets (e.g. with AutoVaz and Renault-Nissan). The project had three approaches: (1) to run upgrading programmes for suppliers; (2) to build the capacity of business support institutions in the automotive sector; and (3) to further develop the Samara Automotive supplier network.

Results Local experts were trained in lean manufacturing concepts and ISO/TS-16949 to extend technical counselling services to local component manufacturers and to liaise closely with relevant car manufacturers; the capacity of support institutions and local organizations were built, and linkages to other automotive clusters in Russia and Europe were facilitated. In addition, a number of initiatives were implemented, such as formation of the Association of Automotive Suppliers in the Samara Region, establishment of an internship scheme with the Association through collaboration with academia and offering young graduates hands-on experience in the automotive component industry, initiation of and technical support to joint project undertakings between local component manufacturers and support institutions.

Outcomes: 1. Increased productivity of 33 local component manufacturers through training 600 CEOs, experts, managers and employees (40% female) in waste reduction and Lean techniques, TQM, and SMED which resulted in:

- 20-45% reduction in changeover time
- a 10% reduction in the lead time
- a 15% reduction in downtime

⁴⁶ The company (UMM) employs about 200 people.

⁴⁷ For more information on HACCP see - <http://www.haccpalliance.org/sub/index.html>

⁴⁸ Interview data.

78. The Hotspots and BAT / BEP project⁴⁹ delivered their initial outputs which have provide some foundation for achievement of outcomes, pending the financing for second phases.⁵⁰To some extent both projects had over-optimistic objectives given the Russian context. For example, the BAT / BEP cited significant barriers to achievement of the project objectives including: lack of national support for the enactment of the proposed legislation on waste recycling; difficulty in enforcement of legislation; low public and government awareness of waste reuse and recycling inter alia.⁵¹There is still some uncertainty as to whether or not the second phase of the BAT / BEP will be funded, which puts at risk the current progress made and chances of overcoming barriers to achieve results. The Hotspot project's second phase is being funded by the GEF⁵²
79. The HCFC project is on-track to deliver outcomes for phase-out of 600 ODP tonnes through conversion refrigeration / foam companies. The evaluation observed that the conversion and technology transfer is well advanced in one of the companies (Pozis) and will be concluded by the end of 2013.⁵³ The project is also due to begin a detailed analysis of the options for destruction of previously recovered ODS (e.g., CFC-11 and 12) and HCFC. It is expected that destruction options will be offer synergies and be coordinated with the forthcoming PCB project. The project has also conducted training (for businesses, customs officers etc.) and awareness raising activities for alternatives to HCFCs; education programmes and launched a website where relevant information on best practices and international experience can be downloaded inter alia.⁵⁴ Finally, the project has made progress towards legislation and policy changes necessary to phase-out and ban HCFCs, which are likely to be approved by the State Duma in late 2013. The legislation builds on provision restrictions put in

⁴⁹ For example, the BAT / BEP project objective was to build capacity for environmentally safe management and beneficial utilization of consumer and industrial products. The project was to establish environmentally sound management practices for collection, possible recycling, pollution prevention and environmentally safe disposal. This was to be done firstly by strengthening the regulation and regulation enforcement practices.

⁵⁰ Eight companies (hotspots) have been identified for the second phase for TEST implementation however, commencement is on hold pending the release of IDF funds.

⁵¹ BAT / BEP Progress Report 2012.

⁵²

[http://www.thegef.org/gef/sites/thegef.org/files/gef_prj_docs/GEFProjectDocuments/Climate%20Change/Russian%20Federation%20-%20\(5072\)%20-%20Transfer%20of%20Environmentally%20Sound%20Technologies%20for/UNIDO%20Russia%20Tatarstan%202013_04_11%20GF5%20PIF%20Template.pdf](http://www.thegef.org/gef/sites/thegef.org/files/gef_prj_docs/GEFProjectDocuments/Climate%20Change/Russian%20Federation%20-%20(5072)%20-%20Transfer%20of%20Environmentally%20Sound%20Technologies%20for/UNIDO%20Russia%20Tatarstan%202013_04_11%20GF5%20PIF%20Template.pdf)

⁵³ Project Implementation Report for 2012 and interview data and ITPO-CIIC Annual Report 2011.

⁵⁴ www.ozoneprogram.ru

place for the import of HCFCs in 2012, which came into force at the beginning of 2013 for Russia and the Customs Union – including, Belarus and Kazakhstan.⁵⁵

80. The Energy Efficiency project's effectiveness has so far been weak to moderate. It has so far failed to attract sufficient participation of large (EBRD implemented component) or SMEs (UNIDO implemented component) to undertake energy audits and efficiency improvements. Only four out of 50 targeted SMEs have agreed to participate in the project. The main barriers to achieving results are low energy prices and lack of enforcement and policy incentives to place pressure on companies to undertake improvements in energy efficiency.

Furthermore, lack of financing from Russia commercial banks for such activities is also a constraint for SMEs.

81. The effectiveness of the ITPO-CIIC was weak with regard to its original objectives related to investment promotion. The evaluation found that the ITPO-CIIC is mainly used to develop, facilitate and implement the portfolio of UNIDO projects in Russia.

Efficiency

82. The assessment of efficiency was limited because of lack of information on costs of project outputs, and uneven attention to M&E. Therefore, the evaluation looked at time taken to develop and implement projects, procurement times, quality of inputs used and overall expenditures across the portfolio (e.g., use of consultants; expenditure on hardware etc.).
83. The evaluation found that some projects had experienced delays in implementation associated with procurement and delivery of equipment, customs clearances, logistical challenges and co-financing. The reasons related in part to the centralized management of projects from HQ and also in some cases a lack of supervision and country visits by AH to resolve issues. The recent Audit report also found similar issues.
84. Moreover, the MDI CFC project, had encountered delays associated with expected co-financing from the two participating companies in the project, which means Russia had to request another exception for use of CFCs to

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[http://www.unep.org/ozonaction/ecanetwork/Portals/138/ECA%202012/Announcements/Russia%20Government%20regulation%20act%20on%20HCFC%20English%20\(inofficial%20translation\).pdf](http://www.unep.org/ozonaction/ecanetwork/Portals/138/ECA%202012/Announcements/Russia%20Government%20regulation%20act%20on%20HCFC%20English%20(inofficial%20translation).pdf)

MP.⁵⁶The Hotspots project was extended by nine months to obtain agreements from eight potential company partners for the second phase (yet to be funded).

85. In terms of use of project funds across the portfolio between 2007 and 2012 the evaluation found that expenditure on consultants, subcontracts, equipment and training are the top-4 throughout items, which is generally in-line with operations in other UNIDO countries. However, most of the projects have been able to draw on a large pool of national consultant experts, skilled in environmental sciences; pollution control and business (see Chapter 4).
86. Some projects such as the Hotspots and BAT / BEP have made use of the expertise available at NCPCs. In the future UNIDO is planning to involve the NCPCs in the PCB and Saving the Source projects. In this respect Russia does not exhibit significant capacity constraints which require the extensive use of international consultants.⁵⁷

Impact and Sustainability

87. Overall the portfolio currently has only three projects that have been completed and with others still under implementation. This limited the extent to which broad findings could be drawn out with regard to impact and sustainability. The assessments where possible, based on the qualitative data that was collected during the evaluation mission and the available reporting by the projects.
88. The likelihood that the Automotive and Metro Group projects have led to sustainable and impactful results was judged to be moderate to strong. As already discussed above the project capacity building approaches were solidly underpinned by financial and economic incentives for companies to participate and sustain changes in manufacturing / business practices. Although in the case of the Metro Group project some food suppliers had failed to maintain the required standards after the project closure. However with the entry into force of new food safety regulations for the Customs

⁵⁶ Interview data. The request for exception was reported to have caused much frustration within the GOR.

⁵⁷ The evaluation team observed a sub-committee hearing on PCB pollution at the State Duma in which a number of established Russian experts on chemical pollution and phase-out made contributions.

Union in July 2013⁵⁸ it was expected that it would act as driver for food processing companies to improve standards in line with HACCP.⁵⁹

89. Sustainability and impact was uncertain and/or impossible to judge in the Hotspots and BAT / BEP projects because both interventions are expected to deliver results during their second phases. The current main threats to sustainability for both projects are (a) lack of legislation / policy drivers to incentivize companies to adopt TEST and / or recycle and reuse wastes; (b) enforcement, which was reported to be uneven because of governance and corruption challenges and; (c) lack of awareness particularly among households of the need for recycling and reuse of materials such as tyres, which are often dumped.⁶⁰. At present there is no evidence that these projects have put in place an outcome / impact orientated M&E system.
90. Taking into account UNIDO support to Russia before the period of focus of this country evaluation, has also resulted in several important capacity building results, which have been sustained. Firstly, UNIDO provided support to set up a network of National Cleaner Production Centres (NCPC) in the late 1990s and early 2000s starting with the North-Western International Cleaner Production Centre in Saint Petersburg⁶¹ and also the Cleaner Production Centre for the Oil and Gas Industries at Gubkin University (Moscow)⁶².

More recently the a third NCPC for the Volga region was set up and focused on water management and pollution. Secondly, the North western and the Oil and Gas CPCs are now established expert institutions and operate largely independent of UNIDO and offer environmental solutions to industry. The North-Western CPC has focused on chemical leasing and wastewater management approaches; whilst the Oil and Gas CPC has worked extensively with the leading national companies⁶³ to reduce externalities and costs.

Cross-cutting Issues

91. The evaluation assessed the effectiveness of UNIDO portfolio (where relevant) in the following areas: delivering as 'one UNIDO' – coordination

⁵⁸ http://www.tsouz.ru/KTS/KTS33/Pages/R_881.aspx

⁵⁹ Interview data.

⁶⁰ Ibid.

⁶¹ http://www.nwicpc.ru/a_nwicpc_eng.htm

⁶² http://www.ncpc.gubkin.ru/projectsres_e.php

⁶³ For example, Gazprom, Astrakhan Gazprom etc.

and synergies, contribution to gender equality and environmental sustainability.

92. The evaluation found that coordination and synergies between UNIDO projects in Russia were strong. The operational synergies have come about mainly because many of the environmental projects are being implemented with same group of consultants, stakeholders and companies and focused in Republic of Tatarstan. For example, the Pozis refrigeration company was involved in HCFC, Hotspots (from chromium pollution reduction) and the Energy Efficiency project. On the other hand, the concentration of projects using the same company does nothing to spread the potential benefits to a wider pool of companies.
93. The HCFC and forthcoming PCB phase out project will coordinate on the shared challenge of destruction of hazardous chemicals. It is expected that the HCFC project assessments of destruction options will provide a good starting point for selection of cost-effective technology to treat ODS and POPs.
94. UNIDO is also drawing on the established network and expertise of the NCPCs through their involvement in forthcoming PCB and Saving the Source projects.
95. Coordination between UNIDO and other development partners was only observed in the Energy Efficiency project, which is being jointly implemented with EBRD. The relationship between UNIDO and EBRD is good with regular communication between Moscow-based teams to share experiences and supervision. The substantive overlap, however, within the project is limited with UNIDO focusing on SMEs and capacity building and EBRD on larger companies. A joint Mid-term Evaluation of the project was recently completed.
96. Gender and women's empowerment has not featured prominently in the design and implementation of most UNIDO TC projects, although women have been involved in the projects as technical experts / trainers and as beneficiaries, particularly in the Automotive and Metro Group projects.⁶⁴ Despite the technical nature of some of the environmental projects, opportunities were missed to meaningfully consider gender perspectives with regard to reception of new technologies (e.g., HCFC

⁶⁴ Russia's gender equality index is 0.338 placing it 59th out of 146 countries (UNDP, 2011).

phase-out and MDIs) and also differential risks and impacts of pollution and hazardous chemicals on men and women.⁶⁵

97. Lastly, with regard to environmental sustainability, the UNIDO Russia portfolio is strongly focused on addressing key challenges of land and water-based pollution control and mitigation (including ODS and POPs) and energy efficiency and there are possibilities to achieve considerable positive results. The current lack of outcome orientated M&E and missed opportunities to complete evaluations means there is a risk that results will go unrecorded. At present, only the HCFC project has in place credible supervision and M&E system to allow for the recording of progress towards impacts.

Conclusions

98. In summary, the performance of UNIDO TC projects has been strong in terms of relevance and this is coupled with strong ownership of the projects by key Ministries and the private sector (see Table 6).

Table 6. Summary performance assessment of TC projects in Russia

| Project | Relevance | Ownership | Effectiveness | Efficiency | Impact | Sustainability |
|---------------------------|-----------|-----------|---------------|------------|--------|----------------|
| ITPO-CIIC | | | | | | |
| Hot spots project | | | | | | |
| BAT / BEP project | | | | | | |
| Energy efficiency project | | | | | | |
| HCFC project | | | | | | |
| CFC project | | | | | | |
| Automotive project | | | | | | |
| EurAsEC project | | | | | | |
| Metro Group project | | | | | | |
| PCB phase | | | | | | |

⁶⁵E.g. <http://www.undp.org/content/dam/aplaws/publication/en/publications/environment-energy/www-ee-library/chemicals-management/chemicals-management-the-why-and-howofmainstreaminggender/Chemicals%20Management%20and%20Gender%20Mainstreaming.pdf>

| Project | Relevance | Ownership | Effectiveness | Efficiency | Impact | Sustainability |
|---------------------------|-----------|-----------|---------------|------------|--------|----------------|
| out project | | | | | | |
| Saving the source project | | | | | | |

| Key | Strong | Moderate | Weak | No assessment |
|-----|--------|----------|------|---------------|
|-----|--------|----------|------|---------------|

99. Overall effectiveness was moderate, although the Hotspot, BAT / BEP and EurAsEC projects have yet to deliver results which are expected in their second phases. Efficiency was moderate overall, despite some delays encountered. Most projects have deployed resources with due diligence and care and also made good use of national expertise.
100. Impact and sustainability were difficult to accurately judge across portfolio due to the absence of M&E data, and for some projects the short period of time since completion. Only the Automotive project was able to show evidence of impact, although the HCFC project will likely achieve phase-out targets for ODS in the short to medium term.

3.3 Global Forum Activities

101. Global forum (GF) activities are those, which are initiated by UNIDO to exchange and disseminate knowledge and information, as well as facilitate partnerships. They usually produce outputs, without a clearly pre-identified target group, aiming to increase the understanding of sustainable industrial development issues and solutions. Global forum activities can have informative, advocacy and/or normative functions.
102. In contrast to TC projects, UNIDO generally does not define explicit objectives for GF activities, neither at the project level⁶⁶ nor at the aggregate level of UNIDO (e.g. Programme and Budget). Moreover, the definition of what constitutes GF is not clear-cut. In some documents, GF is defined as – after the core area of technical cooperation – a second line of action for UNIDO, i.e. TC and GF being separate lines of UNIDO activity. In other instances, GF is an integral aspect of technical cooperation and thus

⁶⁶ Exceptions are some larger events and conferences which use a project document with defined objectives.

forms part of UNIDO projects. In practice both forms of GF can be observed.

103. A number of GF activities have taken place in Russia. Generally there is no overall monitoring of such activities, hence the evaluation team does not have a full account of GF activities and can only refer to reported GF activities. Among them are:

GF activities within TC projects

104. A significant number of GF activities have taken place in Russia the past years. Among them are:

ITPO-CIIC Project

105. In 2012 the global meeting of Investment and Technology Promotion Offices (ITPOs) was hosted by the CIIC in Russia. The event involved also a number of Russian and CIS authorities and discussed current issues of investment and technology promotion.

BAT / BEP Project

106. On the 11-12th of November 2010 the International Theoretical and Practical Conference “Contemporary Approaches to Electric and Electronic Waste Recycling and Disposal” was held in Russian Gubkin State University of Oil and Gas in Moscow. Preparation of the WEEE Conference final documents (Resolution, PR-materials (booklet), CD, foto-and video-materials);

Montreal Protocol Projects

107. In 2011 and 2012, conferences were dedicated to cover climate effects of ozone depleting substances and were organized as part of two large industrial exhibitions “Climate World–2011” and “Climate World 2012” (attendance at the exhibition in both years were more than 20,000people). The conferences were held with the support of the Ministry of Natural Resources and Environment in the Expo-centre. During the conference, representatives of governments, international organizations and major companies in the climate and refrigeration sectors discussed the most pressing issues related to implementation of the country’s obligations under the Montreal Protocol.
108. 4-5 October 2011 ICSTI organized and held international seminar on transfer to ozone- friendly substances and medical technology metered-dose inhalers in the Russian Federation (64 participants).

Pollution Hot spots project

109. The UNIDO TEST methodology and results of the project were presented during the Nevsky international ecological congress (see below).

GF activities not linked to projects

110. The Nevsky International Ecological Congress is an annual international event dating back to 2008. Its purpose is to contribute to the creation of a global system of environmental security through the promotion of cross-border cooperation, international environmental law and harmonization of national legislative acts within the Commonwealth of Independent States (CIS) regulating the interface between human society and nature. It aims to define the strategy of ecologization of nature management as a basis for modernization of national economies.
111. The Nevsky International Ecological Congress took place on 9 December 2008 and focused on the issues related to preserving water resources. On 15 May 2009, building on the outcomes of the I Congress, the IPA CIS and the Federation Council together with the Parliamentary Assembly of the Council of Europe and supported by the Russian Government held the II Nevsky International Ecological Congress. The Congress featured a dedicated web-site – <http://ecocongress.info>. It also discussed the enhancement of cross-border cooperation in the use of energy resources, conservancy and sharing best practices between the CIS and the CE in legal and practical dimensions of environmental effort.
112. The III Nevsky International Ecological Congress was held on 14 May 2010. The Congress dwelled on greening up natural resource management as a way of building a new economy in balance with nature. The IV Nevsky International Ecological Congress dedicated to innovative pathways of building interfaces between the human society and nature was held on 17 May 2011 with the United Nations Industrial Development Organization (UNIDO) as an official partner. The V Nevsky International Ecological Congress was held on 17-18 May 2012 with a cross-cutting theme Environmental framework of sustainable development.
113. UNIDO has become a key partner of the Nevsky Congress. Examples of the substantive issues covered are:
114. While the UNIDO participation in the Nevsky Congress appears to be a very relevant and highly visible GF initiative, there is no monitoring information available on participation and results/outcomes.

The International Theoretical and Practical Conference “Contemporary approaches to electric and electronic waste recycling and disposal”, 11-12th of November 2010, Moscow

115. The Conference was held at the Russian Gubkin State University of Oil and Gas in Moscow, which is also host to the UNIDO Oil & Gas Cleaner Production Centre. The conference, devoted to actual problems of collecting, recycling and disposal of waste electrical and electronic equipment (WEEE), was held on the initiative of the Ministry of Natural Resources and Environment of the Russian Federation, the CIIC, the “Moscow Committee for Science and Technologies” and the “National Cleaner Production Centre”.
116. Over 80 delegates attended the conference from different regions of the Russian Federation, as well as experts from Belarus, Denmark, Hungary, Poland, USA, France, Japan, Czech Republic, etc. The conference participants discussed issues such as ecological, legal and organizational aspects of WEEE management, the problems of WEEE collection; change of the existing legislation on production and consumption waste, the legislative initiatives in WEEE collection and recycling; modern technologies and scientific research in WEEE recycling, re-pulping and neutralization; International practice in the field of WEEE management and participation of civil society institutions in sustainable waste management system development in the Russian Federation.
117. Overall, the GF activities described above demonstrate that the UNIDO presence in Russia has led not only to a substantial portfolio of TC but also to a wide range of GF activities.
118. The Russian Federation is the leading economy in the region and thus has a good potential to attract decision makers from other CIS countries and around the world. This is a good basis for UNIDO to fulfil its GF function. The role of Russia as a contributor to international discussions and negotiations, also in the field of industrial development, thus is increasing in importance. As a study of the Foresight Project puts it: “Russia should be treated as an equal by other European states. Rather than lecture Russia on the development of its economic and social system, the EU should accept that Russia would follow its own development model, which should be seen as enriching what is already a diverse patchwork of European

social and economic systems. The same conclusion applies to the broader international scene.”⁶⁷

119. Taking into consideration the above developments, partnering with providers of global platforms of exchange and dialogue becomes more relevant for Russia, while the traditional technical cooperation, the core area of UNIDO’s world-wide activities, becomes less important. To be relevant in addressing the needs of Russia as a country in transition requires a more comprehensive response to the country’s international position and national interests. It also requires an understanding of Russia’s triple role as a provider of South-South assistance to other developing countries (in particular CIS), a financial contributor to the UN system, and a recipient of ODA on the international scene.
120. Effectiveness is generally measured in terms of achievement of objectives. The fact that GF objectives are frequently not clearly defined represents a fundamental barrier to their evaluability. Moreover, contributions to socio-economic and environmental impacts are likely to be no discernible or measurable, as the nature of GF is to raise awareness and generate knowledge about new trends and developments (innovative character).
121. However, GF is in general is expected to contribute to a) institutional and b) policy outcomes. Such outcomes can take the form of international declarations signed by the Government, institutionalized dialogues on certain issues through regular meetings and exchanges, etc. Unfortunately the evaluation team has not found any evidence of such outcomes, which might be due to the very basic reporting on events organized by UNIDO, which does not normally dwell on outcomes and outputs.
122. The sample list of GF activities in Russia (see above) shows that UNIDO’s GF role has been strongest in the field of environment and climate change. This goes in parallel with the growing portfolio of TC activities in this field and the focus of the ITPO-CIIC.
123. No GF contributions were observed in the “trade capacity building” and “poverty reduction through productive activities” thematic areas.

⁶⁷ <http://www.foresightproject.net> ; Towards common futures: Russia's role in a multi-polar world

Conclusions

124. From the assessment above it can be concluded that GF is a relevant and important area of UNIDO activity in the Russian Federation. The UNIDO office (CIIC) makes an effort to include GF activities in its annual reports. However, this reporting is usually limited to a brief description of the areas covered and sometimes provides information on the level of participation. Issues like uptake of international solutions by the Russian Government or private sector are usually not discussed in these reports.
125. GF activities usually develop ad-hoc, when opportunities emerge. While this is not necessarily a problem, it limits the possibility of establishing a stronger partnership with the Government of Russia in the GF arena, and it compromises the possibilities of evaluating the outcomes of GF activities.

4. Management and relations at country level

126. This chapter focuses on the management processes at country-level, assessing the main issues associated with project management, including organizational and institutional arrangements for project implementation, M&E and supervision the relationship between UNIDO and the GOR and other UN agencies.

4.1 Project and in-country management issues

127. UNIDO has different types of field presence: Regional Offices (RO), Country Offices (CO), UNIDO Desks and UNIDO National Focal Points (NFP). In Russia UNIDO does not maintain a RO, CO or Desk. Instead the Director of the CIIC and the UNIDO National Focal Point (NFP) head UNIDO's field presence in Russia. The same person currently carries out both functions. This model is unique and comes with its own advantages and challenges.

128. From its inception in 1992 the CIIC had a slightly wider mandate than a typical ITPO. This mandate has been further widened through several modifications to the underlying agreements, including the support to implementation of TC projects in the Russian Federation as well as in CIS countries. In 2004 awarding the status of UNIDO Focal Point to the CIIC Director recognized the de-facto role of the CIIC as a UNIDO Country Office. The options of establishing a Country or Regional Office or UNIDO Desk in Russia have so far not been considered, nor have they been suggested by stakeholders as preferable solutions.

129. Russia has no UNIDO country programme (CP) or similar instrument to structure operations and engagement with the GOR. The UNIDO portfolio is developed, implemented and monitored/evaluated on a project-by-project basis. Project management is formally from HQ with the exception of sub-allotments being implemented by the CIIC Director / NFP locally.

130. The evaluation found that the ITPO-CIIC / NFP carried out the following functions:

- Project management⁶⁸ of national projects in Russia, assisting with and organizing activities, local contract payments and procurement, through the imprest account.
 - In some projects such as the Energy Efficiency project the Director of the CIIC / NFP has been made a (sub) AH and is responsible for delivery of some of the project outputs / outcomes.
 - The ITPO-CIIC also hosts national experts and technical advisors who are responsible for the day-to-day management of the project and / or components within Russia and report back to AH / project managers at the UNIDO HQ.
- Project management of projects in the CIS region and other developing countries, funded by the Russian contribution to the UNIDO Industrial Development Fund (IDF). This function was carried out only for some of the IDF funded projects (e.g. EurAsEC and partially Sierra Leone) while others have been managed by UNIDO HQ staff (e.g. BAT/BEP and Hotspots projects).
- Official UNIDO representation to GOR Ministries and other partners including participation in Global Forum events; and
- Represented UNIDO on the UN Country Team (UNCT).

131. The ITPO-CIIC has considerably broadened its activities and involvement in implementation of projects beyond its original mandate of investment promotion. In many respects, the ITPO-CIIC has evolved into a de-facto CO / project management office.

132. Besides the broading of functions, the CIIC/NFP has also widened its scope of activities from the Russian Federation to regional activities in CIS countries, but also to some other developing countries (e.g. Brazil, Sierra Leone). Since the establishment of the Russian IDF contribution in 2009, this element is of growing importance. Interviews with Russian stakeholders confirmed that there is a strong interest to use IDF contributions in synergy with Russia's own (South-South) cooperation activities. However, in this context the specific roles of the CIIC Director /NFP versus those of UNIDO HQ have not yet been clearly defined.

⁶⁸ Including project design, monitoring and supervision and identifying national experts etc.

133. Based on the interviews with ITPO-CIIC staff, national experts and GOR officials the evaluation team identified a number of strengths and weaknesses of the current project and in-country management system:

4.2 Strengths

134. The ITPO-CIIC has provided a conduit through which UNIDO HQ project managers base and draw on national experts giving them the important national and regional context that is needed to design and implement projects in Russia. This is necessary as most of UNIDO HQ based project managers do not speak Russian and are unfamiliar with the local networks and context(s).
135. The CIIC / NFP has built strong country relations with GOR Ministries such as MNRE for the GEF projects and also MFA. The CIIC Director acts as NFP with delegation from the HQ to represent UNIDO to GOR. The GOR expressed its satisfaction with the performance of and relations with the ITPO-CIIC and for continued TC cooperation related to GEF and IDF funding.
136. The ITPO-CIIC has also built good relations, through its involvement in project implementation with the private sector, researchers and the network of NCPCs. For example, the NCPCs will be involved in the forthcoming GEF project implementation (e.g., PCB phase-out and Saving the Source).
137. The capacities of ITPO-CIIC and the project teams were observed to be aligned with the current environment portfolio. For example, the former MP expert who worked on the implementation of the World Bank-GEF CFC phase out projects was recruited as a national expert for the HCFC phase out project.
138. There is a good mutual understanding between CIIC Director / NFP and project staff based on a shared culture and language. This would be difficult to reproduce with an internationally recruited Director.

4.3 Weaknesses

139. The growing portfolio of GEF projects will place considerable managerial pressure on the ITPO-CIIC in its current role as a project management office. At present the only staff member with authority to act as a AH is the CIIC Director / NFP, who is fully committed to jointly-managing the Energy

Efficiency project as well as overseeing various national experts based in the office.

140. The GEF Fiduciary Standards usually require a separation of implementing and executing agency functions in projects – for example, UNIDO would act, as implementing agency and the MNRE would be the executing agency for GEF projects. The GEF Fiduciary Standards stated that⁶⁹:

“... in cases where an agency carries out both implementation and execution of projects, the agency must separate its project implementation and execution duties and establish each of the following: a) satisfactory institutional arrangements for separation of implementation and executing functions in separate departments of the agency; b) clear lines of responsibility, reporting and accountability within the agency between the project implementation and execution functions”.

141. The separation of functions is not being properly implemented by UNIDO. In Russia UNIDO is acting as implementing and executing agency in the case of the Energy Efficiency and HCFC projects. This creates a lack of clarity in responsibilities and reporting, financial management and relationship risks vis-à-vis the GEF and UNIDO.
142. Although the capacities of the ITPO-CIIC and national experts are commensurate to skills required to implement projects, their capacity to carry out results-based management was limited (see Section 4.2).
143. There is no training planning or other options available to ITPO-CIIC staff and national experts (long-term consultants) to develop and strengthen their skills.
144. The operation of the imprest account is operated on a predominantly cash-basis with minimal e-transfers, which with increased number of projects

⁶⁹ “Implementation generally involves project identification, preparation of project concept, appraisal, preparation of detailed project document, project approval and start-up, project supervision, and project completion and evaluation [...] Execution generally includes the management and administration of the day-to-day activities of projects [...] in accordance with specific project requirements in an agreement with the agency responsible for implementation. Execution implies accountability for intended and appropriate use of funds, procurement and contracting of goods and services.” GEF/C.41/06/Rev.01, GEF Minimum Fiduciary Standards: Separation of Implementation and Execution Functions in GEF Partner Agencies, 3 November 2011, p. 5, box 2

managed out of the ITPO-CIIC70 has placed considerable pressure on the CIIC Director / NFP who is the sole signatory. This is unlike other CO where the imprest account has two signatories and reduces risk of financial misuse.

145. The main formal report-line for the ITPO-CIIC is to the UNIDO ITPO Coordination Unit. However, this line of reporting is not relevant to the current operation of the CIIC/NFP as a de-facto CO. Whilst the relevant UNIDO HQ unit (PTC/BRP/EUR) has been kept informed and consulted, there are no formal reporting lines to PTC/BRP and its involvement in oversight remains unclear.
146. There are four concrete areas of activities emerging: representational and global forum functions, CIIC-ITPO implementation according to the project document, project development & implementation in Russia (GEF & IDF funded), project development & implementation outside Russia (mostly IDF funded). The lack of clear distinction of roles and responsibilities for these distinct functions has led to some confusion and misunderstandings regarding the division of labour between the CIIC/NFP and UNIDO HQ.
147. In summary, the situation of the UNIDO representation in Russia can be regarded 'special'. Most stakeholders expressed their satisfaction with this special model and saw no immediate need to establish a UNIDO CO or RO in Russia, particularly within the context of the countries emerging donor status. At the same time, it needs to be noted that the arrangement has worked whilst the portfolio remained small but with the increase in GEF and other funding the current de-facto system is likely to increasing capacity pressures.
148. Apart from additional capacity pressures, the increase in UNIDO activities managed by the CIIC Director/NFP also comes with increased risks of conflicts of interest. In a fully-fledged RO or CO part of this risk is addressed by assigning international staff for a limited (4 year) period to represent UNIDO. The combination of project implementation, funds mobilisation, monitoring & reporting and representative functions in one person is an issue that has been reported before in other evaluations and as such is not specific to the Russia situation. However, this risk is even higher for nationally recruited staff.

⁷⁰ The imprest account limited was increased from USD 150,000 to 300,000 in October 2011.

4.4 Monitoring⁷¹ and evaluation

149. As already mentioned in the prior sections project monitoring was of poor quality in several of the UNIDO TC interventions. Most of the projects have focused on reporting at the activity to output level as opposed to focusing on outcomes. Furthermore, there was a lack of mid-term and terminal evaluations, in some projects such as the Hotspot, BAT / BEP and EurAsEC projects. In essence, the project missed opportunities for lesson learning and mid-course corrections, which could have improved their results.
150. There were some projects that did put in place monitoring systems to track outputs and outcomes, such as the HCFC, Energy Efficiency and the Automotive project. Furthermore, the HCFC and Energy Efficiency project reporting adhere to the GEF standards, which reflect improvements with regard to results-based management.⁷²
151. The reasons for the weaknesses in monitoring in the other projects are several: (i) managers based at the HQ and national experts based at the ITPO-CIIC have primarily focused on project implementation through reporting on or against activities⁷³ (this was observed in the BAT / BEP, Hotspot and EurAsEC projects); (ii) HQ project oversight was insufficient to complete key M&E activities such as mid-term evaluations, with the exception of the recent Energy Efficiency project; (iii) the role of the CIIC Director / NFP in M&E and supervision is not clear even though it is acting as de-facto Country / Project Office and (iv) the activity-based reporting indicates that the national experts are not familiar with outcome-based M&E.

4.5 UNIDO relations with the UN and government partners

152. UNIDO is providing TC to Russia, while at the same time the role of the UN in the Russian Federation has been changing with the country becoming an emerging donor and provider of knowledge to countries in the region and across the world. As already stated (see Chapter 2) UNDP and UNICEF have ceased operations in Russia at the request of the GOR. The post of the UN Resident Coordinator UNRC) in Russia was abolished and 2011

⁷¹ Monitoring is defined as the collection of implementation information to report on progress towards outputs / outcomes to different stakeholders.

⁷² Both projects had detailed annual Project Implementation Reports that are outcome orientated.

⁷³ Interview data.

and UN coordination is based on a rotating chairmanship, which established the following priorities for 2012⁷⁴:

- Engaging Russia in global governance architecture and the global and regional development agenda;
- Accelerating the involvement of Russia in the UN's development work; and
- Facilitating Russia's access to good international practices, global norms and standards to address remaining social gaps.

153. UNIDO's main contributions to meeting these priorities come in part through GF activities (see Section 3.3) and also TC projects, which are transferring knowledge and environmental technology.

154. UNIDO has been part of the UN Country Team (UNCT) since the early 2000s. The Director of the CIIC has represented UNIDO interests. However, since the removal of the post of UNRC, the role of the UNCT has diminished. UNIDO has no partnerships with other UN agencies.

155. As already noted relations between UNIDO and the GOR are good. UNIDO is perceived as a 'preferred partner' for GEF projects addressing chemicals, energy and water management issues.⁷⁵ UNIDO's role is changing through management and advice provided to the GOR associated with the IDF funding within Russia (Hotspots and BAT / BEP) and in the region through the EurAsEC project with future plans to fund further UNIDO TC projects.

⁷⁴ UN in Russia – joint activities in 2011 and perspectives for 2012

⁷⁵ Interview data.

5. Conclusions and recommendations

156. The final section presents the key conclusions and recommendations of the country evaluation.
157. The evaluation found that UNIDO assistance to the Russian Federation has been relevant to the Government of Russia (GOR) policies, priorities and challenges particularly with regard to environmental management and industrial pollution. UNIDO has been assisting with the government with technical information from pilot and/or demonstration approaches for the improvement of environmental policy, however progress has been slower than originally expected with regard to regulatory and policy development.
158. UNIDO's provision of technical expertise and knowledge services, which are also largely focused on environmental management through Global Forum (GF) activities were also relevant to GOR needs. UNIDO's role as a partner of the GOR is at the same time widening, as the GOR is increasingly becoming active as a donor of international cooperation with UNIDO supporting the development and implementation of GOR-driven cooperation activities in neighbouring countries (e.g., in Central Asia) and developing countries.
159. Over the last decades UNIDO has been most effective in establishing sustainable institutional capacities in the field of environmental management through the set up of three cleaner production centres.
160. For the sample of ongoing and recent projects effectiveness and conditions for achievement of results in many of projects were moderate. This is mainly because implementation was not consistently focused on delivering outcomes and has instead been activity and output orientated. Furthermore, three of the projects currently require second phase funding in order to move towards delivery of tangible results. Exceptions to this approach were observed in the Automotive and Food safety supply-chain projects that achieved strong results with evidence of ex-post sustainability, particularly in the automotive sector because of significant market-based incentives down the supply-chain.
161. In the environment sector UNIDO has worked in three areas; industrial energy efficiency; pollution control, waste reuse and recycling, and phase-out of obsolete chemicals (e.g., HCFCs and CFCs and forthcoming POPs).

Only one project, the HCFC phase-out, which is under implementation, has put in place conditions to achieve outcomes and impacts.

162. The efficiency of UNIDO projects was weak to moderate. The evaluation found that some of the projects had encountered delays in part due to the centralized character of UNIDO implementations. However, this was offset by the other factors such as the use of national experts / expertise for project which is appropriate to the local context and saves on the use of (often) more expensive international expertise.
163. The UNIDO TC portfolio in Russia has grown considerably over the past few years and further growth, especially in GEF-funded environmental activities, can be expected.
164. UNIDO's role as a partner of the GOR is at the same time widening, as the GOR is increasingly becoming active as a donor of international cooperation with UNIDO supporting the development and implementation of GOR-driven cooperation activities in the industrial field.
165. The UNIDO office in Russia (CIIC) was established at a time when the above-mentioned aspects were not so important, the portfolio was much smaller and the Russian IDF funds did not exist. The model of the UNIDO office in Russia, which combines a UNIDO Focal Point with an ITPO, has not been adequately adapted to the new reality and is at risk to not cope with the increasing demands.

Conclusions and recommendations

Relevance

| Conclusion | Relevance Recommendation |
|--|---|
| <p>The portfolio is strongly aligned to address GOR environment and energy needs. Non-environmental issues such as competitiveness and diversification of the industrial base and the assistance to GOR in advancing its own cooperation agenda as an emerging donor have yet to be addressed.</p> | <p>UNIDO should continue to develop the environmental portfolio, including assistance in development of cohesive policy and regulatory environment. Non-environmental assistance and South-South cooperation should be further strengthened in-line with GOR demands and IDF funding.</p> |
| Contributing Conclusion | Supporting recommendation |
| <p>Despite the relevance of improving the business and investment climate in Russia outlined clearly in recent reports (e.g., WEF Global Competitiveness Report) the ITPO-CIIC has currently little focus on non-environmental investment promotion or improving the business climate.</p> | <p>ITPO-CIIC has two choices (a) to work with the GOR to identify meaningful investment promotion, and conduct private sector competitiveness activities in-line with its original objectives; or (b) revise its objectives and bring them in line with the current focus on investment for improved industrial environmental management.</p> |
| <p>UNIDO's engagement with the private sector has been based on establishing and demonstrating the 'business case' for environmental management.</p> | <p>UNIDO should continue to work with the private sector through demonstrations and present clear business case examples showing economic / financial benefits of improved environmental management.</p> |
| <p>The international segment of the special contribution of the GOR to the IDF offers an opportunity to strengthen Russia's capacities in cooperation for development.</p> | <p>The special contribution to the IDF should be utilized strategically to support and strengthen Russian development cooperation activities, outside Russia and in areas of UNIDO competence.</p> <p>The IDF contribution should utilize UNIDO's global network of field offices to identify relevant technical cooperation needs.</p> |

Effectiveness

| Conclusion | Effectiveness Recommendation |
|---|---|
| <p>The effectiveness of UNIDO projects was moderate. More than half of the projects assessed delivered planned outputs, but less progress was made on the achieving outcomes. The reasons for this relate to over-ambitious objectives; a lack of progress on putting in place environmental policy and regulatory frameworks; and a lack of enforcement.</p> | <p>UNIDO needs to place more emphasis across the portfolio in working with the GOR to put in place policy and institutional capacities to encourage and support environmental management and sustainable industrial development so that TC interventions can move towards sustainable outcomes.</p> |
| <p>The results of the projects that focused on improving private sector supply-chains show that UNIDO can provide added-value to improve competitiveness in industries exposed to internal and external market pressures.</p> | <p>Given the widely documented private sector competitiveness challenges within Russia, UNIDO should further assess, with the GOR, needs for targeted assistance to address supply-chain inefficiencies.</p> |

Efficiency

| Conclusion | Efficiency Recommendation |
|--|--|
| Some projects suffered delays in implementation associated with procurement and delivery of equipment, customs clearances and co-financing. | Several approaches need to be followed by UNIDO to improve the efficiency of future projects; (a) work with the GOR to find comprehensive solutions to eliminate customs clearance hold-ups for imported equipment and have this applied to all TC projects; (b) set more realistic project work-plans and timetables, reflecting UNIDO procurement rules and in-country procedures; and (c) decentralize procurement whenever possible to the CIIC Office; and (d) Co-financing needs to be formally agreed on during the project design stage in order to avoid misunderstandings during implementation. |
| Contributing conclusion | Supporting recommendation |
| Most projects have made use of the plentiful supply of national expertise in areas of environmental sciences, pollution control and project management and not used international consultants. | UNIDO should continue to use national experts to design and implement projects where possible. |

Impact and Sustainability

| Conclusion | Impact and sustainability Recommendation |
|--|---|
| The supply chain projects have been successfully completed and have achieved sustainable results based on well implemented and targeted capacity building and underpinned by market-based incentives for companies to sustain changes in business practices. | The ITPO – CIIC and UNIDO HQ should seek to further promote and replicate the experiences of the supply-chain projects in Russia and the surrounding region (e.g., Central Asia). |

Cross-cutting Issues

| Conclusion | Cross-cutting issues Recommendation |
|---|---|
| Attention to developing operational synergies between UNIDO projects was strong, and coordination with other development partners (e.g., EBRD) is well established. | UNIDO should continue to actively support high-level synergies between projects. |
| UNIDO missed opportunities to integrate gender perspectives into the majority of projects. For example, there is little appreciation of the differential risks and impacts of chemical and hazardous waste management on men and women. | Future UNIDO TC cooperation in Russia needs to be in-line with overall corporate goals for mainstreaming gender equality. |

Global forum

| Conclusion | Global forum Recommendation |
|---|---|
| Global Forum is a relevant and important area of UNIDO in Russia. Global Forum activities were developed ad-hoc, when opportunities emerged. While this is not necessarily a problem, it limits the possibility of establishing a stronger partnership with the GOR in the Global Forum arena, and it compromises the possibilities of evaluating the outcomes. | The CIIC and the UNIDO Europe Programme should take the lead in planning and monitoring GF activities in close cooperation with the GOR. This should include project-based as well as “stand-alone” GF initiatives. |

ITPO-CIIC Management

| Conclusion | Country office management Recommendation |
|---|---|
| <p>Currently ITPO-CIIC operates as de-facto Country Office / project(s) implementation office and this has created considerable management and resource pressure as well as difficulties in achieving the original objectives and fulfilling the mandate of the ITPO-CIIC</p> | <p>UNIDO should in coordination with the GOR assess the following options:</p> <p>C) Upgrade the National Focal Point to a UNIDO Desk that carries out representation plus implementing some of the projects; at the same time separate the ITPO clearly from the Desk (i.e. two persons). The reporting line of the UNIDO Desk is to be PTC/BRP/EUR</p> <p>D) Keep the current NFP/CIIC setup but establish a clearer separation of the duties, functions, responsibilities, budgets and reporting lines between the two, with additional human resources. Carry out regular audits and evaluations.</p> |
| Contributing conclusions | Supporting recommendation |
| <p>The different roles of CIIC and NFP are currently blurred, which leads to confusion and exposes UNIDO to unnecessary risks.</p> | <p>UNIDO should prepare separate terms of reference for the NFP and the CIIC Director, including clear and distinct reporting lines.</p> <p>Reports should clearly distinguish activities and results in each to the two areas.</p> |

| Contributing conclusions | Supporting recommendation |
|--|--|
| UNIDO acts as an implementing and executing agency with regard to GEF projects. | UNIDO should make arrangements to clearly separate implementing and executing agency functions clearly in GEF projects |
| The capacity of the ITPO-CIIC and UNIDO HQ to conduct outcome orientated M&E was limited. Opportunities were missed to conduct mid-term evaluation(s). | M&E should be made a management priority in Russia. UNIDO staff and national experts may need appropriate training in Results-based Management and outcome-orientated reporting. |
| Responsibilities for the management of the UNIDO portfolio in Russia on one side and of the Russian IDF contribution on the other have not been clearly defined. | <p>UNIDO PTC/BRP/EUR should manage the Russian IDF contribution in close consultations with the CIIC/NFP, technical branches and the UNIDO South-South programme.</p> <p>The IDF consultation mechanism should be revised; it should involve PM/Foreign Affairs, Europe Program and CIIC; bi-annual meetings should review detailed progress reports on all Russia projects, with emphasis on IDF;</p> |

Annex A: Project reviews

This annex contains the project reviews conducted by the evaluation team. The reviews were based on existing project documentation, reports, evaluations and where possible and relevant discussions with UNIDO staff and stakeholders. Not all projects were assessed, but only those visited by the evaluation and / or with sufficient documentation. The reviews served as an input to the main evaluation report.

A. Identification, evaluation and prioritization of Pollution Hotspots in the Basins of Trans-border Reservoirs and Transfers of Environmentally Sound Technologies (Hotspots Project)

Background

With the length of 3660 km, basin area of 1380000 sq. km and average discharge of 8500 cubic meters per second Volga is the largest river in Europe, comprising also about one third of the territory of European part of Russia. The river plays exceptionally big role in the life of the country, while about 40% of the population of Russia lives in its basin. Down the river the water quality significantly deteriorates. Various environmental problems of different magnitudes and significance were identified within the middle and lower Volga basin, the region covered by the current project. Eight administrative regions of Russian Federation are located in the middle and lower Volga river basin: Republics of Mari El, Chuvash and Tatarstan and oblasts: Ulianovsk, Samara, Saratov, Volgograd and Astrakhan.

Volga River is a trans-boundary river: a part of the lower basin borders with Kazakhstan and the river flows into the Caspian Sea, which is divided between the independent countries of Russia, Azerbaijan, Iran, Turkmenistan and Kazakhstan.

Volga is the source of approximately 80% of the Caspian's freshwater inflow and at the same time the Volga is the principal source of trans-boundary contamination into the Caspian Sea. Volga contributes to more than 80 to 90% of pollutants discharged to the whole Caspian Sea.

The Caspian Sea, is a rich ecosystems which is currently undergoing increasing anthropogenic pressure. As a result, there is an increase of eutrophication, water pollution by heavy metals, various chemical contaminants and overexploitation of the Caspian biota. A lot of resources and efforts are required to improve and prevent any further deterioration of the environment conditions within the Caspian

Sea Municipal and industrial discharges of untreated or insufficiently treated wastewater are the major sources of contamination of Volga river and its tributaries (together with surface run-off and diffuse sources of mainly agricultural origin.) It's possible to identify three major groups of point source polluters: municipal wastewater treatment plants, industrial enterprises, discharging wastewater through their own treatment units and small medium size enterprises typically discharging their wastewater to municipal wastewater plants without any preliminary treatment.

Project design

The project implementation followed an approach and methodology developed by UNIDO under the GEF-funded projects on "Identification, assessment and prioritizations of the pollution hot-spots" as well as on "Transfer of Environmentally Sound Technologies" – TEST.UNIDO as a GEF Executing Agency implemented the project: "Preparation of the Strategic Action Plan for the Dnepr River Basin". Within the scope of this project UNIDO proposed a new quantitative methodology on identification of pollution "hotspots". The methodology was successfully applied within the Dnepr river region and enabled to prepare a priority investment portfolio for industrial and municipal enterprises.

The project is aimed to help identify, evaluate, and prioritize pollution "hot-spots" in water basins. It is important to identify those industries that have the most significant negative impact on water and recommend policy measures and technological solutions for pollution prevention/management. The approach enables to ultimately obtain a manageable number of "hot-spots" for more detailed evaluation.

The TEST part of the project should provide industries with an integrated model for improving their environmental and economic performance by introducing effective management techniques and cleaner technologies that would reduce impacts on water, energy and material resources.

During the project preparatory assistance phase the Central Volga region was selected as the main project area. The project is designed to implement only an initial part of the TEST methodology (step 1). The remaining part will be implemented as a follow-up project, which is expected immediately after completion of the current project.

Relevance

The project approach is relevant to industrial pollution challenges faced by the Russian Federation. As it was already mentioned above, for the Volga river basin with its high concentration of industrial and agricultural units as well as density of the population surface water contamination is an actual and alarming issue. The choice of Tatarstan Republic for piloted approaches is also quite reasonable, while there is a strong stakeholder support for the project. However, the broader relevance of the project approach can only be secured through replication to other more polluted regions of the Russian Federation. Even in Volga river basin there are areas (for example Nizhny Novgorod region) where point source pollution issues are sometimes even more anxious. In a broader context the relevance of the project approach could be extend to the majority of industrial activities areas of the European part of the Russian Federation with the specified contamination problems. Another example could be problem of oil spills in the North of Russia (Komi Republic). Some attempts were made during project trainings to involve officials from other regions (e.g., Astrachan).

The policy component of the project was rather weak. Project has started with an emphasis on enterprises 'hoping' for replication without a policy 'push' (putting the carrot before the stick) Some policy 'advice' on best available technologies / practices for CP was provided during project steering committee meetings. For certain extend the problem was caused by the delay of implementation of the second project component, which should primarily deal with TEST approach. As a result the project outputs at this stage are more theoretical rather than practical what makes the ground for a strong policy "push" rather vulnerable.

Effectiveness

The project has delivered initial outputs such as baseline / GIS database of hotspots and identified partner enterprises for the TEST methodology. Currently GIS database technologies are quite successfully used in different areas of activities (e.g. forest and forestry monitoring). There is no doubt that GIS database created for Tatarstan Republic could be applied to other regions of Volga River basin. But within the framework of the project GIS database is a tool, which hardly can be considered as criteria of the effectiveness of the project.

So, it is premature to judge overall effectiveness in terms of reducing pollution and improving water quality as the 2nd phase of the project has not started. Until then the calculated potential of the saving opportunities proposed will result in the cumulative effect of the savings in:

- Financial savings – 47 553 000 Rubles per year;
- Water savings – 324 969 m3 per year;
- CO2 emissions reduction – 8 029 tons per year. Is also theoretical.

The project has established some foundations for replication, which the second phase now has to build on.

Efficiency

Project efficiency was satisfactory with no delays. The project infrastructure has been fully established in time. Compilation of a preliminary list of enterprises responsible for pollution discharges (preliminary screening of hot spots), detailed evaluation of hot spots passing preliminary screening, prioritization of hotspots has been done: out of 328 enterprises in Tatarstan Republic 45 enterprises have been selected for the detailed assessment. Out of the 45 “hot-spots” 8 companies from two industrial sectors have been selected for the introduction of the TEST integrated approach UNIDO GIS on the “hot-spots” has been created. Water quality laboratory was upgraded. The 1st phase (component) of the project successfully completed. The latest progress report issued end of February 2013. Besides 1st phase activities, shows a lot of preparatory work done for a launch of 2nd phase (training, negotiations with selected enterprise and the introduction of the TEST integrated approach) and dissemination of information on previous TEST projects conducted by UNIDO.

However one of the planned outputs – reduction in contaminant loading discharged into the Volga River from demonstration/pilot enterprises hasn't been presented yet. Use of the project budget could have been more efficient and actually commenced some TEST pilots.

Sustainability and impact

It is premature to judge sustainability and impact of the hotspots project before the 2nd Phase has concluded. However the establishment of an NGO “Volga International Cleaner Production Centre” (VICPC) to support ongoing project and coordinate it with local authorities and business could be considered as a good effort to provide capacity building and further sustainability of the project. Such Center could be a good support for UNIDO activities in Volga River basin region not only as a part of hotspots project. Moreover, it is mentioned in latest project progress report, that Government of the Republic of Tatarstan and Astrakhan regions have approached the Ministry of Foreign Affairs of the Russian Federation with a request to support the establishment of the UNIDO project offices in this region and expressed readiness to finance them. In this case

UNIDO could get a very good support on the level of regional authorities and big opportunities for political “push”, which is so much required.

Future issues

UNIDO needs to work quickly with the relevant stakeholders to begin implementation of the 2nd phase of the hotspot project. The initial (outputs) results achieved during the 1st phase could be negatively impacted if funding is delayed.

2nd phase must be concentrated on TEST pilots with enterprises. Actually the initial stage of the TEST component of the project had to be launched more actively and to be more high profile to provide better background for policy push. During 2nd phase solid economic and financial analyses of the results should be done in order to encourage replication. 2nd Phase needs to work more closely with regional and federal government to ensure a policy ‘push’.

B. BAT / BEP Centre for Environmentally Safe Disposal of Potentially Hazardous Consumer Products and Industrial Wastes

Background

Russian Federation faces the challenge with the ever-increasing volumes of used consumer and industrial products and needs to undertake strong efforts to apply modern methods to reduce the negative environment impact and make possible the recycling and environmentally safe disposal of these products after their decommissioning.

There are similar problems in the EU and the Russian Federation in the sphere of reducing industrial pollution, which sometimes cannot be solved within the bounds of state borders. In this case it is necessary to introduce common regulatory framework for waste management. Improving of the domestic regulatory framework remains a key task in overcoming the regulatory, institutional and economic barriers to effective waste management. In addition, there are some problems with low level of awareness of citizens, the lack of waste collection system and database of the effective technologies for their processing. As a result the majority of waste transported to landfills for disposal or incinerated without complying with measures to protect the environment with the loss of valuable secondary resources.

Some waste products being safe during their usage could become hazardous and toxic if recycled and disposed after their utilization by environmentally unsafe methods. For example on physical and chemical characteristics the worn out tires fall within the Federal Law of the Russian Federation from 1998 № 89-FZ "About wastes production and consumption" as a dangerous waste of the 4th class. In addition, the worn-out tires are in the list of hazardous waste, its transportation is the subject of the government control. At the same time, rubber goods and tires are a source of valuable recyclable materials (rubber, metal, textiles) and according to the current legislation of Russia is the subject of recycling. The main product of worn out tires recycling is the rubber crumb which is a commercial product, which is in great demand in Russia and abroad, and is raw material for regenerate production, as well as the variety of rubber goods and composite materials.

In general, there are no accurate data about the production, placement and disposal of electric, electronic and rubber tires waste. Determination of the volume carried out by expert estimates on the basis of partial methods. There are no standard acts for control and encouragement of the environmentally sound management of these wastes.

Project design

The project addressed the creation of capacity for management of electronic, electric and rubber wastes. It also intended to develop industrial strategy and build up the management capabilities at several demonstration regions for introduction of BAT/BET for efficient recycling of these wastes, to prevent the additional creation of toxic and hazardous wastes and saving of natural resources through reusing and recycling of valuable components of electronic, electric and rubber wastes.

Specifically the project aimed to improve and strengthen the regulation and the regulation enforcement practices; create organizational and technical capacities through training and strengthening of specialized centers; collect information and develop information systems for assessment of possibilities of application of BAT/BEP on recycling and disposal of the wastes; and by pilot applications of the several BAT and working out selected BEP for recycling and disposal of electric and electronic wastes (EEW) and rubber technical goods (RTG). The results of the project were being introduced for application in other countries of the Euro-Asian Economic Community (EurAsEC).

Relevance

Overall objectives of the project are relevant to industrial waste management situation in Russia. The problem of increasing amount of wastes, including e-wastes and rubber wastes especially in highly populated and industrially developed regions is a pressing issue. However the political and economic relevance of the problem is quite limited, while there are no clear mechanisms for economically reasonable use of products of recycling. Existing federal as well as regional legislation doesn't provide favourable conditions and strong incentives for the development of economically sound recycling technologies. One of the major potential users of the products of RTG recycling could be road construction industry. But the system of governmental funds distribution, allocated for road construction, provides lack of benefits for road constructing companies if they use innovative technologies (e.g. use of rubber crumb) instead of traditional ones. The road construction business is one of the most conservative branches with the huge potential of using state budget funds. So only the use of technologies with evident economic benefits together with legislative change can move the situation toward the innovative approaches.

Another problem is low level of awareness among producers (tyre companies); collectors, recyclers and government agencies.

Effectiveness

The project effectiveness was moderate, notwithstanding the focus on the achievement of outputs and lack of outcome orientation.

The initial outputs include creation of regional database for Tatarstan Republic, which is being up-scaled to the whole of Russia in cooperation with the Federal Ministry of Regional development. The recyclers association “Shinoecology” was established and now includes 40 members from 20 regions. The independent nonprofit organization «International Centre for the best environmental technologies» (ICBET) was established in the framework of the project to provide the consulting services for assessment, selection and application of BAT/BEP as well as delivering environmental training. ICBET conducted a number of international conferences, seminars and round tables to analyze the current situation in generation, collection and disposal of hazardous wastes. In September 2012 ICBET became IPLA’s (International Partnership for Expanding WM services of local authorities) sub-regional secretariat for Russia and EurAsEC countries.

Draft Federal law on amending existing waste management legislation, was prepared has been submitted to the State Duma. Project has been working with the Federal Ministries to push through use of rubber crumb in road construction but has faced strong lobby from road construction companies.

However there are still no clear mechanisms for the practical uptake of the database with regional agencies or to provide information to possible private sector recyclers. Extension of the project to organizations in EuroAsEC is still at the stage of negotiations (GEF PIF) without clearly delineated practical steps to develop the market in Russia.

Efficiency

The project efficiency was moderately. The project was overly focused on information dissemination and skill sharing rather than capacity building and emphasis on policy for market development. For certain extend that reflects the current business development reality in Russia. Any industrial sector connected with the use of state budget funds (e.g. road construction) is very conservative both in terms of legislation and technology development. That’s why the development of working relations with numerous governmental and non-governmental institutions (associations, expert panels etc.) is a necessary part of the project work aimed to raise awareness and demonstrate applicable advanced solutions. On the other hand the project lacks close cooperation with the

business society and demonstration projects carried out on the collection, recycling and safe disposal of waste using the advanced technologies, which is necessary to achieve the outcome 2 of the project. The project lacked a mid-term review, which would have enabled to get an independent reality check.

Sustainability and impact

The sustainability and impact of the project is uncertain (pending decision on a 2nd Phase). But it will likely depend on political support to support the legislation and policy needed to underpin market development and incentives for wastes (e.g., rubber crumb for roads). According to the project team forecasts the Federal law on amendments to existing legislation on waste management, which was prepared with the participation of the project experts and submitted to the Parliament in 2011, should be finally adopted in 2014. That could become a key point for further sustainable development of industrial strategies on hazardous waste management and advanced recycling technologies.

Future Issues

From the very beginning the project has been faced serious challenges caused by low awareness from both authorities and business community. That results in quite slow legislative changes, lack of incentives and economically beneficent approaches. To provide regulatory and institutional capacity building for management of EEW and RTG it's quite important to increase and intensify interaction with authorities in pilot regions to create a working regional scheme of environmentally safe utilization of electronic and rubber wastes, based on best available technologies and experiences, using existing tools – GIS database, local recycling facilities, regional regulations etc.

Further work to provide more intense and productive dialog and cooperation with business is required. For these purposes it's necessary to strengthen professional panels, such as RTG recyclers association ("Shinoecology") as organization of professionals joining all interested sides and key players.

C. Market Transformation Programme on Energy Efficiency in Greenhouse Gas Intensive Industries in the Russian Federation

Background

The Russia energy efficiency (EE) project aims at reducing greenhouse gas emissions in the Russian Federation by transforming the market for Industrial EE in greenhouse gas (GHG)-intensive industries. It planned the following activities to achieve this improve industrial energy efficiency in heavy industries; (ii) have a direct positive effect on rational energy use with related environmental benefits, and (ii) improve the commercial prospects of industrial borrowers.

Initial estimates from an EBRD market demand study and model for Russia indicate that a dedicated financing facility of 120 million USD, assuming 80% debt financing for projects, could generate energy savings of 5600 GW per annum and emission reductions of up to 1.35 million tonnes CO₂eq per annum. The project has been developed and is being implemented jointly by EBRD and UNIDO, with the former covering larger enterprises aiming at full system changes (utilizing loan facilities) and the latter focusing on SMEs aiming at benchmarking, process optimisation and introducing Environmental Management Systems (EMS) such as ISO 50001. This project model of cooperation with an International Financial Institution (IFI) represents a primer for the energy branch of UNIDO, with the co-financing mainly consisting of EBRD loans (about USD 300 million).

Project design

The original project identification form (PIF) was signed by all parties in January 2008 and submitted to the GEF. The PIF was approved in March 2008 and a project preparation grants (PPG) was approved in June 2008. The project document was formulated in 2009/2010 by ICF (a London based consulting firm) utilizing the PPG with a budget of USD 225,000.

In December 2008 an international conference on “Energy efficiency in industry and sustainable ecological development” was organized in Moscow to launch the preparatory phase of the project. Several Russian counterpart organisations, such as the Academy of Sciences, the Centre for Innovation and “international experts, high-ranking officials of Russian governmental bodies, non-governmental organizations and science community⁷⁶”.

⁷⁶ Conference report, UNIDO, 2008

A first project proposal was presented to the Ministry of Energy in December 2009⁷⁷ and was well received. Main interest of the Government was in establishing voluntary agreements with industry. This coincided well with the proposed UNIDO strategy (benchmarking, EMS, process optimisation). The final project document was approved by the GEF CEO in July 2010 and implementation started in October 2010 (first tranche of funds allotted to the project manager).

Implementation status

The project operates in Tatarstan (3 companies), Moscow (1 company) and St. Petersburg (10 companies) regions. At the time of the evaluation mission (June 2013) 4 companies had signed the project agreement. A summary of project progress is given in the table below:

| Component/outputs | Response | Status ⁷⁸ |
|---|----------|--|
| Component 1: Development of training materials, website & train-the trainers programme. | UNIDO | Draft sets of training materials for EnMS & SO developed, sets peer-reviewed by the Russian experts. |
| 1.1 Development and translation of training materials and tools. | UNIDO | TORs and JDs developed to start the adaptation work of the sets. |
| 1.2 Information campaign and development of a project website. | EBRD | Interactive national webinar training on EnMS covering 25000 participants implemented. Initial Classroom training sessions on EnMS ISO 50001 Standard for 30 national trainers/industry experts organized. |
| 1.3 Training of national experts on energy management systems and systems optimization. | UNIDO | |
| 1.4 Training of loan officers in local banks and technical assistance to banks. | EBRD | UNIDO Master Class on EnMS ISO 50001 Standard for 25 national trainers/industry experts |

⁷⁷ Back to Office report UNIDO, 2009

⁷⁸ Information taken mainly from PIR 2012, draft MTR and interviews

| Component/outputs | Response | Status ⁷⁸ |
|---|----------|--|
| | | organized in Moscow. |
| Component 2: Energy management system capacity building programme for large energy –intensive industries. | EBRD | General training has been provided in 6 regional introductory seminars. Energy assessments or audit have been carried out for 3 enterprises so far. |
| 2.1 General enterprise training on energy management systems. | | Participation of equipment manufacturers has not been achieved and seems unlikely to happen (not interested). |
| 2.2 On-site energy management system training. | | |
| 2.3 On-site systems optimisation training. | | |
| 2. Energy audits. | | |
| 2.5 Development of energy efficiency investment plans. | | |
| 2.6 Documented demonstration projects. | | |
| 2.7 Recognition and peer-to peer/knowledge networks. | | |
| 2.8 Participation of equipment manufacturers and suppliers. | | |
| Component 3: Introduction and implementation of an energy management system in selected SMEs. | UNIDO | National webinar on EnMS/ISO 50001 delivered in collaboration with REA and two-classroom training organized by UNIDO. |
| 3.1 Energy management training and implementation in SMEs. | | Only one large enterprise (railways) has received training. Formal SMEs |

| Component/outputs | Response | Status ⁷⁸ |
|--|----------|---|
| 3.2 Systems optimisation training for SMEs. | | tailored training will start when materials ready. |
| 3.3 Implementation of energy management and benchmarking to increase energy efficiency of SME's. | | Securing participation of SMEs in the project technical assistance has proven so far a major challenge. Delays in finalizing and adapting the EnMS and SO training packages have also contributed to postpone the start |
| 3.4 Energy audits. | | of the EnMS training programme. |
| 3.5 Technology database and certification. | | Work is ongoing to develop web-based software tools to introduce and assist industrial companies in benchmarking their energy performance. The approach is based on international best practices. |
| 3.6 Preparation of energy efficiency investment plans. | | No energy audit has been carried out yet. A review of EE technologies database best practices and an assessment of what is currently available or under development in Russia was carried out. Discussion and work with REA and stakeholders is ongoing to understand where and how the project can provide the biggest added value, especially to SMEs. No activity has been undertaken yet in relation to the development of a |

| Component/outputs | Response | Status ⁷⁸ |
|--|----------|---|
| | | voluntary certification scheme for industrial energy efficiency equipment. |
| Component 4: Government capacity building and support programme. | UNIDO | Awareness about EnMS/ISO 50001 was built for a large number of government officials from federal and regional government. A preliminary study on international experience with Energy Saving Obligations and White Certificates carried out and presented to REA. Based on the findings of this study REA request to carry out further research and provide further technical assistance for policy development and capacity building. Terms of reference were developed and a competitive bidding process started to procure the required international and national services. Initial capacity building on raising awareness about EnMS/ISO50001 was carried out. |
| 4.1 Capacity building on industrial energy efficiency policy. | | |
| 4.2 Support to the implementation of the new law on energy efficiency in Russia. | | |

Relevance

Various reports confirm high potential for increased EE in Russian industry (e.g. 15% Russia Energy Strategy). Russian policies for increased energy efficiency have existed for quite some time (special law on EE in 1996; Govt. Programme for EE in 2002 cancelled in 2006; Russian Energy Strategy 2003/2010). However implementation of these policies rather slow, including still relatively low domestic energy prices, which limits relevance of EE measures at the enterprise level.

A new energy efficiency law was introduced end of 2009. This means for companies that they are obliged to decrease energy consumptions by 3% each year. Several Government initiatives are ongoing for EE improvement. For example, the Government introduced compulsory energy audits and energy passports (so far 10,000 of 500,000 companies covered). The project is still in the process of defining its role within these initiatives. Current thinking of project management is that UNIDO's specific niche is systems optimisation and voluntary certification ISO 50001. It could be argued that the project started a bit too late. Had it started when the ministry worked out the energy passport systems they could have improved that system. Now they need to work with the auditing companies to find out the best way of developing what UNIDO will provide to the companies. This includes the adaptation of UNIDO standard tools (e.g. benchmarking), which are not always attractive to companies in the specific context.

At present the Russian EE law has no provision for distinguishing between those that are already efficient and those that are not. The law aims at company with more than 1000 tons of fuel use per year. This covers medium and large enterprises.

Effectiveness

The project has made some progress to achieve effectiveness by project end. Most progress has been achieved in the fields of awareness raising and some on training and government capacity building. Difficulties in securing enterprise participation in the programme have prevented progress towards results. There are very limited results yet at the enterprise level. So far only a very limited number of companies have signed formal agreements with the project. However, the project team expects this to change, applying a different approach to reach and motivate enterprises through more tailor made service packages.

Efficiency

Project implementation started slowly in 2011. It was then decided to decentralize part of the implementation from UNIDO HQ to the CIIC in Moscow. Implementation progress picked up after that. Project monitoring is carried out largely in accordance with the M&E plan. A project implementation review (PIR) has been prepared at the end of 2012, no such reports is available for 2011. A mid-term review was carried out shortly after the evaluation mission visited the project (June/July 2013). The report of the MTR is of good quality and provides a detailed assessment, including several concrete recommendations for the remaining project lifetime.

The cooperation between UNIDO and EBRD appears to be running smoothly, albeit the components seem to be implemented rather in parallel than jointly. The PIR reports are not done jointly; each agency prepares one report for its respective tasks.

Impact and sustainability

The likelihood of impact is primarily dependent on the success of new approaches to reach out to and motivate enterprises to participate in the programme and stimulate them to make investments in energy efficiency. The recent MTR considers the potential for impact somewhere between “possible” and “likely”.

At the time of project design, the main project counterpart, the Russian Energy Agency, was about to be established and its role in the project was not yet fully clear. The project approach is very much in line the REA’s current priorities and strategies and a deeper institutional anchorage of the project in REA seems advisable with a view to sustainability of the capacity building elements and replication of approaches after the project is terminated.

A wider impact of the project will depend to large extent on the success of such replication. How this should happen is not yet clear and needs to be defined in the remaining project period. Other than for large enterprises/organizations, the impact of SME related project activities is constrained by the lack of access to finance. If this remains unchanged, the likelihood of enterprise level activities (training, audits) leading to actual investments and GHG impact is limited.

D. Establishment of a UNIDO Investment and Technology Promotion Office (ITPO) Network in EurAsEC member states

Background

UNIDO, with the financial support of the Government of the Russian Federation, formulated this project to enhance investment and technology flows to Eurasian Economic Community (EurAsEC) countries⁷⁹, facilitate integration in a common market and improve their international competitiveness.

To achieve its objectives the project foresees the establishment of a UNIDO Investment and Technology Promotion (ITPO) network in EurAsEC, following the model of existing UNIDO ITPOs operating within the UNIDO ITPO network, including the Centre for International Industrial Cooperation (CIIC) in Moscow.

According to the project document the project is shaped around three pillars: investment promotion, technology promotion and industrial cooperation. UNIDO's services are directed towards supporting the Government, public and private institutions, domestic enterprises and investors at institutional and enterprise levels throughout the entire partnership development process.

Once "an efficient and responsible investment and technology promotion mechanism is in place, the ownership of the EurAsEC network will be transferred to local counterparts. They will be integrated into UNIDO ITPO network ensuring long-term sustainable operations"⁸⁰.

Project design

The project was formulated during a preparatory assistance phase⁸¹ in 2009. It is based on a cooperation agreement between UNIDO and the EurAsEC, signed in 2009, which envisages cooperation activities in all areas of UNIDO competence. Following this agreement, the secretariat of EurAsEC requested UNIDO to initiate the creation of a network of Investment Promotion Units (IPUs) in cooperation with the Russian CIIC and applying the UNIDO methodologies⁸².

⁷⁹ Member countries of EURASEC are: Russian Federation, Kazakhstan, Kyrgyzstan, Tajikistan and Belarus. The membership of Uzbekistan is suspended. Observer countries are: Ukraine, Moldova and Armenia

⁸⁰ Project document UNIDO, 2010.

⁸¹ The preparatory assistance had a separate budget of USD 88,000.

⁸² Letter of request from the EurAsEC secretariat, dated March 2009.

The Russian Government then agreed without much delay (June 2009) to fund such a project. The total budget was USD 1,895,000 (excluding agency support cost) with the main items being international consultants (USD 800,000), national consultants (USD 500,000) and administrative support & travel (USD 200,000).

The overall project logic foresees 5 concrete outputs that would lead to one central institutional outcome, namely the sustainable operation of the IPU/ITPO network. This, in turn, would lead to the established development objective, i.e. enhanced investment flows and resource mobilisation to the EurAsEC region and improvement of its overall competitiveness. The link between outcome and impact is based on the explicit assumptions that counterpart institutions would have “sufficient capacities to sustain operations of ITPOs” and that “business and investment environments improve”.

While these assumptions are without doubt important external factors influencing the project’s effectiveness, they are not the only ones that should have been taken into consideration from the beginning. It remains largely unclear what kind of information and services the ITPOs would offer, that would make a difference for potential investors. The key assumption would be the one that assumes that potential investors lack this information or service and those they cannot get it elsewhere. Thus the ITPO would be able to close this gap.

Furthermore, the definition of the main objective does not contain any qualitative dimension of investment. This shows that the underlying reasoning is that any kind of investment is good for the country. Given the environmental and social performance of many investments (including foreign) in Russia, this reasoning is difficult to sustain. The social and environmental dimension of investment, which is a key area of concern of practically all-major players in the investment field (e.g. Development Banks) is not addressed in the project design.

The link between outputs (basically network design and capacity building for investment promotion of the counterpart institutions in EurAsEC countries) and outcomes, implicitly assumes that there are no existing barriers for effective investment promotion other than the missing capacities in the ITPOs. This is rather unlikely given the many institutional and legal issues in the countries, the importance of international financial trends, etc. More importantly, the establishment of the ITPOs as locally funded institutions is an assumption instead of a prerequisite. i.e. the project had not ensured the availability of funding beforehand. A capacity building project like this one has to be built upon an existing structure to be supported. Either the institutions to be supported already exist or there should be tangible commitments that the ITPOs will be set up and funded sustainably.

Implementation status⁸³

The project initiated operations during an inception meeting in June 2010. This event was attended by: the Ambassadors and Permanent Representatives of EurAsEC countries, Representatives of the Secretariat of EurAsEC Integration Committee, the Eurasian Development Bank, the Eurasian Business Council, the Centre of High Technologies, public and private structures of the EurAsEC countries, the Secretariat of UNIDO, UNIDO Centre for International Industrial Cooperation, international and national experts.

The first meeting of the task force on subcontracting and industrial partnerships was held in Moscow 7 October 2010. The decision about creating this group was made at the Inception meeting of UNIDO/EurAsEC project (30 June – 1 July 2010, Moscow). The task group contains representatives of Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Armenia.

Output 1: Project Management and Coordination Set-Up

An advisory board (AB) was set up. By February 2013 (date of latest available progress report) the board had met 3 times. In the last meeting the AB recommended to:

- AB recommended to develop pilot projects to demonstrate opportunities for intensification of industrial cooperation;
- Recommended to finalize organizational and legal clearance of the creation of Centres for International Industrial Cooperation in EurAsEC countries;
- Recommended to intensify information and promotional support of the project.

The project prepared annual work programs and annual activity reports, which were discussed at the AB and also presented to the Permanent Missions to UNIDO of involved countries and to different units of UNIDO. Progress reports were prepared on quarterly basis and further disseminated within UNIDO as well as Permanent mission of the Russian Federation.

⁸³ The following status information is mainly based on available project progress reports and has not been verified by the evaluation team.

Output 2: EurAsEC ITPO network design and development

The Network vision and strategy were developed based on country studies. Generic TOR for CIIC's prepared and disseminated to project offices for further coordination with all national entities concerned. A number of individual meetings and Internet conferences with national teams on network structure and design were held in 2012.

Draft business plans for the network and individual offices were prepared and approved by the governments. A set of documents for transfer of ownership to national counterparts was prepared. The work on final coordination of signing the set of documents was transferred to the UNIDO Bureau for Regional Programmes. The set of documents for establishment of the CIIC in Armenia was signed. The CIIC in Armenia is already operational and is funded by a local partner. Agreements on establishment of CIIC's in Belarus and Kazakhstan are prepared and approval from Governments of Belarus and Kazakhstan is pending.

Output 3: Capacity building and networking

The heads of the UNIDO ITPOs gathered in Moscow for their annual meeting on 4-5 October 2012. The event was hosted and organized by the CIIC in the Russian Federation. High-level officials of Russian ministries and organizations, representatives of the UNIDO HQs attended the event.

CIIC Russia and the project offices in EurAsEC countries have carried out a survey, which showed a significant interest in cooperation between technology parks and centres within the region. A report "Opportunities for the establishment of online support system for EurAsEC and EU technology park network analysis" was prepared and disseminated to all technology parks and national institutions concerned. The objective of this report was to analyse the opportunity to establish an online support system – a WEB platform – for a technology parks network focusing on EurAsEC countries, based on technical and commercial twinning between EU technology parks & centres and EurAsEC ones. A separate project with the purpose to establish an electronic platform for technology parks cooperation was suggested to the Donors.

A regional project website was created. It contains mainly general information about objectives and some meetings. There is only one substantive publication on the website, which is the 13 page summary report of a survey done in 2011 on the barriers and opportunities for industrial cooperation in the EurAsEC area. Information about the Project was also placed at counterpart websites such as Subcontract.ru, which contains full description of the project with links and

contacts of UNIDO CIICs and project offices. The information about the project and press releases were published on partner sites, such as site of the Analytical Centre under the Government of the Russian Federation, Armenian Development Agency, Republican Centre for Technology Transfer in Belarus, etc. UNIDO Tools and Methodologies were reviewed and a number of them were selected for translation, adjusted and transferred to EurAsEC countries. Among them are:

- UNIDO Methodologies on Enterprise Upgrading;
- UNIDO Methodologies for financial analysis of investment projects;
- Project and company profiles.

A Pilot programme based on the Global Food Safety Initiative (GFSI) Basic Level Global Markets Protocol and UNIDO capacity building methodology was conducted. Three national experts were identified and trained within the international system of Quality Assurance of METRO GROUP.

Output 4: Pilot Investment Promotion Operations

Criteria for project identification were set up and transferred to CPO's. Contacts with national institutions and enterprises interested in mobilizing resources for establishing/expanding production facilities were established and maintained. About 500 industrial enterprises in EurAsEC countries were invited to prepare business project proposals. UNIDO project offices in EurAsEC countries assisted organizations and enterprises to formulate proposals on business partnership opportunities. Each enterprise was contacted individually. The portfolio was distributed in the EurAsEC Region, among UNIDO ITPOs, as well as to interested Russian and international organizations and institutions. The concept of an online support system for technology parks and innovation centres in EurAsEC was worked out and presented to the Advisory Board. Questionnaires for capacity assessment of technology parks were prepared and distributed. Two surveys were conducted among EurAsEC technology parks.

The EurAsEC subcontracting system was established on the basis of a Russian system (www.Subcontract.ru). Project offices worked closely with EurAsEC companies to attract them to the System. As a result of this work more than 250 companies were registered.

Output 5: Operationalization of the network and transfer of the ownership

Terms and conditions for setting up CIICs in Armenia, Belarus, Kazakhstan, Tajikistan and Kyrgyzstan were discussed. Counterparts in Armenia, Belarus and Kazakhstan agreed to allocate the assets needed. Counterparts in Tajikistan and

Kyrgyzstan admitted finally that they were not able to fulfil their obligations regarding financial support of the CIIC.

Armenia:

A detailed road map on how to establish a CIIC and coordinate it with the national counterpart as well as with UNIDO and CIIC Russia was prepared and presented to the Deputy Prime Minister and the Minister of Economy of Armenia. An Armenia funded UNIDO project for the establishment of CIIC Armenia was formulated and approved with a budget of USD 200,000. Consequently, the project office was transformed into a CIIC as of September 2011. At the end of 2012 the CIIC became fully operational.

Belarus:

A detailed road map was prepared and a proposal for the establishment of the UNIDO CIIC in Belarus was included in the “Action Plan for Addressing Issues Related to Working Business Entities Under the Common Economic Space”. Correspondence took place between the UNIDO Director-General and the State Committee of Science and Technology (SCST) of Belarus on the establishment of a UNIDO CIIC in Belarus. A Letter of Intent was signed by the Government of the Republic of Belarus and sent to UNIDO. Deputy Prime Minister of the Ministry of Economy approved a Draft Action Plan. A set of documents required for transformation of the Project Office to a UNIDO CIIC was prepared.

Kazakhstan:

A detailed road map on how to establish a CIIC and coordinate it with the national counterpart as well as with UNIDO and CIIC Russia was prepared. A set of documents required for transforming the Office to a UNIDO CIIC was prepared and sent to counterparts.

Ukraine⁸⁴:

The project worked with Ukrainian partner organizations (Ministry of Economy and Chamber of Commerce and Industry) to connect the country to the project. Appropriate proposals were discussed with the Ministry of Foreign Affairs of Ukraine.

Support to initial CIIC operations:

Draft business plans for each CIIC were prepared on basis of terms and conditions agreed with national counterparts and should be approved once the CIICs have been established. Regular communications with the CIICs are being

⁸⁴ Ukraine is not a full member of EurAsEC, it has observer status.

maintained and progress reports are received from project offices and CIICs. Reports are being reviewed and analysed.

Guidance and advice are provided to CIICs. The magazine “UNIDO in Russia” is delivered to more than 300 subscribers in EurAsEC countries.

Relevance

Overall, the project is in line with the partner countries’ objective of economic integration in EurAsEC area. However, for some countries (Kirgizstan and Tajikistan) claimed relevance did not translate into budgetary commitments (limited relevance). With regard to the project’s relevance for the private sector and potential investors there is no evidence that the CIICs and CPOs actually provide information and services that meet their needs.

The relevance of the project for “inclusive, sustainable, industrial development” cannot be determined. There is mentioning of criteria for project selection, but these criteria have not been described in the project documentation. It thus remains unclear which kind of investment the CIICs and CPOs are trying to promote.

Effectiveness

One office has been effectively established and is now run by the government (Armenia). Two offices have been established but are not yet fully funded (Belarus, Kazakhstan). Two offices have not been established. Effectiveness in terms of the project objective (enhance investment flows, facilitate integration through increased competitiveness of enterprises) is regarded very low as there is no evidence of any investment facilitated through the CIICs and CPOs. First steps have been taken towards effectiveness by putting together a portfolio of 72 investment proposals and by initiating subcontracting exchanges in the region, registering some 250 SMEs for possible subcontracting. However, so far no concrete results have materialized from these efforts.

However, it should be noted that the main emphasis of this project phase was on the core outcome, i.e. building up the institutional basis for effective investment promotion. Regarding the latter (institutional strengthening) the project has been moderately effective, achieving the establishment of one CIIC and paving the way for two others.

Efficiency

The financial snapshot of the project (SAP ID 108004) shows that original budget estimates were largely adhered to. The bulk of resources were spent on international (44%) and national (38%) consultants.

Summary of expenditures of the EurAsEC project

| Project | Cost Element | Budget \$ | Expenditure \$ | Funds available \$ | % Of total expenditures |
|----------------|-------------------------|--------------|-------------------|-----------------------|----------------------------|
| 108004 | Internat. Cons/Staff | 863,979.89 | 921,537.95 | -57,558.06 | 44% |
| 108004 | Local Travel | 103,299.97 | 97,566.49 | 5,733.48 | 5% |
| 108004 | Staff Travel | 39,499.98 | 41,042.29 | -1,542.31 | 2% |
| 108004 | Nat. Consult. Staff | 757,419.33 | 791,995.91 | -34,576.58 | 38% |
| 108004 | Internat. Meetings | 127,750.02 | 133,313.11 | -5,563.09 | 6% |
| 108004 | Equipment | 10,754.96 | 10,754.96 | 0.00 | 1% |
| 108004 | Other Direct Costs | 85,400.00 | 81,373.38 | 4,026.62 | 4% |
| Overall Result | | 1,988,104.15 | 2,077,584.09 | -89,479.94 | 100% |

Source: SAP UNIDO, generated on 11/9/2013

The planned implementation period of 32 months was exceeded by about one year, which seems to be reasonable, given the reliance of project results on sometimes difficult and lengthy negotiations with partner Governments. With regard to cost-effectiveness of the applied approach to enhance investment it is impossible to determine with certainty that the funds could have been spent more effectively. But given the limited results so far, the feasibility of the project approach warrants careful review.

A major weakness of the project is the area of monitoring and evaluation. Monitoring of project activities took place, but the reports are based on activities and provide practically no detailed information on outcomes (actual institutional capacities created) and impact (investments, jobs). Furthermore, no mid-term and final evaluations have been carried out.

Impact and sustainability

The project has made efforts to build a basis for sustainability. The best chances are so far in Armenia, however even the Armenia office is currently run with a project budget and no long-term commitment beyond the project lifetime has been made. With other offices yet in process of establishment, there is not much that can yet be said about their actual sustainability. The overall project sustainability also depends on the Russian Government's willingness to fund a second phase, which seems to be the case.

The project's impacts cannot be determined as there is no concrete monitoring of investment proposals and their actual implementation. Given the fact that the CIIC lacks resources to follow up on each of the proposals, there is little likelihood that through mere circulation within the ITPO network significant investment flows would be mobilized towards the region.

E. Facilitating International Market Access for Manufacturing Suppliers in the Automotive Component Industry in the Samara region of Russia

Background

Approximately 40% of industrial production and 35% of labour force in the Samara region are concentrated in the automotive industry. This sector provides employment for 200,000 people and makes up for about 20% of the total regional exports. AvtoVAZ, is the largest Russian automobile manufacturer, has been the main driving force for component manufacturers, but with investments from Renault-Nissan, new supply chain requirements are emerging.

During the financial crisis in 2008/09, many component manufacturers in Samara also experienced a significant reduction in production volumes, earnings and staff. As lucrative as the automotive sector may be for the region, the industry is still characterized by a lack of specialized staff to improve quality and productivity, underdeveloped scientific and technological infrastructure to develop new products, and a dearth of strategic partnerships with universities and research institutions.

The project objective was to strengthen car-part suppliers capacities and manufacturing processes to meet the (quality) requirements Tier-1 vehicle manufacturers and to participate sustainably in the global supply chain. The project had three main outputs:

1. Upgrading programmes for supplier in the automotive component industry in and around Samara;
2. Increase the capacity of business support institutions in the automotive industry in Samara;
3. To further develop the Samara Automotive supplier network and to link it to other automotive clusters.

Relevance

The project design was relevant to the automotive suppliers in the Samara region. The basic underlying assumption of the project was that suppliers had a lack of capacity and skills to meet new and forthcoming manufacturing and product quality requirements from AutoVaz – Renault / Nissan. Therefore, the companies needed capacity building based assistance to introduce new production technologies and practices (e.g., lean production) to meet the Tier-1 / 2 requirements and maintain their supply chain competitiveness.

The project was timely given the impact of the global financial crisis and the impact on the car industry and hence this placed additional competitiveness / productivity pressures on the industry as a whole.

The project approach was primarily based on established capacity building activities such as: training delivered through workshops to introduce new production techniques (e.g., lean production methods) for workers and company owners / managers; study tours to Slovenia to see how other automotive suppliers had upgraded their skills and production lines; participation in exhibitions and conference to foster exchange of knowledge and cooperation between Samara-based suppliers and those based in the EU.

Effectiveness

The project achieved good results:

- Established an Association of Automotive Suppliers with 17 members to support the component manufacturers to integrate into global supply chains inter alia.
- Increased productivity of 33 local component manufacturers through training of 600 CEOs, experts, managers and employees in waste reduction and lean production techniques / methods which resulted in:
 - 20 – 45% reduction in change over time between shifts;
 - 10% reduction in lead time;
 - 15% reduction in downtime;
- Establishment of a support service network in Samara.
- Establishment of a partnership / network between Russian and Slovenian businesses in the automotive, energy efficiency and tourism sectors.

Efficiency

Project efficiency was satisfactory with no delays. The overall budget of the project was approximately USD 650,000. Majority of which was allocated to the capacity building activities and national experts. The project used few international experts, and represents a cost-effective collaboration at the local level as well with Slovenian partners.

Sustainability and impact

The evaluation team visited only one company that had participated in the project hence the conclusions are limited. However, the company had maintained lean production techniques after the completion of the project and invested in new

machinery to further improve production quality. The main incentives for doing so were the need to obtain tier 2 / 3 status to supply parts to AutoVaz.

It was reported that the suppliers association was still active and there are many market-based incentives to maintain the emphasis on improving quality and production processes within companies.

There was some discussion of an additional phase of the project to further advance production techniques and quality management. However, at present there is little emphasis from the GOR on non-environmental TC. There appear to be some self-sustaining factors in-place such as the pressure placed on supplier to maintain quality and productivity by Renault / Nissan which will to some extent lead to further improvement.

F. Phase Out HCFCs and Promotion of HFC-free Energy Efficient Refrigeration and Air- Conditioning Systems in the Russian Federation through Technology Transfer

Background

The Russian Federation is one of the biggest producers of HCFCs. It has established widespread manufacturing in all key HCFC sectors such as refrigeration, air-conditioning and the manufacture of wide variety polyurethane foams.

Between 2010 and 2015 Russia must phase out 9,550 metric tons of HCFCs to meet its compliance targets under the Montreal Protocol. The primary objective of the project is to phase-out 600 ODP tons of HCFCs in the foam and refrigeration manufacturing sectors in the Russian Federation to meet the 2015 Montreal Protocol target. The direct GHG emissions reduction resulting from the phase-out of HCFCs will be approximately 15.6 MMT CO₂. The project also aims to achieve additional GHG emission reduction through electricity savings through the introduction of more energy efficiency refrigeration and air conditioning technologies.

Relevance

The project design was based on the established GEF / MP CFC project template, with a combination of policy and legislative development; capacity building for GOR (MNRE) and customs; technology transfer (cyclo-pentene / iso-butane technologies) to participating companies and environmental education. In addition, it also includes a component to examine destruction options for a stock of obsolete ODS.

The project designs identify three important barriers: (i) insufficient institutional capacity; ii) lack of knowledge of and local availability of alternative technologies; and iii) insufficient market drivers for environmentally friendly equipment and products.

The main project partner was MNRE; Federal Customs Service and the Ministry of Internal Affairs.

Effectiveness

The project has achieved good results at its mid-point (from the 2012 PIR):

- Building Institutional Capacity and policy development: From January 1, 2013, import of HCFC and HCFC- containing equipment on the territory of the Customs Union (Russia, Belarus, and Kazakhstan) is prohibited. Criminal responsibility for ODS smuggling was enacted. The draft federal law on amending certain legislative acts of the Russian Federation with regard to implementation of the Montreal Protocol was elaborated; agreed by all concerned federal executive bodies and came through public hearings. The Chairman of the Government of the Russian Federation signed a number of directives with regard to acceleration of the ODS phase out, elaboration of the Federal target programme for 2015– 2020, incentives for spread of ozone-safe substances and equipment, implementation of the ODS-containing equipment collection and destruction system.
 - Currently the GOR is working on the development of a program to address destruction of ODS chemicals and equipment.
- Phase-out of consumption in foam and refrigeration sectors: Conversion of the companies is in progress and civil works are underway. Equipment for Pozis has been ordered but not delivered (as of June 2013).
- Development of an ODS destruction facility and supporting recovery network: So far little substantive progress has been made – the component is planned to be implemented in 2013 / 2014 (towards the end of the project).
- Stimulating market growth for energy efficiency refrigeration and air conditioning equipment: The GOR imposed an import ban on HCFC and HFC containing equipment from January 2013.

Efficiency

Project efficiency was judged to be moderate due to delays encountered in procuring equipment for companies. The overall budget and allocation between components was cost-effective with the majority going to technology transfer (and provision of hardware). Less emphasis during implementation has been placed on capacity building for customs and destruction component, which seems to only explore 'options'.

The project has drawn on national expertise for implementation and in-country management, and was in part able to capitalize on some of the residual capacity built by the World Bank / GEF CFC phase out projects completed in the early 2000s.

Sustainability and impact

Based on the field visit and the PIR date the likelihood of impact and sustainability was judged to be strong. The project has good commitment from participating companies who have been willing to invest their own funds and time in carrying out the necessary 'civil works' to receive the new technologies.

The project approach is underpinned by policy and institutional capacity improvements. However, some question marks remain with regard to destruction and the ability of the GOR to tackle trade in HCFCs.

Future issues

The main issue for the future is likely to be destruction of stocks of ODS and ODS containing equipment. The decisions on solutions may be informed by the project but it is unlikely that any actual destruction of chemicals will take place during the project implementation.

G. UNIDO-Metro Global Markets Programme Basic Level Requirements

Background

The relationship between UNIDO and the METRO Group was formed during the development phase of the Global Markets programme, as there was a mutual interest in trying out the systems and procedures, with particular reference to knowledge transfer. A number of pilot projects were jointly managed by UNIDO and METRO Group and the outcomes of the pilots had a considerable impact on the finalization of the GFSI?? Global Markets initiative. UNIDO was able to provide the processing expertise and facilitate access to networks (e.g. chambers of commerce and trade associations) within the countries chosen for the pilots, directly linking the food safety managers of METRO suppliers with competent trainers and mentors. Within each country, METRO technical staff worked closely with these trainers and mentors, who had undergone training by an appointed UNIDO expert.

The programme developed for and implemented in Russia in July 2011 was a direct result of the close working relationship between the METRO Group and UNIDO and followed the same format as developed within the pilot undertaken in Egypt between 2009 and 2010.

The UNIDO-METRO model differs from that defined by the GFSI in that the UNIDO-METRO model does not allow the supplier to undertake the self-assessment step and decide upon the level of entry; this is defined by METRO and all suppliers will undergo training, mentoring and assessment at Basic Requirement level before progressing to Intermediate Level. Within the GFSI model the supplier has the option to self-govern the point of entry into the programme and there is currently no provision for compulsory training or mentoring.

Relevance

The project was relevant to the food suppliers (for Metro) because of the need to increase food quality standards / product safety. It was reported that suppliers are primarily motivated by buyer demands / and profitability. Metro Group was interested in raising product quality and safety, to protect consumer health, and also to establish a network of reliable food suppliers to improve the local value-chain.

New GOR legislation adopted HACCP regulations for the food industry (came into force in July 2013) and will reinforce the demonstration / pilot project relevance.

Effectiveness

The project achieved good results (based on the final report – supplier assessments):

The results of the first assessment, when compared to the second assessment, mirror those seen in other pilots carried out against the GFSI Global Markets Basic Level requirements in other countries.

The results can be summarised as:

| First Assessment | | Second Assessment | |
|------------------|------------|-------------------|------------|
| Pass - 4 | Fail - 13 | Pass - 12 | Fail - 5 |
| Pass – 24% | Fail – 76% | Pass – 71% | Fail – 29% |

It can be concluded that there was significant improvement of compliance with requirements between the two assessments. It is also noted that those that still did not gain the level of compliance to grant a 'pass' grade made significant improvements.

During implementation it was found that there were requirements unfamiliar to the suppliers and that there would be difficulties to achieve compliance for certain requirements such as traceability, product incident management and allergen control; these requirements are not well understood by Russian suppliers and are not within national legislation.

The first assessments revealed the following:

1. Good manufacturing practices were well understood and generally followed.
2. There was a distinct lack of knowledge of food safety systems requirements, particularly traceability and incident management.
3. There was a lack of knowledge of the requirements relating to the control of hazards and this may not be surprising given the status of HACCP and the status of allergen declaration within Russian legislation.

The second assessment showed significant improvements in compliance against the requirement. But, individual reports from experts on those organisations which have not gained a 'pass' status showed issues of:

1. Inadequate infrastructure and capital investment within a minority of suppliers, which may require expenditure to reach the required standards (for example buildings are not maintained to an appropriate level or are old and not designed for food processing).
2. Slow progress on systems development and implementation with particular reference to traceability, hazard analysis, incident management and allergen control.

It was reported that most suppliers rated the training provided by the project to be satisfactory in terms of providing them with the necessary knowledge and skills to implement HACCP.

Efficiency

Project efficiency was judged to be moderate to strong. The project was implemented over a short period of time (less than one year) and although significant results were achieved, stakeholders, to be too short, judged the time period, and the need for continued training on HACCP to prevent backsliding was stressed.

Sustainability and impact

The project successfully trained 60% of companies to pass HACCP; and the GOR has introduced new food safety regulations to provide an appropriate push for companies to improve. Furthermore, there are strong incentives to adhere to new standards and to work with large market players such as the Metro Group.

The main issue for the future is likely to be the GOR capacity to enforce the new legislation and the ability of food suppliers to meet the new standards in the absence of longer-term support through the Metro project.

Annex B: Interview / discussion guidelines for TC assessment

A draft interview guideline was developed for the initial UNIDO HQ level discussions in May 2013, and based on previous UNIDO Country Evaluation interview guides. After the initial interviews the guideline was refined for use in the field. Note that not all the questions were asked to each stakeholder, for example community meetings followed a much more simplified structure tied to uncovering their context and understanding of UNIDO TC interventions.

Project design and implementation

- What was the origin of the project concept and approach?
- How was the consultation process during the project design? To what extent were Government or other stakeholders involved in the design?
- How would you rate the quality of project design and why? What do you see as strengths and weakness?
- What assessments (if any) / feasibility studies were conducted during the design phase? Were these inputs useful if so how?
- Why was government agency or company selected to partner with UNIDO? What is the value-added of having your involvement?
- To what extent are the problems that originated the project still relevant today?
- As designed is the project the best response to the problem identified?
- Have there been changes in the context that affected the project significantly?

Effectiveness and results

- What are the main results of the project so far?
- Has the project been effective (in terms of delivery of the components)? Has it reached the intended beneficiaries? If not why not?
- Has the project promoted any innovative way of dealing with challenges that came up during implementation?
- What do you see as strengths of the project?
- What do you see as its weaknesses and challenges? Could have been possible to anticipate these problems at the design stage?

- How have the main stakeholders performed? Better or worse than expected? Why? (E.g. are they still interested in the project? Have they shown lack of appropriate technical resources?, etc.)
- Are the main stakeholders taking effective leadership in the project implementation? Why or why not?
- What have been in your view the strengths and weaknesses of UNIDO with respect to this project?
- What plans have been made to ensure sustainability of project results / benefits?

Relevance

- What is your view of the relevance of the project to: (a) national needs and development challenges; (b) policies.
- What is your view of the relevance of the project UNIDO strategic priorities?

Efficiency

- To what extent have projects (and components) been delivered in the timely manner and cost-efficient manner?
- How could the project be delivered more efficiently?
- To what extent has there been coordination between components / and / or projects?
- What are the national management mechanisms?
- To what extent has UNIDO built synergies between its project and those of other donors / organizations?

Impact

- What do you think have been the three main impacts of the UNIDO project / programme?

UNIDO Management and procedures

- Has UNIDO brought resources (in the form of projects, backstopping, specialized consultants, lessons from the experience from other countries, etc.) that made a difference in addressing key challenges?
- To what extent has the management structure and procedures (structure, information flows, decision making, procurement) contribute to generate the planned outputs and outcomes?

- Conversely how have structures and procedures hindered delivery of the projects?
- Have administrative procedures worked according to the expectations to achieve a smooth implementation? What could be improved (if any) on UNIDO's model of intervention?

The future

- What recommendations would you like to see in the report?
- If you could start the project again today, knowing what you know now – what would you do differently and why?

Annex C: Terms of reference

Background

Development and international cooperation⁸⁵

In December 1991, the USSR was split into Russia and 14 other independent states. The Russian Federation has a population of 141.9 million. It is the 9th most populated country in the world. It had an estimated negative population growth rate for 2012 (-0.01%) and life expectancy at birth of the total population is 66.46 years. Health expenditure is around 5.1% of GDP (world ranking 136). Expenditure on military is 3.9% of GDP (world ranking 25). Expenditure on education is 4.1% of GDP (world ranking 110). Russia spans 9 time zones.

Russia is the largest country in the world with respect to area. It possesses many different natural resources, including large amounts of oil, natural gas, coal, and many strategic minerals, reserves of rare earth elements and timber. However, due to climate and terrain features, a large amount of the natural resources cannot be exploited. Owing to same reasons, most of the land cannot be used for agriculture. Main agricultural products are grain, sugar beets, sunflower seed, vegetables, fruits, beef and milk.

Russia has a GDP of 1.858 trillion USD (current) – which is among the top-10 GDP's in the world– and a GDP per capita of USD 13,089. The rate of growth of GDP has been 4% for the past 2 years. However, according to the Economist Intelligence Unit, a downside risk predominates if improvements to the investment climate will not be pursued strongly. Inflation has been brought down from 8.4% in 2011 to 5.1% in 2012. GDP and labour force (75.6 million people) composition by sector is as follows:

⁸⁵ Information has been compiled from the World Bank, Economist Intelligence Unit, World Factbook, UNIDO, UNDP in April 2013.

| | GDP | Labour force |
|---------------------|-------------------|---------------------|
| Agriculture: | 3.9% | 7.9% |
| Industry: | 36% | 27.4% |
| Services: | 60.1% (2012 est.) | 64.7% (2011) |

Youth unemployment is 18.3% (15-24 years age) and ranks 67 in world comparison. Total unemployment rate is 5.7%. 12.7% of population lives below the poverty line. In 2012, Russian Federation's Human Development Index was in the high human development category, ranking it at 55 out of 187 countries and territories.

Industries are mainly in the sectors of mining and extractive industries producing coal, oil, gas, chemicals, and metals; all forms of machine building from rolling mills to high-performance aircraft and space vehicles; defence industries including radar, missile production, and advanced electronic components, shipbuilding; road and rail transportation equipment; communications equipment; agricultural machinery, tractors, and construction equipment; electric power generating and transmitting equipment; medical and scientific instruments; consumer durables, textiles, foodstuffs and handicrafts.

The growth rate of industrial production was 2.6% in 2012. Within industry the manufacturing sector is of particular importance, generating traditionally a fifth of the country's GDP.

| Indicator | Year/Period | Russian Federation | Industrialized countries |
|--|--------------------|---------------------------|---------------------------------|
| MVA average annual real growth rate (in %) | 2000-2005 | 6.36 | 2.41 |
| | 2005-2010 | -0.23 | -1.62 |
| Non-manufacturing GDP, average annual real growth rate (in %) | 2000-2005 | 6.20 | 2.11 |
| | 2005-2010 | 3.80 | 1.11 |
| MVA per capita at constant (2000) US\$ prices | 2000 | 345.58 | 3,399.21 |
| | 2005 | 476.63 | 3,691.79 |
| | 2010 | 504.00 | 3,492.84 |

| Indicator | Year/Period | Russian Federation | Industrialized countries |
|--|-------------|--------------------|--------------------------|
| MVA as percentage of GDP at constant (2000) US\$ prices | 2000 | 19.62 | 17.62 |
| | 2005 | 19.62 | 17.59 |
| | 2010 | 17.07 | 16.10 |

Source: UNIDO Statistical country brief for Russian Federation, UNIDO Infobase, accessed on 24 April 2013.

Exports rose from USD522 billion in 2011 to USD530 billion in 2012. Main export items are petroleum and petroleum products, natural gas, metals, wood and wood products, chemicals, and a wide variety of civilian and military manufactures. Top 5 export countries are Netherlands 12.2%, China 6.4%, Italy 5.6%, Germany 4.6%, Poland 4.2% (2011).

Similarly, imports rose from USD323 billion in 2011 to USD335 billion in 2012. Main import items were machinery, vehicles, pharmaceutical products, plastic, semi-finished metal products, meat, fruits and nuts, optical and medical instruments, iron, steel. Main import countries were China 15.5%, Germany 10%, Ukraine 6.6%, Italy 4.3% (2011).

Both, electricity production and consumption rank 4 in the world, after China, the United States of America and the EU. From total installed capacity, source of electricity production is from:

Fossil fuels – 67.7%

Nuclear fuels – 17.2%

Hydroelectric plants – 15.1%

Other renewable sources – 0%

Current environmental issues are air pollution from heavy industry, emissions of coal-fired electric plants, and transportation in major cities; industrial, municipal, and agricultural pollution of inland waterways and seacoasts; deforestation; soil erosion; soil contamination from improper application of agricultural chemicals; scattered areas of sometimes intense radioactive contamination; groundwater contamination from toxic waste; urban solid waste management; abandoned stocks of obsolete pesticides.

As far as Official Development Assistance is concerned, Russia is the first of the BRICS countries (Brazil, Russia, India, China and South Africa) to report its ODA flows to the OECD. In 2010, Russia provided USD 472 million in aid. [OECD, accessed on 24 April 2013].

UNIDO and the Russian Federation

a) UNIDO presence in the Russian Federation

UNIDO does not maintain a fully-fledged Regional Office, Country Office or UNIDO Desk in the Russian Federation. Instead, UNIDO has established the Centre for International Industrial Cooperation (CIIC) and the Investment and Technology Promotion Office (ITPO), both of which are headed by the same National Director who also assists in coordinating other activities related to UNIDO cooperation in the Russian Federation. For example, he is also a part of the UN Country Team (UNCT).

In 2009 the Russian Federation and UNIDO signed an agreement for a special purpose contribution to the Industrial Development Fund (IDF).

b) UNIDO Technical cooperation (TC) in the Russian Federation

The earliest UNIDO projects have been implemented in the Russian Federation over 20 years ago, in 1993. Starting in 1998 attempts were made to organize UNIDO TC in the Russian Federation through frameworks. From 1999 to 2002 an Integrated Programme (IP) was implemented, consisting of one federal and several regional sub-programmes (St. Petersburg, Moscow oblast, the Republic of Komi and the Republic of Bashkortostan).

One of the main areas of activity over this period was support for the creation of the necessary institutional infrastructure for industrial development at the federal and regional levels. With assistance from UNIDO, the following organizational structures were established or further developed:

- Interregional Centre for Industrial Subcontracting and Partnership (Moscow);
- Clean Technologies Centre for the Oil and Gas Industry (Moscow);
- Republic Centre for Clean Production (Syktyvkar);
- Investment Promotion Centre (Ufa);
- Biological Safety Information Centre (Moscow);

- International Centre for Environmental Safety and Clean Production (San Petersburg);
- International Centre for Biotechnology in Medicine (Moscow region);
- Venture Investment Fund to Support Small High-tech Businesses (San Petersburg).

From 2003 to 2006 a Country Service Framework (CSF) was implemented covering the seven components:

- Technology Foresight for Strengthening the Competitiveness of Knowledge-based Industry;
- Technology Transfer and Interregional Cooperation;
- Technical Support and Training for Selected Food-processing Enterprises;
- Strengthening the Competitiveness of the Small and Medium-scale Footwear Manufacturers;
- Quality Management in Small & Medium-scale Enterprises to Increase Access to Export Markets;
- Cleaner Production, Resource Saving and Energy Efficiency;
- Regional Industrial Development.

Both country programmes (IP and CSF) were only partially implemented due to challenges with regard to funds mobilization (the last progress report of the IP reports USD 2.5 million mobilized vs. USD 15.5 planned). After the closure of the CSF in 2006 no further cooperation frameworks have been formulated and technical cooperation was planned and implemented based on individual projects.

The current amount of the budget of UNIDO's TC portfolio in Russia is USD 38 Million, representing by far the highest value in the history of UNIDO – Russia cooperation. There is also a significant amount of projects in the pipeline and further growth of the portfolio might be expected, especially through the funds provided by multilateral donors such as the GEF (Global Environment Facility) and the MLF (Multilateral Fund of the Montreal Protocol).

A list of ongoing and completed national and regional projects is contained in Annex A. Following is a summary of the most important currently ongoing UNIDO projects in the Russian Federation:

UNIDO Centre for International Industrial Cooperation (CIIC) in the Russian Federation (TF/GLO/07/027, TF/GLO/07/A27, TF/GLO/07/B27)

The CIIC was established in Moscow based on the Agreement between the Government and UNIDO concluded on 19 December 1992. The Agreement defined main functions, structure and priorities of the Centre. In 2007, the Russian Government and UNIDO agreed to extend the Agreement from January 2008 until December 2009. It had a planned duration of 2 years to be followed by extensions in a 2-year cycle. The Government coordinating agency on the Russian side is the Ministry of Education and Science.

According to the current project document (signed Dec. 2008), the major objective of the project is to ensure the efficient functioning of the UNIDO CIIC in the Russian Federation in order to facilitate inward investment and technology flows as well as to promote joint business initiatives focusing on thematic priorities between entrepreneurs in the Russian Federation and foreign industrial counterparts. Further, it has been playing an active role in the preparation and implementation of various technical assistance (TA) projects of UNIDO and coordinating them. It also provides technical expertise in the design, organization and implementation of investment promotion events in Russia. Target beneficiaries are Russian SMEs interested in cooperation with foreign partners.

The UNIDO CIIC provides the following services:

- Access to investment information, government and private business institutions and contacts in other countries through the UNIDO network;
- Direct communication with and access to entrepreneurs worldwide;
- Participation at UNIDO-sponsored and/or organized investment and technology promotion events;
- Upgrading skills of local staff of investment-related institutions by using UNIDO investment promotion methodologies and tools.

The project document also formulates the continuous improvement of analytical and operational capacities of ITPO and the expansion of ITPO networks in CIS countries as its outputs.

The Head (Director) and the Deputy Director of the CIIC are to be appointed by UNIDO. The Head of the Centre would direct and manage the operations under the overall supervision of the UNIDO ITPO Branch. UNIDO is to provide access to its established network of ITPOs worldwide, as well as its methodology and software to carry out feasibility analyses of investment projects. The CIIC is to

submit progress reports to UNIDO every 4 months, in accordance with ITPO Manual.

Establishment of a UNIDO Investment and Technology Promotion Office (ITPO) Network in EurAsEC member states (US/RER/10/002, US/RER/09/001)

According to the project document, the main purpose of the project is to contribute to the development of the common market of EurAsEC⁸⁶ countries and their integration in the global economy by enhancing investment and technology flows. It will focus on the establishment of a sustainable UNIDO Investment and Technology Promotion (ITPO) network in EurAsEC countries to be integrated into the existing UNIDO worldwide ITPO network. The project will be shaped around three major pillars: investment and technology promotion, institutional capacity building and networking. The project is based on a Memorandum of Cooperation between UNIDO and the Eurasian Economic Community (EurAsEC) signed in January 2009 and a request by the EurAsEC Secretariat of July 2009 for the establishment of ITPOs in EurAsEC member countries.

The project was formulated to facilitate the integration of EurAsEC countries by increasing the flow of investments by SMEs intra EurAsEC and globally. The main purpose of the project is to enhance investment and technology flows specially targeting SMEs in these countries and to facilitate their integration in the global investment market. Issues to be addressed are International Investment and Technology Promotion, Domestic Investment Promotion, Access to finance for SMEs, and Networking.

Technical coordination would be provided by CIIC Russia, which will ensure operational support in the implementation of planned activities especially in relation to services with Russian companies/ Institutions, jointly with international and national experts.

The project has been jointly designed and developed by UNIDO and the EBRD. The main aim of the projects is to produce a step-change in industrial energy efficiency in the Russian Federation (reduce greenhouse gas emissions), by transforming the market for industrial energy efficiency in GHG-intensive industries. Major project components are: Enhancing knowledge assets (training material), capacity building (training) in large industries (being implemented by EBRD), capacity building in SMEs (training in energy management systems), policy support and project management. These will also encompass activities

⁸⁶ Members are Belarus, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan; Observers are Armenia, Moldova, Ukraine; Uzbekistan was suspended.

that: structurally improve industrial energy efficiency in industries; have a direct positive effect on national energy use; and improve the capacity of the government with respect to energy efficiency policies.

According to the Progress Report (December 2011) a project management unit has been established and a baseline study – Phase I was almost completed. Ongoing processes were: finalization of training programmes and material, identification of partner SMEs and identification process of lead national experts on Energy Management System (EnMS) and System Optimization (SO). The project Management Unit in Moscow had one professional staff, supported by staff of the UNIDO CIIC. Due to increasing work, one full-time project assistant was supposed to be recruited by December 2012.

Enhancing Industrial Performance and Competitiveness in the Global Market (SF/RUS/06/001)

The main objectives are to strengthen the capabilities of the national institutional infrastructure to foster development of SMEs and promote business and technological partnerships. According to the revised project document (November 2007), project site is the Republic of Bashkortostan. The project was to start in June 2006 and initial planned duration was 3 years. The project continues with the TC activities with the Republic of Bashkortostan, which were initiated in 1999. Planned outputs are: Round Table on new forms of public-private partnerships (PPP); Recommendations to improve institutional infrastructure for the SME development; Train national staff to prepare investment projects; and International conference on business and technological opportunities.

According to the Progress Report (February 2010), 5 out of 7 outputs were either partially or fully implemented. 2 of the outputs were not implemented at the request of the government due to the restructuring of the counterpart Ministry.

Phase out of HCFCs and Promotion of HFC-free Energy Efficient Refrigeration and Air-conditioning Systems in the Russian Federation through Technology Transfer (XP/RUS/11/005, GF/RUS/11/001, GF/RUS/10/001)

The primary objective of the project is the direct phase out 600 ODP tonnes of HCFCs in the foam and refrigeration manufacturing sectors in the Russian Federation to meet the 2015 Montreal Protocol target. The GHG emissions

reduction resulting from the phase out of HCFCs will be approximately 15.6 MMTCO₂.

The secondary objective of the project is to introduce more energy efficient designs, through technology transfer, during the conversion of refrigeration and air conditioning manufacturing facilities. By doing so the project aims to achieve indirect GHG emissions reduction through reduced electricity consumption in the commercial and industrial refrigeration sectors, by approximately 10 MMT CO₂ in 5 years.

Identification, evaluation and prioritization of pollution ‘hot-spots’ in the basins of trans-border reservoirs and transfer of environmentally sound technologies (US/RUS/10/003)

This project has been fully implemented with a budget of USD 1,310,000. It aims at reducing the pollution of the Volga River, which contributes to more than 80 to 90% of pollutants discharged to the Caspian Sea. The project implementation will follow an approach and methodology developed by UNIDO under the GEF-funded projects on “Identification, assessment and prioritizations of the pollution hot-spots” as well as on “Transfer of Environmentally Sound Technologies” – TEST.

The project infrastructure has been fully created. Water quality laboratory is being upgraded. The component 1 of the project is successfully completed. National capacities in “hot-spots” identification, evaluation and prioritization are being built and training activities took place as per work plan. According to the project manager the project is well received in the region and has a strong support from the Regional and Federal Governments.

BAT/BEP centre for environmentally safe disposal of potentially hazardous consumer products and industrial wastes (US/RUS/10/002)

This project is currently being finalized. It had a total budget of USD \$1,326,999. The project addresses the creation of capacity for the management of electronic, electric and rubber wastes in Russia (Federal and regional level) and expanding to EurAsEC countries. The final evaluation of this project will be carried out in parallel with the Country Evaluation.

Budget information

Seven national projects are currently ongoing in the Russian Federation, amounting to a total budget of over USD 32 million, one-fourth of which has been spent. The Russian Federation has implemented or participated in altogether 32 projects, amounting to over USD 38 million. Details are shown in the table below.

| | No. of Projects | Allotment \$ | Expenditure \$ |
|----------------------------------|--------------------|-------------------|-------------------|
| Ongoing National Projects | 7 | 32.279.293 | 8.738.708 |
| Ongoing Regional Projects | 3 | 3.275.461 | 3.094.690 |
| Completed Projects | 19 | 3.278.860 | 3.258.148 |
| Total | 32 | 38.833.614 | 15.091.546 |

Five projects are in pipeline amounting to over USD 41 million. The list of pipeline projects is provided in the Annex.

Rationale and purpose of the evaluation

This country evaluation is being undertaken as foreseen by the Work programme of the Evaluation Group for 2012/2013. The evaluation will be a forward-looking exercise, as it will seek to identify best practices, areas for improvement and lessons to enhance the relevance, efficiency, effectiveness, impact and sustainability of future UNIDO interventions in the Russian Federation.

The key users of this evaluation will be UNIDO management at Headquarters, the UNIDO Representations in the Russian Federation, the Government of the Russian Federation and the various organizations in the country cooperating with UNIDO. For these stakeholders the evaluation should constitute a starting point and key input for the planning of future cooperation activities.

Scope and focus of the evaluation

The country evaluation will use DAC evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability) and will go beyond a mere documentation of results by identifying factors that have facilitated or impeded the achievement of the objectives.

The evaluation will focus on the following aspects:

- The relevance and alignment of interventions to national needs and priorities and to international development goals (MDGs, Paris Declaration etc.)

- The achievements of technical cooperation (TC) and global forum (GF) interventions against different project/programme documents and against UNIDO's strategic objectives as a whole (Programme and Budget, Medium-Term Programme Framework).
- The efficiency of management and coordination processes including the performance of the UNIDO ITPO in the Russian Federation and UNIDO HQ.
- Achievements in relation to cross-cutting issues:
 - Integration and Delivering as One UNIDO (coordination, cooperation, exploitation of synergies).
 - Contribution to Gender equality.
 - Contribution to environmental sustainability.
- UNIDO's strategic positioning in the country, including the regional and global perspective.

The evaluation would focus on projects since 2006 until 2012. The exact scope of the country evaluation will be defined in the inception report.

Evaluation issues and key evaluation questions

Evaluation of technical cooperation (TC) activities

Technical cooperation is the most important part of UNIDO's activities worldwide and also in the Russian Federation. The evaluation should provide evidence-based findings and conclusions on the following questions that refer to the UNIDO activities in the country as a whole as well as to individual national and regional projects:

- Are UNIDO interventions aligned to national needs, development goals and priorities, including the MDGs?
- Are UNIDO interventions coherent?
- To what extent did national stakeholders (government, non-government, national and local) participate at the design and implementation stages?
- To what extent did the target population and participants take ownership of the projects? To what extent did they contribute with their own resources?
- What outputs have been produced by TC projects in the Russian Federation and did they contribute to the expected outcomes and impact as specified in project and programme documents?
- What factors have been contributing to effectiveness or ineffectiveness?
- To what extent does UNIDO coordinate its interventions and is aligned with other development partners?
- Have potential synergies between different interventions been exploited?
- How does UNIDO add value to the different interventions and initiatives?

Evaluation of global forum (GF) activities

Global forum (GF) activities are those which are initiated by UNIDO to exchange and disseminate knowledge and information, as well as facilitate partnerships, producing an “output”, without a pre-identified client, which increases the understanding of sustainable industrial development issues and solutions. GF activities can be either “stand alone”, e.g. an international conference without linkage to the ongoing TC activities in the country or “embedded” in TC projects (e.g. the outcomes of a country project are presented in an international forum). GF activities have informative, advocating and normative functions. Global Forum activities will be assessed according to the Framework for assessment of global forum activities the exact approach to assess global forum activities will be defined in the inception report.

Evaluation of UNIDO’s participation in country-level coordination mechanisms

For UNIDO, the principle of harmonization set out in the Paris Declaration and the effective coordination within the UN System are increasingly important issues. The evaluation should provide evidence on the organisation’s performance and identify causes and reasons for successes and failures.

- Does UNIDO contribute to the UNDAF, the UN Country Team and other system-wide coordination mechanisms?
- Did the CCA/UNDAF/DaO Support Programme facilitate UNIDO’s participation in country-level coordination mechanisms?
- Were the resources provided by UNIDO for these purposes sufficient?
- How does the participation in UN activities affect UNIDO’s performance?
- Does UNIDO participate in joint programmes or other cooperation activities with other UN agencies or donors?
- How are partnerships and coordination with national stakeholders and other development partners managed?

Evaluation of management at country level and performance of the ITPO

- What were the ITPO's contributions to UNIDO's work?
- How did implementation arrangements affect ownership and capacity building?
- How did the implementation modalities affect the perspectives of sustainability of projects and programme interventions?
- How do UNIDO's field presence and HQ support planning, implementation and monitoring of TC and GF activities?
- Is the field presence adequately equipped to assume the assigned functions?
- Are the existing capacities being used in an efficient manner?
- To what extent are UNIDO activities coordinated and integrated? (One UNIDO)

Evaluation approach and methodology

In terms of data collection the evaluation team will use different methods ranging from desk review (an indicative reading list is given in Annex D) to individual interviews, focus groups, statistical analysis, literature research, surveys and direct observation. The concrete mix of methods will be described in the inception report.

The evaluation team should ensure that the findings are evidence based. This implies that perceptions, hypotheses and assertions obtained in interviews will be validated through cross checks and triangulation of sources.

While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all stakeholders. These include government counterparts, private sector representatives, other UN organizations, multilateral organizations, bilateral donors, beneficiaries as well as UNIDO regular and project staff.

Depending on formal requirements, the complexity and the strategic importance of each project/activity, different approaches will be used for the assessments:

a) Project evaluations:

Projects for which an independent evaluation report is available will be included in the country evaluation, based on the information contained in the evaluation report. In the case of the Russian Federation, this concerns the following project:

- BAT/BEP centre for environmentally safe disposal of potentially hazardous consumer products and industrial wastes (US/RUS/10/002); the project evaluation will be carried out in parallel of the country evaluation.

b) Project assessments:

For projects that do not formally require a fully-fledged evaluation or that are not yet due for evaluation, but for which a comprehensive assessment is regarded important.

The following methodological components will be applied: an assessment of the project documentation including an assessment of project design and intervention logic; a validation of available progress information through interviews with key stakeholders and beneficiaries; a context analysis of the project to validate implicit and explicit project assumptions and risks, including interviews with government agencies and donors regarding the developments and tendencies in the project-specific environment.

c) Reviews:

For projects that are likely to start soon, that have started very recently or that are considered important for other reasons a review will be carried out. The following methodology will be applied: a review of the available documentation; a validation of the foreseen intervention logic/design with a special focus on the relevance to national priorities and to the country programme or UNIDO's strategic priorities. This will also include Montreal Protocol projects.

d) Non-TC evaluation issues:

The evaluation issues described in chapter IV B, C and D will use several sources of information such as interviews with key UN partners of UNIDO and bilateral donors, interviews with national partner institutions, review of available evaluations and studies, interviews with UNIDO HQ staff and project managers. Additional methodological components can be defined in the inception report. Deviations from this proposed methodology need to be explained and justified in the inception report.

Timing

The country evaluation is scheduled to take place between May and October 2013. A field mission for the evaluation is envisaged for the first half of June 2013.

| Activity | Estimated date |
|---|----------------|
| Collection of documentation at HQ and | May 2013 |
| Desk Review by members of evaluation team | May 2013 |

| Activity | Estimated date |
|--|----------------|
| Initial interviews at HQ to assess scope | May 2013 |

| Activity | Estimated date |
|--|-------------------------|
| Inception report | May 2013 |
| Mission to the Russian Federation and presentation of preliminary findings to the government | June 2013 |
| Presentation of preliminary findings at HQ | July 2013 |
| Drafting of report | August – September 2013 |
| Collection and incorporation of comments | September 2013 |
| Issuance of final report | October 2013 |

Evaluation team

The evaluation team will include:

1. One senior international evaluation consultant who will act as team leader with responsibility for the evaluation report and who will cover assessments of the evaluation issues outlined in section V of the TOR.
2. One national evaluation consultant who will participate in all evaluation activities and contribute to the assessments under the direction of the team leader, in particular with a view to assessing the UNIDO activities in the light of national objectives, strategies and policies, cooperation priorities and institutional capacities.
3. One staff member of UNIDO Evaluation Group who will participate in all evaluation activities and contribute to the assessments under the direction of the team leader, in particular with a view to assessing UNIDO activities in the light of UNIDO's overall objectives, policies, competencies and capacities.

The members of the evaluation team will be contracted by UNIDO. The tasks of the consultants are specified in their respective job descriptions, attached to this TOR in annex B.

All members of the evaluation team must not have been involved in the design and/or implementation, supervision and coordination of any intervention to be assessed by the evaluation and/or have benefited from the programmes/ projects under evaluation.

One member of UNIDO's Evaluation Group (ODG/EVA) will manage the evaluation and will act as a focal point for the evaluation consultants. Additionally, the UNIDO

ITPO and the respective project teams in the Russian Federation will support the evaluation team and will help to coordinate the evaluation mission.

Evaluation process and reporting

The evaluation team will use a participatory approach and involve various stakeholders in the evaluation process. It will present its preliminary findings to the Government, to the UNIDO staff in the field and at UNIDO Headquarters. A draft evaluation report will be circulated for comments. The reporting language will be English. The draft outline of the evaluation report is contained in annex C.

Review of the draft report:

The draft report will be shared with UNIDO and the Government for initial review and consultation. They may provide feedback on any error of fact and may highlight the significance of such errors in conclusions. The evaluators will take comments into consideration when preparing the final version of the evaluation report.

The draft report will be submitted 6-8 weeks after the field mission, at the latest, to the Government of the Russian Federation and to UNIDO for comments.

Deliverables

- Inception Report
- Presentation of preliminary findings to counterparts and HQ staff
- Draft Report
- Final Report

Quality assurance

All UNIDO evaluations are subject to quality assessments by the UNIDO Evaluation Group. Quality control is exercised in different ways throughout the evaluation process (briefing of consultants on ODG/EVA methodology and process, review of inception report and evaluation report). The quality of the evaluation report will be assessed and rated against the criteria set forth in the UNEG guidance on evaluation report quality (http://www.unido.org/fileadmin/user_media/About_UNIDO/Evaluation/UNEG_G_2010_2_Quality_Checklist_for_Evaluation_Reports%5B1%5D.pdf).

Annex D: List of persons interviewed

| Government of Russian Federation | |
|---|---|
| Aleksey Konev | Director of Innovation, Ministry of Energy, Russia Energy Agency |
| Nuritdin Inamov | Director of International Cooperation, Ministry of Natural Resources and Environment |
| Ravil Kuzyurov | Deputy Minister, Ministry of Ecology and Natural Resources of the Tatarstan Republic |
| Evgeny Ugrinovich | Director of International Cooperation, Ministry of Education and Science |
| Maria Volosatova | Chief of Climate / Air Pollution Unit, Ministry of Natural Resources and Environment |
| Victor Zagrekov | Deputy Director of International Cooperation, Ministry of Foreign Affairs |
| UNIDO ITPO-CIIC Moscow | |
| Maxim Eliseev | National Expert |
| Mikhail Dubov | National Expert |
| Sergey Korotkov | Director |
| Boris Melnichuk | National Expert (Hotspots) |
| Stanislav Pokrovskiy | International Expert (EurAsEC) |
| Vassily Tselikov | National Expert (HCFC) |
| Irina Vasilieva | Accounting Officer |
| UNIDO Headquarters | |
| Farruk Alimdjanov | Project Manager Industrial Parks (Regional Project) |
| Lucia Cartini | ITPO Network |
| Vladimir Ishchenko | Consultant BAT / BEP project |
| Marco Matteini | Project Manager – Energy Efficiency |
| Solomiya Omelyan | Programme Officer for Europe and NIS Programme |
| Igor Volodin | Head of Water Management Unit |
| Agencies& Partners | |
| Vincent Duijnhouwer | Programme Manager, Energy Efficiency and Climate Change, European Bank for Reconstruction and Development |

| Private Sector Beneficiaries | |
|-------------------------------------|--|
| Igor Dragunskikh | PozisRefrigerationCompany |
| Radik Khassanov | PozisRefrigerationCompany |
| Sergey Nazarov | Pozis Refrigeration Company |
| Dimitry Perhsin | Pozis Refrigeration Company |
| Nikolay Chalyshev | Director, UMM |
| Sergey Konnov | Chief Engineer, UMM |
| Andrey Kurochkin | Head of Regional Quality Assurance CIS, Metro Group |
| Alexander Dudchenko | Department Head, Rubber Crumb, Koltech |
| Valerii Minakov | Director, RIVT |
| Other Stakeholders | |
| Fathullin Akhatovich | National Consultant, Volga International Cleaner Production Centre |
| Ivan Blokov | Director, Greenpeace Russia |
| Irina Chernukha | Deputy Director, The Gorbato's All Russian Meat Research Institute |
| Mukhametshin Faritovich | Director, Volga International Cleaner Production Centre |
| Schepovskikh Ivanovich | Adviser to the Minister for Ecology and Natural Resources |
| Alexy Kormushkin | Automotive consultant |
| Stanislav Meshcheryakov | Head of Industrial Ecology, Gubkin Oil and Gas University and Director of the National Cleaner Production Centre for Oil and Gas |
| Shlychkov Petrovich | National Consultant, Volga International Cleaner Production Centre |
| Alexander Startsev | General Director, North-Western International Cleaner Production Centre |
| Denis Zhidkov | General Director, Zhiguli Valley Technopark |

Annex D: List of stakeholders interviewed

| Site Visits | |
|---------------------------------------|---|
| Hotspots / HCFC / EE projects | Pozis Refrigeration Company (Zelenodolsk near to Kazan) |
| Hotspots | Volga International Cleaner Production Centre (Kazan) |
| BAT / BEP | Koltech Rubber Crumb / Recycling Facility (Tatarstan) |
| Automotive | UMM Company (Togliatti) |
| Chemical Leasing / Cleaner Production | North-Western Cleaner Production Centre (Saint Petersburg) |
| Vodokanal Water Treatment works | Partners of the North-Western Cleaner Production Centre (Saint Peterburg) |

Annex E: List of documents consulted

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- UNDP. National Human Development Report in the Russian Federation – Energy Sector and Sustainable Development. UNDP. Moscow (2009).
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- Montreal Protocol On Substances that Deplete the Ozone Layer, Report of the UNEP Technology and Economic Assessment Panel, May 2013.
- UNIDO project documents and progress reports.
- UNIDO internal process documents (Quality Advisory Group notes, Decisions and recommendations of the Approval and Monitoring Committee).

Annex F: List of projects

(As of May 2013 – accessed from UNIDO)

| Project No(s). | Project Manager | | Unit | Total | |
|--|------------------|--|-------------|--------------|----------------|
| | | | | Allotment \$ | Expenditure \$ |
| GF/RUS/12/001 | KRAJNIK, Paul | | PTC/MPB/SFU | 2550000 | 17392 |
| PHASE-OUT OF CFC CONSUMPTION IN THE MANUFACTURE OF AEROSOL METERED DOSE INHALERS (MDIS) IN THE RUSSIAN FEDERATION | | | | | |
| GF/RUS/10/A04 | KOROTKOV, Sergey | | PTC/BIT/ITU | 5976795 | 1289656 |
| MARKET TRANSFORMATION PROGRAMME ON ENERGY EFFICIENCY IN GHG-INTENSIVE INDUSTRIES IN RUSSIA | | | | | |
| SF/RUS/06/001 | KOROTKOV, Sergey | | PTC/BIT/ITU | 545349 | 274653 |
| ENHANCING INDUSTRIAL PERFORMANCE AND COMPETITIVENESS IN THE GLOBAL MARKET | | | | | |
| XPI/RUS/11/002 | MATTEINI, Marco | | PTC/ECC/IEE | 81735 | 46134 |
| MARKET TRANSFORMATION PROGRAMME ON ENERGY EFFICIENCY IN GHG-INTENSIVE INDUSTRIES IN RUSSIA | | | | | |
| GF/RUS10/004 | MATTEINI, Marco | | PTC/ECC/IEE | 2101830 | 731648 |
| MARKET TRANSFORMATION PROGRAMME ON ENERGY EFFICIENCY IN GHG-INTENSIVE INDUSTRIES IN RUSSIA | | | | | |
| US/RUS/10/002 | PENG, Zhengyou | | PTC/EMB/SCU | 1326999 | 1281765 |
| BAT/BEP CENTER FOR ENVIRONMENTALLY SAFE DISPOSAL OF POTENTIALLY HAZARDOUS CONSUMER PRODUCTS AND INDUSTRIAL WASTES | | | | | |
| GF/RUS/1/2002 | PENG, Zhengyou | | PTC/EMB/SCU | 220000 | 60919 |
| ENVIRONMENTALLY SOUND MANAGEMENT AND FINAL DISPOSAL OF PCBs AT THE RUSSIAN RAILROADS AND OTHER PCB OWNERS - PREPARATORY ASSISTANCE | | | | | |
| XPI/RUS/11/005 | SOROKIN, Yury | | PTC/MPB/RAU | 166585 | 58480 |

| | | | | |
|--|---------------------------|-------------|----------|---------|
| PHASE OUT OF HCFCs AND PROMOTION OF HFC-FREE ENERGY EFFICIENT REFRIGERATION AND AIR-CONDITIONING SYSTEMS IN THE RUSSIAN FEDERATION THROUGH TECHNOLOGY TRANSFER | | | | |
| GF/RUS/11/001 | SOROKIN, Yury | PTC/MPB/RAU | 18000000 | 3669496 |
| PHASE OUT OF HCFCs AND PROMOTION OF HFC-FREE ENERGY EFFICIENT REFRIGERATION AND AIR-CONDITIONING SYSTEMS IN THE RUSSIAN FEDERATION THROUGH TECHNOLOGY TRANSFER | | | | |
| US/RUS/10/003 | VOLODIN, Igor Nikolaevich | PTC/EMBWMU | 1310000 | 1308565 |
| IDENTIFICATION, EVALUATION AND PRIORITIZATION OF POLLUTION "HOT-SPOTS" IN THE BASINS OF TRANS-BORDER RESERVOIRS AND TRANSFER OF ENVIRONMENTALLY SOUND TECHNOLOGIES | | | | |

| 2. Ongoing projects: RER/GLO/INT (participating country: Russian Federation) | | | | |
|--|------------------------|-------------------|------------------------|---------------------|
| Project No(s). | Project Manager | Unit | Project | Budget |
| US/RER/10/002 | KOROTKOV, Sergey | PTC/BIT/ITU | 1983496 | 1940686 |
| ESTABLISHMENT OF UNIDO INVESTMENT AND TECHNOLOGY PROMOTION OFFICE (ITPO) NETWORK IN EURASEC MEMBER STATES | | | | |
| US/RER/09/001 | KOROTKOV, Sergey | PTC/BIT/ITU | 83114 | 83114 |
| ESTABLISHMENT OF UNIDO INVESTMENT AND TECHNOLOGY PROMOTION OFFICES (ITPOS) NETWORK IN EURASEC MEMBER STATES - PREPARATORY ASSISTANCE | | | | |
| TF/GLO/07/027 | CARTINI, Lucia | | 1208851 | 1070890 |
| UNIDO CENTRE FOR INTERNATIONAL INDUSTRIAL COOPERATION IN THE RUSSIAN FEDERATION | | | | |
| Completed Projects | | Total (\$) | 3275461 | 3094690 |
| Project No(s). | Project Manager | Unit | Total Allotment | Expenditures |
| XP/RUS/06/004 | BAU, Bernard | PTC/TCB/CIU | 41349 | 41349 |

| 2. Ongoing projects: RER/GLO/INT (participating country: Russian Federation) | | | |
|---|-------------------------------|-------------|--------|
| DEVELOPMENT OF TRADE-RELATED LABORATORY INFRASTRUCTURE IN PRIMORSKY KRAI, RUSSIAN FEDERATION (PREPARATORY ASSISTANCE) | | | |
| GF/RUS/08/004 | MATTEINI, Marco | PTC/ECC/IEE | 225000 |
| MARKET TRANSFORMATION PROGRAMME ON ENERGY EFFICIENCY IN GHG-INTENSIVE INDUSTRIES IN RUSSIA | | | |
| XPI/RUS/08/003 | MATTEINI, Marco | PTC/ECC/IEE | 96549 |
| MARKET TRANSFORMATION PROGRAMME ON ENERGY EFFICIENCY IN GHG-INTENSIVE INDUSTRIES IN RUSSIA | | | |
| XPI/RUS/11/004 | SOROKIN, Yury | PTC/MPB/RAU | 45832 |
| PHASE-OUT OF CFC CONSUMPTION IN THE MANUFACTURE OF AEROSOL METERED DOSE INHALERS (MDIS) IN THE RUSSIAN FEDERATION - PREPARATORY ASSISTANCE | | | |
| GF/RUS/11/003 | SOROKIN, Yury | PTC/MPB/RAU | 50000 |
| PHASE-OUT OF CFC CONSUMPTION IN THE MANUFACTURE OF AEROSOL METERED DOSE INHALERS (MDIS) IN THE RUSSIAN FEDERATION - PREPARATORY ASSISTANCE | | | |
| GF/RUS/10/001 | SOROKIN, Yury | PTC/MPB/RAU | 180000 |
| PHASE OUT OF HCFCs AND PROMOTION OF HFC-FREE ENERGY EFFICIENT REFRIGERATION AND AIR-CONDITIONING SYSTEMS IN THE RUSSIAN FEDERATION THROUGH TECHNOLOGY TRANSFER - PREPARATORY ASSISTANCE | | | |
| EE/RUS/05/002 | UPADHYAYA, Shyam Bhakta | SQA/DPR/STA | 465012 |
| DEVELOPMENT OF METHODOLOGIES OF ICT STATISTICS FOR RUSSIA: IMPLEMENTATION OF INTERNATIONAL STANDARDS | | | |
| SF/RUS/07/A02 | AKHVLEDIANI, Yuri Iraklievich | PTC/BIT/ITU | 64802 |
| SUPPORT TO INDUSTRIAL DEVELOPMENT | | | |
| SF/RUS/07/002 | AKHVLEDIANI, Yuri Iraklievich | PTC/BIT/ITU | 396203 |
| SUPPORT TO COMPETITIVE AND INNOVATIVE INDUSTRIAL DEVELOPMENT | | | |
| US/RUS/09/002 | VOLODIN, Igor Nikolaevich | PTC/EMBWMU | 30196 |
| IDENTIFICATION, EVALUATION AND PRIORITIZATION OF POLLUTION "HOT-SPOTS" IN THE | | | |

| 2. Ongoing projects: RER/GLO/INT (participating country: Russian Federation) | | | |
|--|--------------------------------|-----------------|--------|
| BASINS OF TRANSBORDER RESERVOIRS AND TRANSFER OF ENVIRONMENTALLY SOUND TECHNOLOGIES - PREPARATORY ASSISTANCE | | | |
| SF/RUS/08/001 | VOLODIN, Igor Nikolaevich | PTC/EMB/WMU | 49443 |
| IDENTIFICATION, ASSESSMENT AND DEVELOPMENT OF "ATLAS" AND THE DATA-BASE OF WATER RELATED BEST AVAILABLE TECHNOLOGIES | | | |
| TF/RUS/06/002 | VOLODIN, Igor Nikolaevich | PTC/EMB/WMU | 49340 |
| BUSINESS APPROACHES FOR CLEANER PRODUCTION IN RUSSIA | | | |
| UE/RUS/04/053 | VOLODIN, Igor Nikolaevich | PTC/EMB/WMU | 506324 |
| EXTENSION OF THE PROGRAMME FOR STRENGTHENING OF THE NORTH-WESTERN INTERNATIONAL CLEANER PRODUCTION AND ENVIRONMENTAL MANAGEMENT CENTRE IN ST. PETERSBURG - RUSSIA (PHASE II) | | | |
| US/RUS/09/001 | EISA, Mohamed Nageeb Abdalla | PTC/FLD/AFR/SAF | 66836 |
| BAT/BEP CENTER FOR ENVIRONMENTALLY SAFE DISPOSAL OF POTENTIALLY HAZARDOUS CONSUMER PRODUCTS AND INDUSTRIAL WASTES - PREPARATORY ASSISTANCE | | | |
| UE/RUS/08/002 | WEISERT, Natascha Annika | PTC/BIT/CBL | 763727 |
| FACILITATING INTERNATIONAL MARKET ACCESS FOR MANUFACTURING SUPPLIERS IN THE AUTOMOTIVE COMPONENT INDUSTRY IN SAMARA REGION OF RUSSIA | | | |
| XP/RER/10/005 | ALIMDJANOV, Farrukhbek Amanovi | PTC/BIT/CUP | 50000 |
| REGIONAL SEMINAR ON INDUSTRIAL PARKS AS A TOOL TO ATTRACT INVESTMENT AND ENHANCE INNOVATION IN SELECTED COUNTRIES OF EASTERN EUROPE AND NEWLY INDEPENDENT STATES AFFECTED BY THE CURRENT ECONOMIC DOWNTURN | | | |
| UE/RER/10/004 | ALIMDJANOV, Farrukhbek Amanovi | PTC/BIT/CUP | 44247 |
| REGIONAL SEMINAR ON INDUSTRIAL PARKS AS A TOOL TO ATTRACT INVESTMENT AND ENHANCE INNOVATION IN SELECTED COUNTRIES OF EASTERN EUROPE AND NEWLY INDEPENDENT STATES AFFECTED BY THE CURRENT ECONOMIC DOWNTURN | | | |
| XP/RER/08/013 | EISA, Mohamed Nageeb Abdalla | PTC/FLD/AFR/SAF | 154000 |
| REGIONAL FORUM ON BEST AVAILABLE TECHNIQUES AND BEST ENVIRONMENTAL PRACTICES (BAT/BEP) FOR CENTRAL AND EASTERN EUROPE, CAUCASUS, AND CENTRAL | | | |
| | | | 147611 |

| 2. Ongoing projects: RER/GLO/INT (participating country: Russian Federation) | | |
|--|--|--|
| ASIA (CEECCA) TO PROMOTE STRATEGIES TO REDUCE OR ELIMINATE UNINTENTIONALLY PRODUCED POPS FROM INDUSTRY - 2ND PREPARATORY MEETING AND MINISTERIAL LAUNCHING MEETING | | |
| Key: Preparatory Projects | | |



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