Mainstreaming biodiversity in Uzbekistan's oil-and-gas sector policies and operations

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Terminal Evaluation, November 2015

Volume I

Republic of Uzbekistan

GEF SO-2, SP-4 Strengthening policy and regulatory frameworks for mainstreaming biodiversity

Republic of Uzbekistan

State Committee for Nature Protection of the Republic of Uzbekistan

United National Development Program (UNDP)

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Acknowledgements

We would like to thank the project team and especially Khalilulla Sherimbetov, the Project Manager, for giving us their time during the mission in Uzbekistan. The NPM patiently answered all of our questions and requests for clarification, and organized the entire mission including all the meetings that we had with the broad range of stakeholders. We are indebted to him as the mission's success and efficiency was a result of his efforts. We are also grateful to Almaz Temirbekov, the project's AFA, for the extra efforts to which he went in order to make the mission a success. Wherever we went when visiting the various field sites, we were warmly and hospitably received.

The evaluation is intended to give a summary of what has been achieved in the project to date as well a glean some of the lessons that can be learned from it in what was a relatively short period. In the report, we have tried to offer constructive criticism where we think it is warranted and we hope that those involved in the project take it as such.

Finally, for one of us (SW), it is a pleasure to be welcomed back to Uzbekistan, to see so many familiar faces, to be shown around again with such evident pride and to see wonderful places. We saw the results of the dedication and enthusiasm that people had put into the work of conserving important places in the world. We would like to offer them our thanks and wish them every success in their continuing endeavours.

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Kampala, Uganda Samarkand, Uzbekistan

November 2015

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Acronyms, Abbreviations and Glossary

AFA	Administrative and Financial Assistant
APR	Annual Project Review
CEO	Chief Executive Officer (referring to GEF)
EIA	Environmental Impact Assessment
EOP	End of Project (usually in the context of targets for indicators)
GEF	Global Environment Facility
ha	Hectares
Inspector	The equivalent of a ranger or scout in the context of protected areas.
IWG	The cross-sectoral working group established under the project to promote a landscape approach to peatlands conservation and sustainable use
M&E	Monitoring and Evaluation
METT	Monitoring Effectiveness Tracking Tool (for protected areas)
MTR	Midterm Review
NGO	Non-governmental Organisation (or in Belarus "public organisation")
NPC	National Project Coordinator
NPM	National Project Manager
PA	Protected Area
PB	Project Board
PIF	Project Identification Form
PIR	Project Implementation Review
PIU	Project Implementation Unit
PPG	Project Preparation Grant
PR	Public Relations
PRF	Project Results Framework
ProDoc	Project Document (referring to the UNDP operational project document)
TE	Terminal Evaluation
TOR	Terms of Reference
UNDP	United National Development Program
UNDP-CO	UNDP Country Office
UNDP-DRR	UNDP Deputy Resident Representative

UNDP-GEF RTC	UNDP-GEF Regional Technical Centre (based in Istanbul)
UNDP-PO	UNDP Programme Officer
USD	United States dollars
Zakaznik	A regional level protected area or reserve

Executive Summary

Project Information Table

Project Title	Mainstreaming biodiversity into Uzbekistan's oil-and-gas sector policies and operations		
UNDP Project ID	4280	PIF Approval Date	22.04.2009
GEF Project ID	3950	CEO Endorsement Date	05.2010
ATLAS Business Unit Award No.	00076189	ProDoc Signature Date	09.11.2010
Country	(UZB) Uzbekistan	Date PM hired	16.03.2011
Region:	Europe and Central Asia	Inception W/shop date	05.04.2011
GEF Focal Area/ Strategic Objective	Biodiversity/ GEF 4	MTR completion date	June 2013
Trust Fund	GEF Trust Fund	If revised, proposed op. closing date:	31.10.2015
Executing Agency/ Implementing partner	UNDP		
Other executing partners	State Committee for Nature Protection		
Project Financing	At CEO Endorsement (USD)	At TE (USD)	
[1] GEF Financing	USD 950,000	USD 950,000	
[2] UNDP Contribution	USD 170,000	USD 204,607	
[3] Government	USD 6,000,000 in-kind contribution	USD 6,000,000	
[4] Other partners	FFI – USD 1,225,812	USD 1,225,812	
[5] Total cofinancing	USD 7,395,812	USD 7,430,419	
PROJECT TOTAL COSTS	USD 8,345,812	USD 8,380,419	

Project Description (brief)

The temperate grasslands (the steppe) of western Uzbekistan are a vast, globally important ecosystem. They include the Ustyurt Plateau, an area of 7 million ha that expands northwards into Kazakhstan. Since initial discoveries, the oil-and-gas industry has been exploring for and predominately producing gas from the area.

The principal threats that the oil-and-gas industry present to the ecological integrity and biodiversity of the Ustyurt Plateau are: i) direct degradation of habitats through exploration and production activities, ii) fragmentation of the ecosystems, with gas pipelines and other infrastructure presenting barriers, which is particularly important for migratory species such as the saiga *Saiga tatarica tatarica*, and iii) exploration

activities disrupt breeding sites, including that of saiga. These direct threats are underpinned by a suite of root causes, the majority of which are linked to an inadequate legislative and regulatory framework.

The long-term goal towards which the project aimed to contribute, as stated in the project document, was "*All ongoing and future oil-and-gas operations in Uzbekistan minimize their adverse impacts on biodiversity so that the conservation prospects of the affected ecosystems are greatly improved*." The project aimed to do this through the achievement of the following objective: "*To mainstream biodiversity conservation into Uzbekistan's oil-and-gas policies and operations by demonstrating this on the Ustyurt Plateau*." As such, the project aimed to operate primarily at the systemic level – putting in place an enabling environment through legislative change – but also by demonstrating impact at a local level on the Ustyurt Plateau in northwest Uzebkistan.

The project's objective would, in turn, be achieved through two components, each with a series of outputs: Component 1: Enabling policy, legislative and institutional environment for mainstreaming biodiversity conservation considerations in the oil-and-gas sector; and Component 2: Demonstrating biodiversity mainstreaming technologies in oil-and-gas operations on the Ustyurt Plateau

Component 1 had four outputs, including i) amending a number of laws to incorporate biodiversity as a specific requirement, ii) developing a national sensitivity map delineating the areas that would require greater (or lesser, as appropriate) levels of avoidance, minimisation, mitigation and/or offsetting, iii) amendments to the EIA processes to include biodiversity considerations, and iv) developing the capacities of members of staff from key state and private sector institutions. Component 2 focused on demonstrating the impacts of incorporating biodiversity considerations into practices. The component had six outputs: i) production of a guidebook/manual for incorporation of biodiversity into the oil-and-gas sector – specifically within the steppe and arid ecosystems in Uzebkistan, ii) biodiversity damage mitigation measures demonstrated at one oil-and-gas site, iii) avoidance and mitigation measures integrated into the design of an oil-and-gas development, iv) biodiversity offset schemes to compensate for damage from existing and proposed oil-and-gas operations operationalized, v) results of mainstreaming in demonstration areas monitored and verified, and vi) lessons-learned documented, awareness raised and a replication strategy developed and implemented.

The indicators were amended during the Inception Period, with further amendment of two indicators during the MTR.

Project Results.

Overall, the project made progress against its intended results. First, for Outcome One, the aim of which was to create an "enabling policy, legislative, and institutional environment for mainstreaming in oil-and-gas sector", the project proposed amendments to 12 pieces of legislation – not just seven as originally planned within the project document. Drawing off the successes (when made) in previous projects, the project made significant efforts to secure the approval of the amendments. As such, 13 ministries were consulted on the draft amendments; they provided comments that were subsequently incorporated into the draft and the proposed amendments to the

12 pieces of legislation were then signed off by all 13 ministers at the head of the 13 ministries. The proposed amendments have since been submitted to the SCNP for further action, including submission to the Cabinet of Ministers for approval[1]. Two of the pieces of legislation (Law 'On the Protection and Use of Flora' and 'On the Protection and Use of Fauna') have now been further submitted them to the *Oliy Majlis* – the Legislative Chamber or Lower House of the Uzbek Parliament – and these have now been included in the work schedule for 2015. In short, it is possible (although not entirely predictable) that these proposals will be approved this year. In addition, the proposal for the establishment of the Saigachy Reserve has been discussed with five government agencies and, thereafter, with the Ministry of Finance. The proposal is now with the SCNP; the SCNP will present it to the Ministry of Finance. In order to support the proposal, the Head of the Council of Ministers of the Autonomous Republic of Karakalpakstan sent a letter to the First Deputy Prime Minister of Uzbekistan – who is also the Minister of Finance urging him to approve the proposed protected area. The remaining pieces of legislation sit with the Cabinet of Ministers awaiting approval.

The proposed amendments to the 12 pieces of legislation represent the principal outputs of the project and the mainstreaming of biodiversity into Uzbekistan's oil-and-gas sector hinges directly on the Cabinet of Ministers and Oliy Majlis approving them.

In addition to the work on legislation, Outcome One also focused on:

i) the creation of maps with different zones – this the project did for the Ustyurt Plateau with three zones for use by the oil-and-gas sector: i) a zone from which all oil-and-gas exploration and production is prohibited – and this coincides with the proposed Saigachy reserve, ii) a zone in which "special attention" should be paid to activities and iii) a final zone where "normal attention" should be paid. The map now awaits approval by the SCNP

ii) building the capacity of staff from key governmental institutions and from the private sector. Here the project carried out a number of activities, including: a) the development of teaching modules for use in schools and universities; this culminated in the production of a manual that has been distributed; b) carrying out workshops and direct trainings for members of staff of governmental institutions, universities and oil-and-gas companies; iii) carrying out specific exercises with students to expose them to the concepts of integrating biodiversity conservation into oil-and-gas sector policies and operations; iv) carrying out a workshop on the role of gender in the oil-and-gas industry; v) leading a Study Tour to Australia that led to a few lessons (e.g., the mapping process, the timing of study tours and the mitigation hierarchy).

For Outcome Two, the aim of which was to "demonstrate biodiversity mainstreaming technologies on the ground in the Ustyurt Plateau", the principal results included (but are not limited to) the following:

[1] The proposed amendments were submitted to the Government with letter of SCNP #19-2729 dated 30.12.2013.

i) Supporting the establishment of Saigachy Reserve (re-organisation, increasing capacity and provision of equipment and infrastructure).
ii) Developing a guidebook on biodiversity conservation approaches for the oil-and-gas sector. The guidebook has been printed and disseminated.
iii) Carrying out pilot restoration of 50ha of damaged land; the demonstration prompted the Uzkorgaz Chemical company to replicate and scale-up the restoration work to a further 625.5ha.
iv) Working with Uzkorgaz Chemical to develop a Biodiversity Action Plan

TE Ratings & Achievement Summary Table for UNDP-GEF Project "Mainstreaming biodiversity into Uzbekistan's oil and gas sector policies and operations"

Item	Rating	Comment
Overall project results	**S**	In principle, the project achieved the majority of its indicators and outcomes. This is tainted by lack of clarity of some of the indicators and by the fact that the amended indicators, which were altered during the inception period and MTR, no longer contributed to the GEF and UNDAF results framework and hence became much less relevant.
IA & EA Execution		
Overall quality of implementation and execution	**HS**	The PIU did an outstanding job of implementing an ambitious and difficult project. The project kept within budget (indeed, the GEF budget was underspent at the point of the TE). Coordination, cooperation and collaboration were good. The monitoring and monetisation of the co-finance was outstanding.
Implementation Agency Execution (UNDP)	**S**	The UNDP-CO provided good support for the project and the PIU felt part of the UNDP "family".
Executing Agency Execution (SCNP)	**MS**	While there was good support from the Gosbiokontrol and the SCNP provided good levels of co-finance, the SCNP did not display significant levels of ownership of the project or take responsibility for pushing through the proposed amendments to the 12 pieces of legislation developed by the project[2].
M&E		
M&E design at project start-up	**S**	The M&E design was standard for UNDP-GEF projects.

[2] **Comment on draft report**: "*SCNP as an executing agency has submitted the amendments to 12 pieces of legislation to Cabinet of Ministers, and provided regular support on exchange of information and updates closely working with the PIU and UNDP CO. Moreover, SCNP's major role was reflected at Karakalpakstan level where regional SCNP administration provided all support to project implementation in pilot areas.*" **TE response**: The TE does not dispute the comment but for further discussion, see Section 3.3.4.

Item	Rating	Comment
Overall quality of M&E	**S**	The M&E implementation resulted in adaptive management by the PIU.
M&E plan implementation	**S**	The M&E plan was implemented with no significant caveats or shortcomings.
Outcomes		
Overall quality of project outcomes	**S**	In principle, the project achieved the majority of its indicators and outcomes, as modified in the inception period and MTR. Broadly, the project has taken steps to introduce some difficult concepts in a difficult context. These statements are only tinged with some regret that the 12 pieces of legislation – on which the achievement of the project's objective hangs – were not approved in its lifetime[3].
Relevance (R or NR)	**R**	The project was extremely timely and relevant: mainstreaming biodiversity in the oil-and-gas sectors' policies and operations is important and topical. The project did drift a little towards become a protected areas project (with a focus on Saigachy Reserve when this was not explicitly linked to the oil-and-gas sectors' policies and operations)[4].
Effectiveness	**S**	The PIU has implemented an extremely ambitious project in an extremely challenging environment with some extremely challenging partners: this was a symptom of the effectiveness and dedication of the team. That the legislation was not approved is the only shortcoming to this effectiveness – but this lies primarily with the Government of Uzbekistan (and specifically the Cabinet of Ministers) – who had agreed to the project from the outset.

[3] **Comment on draft report**: "*This also makes sense as approval of amendments to legislation is a time-consuming and a long procedure requiring a number of hearings at the Parliament*". **TE response**: Indeed; it does then beg the question of whether projects of limited duration, such as these, should be attempting to develop legislation or propose amendments to existing legislation.

[4] **Comment on draft report:** "*The reorganized Saigachy reserve should become the offsetting site for oil and gas companies. This is also indicated in the project document*." **TE response**: The fundamental principle of offsetting, in the case of the project, is to compel oil-and-gas companies to offset the (quantified) areas of irreversible damage by investing in areas that are ecologically equivalent (Output iv of Component II in the Prodoc). The key phrase of the comment is "offsetting for oil and gas companies" which should be "offsetting *by* oil and gas companies". There was no evidence that the companies were involved in the work that was done on the Saigachy Reserve. In addition, in the maps produced by the project indicate that the Saigachy Reserve is zone 1: the area in which exploration and production is prohibited (i.e., in mitigation hierarchy parlance, it is an avoidance zone) but not explicitly one in which offsetting activities take place. Indeed, it is a *recommendation of the TE*, that the oil-and-gas companies invest in the Saigachy Reserve as part of their offsetting activities (see para 164)!

Item	Rating	Comment
Efficiency	**HS**	The project was efficient in its use of resources (and was underspent at the time of the TE) and kept a uniquely good record of the co-finance received by the project.
Sustainability		
Overall likelihood of risks to sustainability	**ML**	As with many other aspects of the project, the sustainability of the project's processes and impacts hinges directly on the approval of the amendments to the legislation that was proposed by the project. Indeed, this was even more the case because the legislation was the principal mechanism used by the project to achieve mainstreaming of biodiversity in the oil-and-gas sector. Other shortcomings include the unknown financial sustainability of the Saigachy Reserve, if it is established.
Financial sustainability	**ML**	
Socio-economic sustainability		
Institutional/governance sustainability	**ML**	
Environmental sustainability	**ML**	
Catalytic Role		
Production of a public good, Demonstration, Replication and Scaling up	**MS**	There were a number of positive outcomes with respect to replication – most notably the replication of the pilot restoration of damaged land by Uzkorgaz Chemical. In addition, the guidebook and manual produced by the project will ensure some degree of future replication and production of a public good. The shortcoming here was that only one oil-and-gas company partnered with the project (as one of company refused to cooperate and work with the project).[5]
Impact (S, M, N)		
Environmental Status Improvement	**M**	The impact remains minimal primarily because the legislation on which the mainstreaming hinges has not been approved. Several barriers also continue to exist. However, the project did have impact in those areas where traction was possible.
Environmental Stress Reduction	**M**	
Progress towards stress/status change	**M**	

Summary of conclusions

In principle and according to the results framework, the UNDP-GEF project "Mainstreaming Biodiversity in Uzbekistan's Oil-and-gas Sector Policies and Operations" has made significant gains. However, the results framework was

[5] **Comment on draft report**: "*There are only 2 companies operate in Ustyurt Plateau - "UzKorGasChemical" and "Zarubejneftegaz". The latter refused to work with the project. Please indicate this in the report*". **TE response**: Acknowledged and the section has been edited.

changed – and arguably made more realistic and deliverable – but in doing so the change undermined the contribution that the project could make to both the GEF and UNDAF results frameworks.

The amendment of legislation was the principal mechanism by which the project was aiming to mainstream biodiversity into the oil-and-gas sector's policies and operations. At present, it remains unclear when – or even if – these amendments will be approved although it is possible that three (of the 12) pieces of legislation will be approved in the relatively near future. One overriding conclusion is that projects should not attempt to deal with legislative change unless there is a compelling (and evidence-based) reason to believe that it will be approved during the project's lifetime[6].

The project was implemented by an exceptional team of people; arguably, they were the best possible team to implement such a difficult project. The concepts were new, not only within the country but also to the team itself. Nonetheless, they worked exceptionally hard to deliver results. That they managed to achieve quite as much as they did is remarkable in what was an extremely ambitious project.

The project was not *only* about the approval of legislation and the project also worked hard in the other areas and notable gains were made in the following areas: i) the project managed to introduce the concept of a mitigation hierarchy – including offsetting – within Uzbekistan and to international standards such as the IFC's Performance Standard 6 (PS6 – Biodiversity) and the Equator Principles (although there were others that were not discussed – for example the Extractive Industries Transparency Initiative, EITI and the IPIECA[7]), ii) the preparation of the Saigachy Reserve, iv) the training of members of staff of government institutions, oil-and-gas companies and of various training institutions – including the development of a training manual that can continue to be used following closure of the project, iii) the development of a manual for the oil-and-gas industry of how biodiversity can be incorporated into their policies and operations, v) the implementation of a pilot restoration of damaged land and vi) the development of a Biodiversity Action Plan (BAP) with one oil-and-gas company.

In conclusion, then, this was a high risk, high impact project. Had the legislation had been approved, the risks would have been worthwhile and impact would have been far-reaching and profound. An equally important question is whether the risks are worth the USD 950,000 and the USD 204,607 that the GEF and the UNDP have invested in the project? One can conclude that given the opportunity, one would indeed repeat the project if only because i) the rewards would have been profound if the project had

[6] **Comment on draft report**: "*This was a project outcome/indicator. Although, the amendments to legislation will not be approved during project's lifetime, the project put all efforts together to expedite the process even though the final approval is beyond its lifetime*". **TE response**: Indeed; the TE report acknowledges repeatedly the exhaustive efforts made by the project to complete this task.

[7] **Comment on draft report**: "*Please see the Bibliography used in Learning material paragraphs 16, 25, 26, 32, 33*". **TE response**: It is a little unclear to what this comment refers but it suggests that the project *did* explore and examine these other international frameworks and structures. If so, that is good.

achieved its objective and ii) there are important lessons that have been learned through the process. It was, therefore, a project that strode the right path in the right direction but simply lacked the time and political backing to reach the final destination.

Summary of Recommendation & Lessons Learned

Much has been learned through the implementation of this project and these lessons should be made available for the PPG phase of the UNDP-GEF project "Sustainable natural resource and forest management in key mountainous areas important for globally significant biodiversity".

i) While ambitious projects are necessary, there has to be a reasonable chance of success and some level of realism

ii) Ownership and responsibility. It is essential that the government feels not only ownership of projects but also assumes responsibility for them. Various suggestions are made as to how this might happen: i) engaging the right people – but there are risks because changes in personnel happen relatively frequently at the higher levels; ii) key people within the government need to understand the GEF and its strategic objectives and programs such that they can make informed decisions about where their own priorities (and thus the things about which they are enthusiastic) overlap with those of the GEF; iii) if legislation is to be approved over the course of a project, then project itself should be itself approved by which ever body it is that is required to approve the legislation during the project; iv) because the government pays more attention to and takes greater responsibility of loans (as opposed to grants) that are provided to them, it has been suggested that for critical, challenging work, the GEF grant be linked to a loan.

iii) When considering the design and development of projects, further discussions were made regarding the *process*, including: i) if a study tour is envisaged for the project, it should be carried out either in the PPG phase or in the very early stage of the project (so that lessons from the study tour can be incorporated into the project); ii) prospective candidates for the position of NPM should be involved in the project design and development process; iii) people well acquainted with the demands of a GEF project and with the political reality of Uzbekistan should be invited (if not commissioned) to scrutinise the project design with great care to determine its feasibility; iv) it is essential to be honest about the context of environmental management and governance, and the risks that exist to achieving the results of the project – and to seek measures to mitigate the risks, or simply state what falls within the scope of the project and what simply cannot be addressed; v) the current project was, as discussed, a high risk – high impact project. By being honest about the barriers and risks, project designers can decide whether to take a high risk – high impact course or whether a slow incremental growth profile would be more appropriate. They can also decide the cap for the budget given the risk that a high-risk project may fail.

Beyond these points regarding the design and development of projects, there are a number of recommendations:

Avoid mandate drift. The project morphed towards a protected areas project with significant attention given to the establishment and reorganisation of the Saigachy Reserve[8]. Projects need to retain their focus however difficult the objectives and outcomes may be.

Build understanding of the philosophy underpinning mainstreaming gender. The initiative undertaken by the project to hold a workshop on the role of women in the oil-and-gas sector was outstanding. However, it was apparent that there was little understanding. The UNDP-CO needs to build understanding of – and, better still, commitment and enthusiasm for – the philosophy or importance of gender mainstreaming among their teams and project implementers.

Timely inputs from international experts. The second international consultant was hired in the project's final year and too late to adjust the course of the project or to have significant impacts. External experts should be brought in at the *early* stages of the project to ensure that his or her inputs would have an impact by the end of the project.

Institutions vs. individuals. For various reasons, the project opted to hire individual consultants as opposed to awarding contracts to institutions. However, one of the GEF's core principles is to build institutional capacity and thus there is a fine balance between striving for cost efficiency and supporting institutions.

Be creative about measuring impacts. Projects should feel that they can be creative about how they measure and, more importantly, demonstrate and communicate impacts beyond the enumeration of indicators within the results framework.

Do not alter indicators such that they undermine a project's contribution to the GEF or the UNDAF's results frameworks.

Clarity regarding how to achieve "no net loss" and "net gain". The concepts of "no net loss" and "net gain" and how offsetting and restoration – as part of damage mitigation are relatively new in Uzbekistan and it will take time for them to clarify completely.

Find ways to continue to push for legislative approval. The impact and sustainability of the project hinges on the legislation for which the project proposed amendments. The UNDP-CO, in partnership with the SCNP, should continue to seek ways to ensure that proposed amendments are approved.

Continued engagement of the oil-and-gas companies, and replication. The further engagement with oil-and-gas companies should include: i) (for Uzkorgaz Chemical) renewing their BAP for another phase, ii) developing an offsetting strategy (possibly with funding from their corporate social responsibility, CSR, budgets if they could not get it through cost recovery with the government) which could include the following – a) working with the SCNP in Karakalpakstan to increase the effectiveness of the management of Saigachy Reserve and working with them to ensure its financial sustainability, b) develop research and monitoring partnership with academic institutions such that knowledge of the biodiversity, ecosystems and ecological processes of the Ustyurt Plateau deepens and c) working with training institutions to

[8] **Comment on draft report**: "*Please see comment in TE Ratings & Achievement Summary Table – under section on Relevance*". **TE response**: Similarly, see response to the above comment.

replace those people from state organizations that have moved to the employment of the oil-and-gas companies. All these actions could be justified as offsetting – so long as they lead to measurable "no net loss" or "net gain" from an agreed baseline.

Dissemination of outputs. The project managed to produce some useful products – especially the Guidebook and the Manual. Although physical prints were made of these products, they should also be made available as digital versions on the internet – at least through the UNDP-CO's and the SCNP's websites.

Action plan for Saigachy Reserve. The SCNP needs to have an action plan sketched out of the steps that need to be taken following the gazettement of the Saigachy Reserve, including the development of a management plan, the implementation of the METT for monitoring the management effectiveness of the area and to seek partners for the management of the area – this could include the Saiga Conservation Alliance.

Beware the selling off of exploration and production blocks. If blocks are sold off when their productivity (and hence profitability) declines, they may be bought by "wildcatters" who are less inclined to adhere to social or environmental standards or commitments and because their profit margins are narrower, they are inclined to cut corners and costs.

This project is the first step in what is a long journey. When dealing with an industry as difficult as oil-and-gas, it is a long journey and no one, nowhere has managed to arrive at the perfect solution where social and environmental issues (including biodiversity) have been fully addressed and incorporated into the companies policies and operations. Organisations such as the SCNP and other partners will have to continue to be persistent in order to safeguard unique ecosystems such as the Ustyurt Plateau with its unique biodiversity.

Interagency Working Group. These have been demonstrated to be a good thing!

Monitoring cofinance. The project did an outstanding job of monitoring and monetising the co-financing for the project. This stands as an excellent example for other projects to replicate.

1 Introduction

1.1 Purpose of the evaluation

1. The Terminal Evaluation (TE) of the UNDP-GEF project "Mainstreaming biodiversity in Uzbekistan's Oil-and-Gas sector policies and operations" was carried out according to the UNDP-GEF Monitoring and Evaluation Policy. Thus, it was carried out with the aim of providing a systematic and comprehensive review and evaluation of the performance of the project by assessing its design, processes of implementation, achievement relative to its objectives. Under this overarching aim, its objectives were i) to promote accountability and transparency for the achievement of GEF objectives through the assessment of results, effectiveness, efficiency, relevance, sustainability and impact of the partners involved in the project, and ii) to promote learning, feedback and knowledge sharing on the results and lessons learned from the project and its partners as a basis for decision-making on policies, strategies, programme management and projects, and to improve knowledge and performance.

2. As such, this TE was initiated by the UNDP-CO as the project's National Implementing Partner to determine its success in relation to its stated objectives, to understand the lessons learned through the implementation of the project and to make recommendations for the remaining part of the project.

3. The TE was conducted by one international consultant and one national consultant. The TE consultants were independent of the policy-making process, and the delivery and management of the assistance to the project. The consultants were also not involved in the implementation and/or supervision of the project.

4. The TE was carried out over a period starting from 01 June 2015 and with a mission to Uzbekistan from 09 – 19 September 2015. Carrying out the TE at this point in the project's implementation timeline was in line with UNDP/GEF policy for Evaluations.

1.2 Scope & Methodology

5. The approach for the TE was determined by the Terms of Reference (TOR, see Annex I) and by the UNDP-GEF Guidance for conducting Terminal Evaluations[9].

6. Thus, it was carried out with the aim of providing a systematic, evidence-based and comprehensive review of the performance of the project by assessing its strategy and design, processes of implementation and achievements relative

[9] UNDP-GEF (2012) *Project-level Monitoring: Guidance for conducting Terminal Evaluations of UNDP-supported, GEF-financed projects*.

to its objectives. As such, the TE determined the progress of the project in relation to its stated objectives (through the assessment of results, effectiveness, relevance, sustainability, impact and efficiency - requiring a review of the fund allocations, budgets and projections, and the financial coordination mechanisms), to promote learning, feedback and knowledge sharing on the results and lessons (both positive and negative) that can be learned from the implementation of the project. The TE examined whether the implementation arrangements – including the relationships and interactions among the project's partners, including the State Committee for Nature Protection, the academic institutions such as the Flora and Fauna Institute of Genepool of Academy of Science of the Republic of Uzbekistan, the oil-and-gas companies, UNDP, and other partners – are effective and efficient.

7. The TE included a thorough review of the project documents and other outputs, documents, monitoring reports, the Mid-Term Evaluation (MTE), Project Implementation Reviews (PIR), relevant correspondence and other project related material produced by the project staff or their partners. The evaluation assessed whether a number of recommendations that had been made following the MTE, and monitoring and support visits from people from the Biodiversity staff of UNDP's Regional Technical Centres were implemented and to ascertain the explanations if they were not.

8. The TE also included a mission to Uzbekistan between 09 – 19 September – 2015 (see Annex II for the itinerary of the mission). The evaluation process during the mission followed a participatory approach and included a series of structured and unstructured interviews (see Annex VIII for indicative questions for the interviews), both individually and in small groups (see Annex III for a list of people interviewed over the course of the mission – noting that not all the requested meetings occurred!). Site visits to the Ustyurt Plateau were also scheduled i) to validate the reports and indicators, ii) to examine, in particular, any infrastructure development and equipment procured, iii) to consult with protected area staff, local authorities or government representatives and local communities, and iv) to assess data that was held only locally. The evaluators worked with the Project Staff and particularly with the Project Manager throughout the evaluation. Particular attention was paid to listening to the stakeholders' views and the confidentiality of all interviews was stressed. Whenever possible, the information was crosschecked among the various sources.

9. The evaluation was carried out according to the UNDP/GEF Monitoring and Evaluation Policy. Therefore, activities and results were evaluated for their: i) **Relevance** – thus, the extent to which the results and activities were consistent with local and national development priorities, national and international conservation priorities, and GEF's focal area and operational programme strategies, ii) **Effectiveness** – thus, how the project's results were

related to the original or modified intended outcomes or objectives, and iii) **Efficiency** – thus, whether the activities are being carried out in a cost effect way and whether the results were achieved by the least cost option. The results, outcomes, and actual and potential **impacts** of the project were examined to determine whether they were positive or negative, foreseen or unintended. Finally, the **sustainability** of the interventions and results were examined to determine the likelihood of whether benefits will continue to be accrued after the completion of the project. The sustainability was examined from various perspectives: financial, social, environmental and institutional.

10. In addition, the evaluators took pains to examine the achievements of the project within the realistic political and socio-economic framework of Uzbekistan.

11. The logical framework (with approved amendments in the Inception and following the MTE) with Outcomes, Outputs and indicators towards which the PM and the PIU was working formed the basis of the TE.

12. According to the GEF policy for TEs, the relevant areas of the project were evaluated according to performance criteria (see TOR, Annex I).

13. The preliminary findings of the TE were presented at a debriefing meeting at the end of the mission on 17 September 2015 at the UNDP-CO offices.

14. Finally, the TE was carried out with a number of audiences in mind, including: i) the various entities of the Government of Uzbekistan that are involved with the project – primarily the State Committee for Nature Protection (both centrally and of the region of Karakalpakstan) but also the Flora and Fauna Institute of Genepool of Academy of Science of the Republic of Uzbekistan, ii) the UNDP-CO and UNDP-GEF RTC in Istanbul, and iv) the GEF.

1.3 Structure of the evaluation report

15. The report follows the structure of Project Evaluations recommended in the UNDP Evaluation Guidance for GEF-Financed Projects as given in Annex 5 of the TOR. As such, it first deals with the purpose of the review and the methodology used for the review (Section 2), a description of the project and the development context in Uzbekistan (Section 3), it then deals with the Findings (Section 4) of the evaluation within four sections (Project Strategy, Progress Towards Results, Project Implementation and Adaptive Management, and Sustainability). The report then draws together the Conclusions and Recommendations from the project (Section 5).

2 Project description and development context

2.1 Project start and duration

16. The project start date was 09 November 2010 on signature of the project document and the project was designed to last just under four years (November 2010 – July 2014). However, following the recommendation of the MTR, the project was extended until July 2015[10], with a further extension to 31 October 2015[11].

Table 1. The project milestones and timing

Milestone	Date
PIF Approval	22 April 2009
PPG Approval	May 2010
CEO Endorsement	May 2010
GEF Agency approval	June 2010
UNDP Prodoc signed	09 November 2010
First PM appointed	10 November 2010
First PM departure	28 February 2011
National Project Manager appointed	16 March 2011
Inception Workshop & Report	April 2011
MTR report	19 August 2013
Initial projected EOP	31 July 2014
Current projected EOP	31 October 2015

2.2 Problems that the project sought to address

17. The temperate grasslands (the steppe) of western Uzbekistan are a vast but globally important ecosystem. They include the Ustyurt Plateau, an area of 7 million ha that expands northwards into Kazakhstan.

18. Since initial discoveries on the Ustyurt Plateau in 1962, the oil-and-gas industry has been exploring for and producing (predominately) gas from the area. The project document indicates that there are 194 proven reserves of

[10] As recommended in the MTR and agreed with in the Management Response to the MTR (Recommendation No. 7) with the proposal that this be approved in the forthcoming PB meeting. The minutes of that PB meeting (of 10 December 2013) do not *explicitly* approve the extension but there was a blanket decision to "approve recommendations of the project MTR …".

[11] The approval of this final extension does not appear in the PB minutes.

which 88 were under production (presumably in 2010 when the ProDoc was prepared). Further expansion of production to other fields was planned (and two of the companies, Lukoil and Gazprom, were planning to produce a total of 60 million m^3 of gas per year by 2010) and this expansion continues with further exploration and production – including on the Ustyurt Plateau.

19. The principal threats that the oil-and-gas industry present to the ecological integrity and biodiversity of the Ustyurt Plateau are:

1. Direct degradation of habitats through exploration and production activities.
2. Fragmentation of the ecosystems, with gas pipelines and other infrastructure presenting barriers. This is particularly important for migratory species such as the saiga *Saiga tatarica tatarica*.
3. Exploration activities disrupt breeding sites, including that of saiga

20. These direct threats are underpinned by a suite of root causes, the majority of which are linked, in the project document, to an inadequate legislative and regulatory framework. There are a number of legislative aspects that are specifically mentioned in the ProDoc, for example, the Law "On Environmental Examination" (of 25 May 2000) with its further provision[12] apparently not "fully covering EIA requirements, particularly in terms of biological resources." The ProDoc goes on to state that there was no "appropriate registration" of the environmental consequences of programs or policies that may cause harm to biological diversity.

21. The project document does not go on to examine the barriers to good environmental management in industrial activities such as those of the oil-and-gas sector although, in part, these are dealt with in the risk analysis. For example, "lack of engagement of government actors/institution and commitment to the project strategy" is identified as a risk. There are other issues facing the environment sector (and, potentially, other sectors as well: i) the turnover of key personalities and key people in higher level positions, and ii) other, institutional aspects limiting innovation and implementation.

22. In summary, then, the project document identifies the legislative framework as being the principle root cause of the threats that the oil-and-gas industry presents to the integrity of ecosystem (particularly of the steppe system of the Ustyurt Plateau).

2.3 Immediate and development objectives of the project

23. The long-term goal towards which the project aimed to contribute, as stated in the project document, was

[12] Approved by Resolution No. 491 of the Cabinet of Ministers on 31 December 2001).

All ongoing and future oil-and-gas operations in Uzbekistan minimize their adverse impacts on biodiversity so that the conservation prospects of the affected ecosystems are greatly improved.

24. The project aimed to do this through the achievement of the following objective:

To mainstream biodiversity conservation into Uzbekistan's oil-and-gas policies and operations by demonstrating this on the Ustyurt Plateau.

25. The project aimed to operate primarily at the systemic level – putting in place an enabling environment through legislative change – but also by demonstrating impact at a local level on the Ustyurt Plateau in northwest Uzebkistan.

2.3.1 Project description and strategy (objectives, outcomes and expected results and description of field sites

26. The project's objective would, in turn, be achieved through two components, each with a series of outputs:

Component 1: Enabling policy, legislative and institutional environment for mainstreaming biodiversity conservation considerations in the oil-and-gas sector

Component 2: Demonstrating biodiversity mainstreaming technologies in oil-and-gas operations on the Ustyurt Plateau

27. Component 1 had four outputs, including i) amending a number of laws to incorporate biodiversity as a specific requirement, ii) developing a national sensitivity map delineating the areas that would require greater (or lesser, as appropriate) levels of avoidance, minimisation, mitigation and/or offsetting, iii) amendments to the EIA processes to include biodiversity considerations, and iv) developing the capacities of members of staff from key state and private sector institutions. Component 2 focused on demonstrating the impacts of incorporating biodiversity considerations into practices. The component had six outputs: i) production of a guidebook/manual for incorporation of biodiversity into the oil-and-gas sector – specifically within the steppe and arid ecosystems in Uzebkistan, ii) biodiversity damage mitigation measures demonstrated at one oil-and-gas site, iii) avoidance and mitigation measures integrated into the design of an oil-and-gas development, iv) biodiversity offset schemes to compensate for damage from existing and proposed oil-and-gas operations operationalized, v) results of mainstreaming in demonstration areas monitored and verified, and vi) lessons-learned documented, awareness raised and a replication strategy developed and implemented.

2.4 Baseline indicators established

28. As can be seen in Table 2, the indicators were amended during the Inception Period, with further amendment of two indicators during the MTR. This meant that the majority of baseline indicators were established relatively late in the project's implementation. That being said, with the exception of two of the indicators, the indicators were at "zero" (i.e., there was no incorporation or implementation of biodiversity into oil-and-gas legislation, operations).

2.5 Main stakeholders

29. The Project Document does not present a stakeholder analysis or even a list of stakeholders although, as rightly indicated in the MTR, a list of stakeholders can be extracted from the institutional analysis in the project document (under the situation analysis). However, in *not* carrying out a detailed stakeholder analysis and, more importantly, describing their roles and responsibilities in the project, the project may have contributed to undermining the "ownership" of the project by some of the key stakeholders. This will be discussed later (under the section on Ownership, see Section 3.3.4).

2.6 Expected results

30. The project aimed to mainstream biodiversity within the oil-and-gas sector through legislative change and then working with selected oil-and-gas companies in a more tangible way to implement the mitigation hierarchy in their policies and operations. The field demonstrations were planned to take place on the Ustyurt Plateau in northwestern Uzbekistan; this is the primarily gas production area of the country. It is also the only area of the country with habitat for the CR saiga *Saiga tatarica tatarica* as well as other species.

31. In that the it aimed to amend legislation, the project was ambitious and, indeed, was flying in the face of the lessons learned from previous UNDP-GEF projects[13].

3 Findings

3.1 Project Design

32. In the section above (see Section 2.6), we assert that the project was ambitious to set out to amend legislation. Indeed, in some appreciation of this, at the Inception Workshop (and in the resulting Inception Report), the project's

[13] For example, see the Terminal Evaluations of the UNDP-GEF Projects: "Establishment of the Nuratau-Kyzylkum Biosphere Reserve Project as a Model for Biodiversity Conservation in Uzbekistan", "Conservation of Tugai Forest and Strengthening Protected Areas System in the Amu Darya Delta of Karakalpakstan", and "Strengthening Sustainability of the National Protected Area System by Focusing on Strictly Protected Areas".

indicators were amended. This will be discussed at a number of occasions in this report.

33. Despite the ambition of the project, in principle, it is timely as there is a growing movement across the globe to ensure that the oil-and-gas industry incorporates biodiversity into their policies and operations.

3.1.1 Analysis of LFA/Results Framework (Project logic /strategy; Indicators)

34. In principle, the Project Results Framework (PRF) is a sensible and logical sequence that should measure the successes (or otherwise) of the project. Detailed analysis of the PRF is found below (see Table 2).

Table 2. The Project Result Framework including TE comments on its design.

Objective/Outcome	Indicators as originally proposed in Prodoc	Changes to indicators at Inception Stage	Changes to indicators at MTR	Final Baseline	EOP target	TE comment
To mainstream biodiversity conservation into Uzbekistan's oil-and-gas policies and operations by demonstrating this in the Ustyurt Plateau.	At least one active oil-and-gas extraction site has in place biodiversity mitigation measures	Amount of funds invested by oil-and-gas companies in biodiversity conservation, which contributes to reduced habitat destruction and fragmentation, maintenance of ecosystem services and connectivity, and reversals in loss of native vegetation.	-	Zero of investments by oil-and-gas companies in biodiversity conservation.	By the project end total investments of oil and gas sector into preservation of biodiversity reached USD 1 million.	The changes proposed in the inception period assume that the amount invested and area in which oil-and-gas companies incorporate biodiversity would be "fuller and more significant" indices. However, the original indicator ("at least one active oil-and-gas extraction site has in place biodiversity mitigation measures") and the proposed amendments are not mutually exclusive and no additional monitoring effort would have been
	At least one prospective major oil-and-gas development at the Ustyurt Steppe Plateau integrate	Square of the territory of Uzbek steppe ecosystem over which the oil-and-gas operations integrate		Absence of land area over which oil-and-gas operations integrate biodiversity	As result of project implementation land area over which oil-and-gas operations integrate biodiversity conservation	

Objective/Outcome	Indicators as originally proposed in Prodoc	Changes to indicators at Inception Stage	Changes to indicators at MTR	Final Baseline	EOP target	TE comment
	avoidance and mitigation technologies	biodiversity conservation considerations		conservation considerations.	considerations increased to 1.3 million hectares	required to keep the original indicator[14]. The targets were *very* ambitious.
Enabling policy, legislative, and institutional environment for mainstreaming in oil-and-gas sector	1. Laws on Environmental Protection", "On Environmental Examination", "On Protected Natural Territories", "On the Protection and Use of Flora", "On the Protection and Use of Fauna", "On State Cadastres", and	Number of amended laws and policy documents are analysed, complemented by biodiversity conservation requirements and submitted to the Government for approval.		No amended Laws that facilitate the incorporation of biodiversity conservation requirements into planning and implementation of oil-and-gas operations (to be tracked in more detail through the SO 2 Tracking Tool).	At least 7 Laws (On Environmental Protection, On Environmental Examination, On Protected Natural Territories, On Protection and Use of Flora, On Protection and Use of Fauna, On State Cadastres, Land Code) reviewed to incorporate biodiversity conservation and monitoring issues. Amendments with regulations on the avoid-reduce-remedy-offset	This represents an extremely ambitious indicator (see section 3.1.3). The original indicator specifies seven laws to be amended whereas the amended indicator does not specify the laws to be amended (although these are specified within the EOP target). The more serious concern with the amended indicator is that it undermines the project's contribution to GEF's

[14] **Comment on draft report**: "*This TE comment in Table 2 is not clear*". **TE response**: The point here was that the amendments proposed in the project's Inception Report was not mutually exclusive from the original indicator and would have required no additional cost or effort to monitor. Thus, the TE comment was suggesting that the proposed changes should have been additive rather than replacing the original indicator.

Objective/Outcome	Indicators as originally proposed in Prodoc	Changes to indicators at Inception Stage	Changes to indicators at MTR	Final Baseline	EOP target	TE comment
	Land Code amended.				principles in extractive industries, including development of norms and methodology for determining indirect negative impacts on flora and fauna, prepared to above mentioned Laws. After approval by stakeholders proposed amendments to at least 7 Laws submitted to the Government for review and subsequent approval (accordingly to existing procedures).	Biodiversity Results framework[15].
	2. State mandated ecological screening processes and	Availability of Amendments on biodiversity conservation requirements		No amended state mandated ecological screening processes and	The current status of State Ecological Examination process and Environmental Impact Assessment reviewed.	This is a duplication of the above indicator – as the "Environmental Examination" legislation is included above. As

[15] The target for Objective 2 is "biodiversity conservation and sustainable use is mentioned in sector policy through specific legislation, regulations are in place to implement the legislation, regulations are under implementation, implementation of regulations is enforced, and enforcement of regulations is monitored"

Objective/Outcome	Indicators as originally proposed in Prodoc	Changes to indicators at Inception Stage	Changes to indicators at MTR	Final Baseline	EOP target	TE comment
	instruments amended.	made to State Ecological Examination process and EIA screening instruments and submitted to the Goskompriroda for approval.		instruments for monitoring biodiversity impacts of oil-and-gas projects.	Amendments with norms incorporating a thorough check of biodiversity impacts of proposed oil-and-gas projects prepared. After approval by stakeholders proposed amendments on biodiversity conservation requirements to State Ecological Examination process and EIA screening instruments submitted to the Goskompriroda for review and subsequent approval (accordingly to existing procedures).	with the above indicator, it has been amended[16].
	3. Mapping of lands is in place	Availability of mapping of (i) lands that should be off-limits to		No mapping of (i) lands that should be off-limits to exploration and	The State Programme of Development of the Oil-and-Gas Industry (2007-2012) and its future	The initial plan, in the project document, was for a *national* map to be produced (see section

[16] **Comment on draft report**: "*Here, in addition to the environmental impact assessment, a set of documents of by-laws prepared and submitted to the SCNP*". **TE response**: This is very good as a result and the TE hopes, as with the project, that these by-laws are adopted by the government.

Objective/Outcome	Indicators as originally proposed in Prodoc	Changes to indicators at Inception Stage	Changes to indicators at MTR	Final Baseline	EOP target	TE comment
		exploration and drilling, (ii) lands where extraction projects are allowed, but should have mitigation measures, and (iii) lands where a restoration or offset scheme is needed for inclusion to the Oil-and-gas Sector Development Plan for 2013-2017.		drilling, (ii) lands where extraction projects are allowed, but should have mitigation measures, and (iii) lands where a restoration or offset scheme is needed.	extensions reviewed. A field survey (BD and GIS) to collect necessary information for development of the map conducted. Economic analysis of the program of regional development conducted. Map of (i) lands that should be off-limits to exploration and drilling, (ii) lands where extraction projects are allowed, but should have mitigation measures, and (iii) lands where a restoration or offset scheme prepared, discussed and submitted to Government for inclusion into new State Programme of Development of the Oil-and-Gas Industry (2013-2017).	2.3.1) and neither the EOP target nor the indicator is spatially explicit – thus, relying on the discretion of the project team.

Objective/Outcome	Indicators as originally proposed in Prodoc	Changes to indicators at Inception Stage	Changes to indicators at MTR	Final Baseline	EOP target	TE comment
	4. Number of government and industry staff.	Number of Officers from Uzbekneftegaz, Inspectors from State Committee for Nature Protection, Environmental Officers of leading oil-and-gas companies are trained in principles and practical approaches for avoid-reduce-remedy-offset approaches to oil-and-gas operations.of government and industry staff trained in principles and practical approaches for		Zero (0) government and industry staff trained in principles and practical approaches for avoid-reduce-remedy-offset approaches to oil-and-gas operations.	3 Officers from Uzbekneftegaz, 25 Inspectors from State Committee for Nature Protection, 7 Environmental Officers of leading oil-and-gas companies trained in principles and practical approaches for avoid-reduce-remedy-offset approaches to oil-and-gas operations. The finalized/corrected training modules submitted for inclusion into curriculum of special educational institutions.	The original indicator was unspecific and the change was warranted. The final indicator and targets were specific and adequate.

Objective/Outcome	Indicators as originally proposed in Prodoc	Changes to indicators at Inception Stage	Changes to indicators at MTR	Final Baseline	EOP target	TE comment
		avoid-reduce-remedy-offset approaches to oil-and-gas operations.				
Demonstrating biodiversity mainstreaming technologies on the ground in the Ustyurt Plateau	5. # of hectares, where Biodiversity offset scheme is operational	No decrease populations of indicator species in the project territory	Number of *Ellobius talpinus* colonies at the sites where project implemented joint measures with Fauna and Flora International and other partners	Baseline population figures will be determined once the biodiversity inventories are completed in the demonstration area by year 2 of the project. New Baseline: 8 colonies per 1 ha	No decrease over baseline values observed.	As with the majority of the indicators, the indicator was amended during the inception period with a shift towards a more direct measure of biodiversity. A further change was made during the MTR to make the indicator more specific. The indicator made an assumption about the longevity of FFI in working towards the project's goals. Success of hitting the target would be dependent on carrying out restoration work to allow sufficient time for

Objective/Outcome	Indicators as originally proposed in Prodoc	Changes to indicators at Inception Stage	Changes to indicators at MTR	Final Baseline	EOP target	TE comment
						indicator species to re-colonise the areas.
	6. Independent monitoring plan of the results of biodiversity mainstreaming into oil-and-gas sector is in place.					MTR proposed that this indicator be deleted
	7. No indicator	% of square of the area which earlier adversely affected by habitat destruction and fragmentation along pipelines, has in place measures aimed at regeneration and recovery of native vegetation	Square of the area (in ha) which earlier adversely affected by habitat destruction and fragmentation has in place measures aimed at regeneration and recovery of native vegetation.	0 ha	At least half of this area has in place measures aimed at regeneration and recovery of native vegetation	This was a new indicator introduced at the inception period and modified during the MTR. The idea is to measure rehabilitation or restoration of damaged areas. The MTR also proposed other targets but this was not accepted.
	8. No indicator	% of decrease of poaching incidents in project area	Number of inspectors to decrease in poaching	3 inspectors per 7 million ha, e.g. 1	Poaching incidents decreased by 10% to baseline.	This was also a new indicator proposed during the inception period but the MTR

Objective/Outcome	Indicators as originally proposed in Prodoc	Changes to indicators at Inception Stage	Changes to indicators at MTR	Final Baseline	EOP target	TE comment
		compared with baseline levels	incidents on Saiga antelope	inspector per 2.3 million ha		proposed that it be deleted or amended. The originally proposed indicator assumed intense and successful levels of monitoring of the poaching and the MTR amended indicator, while a proxy, is much easier to measure.

35. There are a few things to note. First, the majority of the indicators were amended during the inception period (and reported in the Inception Report). In addition, the MTR proposed further amendments to the indicators and to the EOP targets (not all of which were accepted by the project). This is interesting and raises questions about the project preparation phase and why it did not manage to develop a set of satisfactory indicators and targets[17]. Over the mission to Uzbekistan, none of the interviewees could shed light on this (including the project team, none of whom were involved in the project development).

36. There were a total of nine indicators at the end of the project.

3.1.2 Assumptions and risks

37. The project document identifies five risks with differing probabilities and potential impacts. The risks included:

1. Lack of cooperation from the oil-and-gas industry
2. Lack of engagement of government institutions and weak position to regulate oil-and-gas sector
3. Lack of capacity to implement pilots
4. A tendency to focus on offsetting rather than other steps of the mitigation hierarchy, and
5. Climate change will lead to rapid losses of biodiversity in the area.

38. As mentioned in Section 2.2, there were barriers to effective regulation of the environment sector that were not fully mentioned in the risk section – although these are partly addressed with the second risk. Interestingly, the risk analysis does not mention the inability to have legislation approved by the Council of Ministers as a risk – although this, too, is partly alluded to in the second risk as well[18].

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[17] **Comment on draft report**: "*Please see the Management Response on MTR, if not done so, to clarify. It can be shared if need be*." **TE response**: The Management Response to the MTR has already been examined. The point here is that the MTR proposed changes to a large number of indicators and targets – and the TE presumes that the MTR based its proposals on a *participatory* processes – i.e., the proposals emerged from the various interviews that the MTR had with stakeholders. Of course, PIU, UNDP-CO and UNDP-GEF RTC is fully justified to reject recommendations (as was the case in the Management Response): this is not in question here.

[18] **Comment on draft report**: "*It is a standard procedure that all legislation is approved by the Parliament, for which reason, this was not mentioned in the risk section. The risk, here, is the time constraint that might occur on approval of proposed legislation*". **TE response**: The comment is correct – the time that is takes to get approval is part of the risk. However, previous UNDP-GEF projects in Uzbekistan have tried to get Council of Ministers' approval for policy documents and these have never been approval – so there is a risk of this as well.

39. At the stage of the inception period and as reported in the Inception Report, no amendment to risk table was deemed necessary.

40. In contrast, the MTR proposed that the second risk ("lack of engagement of government institutions and weak position to regulate oil-and-gas sector") be upgraded to a "critical risk". This was based on i) the limited co-financing engagement of the government and ii) the potential delays to approval of legal frameworks. Although the MTR proposed guidance to assist the project in mitigating this risk, the TE fails to see how these were helpful possibly because the proposals were not well formulated or clearly articulated.

41. Overall, however and given the issues that the project has had with some of its implementation (see Sections 3.2 and 3.3), it is apparent that the risk analysis was incomplete. The lesson to be derived from this is that it is essential that the analysis of barriers to a successful project and the risk analysis should be exhaustive. In other words, the barriers and risks should be acknowledged – even if overcoming the barriers or mitigating the risks is beyond the scope or ability of the project. When they are not acknowledged, it appears negligent.

3.1.3 Lessons from other projects incorporated into project design

42. The project draws of a series of biodiversity projects that have been implemented in Uzbekistan. However, as a continuation of the above section, some of the lessons from previous projects were not necessarily incorporated into the project. For example, previous projects have been deemed as being over-ambitious and without sound project concepts[19]; other also tried to amend legislation – as with this project – or sought to develop policy document, and this was viewed as being problematic and ambitious[20].

43. While there were issues, the project did also draw positively off previous projects. For example, the project sought to hire a project manager who had had extensive experience implementing (two) UNDP-GEF biodiversity projects and who was also had held the position of Chairman of the State Committee for Nature Protection (SCNP)(for more discussion on this, see Section 3.1.8). Therefore, the NPM brought with him the lessons drawn from the two projects that he had implemented as well as the other projects off which those projects had drawn. That being said, he was not involved in the design and development of this project. In addition to the NPM, the National Technical Coordinator (NTC) had also worked on (at least) one previous UNDP-GEF project and, as a result, he too brought that experience to the project.

[19] For example, the UNDP-GEF project "Achieving Ecosystem Stability of Degraded Land in Karakalpakstan and Kyzylkum Desert".

[20] For example, the UNDP-GEF projects " Conservation of Tugai Forest and Strengthening Protected Area System in the Amu Darya Delta of Karakalpakstan" and "Strengthening Sustainability of the National Protected Area System by Focusing on Strictly Protected Areas".

3.1.4 Planned stakeholder participation

44. As mentioned in Section 2.5, the stakeholders in the project were neither explicitly identified nor were their roles and responsibilities in the project explicitly articulated.

45. However, by the stage of the project's inception period, an Interagency Working Group (IWG) had been established (partly as a response to lessons learned across the region). In contrast to the Project Board (PB, see section 3.1.8), the IWG included a broad range of key stakeholders (see Annex IV for the list of members of the IWG). This was an effective mechanism for bringing this broad range of stakeholders together.

46. In addition, the project planned to engage with at least two oil-and-gas companies that are producing gas from the Ustyurt Plateau.

3.1.5 Replication approach

47. As with other sections of the project document discussed above, there was no section on a replication approach. Indeed, it is only in the Inception Report that there is the first mention of a replication plan. The focus of the discussion on replication is the Inception Report is primarily on the uptake of the project practices among oil-and-gas companies other than those that pilot or demonstrate practices over the course of the project's lifespan.

48. To some extent, the lack of a replication strategy is understandable: the project's principal goal is to change legislation – thereby mainstreaming biodiversity – associated with the oil-and-gas industry: the assumption is that if and when the legislation is approved, it will be mandatory for the oil-and-gas companies to comply.

3.1.6 UNDP Comparative Advantage

49. In principle, UNDP has a significant comparative advantage:

1. As a global organization, it can apply lessons learned from all over the world to a particular problem
2. It is a trusted partner that is easier to work with than other multi-national organizations; part of this is that it operates through grant assistance rather than other, often more complex mechanisms and it is not pursuing any political or commercial interests. There is, however, a counterpoint to this argument; this will be discussed later in the document (see Section 3.3.3).
3. As a global organization, it has a bigger picture and, consequently, can influence all aspects of a problem
4. It retains neutrality and independence. This is particularly important when dealing with sensitive governance issues

5. It always has a presence in the countries in which the projects are implemented. This brings local knowledge and experience to the projects.
6. UNDP not only has a global role but also a regional one. In the sphere of biodiversity conservation, this is important because of the lessons that can be shared and learned among countries with a similar history

50. As a result, at least in principle, UNDP can implement innovative projects just as they have tried to do in this project and UNDP has a further significant advantage within Uzbekistan as it has been the single GEF agency implementing Biodiversity projects within Uzbekistan.

51. A further point should be mentioned. Without exception, the respondents were positive about their experiences with the UNDP-CO. This was especially the case with the PIU team who expressed that they felt as if they "belonged to a family".

3.1.7 Linkages between project and other interventions

52. Even though the mainstreaming of biodiversity has been occurring, as an emerging trend, across the globe, there was relatively little indication that the project or project designers had reached out across the globe to draw off lessons learned and practices.

53. There were, however, two notable exceptions to this: i) the project implementation included international experts and consultants who should have brought international best practices to the attention of the project team, and ii) the project organised a (successful – see Section 3.3) study tour to Australia.

3.1.8 Management arrangements

54. The project was implemented slightly different way to the way it was described in the project document.

55. The project was implemented under the auspices of the State Committee for Nature Protection (SCNP) with the National Project Coordinator (NPC) being appointed therefrom. The project was overseen by a Project Board (PB) – and this is where the project implementation departed from the project's design. The PB was formed by a small group of people (cf. the large stakeholder group that was envisaged in the project document) – comprised primarily of personnel from the UNDP-CO. It was chaired by the Deputy Resident Representative from the UNDP-CO. The only government representative on the PB was the NPC. Under the PB, project assurance is carried out by the UNDP-CO Environmental Focal Point – and is specifically to carry out independent and objective oversight and monitoring of the project's implementation.

56. However, as discussed above (and for further discussion, see Section on Ownership), a broad range of stakeholders were involved in the IWG (see Annex IV). This was more of a *technical* group but it also functioned as a forum to bring a disparate group of stakeholders together and resolve issues and conflicts as they arose. Unlike the PB, however, it had no authority over how the project was implemented.

57. A Project Implementation Unit (PIU) was established to implement the day-to-day activities of the project, including developing Terms of Reference (TOR), oversee the work of various consultants, report on the progress of the project, implement communications and ensure good financial management of the project's budget. The PIU was housed within the SCNP's offices (on the fringes of the Dombrabad district of Tashkent) – and specifically the State Republican Inspectorate for the Protection and Rational Use of Flora, Fauna and Protected Territories ("Gosbiokontrol" – which is a subordinate institution to the State Committee for Nature Protection – "Goskomprirody").

58. The PIU was comprised of a National Project Manager (NPM), a National Technical Coordinator (NTC), and an Administrative and Financial Assistant (AFA). The rest of the team included, at various points of the project, a driver, a cleaner, a Public Relations (PR) Specialist and a number of national and international consultants (see Table 3). At the point of the TE mission, the team members consisted only of the NPM, the NTC and the AFA.

59. There had been a number changes to the PIU over the course of the project's implementation (see Table 3). Most critical of these changes to note is the employment of the second NPM on 16 March 2011 (i.e., four months after the commencement of the project). The Inception Workshop and Report only happened once he had been recruited and the project only began in earnest thereafter (i.e., six months after the project document had been signed).

Table 3. The members of the Project Implementation Unit, including position and period within the position.

Name	Position	Employment dates	
		From:	To:
Farhod Maksudov	Project Manager	November 10, 2010	February 28, 2011
Khalilulla Sherimbetov	Project Manager	March 16, 2011	October 31, 2015
Evgeniy Chernogaev	NTC	April 1, 2012	October 31, 2015
Sevara Sharapova	PR Assistant	April 5, 2012	April 30, 2014
		January 3, 2011	March 31, 2011
		April 6, 2011	April 30, 2012
Firuza Ziyavitdinova	AFA	November 19, 2010	December 31, 2010

Adham Gafurov	Temporary AFA	November 18, 2011	December 15, 2011
Almaz Temirbekov	AFA	January 11, 2012	October 31, 2015
Nasimjon Ganiev	Driver	May 5, 2011	April 30,2015
Hallima Qurbanova	Cleaner	April 8, 2011	July 5, 2012
		August 20, 2012	April 30, 2015

60. In terms of the PIU, there is one other issue to consider. The project hired a PR Specialist (as indicated above, see Table 3), who, by all accounts, was very good. Fifteen months before the project closure, she left the project (of her own volition) and following a brief period when she was replaced, the PR job was centralised and pooled within the UNDP-CO[21]. In other words, there is a single PR Specialist to provide publicity, visibility, raise awareness and ensure communications for all projects. There are a number of compelling reasons why this might be a good idea, including: i) to improve cost effectiveness, and ii) to ensure coherence in the messages that are being communicated. However, there are a number of reasons why this may have detrimental impacts on individual projects:

a. The PR Specialist acted not only as a person focusing on the visibility and communications of the project but she also organised events, conferences and symposia, and was involved in other aspects of the project implementation. Departure of the PR Specialist meant that there was a heavier burden on the AFA and Project Manager[22].

b. The feeling of ownership of the project by the SCNP was aided by the fact that the project is housed within the Gosbiokontrol. This includes the PR aspects of the project. Withdrawing the PR Specialists from the projects into the UNDP-CO may alienate partners and the UNDP-CO should be sensitive to this.

61. In summary, there are ramifications of making these moves beyond the simple cost efficiency and coherence. It is important that the UNDP-CO monitors the impacts to ensure that there are no negative, inadvertent effects of such moves. In addition, there are other countries in the CIS that have experimented with the same process of centralising PR services within the UNDP-CO. These offices will surely have lessons that can be shared on how some of these issues were managed.

[21] It should be noted that this is a trend occurring across many countries and is not confined to UNDP-Uzbekistan alone).

[22] When interviewed over the course of the TE mission, neither the NPM nor the AFA mentioned this additional burden but it is probable that they did not consider that they had an option either to mention it or to keep their PR Specialist until the end of the project!

3.2 Project Implementation and Adaptive Management

Item	Rating	Comment
IA & EA Execution		
Overall quality of implementation and execution	**HS**	The PIU did an outstanding job of implementing an ambitious and difficult project. The project kept within budget (indeed, the GEF budget was underspent at the point of the TE). Coordination, cooperation and collaboration were good. The monitoring and monetisation of the co-finance was outstanding.
Implementation Agency Execution (UNDP)	**S**	The UNDP-CO provided good support for the project and the PIU felt part of the UNDP "family".
Executing Agency Execution (SCNP)	**MS**	While there was good support from the Gosbiokontrol and the SCNP provided good levels of co-finance, the SCNP did not display significant levels of ownership of the project or take responsibility for pushing through the proposed amendments to the 12 pieces of legislation developed by the project[23].

3.2.1 Adaptive management

62. The project implemented the standard monitoring and evaluation framework and, therefore, there was plenty of opportunity for adaptive management. Indeed, from the outset, the project was being adapted in response to conditions that it was encountering.

63. The Inception Report proposed numerous amendments to the project's result framework – including to indicators and to targets (see Table 2). The implication of some of these changes will be discussed later in the report (see Section 3.3.1 and 4.1).

64. The management arrangements were changed early on in the project's timeline (sometime between the signature of the project document and the Inception Report) such that the structure of the PB was amended and the IWG was created as the stakeholder forum for the project.

65. In addition, as the project progressed, it was forced, at times, to change in its objectives. For example, it was initially conceived that the project would work with two oil-and-gas companies – one from the Shakhpahty area of the

[23] **Comment on draft report**: "*SCNP as an executing agency has submitted the amendments to 12 pieces of legislation to Cabinet of Ministers, and provided regular support on exchange of information and updates closely working with the PIU and UNDP CO. Moreover, SCNP's major role was reflected at Karakalpakstan level where regional SCNP administration provided all support to project implementation in pilot areas.*" **TE response**: The TE does not dispute the comment but for further discussion, see Section 3.3.4.

Ustyurt Plateau and another closer to the proposed Saigachy reserve. The partnership with the former (Gazprom) did not work out so that the project remained with only one oil-and-gas partner (Uzkorgaz Chemical).

66. Further adaptive management followed the Study Tour to Australia (for further description of this, see Section 3.3.1). Having been exposed to the level of detail in the avoidance-minimisation-mitigation maps that were being produced in Australia, the project amended the originally produced map of the Ustyurt Plateau and the number of different zones that it included.

67. In the implementation of the project, the PIU was pragmatic and efficient in that they tried to manage contracts in such a way that it avoided protracted procurement processes (see Section 3.3.3 on Efficiency). Similarly, when the project encountered issues when implementing pilot projects (e.g., encountering the subsurface gypsum layers when undergoing the vegetation restoration trials), they adapted procedures in an attempt to find ways around the new obstacles as they presented themselves.

68. In summary, then, the project made some effort to ensure that the results of monitoring and evaluation, as well as learning processes were incorporated into the project's implementation as it went on.

3.2.2 Partnership arrangements

69. The project formed a number of strong partnerships with different organisations. These included:

1. The Gosbiokontrol of the SCNP – within which the project was housed. This was facilitated by proximity and the personal relationships between the PIU team members and the staff of the Gosbiokontrol. In addition, the NPC was also located in the Gosbiokontrol and the PIU – and especially the NPM – had daily access to him, as necessary.
2. The regional government of Karakalpakstan. Again, this relationship was based, at least in part, on the personal relationship between the NPM and different members of the Karakalpakstan government[24].
3. The company Ozkorgas Chemical proved to be a successful partner in that of all the oil-and-gas companies with whom the project interacted, they proved singularly to be the one that was responsive.

[24] The NPM had a long history in Karakalpakstan (not least because he is originally from this region of the country) but had worked for the Karakalpakstan government (within the SCNP at the regional level) for a number of years. In addition, he had bee NPM on the UNDP-GEF Tugai Forest project – which was also focused on Karakalpakstan.

4. The project had good relationships and good reception from other organisations with whom it worked. Notable mention could be made of training institutions with whom the project worked, particularly with the students in the oil-and-gas sector.

70. Finally, the project retained a good relationship with the UNDP-CO with few or no issues.

3.2.3 Feedback from M&E activities used in adaptive management

71. See Section 3.2.1.

3.2.4 Project Finance

72. As with other UNDP-GEF projects, the annual workplan and budgets were approved by the PB. Indeed, at the annual PB meetings, the previous year was reported upon and the forthcoming workplan and budgets were presented for approval. The approvals were minuted in the PB minutes.

73. In terms of operating the budget. The PIU was responsible for procurements, including developing Terms of Reference (TOR) and advertisements. All contracts were signed by the UNDP-CO (either by the DRR or RR) and payments were made out of the UNDP-CO.

74. The original, overall budget for the project was USD 950,000 from the GEF Trust Fund and USD 170,000 (UNDP TRAC funds[25]). The TRAC funding was increased to USD 200,000 (in July 2011) with USD 4,607 added in November 2014. Thus, the total budget for the project was USD 1,154,607.

75. The project was underspent overall with reference to this overall budget (see Figure 1).

[25] The development resource stream, through which UNDP receives so-called TRAC (Target for Resource Assignment from the Core) funds. UNDP Headquarters distributes the TRAC resources to the programme countries throughout the world based on a methodology that takes into account several criteria such as the country's Gross National Product per capita, its population size, the quality of the country programme, and the special development needs of countries in crisis.

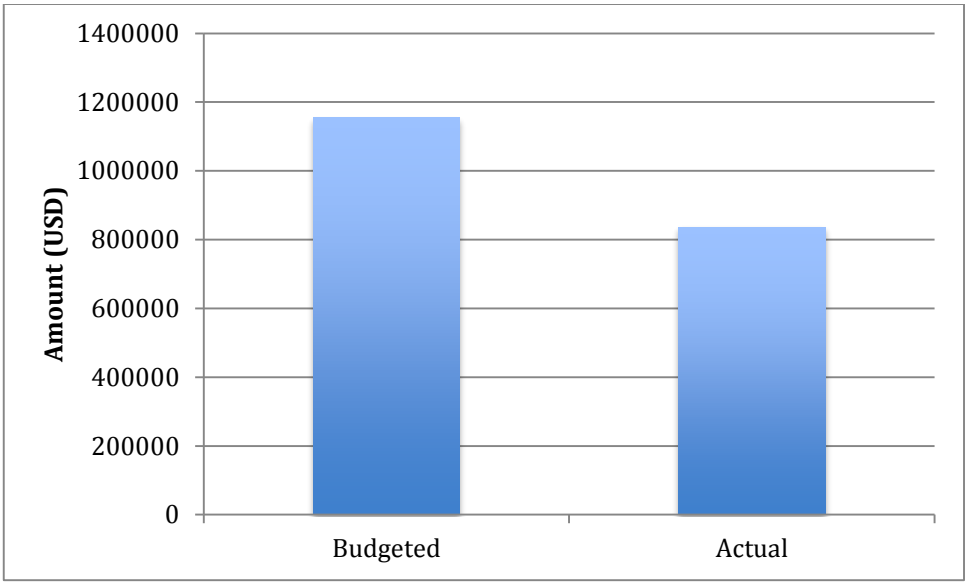

Figure 1. The comparison of the total project budget and actual expenditure at the TE stage.

76. When this is teased out between the two outcomes and by the Project Management funds (listed as Outcome 3), it is evident that the shortfall in expenditure was in Outcome Two (see Figure 2).

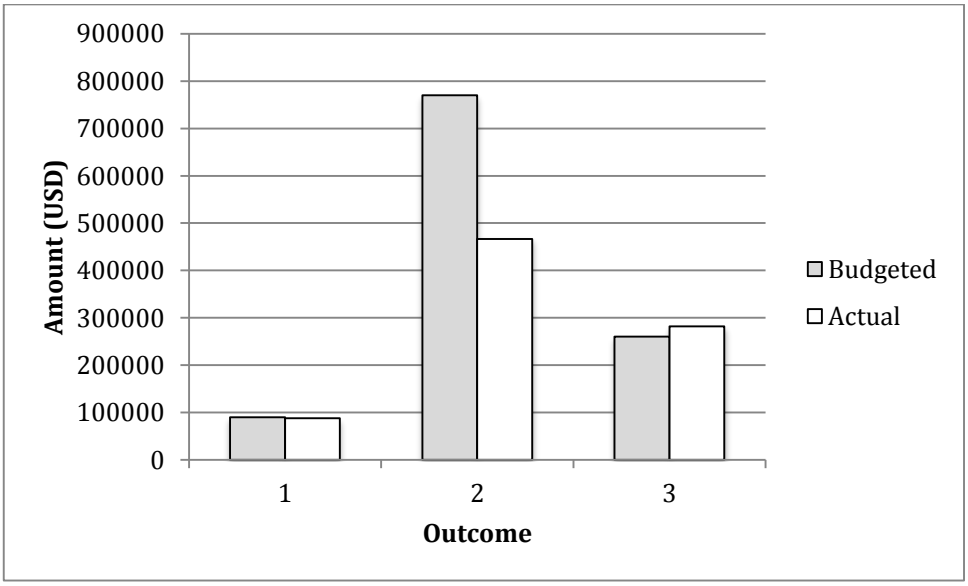

Figure 2. The total amount budget by Outcome and the actual expenditure over all years.

77. The overall project management budget and expenditure were relatively high. Of the total budget of USD 1,154,607 (including GEF and TRAC funds), 25.5% (USD 294,607 of a total budget of USD 1,1154,607, see Table 4) was budgeted for project management but 33.7% (USD 281,694 of a total expenditure of USD 836,215, see Table 4) was actually spent and accounted for under project management. That being said, only 9.47% of the GEF funds were budgeted (and presumably spent) on project management: thus, this is in line

with GEF policy[26]). As a consequence, the balance of project management budgeting and expenditure was, presumably, made up of UNDP TRAC funds. While this may represent the cost of a mainstreaming project (for which, arguably, the majority of the costs are administrative), it still represents a relatively high cost[27].

78. Spending across years was a little uneven (see sections marked in red on Table 4). However, this was somewhat to be expected given the manner in which the GEF funds were budgeted in the original project document budget: this was relatively even distribution across all years – including for Outcome Two which was precisely even across all years. Given the nature of the aspects covered by Outcome 2 (and even Outcome One), this was unrealistic. One would have expected that there would be some "front-loading" of the budget for both Outcomes and an even distribution of the budget for the project management.

[26] An external review of GEF Administrative Costs – including project management costs (Agenda Item 12, GEF Council Meeting Nov 8 – 12 2011, *GEF Administrative Expenses – Fees and Project Management Expenses: External Review*; GEF/C.41/07; see also *Highlights of the Council's Discussions, GEF Council Meeting Nov 8-10 2011 -* http://www.thegef.org/gef/sites/thegef.org/files/documents/Highlights_Revised_11-18-11.pdf) was carried out in 2011. The review noted that "project management budgets [should be] 10 % of the GEF grant for grants up to $2 million, and 5% of the GEF grant for grants above $2 million [and] if project proposals request above these benchmarks, then additional details have to be provided regarding the project management budget for scrutiny by the Secretariat." The conclusion was that the "Secretariat continues to keep close scrutiny of project management budgets."

[27] **Comment on draft report**: "*Please kindly clarify in detail the figures stated here*". **TE response**: Added clarity added to paragraph.

Table 4. The total budget (as it appeared in the project document) and actual expenditure, by Outcome

	YR1 (2011)			YR2 (2012)			YR3 (2013)		
Outcome	**Budgeted**	**Actual**	**% spent**	**Budgeted**	**Actual**	**% spent**	**Budgeted**	**Actual**	**% spent**
1	24650	15608	63.3	21075	32526	154.3	20675	15316	74.1
2	192500	23416	12.2	192500	102674	53.3	192500	127708	66.3
3	99000	57310	57.9	48000	61840	128.8	48000	67675	141.0
Total	**316150**	**96334**	30.5	**261575**	**197040**	75.3	**261175**	**210699**	80.7

	YR4 (2014)			YR5 (2015)			TOTAL		
Outcome	**Budgeted**	**Actual**	**% spent**	**Budgeted***	**Actual**	**% spent**	**Budgeted**	**Actual**	**% spent**
1	23600	24234	102.7	1918	0	0	90000	87684	97.4
2	192500	147518	76.6	353932.33	65521	18.5	770000	466837	60.6
3	65000	63766	98.1	35363	31103	88.0	294607	281694	95.6
Total	281100	235518	83.8	391213.33	96624	24.7	1154607	836215	72.4

*The amount budgeted in YR5 (2015) represented the cumulative balance of unspent funds from previous years.

79. In terms of co-finance, the project was, on paper, well co-financed at the project design stage. The project kept an outstanding account of the co-finance, both in-kind and in cash. Thus, the actual co-finance expenditure at the TE stage of the project (USD 4,035,162 see Table 5) is slightly disappointing as it represents only 55% of the pledged amount.

Table 5. The planned value and actual expenditure of co-finance (all figures in USD)

Sources of Cofinance	Name of Cofinancer	Type of Cofinance	Amount confirmed at CEO endorsement (USD)	Actual Amount at TE	Actual % of Expected Amount*
UN agency	UNDP Uzbekistan	Cash (UNDP managed)	USD 170,000	USD 204,607**	120%
Government national	State Committee for Nature Protection of RUz State Budget	In-kind contribution	USD 6,000,000	USD 671,720 USD 2,440,585	52%
Private sector	Fauna and Flora International (FFI)	In-kind contribution	USD 1,225,812	USD 453,000	37%
Private sector	Oil-and-gas companies	In-kind contribution	-	USD 265,250	-
		Totals	**7,395,812**	**USD 4,035,162**	**55%**

80. As mentioned above, the PIU kept excellent records of the co-finance (both in-kind and in cash) and the in-kind co-finance from the SCNP included (but not limited to):

a. The NPC is the high level official who met frequently with the NPM; he attended PSC and IWG meetings. In short, he contributed time to the project and this time was recorded and monetised by the project.

b. The time of personnel was not limited to the NPC but extended to the Chair and Vice-Chair of the SCNP, the Heads of various Departments and the inspectors (particularly in the field).

c. The SCNP provided office space and covered utility bills for the PIU.

d. When the project visited the field, the vehicles of the SCNP (Karakalpakstan) were used to transport people and equipment – thus, the government were covering the use and maintenance of the vehicles.

e. The SCNP provided information whenever the project wished to have data or information.

f. In addition, the Forestries Department is investing significant funding into forestation of the 'lost' area of the Aral Sea.

3.2.5 Monitoring & Evaluation

81. The project's M&E framework is similar to the majority of all UNDP-GEF projects with USD 73,000 allocated for project monitoring. This represents a similar amount for UNDP-GEF projects of equivalent size. The design and components of the M&E plan were also similar to other projects with an inception period culminating in an Inception Report, a Midterm Review and a Terminal Review. The UNDP-CO visited the project and the project sites on numerous occasions through the project's lifetime and while the UNDP-GEF RTA from Bratislava/Istanbul only visited the project twice, communications between the PIU and the RTA were good. A measure of the effectiveness of the M&E during the project's lifetime was the degree of adaptive management implemented (as described in Section 3.2.1).

M&E		
M&E design at project start-up	**S**	The M&E design was standard for UNDP-GEF projects.
Overall quality of M&E	**S**	The M&E implementation resulted in adaptive management by the PIU.
M&E plan implementation	**S**	The M&E plan was implemented with no significant caveats or shortcomings.

3.2.6 UNDP and Implementing Partner implementation, execution, coordination and operational issues

82. The management arrangements have been described above (see Section 3.1.8). There are a few aspects to discuss in this section. The success and value of a large, interagency working group (IWG) that has been registered with many other UNDP-GEF projects in the region was also in evidence in this project. It is an effective way to bring together stakeholders and ensure their participation in the project even though they have no significant impact on the direction or fund allocation for the project (for further discussion, see Section 3.3.4 on Ownership).

83. In terms of reporting, the project adhered to the standard UNDP-GEF reporting protocol (Quarterly Reports, updating risk logs and lessons learned logs, Annual Project Reviews and PIRs).

84. In terms of communications, the project had a communications strategy and for a large proportion of the time, it employed a PR Specialist (see Table 3). This changed towards the end of the project as the UNDP-CO moved to centralise the communications and public relations.

85. As noted in the Section on Project Finance above, the PIU kept an outstanding record of the co-finance spending and this is something that other projects should work to replicate.

3.3 Project Results

3.3.1 Overall results

86. The PIR described in some detail the progress of the project in achieving its results. Overall, the project made progress against its intended results. First, for Outcome One, the aim of which was to create an "enabling policy, legislative, and institutional environment for mainstreaming in oil-and-gas sector", the project proposed amendments to 12 pieces of legislation – not just seven as originally planned within the project document (see Annex V).

87. The project did not just work to draft and propose amendments to these pieces of legislation. Drawing off the successes (when made) in previous projects, the project made significant efforts to secure the approval of the amendments. As such, 13 ministries were consulted on the draft amendments; they provided comments that were subsequently incorporated into the draft and the proposed amendments to the 12 pieces of legislation were then signed off by all 13 ministers at the head of the 13 ministries.

88. The proposed amendments have since been submitted to the SCNP for further action, including submission to the Cabinet of Ministers for approval[28].

89. Further to the above, proposed amendment to two of the pieces of legislation (Law of the Republic of Uzbekistan № 543-I 'On the Protection and Use of Flora' of 1997, and Law of the Republic of Uzbekistan № 545-I 'On the Protection and Use of Fauna' of 1997) have been submitted to the SCNP. These proposals have now been submitted to the *Oliy Majlis* – the Legislative Chamber or Lower House of the Uzbek Parliament – and these have now been included in the work schedule for 2015. In short, it is possible (although not entirely predictable) that these proposals will be approved this year.

90. Within the 12 pieces of legislation is one for the establishment of the Saigachy Reserve. The establishment of the reserve has been discussed with five government agencies and, thereafter, with the Ministry of Finance. The proposal is now with the SCNP, which must now present the proposal to the Ministry of Finance (and see Annex V for further legislative proposals)[29]. In order to support the proposal, the Head of the Council of Ministers of the

[28] **Comment on draft report**: "*Please see comment 1*" where comment 1 was "*Please be informed that the proposed amendments were already submitted to the Government with letter of SCNP #19-2729 dated 30.12.2013*". **TE response**: Good clarification on details.

[29] **Comment on draft report**: "*Please depersonalize statements … and please add the following to this para as well* (…)." **TE response**: section edited; and additional information on legislative proposals are to be found in Annex V).

Autonomous Republic of Karakalpakstan has sent a letter to the First Deputy Prime Minister of Uzbekistan – who is also the Minister of Finance urging him to approve the proposed protected area (see Annex VI).

91. The proposed amendments to the 12 pieces of legislation represent the principal outputs of the project and the mainstreaming of biodiversity into Uzbekistan's oil-and-gas sector hinges directly on the Cabinet of Ministers and Oliy Majlis approving them.

92. In addition to the work on legislation, Outcome One also focused on i) the creation of maps with different zones, and ii) building the capacity of staff from key governmental institutions and from the private sector.

93. The project document called for the development of a "national map". However, such a large scale map would be unrealistic, impracticable and not particularly useful. As a result (and as a good example of adaptive management), a map of the Ustyurt Plateau was produced by the project (see Annex VII) and this map had three zones for use by the oil-and-gas sector: i) a zone from which all oil-and-gas exploration and production is prohibited – and this coincides with the proposed Saigachy reserve, ii) a zone in which "special attention" should be paid to activities and iii) a final zone where "normal attention" should be paid. The map now awaits approval by the SCNP. Even at the scale of the Ustyurt Plateau, an area of 7 million ha, the resulting map is of limited use. This stands in contrast to the "avoidance maps" that are being produced in other areas around the globe that are produced at a far higher resolution. The project was limited in its time, funding and ability to produce more detailed maps of the Ustyrut Plateau or a portion thereof. That being said, it may have been useful to demonstrate at a small and meaningful scale the principle of producing a map that adheres to the mitigation hierarchy.

94. It is, however, the *principle* that is important here and it is this principle that needs to be taken up by the oil-and-gas sector companies by at a meaningful scale.

95. In terms of building capacity, the project carried out a number of different activities, including:

1. The development of teaching modules for use in schools and universities; this culminated in the production of a manual[30] that has been (partially) distributed. The manual has the potential to be a lasting legacy of the project – so long as it continues to be used for training future cohorts of students and members of staff.

[30] Conservation of biodiversity in the development of oil and gas sector as well as other industrial and agricultural development of the areas. Educational materials

2. Workshops and direct trainings for members of staff of governmental institutions, universities and oil-and-gas companies. There was a specific focus on the SCNP and oil-and-gas company employees such that by the stage of the TE, 62 members of staff of the SCNP and 52 employees of the oil-and-gas companies had received training.
3. The project carried out specific exercises with students to expose them to the concepts of integrating biodiversity conservation into oil-and-gas sector policies and operations. These included holding competitions through which the students learned about the mitigation hierarchy.
4. While there was some confusion about the emphasis on gender and how the project should go about doing this (especially because the oil-and-gas industry is predominantly – if not notoriously – male-oriented). That being said, the project *did* hold a workshop on the role of women in the oil-and-gas industry and they are to be applauded for this.
5. The project led a Study Tour to Australia. There were six people involved in the study tour in late 2012. There were a number of lessons to be learned from the study tour:
    i. The study tour directly influenced the project – and particularly the production of the map (see above). Prior to the study tour, the project was considering the production of a map with only two zones; having seen the maps that were being used in Australia, the study tour team a) appreciated the limitations of the material that had to work with including the detail of the habitat mapping across the Ustyurt Plateau and b) increased the number of zones to three.
    ii. The study tour participants unanimously suggested that the study tour should have been held much earlier in the project's lifetime – if not during the PPG phase of the project. In this way, the things that are learned during the study tour can be incorporated into the project's design.
    iii. The study tour team learned in detail about the mitigation hierarchy but more particularly about the mechanism by which the Australian Government manages offsetting and is was these principles that were introduced as proposed amendments in some of the pieces of legislation that were developed by the project.

96. For Outcome Two, the aim of which was to "demonstrate biodiversity mainstreaming technologies on the ground in the Ustyurt Plateau", the principal results included (but are not limited to) the following:

1. The project provided significant support for the establishment of Saigachy Reserve – not only in terms of its legal establishment (as described above) but also in the re-organisation of the reserve management, securing the increase in capacity (an increase up to 13 personnel for the reserve, including 10 inspectors, and an increase in budget), and in provision of equipment and infrastructure. This included container accommodation for inspectors at two sites on the edges of the reserve, four vehicles and field equipment. In short, the reserve will be ready for operation once its legal establishment has been approved.
2. The project developed a guidebook on biodiversity conservation approaches for the oil-and-gas sector[31]. The guidebook has been printed and disseminated.
3. The project planned to carry out the restoration of two pilot sites, one in the Shakhpakty area and the other in the Surgil project area. However, the company working in the Shakhpakty refused to cooperate; in contrast, the company in the Surgil area, Uzkorgaz Chemical, worked with the project. As a result, the project restored 50ha of degraded land in the vicinity of the Uzkorgaz Chemical facility. The restoration efforts were somewhat limited by the gypsum layers in the substratum. The seeds for the restoration were collected from the wild (i.e., wild sourced seeds) and were restricted to indigenous species only.

   At the point of the TE, there was reasonable vegetation cover in the restored plots (even though this was neither measured nor illustrated using simple but effective techniques such as establishing photo stations); however, plant growth was still insufficient to attract the mammalian species that were the indicators (see Table 6).

   This prompted the Uzkorgaz Chemical company to replicate and scale-up the restoration work to a further 625.5ha.

   In addition to the restoration pilots, the project also worked with Uzkorgaz Chemical to develop a Biodiversity Action Plan (BAP) – however, there were questions about the degree to which it had been

[31] Manual on methods for the conservation of biodiversity in the oil and gas sector in the arid ecosystems of Uzbekistan.

implemented and, second, whether it would be renewed following its expiry date[32].

97. While progress has been made, as described in the preceding paragraphs, the project has not fully achieved all of its objectives and outcomes. Some of the shortfalls will be discussed in the relevant sections below and detailed analysis of the project's results framework is carried out below (see Table 6).

98. There are two aspects that warrant discussion at this point. First, there was a tendency to emphasize *offsetting* and the *payment of compensation* rather than the full spectrum of the mitigation hierarchy. Interestingly, this was identified as a potential risk (but of low probability) in the project document. There are a number of reasons why this may have been the case. The majority of oil-and-gas companies with whom the project worked – and certainly the Uzkorgaz Chemical (who were the principal partner for the project) – are in the production and processing phases. Thus, although they did assert that they shall be carrying out further exploration, it was understandable that they looked to restoration of the damaged land and to offset the footprint of their processing plant (although there was some muddling of the concepts of restoration of damage and offsetting damage). The second reason may be historic because compensation for damage already existed in the laws in Uzbekistan – albeit at nominal rates[33] (as the rates have not been "indexed" for many years[34]). In summary, then, the view was generally retrospective rather than dealing with on going exploration or development for which the avoid-minimize-mitigate aspects of the mitigation hierarchy are more pertinent.

99. Second, it could be argued that the project morphed into a protected areas project with a growing emphasis on the Saigachy Reserve. It was probable that that was, at least in part, because this represented the comfort zone for both the NPM and the NTC[35]. It was included in the project document and although the

[32] **Comment on draft report**: "*BAP is approved taking into consideration construction and operation*". **TE response**: Indeed – the BAP is approved, however, as stated in the text, a number of interviewees questioned the degree to which it had been implemented and they also pointed out that its validity was expiring and that efforts should have been made to renew it before project closure.

[33] **Comment on draft report**: "*This offsetting relates to pollution of atmosphere, water resources, soil and waste emplacement. The issues of offsetting the damages on habitat of animals and vegetation are missing in the legislation of Uzbekistan. There are only fines and claims for direct destruction of flora and fauna*". **TE response**: Yes, this is indeed the TE's understanding but the terminology, even in the comment, reflects the point being made in the text and it may be a point of interpretation and translation. Therefore, paying fines or compensation for damage, pollution, or creating waste *is different from* the concept of offsetting in a mitigation hierarchy.

[34] "Indexing" refers to the practice of increasing tariffs, taxes or charges as linked to analyses of the cost of living; in other words it functions similarly to a rate of inflation.

[35] **Comment on draft report**: "*You are requested to look at the project document (GEF) paragraphs 66, 67 and Annex F. The project jointly with consultants and implementing agency determined that*

numbers in the finance are not teased apart, it is likely that a large portion of the expenditure in Outcome Two was on the Saigachy Reserve.

100. Indeed, the Saigachy Reserve – while of obvious importance – represented a distraction from the main thesis of the project with one exception: it was (rightly) included on the zoned map of the Ustyurt Plateau as a "no-go" zone. However, beyond that there was no real reason to include it in a project with the objectives and targeted outcomes of this one. There *could* have been an additional hook for the reserve – if the project had developed plans with oil-and-gas companies to contribute to the management of the reserve – probably financially – in their efforts to offset the damage they had inflicted to the area and in their efforts to achieve no-net loss or, preferably, net gain. Indeed, this is an area in which further discussions could still be held – thus, to secure commitments from the oil-an-gas companies to use their corporate social responsibility (CSR) budgets to provide support to the reserve – thereby contributing to its financial sustainability.

101. In addition to the targeted objective and outcomes of the project, it also had one inadvertent result. By engaging with individuals from the Flora and Fauna Institute of Genepool of Academy of Science of the Republic of Uzbekistan, these people spent time in the field collecting data when otherwise this would be difficult because of restrictions of funding.

Item	Rating	Comment
Outcomes		
Overall quality of project outcomes	**S**	In principle, the project achieved the majority of its indicators and outcomes, as modified in the inception period and MTR. Broadly, the project has taken steps to introduce some difficult concepts in a difficult context. These statements are only tinged with some regret that the 12 pieces of legislation – on which the achievement of the project's objective hangs – were not approved in its lifetime[36].

the reorganized reserve will be territory of future offsetting for oil and gas companies operating in the Ustyurt Plateau. This does not contradict with the requirements of the basic policy documents of BBOP. After the reserve will become officially (now it is only on paper - no legal status, no land, no management, etc.) a legal entity, then the oil and gas companies can assist it. Numerous meetings with oil and gas companies were conducted on this subject. They agree to render assistance to the reserve, but the reserve is not yet the legal entity and the help will be unaddressed. Therefore, the project worked in this direction". **TE response**: The TE is fully aware of the Prodoc; please refer to response in Footnote 4.

[36] **Comment on draft report**: "*This also makes sense as approval of amendments to legislation is a time-consuming and a long procedure requiring a number of hearings at the Parliament*". **TE response**: Indeed; it does then beg the question of whether projects of limited duration, such as these, should be attempting to develop legislation or propose amendments to existing legislation.

Item	Rating	Comment
Relevance (R or NR)	**R**	The project was extremely timely and relevant: mainstreaming biodiversity in the oil-and-gas sectors' policies and operations is important and topical. The project did drift a little towards become a protected areas project (with a focus on Saigachy Reserve when this was not explicitly linked to the oil-and-gas sectors' policies and operations)[37].
Effectiveness	**S**	The PIU has implemented an extremely ambitious project in an extremely challenging environment with some extremely challenging partners: this was a symptom of the effectiveness and dedication of the team. That the legislation was not approved is the only shortcoming to this effectiveness – but this lies primarily with the Government of Uzbekistan (and specifically the Cabinet of Ministers) – who had agreed to the project from the outset.
Efficiency	**HS**	The project was efficient in its use of resources (and was underspent at the time of the TE) and kept a uniquely good record of the co-finance received by the project.

[37] **Comment on draft report:** "*The reorganized Saigachy reserve should become the offsetting site for oil and gas companies. This is also indicated in the project document*." **TE response**: The fundamental principle of offsetting, in the case of the project, is to compel oil-and-gas companies to offset the (quantified) areas of irreversible damage by investing in areas that are ecologically equivalent (Output iv of Component II in the Prodoc). The key phrase of the comment is "offsetting for oil and gas companies" which should be "offsetting *by* oil and gas companies". There was no evidence that the companies were involved in the work that was done on the Saigachy Reserve. In addition, in the maps produced by the project indicate that the Saigachy Reserve is zone 1: the area in which exploration and production is prohibited (i.e., in mitigation hierarchy parlance, it is an avoidance zone) but not explicitly one in which offsetting activities take place. Indeed, it is a *recommendation of the TE*, that the oil-and-gas companies invest in the Saigachy Reserve as part of their offsetting activities (see para 164)!

Table 6. The Project Results Framework showing the TE status and the TE comments

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
To mainstream biodiversity conservation into Uzbekistan's oil-and-gas policies and operations by demonstrating this in the Ustyurt Plateau.	Amount of funds invested by oil-and-gas companies in biodiversity conservation, which contributes to reduced habitat destruction and fragmentation, maintenance of ecosystem services and connectivity, and reversals in loss of native vegetation.	Zero of investments by oil-and-gas companies in biodiversity conservation.	By the project end total investments of oil and gas sector into preservation of biodiversity reached USD 1 million.	US$ 233,400 The expenses of the UzKorGasChemical company (Surgil project) as of June 30, 2015 on biodiversity restoration equal to USD 233,400: out of which $168,900 during the reporting period.		It is somewhat ironic that the project ended up with only one oil-and-gas company to cooperate it (vis-à-vis the original indicator – see Table 2). That the project managed to catalyse *any* funding from the oil-and-gas sector companies was a success even if this was short of the target. A more profound question is whether this will lead to impacts.
	Square of the territory of Uzbek steppe ecosystem over which the oil-and-gas operations integrate	Absence of land area over which oil-and-gas operations integrate biodiversity	As result of project implementation land area over which oil-and-gas operations integrate biodiversity	625,5 ha The company UzKorGazChemical (Surgil project) conducted biodiversity		The target depended on the establishment of the Saigachy reserve (as this immediately adds

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
	biodiversity conservation	conservation considerations.	conservation considerations increased to 1.3 million hectares	restoration on 625,5 hectares, out which 427,5 ha during the reporting period. 620 ha out of 625,5 ha is under the natural vegetation of (*Haloxylon aphyllum*) saxaul.		1 million ha to the total). Nonetheless, the achieved result fell far short of the target.
Enabling policy, legislative, and institutional environment for mainstreaming in oil-and-gas sector	1. Number of amended laws and policy documents are analysed, complemented by biodiversity conservation requirements and submitted to the Government for approval.	No amended Laws that facilitate the incorporation of biodiversity conservation requirements into planning and implementation of oil-and-gas operations (to be tracked in more detail through the SO 2 Tracking Tool).	At least 7 Laws (On Environmental Protection, On Environmental Examination, On Protected Natural Territories, On Protection and Use of Flora, On Protection and Use of Fauna, On State Cadastres, Land Code) reviewed to incorporate biodiversity conservation and monitoring issues. Amendments with regulations on the avoid-reduce-remedy-offset	In 2013, the Project finalized the draft law of the Republic of Uzbekistan, introducing changes and additions to some legislative acts of the Republic of Uzbekistan on the conservation of biodiversity and agreed the document with 13 ministries and agencies. The draft law provides changes and additions to 12 legislative acts. The Executing Agency (SCNP) officially		Strictly speaking, the project has achieved its target here – this was to "submit the proposed amendments to government for review and approval". Indeed, by this measure, it has done more. A total of 12 (instead of the originally proposed seven) and the project has secured endorsements for the proposed

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
			principles in extractive industries, including development of norms and methodology for determining indirect negative impacts on flora and fauna, prepared to above mentioned Laws. After approval by stakeholders proposed amendments to at least 7 Laws submitted to the Government for review and subsequent approval (accordingly to existing procedures).	submitted the draft law to the Cabinet of Ministries. In 2015, the Executing Agency also referred the draft law to the Legislative Chamber of the Oliy Majlis for inclusion in the work schedule of the Committee for ecology and environmental protection for 2015		amendments from 13 ministries. However, there are two things to consider: i) the indicator and target were amended at the inception phase such that they undermine the contribution of the project to the GEF indicators and targets, and ii) none of the proposed amendments have been approved and there is only a sign that two may be approved.
	2. Availability of Amendments on biodiversity conservation requirements made to State Ecological Examination	No amended state mandated ecological screening processes and instruments for monitoring	The current status of State Ecological Examination process and Environmental Impact Assessment reviewed. Amendments with	The Project drew up a number of documents on improvement of state environmental examination, namely: the draft		The EIA legislation was included in the 12 pieces of legislation for which the project developed

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
	process and EIA screening instruments and submitted to the Goskompriroda for approval.	biodiversity impacts of oil-and-gas projects.	norms incorporating a thorough check of biodiversity impacts of proposed oil-and-gas projects prepared. After approval by stakeholders proposed amendments on biodiversity conservation requirements to State Ecological Examination process and EIA screening instruments submitted to the Goskompriroda for review and subsequent approval (accordingly to existing procedures).	resolution of the Cabinet of Ministers of the Republic of Uzbekistan On further improvement of environmental expertise, Regulations on environmental impact assessment of planned or ongoing economic and other activities, List of information and data for environmental impact assessment, Regulations on environmental audit, the Explanatory note and the Concept of these documents. All the document were submitted to the State Committee for Nature Protection for		proposed amendments (see above).

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
				consideration and approval.		
	3. Availability of mapping of (i) lands that should be off-limits to exploration and drilling, (ii) lands where extraction projects are allowed, but should have mitigation measures, and (iii) lands where a restoration or offset scheme is needed for inclusion to the Oil-and-gas Sector Development Plan for 2013-2017.allowed, but should have mitigation measures, and lands where a restoration or	No mapping of (i) lands that should be off-limits to exploration and drilling, (ii) lands where extraction projects are allowed, but should have mitigation measures, and (iii) lands where a restoration or offset scheme is needed.	The State Programme of Development of the Oil-and-Gas Industry (2007-2012) and its future extensions reviewed. A field survey (BD and GIS) to collect necessary information for development of the map conducted. Economic analysis of the program of regional development conducted. Map of (i) lands that should be off-limits to exploration and drilling, (ii) lands where extraction projects are allowed, but should have mitigation measures, and (iii) lands where a	The Project finalized the Map of zones of the Ustyurt Plateau. In zone 1, every activity of oil-and-gas sector is prohibited, in zone 2, development of oil and gas fields is not recommended, in zone 3, development of oil and gas fields is permitted when the measures on mitigating adverse impacts on biodiversity are implemented. The Map will be used as an instrument of EIA of oil-and-gas sector on the Ustyurt Plateau. The Map is ready for submission to the Implementing Agency of the		The map is complete and awaits approval by the SCNP. See body of report for further discussion on the map.

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
	offset scheme is needed		restoration or offset scheme prepared, discussed and submitted to Government for inclusion into new State Programme of Development of the Oil-and-Gas Industry (2013-2017).	Project (SCNP) for approval.		
	4. Number of Officers from Uzbekneftegaz, Inspectors from State Committee for Nature Protection, Environmental Officers of leading oil-and-gas companies are trained in principles and practical approaches for avoid-reduce-remedy-offset approaches to oil-and-gas operations	Zero (0) government and industry staff trained in principles and practical approaches for avoid-reduce-remedy-offset approaches to oil-and-gas operations.	3 Officers from Uzbekneftegaz, 25 Inspectors from State Committee for Nature Protection, 7 Environmental Officers of leading oil-and-gas companies trained in principles and practical approaches for avoid-reduce-remedy-offset approaches to oil-and-gas operations. The finalized/corrected training modules submitted for	The Project developed teaching modules on the basis of manual on biodiversity conservation. The Project organized trainings for staff of oil-and-gas companies and state environmental organizations. Four trainings for officers of oil and gas companies and state environmental organizations in Nukus and four trainings in		The project has satisfactorily provided training to numerous members of staff from government institutions and oil-and-gas companies. In addition, a training manual has been published and made available to training institutions.

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
	of government and industry staff trained in principles and practical approaches for avoid-reduce-remedy-offset approaches to oil-and-gas operations.		inclusion into curriculum of special educational institutions.	Tashkent were held in 2014-2015. 114 officers, 17 of whom are women, were trained: 62 specialists of SCNP, including 2 women, and 52 specialists of oil-and-gas companies, including 15 women.		
Demonstrating biodiversity mainstreaming technologies on the ground in the Ustyurt Plateau	5. Number of *Ellobius talpinus* colonies at the sites where project implemented joint measures with Fauna and Flora International and other partners	Baseline population figures will be determined once the biodiversity inventories are completed in the demonstration area by year 2 of the project. New Baseline: 8 colonies per 1 ha	No decrease over baseline values observed.	The Project carried out restoration of vegetable cover on a pilot plot of 50 ha on the territory of the Ustyurt Gas Chemical Complex. In May 2015, the seeds came up, but during the first year after planting the vegetable cover will be weak and cannot be settled by herbivorous rodents such as *Ellobius talpinus*. The first year vegetable cover		While restoration of a relatively small (50ha) area was complete, none of the indicator species had recolonized the area, possibly because of the shortness of time. Further monitoring would be necessary to determine whether it was the shortness of time or another factor

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
				is insufficient to feed these animals.		that prevented the re-colonisation.
	6. % of square of the area which earlier adversely affected by habitat destruction and fragmentation along pipelines, has in place measures aimed at regeneration and recovery of native vegetation. New Indicator - - Square of the area (in ha) which earlier adversely affected by habitat destruction and fragmentation has in place measures aimed at regeneration and recovery of native vegetation.	Baseline to be documented in year 1. New Baseline- 0 ha	At least half of this area has in place measures aimed at regeneration and recovery of native vegetation	In 2014, the Project analyzed the destruction of vegetable cover on two construction sites Surgil project and Shakhpakhty field. A pilot plot of 50 ha was selected on each of two sites. Zarubezhneftegaz GDP Central Asia operating on Shakhpakhty gas field refused to cooperate in restoration activities. The Uz-Kor Gas Chemical Company agreed to cooperate. In November 2014, the seeds of natural vegetation were planted on a plot of 50 ha (the plot selected earlier was replaced by		The project has carried out a 50ha pilot restoration; this has been taken up and replicated by one gas company (Uzkorgaz Chemical) – with a further 625.5ha restored. There are two questions that arise from this: i) whether the company(ies) will continue the restoration work following closure of the project and ii) whether the restored site will continue to be maintained such that they return to (near) natural state).

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
				another). In May 2015, from 4 to 6 shoots per 1 m2 were detected on the pilot area of recovery.		
	7. % of decrease of poaching incidents in project area compared with baseline levels. New Indicator - - Number of inspectors to decrease in poaching incidents on Saiga antelope	Baseline to be documented in year 1. New Baseline- -3 inspectors per 7 million ha, e.g. 1 inspector per 2.3 million ha	Poaching incidents decreased by 10% to baseline.	The Project is finalizing the process of reorganization of the Saigachy reserve. The Project is finalizing its activities on reorganization of the Saigachy preserve into a complex landscape preserve. It remains to get an approval of the draft resolution of the Cabinet of Ministries on the reorganization from three ministries. The draft resolution provides that the guarding staff will consist of 10		The number of inspectors will be increased once the (proposed) Saigachy reserve is approved and established. This, then, is dependent on the legal approval and establishment of the reserve.

Objective/Outcome	Indicator	Baseline	EOP target	TE status	Means of verification	TE rating & comment
				specialists on the territory of 735,200 ha that is 1 biodiversity inspector per 73,520 ha.		

3.3.2 Relevance

102. In principle, the project is extremely relevant and timely. Across the globe, as oil-and-gas companies seek new reserves, exploration and subsequently production are taking place in increasingly fragile ecosystems. There has been, as a result, an increased focus on the development and implementation of mitigation hierarchies. Thus, as a broad, global concept, the project was very relevant.

103. It was also relevant to the GEF's second Strategic Objective ("Mainstream Biodiversity Conservation and Sustainable Use into Production Landscape/Seascapes and Sectors) and the Strategic Programme thereunder ("Strengthening policy and regulatory frameworks for mainstreaming biodiversity").

104. In addition, the project was relevant to the United Nations Development Assistance Framework (UNDAF, 2010 – 2015). The UNDAF included the environment as one of four pillars and the targeted outcome of the environment pillar was to "integrate the principles of sustainable development into country policies and programmes". Within the UNDAF's results matrix, the project was specifically targeting the Agency Outcome 3.1 ("Increased availability of institutional products and services for the conservation and sustainable and equitable use of natural and cultural resources") and within that Output 3.1.2 ("Legal and institutional frameworks strengthened and government capacities enhanced to meet international commitments and obligations") with its indicators and targets.

105. However, the amendment to the project indicators and targets undermined the relevance of the project because if the project just hit its targets (which it has done), the results neither contribute to the GEF Strategic Objective or Programme, nor the UNDAF. Thus, while the amendment was pragmatic – obviously in acknowledgement of the challenges that the project would doubtless (and did) face – it does beg the question of whether the project was ill conceived or not. The corollary of this is the question whether the project was good value for money. The next section attempts to answer this.

3.3.3 Effectiveness & Efficiency

106. As has been discussed above, in principle, the project achieved many (but not all) of its targets – although, as argued in the section above, this undermined its relevance. However, this statement and in achieving what it did, the project was very effective.

107. The project's budget was relatively low with USD 950,000 from the GEF Trust Fund and USD 204,607 of UNDP TRAC funds – thus, amounting to a final

total budget of USD 1,154,607. The PIU was, at any one time, a relatively small team of people (see Section 3.1.8).

108. Where possible, the project was cost effective and, in the words of one interviewee, "Given the project leadership, it is not surprising that the project was underspent!" This was the case despite the fact that there were additional costs of working on the Ustyurt Plateau – the budget for which was underestimated in the original project budgets.

109. There are numerous examples of cost efficiency. First, the NPM used his influence to secure the use of vehicles, both from UNDP and from the SCNP when the project team visited the project's demonstration sites – thereby reducing the costs by avoiding the need to hire vehicles[38].

110. Second, the local contracts were kept, where possible, below USD 2,500 – as this was the threshold below which the project could offer direct contracts (as opposed to going through the process of tendering the contract). This did mean that on some occasions the consultants were offered sequential, consecutive contracts but it was an effective way of keeping down the costs of the project. Similarly, the project opted to award contracts to *individuals* as opposed to *institutions*. For example, for some of the work, contracts were awarded to individual people who worked for the Flora and Fauna Institute of Genepool of Academy of Science of the Republic of Uzbekistan as opposed to offering the contract to the Institution itself. This had the result of reducing the costs of the project (as there was no need to pay institutional overheads which, on occasion, can be extremely expensive). However, there are pros and cons to this approach that warrant a little attention. One of the principles of GEF projects is to build sustainability – part of which is institutional sustainability. While providing overheads for institutions such as the Flora and Fauna Institute of Genepool of Academy of Science of the Republic of Uzbekistan does not necessarily build long-term financial sustainability, it may inject sufficient funding to allow the institution to build and develop. In conclusion, then, it is a fine balance and projects need to weigh up the value of building and developing institutions (especially when they are poorly funded) and keeping costs down.

111. That the NPM was focused on ensuring value-for-money was further evidenced by the fact that when consultants did not deliver, he had no hesitation in releasing them from their contracts.

112. In summary, then, it is very difficult to fault the implementation of the project by the PIU – either from an effectiveness or cost efficiency point of view.

[38] Unlike many other UNDP-GEF projects, the project did not have a vehicle and hired one for use in Tashkent and did not have a vehicle for use in the project demonstration area.

Thus, that the project did not achieve all its targets was, with a few exceptions, more a symptom of the scale of the ambition of the project.

3.3.4 Country Ownership

113. One aspect of the project that was questionable was that of country ownership. There are a few aspects that would encourage one to believe that there was a reasonably high degree of ownership but these are probably outweighed by the aspects that suggest that ownership was limited – such that it presented a barrier to the project achieving the final goal of having the proposed amendments to the legislation approved.

114. First, though, the aspects that suggested that there was a good degree of ownership. As described in the section on co-finance (see Section 3.2.4), the Government of Uzbekistan – through the SCNP – provided support for the project including the use of vehicles, the time of senior members of staff, the use of substantial office space and covering the costs of utilities within that office space. However, if one examines below the surface of this support, it becomes clear that there was support – and even a degree of ownership – from a few people within the SCNP. This support and feeling of ownership did not permeate throughout the organisation. This reinforces the idea that *personalities* remain critical to the success (or otherwise) of projects such as this. If and when those personalities are in pivotal positions then the degree of success is heightened. Furthermore, if the personalities or *champions* of the project are changed through its lifetime, this can contribute to undermining the success of the project.

115. Therefore, while there was a degree of ownership at certain levels within the government, it was apparent that at others, there was little or no feeling of ownership.

116. In addition to the above, there is one other aspect of ownership that warrants discussion. As with all GEF projects, this project was endorsed by the government and signed off by the GEF Focal Point. This does mean that, in principle, the government acknowledged the need identified by the project, including the need to amend legislation. Obviously that has not happened. This, in turn, does beg the question of why not? It *is* possible (and this was anecdotally confirmed by some interviewees) that from the outset the project concept was pushed more by UNDP-GEF than by the government.

117. There were a number of suggestions from interviewees on how such projects should attempt to increase (at least perceptions of) ownership.

118. First, if legislation is to be approved over the course of a project, then the project approval should be sought from the highest levels. Therefore, in a case such as this project, approval should come from the Cabinet of Ministers –

ideally in the form of a decree as this would provide all the political backing necessary for a project's success.

119. A further suggestion to ensure scrutiny, care and ultimately ownership of the project would be to not to provide the support as a grant but rather as a loan. Again, anecdotally, the government pays much closer attention to and assumes greater responsibility for projects or programmes in which a loan is involved (as opposed to a grant).

120. Other alternatives exist. The support for this project came from lower (and often technical) levels within the government structures. Working with such people often elicits greater commitment, more engagement and traction. In addition, if there is a need to amend regional or district level legislation or planning, it is often considerably easier than changing these things at a national level.

121. Finally, the nature of such projects is that they are often led by personalities or champions, and their success is related to the continuity of support from that personality. There are significant risks, especially in countries where the turnover of staff in relatively high-level positions is high because once the champion of a project leaves his or her post, the replacement person more often than not does not share the same sense of ownership or responsibility towards the project.

3.3.5 Mainstreaming

122. The concept of "mainstreaming" was central to this project in that its objective was to mainstream biodiversity into the oil-and-gas sectors policies and operations. The project's strategy to achieve this was to submit proposed amendments to legislation and, by having that legislation approved, ensure that the incorporation of biodiversity into the oil-and-gas sector's policies and operations became obligatory.

123. As discussed throughout this report, the project has only been partially successful at achieving this objective.

3.3.6 Sustainability

124. In the project's risk analysis only one risk was rated as being relatively likely (it had a probability scope of 4/5). This was that the oil-and-gas companies would adopt offsetting rather than the entire mitigation hierarchy. While this turned out to be the case (see Section 3.3.7 for further discussion), as discussed in Section 3.1.2, there were a number of risks that were not fully included in the risk analysis in the project document – especially the marginalisation of the environment sector (although this was upgraded as a risk at the MTR stage). None of the risks explicitly focused on the likelihood of any of the processes or impacts that project may have had being unsustainable.

Sustainability		
Overall likelihood of risks to sustainability	**ML**	As with many other aspects of the project, the sustainability of the project's processes and impacts hinges directly on the approval of the amendments to the legislation that was proposed by the project. Indeed, this was even more the case because the legislation was the principal mechanism used by the project to achieve mainstreaming of biodiversity in the oil-and-gas sector. Other shortcomings include the unknown financial sustainability of the Saigachy Reserve, if it is established.
Financial sustainability	**ML**	
Socio-economic sustainability		
Institutional/governance sustainability	**ML**	
Environmental sustainability	**ML**	

3.3.6.1 Financial Risks to Sustainability

125. There are three primary financial risks that exist at the closure of the project.

126. First, *if* the government approves the proposed amendments to legislation as developed by the project, some funding will be necessary to implement the legislation. In a country such as Uzbekistan, such a risk is relatively small as the implementation of legislation, once approved by the Cabinet of Ministers becomes "obligatory" and hence resourced as necessary. In short, financial (and other aspects of) sustainability *hinges* on the approval of the legislative amendments.

127. Second, in the absence of the project and, further, in the absence of legislation to make it obligatory, it is very unlikely that the oil-and-gas companies will commit sufficient financial resources to build on the foundations of the project's work. Indeed, it is *only* if the legislation is approved and, therefore, that it does become obligatory will the oil-and-gas sector invest any funding whatsoever. Furthermore, experiences from around the globe suggest that the sector will only invest the bare minimum unless there is a regulatory body that monitors closely and penalises harshly when they fall short.

128. Finally, *if and when* the Saigachy Reserve is formally and legally established, the panoply of issues surrounding financial sustainability of the reserve and its management emerge.

3.3.6.2 Socio-economic Risks to Sustainability

129. There are few if any socioeconomic risks to sustainability. In large part, this is simply because there are few people living on the Ustyurt Plateau.

130. If, however, the proposed amendments to legislation is approved then all people stand to gain significantly as often the environment and social safeguards are coupled by large companies such as those of the oil-and-gas sector.

3.3.6.3 Institutional Framework and Governance Risks to Sustainability

131. The majority of (governmental) institutions in Uzbekistan enjoy relatively good institutional sustainability. In addition, the oil-and-gas companies are also relatively robust (so long as the reserves last).

132. In contrast, some of the research and monitoring institutions that have been associated with the project may not be quite as robust – as least from a perspective of securing adequate funding to carry out all the research and monitoring tasks that are required of them. Within this context, there is the discussion, already mentioned above, that projects such as this should consider carefully whether they award contracts to individuals (from these institutions) or to the institutions themselves, particularly given GEF's objective to build capacity and sustainability.

133. The project was directly affected by the institutional environment in Uzbekistan for non-governmental organisations (NGOs). Fauna & Flora International (FFI) was listed as a partner and co-financier for the project. However, this was not realised as its application to register within the country was rejected.

134. Finally, the project was implemented in an institutional environment in which *development* is emphasized and the environment sector is seen by many as an obstacle to such development. This may, itself, be an obstacle to the approval of the proposed amendments to the legislation and to mainstreaming the environment in all sectors.

3.3.6.4 Environmental Risks to Sustainability

135. The process to mainstream any aspect of the environment into productive sectors takes time. If the legislation had been approved during the project's lifetime, the environmental impacts would have been substantial if not assured. That it has not been approved means that environmental impacts and sustainability remain questionable.

3.3.7 Impact

136. The impact that the project has had has been significantly diminished by the fact that the amendments to the legislation that the project proposed have not been approved.

137. In addition, of the portions of the project that made headway, the *impact on biodiversity* (which is, after all, what GEF is aiming for) was limited. However, the project did make headway in a number of areas:

1. The project trained a large number of people and produced a manual for future training. It is likely that this manual will be used and, in this way, the project will continue to influence the situation.

2. The project restored 50ha of degraded land on the Ustyurt Plateau; this was augmented by a further 625.5ha that was restored by the Uzkorgaz Chemical company. In the context of the Ustyurt Plateau – an area of 7 million ha – the area restored by the project seems improbably insignificant. However, the project did what it set out to do: to demonstrate how restoration should be carried out. It is now for the government and oil-and-gas companies to replicate and scale-up this practice (although, as discussed above, this is relatively unlikely in the absence of legislation that compels companies to do so).
3. The project managed to engage with one oil-and-gas company – Uzkorgaz Chemical – and work with them to develop (but only partially implement) a Biodiversity Action Plan, and carry out pilot restoration of degraded land. This success is tainted only by the disappointment that it was *only one* company.

   It is interesting and ironic that the original results framework called for engagement with only one oil-and-gas company – by this indicator was changed during the inception period. The more important question that hangs over this result is how to replicate these practices to other oil-and-gas companies, especially if the legislation is not approved.
4. The impact that the Saigachy Reserve should, ultimately have on conserving biodiversity has not been realised and it will not until such time as the legislation to establish it has been approved.

138. Furthermore, because the barriers to good environmental management across the sector were not fully identified in the project document. As a consequence, the project did not work to overcome them and hence they still remain (see Section 2.2). Ultimately, working on such barriers will assist environmental projects and the environmental sector as a whole progress.

Impact (S, M, N)		
Environmental Status Improvement	**M**	The impact remains minimal primarily because the legislation on which the mainstreaming hinges has not been approved. Several barriers also continue to exist. However, the project did have impact in those areas where traction was possible.
Environmental Stress Reduction	**M**	
Progress towards stress/status change	**M**	

4 Conclusions and Recommendations

4.1 Conclusions

139. In principle and according to the results framework, the UNDP-GEF project "Mainstreaming Biodiversity in Uzbekistan's Oil-and-gas Sector Policies and Operations" has made significant gains (see Section 3.3.1 for a description of the gains). However, as has been discussed through the report, the results framework was changed – and arguably made more realistic and deliverable – but in doing so the change undermined the contribution that the project could make to both the GEF and UNDAF results frameworks[39]. In summary, then, the project managed to draft proposed amendments to 12 pieces of legislation and have those proposed amendments endorsed by 13 ministries but the project was not able to secure the Cabinet of Ministers' approval for these amendments. It is this approval – and subsequent implementation (which is critical because of the policy-implementation divide that often exists) – that the GEF is seeking for contribution to its results framework.

140. The amendment of the legislation was the principal mechanism by which the project was aiming to mainstream biodiversity into the oil-and-gas sector's policies and operations. At present, it remains unclear when – or even if – these amendments will be approved although it is possible that three (of the 12) pieces of legislation[40] will be approved in the relatively near future. In this, there is a feeling of disappointment and an almost overwhelming sense of déjà vu. Yet another project that sets out with good intensions but the success of the project is stifled by the failure of the government to approve pieces of legislation. At various places in the report, suggestions have been made but the overriding conclusion is that projects should not attempt to deal with legislative change unless there is a compelling (and evidence-based) reason to believe that it will be approved during the project's lifetime.

141. That the project did not manage to achieve this crucial final step of approval and implementation of the proposed amendments was no fault of the project team's. Indeed, the project was implemented by an exceptional team of people; arguably, they were the best possible team to implement such a difficult project. The concepts were new, not only within the country but also to the team itself. Nonetheless, they worked exceptionally hard to deliver results. That they managed to achieve quite as much as they did is remarkable in what was an extremely ambitious project.

[39] If it is any consolation, only 50% of GEF biodiversity "mainstreaming" projects manage a score of 6 using the tracking tool.

[40] Amendments of i) Law of the Republic of Uzbekistan № 543-I 'On the Protection and Use of Flora' of 1997, and ii) Law of the Republic of Uzbekistan № 545-I 'On the Protection and Use of Fauna' of 1997, and legislation to establish the Saigachy Reserve.

142. The scale of the ambition should be briefly considered. First, the project set out to amend legislation in a country in which amending legislation through the Cabinet of Ministers was known to be difficult. Second, it set out to amend not just one piece of legislation but targeted seven pieces of legislation. In the end, the project proposed amendments to *twelve* pieces of legislation. Third, the project opted to work with the oil-and-gas industry, an industry that is notoriously difficult to work with, particularly on social or environmental issues. Fourth, one of the principal mechanisms to ensure compliance by the oil-and-gas industry is reputational risk (and this is the only business case for such companies to consider social or environmental issues at all). In order to threaten the reputations of oil-and-gas companies, there needs to be a degree of scrutiny – by the media and the public – with a degree of freedom to express concerns about on going practices. Without commenting on these things in Uzbekistan, the geographical location of the Ustyurt Plateau – in the remote far west of the country – makes public scrutiny a challenge.

143. Of course, the project was not *only* about the approval of legislation and the project also worked hard in the other areas and notable gains were made in the following areas: i) the project managed to introduce the concept of a mitigation hierarchy – including offsetting – within Uzbekistan and to international standards such as the IFC's Performance Standard 6 (PS6 – Biodiversity) and the Equator Principles (although there were others that were not discussed – for example the Extractive Industries Transparency Initiative, EITI and the IPIECA), ii) the preparation of the Saigachy Reserve, iv) the training of members of staff of government institutions, oil-and-gas companies and of various training institutions – including the development of a training manual that can continue to be used following closure of the project, iii) the development of a manual for the oil-and-gas industry of how biodiversity can be incorporated into their policies and operations, v) the implementation of a pilot restoration of damaged land and vi) the development of a Biodiversity Action Plan (BAP) with one oil-and-gas company.

144. In conclusion, then, this was a high risk, high impact project. Had the legislation had been approved, the risks would have been worthwhile and impact would have been far-reaching and profound. An equally important question is whether the risks are worth the USD 950,000 and the USD 204,607 that the GEF and the UNDP have invested in the project? In order to answer this question in the best way, there are a few other questions that need, first, to be answered: i) would the project have been attempted if one knew that it could not fail? ii) what if the project did not achieve its objective; what could then be done? iii) what if nothing had been done? iv) what was truly worth doing whether or not the project achieved its objectives? and, finally, v) even in not truly achieving its objectives, what went right? With these questions and the answers to them in mind, one can conclude that given the opportunity, one

would indeed repeat the project if only because i) the rewards would have been profound if the project had achieved its objective and ii) there are important lessons that have been learned through the process. It was, therefore, a project that strode the right path in the right direction but simply lacked the time and political backing to reach the final destination.

Item	Rating	Comment
Overall project results	S	In principle, the project achieved the majority of its indicators and outcomes. This is tainted by lack of clarity of some of the indicators and by the fact that the amended indicators, which were altered during the inception period and MTR, no longer contributed to the GEF and UNDAF results framework and hence became much less relevant.

4.2 Recommendations

145. Much has been learned through the implementation of this project and these lessons should be available for all future UNDP-GEF (and other) projects that are attempted in Uzbekistan. Most pressingly, the PPG phase of the UNDP-GEF project "Sustainable natural resource and forest management in key mountainous areas important for globally significant biodiversity" is about to begin; the lessons from this project should be incorporated into this project.

4.2.1 Corrective actions for the design, implementation, monitoring and evaluation of the project

146. The project was ambitious and some would say significantly *overambitious*. Ambition is something that GEF relishes – GEF projects are, after all, about overcoming fears and demonstrating success. However, some chance of success and some level of realism are necessary. From this stem various discussions that may be pertinent for the design of future GEF projects in Uzbekistan (and, arguably, other countries in the region), including the upcoming project.

147. Ownership and responsibility. It is essential that the government feels not only ownership of projects but also responsible for them. As discussed above (see section 3.3.4), various suggestions have been made as to how this might happen, including:

1. In recognition that personalities remain important to the success (or otherwise) of projects, engaging the right people is important – but there are risks because changes in personnel happen relatively frequently at the higher levels. This risk needs to be acknowledged and if and when changes of personnel do happen, the project with its partners need to do their utmost to transfer the responsibility to the successors;

2. Key people within the government need to understand the GEF and its strategic objectives and programs such that they can make informed decisions about where their own priorities (and thus the things about which they are enthusiastic) overlap with those of the GEF. In this way, the projects will not always be pushed from the outside (e.g., by the UNDP-GEF RTA from the regional technical centre or from the UNDP-CO);
3. If legislation is to be approved over the course of a project, then project itself should be itself approved by which ever body it is that is required to approve the legislation during the project. In other words, if district-level land-use plans need to be approved during a project, the project needs to be approved by the district councils before the project begin; similarly, if a Cabinet of Ministers' approval will be sought through the project, the project should be first endorsed by the Cabinet of Ministers (ideally, by decree); and
4. Because the government pays more attention to and takes greater responsibility of loans (as opposed to grants) that are provided to them, it has been suggested that for critical, challenging work, the GEF grant be linked to a loan.

148. When considering the design and development of projects, further discussions were made regarding the *process*. These included:

1. If a study tour is envisaged for the project, it should be carried out either in the PPG phase (in which case the lessons learned from the study tour will be incorporated in the project's design) or in the very early stage of the project (perhaps during the inception period so that, again, the course of the project may be adjusted in response to the lessons from the study tour).
2. At this point in history, there are a handful of people who are exceptionally well qualified to manage such UNDP-GEF projects. The NPM is one such person. If prospective candidates for the position of NPM can be involved in the design and development process, i) they will influence the design to be something that they think is realistic and attainable, and ii) they will feel some degree of ownership of the project right from the outset.
3. Further to the above point, there are a number of people in the country who are now very well acquainted with the demands of a GEF project and with the political reality of Uzbekistan. These people should be invited (if not commissioned) to scrutinise the project design with great care to determine its feasibility.

4. Within the project design, it is essential to be brutally honest about the barriers to environmental management and governance, and risks that exist to achieving the results of the project. Thereafter, the designers should either seek measures to overcome the barriers or mitigate the risks, or simply state what falls within the scope of the project and what simply cannot be addressed. In this way, the project will not be negligent.

   The current project was, as discussed, a high risk – high impact project. By being brutally honest about the barriers and risks, project designers can decide whether to take a high risk – high impact course or whether a slow incremental growth profile would be more appropriate. They can also decide the cap for the budget given the risk that a high-risk project may fail.

149. In summary, while it may seem obvious, future projects should be ambitious – but not overambitious, realistic and attainable, the appropriate people and institutions have ownership of and take responsibility for the project, and there is a good overlap between the priorities of the government (and the things that the people and institutions involved are enthusiastic about) and the project objectives. As such, this should allow future evaluators not to experience the same, ominous sense of déjà vu.

150. Beyond these points regarding the design and development of projects, there are a number of other areas for "corrective actions".

151. *Avoid mandate drift*. The project morphed towards a protected areas project with significant attention given to the establishment and reorganisation of the Saigachy Reserve. Projects need to retain their focus however difficult the objectives and outcomes may be. If those objectives and outcomes are unattainable, this should be reported and dealt with by the UNDP-CO and the UNDP-GEF RTC in Istanbul.

152. *Build understanding of the philosophy underpinning mainstreaming gender*. The initiative undertaken by the project to hold a workshop on the role of women in the oil-and-gas sector was outstanding. However, it was apparent that there was little understanding of the philosophy or importance of gender mainstreaming. The UNDP-CO needs to build understanding – and, better still, commitment and enthusiasm – among their teams and project implementers.

153. *Timely inputs from international experts*. The first international consultant/expert that the project hired did not deliver. As a result a second international consultant was hired – but this was in the project's final year and too late to adjust the course of the project or to have significant impacts. Of course, ideally, external experts would be brought in at the *early* stages of the

project to ensure that his or her inputs would have an impact by the end of the project.

154. *Institutions vs. individuals*. As described in the report, the project opted to hire individual consultants as opposed to awarding contracts to institutions. This is perhaps understandable given the extremely limited budget that the project had (even though, at the end of the project, the budget was underspent – see Section 3.2.4). One of the GEF's core principles is to build institutional capacity and thus there is a fine balance between striving for cost efficiency and supporting institutions. Where possible, the institutions should be supported and GEF projects should build budgets to allow for this. This is stated in acknowledgement that this does increase the bureaucratic burden on PIUs: contracting institutions is considerably more complex and time consuming that providing contracts to individuals.

155. *Be creative about measuring impacts*. Many of the mechanisms required by the GEF to measure impacts are dry and inaccessible. Projects should feel that they can be creative about how they measure and, more importantly, demonstrate and communicate impacts beyond the enumeration of indicators within the results framework. Two examples from the project come to mind, both associated with the pilot restoration in the vicinity of the Uzkorgaz Chemical facility on the Ustyurt Plateau. First, the project could have established a small number of photo stations[41] to make images before, during and following the restoration. Photo stations can be very effective for communicating impact even if they do not quantify the impact. Second, because the results framework did not include it, the project did not quantify the increase in the vegetation coverage following the restoration of the damaged land. This would have clearly demonstrated the impact of the work because, as it was, the project failed to achieve the indicator (which focused on *Ellobius talpinus* but they failed to recolonize the area over the course of the project).

156. *Do not alter indicators such that they undermine a project's contribution to the GEF or the UNDAF's results frameworks*. The project's indicators were amended during the inception period – and attempts were made by the MTR to amend them further. Obviously, it is important to ensure that indicators are realistic and attainable from the outset. Amending them such that a project will no longer contribute to the GEF or the UNDAF's results frameworks is not acceptable.

[41] Photo stations are simply photographs that are taken in sequence, over the course of a project, in the same location, looking in the same direction within approximately the same light to illustrate change over time. In this case it is the regeneration of vegetation but it could be anything that changes over the course of time.

157. *Clarity of language*. Language is obviously important and certain words can be used in different ways in different places. There are a number of words or phases that emerged through the project that could be misconstrued without knowing the context in which they were used. What is most important is that all parties find a common understanding irrespective of the words being used and care needs to be taken to ensure this ends up being the case.

158. *Monitoring PR*. The UNDP-CO has centralised the role of the PR Specialist that used to sit with the project. The impacts of this change should be monitored by the UNDP-CO – both on the impact it has on the overall PR but also on the workload of the NPMs and the AFAs.

4.2.2 Actions to follow up or reinforce initial benefits from the project

159. The previous section focuses on how future projects – including the upcoming UNDP-GEF project "Sustainable natural resource and forest management in key mountainous areas important for globally significant biodiversity" – may improve, particularly in their design and development. In contrast, this section focuses on the present oil-and-gas project and how future initiatives may build on the foundations laid by the current project.

160. *Clarity regarding how to achieve "no net loss" and "net gain"*. The concepts of "no net loss" and "net gain" and how offsetting and restoration – as part of damage mitigation – contributes to them seemed a little vague in the minds (and answers) of many respondents. For example, the project piloted the restoration of 50ha in the vicinity of the Uzkorgaz Chemical facility. This prompted the Uzkorgaz Chemical to work on an additional 625.5ha – apparently in an effort to "offset" the footprint of the facility. However, what they did was to restore 625.5ha of land that they had damaged: in other words, they were confusing offsetting with restoration and in doing so were hardly moving towards "no net loss" let alone "net gain". These concepts are relatively new in Uzbekistan and it will take time for them to clarify completely.

161. *Find ways to continue to push for legislative approval*. The impact and sustainability of the project hinges on the legislation for which the project proposed amendments. The UNDP-CO, in partnership with the SCNP, should continue to seek ways to ensure that proposed amendments are approved.

162. *Continued engagement of the oil-and-gas companies, and replication*. The engagement of the project ended with one oil-and-gas company (with one other company rejecting the proposal to engage with the project). Therefore, there is still far to go to replicate practices among all the companies across the Ustyurt Plateau. In part, the project is relying on the approval of the legislation (which would ensure that replication takes place). However, before the project closes, it might take the opportunity to discuss with oil-and-gas companies (and at least with the project partner, Uzkorgaz Chemical) on directions for the future which may include: i) renewing their BAP for another phase, ii) developing an

offsetting strategy (possibly with funding from their corporate social responsibility, CSR, budgets if they could not get it through cost recovery with the government) which could include the following – a) working with the SCNP in Karakalpakstan to increase the effectiveness of the management of Saigachy Reserve and working with them to ensure its financial sustainability, b) develop research and monitoring partnership with institutions such as the Flora and Fauna Institute of Genepool of Academy of Science of the Republic of Uzbekistan such that knowledge of the biodiversity, ecosystems and ecological processes of the Ustyurt Plateau deepens and c) working with training institutions to replace those people from state organizations that have moved to the employment of the oil-and-gas companies (attracted by better salaries but leaving a dearth of expertise within the state sector). All these actions could be justified as offsetting – so long as they lead to measurable "no net loss" or "net gain" from an agreed baseline.

163. In the continued engagement of the oil-and-gas companies, the role of financiers (the organisations that loan them funding for any stages of their exploration, development or production) is an important key – and one that was not strongly emphasized during the project. Financiers often have stringent social and environmental safeguards for projects in which they invest: the IFC's Performance Standards are a good example of this and they do include biodiversity (e.g., IFC's PS6). The SCNP should be introduced to the commitments that the companies are making through their financiers and become involved in the monitoring to ensure that they are indeed adhering to these commitments.

164. Furthermore, there are other initiatives to which Uzbekistan and the companies can commit, including the Extractive Industries Transparency Initiative (EITI) for Uzebkistan as a country and IPICEA for the companies. Increased transparency, as demanded by the EITI, including, for example, the budgets that the companies have to fund environmental and social safeguards, will contribute to make the companies more accountable. In addition, it is the *reputational risk* that is seen within the industry as the principal (if not only) business case for engagement in social or environmental issues. Without transparency, the risk is much diminished. The IPICEA is simply a further mechanism to elicit commitments from oil-and-gas companies for issues such as (but not limited to) biodiversity.

165. *Dissemination of outputs*. The project managed to produce some useful products – especially the Guidebook and the Manual. Although physical prints were made of these products, they should also be made available as digital versions on the internet – at least through the UNDP-CO's and the SCNP's websites.

166. *Action plan for Saigachy Reserve*. If and when the Saigachy Reserve is formally gazetted, the project has provided an excellent foundation from which to build, most specifically the provision of equipment, materials and infrastructure. It would be good to ensure that the SCNP has an action plan sketched out of the steps that need to be taken following the gazettement, including the development of a management plan, the implementation of the METT for monitoring the management effectiveness of the area and to seek partners for the management of the area. If FFI is no longer going to operate in Uzbekistan – as seems likely at least in the near future – then other partners should be sought. This may include the Saiga Conservation Alliance.

167. In addition, all possible leverage and negotiations should take place between the Uzbek and Kazakh government to dismantle the fence that runs along the northern border of the Saigachy Reserve. The fence forms an effective barrier to the annual saiga migration and will further threaten the saiga population. It also directly undermines the ecological integrity of the Saigachy Reserve.

168. *Naivety pervades*. Finally, many of the people interviewed over the course of the mission to Uzbekistan displayed a naivety towards the oil-and-gas industry, assuming that the approval of legislation would be a panacea for biodiversity and other ills. There is the assumption that there is little corruption, or that the industry would seek to cut corners or cut costs wherever possible – even when "obligatory" under the legislation. There was also little discussion of the concept of carrying out detailed *due diligence* on companies, their financiers, ownership structures and mechanisms for evading responsibility. Distrust of the oil-and-gas industry did creep into the project document with one of the identified risks being a "lack of full cooperation (financial and manpower) from oil-and-gas industry in implementing the project". However, given the oil-and-gas industry's performance across the globe, they should be approached and dealt with a heavy dose of scepticism.

4.2.3 Proposals for future directions underlining main objectives

169. The majority of the things that need to be done to further develop the objectives of the project are described in the section above. However, there are two additional points to make.

170. First, once the wells start to produce less than before and, hence, once the profit margins start to reduce, the industry has a practice of selling off their blocks. The production is taken over by "wildcatters" who are less inclined to adhere to social or environmental standards or commitments and because their profit margins are narrower, they are inclined to cut corners and costs even further. In short, while the commitments that are secured for the present companies may be good and lead to good practices, this work may well be rapidly undone if and when the blocks are sold off to less scrupulous

companies. This is something for which the government and the SCNP should remain vigilant.

171. Finally, this project is the first step in what is a long journey. When dealing with an industry as difficult as oil-and-gas, it is a long journey and no one, nowhere has managed to arrive at the perfect solution where social and environmental issues (including biodiversity) have been fully addressed and incorporated into the companies policies and operations. Organisations such as the SCNP and other partners will have to continue to be persistent in order to safeguard unique ecosystems such as the Ustyurt Plateau with its unique biodiversity.

4.2.4 Best and worst practices in addressing issues related to relevance, performance and success

172. This final section examines the lessons learned from the project – to inform the design and implementation of future projects both within Uzbekistan but also elsewhere in the region. Many of the lessons have already been described (see Section 4.2.1) but there are a few points to make here.

173. First, projects from around the region and this project have demonstrated the functionality of having an Interagency Working Group (IWG). The IWG brings together stakeholders and often involves the more committed, technical personnel from each of the stakeholder institutions. This can be compared to stakeholder committees comprised primarily of the political personnel from institutions and their commitment and subsequent attendance is much more patchy.

174. And yet, there is a delicate balance because, as is evident in this project, there are political dimensions and political support is important. There is no panacea and at least having an IWG that is functional is a good start. In short, then, future projects should definitely consider the formation of an IWG, and to consider carefully how it is comprised and constituted.

175. Finally, the project did an outstanding job of monitoring and monetising the co-financing for the project. This stands as an excellent example for other projects to replicate.
