



# **Russian Federation: Support to the National Programme of Action for the Protection of the Arctic Marine Environment**

**Half-Yearly Progress Report  
of the Project Activities for the period from 01 July 2006 to 31  
December 2006**

**Project Office in Moscow  
[December 31, 2006 ]**

# Half-Yearly Progress Report of the Project Activities for the period from 01 July 2006 to 31 December 2006

Prepared: by Project Office

Status: for consideration at the Project Supervisory Council

## HALF-YEARLY PROGRESS REPORT As of 31 December 2006

**Project Number:** GFL / 2732 – 03 – 4694  
GF/3010-03-21

**Project Title:** Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment

**Division/Unit:** UNEP/DGEF

**Coordinating Agency or Supporting Organization:** UNEP is the Implementing Agency and Ministry for Economic Development and Trade of the Russian Federation acts as the Executing Agency

**Reporting Period (the six months covered by this report):** July – December 2006

## I. SUMMARY

Key project achievements for the reporting period are as follows:

SAP component: two official TT SAP meetings were held and structure and content of the SAP were agreed. In addition several working meetings have been also organised. First and second drafts of the SAP have been discussed. A review of the current state of environment in the Russian Arctic as a scientific basis for the SAP is in the process of finalisation. This document will be provided to the Project Steering Committee with proposal on its publishing.

PINS working group has been established. Working document that includes the basic concept of PINS; overview of priority environmental hot spots selected during the work on the NPA-Arctic and PDF B GEF Project; objectives and the content of PINS; work plan; timetable; and the role of the co-ordinator of the WG and its members and of the lead cooperating and participating organisations has been prepared. The quality of the draft Concept document outlining the criteria for the selection of hot spots for PINS was prepared, but was not approved by the Project Office and the Executive Agency due to its sub-optimal quality. The follow-up action is to modify the prepared report on PINS selection criteria and to involve NEFCO in revision of the report.

Contracts for WG consultants for COMAN-DEMO project devoted to indigenous people co-management with industry and authorities have been prepared and signed. A field-mission under the COMAN-demo project was finished on November 14, 2006 and draft Proposal for this demonstration Project has been submitted to the Project Office in December 2006. This proposal did not contain in full extent the necessity of reflecting of positive experience existing in several northern regions of the Russian Federation, as it was stipulated by the Project Document. Comments provided by the Executive Agency and by the Project Office contain recommendations for correction of this document. This work should be finished in February 2007.

BASES demo-project is in its preparatory phase. Contracts for WG consultants have been prepared and signed. Franz Josef Land project was proposed as a remediation site for military base. Franz Josef Land Project is supported by the Arctic Council and major international stakeholders. Follow-up action is to make decision on Frantz Josef Land Project, finalise necessary project documentation and to start preparatory activities for summer 2007 initial remediation mission there.

CLEANUP demo-project: Contracts for WG consultants have been prepared and signed. Working document and a concept of project document for this demo-project have been already prepared and comments of the Project Office and the Executive Agency are basically taken into account during preparation of the final draft documents. Follow-up action is request completion of the work by consultants by February 15, 2007.

On average, there is more than 6 months delay in Project implementation. The main reasons for this delay are:

- (i) procedure for disbursement of donors' funds was agreed by August 2006 only,
- (ii) mechanism for co-ordinating activities between PO and ACOPS is absent or inefficient,
- (iii) difficulties with preparation of Integrated Work Plan for Phase I due to uncertainty with donors' funds for some activity of the Project, and
- (iv) UNDP postponed the finalisation of consultant contracts and reimbursements for 4 months; PO was not able to remediate the situation

Total expenditures of GEF funds reallocated for the Phase 1 of the Project are less than 8 % as of beginning of 2007. Despite of about 70 % of the GEF funds is planned for sub-contracts with cooperating organizations for 2007 it is unlikely that these contracts will be implemented during less than half of year. With the aim of increasing the value of Phase I results and taking into account new GEF requirements to the projects, Executing Agency, Implementing Agency and Project Office consider reasonable to implement several additional demonstration and pilot project during the Phase I of the Project. New project proposals will be proposed to the Project Steering Committee. Bearing all above in mind as well as the fact that major field activities in the Arctic region possible only during April - September it is necessary to extend the duration of Phase I of the Project for 1.5 years pending modifications in the IWP and endorsement of the StCM.

The main activities to be performed for the next reporting period (Jan-June 2007) are as follows:

- The draft of SAP document is finalized and circulated among Russian federal and regional authorities, international stakeholders and SC members;
- Completion all the preparatory work for pre-investment studies: finalization of work on the priority hot spot selection criteria; approval of this criteria by Russian authorities, elaboration of full list of hot spots in the Russian Arctic and selecting 8-10 priority hot spots for pre-investment

studies on a basis of the approved criteria; preparation of tenders dossiers and ToRs for three cooperating organisations, Concluding the contracts with bid-winners and establishment of sub-groups (SGs) for each PINS and finalisation of documents for each PIN.

- Project documents for the three DEMO projects are completed and tenders executed. Companies that won bidding started field activities.
- Initiation of EPS activities in line with IWP.
- Preparation and implementation of new demonstration and pilot projects, which will be supported by the Project Steering Committee.

## II. PROGRESS ON PROJECT COMPONENTS (according to the Project IWP Phase I)

### Activity I. Strategic Action Programme (SAP)

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
1.1	Proposals and selection of the Task Team (TT) Co-ordinator.	Approval of TT Co-ordinator familiar with the methodology for the preparation of the SAP and familiar with the organisations and individuals that might be involved in the preparation of the SAP. <i>Output 100 %</i>	Manager/ ExA	January 2006	February 2006	completed
1.2	Proposals and selection of the TT members.	Selection of TT members to cover all major sectors of the SAP and the NPA-Arctic. <i>Output 100 %</i>	Manager/ ExA	January 2006	February 2006	completed
1.3	Preparation of the consultancy contract with TT Co-ordinator.	Signed contract with TT Co-ordinator, including duties, outputs, work plan, timetable and other details. <i>Output 100 %</i>	Manager/ ExA	January 2006	February 2006	completed
1.4	Preparation of	Draft contracts including duties, outputs, work plan,	Manager	January 2006	March 2006	completed

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	consultancy contracts with TT members.	timetable and other details discussed with the potential TT members and signed subsequently. <i>Output 100 %</i>				
1.5	Preparation of the working document to be considered at the First Meeting of the TT.	Working document to include the basic SAP concept; objectives; principles; content; outputs; work plan; timetable; role of TT co-ordinator and members, as well as lead organisation; procedure for the national and international review of the draft SAP; procedure for the adoption of the SAP; and basic ideas about the implementation mechanism. The document is also to contain proposals for the terms of reference for the TT. This document is to be considered, amended and adopted by the First Meeting of the TT. <i>Output 100 %</i>	TT co-ordinator/ Manager	February 2006	February 2006	completed
1.6	Review of the working document at the First Meeting of the TT.	Report of the meeting to include the basic SAP concept; objectives; principles; content; outputs; work plan; timetable; role of TT co-ordinator and members, as well as lead organisation; procedure for the national and international review of the draft SAP; procedure for the adoption of the SAP; and basic ideas about the mechanism of the implementation; terms of reference for the TT; tender documentation for selection of the lead co-operating organisation; and decision on the establishment of working groups. <i>Output 100 %</i>	TT co-ordinator/ Manager	February 15, 2006	February 15, 2006	completed
1.7	Preparation of ToR for lead co-operating organisation. Carrying out of the tender and	ToR is prepared. Signed contract with the tender winner lead co-operating organisation that includes duties, outputs, work plan, timetable and other details in	TT co-ordinator/ Manager	May 2006	June 2007	It was agreed to use a lead cooperating organisation for preparation and

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	preparation of the contract with the lead co-operating organisation.	compliance of schedule of payments.  <i>Output 0 %</i>				publishing of final SAP and DA documents and for organisation of round-table discussions
1.8	Preparation of ToRs for WGs and their consultants (activities 1.8.1 – 1.8.7 will be carried out by these WGs).	Established WGs for particular topics and with defined tasks, work plan, timetable, outputs and other details.  <i>Output 80 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	March –May 2006	WG1 (strategic environmental assessment) – March 2006 WG2 (Stakeholders analysis) – July 2006 WG3 (financing mechanism for SAP implementation) – January 2007	WG1 and WG2 have been established and functioning;  The ToR for WG 3 (donor's funding) is ready and approved; consultants are selected but their contracts have not been signed yet
1.8.1	Development of financial mechanisms of the SAP implementation	Scoping report on mechanisms of financing the activities included into the SAP  <i>Output 40 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	September 2006	March 2007	The WG3 planned for this purpose has not started yet its work; ToR for this activity is issued in Dec 2006, international consultant is hired by ACOPS and tender for national consultants is announced
1.8.2	Regional aspects of SAP	Scoping report on regional SAP sub-programs with recommendations for SAP  <i>Output 20 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	August 2006	March 2007	Delays in issuing the contracts with regional consultants by ACOPS and some delay with responses from regions.

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
1.8.3	Strategic environmental assessment of the SAP under development	Report on SEA to support SAP with recommendation on improvement of SAP <i>Output 80 %</i>	TT co-ordinator/ Manager in coordination with ExA	August 2006	May 2007	Delays with consultant contract finalization and remunerations as a result of improper UNDP work
1.8.4	Diagnostic analysis of environmental situation in Arctic region	Interpretive reports on environmental problems in Russian Arctic with recommendations for SAP <i>Output 100 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	April 2006	July 2006	Completed; Cumulative report containing the information about the environment in the Russian Arctic is prepared. Two versions (one shortened for wider distribution and another one – “encyclopaedic” in Russian – for limited distribution) will be prepared
1.8.5	Causal chain analysis	Report on causal chain analysis with recommendations <i>Output 50 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	June 2006	February 2007	Draft report nearly completed and sent to ACOPS for revision
1.8.6	Stakeholder analysis and development of public involvement	Stakeholder perception survey report and draft public involvement plan <i>Output 40 %</i>	TT co-ordinator/ Manager in coordination with ExA and PA	August 2006	March 2007	ToRs are developed and contracts with consultants are signed
1.8.7	Information of stakeholders and communication strategy	Report on information of public and stakeholders and communication plan <i>Output 20 %</i>	TT co-ordinator/ Manager in coordination with	June 2007	May 2007	ToRs are developed and contracts with several consultants



No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	to public on project results		ExA			are signed
1.9	Preparation of the first draft of the SAP to be reviewed at the Second Meeting of the TT.	The first draft of the SAP prepared in accordance with the conclusions and recommendations elaborated at the First Meeting of the TT. <i>Output 100 %</i>	TT co-ordinator/ Manager	May 2006	September 2006	Delays with consultant contract finalization and remunerations as a result of improper UNDP work and inability of the PO to resolve the issue on time
1.10	Review of the first draft of the SAP at the Second Meeting of the TT	Report of the meeting to include detailed comments on the first draft of the SAP that will enable effective amendment of the document; to include the work plan, timetable, and distribution of tasks for the preparation of the second draft of the SAP; and to include a decision to which federal and regional departments and agencies and industrial enterprises the second draft will be sent for comments. <i>Output 100 %</i>	TT co-ordinator/ Manager in coordination with ExA	June 2006	February 2007	Delays with consultant contract finalization and remunerations as a result of improper UNDP work and inability of the PO to resolve the issue on time
1.11	Preparation of the second draft of the SAP.	The second draft of the SAP, to include response to comments and suggestions made at the Second Meeting of the TT. This draft will be sent to federal and regional executive authorities, agencies and companies of all forms of ownership for comments. <i>Output 0 %</i>	TT co-ordinator/ Manager	June 2006	March 2007	Inability of the PO to resolve the issue on time and management problems with the SAP TT
1.12	Review of the second draft of the SAP by federal and regional executive authorities.	Comments by federal and regional executive authorities that will be taken into account in preparing the third draft of the SAP.	TT co-ordinator/ Manager in coordination with ExA	June - July 2006	March 2007	Planned for March 2007

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		<i>Output 0 %</i>				
1.13	Preparation of the third draft of the SAP to be reviewed at the Third Meeting of the TT, Moscow.	The third draft of the SAP, to address comments by federal and regional executive authorities. <i>Output 0 %</i>	TT co-ordinator/ Manager	July 2006	April 2007	Planned for April 2007 To be submitted to the StC meeting
1.14	Review of the third draft of the SAP at the Third Meeting of the TT, Moscow.	Report of the meeting to include detailed comments on the third draft; decision to whom in the international community fourth draft will be sent for comments; and detailed procedure of the process of adoption of the SAP by executive authorities of the Russian Federation. <i>Output 0 %</i>	TT co-ordinator/ Manager	August 2006	April- May 2007	Planned for May 2007
1.15	Preparation of the fourth draft of the SAP.	The fourth draft of the SAP, to address comments by the TT. This draft is to be sent to the international partners for comments. <i>Output 0 %</i>	TT co-ordinator/ Manager	August 2006	May 2007	Planned for May 2007
1.16	International review of the SAP	Comments by international community on the fourth draft of the SAP. Comments received are addressed <i>Output 0 %</i>	TT co-ordinator/ Manager in coordination with ExA and IA	September 2006	June 2007	Planned for June 2007
1.17	Preparation of the fifth draft of the SAP.	The fifth draft of the SAP, to address comments by the international community. This draft will be sent to executive authorities of the Russian Federation for adoption. <i>Output 0 %</i>	TT co-ordinator/ Manager	October 2006	June 2007	Planned for June 2007
1.18	Endorsement of the SAP by relevant state authorities after taking	Endorsed SAP, ready for approval. <i>Output 0 %</i>	Manager/ExA	December 2006	July 2007	Planned for June 2007

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	into account comments received on a basis of international evaluation					
1.19	Adoption of the SAP by the relevant executive authority.	SAP adopted by the relevant executive authority of the Russian Federation. <i>Output 0 %</i>	Manager/ExA	January 2007	August 2007	Planned for July 2007

## Activity 2. Pre-investment studies (PINS)

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
2.1	Proposals for and selection of the Co-ordinator of the Working Group (WG) for Pre-Investment Studies (PINS) will be prepared.	Approval of the selected WG Co-ordinator familiar with the methodology for the preparation of PINS and familiar with the organisations and individuals that might be involved in the preparation of PINS. <i>Output 100 %</i>	Manager/ExA	March 2006	April 2006	completed
2.2	Proposals for and selection of the WG members.	Approval of the selected WG members for development of criteria for the hot spots selection and co-ordination of PINS taking into account environmental, economic, social and political factors. The WG will be composed of 8 Russian and 3 International consultants, and 1 representative from the Executing Agency. <i>Output 100 %</i>	Manager/ExA	April 2006	May 2006	completed
2.3	Preparation of the consultancy contract with WG Co-ordinator.	Signed contract with WG Co-ordinator, including duties, outputs, work plan, timetable and other details. <i>Output 100 %</i>	Manager/ExA	April 2006	May 2006	completed
2.4	Preparation of consultancy contracts with WG members.	Draft contracts, including duties, outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 100 %</i>	WG Co-ordinator / Manager	April 2006	May 2006	completed
2.5	Preparation of the working document to be considered at the First Meeting of the WG.	Working document to include the basic concept of PINS; overview of priority environmental hot spots selected during the work on the NPA-Arctic and PDF B GEF Project; objectives and the content of PINS; work plan; timetable; and the role of the co-ordinator of the WG and its members and of the	WG Co-ordinator / Manager	April 2006	June 2006	completed

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		<p>lead cooperating and participating organisations. The document is also to contain proposals for the criteria for the selection of hot spots for which PINS will be prepared and terms of reference for the WG. This document is to be considered, amended and adopted by the First Meeting of the WG.</p> <p><i>Output 100 %</i></p>				
2.6	Review of the working document at the First Meeting of the WG, Moscow.	<p>Report of the meeting to include the basic concept of PINS; overview of hot spots selected during the work on the NPA-Arctic and PDF B GEF Project; objectives and targets, the content and outputs of PINS; work plan and timetable; the role of the co-ordinator of the WG and its members and of lead cooperating and participating organisations. The Report is also to contain proposals for the criteria for selection of hot spots for which PINS will be prepared and terms of reference for the WG.</p> <p><i>Output 50 %</i></p>	WG Co-ordinator / Manager	May 2006	July 2006	Problems with selecting consultants having proper expertise in this field; Coordinator of the WG resigned; prepared report was criticized by PO, ExA and IA for below-standard quality.
2.7	Update and review of the existing hot spots identified at PDF-B stage	<p>Update (data collection), review and analysis of the situation with hot spots</p> <p><i>Output 40 %</i></p>	WG co-ordinator / Manager in coordination with PA	June 2006	March-April 2007	ToR has been prepared however the actual work is in the initial stage, contracts with consultants are in final stage of preparation
2.8.	Preparation of Guidelines on conduction of preinvestment studies	<p>Guidelines for conducting the preinvestment studies (methodology and procedures)</p> <p><i>Output 80</i></p>	WG co-ordinator / Manager in coordination with PA	June 2006	February 2007	Delays with consultant contract finalization and issuing the contracts by ACOPS.
2.9	Development of criteria for selection of hot spots for which PINS will be prepared, on the basis of	<p>Criteria for selection of hot spots for which PINS will be prepared, which will include criteria for taking into account environmental, economic, social, and</p>	WG Co-ordinator / Manager in coordination with	July 2006	February 2007	Not quite adequate understanding by consultants of their tasks.

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	comments given at the First Meeting of the WG.	other aspects in the process of selection. <i>Output 50 %</i>	PA			Delays with consultant contract finalization and remunerations as a result of improper UNDP work  Inability of the PO to resolve the issue on time and management problems with the PINS WG
2.10	Hot spots screening and selection. Preparation of the list of potential pre-investment studies.	On the basis of the work done on analysis of environmental hot spots in the PDF B GEF Project, the hot spots identified in the NPA-Arctic and submitted by federal and regional authorities, the list of potential pre-investment studies will be prepared. Using the adopted criteria for selection, about 8-10 hot spots will be selected for which PINS will be prepared. The Report of the Second Meeting will include selected hot spots and the rationale for the selection.  <i>Output 10 %</i>	WG Co-ordinator / Manager in coordination with PA	September 2006	April 2007	Not quite adequate understanding by consultants of their tasks.  Inability of the PO to resolve the issue on time and management problems with the WG PINS
2.11	Preparation of tenders dossiers and ToRs for cooperating organisations. Selection of lead cooperating organisations for the conduction of PINS.	Tender for the selection of three lead cooperating organizations for conducting PINS (for the western, central and eastern parts of the Russian Arctic) will be announced by the Project Office. Terms of reference for lead cooperating organisations will be included in the conditions of the tender.  <i>Output 0 %</i>	WG Co-ordinator / Manager in coordination with PA	Sep 2006 to Jan 2007	May 2007	Planned for May 2007
2.12	Selection of hot spots for which PINS will be done, at the Second Meeting of	The Report of the Second Meeting will include selected hot spots and the rationale for the selection.	WG Co-ordinator / Manager	August 2006	May 2007	Planned for May 2007

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	the WG.	<i>Output 0 %</i>				
2.13	Concluding the contracts with bid-winners	On the basis of the tender and criteria adopted by the Executing Agency, three lead cooperating organisations are selected. Contracts are concluded that includes schedule of payments. <i>Output 0 %</i>	WG Co-ordinator / Manager	September 2006	May 2007	Planned for May 2007
2.14	Preparation of ToRs for sub-groups (SGs) for each PINS and their consultants	ToRs for SGs and consultants for each PIN Study will be prepared. Each SG will consist of the co-ordinator, up to five Russian consultants and one or two international consultants. The SGs will cooperate with lead cooperating organisations and participating organisations, which will be defined by lead cooperating organisations and approved by Project Office. <i>Output 0 %</i>	SG Co-ordinator / Manager	September 2006	June 2007	Planned for June 2007

### Activity 3. Environmental Protection System Improvements (EPS)

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
3.1	Proposals for and selection of the Co-ordinator of the Task Team on Implementation of the SAP (TT SAP).	Approval of the TT Co-ordinator familiar with the methodology for the implementation of the SAP and with organisations and individuals that might be involved. <i>Output 0 %</i>	Manager/ExA	January 2007	April 2007	Implementation of this Project component can be started after the 2 <sup>nd</sup> draft SAP review by authorities.
3.2	Proposals for and selection of TT members.	Approval of the TT members to cover various aspects of this activity, to be developed by three WGs (Legislative Improvements, Administrative Improvements and Institutional and Technical Improvements). It is envisaged that the TT will be composed of 10 Russian and 3 international consultants and 1 representative of the Executing Agency. <i>Output 0 %</i>	Manager/ExA	January 2007	April 2007	As above
3.3	Preparation of the consultancy contract with the TT Co-ordinator.	Signed contract with the TT Co-ordinator, including duties, outputs, work plan, timetable and other details. <i>Output 0 %</i>	Manager/ExA	January 2007	April 2007	As above
3.4	Preparation of consultancy contracts with TT members.	Signed contracts with TT members, including duties, outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 0 %</i>	TT Co-ordinator / Manager	January 2007	April 2007	As above
3.5	Preparation of the working document to be considered at the First Meeting of the TT.	Working document to include basic concept of the Environmental Protection System (EPS); overview of priority improvements in environmental protection mechanisms for which the need was identified during work on the NPA-Arctic and PDF B	TT Co-ordinator / Manager	February 2007	May 2007	As above



No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		<p>GEF Project; proposals for the establishment of three WGs subordinate to the TT, including proposals for the respective Co-ordinators, tasks on EPS improvement in general and in all three directions for lead cooperating and participating organisations, outputs, work plan, timetable and other details. The document is also to contain draft terms of reference for the TT, including expected outputs, work plan, timetable and other details; the role of the co-ordinator of the TT and its members; as well as the role of cooperating and participating organisations. This document is to be considered, amended and adopted by the First Meeting of the TT. <i>Output 0 %</i></p>				
3.6	<p>Review of the working document at the First Meeting of the TT, Moscow.</p>	<p>Report of the meeting to include basic concept of EPS; overview of priority improvements in environmental protection mechanisms for which the need was identified during work on the NPA-Arctic and PDF B GEF Project; and proposals for the establishment of three WGs subordinate to the TT, including proposals for the respective Co-ordinators, tasks on EPS improvement in general and in all three directions for lead cooperating and participating organisations, outputs, work plan, timetable and other details. Report is also to contain terms of reference for the TT, including outputs, work plan, timetable and other details; the role of the co-ordinator of the TT and its members; as well as the role of cooperating and participating organisations. <i>Output 0 %</i></p>	TT Co-ordinator / Manager	March 2007	May 2007	As above
3.7	<p>Preparation of ToR for the lead cooperating</p>	<p>As a result of the tender, the lead cooperating organization for the development of the EPS (in</p>	TT Co-ordinator / Manager	April 2007	June 2007	As above

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	<p>organisation. Carrying out of the tender and selection of the lead cooperating organisation for the development of the EPS in general and preparation of the contract with the selected organisation.</p>	<p>general) is selected. Signed contract with this organisation to include terms of reference, expected outputs, work plan, timetable and other details. Contracts with cooperating organisation are concluded.  <i>Output 0 %</i></p>		May 2007		
3.8	<p>Proposals for the members of each of the three WGs. Preparation of ToRs and a tender documentation for the three lead participating organisations.</p>	<p>Selection of the WG members. It is envisaged that each WG will be composed of 6 Russian and 3 international consultants, and 1 representative from the Executing Agency. ToRs for each lead participating organisation are prepared.  <i>Output 0 %</i></p>	TT Co-ordinator / Manager	May 2007	June 2007	As above
3.9	<p>Carrying out of the tenders and selection of the lead participating organisation for each of the three WGs and preparation of contracts with each organisation.</p>	<p>As a result of the tenders the lead participating organisation is appointed for each of the three WGs on the basis of agreed TORs. Signed contracts with these organisations to include TORs, outputs, work plan, timetable and other details.  <i>Output 0 %</i></p>	WG and TT Co-ordinators / Manager	June 2007	July 2007	As above

#### 4. Demonstration Projects (DEMOS)

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
4.1	Proposals for and selection of the Co-ordinator of the WG on Contaminant Clean-up (WG CLEANUP).	Approval of the WG Co-ordinator familiar with the methodology for decontamination of marine waters through the use of brown algae as well as of organisations and individuals that might be involved. <i>Output 100 %</i>	Manager / ExA	March 2006	March 2006	Completed
4.2	Proposals for and selection of the WG CLEANUP members.	Approval of the WG members to cover various aspects of this demonstration project. <i>Output 100 %</i>	Manager / ExA	April 2006	March 2006	Completed
4.3	Preparation of the consultancy contract with the WG CLEANUP Co-ordinator.	Signed contract with the WG Co-ordinator, including duties, outputs, work plan, timetable and other details. <i>Output 100 %</i>	Manager / ExA	April 2006	October 2006	Completed Delays with consultant contract issuing
4.4	Preparation of consultancy contracts with the WG CLEANUP members.	Draft contracts, including duties, expected outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 100 %</i>	WG Co-ordinator / Manager	April 2006	October-November 2006	Completed Delays with consultant contract contracts issuing
4.5	Preparation of the working document to be considered at the First Meeting of the WG CLEANUP.	Working document to include basic concept of the Contaminant Clean-up method; draft terms of reference for the WG, including expected outputs, work plan, timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. This document is to be considered, amended and adopted by the First Meeting of the WG. <i>Output 100 %</i>	WG Co-ordinator / Manager in coordination with PA	May 2006	October 2006	Completed Delays with consultant contract finalization and the contracts issuing

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
4.6	Review of the working document at the First Meeting of the WG CLEANUP, Moscow.	Report of the meeting to include basic concept of Contaminant Clean-up method; terms of reference for the WG, including outputs, work plan, timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. <i>Output 70 %</i>	WG Co-ordinator / Manager in coordination with PA	June 2006	February 2007	Not quite adequate understanding by consultants of their tasks.
4.7	Preparation of ToR and conduct of the tender and preparation of the contract with the lead cooperating organisation for the development of Contaminant Clean-up demonstration.	ToR for the lead cooperating organization for the development of CLEANUP-DEMOS is prepared. Signed contract with the lead cooperating organisation (which won the tender) to include duties, expected outputs, work plan, timetable and other details. Contract is concluded that includes schedule of payments <i>Output 0 %</i>	WG Co-ordinator / Manager in coordination with PA	August 2006	March 2007	Planned for March 2007
4.8	Proposals for and selection of the Co-ordinator of the WG on Indigenous Environmental Co-Management (WG COMAN).	Approval of the WG Co-ordinator familiar with the methodology for the implementation of the Indigenous Environmental Co-Management Project as well as of organisations and individuals that might be involved. <i>Output 100 %</i>	Manager /ExA	July 2006	August 2006	Completed
4.9	Proposals for and selection of the WG COMAN members.	Approval of the WG members to cover various aspects of this demonstration project. <i>Output 100 %</i>	Manager	August 2006	August 2006	Completed
4.10	Preparation of the contract with the WG COMAN Co-ordinator.	Signed contract with the WG Co-ordinator including duties, expected outputs, work plan, timetable and other details. <i>Output 100 %</i>	Manager /ExA	September 2006	November 2006	Completed

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
4.11	Preparation of contracts with the WG COMAN members.	Draft contracts, including duties, outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 100 %</i>	WG Co-ordinator / Manager	October 2006	November 2006	Completed
4.12	Proposals for and selection of the Co-ordinator of the WG on the Environment Remediation in the areas of Two Decommissioned Military Bases (WG BASES).	Approval of the WG Co-ordinator familiar with the methodology for the environment remediation in the areas of two decommissioned military bases as well as of organisations and individuals that might be involved. <i>Output 100%</i>	Manager /Executing Agency	November 2006	August 2006	Completed
4.13	Proposals for and selection of WG the BASES members.	Approval of the WG members to cover various aspects of this demonstration project. <i>Output 100 %</i>	ExA/Manager	November 2006	August 2006	Completed
4.14	Preparation of the contract with the WG BASES Co-ordinator.	Signed contract with the WG Co-ordinator, including duties, expected outputs, work plan, timetable and other details. <i>Output 100 %</i>	ExA/Manager	November 2006	October 2006	Completed
4.15	Preparation of contracts with the WG BASES members.	Draft contracts, including duties, expected outputs, work plan, timetable and other details, to be discussed with the potential consultants and signed subsequently. <i>Output 100 %</i>	WG Co-ordinator / Manager in coordination with PA	November 2006	November 2006	Completed
4.16	Preparation of the working document to be considered at the First Meeting of the WG COMAN.	Working document to include basic concept of the environmental co-management method for extracting companies and indigenous peoples of the North; overview of relevant needs identified during the work on the NPA-Arctic and PDF B GEF Project; draft terms of reference for the WG, including expected outputs, work plan, timetable	WG Co-ordinator / Manager in coordination with PA	October 2006	December 2006	Completed Draft of the project document for this demo-project has been prepared however requires further

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
		and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. This document is to be considered, amended and adopted by the First Meeting of the WG. <i>Output 100 %</i>				improvement
4.17	Preparation of the working document to be considered at the First Meeting of the WG BASES.	Working document to include basic concept of the environmental remediation method for the areas of two decommissioned military bases; overview of relevant needs identified during the work on the NPA-Arctic and PDF B GEF Project; draft terms of reference for the WG, including outputs, work plan, timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. This document is to be considered, amended and adopted by the First Meeting of the WG. <i>Output 50 %</i>	WG Co-ordinator / Manager in coordination with PA	October 2006	March 2007	There is a problem with a final selection of a remediation site
4.18	Review of the working document at the First Meeting of the WG COMAN, Moscow	Report of the meeting to include basic concept of the environmental co-management method for extracting companies and indigenous peoples of the North; overview of relevant needs identified during the work on the NPA-Arctic and PDF B GEF Project; terms of reference for the WG, including expected outputs, work plan, timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. <i>Output 50 %</i>	WG Co-ordinator / Manager in coordination with PA	November 2006	March 2007	Planned for March 2007
4.19	Preparation of ToR and conduct of the tender and preparation of the contract with the lead	ToR is prepared. Signed contract with the lead cooperating organization (which won the tender) to include ToR, expected outputs, work plan, timetable, schedule of payments for the contract	WG Co-ordinator / Manager in coordination with PA	November 2006	March 2007	Planned for March 2007

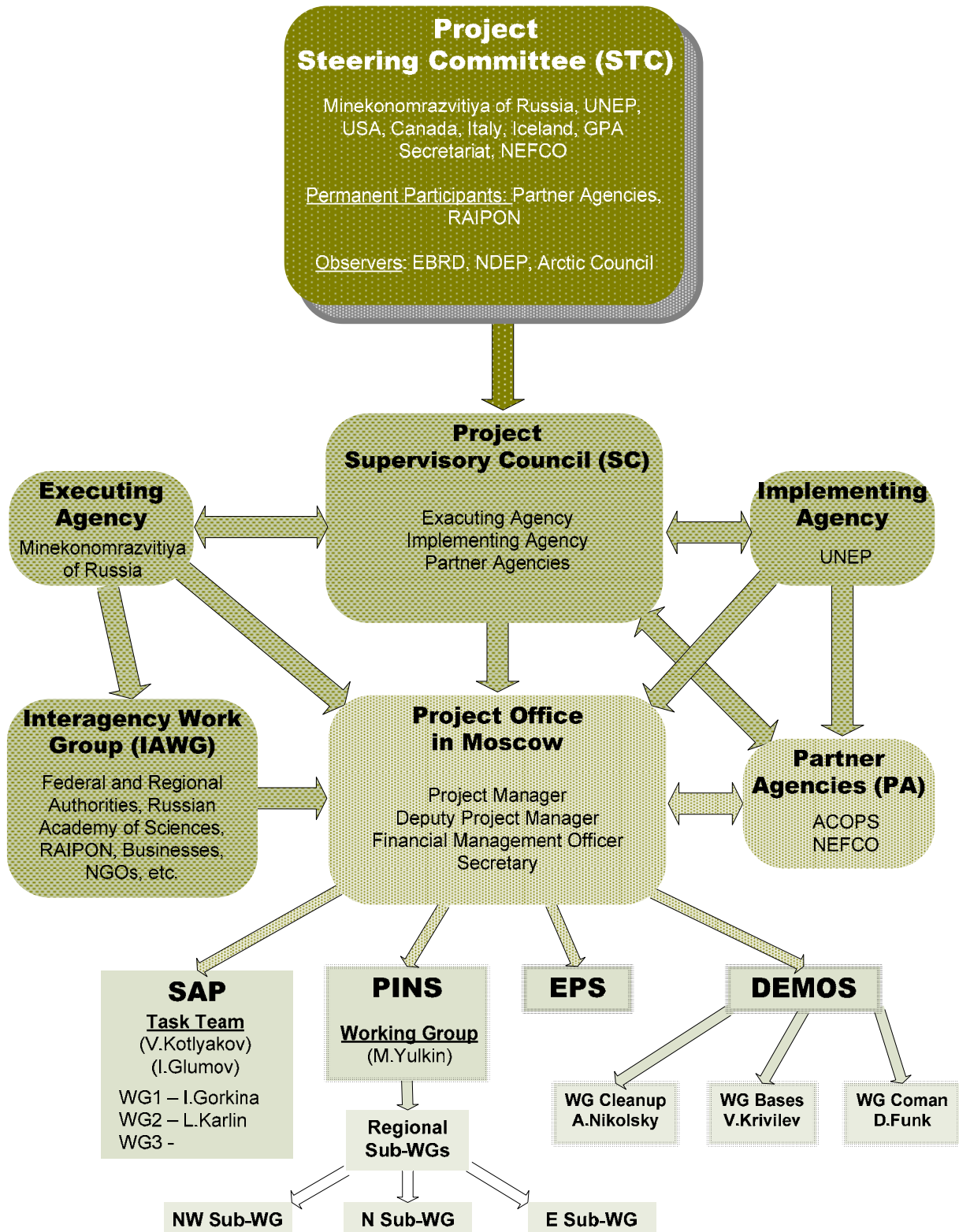
No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
	cooperating organisation for Indigenous Environmental Co-Management	and other details. <i>Output 0 %</i>				
4.20	Review of the working document at the First Meeting of the WG BASES, Moscow.	Report of the meeting to include basic concept of the environmental remediation method for the areas of two decommissioned military bases; overview of relevant needs identified during the work on the NPA-Arctic and PDF B GEF Project; draft terms of reference for the WG, including outputs, work plan, timetable and other details; the role of the co-ordinator of the WG and its members; the role of the lead cooperating organisation. <i>Output 0 %</i>	WG Co-ordinator / Manager in coordination with PA	November 2006	March 2007	Planned for March 2007
4.21	Preparation of ToR and conduction of the tender and preparation of the contract with the lead cooperating organisation for the environmental remediation in the areas of two decommissioned military bases	ToR is prepared. Signed contract with the lead cooperating organisation (which won the tender) to include ToR, expected outputs, work plan, timetable, schedule of payments for the contract and other details. <i>Output 0 %</i>	WG Co-ordinator / Manager in coordination with PA	December 2006	April 2007	Planned for April 2007
4.22	Preparation of Progress Report to be considered at the Second Meeting of the WG CLEANUP.	Progress Report to include suggestions for further work. <i>Output 0 %</i>	WG Co-ordinator / Manager	January 2007	March 2007	Planned for March 2007
4.23	Review of the Progress Report at the Second Meeting of the WG CLEANUP, Moscow.	Report of the meeting and reviewed Progress Report with suggestions for further work. <i>Output 0 %</i>	WG Co-ordinator / Manager	February 2007	April 2007	Planned for April 2007

No.	Activity	Output and Output status (estimate in %)	Responsible person / Agency *	Set in IWP target date	Actual date of completion or date to be completed and by whom if different from previous column	Status and description of problems encountered if activity is not completed as scheduled
4.24	Preparation and Review of Progress Report to be considered at the Second Meeting of the WG BASES	Reviewed Progress Report with suggestions for further work <i>Output 0 %</i>	WG Co-ordinator / Manager	April 2007	April 2007	Planned for April 2007
4.25	Preparation and Review of Progress Report to be considered at the Second Meeting of the WG COMAN	Reviewed Progress Report with suggestions for further work <i>Output 0 %</i>	WG Co-ordinator / Manager	April 2007	May 2007	Planned for May 2007



III.1. PROJECT ADMINISTRATION AND CO - ORDINATION

Administrative Structure of the Project



**III.2. Staffing Details of Cooperating Agency/ Supporting Organization (Applies to personnel / experts/ consultants paid by the project budget)**

Functional Title (position)	Name (Nationality)	IWP taskline	Budget line / Amount (USD)	Person months	Person months used to date
Project Manager	I.Senchanya (RUS)	All tasks	1101/ 3700	6	6 22 200
Project Deputy Manager	S. Tambiev (RUS)		1102/2000	6	6 12 000
Project Financial Management Officer	G. Zaytseva (RUS)		1103/2600	6	6 15 600
Lead Russian Consultant, TT, SAP	V. Kotlyakov (RUS)	1.5, 1.6, 1.8, 1.9, 1.11	1206/3900	2	1 3 900
Lead Russian Consultant, TT, SAP	I. Glumov (RUS)	1.8, 1.9, 1.10 1.11	1206/3900	4	2 7 800
Russian Consultant, TT, SAP	V. Gordeev (RUS)	1.10-1.13	1207/3300	1	1 3 300
Russian Consultant, TT, SAP	M. Zhukov (RUS)	1.10-1.13	1207/3300	3	2 6 600
Russian Consultant, TT, SAP	S. Pegov (RUS)	1.10-1.13	1207/3300	2	2 6 600
Russian Consultant, TT, SAP	A. Danilov (RUS)	1.10-1.13	1208/3300	2	0
Russian Consultant, TT, SAP	E. Vylegzanina (RUS)	1.10-1.13	1208/3300	2	2 6 600
Russian Consultant, TT, SAP	A. Tishkov (RUS)	1.10-1.13	1209/3300	4	2 6 600
Russian Consultant, TT, SAP	Yu.Kochemasov (RUS)	1.10-1.13	1210/3300	2	1 3 300

Russian Consultant, TT, SAP	E. Pospelova (RUS)	1.10-1.13	1210/3300	2	1	3 300
Russian Consultant, TT, SAP	V. Gruzinov (RUS)	1.10-1.13	1211/3300	2	1	3 300
Russian Consultant, TT, SAP	V. Solomatin (RUS)	1.10-1.13	1212/2600	3	1	2 600
Russian Consultant, TT, SAP	D. Funk (RUS)	1.10-1.13	1213/2600	2	2	5 200
Lead Russian Consultant, WG-1, SAP	I. Gorkina (RUS)	1.9.3	1214/3900	3	3	11 700
Russian Consultant, WG-1, SAP	O. Shishova (RUS)	1.9.3	1216/3300	3	2	6 600
Lead Russian Consultant, WG-2, SAP	L. Karlin (RUS)	1.9.7	1217/3900	2	1	3 900
Russian Consultant, WG-2, SAP	V. Abramov (RUS)	1.9.7	1218/3300	2	1	3 300
Russian Consultant, WG-2, SAP	N. Plink (RUS)	1.9.7	1219/3300	2	1	3 300
Lead Russian Consultant, WG, PINS	M. Yulkin (RUS)	2.5, 2.6, 2.7, 2.8, 2.9, 2.10	1223/3900	2	2	7 800
Russian Consultant, WG, PINS	N. Safonova (RUS)	2.5, 2.7, 2.9, 2.10	1224/3300	2	2	6 600
Russian Consultant, Project Advisor	B. Melnikov (RUS)		1245/3300	3	3	9 900
Russian Consultant, DEMOS, CLEANUP	A. Nikolsky (RUS)	4.4, 4.5, 4.6	1247/3300	2	2	6 600
Russian Consultant, DEMOS, CLEANUP	G.Voskoboynikov (RUS)	4.4, 4.5, 4.6	1248/2600	2	2	5 200
Russian Consultant, DEMOS, BASES	V.Krivilev (RUS)	4.17, 4.20	1249/3300	1	1	3 300
Russian Consultant, DEMOS, BASES	Yu. Sychev (RUS)	4.17, 4.20	1249/3300	2	0	

Russian Consultant, DEMOS, COMAN	D. Funk (RUS)	4.16, 4.18	1251/2600	1	0	
Russian Consultant, DEMOS, COMAN	N. Dordina (RUS)	4.16, 4.18	1251/2600	1	1	2 600
Russian Consultant, DEMOS, COMAN	O. Murashko (RUS)	4.16, 4.18	1252/2600	1	1	2 600
Project Secretary	L. Anashkina (RUS)		1302/1000	6	6	6 000
TOTAL				84	64	188 300

### **III.3. ADMINISTRATIVE ISSUES DURING THE REPORTING PERIOD**

*Please describe administrative issues existed during the reporting period incl. staff changes, refusals to complete work, administrative changes in organizations-Project stakeholders, signed MoU if any, and etc.*

Ms. Nadezhda Korosteleva Project Assistant Financial Management Officer left the Project in January 2006. A replacement has not been found yet because this is a part time job with low remuneration.

Mr. Harro Pitcänen NEFCO Managing Director left NEFCO and now Mr. Magnus Rystedt was elected as NEFCO Managing Director.

Dr. M. Yulkin coordinator of the PINS component left the Project because of overloading with his permanent job. PO is looking for replacement to be completed by end of February.

### **III.4. PROJECT MONITORING & EVALUATION SYSTEM AND REPORTING QUALITY CONTROL**

*Please summarize any completed project reviews during the reporting period, including Annual Steering Committee meetings and its key recommendations, and quality control of the project technical reports (who is doing, how, which problems exist, lessons learned).*

#### **III.4.1 Completed Project Reviews**

During the reporting period two Quarterly Financial Reports have been submitted to UNEP DGEF Nairobi (July11,2006 and September 28,

2006).

The Project Office submitted also a mid-term Progress Report embracing a period from the beginning of the Project to October 01, 2006.to ExA.

Two Supervisory Council meetings were held in form of teleconference on 10.07.2006 (SC3) and on 14.11.2006 (SC4). Detailed reports for both meetings with all associated documentation have been distributed among all SC members and uploaded on the Project website: <http://npa-arctic.ru/>.

### **III.4.2 Quality Control of the Project Technical Reports**

The PO and a Project advisor Mr.B.Melnikov are thoroughly considered all technical reports being prepared by project consultants. The quality of reports has been of a varying degree; some of them were seriously delayed or had a different content from what was agreed in the consultant contracts. The main reason for the technical reports delay during the reporting period was an improper UNDP Moscow office work that resulted in delays with consultant contracts finalizations and issuings and delay with contract payment.

To streamline quality control of technical reports, project needs formalized Reporting Quality Control procedure to be adopted for all technical reports. IA suggested to use expertise available among project experts in TTs (particularly SAP TT) to circulate reports among them as well as ask for external review if required. Quality control procedure is to be developed and presented at the next Supervisory Council meeting for endorsement.

## **IV PROCUREMENT OF EQUIPMENT**

*Please provide inventory of non-expendable equipment purchased against UNE/GEF project unit value US\$1,500 and above and items of attraction*

No procurement of equipment has been done during reporting period. Inventory of equipment is given in Annex 1

**V.1. BALANCE OF DISBURSEMENTS**

TABLE 1. ACTUAL EXPENDITURE PER QUARTER, AGAINST THE CASHFLOW PREDICTION PER QUARTER

Period (quarterly)	Planned (USD)	Actual (USD)	Difference	Notes
2005 Q3	74816	0	74816	
2005 Q4	119700	107442	12258	
2006 Q1	115300	43122	72178	
2006 Q2	138550	94793	43757	
2006 Q3	2711009	76459	194691	
2006 Q4	80550	144247	- 63697	
2007 Q1				
2007 Q2				
2007 Q3				
2007 Q4				

**TABLE 2. Quarterly Project Expenditure Accounts for Supporting Agencies**

Quarterly project statement of allocation (budget), expenditure and balance (Expressed in US\$) covering the period July 01, 2006 to December 31, 2006.

Object of expenditure by UNEP budget code	Project budget allocation for year 2006.		Total expenditure for quarter IV 2006*	Total unliquidated obligations.	Cumulative expenditur e for year 2006.	Unspent balance of budget allocation for year .2006		Explanations/ details of expenditures
	m/m (1)	Amount (2)				(3)	(4)	
1100 Project personnel	36	99 600	24 900		99 600	0	0	
1200 Consultants	131,5	543 650	94 150		201 500	70,5	342 150	
1300 Administrative support	15	14 400	3 000		12 800	2	1 600	
1400 Volunteers								
1600 Travel		96 000	3 719		10 377		85 623	
2100 Sub-contracts								
2200 Sub-contracts		1 640 500			0		1 640 500	
2300 Sub-contracts								
3100 Fellowships								
3200 Group training								
3300 Meetings/conferences		117 377	962		4 907		112 470	
4100 Expendable equipment		3 287	1062		1 356		1 931	
4200 Non-expendable equipment		17 692			505		17 187	
4300 Premises								
5100 Operation		5 843	2053		2 156		3 687	
5200 Reporting costs		40 000	7 513		7 686		32 314	
5300 Sundry		20 370	6 888		17 734		2 636	
<b>99 GRAND TOTAL</b>	<b>182,5</b>	<b>2 598 719</b>	<b>144247</b>		<b>358 621</b>	<b>72,5</b>	<b>2 240 098</b>	

\*breakdown of expenditures per quarter with related information such as name of person hired, duration of contract, fees, purpose should be reported in a separate annex.

Signed: \_\_\_\_\_ I.Senchanya. Project Manager

Signed: \_\_\_\_\_

\_\_\_\_\_ G.Zaytseva, Project Financial manager

Duly authorised official of co-operating agency

B.Morgunov

**TABLE 3. REPORT ON CO-FINANCING**

<b>Title of Project:</b>		<b>Russian Federation - Support to the National Programme of Action for the Protection of the Arctic Marine Environment</b>											
<b>Project Number:</b>		GFL/2732-03-4694						GF/3010-03-21					
<b>Name of Executing Agency:</b>		Ministry of Economic Development and Trade of the Russian Federation (Mineconomrazvitiya of Russia)											
<b>Project Duration:</b>		<b>From:</b> July 18,2005						<b>To:</b> June 30, 2010					
<b>Reporting Period</b> <i>(to be done annually):</i>		January 1, 2006 - December 31, 2006											
<b>Source of Co-finance</b>	<b>Cash Contributions</b>									<b>In-kind Contributions</b>			<b>Comments</b>
	Budget original (at time of approval by GEF)	Budget latest revision				Received to date				Budget original (at time of approval by GEF)	Budget latest revision	Received to date	
		SAP	PINS	DEMOS	Subtotal	SAP	PINS	DEMOS	Subtotal			SAP	
<b>USA</b>	4 000 000	244 090	257 000	110 000*	611 090	244090	256930	110000*	611020				347 270 have been approved, the remaining funds are to be confirmed – subject to extension of the EPA agreement; 110000* are subject to amendment to the EPA agreement
<b>Canada</b>	732 000	26 950		120 500	147 450	26 950		33500	60450				Since 2002 a total of \$499,555 has been received from Canada, of which \$439,105 has been spent by ACOPS on PDF-B and PBF-B-FSP bridging activities. The remaining \$60450 has been approved as part of the IWP. A further \$87000 – total \$147500 for IWP– is pending extension of the agreement with Canada.
<b>Iceland</b>	100 000		40 000		40 000								To be confirmed



<b>Italy</b>	500,000				0				0				A total of \$499,989 has been received of which \$365,770 has been reported spent on PDF-B (pre-invested by ACOPS) and the PDF-B – FSP bridging period activities This leaves an unconfirmed \$134,219 un-obligated
<b>GPA</b>	250 000				250000				50 000				50000 per year to support UNEP technical staff
<b>RAIPON</b>	270 000				0				0				Agreement by the Government of Denmark to sponsor RAIPON is still pending
<b>NEFCO</b>	1 000 000				0				0				Negotiations pending
<b>IOC of UNESCO</b>	500 000				0				0				Negotiations pending
<b>Russia</b>					85 500				85 500	5 800 000	6 207 700	1 499 400	In kind contribution, 85 500 – Russian input for lease of office premises for PO
<b>Total</b>	7 352 000	271 040	297 000	230 500	798 540				198 000	5 800 000	6 207 700	1 499 400	

Compiled on a basis of the information obtained from ACOPS and Executing Agency

*All amounts in US dollars*

Position: Project Manager

## V.2. FINANCIAL PROBLEMS

Please describe in a narrative form existing project's financial problems during the reporting period and suggestions for improvement. Problems may include consultant procurement, UNDP disbursement procedures, regional obstacles for smooth financial operations and etc.

Main problems which are still not fixed to date are associated with delay of UNDP payments for consultants contracts which resulted in delay in the project implementation. For example, requests for issuing the contracts were sent to UNDP in July and contracts were issued only in November.

Follow-up action: The Project will use its own account from January 1, 2007. Request for using project account was sent to UNEP in June 2007. All financial cables will be organized without UNDP. Procedures for funds disbursement were agreed between PO, ExA and IA. Simplified funds disbursement mechanism should improve the efficiency in project's financial management.

## VI PROJECT PERFORMANCE EVALUATION

TABLE. PERFORMANCE ON PROJECT INDICATORS ACCORDING TO THE PROJECT LOGICAL FRAMEWORK MATRIX

Overall Goal	Objectively Verifiable Indicators	Means of Verification	Baseline value	Achievement status as at the end of the reporting period	Rating (to be completed by UNEP)**
Protect the Arctic marine environment from land-based activities in the Russian Federation.	Specific process, stress reduction, and environmental status indicators and their means of verification will be developed within the context of the SAP.		The National Action Plan for the protection of the Arctic marine environment has been developed and agreed upon.	Project implementation units as well as TT and WGs for different project components have been established; diagnostic analysis of the Russian Arctic environment completed and the first draft of SAP document produced	MS Comment: project implementation delayed for more than 6 months depending on the task
<b>Objectives</b>					
Improved management of the Arctic environment in the Russian Federation and clear appreciation of priorities.	Adoption of the Strategic Action Plan (SAP) for the Protection of the Arctic Marine Environment from Land-based Activities by the relevant executive authority of the Russian Federation.	1. Adoption of the SAP for the Arctic as a component of the FTOP 'World Ocean' by the Russian Federation. 2. The minutes of the inter-agency WG and confirmations from federal and regional authorities indicate that the SPA is adopted by the Russian Federation.	The National Action Plan for the protection of the Arctic marine environment has been developed and agreed upon.	SAP is in process of elaboration. Several TT meetings have been organized to discuss and adopt SAP structure and priorities. Diagnostic analysis of the current state of Arctic environments has been performed	MS Comment: SAP "backbone" is ready, but formulations of the major environmental problems and key goals is not completed yet. Regional interventions matrix is filling up slowly. Procedure for SAP endorsement agreed with the ExA and

Overall Goal	Objectively Verifiable Indicators	Means of Verification	Baseline value	Achievement status as at the end of the reporting period	Rating (to be completed by UNEP)
					IA.
Environmentally sustainable development of natural resources in the Russian Arctic.	The reformed regulatory framework is implemented by local, provincial, federal administrations.	1. Report in National Gazette and other official media of application decrees and circulars. 2. The survey of the regulatory framework at the local, provincial and federal levels indicates that environmentally sustainable development concerns are incorporated as the means to implement the SAP.	There is an existing regulatory framework, which does not take into consideration the programmatic requirements to be outlined in the SAP and NPA.	According to the IWP this work should be started in 2007	Not applicable
Improved regional co-ordination of the management of the Arctic; and Russia meeting its obligations under the AEPS and its commitments to objectives of the GPA.	Contributions by the Russian Federation to the Arctic Environment Protection Strategy of the Arctic Council. Acknowledgement by the Arctic Council of the SAP as a component of the Regional Programme of Action for the Arctic.	The Russian representative at the Arctic Council provides information on the SAP and the minutes of the Arctic Council can indicate the contribution of the SAP to the Arctic Council process.	The initiated work of this project is recognized by the Arctic Council and GPA.	Progress reports on project implementation are delivered to the Arctic Council (AC) and AC WG. NPA-Arctic project is mentioned in all minutes of the AC as well as in Salekhard Declaration of the AC. Presentation on NPA-Arctic project progress was given at 2 <sup>nd</sup> IGR of GPA	S
<b>Outcomes</b>					
Successful establishment of the project implementation structure, incl. Project Office, Project Steering Committee, Project Supervisory Council (Phase I benchmark)	All project implementation units are functional and deliver expected outcomes on time.	Minutes of the Project Steering Committee and Supervisory Council	There was no project structures before.	All project implementation units are established	MS  Comment: All necessary project implementation structures have been established. However it should be noted that Project Office could not provide fix up the implementation of works in 2007 within timeframes indicted in the IWP. Division of responsibilities within the PO is not efficient and needs to be improved. Project Manager executes most tasks

Overall Goal	Objectively Verifiable Indicators	Means of Verification	Baseline value	Achievement status as at the end of the reporting period	Rating (to be completed by UNEP)
					<p>leaving him little time for management. PINS WG is not functioning. Consultants should receive clearer guidance from the PO on the outcomes of their TORs and more stringent monitoring of TOR execution is needed. Improvement of coordination with Partner Agencies is required. The project has full support and efficient technical backstopping from the ExA, which is highly positive.</p>
<p>Finalization and endorsement of the SAP for the Russian Arctic (Phase I benchmark)</p>	<p>By the end of Phase I, SAP fully developed and endorsed by relevant stakeholders</p>	<p>Steering Committee meeting report. The minutes of the inter-agency WG and confirmations from federal and regional authorities indicate that the SAP is adopted by the relevant executive authority of the Russian Federation.</p>	<p>There is no SAP formulation at the onset of the project.</p>	<p>Two versions of a draft of the SAP have been developed and discussed</p>	<p>MS</p> <p>Comment: SAP development is substantially delayed and should become Priority 1 for the next reporting period. It is recommended to have more frequent meetings of the SAP TT in order to speed-up the process. International reviewer for the SAP agreed to provide continuous revision support and this support should be utilized by the project office.</p>
<p>Improved legislation, administrative procedures and institutional capacity for the environmental protection of the Arctic environment.</p>	<p>By the end of Phase I, selection of lead implementing organization and members of each the three working groups (Phase I benchmark).</p> <p>By the end of Phase II, adoption of agreed proposals for revised legislation and new administrative arrangements, including</p>	<p>Adoption of a work plan of concrete follow-up actions that will lead to the implementation of the proposals for EPS improvements in the Russian Arctic</p>	<p>There is an existing legal, regulatory and administrative framework, which does not take into consideration the programmatic requirements to be outlined in the SAP and NAP.</p>	<p>According to the IWP this work should be started in 2007</p>	<p>Not applicable</p>

Overall Goal	Objectively Verifiable Indicators	Means of Verification	Baseline value	Achievement status as at the end of the reporting period	Rating (to be completed by UNEP)**
	assignments of responsibility and capacity requirements, to the relevant federal Ministries, the Government of the Russian Federation and provincial governments.				
Conditions for further interventions and investments to remediate or prevent the degradation of the Arctic Environment are realised.	<p>By the end of phase I, working documents are revised at the working group meetings for each pre-investment study (Phase I benchmark).</p> <p>By the end of Phase II, investments are prepared based on at least 8-10 pre-investment studies. By the end of phase II, demonstration projects are ready to be replicated elsewhere in Russia.</p>	The minutes of the PINS working groups and the Steering committee should indicate that the progress and adoption of the pre-investment studies to be accepted by financial institutions. Round tables and Partnership Conference will be held taking into account PINS..	The project PDF-B; NEFCO and Russian authorities, respectively issued a list of hot spots. Limited demonstrative activities have been developed or implemented. НЕПОНЯТЕН СМЫСЛ ЭТОГО	Working documents for pre-investment study have been prepared and some activities are in progress Some additional demonstration and pilot projects will be submitted to-the Supervisory Council and Steering Committee	MU Comment: Methodology developed by PINS WG was heavily criticized by the PO, ExA and IA. Criteria for conducting pre-investment studies are not developed that will have impact on the selection and execution of the pre-investment studies. PINS WG Coordinator should be selected asap and PINS WG resumes its work. NEFCO input should be utilized in the work of PINS WG.
<b>Results</b>					
Identification of the highest priority damage and sources of damage to the environment of the Russian Arctic and acceptance by the Russian Government of the priority list of interventions proposed for investment by Russian sources and/or other countries	Review* and publication* of the analysis including specification of priorities for interventions in the Russian Arctic.	The minutes of the PINS working groups and the Steering committee should indicate that the first draft PINs are prepared and reviewed by the steering committee	Environmental hot spots were identified by project PDF-B and NEFCO, but actual remediation actions should be intensified	Working document for pre-investment study has been prepared. The work on criteria for selection of hot spots for preinvestment studies is in progress	MS  Comment: The work on this component is half-through. Diagnostic analysis of the Russian Arctic environment is completed and major environmental threats are identified. Revision of prepared during PDF-B hot-spots is not yet started and PINS methodology is not developed.

Overall Goal	Objectively Verifiable Indicators	Means of Verification	Baseline value	Achievement status as at the end of the reporting period	Rating (to be completed by UNEP)
10 pre-investment studies are submitted to potential financiers, including bilaterals and the private sector, and/or to a Partnership Conference and round tables.	Pre-investment studies are submitted to and discussed at the Partnership Conference and round tables.	Reports of round tables and the Partnership Conference.	As above	According to the IWP this work should be started in 2007	Not applicable
Results of 3 demonstration projects, including specifications for replicability elsewhere disseminated widely within Russia.	By the end of Phase I all demonstration projects are fully designed and ready for implementation (Phase I benchmark).	Number of reports printed and distributed. Number of agencies, provincial administration, community leaders etc that have been sent the reports. Progress report to UNEP/GEF from the Project Office and Executing Agency.	Limited demonstration actions (ACAP and others) were designed and implemented	First drafts of Project documents for DEMO-projects have been prepared however require considerable improvements	MS  Comment: The work on the component is at the initial phase. Contracts are issued and first drafts of project documents are prepared. COMAN project proposal needs more emphasis on territories of traditional use, conflict resolution mechanisms and public participation strategies. BASES project identified key issues to be addressed, but site for remediation is not yet selected and therefore, the proposal lacks emphasis. CLEANUP project proposal is developed, but requires independent feasibility assessment.
Revised national water-quality objectives and effluent and emission standards fully consistent with relevant international guidelines and agreements	By the end of phase I, all lead organisations and members of working groups are selected and approved (Phase I benchmark)  Adoption of revised environmental quality and standards, effluents and emission standards by the Government of the Russian Federation and other relevant administrations (as by the end of phase II).	The steering committee report indicates that the organisations and members of working groups are selected (by the end of phase I)	Work on EPS Improvement in the Russian Arctic should be better organized and intensified.	According to the IWP this work should be started in 2007.	Not applicable

Overall Goal	Objectively Verifiable Indicators	Means of Verification	Baseline value	Achievement status as at the end of the reporting period	Rating (to be completed by UNEP)**
Improved compliance assessment procedures.	By the end of phase I all lead organisations and members of working groups are selected and approved (Phase I benchmark)  Adoption of new compliance assessment procedures fully supported by technical capability by the Government of the Russian Federation and other stakeholders.	As above	As above	According to the IWP this work should be started in 2007. This works should start after the SAP finalization and approval by the Russian federal authorities	Not applicable
Demonstration that increased involvement of Indigenous Peoples in co-management can increase the level of protection the Arctic Environment whilst increasing their quality of life.	Acceptance by the Russian Association of Indigenous Peoples Of the North (RAIPON) of the plans for and the analysis of replicability of the demonstration project. Minutes of the Steering Committee and Minute of IAWG.	Publication of the results of the indigenous people management of the environment demonstration project.	Only limited co-management activities are implemented, incl. ECORA project outcomes	As above.	MS  Comment: proposal for COMAN demo project is prepared with the assistance of the RAIPON after consultations conducted in the field with indigenous people. This work is at the stage of concept development and no on the ground activities started yet. Work with DEMOS projects is in the initial phase of preparation. Key problem is inefficient control of the work of consultants by the project office and the absence of quality control procedures for report clearance
Project mid-term evaluation indicates that the project meets its expectations	MTR shows satisfactory project implementation	TOR for MTR team, review process is smooth and timely; results of MTR are distributed among project stakeholders	No project MTR	Project evaluation will have to be done at the end of Phase I	Not applicable

\*The terms "review" and "publication" in this matrix refer to project documents distributed to major stakeholders and submitted for endorsement by the Project Steering Committee.

\*\*Rating is provided using the following scale: Highly satisfactory=HS; Satisfactory=S; Moderately Satisfactory=MS; Moderately Unsatisfactory=MU; Unsatisfactory=US; Highly Unsatisfactory=HU.

## VII SUMMARY of FOLLOW-UP CORRECTIVE ACTIONS

Overall problem	Specific problems	Follow-up Action	Responsible actor	Date to be remediate
<b>1 PINS WG is not functional after submitting its report on criteria</b>	1.1. PINS WG does not have co-ordinator and does not function properly. 1.2. Hot spots selection criteria are not finalized. 1.3. Experience from NEFCO in PINS is not fully utilized.	1.1. Select new Co-ordinator for PINS WG 1.2. Modify prepared report on hot spots selection criteria 1.3. Involve NEFCO in preparation of the report and its revision	1.1. PO 1.2. PINS WG under guidance of PO 1.3. PO together with NEFCO	1.1. By 28 <sup>th</sup> Feb 2007 1.2. By end Feb 2007 1.3. Feb-Mar 2007
<b>2 Prepared DEMOs proposals are inadequate</b>	2.1. COMAN proposal needs specific changes to be made to reflect the essence of the task of co-management 2.2. BASES proposal site is not selected that inhibits further work on the proposal 2.3. CLEAN-UP proposal should be improved and externally evaluated	2.1. Propose necessary amendments to the prepared proposal and request final submission 2.2. Select proposal site and request final submission 2.3. Request external review of the proposal; provide comments to consultants and request final submission	2.1. PO 2.2. PO with the assistance of the ExA 2.3. PO	2.1. Changes already requested; final proposal to be ready by 28 <sup>th</sup> Feb 2007 2.2. Final proposal to be ready in March 2007 2.3. Comments – by 15 <sup>th</sup> Feb; final proposal – by 28 <sup>th</sup> Feb 2007
<b>3 Co-ordination mechanism between PO, ExA, IA and ACOPS as well as NEFCO is insufficient</b>	3.1. Different approach to some issues of the Project implementation 3.2. Issuance of contracts for consultants via donor funding is delayed due to delays in preparation of TORs 3.3. Reports prepared by ACOPS consultants are not reviewed and cleared by PO 3.4. NEFCO is inefficiently engaged in discussion of investment projects	3.1. Regular meetings between all project partners to be conducted on a monthly basis 3.2. PO and ACOPS should work closely preparing TORs according to item 2.5 of Procedure of disbursement of donors funds 3.3. Timely submission of reports by consultants hired by ACOPS and its clearance according to item 2.5 of Procedure of disbursement of donors funds ( <b>see also point 4 below</b> ) 3.4. Engage NEFCO in selection of new pilot or demonstration projects and all discussions of the PINS WG incl. preparation of guidelines for PINS.	3.1. IA (UNEP) and ExA 3.2. PO and ACOPS 3.3. ACOPS under guidance of PO 3.4. PO and NEFCO	3.1. On a monthly basis (mid-month), more frequent if required 3.2. Immediately 3.3. Immediately 3.4. February 2007
<b>4 Quality of technical reports prepared within the project is often of suboptimal quality</b>	4.1. Consultants do not often understand the scope and expected outcomes of the work to be done 4.2. Most technical reports are cleared by the PO,	4.1. Provide clear and stringent guidance to all consultants and control of the work outcomes 4.2. Develop formal quality control procedure	4.1. PO 4.2. PO with the assistance	4.1. Immediately 4.2. By 28 <sup>th</sup> Feb



	ExA and IA alone; available in the project and external expertise is not fully utilized 4.3. Mechanism of quality control for technical reports prepared by consultants hired via ACOPS requires more detail description	for technical reports produced by the project 4.3. On the basis of item 2.5 of Procedure of disbursement of donors funds develop formal quality control procedure for evaluation of reports prepared by consultants hired by ACOPS	of ExA and IAs 4.3. ACOPS in consultation with PO	2007 4.3. By mid March 2007
<b>5 Existing work burden of the Project Manager leaving little space for managerial, overseeing and strategic tasks</b>	5.1. Division of labor within the PO is inefficient, particularly the assistance provided by the Deputy Manager is not according to expectations	5.1. Modify internal project structure either considering to hire an additional project staff or replacing Deputy Manager	5.1. PO under guidance of the ExA	5.1. Solution to be found in March 2007
<b>6 Co-operation between existing international programs and structures working on Arctic environment is insufficient</b>	6.1. Project does not co-operate enough and use the expertise of the existing Arctic programmes such as WGs of the Arctic Council, GPA and etc. 6.2. Project results are not disseminated widely enough in the national and international media	6.1. Develop information exchange approach with international programs operating in the Arctic 6.2. Extend project website and increase publicity by publishing project results both nationally and internationally	6.1. PO with the assistance of the IA and ExA 6.2. PO with the assistance of ExA	6.1. Continuously 6.2. Continuously
<b>7 Regional (within Russian Arctic) involvement of industrial companies in the project activities is insufficient</b>	7.1. Key regional stakeholders of the project representing industrial companies do not have the sense of the project "ownership" 7.2. Industrial companies operating in the Russian Arctic are not engaged in project activities at this stage, except participation in Interagency working group	7.1. Assure that regional consultants working for project activities are well represented; organize SAP discussions in regions as early as the 2 <sup>nd</sup> draft of SAP is ready 7.2. Compile of the list of potential co-financers among local industrial companies and invite them to participate in the work of PINS WG and other project activities	7.1. PO 7.2. PO and PINS WG in consultation with ExA	7.1. Continuously; preparation of regional round-tables to be started in March 2007 and first round-tables to be conducted in April-May 2007 7.2. Early March 2007

## VIII KEY LESSONS LEARNED

The success of the project depends on level of involvement of top-level stakeholders from governmental institutions at federal and regional level, the implementation of the activities at the regional level as well as on proper channeling contributions from donors and the Russian Federation for the project needs. Bearing this in mind, during the reporting period for the project implementation Project Office continued to pay special attention to defining clear procedures of project management mechanisms and administrative procedures. Taking into account that in the project implementation Executing Agency and Partner Agencies involved which have different political importance and possibilities and as result with different approaches to the project implementation, special attention was given to preparation of the most important documents necessary to give impetus to the project implementation, namely, Procedure of Disbursement of Donor Funds from the Trust Funds and Relevant Reporting, Procedure of Co-financing through NEFCO Funds and Relevant Reporting as well as adoption of

Integrated Work Plan for Phase I that includes all sources of financing. Special emphasis was also given to establish good working relations with the Arctic regions of the Russian Federation.

The success achieved to date in the implementation of the project is directly related to sustained political commitment at federal and regional levels, ensuring the adequate level of the project ownership, to the broad-based public support, including support of indigenous communities it has received as well as to closer cooperation with existing and planned programmes and projects in Arctic region. The maintenance of this support requires effective dissemination of accurate information about the objectives, achievements and challenges of the project. The broad support is critical for mobilization of domestic resources and obtaining commitments from municipalities, local NGOs and companies of all forms of ownership. However it should be noted that the dissemination of information on project implementation requires further improvement.

Project received full support and technical backstopping by the Executing Agency (Russian Ministry of Economic Development and Trade) that assures that project recommendations will be taken at the highest level possible and future interventions will be sustainable.

*Amongst other lessons learned it should be noted the following:*

***Institutional arrangements, including project governance***

- Closer cooperation amongst existing and planned programmes that address the impact of various sources and activities on the Arctic marine and coastal environments is needed. Information on the Project was presented at the Arctic Council ministerial meeting as well as to Senior Arctic Officials and PAME Working Group. Russian NPA-Arctic activity is noted in Salekhard Declaration, SAOs' Report to Ministers, Arctic Marine Strategic Plan and work plan of PAME for 2006-2008. The work of several other Arctic Council Working Groups, first of all ACAP, is very pertinent to the NPA-Arctic and Project Office should consider how these sources of expertise could be best incorporated.

Follow-up action: Establish more closer co-operation with existing initiatives

- The compatibility of NPA-Arctic that corresponds to related governmental obligations under the Arctic Council, the GPA, different conventions and other pertinent intergovernmental agreements as well as reflection of the national practices needs to be considered by Project Office, and SAP and PINS WGs. Format of the final SAP document as well as the endorsement procedure should accommodate both, national and international practices, NPA-Arctic GEF project decided to develop SAP document incorporating

elements of the Federal Targeted Programme (regional interventions matrix with cost estimates and financial sources) keeping at the same time internationally recognized elements of such documents (e.g., causal chain analysis)

- Key federal and regional bodies' technical support in the process of finalisation of diagnostic analysis of current state of Arctic environmental situation is of very high importance. Regional and federal authorities provided necessary information (copies of latest reports on environmental protection for the regions, other information specifically requested by the Project Office).
- Information on the project should be further disseminated at the widest possible levels through the project web-site as well as mass-media, including regional sources. Formal and informal communication mechanisms for the exchange of information should be further developed.

Follow-up action: To update the web-site allowing interactive communication and providing the basis for long-term dialogue and for the continuous participation of regional stakeholders in the project

- There were attempts undertaken by the Partner Agency to divide the project into a number of sub-projects that were successfully avoided by the Executing Agency
- The process of screening and selection of hot spots in Arctic regions of the Russian Federation at the PDF-B stage has been performed more than five years ago and information obtained is currently outdated.
- Almost all PDF-B stage documents are available in English only. This resulted in their very limited use by authorities at federal and regional levels.
- There are problems with the information exchange among PO, IA, ExA, ACOPS and NEFCO and day-to-day planning of project activities.

Follow-up action: In addition to the Project Supervisory Council meetings it was agreed to hold consultative meetings between PO and representatives of the ExA, IA and ACOPS on a monthly basis. Technical issues as well as financial arrangements will be discussed at these meetings.

### ***Financial management and co-financing***

- Further work is needed for involvement of key stakeholders from Arctic regions and industrial companies to increase their commitments, obtaining necessary information on regional and private co-financing and their involvement in preparation of investment projects.

Follow-up action: To establish closer cooperation with regions and industrial companies of all forms of ownership and invite them to participate in PINS working group.

- There is no clear understanding with donors' funding for the whole project.

Follow up action: To urge ACOPS to fulfil the ToR for Partner Agencies according to Annex X to the Project Document with regard to attract donor funds

- Up to August 2006 lack of consensus on disbursement of donor funds from Trust Funds established by Partner Agencies and up to November 2006 the same problem with NEFCO co-financing slows the process down;

The following advantages can be formulated:

- Sustain political commitment at federal and regional level ensuring the adequate level of project ownership;
- Broad public involvement including organization of indigenous people of North;
- Formal and informal communication mechanisms for the exchange of information, which have been developed;
- Institutional procedures and structures have been established for long-term dialogue and for the continuous participation of multiple-stakeholders.
- Creation of the Project website what helps in the Project publicity: <http://npa-arctic.ru/>

The following disadvantages or weaknesses can be noted:

- Members of interagency working group in Arctic regions as a rule are heads of corresponding environmental agencies or top-level representatives of regional administrations with a rather tight schedule and a lot of duties which caused delays in responses from Arctic regions. Contact persons for day-to day communication can be proposed. Representatives of industrial companies in this group are as a rule the persons who are responsible for environmental issues in their companies and they respond only after getting permission of top managers. This also causes delays in communication.

- Relatively small involvement at this stage of industrial companies of different ownership in the process. ExA invited several large companies to participate in the Project implementation and to hold negotiations on this issue. Positive responses were received. Representatives of three companies were included in Interagency working group. However negotiations on co-financing have not been hold yet. They should be arranged by Project Office together with ExA. Representatives of companies should be invited to participate in PINS working group ASAP.
- Insufficient capacities of the Project Office staff. Project Office organizes and coordinates all the activities, prepares all ToRs for task teams, working groups, individual consultants, etc. In addition all these documents should be prepared in English and Russian, which require additional resources and time. More active involvement of working groups' co-ordinators in preparation of ToRs for consultants and meetings of working groups is needed.

#### **Specific lessons learnt in relation to Project components:**

##### *I. SAP*

Work on the SAP Project component started at the beginning of the year. During reporting period main problem was connected with hiring international and national consultants financed by donors' funds. The results of activities performed by consultants hired by ACOPS are delivered to the PO after their completion and it was impossible to make any comments to these results. In addition content of the first part of the reports on diagnostic analysis of the current state of environmental situation in the Russian Arctic were not agreed with the Project Office. Procedure for evaluation of consultant's reports should be additionally elaborated in addition to the specified in the Procurement Guidelines and Procedure for Disbursement of Donor Funds from the Trust Funds and Relevant Reporting.

##### *II. PINS*

Main reasons for the delay and problems with the PINS component implementation can be addressed to the improper consultants' fulfillment of their duties and inadequate understanding of the PINS component documentations requirements. Unhealthy pressure of NPAF to the activities of this component consultant reports should be also avoided. In addition, the PINS coordinator Mr. M. Yulkin left the project.

##### *III. EPS*

This component has not started yet.

##### *IV. DEMOS*

The common lessons learnt from DEMOS project preparatory stage that consultants tried to prepare the project concept bearing in mind that the DEMOS project implementation will be implemented by corresponding institution they do represent.

The main lessons learned during the reporting period are pretty common for all project activities:

Project was delayed from schedule approximately for 6 months as of July 2006 due to preparation of 3-month IWP and IWP for Phase I according to the Project Steering Committee decision, vagueness with co-financing funds value and procedure of disbursement. Attempts undertaken by the Project Office to intensify the work during the summer time were totally blocked by UNDP that could not conclude the contracts with consultants in a timely manner. For example, contracts with consultants on DEMOS were issued only in October despite of all necessary documents for contracting these consultants were handed over by PO at the early beginning of July.

There is an unsatisfactory interaction with Partner Agency, mainly ACOPS, which still considers itself as an Executing Agency but not as a Partner Agency with functions described in the Project Document. ACOPS should speed up the process of issuing contracts for international and Russian consultants, which are planned for SAP and PINS activities. For example, contracts for members of WG working on Guidelines for Conduction of PINS were issued only at the end of October despite of ToR for this WG was sent to ACOPS in early March. Draft reports of activities performed should be delivered to the Project Office in a timely manner for comments.

Taking into account all above as well as on a basis of consultation with Implementing and Executing Agencies the Project Office suggests to consider possibility to prolong the Phase 1 of the Project implementation for 1-1.5 year pending decision of the Project Steering Committee and changes in the IWP. PO considers this reasonable having in view that majority of field activity can be carried out only during time frame from April to October. In addition several new pilot and demonstration projects can be conducted during the extended Phase I to make its output more significant.

## IX Discussion acknowledgment (To be completed by UNEP)

<b>PROJECT Coordinator's General Comments/Observations</b>	<b>First Supervising Officer's General Comments</b>
<b>Name:</b>	<b>Name:</b>
<b>Date:</b>	<b>Date:</b>
<b>Signature:</b>	<b>Signature:</b>

## ATTACHMENTS

### Attachments to Half-Yearly Progress Report: Format for Inventory of Outputs/Services

#### A) Meetings

No	Meeting Type	Title	Venue	Dates	Convened by	Organised by	# of Participants	List attached Yes/No	Report issued as doc No	Language
1.	Seminar	Indigenous people co-management	Yakutsk, RF	November 11-15, 2006	RAIPON	RAIPON	30	No	No	Russian
2.	Seminar	Indigenous people co-management	Salekhard, RF	November 11-15, 2006	RAIPON	RAIPON	30	No	No	Russian

3.	Inter-governmental Meeting	Ministerial Session of the Arctic Council	Salekhard, RF	October 22-26, 2006	Arctic Council and Minekonomrazvitiya of Russia	Arctic Council and Minekonomrazvitiya of Russia	210	No	Yes	English Russian
4.	Other (PR)	1. Public hearings on Shtokman gas-condensate field. 2. Meeting with city authorities on prospects for PINS	Apatity, RF	September 18-20, 2006	Gazprom	City authorities	~100	No	Yes	Russian
5.	Expert Group Meeting	AMAP-Arctic Council workshop	Victoria, Canada	11-17 September, 2006	Arctic Council	AMAP WG of Arctic Council	25	No	Yes	English
6.	Inter-governmental Meeting	1. PAME-Arctic Council meeting 2. Meeting with regional authorities on the Project support	Murman sk, RF	August 28-31, 2006	Arctic Council	PAME WG of Arctic Council	~70	No	Yes	1. English

### B) Printed Materials

No	Type (note 5)	Title	Author(s)/Editor(s)	Publisher	Symbol	Publication Date	Distribution List Attached Yes/No
1.							

### C) Technical Information / Public Information

No	Description	Date
1.		

### D) Technical Cooperation

No	Type (note 6)	Purpose	Venue	Duration	For Grants and Fellowships		
					Beneficiaries	Countries/Nationalities	Cost (in US\$)
1.							



**E) Other Outputs/Services (e.g. Networking, Query-response, Participation in meetings etc.)**

No	Description	Date
1.	Constant maintenance and updating the Project website: <a href="http://npa-arctic.ru/">http://npa-arctic.ru/</a>	July 01 – December 31, 2006

**Note 4**

Meeting types (Inter-governmental Meeting, Expert Group Meeting, Training Workshop/Seminar, Other)

**Note 5**

Material types (Report to Inter-governmental Meeting, Technical Publication, Technical Report, Other)

**Note 6**

Technical Cooperation Type (Grants and Fellowships, Advisory Services, Staff Mission, Others)