**Final Project Report**

**UNDP- GEF Project ‘Improving the Financial Sustainability of the Carpathian System of Protected Areas’**

## Project summary and description

This UNDP-supported, GEF-funded medium sized project was implemented between November 2009 and June 2014, with the objective of securing the financial sustainability of protected areas in the Romanian Carpathians as a model for replication in the entire Carpathian Network of Protected Areas. The Carpathians are one of the most important regions in Europe for biodiversity, characterised by extensive areas of high nature conservation value forest and associated ecosystems, high botanical diversity, a near complete assemblage of characteristic European fauna and unique human cultures and cultural landscapes. The underlying logic of the project was that, with adequate financial resources, the Romanian Carpathian protected areas and the wider region would be on the path to greater financial sustainability and therefore would be able to secure long-term conservation of the region. Table 1 summarises basic data pertaining to the project.

Table 1 Project summary table

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Project Title | Improving the Financial Sustainability of the Carpathian System of Protected Areas in Romania | | | | |
| **GEF Project ID** | 3849 | **Financing** | *at endorsement (Million US$)* | | *predicted at completion (Million US$)* |
| **UNDP Project ID** | Atlas: 72323  PIMS: 3458 | **GEF financing:** | 0.95 | | 0.95 |
| **Country** | Romania | **IA/EA own:** | 0.02 | | 0.02 |
| **Region** | Europe& CIS | **Government:** | 4.65  (including 1.86 in kind) | | 4.75  (all in kind) |
| **Focal Area** | Biodiversity | **Other (WWF):** | 0.05 in kind | | 0.10 in kind |
| **FA Objectives (OP/SP)** | Biodiversity, Financial Sustainability | **Total co-financing:** | 4.72 | | 4.88 |
| **Executing Agency** | Ministry of Environment and Climate Change  (National Forest Administration) | **Total Project Cost:** | 5.67 | | 5.86 |
| **Other Partners involved** | UNDP, WWF | **ProDoc Signature (date project began):** | | | 27 November 2009 |
| **(Operational) Closing Date**: | | Proposed:  31 Dec 2013 | Actual:  30 June 2014 |

The project’s stated overall objective was ‘To secure the financial sustainability of Romania’s Carpathian network of PAs, as a model for replication to the entire Carpathian Network of Protected Areas (CNPA)’. Overall, it was expected that the US$1 million invested in this project could potentially generate additional revenue of $US5 million per year, with a net benefit of US$35 million over the next 10 years (using a 6% discount rate). To achieve this, the project included two components.

**Component 1: Strengthening the supportive legislative framework and sustainable protected areas financing strategy.** This focused mainly on improving the enabling environment in order to allow both long term central funding of protected areas, and generation of new sources of income to support long term funding at the central and local levels (mainly through payments of ecosystem services in various forms).

**Component 2: Strengthening the institutional and individual capacities of management authorities and other local actors.** This component focused on building institutional and individual capacities to understand and implement the measures developed under Component 1, both within the Romanian system of protected areas and more widely in other Carpathian countries.

The Designated Institution (DI) for project implementation was the Ministry of Environment and Climate Change (MoECC). The Implementation Partner (IP) was the National Forest Administration ‘Romsilva’, which administers 18 protected areas in the Carpathians under contracts with the MoECC.

## Evaluation results

Overall, the Project is rated as having moderate shortcomings. The rating therefore is **Moderately Satisfactory(MS)** (see Table 2).

Table 2 Project Rating Summary.

|  |  |
| --- | --- |
| Criteria Evaluated | Rating |
| **OVERALL RATING\*** | **MS: Moderately Satisfactory**  **(Moderate shortcomings)** |
| **Monitoring and evaluation\*** |  |
| **Overall quality of M & E** | **S** |
| M & E at project start up | MS |
| M & E Plan implementation | S |
| **Implementation and execution\*** |  |
| Overall quality of project implementation/execution |  |
| MoECC | MU |
| FA | S |
| UNDP | S |
| **Outcomes\*** |  |
| Attainment of Overall Objective | MS |
| Quality of Outcome 1 | MS |
| Quality of Outcome 2 | S |
| **Relevance\*\*** | R |
| **Effectiveness \*** | MS |
| **Efficiency\*** | S |
| **Sustainability\*\*\*** |  |
| Overall likelihood of risks to sustainability | ML |
| Financial risks | ML |
| Socio economic risks | ML |
| Institutional framework and governance risks | MU |
| Environmental risks | ML |
| Impact | Unable to assess |
| **Rating scales used**  **\*** Highly Satisfactory (HS): no shortcomings; Satisfactory (S): minor shortcomings; Moderately Satisfactory (MS): moderate shortcomings; Moderately unsatisfactory (MU): significant shortcomings; Unsatisfactory (U): major shortcomings; Highly Unsatisfactory (HU) Severe shortcomings.  \*\* Relevant (R); Not relevant (NR).  \*\*\* Likely (L): negligible risks to sustainability. Moderately Likely (ML): moderate risks to sustainability. Moderately Unlikely (MU): significant risks to sustainability. Unlikely (U): severe risks to sustainability. | |

## Summary of conclusions, recommendations and lessons

The overall objective of this project was ‘*To secure the financial sustainability of Romania’s Carpathian network of PAs, as a model for replication to the entire Carpathian Network of Protected Areas (CNPA)*’. Based on a strict assessment of the outcomes, outputs and specifically the targets set for the project, it has fallen well short of what was expected. However, the overall evaluation of this project is that it has in many respects been successful, with moderate shortcomings and is therefore assessed to be **Moderately Satisfactory (MS).** The achievements and shortcomings of the project and the mitigating factors considered are elaborated below.

This has been an important project, breaking new ground and using innovative approaches to address directly the perennial issue of ‘paying for parks’, which previously has only been subcomponent of protected area projects in the Europe and CIS region. Consequently and inevitably, the project relied on approaches that were to some extent experimental. However, the expectations of the project in terms of outcomes and targets were high, partly because it was designed during a period of relative political stability and economic optimism in Romania. Given its experimental nature, the project would have benefited from a more cautious approach, from much more careful attention to target setting and to identifying less coarse, more specific indicators and measurables that would have enabled positive achievements to be more readily identified where implementation ran into problems. It would have also benefitted from inclusion of alternative approaches that were not so reliant on major central changes in law and policy (which can never be assumed).

Achievement of project objectives was significantly hampered by the impact of the global financial crisis on Romania, which prevented increases in direct funding for protected areas, and also by political shifts, institutional reorganisations, and regular changes in the senior level personnel responsible for implementation. These factors made implementation and development of high-level support and momentum for the project particularly challenging. The greatest impact was on the Ministry of Environment and Climate Change (MoECC), which was officially the Designated Institution (DI) responsible for project implementation, and which was also a critical ‘gatekeeper’ for approval of many of the new funding mechanisms proposed by the project. While the financial crisis made increased long term direct funding from the central budget of the MoECC unfeasible, many of the project’s proposals focused on new sources of funding (mainly mechanisms for payments for ecosystem services). Even given the difficulties, more could have been expected of the MoECC as an Executing Agency in supporting these measures.

Day to day implementation of the project was led by a team within the National Forestry Administration (the designated Implementation Partner), which was generally effective and efficient in its work; most of the activities conducted under Outcome 2 were focused on five pilot protected areas administered by the NFA, ensuring particularly efficient implementation of the site-based elements of the project.

The team at the UNDP Country Office (and subsequent Project Management Office) provided excellent support in in overseeing, supporting and where necessary, guiding project implementation, and in working to secure and maintain high-level support for the project. UNDP personnel promoted an inclusive and collegiate culture among all those involved in implementation, keeping them informed, enabling their participation in meetings and encouraging communication and interaction between them.

The project team has had to adapt to many difficulties beyond its control, notably the impacts of the global financial crisis, government changes and regular reassignments of senior officials. Some of these problems might have been better overcome had the MoECC been more closely bound into the administration and supervision of the project, as the engagement and ‘ownership’ of the Ministry declined in the second half of the project.

In working to overcome the difficulties it was encountering, the project might usefully have taken more into consideration the advice coming from several quarters to diversify its rather centralised approach, to work more with local authorities and to include initiatives for local sustainable development linked to protected areas (alongside the existing measures for increasing the direct income of PAs). This could have reduced reliance on central systems and decision makers, promoted durable locally owned solutions and helped to build local support for protected areas.

The mid-term evaluation (MTE) provided a significant opportunity to take stock of the challenges faced by the project and to retune the project in order to focus on what was achievable, to develop new strategies for achieving the project outcomes and to modify indicators and targets in line with what was achievable. However, the recommendations of the MTE largely concerned redoubling existing efforts to implement the project in its current form.

Under Outcome 1, the anticipated modification of the legal framework to enable committed central funding for protected areas has not succeeded, and therefore no new flow of long-term funds has been established, despite elaboration of well-justified studies and proposals for a range of options for sustainable financing. While increased direct funding from the State budget was unfeasible after the financial crisis started, more progress could have been expected with the measures for generating new funding through PES and for using the National Environment Fund as a conduit for the new funding, since these had the potential to ease rather than increase the financial pressures on the Ministry. These major shortcomings have been partially offset by two factors. First, there is better potential for mobilisation of new funds through proposed amendments to the Forest Code that would allow payments for ecosystem services (PES) based on watershed protection services, providing new funds to help compensate owners of private forests in protected areas. The amended Forest Code is awaiting approval. Second, the project has been successful in securing legal changes that have enabled provision of significant support from the MoECC (through co-financing and VAT subsidies) totalling over $4.5 million for the implementation of 27 EU funded SOP projects from 2010-2014, and that have ensured future similar support up to 2020. This does not equate to the committed long-term central budget support envisaged by the project, but it has provided an important short to medium term partial solution (at least up to 2020) to the PA funding problem, and has partially contributed to reducing the funding gap.

Several important accomplishments were made under Outcome 2. Individual capacities have been developed through a training programme on sustainable financial management of protected areas, supported by an online e-Platform for self-directed learning. An outstanding new online Financial Management System (FMS) has enabled protected area directors to develop accurate budgets linked to conservation outcomes, and to record and monitor income, expenditure and performance in relation to their management plans. The FMS has considerable potential for wider adaptation and adoption in PA systems in Europe and beyond. Business plans have been developed for the five pilot protected areas and implementation of these is underway. Some protected area teams are now establishing local funding partnerships and (in some cases) introducing entrance fees, but these achievements are limited by insufficient resources allocated to PA teams to implement the business plans as well as fulfilling their existing duties. A more formal and transparent procedure is required for use of money raised by protected areas, for the benefit of PA administrations, funding partners and the wider public. Establishment of a new national protected areas association (also acting as the Secretariat of the Carpathian Network of Protected Areas) has increased the likelihood of continuation of some of the project’s initiatives. Despite its successes, however long-term institutionalisation and sustainability of many of the outputs from Outcome 2 is highly dependent on successful results from Outcome 1, which, as already documented, have been more limited.

The overall evaluation takes into consideration the contrasting evaluations of Outcomes 1 and 2, and critically their contribution to the overall objective of the project and the likelihood of sustainability. Major shortcomings in achieving some of the targets are in part offset by important achievements, and while the challenges encountered in the enabling environment of the project are also taken into consideration, they cannot be used to offset some of the shortcomings. The evaluation is not a reflection of the considerable efforts and dedication of those involved in implementing the project. Nor should the evaluation result diminish the important progress made in changing how protected area budgeting and financing is conducted in Romania, in taking first steps towards solving the problem of financial sustainability and providing an essential foundation and for highly necessary future projects of the same type. In any process of discovery and innovation, it is inevitable that early hypotheses will be flawed, that unexpected problems will be encountered and that some initial experiments will be unsuccessful; but eventual success would not happen without these early stages.

Important dates and milestones in the development and implementation of the project are shown in Table 4. A no-cost extension was approved for the project on 30 May 2013, moving the closing date from 31 December 2013 to 30 June 2014. The extension was granted to provide time for the renegotiation of the protected area management contracts between the MoECC and the NFA (discussed in more detail in Section 3.3), with a view to discussing the proposed additional funding opportunities submitted by the project and to enabling potential inclusion of all or some of these provisions into the new contractual framework.

Table 4 Dates and milestones for the project.

|  |  |
| --- | --- |
| Data/Milestone/Event |  |
| GEF Project ID | 3849 |
| UNDP PIMS ID | 3458 |
| Project Document Signature | 27 November 2009 |
| Inception Report Published | May 2010 |
| Mid Term Evaluation Report Published | August 2012 |
| Final Evaluation | July 2014 |
| Original planned closing date | 31 December 2013 |
| Approval of 6 month no-cost extension by UNDP Regional Office | 30 May 2013 |
| Actual closing date | 30 September 2014 |

In order to secure its natural and cultural Carpathian heritage, Romania has established a network of 22 national protected areas in the range, covering over one million hectares; most are administered by the National Forest Administration (NFA) under contract to the Ministry of Environment and Climate Change (See Table 5). In addition, Romania has recently designated an extensive network of Natura 2000 sites in the Carpathians, in order to fulfil requirements of the European Birds and Habitats Directives.

Table 5 National Protected Areas in the Romanian Carpathians

|  |  |  |  |
| --- | --- | --- | --- |
| Protected Areas | | Administering Organisation | Total area (ha.) |
| **National Parks** | |  |  |
| 1 | Călimani | National Forest Administration | 24,041.0 |
| 2 | Cheile Bicazului – Hăşmaş | National Forest Administration | 6,575.0 |
| 3 | Cheile Nerei – Beuşniţa | National Forest Administration | 36,758.0 |
| 4 | Cozia | National Forest Administration | 17,100.0 |
| 5 | Domogled - Valea Cernei | National Forest Administration | 61,211.0 |
| 6 | Piatra Craiului | National Forest Administration | 14,773.0 |
| 7 | Retezat | National Forest Administration | 38,138.0 |
| 8 | Muntii Rodnei | National Forest Administration | 46,399.0 |
| 9 | Semenic - Cheile Caraşului | National Forest Administration | 36,160.7 |
| 10 | Buila – Vânturariţa | National Forest Administration | 4,186.0 |
| 11 | Ceahlău | County Council | 8,396.0 |
| 12 | Defileul Jiului | National Forest Administration | 11,127.0 |
| **Nature Parks (IUCN Category V)** | |  |  |
| 13 | Apuseni | National Forest Administration | 75,784.0 |
| 14 | Bucegi | National Forest Administration | 32,663.0 |
| 15 | Grădiştea Muncelului - Cioclovina | National Forest Administration | 38,184.0 |
| 16 | Porţile De Fier | National Forest Administration | 115,655.0 |
| 17 | Vânători Neamţ | National Forest Administration | 30,818.0 |
| 18 | Munţii Maramureşului | National Forest Administration | 148,850.0 |
| 19 | Putna – Vrancea | National Forest Administration | 38,204.0 |
| 20 | Geoparcul Dinozaurilor Ţara H. | University of Bucharest | 102,392.0 |
| 21 | Geoparcul Platoul Mehedinţi | Country Council | 106,000.0 |
| 22 | Defileul Mureşului Superior | No administration. | 9,156.0 |
| **TOTAL** | | | **1,002,570.7** |
| **National Parks** | | | **304,864.7** |
| **Nature Parks** | | | **697,706.0** |

1. The original concept for this project goes back to 2006, when the Romanian Minister for the Environment participated in a Carpathian Convention Conference and pledged co-financing for GEF to support management of protected areas in the Carpathian Region. The eventual project, approved at the end of 2009, was designed to secure the financial sustainability of Romania’s Carpathian Network of Protected Areas (CNPA) as a model for replication to the entire Carpathian Network of Protected Areas.

## Problems that the project sought to address

The main direct threats to the globally significant biodiversity of the Romanian Carpathian mountains, and their underlying causes are summarised in Table 6.

Table 6 Overall threats to Carpathians biodiversity and their underlying causes

|  |  |
| --- | --- |
| Main Direct Threats | Main underlying causes |
| Clearance of restituted forests for short term gain (around 50% of Romania’s forests have been restituted).  *It is estimated that about 30,000 ha of restituted forests have been clear cut, while around 100,000 ha are affected by partial illegal cuts.* | * Difficult economic conditions in rural areas. * Lack of compensation for use restrictions in private forests. * Unwillingness of owners to accept long harvest rotations, leading to clear cutting for immediate gain. * Pressure for investment opportunities in rural areas. * Inadequate consideration of environmental priorities and values in planning decisions. * Lack of regulation and enforcement of existing laws. * Inadequate monitoring. * Gaps and inconsistencies on the legal framework. * Low political priority for environmental issues. * Impacts of the global financial crisis (This was not an issue when the project was conceived, but has subsequently served to amplify many of the threats). |
| Illegal logging harvesting in State Forest Land. |
| Habitat fragmentation, degradation and conversion.  *Mainly through construction of roads, houses, tourism facilities, hydropower installations and other infrastructure.* |
| Poaching and poorly regulated hunting of protected, rare and threatened species. |
| Cessation of traditional management of grasslands. |

The protected area network of Romania should be serving as a means to remove and/or mitigate these threats in areas of particular importance, but the protected areas are limited in their ability to do this for a number of reasons including the following.

(i) Lack of capacity among protected area administrations for effective and efficient management. The overall management effectiveness tracking tool (METT) score for the 22 PAs in Romania was 53.8 in 2009, which is only just adequate and should be much higher.

(ii) Weaknesses and uncertainties in the system of top-level governance. The majority of PAs are administered by the National Forest Administration under contract to the MoECC, but this is not considered by many to be a permanent or entirely satisfactory arrangement. While the project was being planned, a separate protected area agency was established, but this was discontinued for reasons mainly connected with the financial crisis.

(iii) Lack of a clear framework for planning and management. In 2009, few if any protected areas were operating under approved management plans, and management plans that existed were not linked to budgets.

(iv) Inadequate financing. In 2009 only around 50% of what was required to implement basic conservation (pay salaries, utilities, fuel and basic equipment) was available, and protected areas received no direct funding from the national budget. A UNDP Financial Sustainability Scorecard for the Romanian PA system compiled during project preparation produced a score of just 33 (17%). In financial terms, the scorecard identified an annual funding requirement of approximately USD 9 million for basic management, and USD 15 million for optimal management (i. e. full implementation of all PA management plans). The actual annual income at the time was only USD 5 million, indicating funding gaps of USD 4 million (basic management) and USD 10 million (optimal management).

The project was quite unusual in that it focused not on direct threats, but on root causes, specifically the lack of financing for protected areas. The basic logic was that with improved and more reliable, targeted and efficiently used financing, protected areas could be better managed, threats reduced and biodiversity more effectively and efficiently conserved.

The overall approach taken by the project was to work through several linked stages at the central and the site levels to achieve the overall objective. A set of in depth economic studies using an innovative ‘Sector Scenario Analysis’ (SSA) approach previously piloted by UNDP and others in Latin America, was planned to establish the values of protected areas and identify new funding mechanisms. Changes in legislation drafted by the project would enable the new funding to be mobilised. A financing strategy would be developed with the NFA, and tested at five pilot protected areas (see Table 8), where a new financial management system would link budgeting and financial management to the objectives and outputs of site management plans. The pilot sites would also be supported to develop a range of market-based mechanisms to increase their incomes and reduce the funding gaps identified by the financial management system. The work and experience of the pilot sites would be disseminated to protected area clusters in Romania, and then to other Carpathian countries through a range of capacity development and awareness raising activities.

Table 8. Pilot protected areas and associated clusters

|  |  |
| --- | --- |
| Pilot Sites | Associated clusters |
| 1. Vanatori Neamt Nature Park (National Forestry Agency-NFA) | 1. Ceahlau National Park (Neamt City Council) 2. Cheile Bicazului National Park (NFA) |
| 1. Piatra Craiului National Park (NFA) | 1. Bucegi Nature Park (NFA) |
| 1. Maramuresului Mountains Nature Park (NFA) | 1. Rodnei Mountains National Park (NFA) |
| 1. Apuseni Nature Park (NFA) | 1. Gradistea Muncelului-Cioclovina Nature Park (NFA) 2. Geoparcul Dinozaurilor Hateg Nature Park (Bucharest University) 3. Calimani National Park (NFA) |
| 1. Retezat National Park (NFA) |

## Expected results and indicators

1. The Project Results Framework was originally designed with one overall objective and two outcomes, each with five outputs and sets of associated indicators. The inception workshop and the resulting inception report made some modifications to this design, changing the wording of some outputs and removing one (2.4) altogether (See Table 9).

Table 9 Project objectives, outcomes, outputs and indicators.

|  |  |  |  |
| --- | --- | --- | --- |
| Outcomes | Original Log frame | Revised Log frame | Indicators |
|  | **Project Objective**  To secure the financial sustainability of Romania’s Carpathian network of PAs, as a model for replication to the entire Carpathian Network of Protected Areas (CNPA) | | * + 1. Overall score of the Financial Score Card.     2. Trend in filling the funding gap.     3. Coverage of the Romanian Carpathian ecoregion with ensured financial sustainability. |
| ***Outcome 1: Supportive legislative framework and Sustainable PA Financing Strategy*** | **Output 1.1:** A set of by-laws developed and amendments to existing laws adopted. | **Output 1.1**: A set of by-laws and amendments to the existing legislation developed and promoted. | 1. (As modified at inception) Number of sets of suggestions and regulations for the improvement of PA financing legislation, developed and promoted (to political decision makers). 2. Funding gap for the Romanian Carpathian PA system. 3. Amount of allocations from Ministry of Environment for Carpathian PAs. 4. Compensation payments to forest users. 5. Number and level of central budget transfers. 6. Number of cases for environmental compensation and level of fees. 7. Number of sites in Carpathians with business plans and cost-reduction strategies. 8. Number of sites with diversified market-based instruments for PA funding. 9. Number of cost-saving strategies in place at PA system level. |
|  | **Output 1.2:** Sustainable Financing Strategy (SFS) for 22 large PAs in the Romanian portion of the Carpathians developed. | **Output 1.2:** Sustainable Financing Strategy (SFS) and Action Plan for 22 large PAs in the Romanian portion of the Carpathians developed. |
|  | **Output 1.3:** Government commits to gradually increase funding (e. g. 20% yearly increases from 2007 level) for the targeted PAs. | |
|  | **Output 1.4:** Model business plans developed to demonstrate specific market-based revenue mechanisms for 5 clusters of PAs in the Romanian Carpathians. | **Output 1.4:** Model business plans developed to demonstrate specific market-based revenue mechanisms for five clusters of PAs in the Romanian Carpathians (including Calimani National Park). |
|  | **Output 1.5:** A set of PA diversified income-generation mechanisms (market and non-market options) validated in at least three PAs (Vanatori Neamt Nature Park, Piatra Craiului National Park and Maramuresului Mountains Nature Park). | |
| ***Outcome 2***: ***Institutional and individual capacities of management authorities and other local stakeholders to realize sustainable financing of PAs developed*** | **Output 2.1:** A critical number of PA finance professionals (Minimum 33 staff, 3 from each PA including leading and cluster PAs) trained | **Output 2.1:** A critical number of PA finance professionals (Minimum 36 staff, 3 from each PA including leading and cluster PAs) trained | 1. Number of PA staff trained in effective financial management of PAs. 2. Number of ‘Champion PA Finance Leaders’ graduated. 3. A Carpathian’s Association of PA Managers. 4. PAs conservation targets linked to programmes and activities through a functioning financial management system. 5. Metrics link conservation goals with costs. 6. Traceable expenses, costs, needs and gaps by program   (Removed at inception) A PSA Management Committee established.   1. (Added at inception) At least four workshops organized across the Carpathian region to share experience.   (Removed at inception) Experience from lessons learned is periodically feed into yearly planning. |
|  | **Output 2.2:** A Carpathian National Association of Protected Area managers established | **Output 2.2:** A National Association of the Legal Entities Administrating the  Protected Areas established: |
|  | **Output 2.3:** Improved information management linking PA management plans (programs and activities) with financial management and accounting system | |
|  | **Output 2.4:** A public PA management committee strengthened and with new mandate to monitor revenue and expenditure of PAs | **Removed following the inception workshop** |
|  | **Output 2.5** Experience from lessons learned is periodically fed into yearly planning. | **Output 2.5:** Lessons and knowledge documented and transferred to key actors representing PAs from other Carpathian countries |

#### Financial Summary

Table 13 shows the predicted and actual expenditure of the project as of mid-May 2014. It is expected that by the closure of project accounts all the GEF and UNDP funds will have been disbursed. The table shows a typical slow rate of disbursement in the first year, followed by an acceleration of expenditure. In general, actual expenditure is quite close to that predicted; the calculated co-financing contributions of the NFA and of WWF are significantly higher than predicted.

Table 13 Summary of predicted and actual project expenditure (rounded to nearest $US)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **GEF SUPPORT** |  | | | **2010** | **2011** | **2012** | **2013** | **2014 up to May** | **Total (May 2014)** | **Total predicted at completion** |  |
| COMPONENT 1 | Planned | | | $128,000 | $135,500 | $62,000 | $52,000 | $- | $377,500 |  |  |
|  | Actual | | | $21,549 | $141,813 | $122,351 | $99,560 | $4,299 | $389,572 |  |  |
| COMPONENT 2 | Planned | | | $113,000 | $223,500 | $90,000. 00 | $56,150 | $- | $482,650 |  |  |
|  | Actual | |  | $7,708 | $98,434 | $110,350 | $175,690 | $27,416 | $419,598 |  |  |
| PROJECT MANAGEMENT | Planned | | | $14,000 | $28,350 | $19,500. 00 | $28,000. 00 | $- | $89,850 |  |  |
|  | Actual | | | $9,588 | $8,643 | $2,678 | $26,934.40 | $2,168 | $50,011 |  |  |
| ADJUSTMENTS | Planned | | | $- | $- | $- | $- | $- | $- |  |  |
|  | Actual | | | $1,703 | $7,256 | $-94 | $1,088.27 | $- | $9,954 |  |  |
| **TOTAL GEF** | Planned | | | $255,000 | $387,350 | $171,500 | $136,150 | $- | $950,000 |  |  |
|  | **Actual** | | | **$40,548** | **$256,147** | **$235,284** | **$303,273** | **$33,882** | **$869,135** | **$950,000** |  |
| **OTHER FUNDS** |  | | | **2010** | **2011** | **2012** | **2013** | **2014** | **Total** |  |  |
| **UNDP** | Planned | |  | $5,000 | $5,000 | $5,000 | $5,000 | $- | $20,000 |  |  |
| **CASH** | Actual | | | *$-* | *$17,606* | *$1,700* | *$-* |  | *$19,306* | **$20,000** |  |
| **NFA (In kind)** | Planned | | | $1,161,685 | $1,161,685 | $1,161,685 | $1,161,686 | $- | $4,646,741 |  |  |
|  | Actual | | | *$-* | $1,720,000 | $1,720,000 | $600,000. 00 | *$710,000* | *$4,750,000* | *$4,750,000* |  |
| **WWF (In kind)** | Planned | | | $20,000 | $20,000 | $7,000. 00 | $3,300 | $- | $50,300 |  |  |
|  | Actual | | | *$20,997* | *$38,500* | *$38,870* | *$7,553* |  | *$105,920* | *$105,920* | €1 = $1.4 |
| **TOTAL OTHER FUNDS** | Planned | | | $1,186,685 | $1,186,685 | $1,173,685 | $1,169,986 | $- | $4,717,041 |  |  |
|  | **Actual** | **Total** | | **$20,997** | **$1,776,106** | **$1,760,570** | **$607,553. 00** | **$710,000. 00** | **$4,875,225** | **$4,875,920** |  |
|  |  | *Cash* | | *$-* | *$17,605.59* | *$1,700* | *$-* | *$-* | *$19,306* | $20,000 |  |
|  |  | *In Kind* | | *$20,997.20* | *$1,758,500* | *$1,758,869* | *$607,553* | *$710,000* | *$4,855,920* | $4,895,920 |  |
| **PROJECT TOTALS** |  | | | **2010** | **2011** | **2012** | **2013** | **2014** | **Total** |  |  |
| **PROJECT TOTALS** | Planned | | | $1,441,685 | $1,574,035 | $1,345,185 | $1,306,136 | $- | $5,667,041 |  |  |
|  | **Actual Total** | | | **$61,545** | **$2,032,252** | **$1,995,854** | **$910,826** | **$743,882** | **$5,744,360** | **$5,825,920** |  |
|  |  | *Cash* | | *$40,548* | *$273,752.49* | *$236,984.43* | *$303,273* | *$33,882* | *$888,440* | $970,000 |  |
|  |  | *In Kind* | | *$20,997* | *$1,758,500* | *$1,758,870* | *$607,553* | *$710,000* | *$4,855,920* | $4,855,920 |  |

## Project Results

The ratings in the summary tables in this section are based in part on the official indicators, but also take into account a wider assessment by the evaluator, based on information gathered during the mission, additional unplanned activities and outputs from the project, and an overall assessment of the extent to which each component has achieved its stated outcome.

### Evaluation of achievement of the Project Objective

**‘To secure the financial sustainability of Romania’s Carpathian network of PAs, as a model for replication to the entire Carpathian Network of Protected Areas’.**

Achievement of the overall project objective has had moderate shortcomings and is therefore evaluated as **Moderately Satisfactory (MS)**(see Table 14). The financial sustainability of Romania’s Carpathian protected areas cannot be said to have been secured, although good progress has been made in developing a foundation for sustainability and in mobilising significant short to medium term project funding for protected areas.

Table 14 Summary of results based on indicators for the project objective.

Rating scale used: Highly Satisfactory (HS); Satisfactory (S); Moderately Satisfactory (MS); Moderately Unsatisfactory (MU); Unsatisfactory (U); Highly Unsatisfactory (HU); Unable to Assess (U/A)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Overall objective | Indicators | Baseline measure | Target | Final measure | Rating | Overall Rating |
| **To secure the financial sustainability of Romania’s Carpathian network of PAs, as a model for replication to the entire Carpathian Network of Protected Areas (CNPA)** | **1. Overall score of the Financial Score Card** | Component 1: 15 (19%)  Component 2: 15 (24%)  Component 3: 3 (5%)  **Overall: 33 (17%)** | Overall: 50% | Component 1: 42 (44%)  Component 2: 42 (71%)  Component 3: 27 (38%)  **Overall: 111 (49%)** | **S** | **MS** |
| **2. Trend in filling the funding gap** | Stagnant | From Dec 2011, financial gaps are being gradually reduced a rate of 20% per year | Year on year change in the gap from the financial scorecard (minimum requirements).  2009-2010: +21%  2010-2011: +16%  2011-2012: -1%  2012-2013: -13%  Overall change: +20%  Change from 2011: 14%  Mobilisation of project based support has reduced the funding gap in the short – medium term. | **MS** |
| **3. Coverage of the Romanian Carpathian ecoregion with ensured financial sustainability** | 0 ha | > 1 million ha. | Estimated:  0 ha with ensured financial sustainability  300,000 ha with significantly improved potential for financial sustainability  700, 000 ha with some improved potential for financial sustainability | **MU**  (lower weighting) |

##### Financial scorecard

The final scorecard assessment indicates that the target has very nearly been met, although a closer examination of the scorecard shows results from the three components are rather unbalanced, and that component one (legal and regulatory framework) and component three (tools for revenue generation by PAs) fall short of the target, while component two (business planning and tools for cost effective management) comfortably exceeds it. The scorecard can only provide a generalised overview of the financial situation of protected areas, and any criteria-based scoring system is to some extent reliant on subjective opinions, as it can often be difficult to differentiate between two scoring criteria. Several respondents mentioned that the scorecard was too generalised to give a real indication of the situation, but in the absence of any other indicators it has to be taken into account. Overall achievement of this indicator is rated as**Satisfactory** (S), although the subsequent indicators provide a more in-depth assessment of the situation concerning protected area financing.

##### Trends in closing of funding gaps at the national level

Assessment of this element of the project is not straightforward, as it depends on how the funding gap is defined and measured. As previously mentioned, tracking and evaluation of this aspect of the project would have been much more easy and reliable if adequate indicators had been identified at an early stage, either during preparation of the ProDoc or during development of a detailed monitoring plan. The following sections assess the result from a number of perspectives, all of which are valid in some way.

##### Figures from the financial scorecard

The most consistently collected information during the lifetime of the project was the annual completion of the financial scorecard, which includes a specific quantification of the gap between actual protected area income, and minimal and ideal requirements for expenditure (split between operations and infrastructure). The results from the scorecard appear in Figure 1, and show that from 2009-2013 the funding gap has increased in both scenarios, but that the gap has decreased since a peak in 2012, mainly as a result of significant reductions in operational costs. Based on this evidence, the reduction of the funding gap envisaged in the project document has not been achieved; although there is some evidence of a gradual reduction of the gap from December 2011, this is nowhere near the 20% per year target. In the course of discussions of these results during the mission, respondents offered a range of interpretations and supplementary information to explain these results. Some respondents commented that the financial scorecard uses generalised aggregated data and does not provide a sufficiently accurate assessment of the real situation. This may be the case, but it is the only consistently measured indicator for the targets set by the project. If the figures in the scorecard were considered to be unreliable, more accurate means should have been established at an early stage to measure changes in the funding gap.

The rapid increase in the funding gap between 2009 and 2011 has been attributed to the increased financial commitment associated with the establishment of Natura 2000 network, which in Romania is considered to be part of the protected area system. In order to provide a clearer measure of changes in the funding gaps, the scorecard assessments used by the project should have separated the figures for Natura 2000 sites and for State protected areas.

It has not been possible to explain the major changes and differences between the funding gaps for operations and investments shown in the scorecards between 2012 and 2013. While the reduction in the funding gap for operations might seem encouraging, it could be explained by a major decline in expenditure as much as by a major increase in income.

Figure 1 Changes in the funding gap in the course of the project according to the financial scorecard.

|  |  |
| --- | --- |
|  |  |
|  |  |

##### Availability and security of income

The current ‘funding mix’ for protected areas is summarised in Table 15. More details about the components of the funding mix are provided under the assessment for Outcome 1. Income for PAs has increased as a result of its interventions of the project, but the foreseen long-term solutions (i.e. a ‘ring-fenced’ budget for PAs from the MoECC and/or a substantial flow of income from payments for ecosystem services) have not materialised.

Table 15 Overview of the current ‘funding mix’ for protected areas

|  |  |  |  |
| --- | --- | --- | --- |
| Source of funding | Purpose | Impact on funding gap. | Security and sustainability |
| NFA | Basic recurrent costs of management.  Some investments. | Net increases directly reduce the funding gap.  Costs are offset by the NFA against taxable profits and therefore a proportion can be considered state funding in the form of tax foregone. | Reliant on NFA's continued willingness to pay.  Uncertainty about renewal of management contracts, especially in PAs with little forest cover. |
| MoECC | Co-financing and VAT support on multilateral and bilateral projects. | Up to $4.5 million support provided, leveraging much larger project expenditure.  Investments may not relate directly to needs identified in PA management plans and therefore may not contribute towards closing the gap. | Under the PA Law, MoECC is required to fund PAs ‘within the limit of the available budget’. Co-financing and VAT support appears to be secure for the next EU funding period (up to 2020). |
| Donors | According to criteria of donors and agreed programmes and projects. | Investments may not relate directly to needs identified in PA management plans and therefore may not contribute towards closing the gap. | Variable; the chances of continued EU support are very high. GEF funding is no longer available. |
| Income generated at the site | To cover PA management costs. | Will close the funding gap if expenditure is linked to priorities in the management plan. | Dependent on the initiative of PA teams.  Direct and opportunity costs are incurred by PA team fund raising activities.  Potential differences between PAs. |

Even with increased income, the funding gap is only closed when expenditure is used to cover current predicted costs, not to pay for new project activities and investments not included in the management plan. For example, a grant of $1 million to construct a protected area visitor centre does not reduce the funding gap by $1 million, unless the budget and financial plan of the protected area had specified that amount for that particular investment; instead it adds $1 million to both the income and expenditure columns. Indeed, construction of a large visitor centre may serve to increase the funding gap, because operation and maintenance of the centre will increase the recurrent costs of the protected area, and cost recovery from increased tourism income is by no means guaranteed. Some of the SOP supported activities have definitely covered planned non-recurrent protected area activities (for example, support for baseline surveys and preparation of management plans), but few are likely to have any impact on reducing recurrent operational costs.

On balance, achievement of this target is rated as **Moderately Satisfactory (MS).**

##### Coverage with ensured financial sustainability

The expectation of more than 1,000,000 ha with ‘*ensured financial sustainability*’ was highly unrealistic from the start, and the Project Document provides no definition of ensured sustainability and no measurables. In the absence of these, a very rough assessment is made of what has been achieved:

* Area with ensured financial sustainability: 0 ha.
* Area with significantly improved potential for financial sustainability: approx. 300,000 ha. (Pilot protected areas).
* Area with somewhat improved potential for financial sustainability: approx. 700,000 ha. (Other protected areas).

Consequently this indicator is evaluated as **Moderately Unsatisfactory (MU),** but less weight is given to this assessment as to the others, given the difficulty in measuring it.

***Management Effectiveness***

The underlying assumption of this project was that improved finance would lead to improved management effectiveness, but no indicators of management effectiveness were formally included. However, the project commendably conducted management effectiveness tracking tool (METT) assessments at the beginning and end of the project, which do enable some ‘before and after’ comparisons. The results are shown in Table 16, and include overall METT scores and scores for the three questions in the METT assessment, which directly concern financing of the protected areas (questions, 15, 16 and 17).

Table 16 Changes in protected area in METT scores and scores for METT Financial Elements 2009 and 2014 (pilot protected areas are shown in **bold**)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Protected Area | METT Score | Financial Questions 15/16/17 | METT Score | Financial Questions 15/16/17 | METT Score | Questions 15/16/17 |
|  | **2009** | | **2014** | | **Change**  **2009 - 2014** | |
| **Apuseni Nature Park** | **61** | **5** | **61** | **4** | **=** | **-** |
| **Maramures Mountains Nature Park** | **67** | **6** | **72** | **7** | **+** | **+** |
| **Piatra Craiului National Park** | **64** | **6** | **80** | **8** | **+** | **+** |
| **Retezat National Park** | **66** | **6** | **76** | **6** | **+** | **=** |
| **Vanatori Neamt Nature Park** | **67** | **6** | **67** | **6** | **=** | **=** |
| Bucegi Park Nature Park | 60 | 5 | 71 | 6 | **+** | **+** |
| Buila-Vanturarita National Park | 42 | 4 | 59 | 3 | **+** | **-** |
| Calimani National Park | 46 | 6 | 66 | 5 | **+** | **-** |
| Ceahlau National Park | 62 | 6 | 72 | 6 | **+** | **=** |
| Cheile Bicazului-Hasmas National Park | 55 | 5 | 60 | 5 | **+** | **=** |
| Cheile Nerei Beusnita National Park | 52 | 3 | 55 | 4 | **+** | **+** |
| Cozia National Park | 59 | 5 | 67 | 4 | **+** | **-** |
| Defileul Jiului National Park | 34 | 3 | 60 | 4 | **+** | **+** |
| Defileul Muresului Superior Nature Park | - | - | (57) | (6) |  |  |
| Domogled-Cerna Valley National Park | 53 | 5 | 62 | 5 | **+** | **=** |
| Geoparcul Dinozaurilor Tara Hategului Natural Park | 42 | 3 | 47 | 3 | **+** | **=** |
| Grădiștea Muncelului -Cioclovina Nature Park | 56 | 6 | 55 | 6 | **-** | **=** |
| Iron Gates Nature Park | 54 | 4 | 78 | 7 | **+** | **+** |
| Platoul Mehedinti Geopark | 37 | 2 | 41 | 3 | **+** | **+** |
| Putna-Vrancea Nature Park | 46 | 4 | 52 | 5 | **+** | **+** |
| Rodna Mountains National Park | 58 | 5 | 65 | 4 | **+** | **-** |
| Semenic - Cheile Carasului National Park | 49 | 6 | 65 | 5 | **+** | **-** |
| **AVERAGE** | **53. 8** | **4. 8** | **63.4** | **5. 0** | **+** | **+** |

The results show that the overall average METT score has increased by nearly 10 points, which is encouraging, but that there are major variations between the sites. In three of the pilot protected areas the score has increased significantly in the past five years, while in the other two it has not changed. The biggest improvements have been at Iron Gates Natural Park and at Defileul Jiului National Park. For the financial elements of METT, the overall average has increased marginally, but has remained unchanged for two of the pilot parks and decreased for one. Some of those consulted suggested that not too much significance should be given to these results, because the METT assessments were conducted by the Park Directors themselves, not by independent assessors (although the scores were validated by the NFA PA Unit against reports, monitoring records, financial records etc.). METT does have its flaws (mainly related to lack of weighting), but does provide a general indication of trends. The rather mixed results fall short in places of what might be expected over five years, but are difficult to explain. It is to be hoped that the NFA will continue to use METT assessments in order to track future progress of the protected areas, as future assessments may pick up progress related to project achievements that has yet to ‘trickle down’ to all protected areas.

### Outcome 1. ‘Supportive legislative framework and sustainable PA financing strategy’

Table 17 Summary of results based on indicators for Outcome 1.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Outputs | Indicators | Baseline measure | Target | Final measure | Indicator Rating | Output rating |
| 1.1: A set of by-laws and amendments to the existing legislation developed and promoted. | Number of sets of suggestions and regulations for improving PA financing legislation, developed and promoted to decision makers. | 0 | 5 | At least 12 detailed proposals made.  7 not approved.  4 approved (all relating to co-financing and support for EU and bilateral funding).  1 pending. | **MS** | **MS** |
| 1.2: Sustainable Financing Strategy and Action Plan for 22 large PAs in the Romanian portion of the Carpathians. | No specific indicator set. | n/a | n/a | SFS drafted in 2013, but not yet finalised or adopted by the MoECC or NFA. | **S** | **S** |
| 1.3: Government commits to gradually increase funding (e.g. 20% yearly increases from 2007 level) for the targeted PAs. | Funding gap for the Romanian Carpathian PA system. | $4 M (basic)  $11 M (optimal) | <$1 M (basic).  <$5 M (optimal). | From the financial scorecard: basic/optimal  **2009:**$4,526,061$/$10,280,903  **2010:**$5,477,978/$12,537,502  **2011:** $6,334,474/$13,156,256  **2012:** $6,260,273/$13,082,055  **2013**: $5,444,002/$12,265,784  Short –medium term funding gap potentially reduced due to mobilisation of EC support. | **MS** | **MS** |
| Amount of allocations from Ministry of Environment for Carpathian PAs. | 0 | By Dec. 2013, central budget allocation of> $1 million. | No permanent commitment to central budget allocation.  Co-financing and VAT support provided by MoECC for EU funded projects totalling ca US$4.5 million in 2010-2014. | **S** |
| Number and level of central budget transfers. | None | Twice a year by Dec. 2011. | No approval or transfers as envisaged. Co-financing and VAT support has been provided by the MoECC for EU SOP projects. | **MS** |
| Compensation payments to forest users. | App.30% | 40% (Dec. 2013) | None to date. (New mechanism to generate funds proposed through amendment to the Forest Code awaits approval). | **MS** |
| Number of cases for environmental compensation and level of fees. | None | 3 by Dec. 2013 | No compensation or off setting mechanism yet established. (New mechanism proposed through amendment to the Forest Code awaits approval). | **MS** |
| 1.4: Model business plans developed to demonstrate specific market-based revenue mechanisms for 5 clusters of PAs in the Romanian Carpathians. | Number of sites in Carpathians with business plans and cost-reduction strategies. | 0 | 5 by Dec. 2013 | 5. All pilot PAs have business plans.  5 site based cost saving strategies in place based on the business plans and use of the FMS. | **S** | **S** |
| 1.5: A set of diversified PA income-generation mechanisms (market and non-market options) validated in at least 3 PAs. | Number of sites with diversified market-based instruments for PA funding. | 0 | Min 3 | 5+ PAs have introduced a range of new income generation mechanisms. | **S** | **S** |
| Number of cost-saving strategies in place at PA system level. | 0 | >10 | No overall cost saving strategy in place at the system level, although monitoring of the FMS has enabled better monitoring of costs and efficiencies. | **MS** |

##### Output 1.1: A set of by-laws and amendments to the existing legislation developed and promoted

###### Indicator: Number of sets of suggestions and regulations for improving PA financing legislation, developed and promoted to decision makers

The project made commendable efforts to identify needs for improved legislation, to draft proposals and to promote their adoption. A national legal consultant was effectively engaged to draft proposals in the correct legal format. The project approached the issue from a range of angles, developed well-thought-through and detailed technical proposals, held numerous meetings and consultations, and initiated an imaginative awareness campaign aimed at convincing decision makers of the value of sustainably managed protected areas (described in more detail in paragraph 123 onwards). The proposals made, and their current status are summarised in Table 18, showing mixed results. In response to the lack of progress, the project took the pragmatic decision in 2013 to focus only on two priorities: (i) Negotiations on the contractual arrangements for PA management between the NFA and the MoECC (including means for enabling central funding transfers) and (ii) implementation of a PES/EC scheme through the proposed amendments to the Forestry Code. Although fully developed and promoted, neither of these initiatives has been adopted in the lifetime of the project, although there is a reasonable chance that the latter may be approved.

Table 18 Summary of proposals for changes in legislation and regulations made by the project.

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Legal Proposal | Purpose | Results |
| 2011 | Modification of Emergency Ordinance OUG 196/2005 enabling PA administrators to deduct PA management costs from the required annual contribution of 2% the total forest exploitation value (timber value) to the National Environmental Fund. | To make more money available to the NFA for PA management. | Not approved. |
|  | Modification of Article 30 of Law 49/2011 allowing 25% of the income generated by the PAs to go to the envisaged National Agency for Protected Areas (NAPA). | To generate funding for the NAPA. | Not approved (NAPA was never established). |
|  | Formulation of Article 18, which would have established the possibility for the MoEF/CC to co-manage PA administrations. | To enable the MoEF/CC to directly finance PAs a co-manager. | Not approved. |
|  | Government Ordinance 120/2010 enabling the MoEF/CC to pay the VAT on co-financing of EU funded projects submitted by PA administrations. | To encourage and enable PA administrations to submit proposals and thereby mobilize resources for infrastructure and management. | Approved. |
|  | Government Ordinance allowing PA Administrations to be co-financed in Life + projects by the MoEF/CC. | Enabling financing of PA related activities by the MoEF/CC. | Approved. |
| 2012 | Governmental Decision for the financing of PA Administrations (implementing art.30 of Law no.49/2011 concerning PA Administration). | To enable direct financing of PAs. | Not approved. |
|  | Governmental Decision concerning the Sectoral Operational Programme for Environment (SOP) that would increase the pre-financing proportion from 10% to 20% and decrease the discount rate from reimbursement tranches from 30% to 20%. | Improved incentives for PA administrations to submit projects to be financed through SOP Environment, and consequently increased financing of biodiversity management and conservation work. | Uncertain. |
|  | Normative act to enable the National Environment Fund to benefit from national PES/EC mechanisms in the fields of tourism, bottling water and the residual impact of mineral resource exploitation. | To generate funds for the National Environment Fund that could be used to finance conservation and protected areas and offset the proposed reductions in the 2% levy on forest owners. | Not approved. |
|  | Enabling creation in the 2013 State budget of a separate budget category for the expenses necessary for biodiversity conservation and PA management. | To enable direct cash transfers, and enable the central public authority for the environment to meet its legal obligations to fund biodiversity conservation. | Not approved. |
| 2013 | Making sponsorship of protected areas by businesses and individuals tax deductible. | To encourage donations and private and corporate philanthropy. | Not approved. |
|  | Amendment of the Forestry Code to introduce a water based PES/EC scheme based on the beneficiary pays principle. Income would be used to provide income for the Agro forestry and Land Use Fund (managed by the forestry department of the Ministry of Environment). | To provide resources to compensate private forest owners whose activities are restricted. | Not yet approved. |

The major successes under this outcome relate to changes in legislation enabling co-financing and VAT support from the MoECC for SOP projects in the protected areas. This achievement is further discussed in the evaluation of Output 1.3.

The most common reason given for why so many changes in legislation were not approved was ‘*lack of political will’*. When the issue was examined in more depth, the main explanations given related to the financial crisis in Romania, the weak capacity and limited influence of the MoECC, and the limited lobbying ability of the NFA.

Most respondents considered that, without more focused support from the MoECC, there was not much more the project could have done to change the situation. However, one specific issue was mentioned. The proposal for a blanket 2% levy on tourism enterprises to be paid to the National Environment Fund (as part of normative act to enable the National Environment Fund to benefit from national PES/EC mechanisms) was strongly opposed by tourism authorities and the tourism sector, attracted media criticism and undermined the chances of adoption of the proposed normative act. The PMU is adamant that negotiations and discussions did take place with the tourism sector on this issue, and they were surprised by the opposition to the measure when it was published. The tourism sector is reportedly not opposed to supporting protected areas, but much prefers direct payment by tourists (e.g. through a bed tax collected by hotels) to blanket taxation of tourism enterprises. It is not clear why this approach was not raised or identified earlier, but bed taxes are widely used elsewhere and had this alternative been identified and explored earlier, an important source of revenue generation for protected areas might have been established with sector support.

More generally, the concept of PES and many of the mechanisms proposed are quite new in Romania, and their adoption and acceptance required a major change in thinking, both at the government level and among stakeholders. As one respondent said ‘*we are not yet ready for this approach’*. The project used internationally accepted methods to quantitavely value environmental services in Romania and estimate the potential income that could be derived from various payment systems (see Output 1.2 below). However, when the cost of environmental services has been discounted for so long, introduction of payment mechanisms is understood by many to be just a new form of state taxation and is therefore unpopular politically and publicly. This resistance is amplified when stakeholders do not see direct benefits resulting from their payments. Some respondents considered the aggregated figures produced to be unfeasibly high and ‘just theoretical’.

###### Awareness campaigns

The main strategy for addressing the risk that the proposals of the project would not be supported was to raise awareness, particularly among decision-makers, about the benefits delivered by the protected area system and the potential income that could be generated for management. A number of approaches were used.

In 2011, a communication strategy and action plan were finalized, which included a range of public awareness-raising actions and events targeted at the general public, including a celebration of the European Day of the Parks organized by the NFA and the project team at the Romanian Parliament. The project also used the imaginative approach of recruiting a team of national ‘Protected Areas Ambassadors’, public figures from various backgrounds who received communications and PR training to enable them to deliver targeted messages on the importance of securing the long-term future of Romania’s protected areas. Other activities included a new website for the Park Administrations Association, development of a presence on Facebook, creation of a database of friends of the project and press releases and publications.

A press conference hosted by the UNDP Country Office in December 2011 provided an opportunity for members of the National Steering Committee to hold discussions with private sector businesses about ecosystem services and the need for better financing the PA’s, while meetings with also organised with private companies as well as other potential partners in PES mechanisms.

In 2013 the project initiated, through a contractor, a second, much more focused campaign based around the results of the Valuation Study prepared by the project under the banner ‘*put a value on nature’*. This used a range of media to increase awareness of the specific values of protected areas among the general public and to lobby for legislative and administrative and financial support from three categories of important stakeholders: Parliament members, government officials and private companies willing to invest. The campaign comprised an online campaign, a website and almost 200 personalised direct messages for politicians and senior private sector figures containing an imaginative educational tool (a so-called ecosystem elements origami box) and a personalised letter. The campaign achieved quite good penetration, generated a good amount of media attention, with more than 60 positive articles appearing in the press. Around half the recipients of the personalised letters were contacted personally and were generally positive about the campaign. However, some respondents considered that the campaign was underfunded and that it took place too late to have a significant impact on policy; it would have been better to have started much earlier, but it was dependent on project outputs that took time to produce.

Project partners, WWF felt that by engaging outside contractors to lead the campaign, insufficient use was made of their campaigning and advocacy expertise. The (justifiable) concern from the project’s point of view was that WWF’s more direct and forceful style would be incompatible within a project owned by the government and supported by UNDP.

In 2014 the project commissioned production of an excellent ‘Infographic’ (animated presentation), outlining the objectives and accomplishments of the project in a clear and engaging way. This was very well received at the concluding joint conference of the project.

###### Evaluation

In summary, although a comprehensive and professionally developed range of legal measures was proposed and actively promoted and supported by awareness campaigns, only changes releasing short to medium -term funding were approved, and proposals for long term and potentially sustainable proposals failed to secure approval. However, even if not approved at the moment, the proposed measures are still ‘on the table’, the key stakeholders are aware of them. If means can be found to continue to promote, improve and refine them, there is still a chance that they will be approved in some form in the future. As mentioned in Section 3.1.1, the inception process modified this first output and associated target, removing the requirement that the proposed changes would be approved. However, securing changes in the law was a fundamental prerequisite for the overall objective of the project and for the other outputs under Outcome 1. Therefore the success of securing approval does to some extent have to be taken into consideration when evaluating this output. Consequently the output is evaluated as **Moderately Satisfactory (MS).**

##### Output 1.2: Sustainable financing strategy and action plan developed for 22 large protected areas in the Romanian portion of the Carpathians

Production of the sustainable financing strategy was the endpoint of a set of studies and evaluations conducted by the project with support from both international and national consultants.

A cornerstone for the strategy was the report ‘*An assessment of the contribution of ecosystems in protected areas to sector growth and human well-being in Romania’*, hereinafter referred to as the Valuation Study. This used the ‘Sector Scenario Analysis’ (SSA) approach to estimate the economic values of the five pilot sites from the perspective of five different sectors: tourism, forestry and hunting, carbon sequestration, agriculture and food production, and water. SSA compares the values of the ecosystems of the protected areas under two different scenarios for each sector: i) Business as usual (BAU) which assumes that management continues as it is and ii) Sustainable ecosystem management (SEM), which assumes that funding and capacity are available to meet basic optimal protection needs so that ecosystem health improves and the flow of benefits increases. The overall result of the study (see Table 19) suggests that the total cumulative benefit of adopting SEM over 25 years was €2.794 billion, and that since many of the ecosystem services are already operating at close to the SEM level, by far the greatest additional benefit is likely to be derived from tourism (€2.627 billion). The implication of this is that efforts to maximise the economic potential of protected areas should focus mainly on developing and promoting sustainable tourism. Other areas where significant benefits could be derived from improved management related to water supply, food and agricultural products, regulation of and disaster avoidance/mitigation.

Table 19 Summary of potential ecosystem values for the 5 pilot sites over 25 years- 2011- 2035 (million Euros)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ES Type | Service | BAU Value  (P @10%, | SEM value (PV@10%, | NPV  (PV SEM – PV BAU) @10%, | Total cumulative benefit under SEM |
| **Provisioning Services** | Food / agriculture products | 174.00 | 190.00 | 16.00 | 83.90 |
| Wood & NTFPs | 77.30 | 74.50 | -2.80 | -2.80 |
| Water supply (reduced treatment costs associated with regulating services of soil erosion and water flow regulation) | 176.3 | 177.2 | 0.90 | 35.40 |
| Source of energy (fuel etc.) | 0.00 | 0.00 | .- | 0.00 |
| **Regulating Services** | Regulation of GHGs | 14.40 | 20.20 | 5.80 | 33.30 |
| Micro-climate stabilization | 0.00 | 0.00 | - | 0.00 |
| Soil erosion and water regulation (storage and retention) related to disaster mitigation | 10.80 | 14.40 | 3.60 | 17.50 |
| Nutrient retention | 0.00 | 0.00 | - | 0.00 |
| **Cultural Services** | Spiritual, religious, cultural heritage | 0.00 | 0.00 | - | 0.00 |
| Educational | 0.00 | 0.00 | - | 0.00 |
| Recreation and ecotourism | 787.20 | 1,282.90 | 494.80 | 2,626.80 |
| Landscape and amenity | 0.00 | 0.00 | - | 0.00 |
| Biodiversity non-use | 0.00 | 0.00 | - | 0.00 |
|  | **TOTAL** | **1,440.70** | **2,000.60** | **556.40** | **2,794.10** |

The study has generated a lot of interest and positive impressions at the potential values of protected areas, but has also attracted some criticisms. Some respondents felt the study could have usefully considered other valuation methodologies and approaches alongside the SSA approach; while the project team did consider this, it was decided that it would necessitate more data gathering and processing and would not have altered the final result in any significant way. Concerns were also expressed that insufficient attention was given to adapting the SSA approach to the situation in Romania and to taking into consideration input from national and local stakeholders. The counterargument to this has been that the project was set up to test and use the SSA approach, and that deviating from it could have stretched resources too thinly and resulted in several incomplete studies rather than one comprehensive one. Some respondents considered that the assumptions used and resulting values under SEM are too high to be credible. The report acknowledges that the figures might be overestimated, as assumptions and estimates were required for some valuation calculations. The report also explained that the study should be seen as a starting point for using the approach rather than a definitive evaluation, and that future studies should work to refine the estimates. However, it is usual for readers of such studies to focus on the headline figures and not the underlying rationale. Ideally, and had resources been available, it might have been productive to conduct a much more in depth study of one protected area (or one sector) in order to ‘calibrate’ the overall results.

Although the study recognises that shifting from BAU to SEM incurs costs, it does not calculate those costs in detail or include them in the scenarios, merely stating that the benefits would greatly outweigh the costs and assuming that many of the infrastructure investment costs (especially in the tourism sector) would be covered under externally funded projects. It would have strengthened the study and made it more convincing if it had factored in the costs of sustainable tourism development in more detail for at least one of the protected areas, taking into account the need for investments in infrastructure, personnel, capacity development, mitigation of environmental impacts and overheads and running costs.

The study does not assess the values of cultural services (apart from tourism and recreation) and explicitly records the values of these cultural services as zero under both BAU and SEM. Although these values are difficult to quantify, they relate to the fundamental reasons why so many Romanians cherish the landscapes and ecosystems of the Carpathians. While resource constraints may have prevented a detailed assessment of these values, giving the impression that they have zero value could potentially alienate many of those whose support is essential for the long term future of protected areas. It would be preferable if the values were entered as ‘not assessed’ instead.

Despite these concerns, this is an important and valuable study that underpins many of the other achievements of the project (sustainable financing strategy, business plans, awareness programmes). The report was not completed until quite late in the project, due to challenges in acquiring the required data and to changes in the consultant team; had it been made available earlier, more time might have been available to make wider use of its results and to produce and finalise the sustainable financing strategy.

As well as making use of the valuation study, development of the sustainable financing strategy took place in parallel with, and using information from development of the business plans for the five pilot areas (see Output 1.4 ), and the strategy document has a similar structure to the business plans.

The final draft strategy was delivered in August 2013. It is clearly structured, explaining the main principles of sustainable financing for protected areas, outlining the current situation for protected area financing in Romania, clearly presenting five non market-based and three market-based mechanisms for closing the funding gap, estimating the potential income from those mechanisms (see Table 20) and providing directions and an action plan for implementing these options. Several respondents considered that although useful, the strategy promotes unrealistic financing solutions, specifically donation boxes and establishment of a trust fund. As a consequence, these mechanisms have now been removed from the final draft submitted to the NFA for approval. Many other of the solutions proposed are practical, realistic and feasible (to the extent that they have been assimilated into business plans and already being used). It was also mentioned that the figures included for potential income and for potential numbers of visitors are unfeasibly high. The revised version submitted to the NFA includes more conservative estimates.

Table 20 Potential income 2013-2017 from Carpathian Protected Areas (from the Sustainable Financing Strategy)

|  |  |
| --- | --- |
| Financial mechanisms | Potential income |
| **Market based** |  |
| Efficient entry passes policy | €5,552,233.23 |
| Concessions and special concessions | €35,476.36 |
| Bison farm and zoo | €23,042.65 |
| Carbon scheme | €362,500 |
| ***Subtotal*** | ***€5, 973, 252.23*** |
| **Non Market based** |  |
| Government annual increase 2013-2017 | €0 |
| Partnerships | €781,666.58 |
| CNPA Trust Fund (2017) | €150,000 |
| Spare currency donation boxes | €500,000 |
| ***Subtotal*** | ***€1,431,666.58*** |
| **TOTAL ESTIMATED** | **€7,404, 918. 81** |

These are impressive figures, but are considered by many to be major overestimates, while some of the proposed mechanisms (notably the carbon scheme, trust fund and donation boxes) were generally thought to be unfeasible. It is a concern that this table explicitly states that even with a zero increased contribution from the MoECC, the Carpathian protected areas could earn more than €1 million per year from 2013. This could inadvertently give the impression that there is in fact no need for an increased central budget allocation, and that parks can earn the money they need for themselves; the concern was explicitly raised by some in the NGO community who are campaigning for increased central budget support.

The strategy promotes the establishment of a ‘business development unit’ (BDU) to actively promote and support implementation of the strategy at the protected area level. The consensus was that the BDU would best be housed within the Carpathian Protected Areas Association, and the project agreed to support the engagement of a specialist to test the BDU concept and to actively seek and secure significant partnership funding on behalf of the protected areas. However, it proved difficult to find and agree on the right person for the job, and the initiative did not lead to any significant new financing (although it did provide some support to protected area directors who had identified potential partnerships).

The draft Sustainable Financing Strategy document was completed in late 2013, mainly due to accumulated delays in production of prerequisite studies and reports. Had it been published much earlier, the project could have conducted a widespread review and consultation process and more actively promoted and supported its adoption and implementation by the NFA. The Strategy has now been translated into Romanian, revised and submitted for official approval by the NFA and subsequently to the MoECC for approval for use by the NFA as a Business Oriented Management Tool, to be implemented locally by the PAs under NFA management.

###### Evaluation

Overall, this output is evaluated as **Satisfactory (S*)****,* with only minor shortcomings.

##### Output 1.3: Government commits to gradually increase funding (e. g. 20% yearly increases from 2007 level) for the targeted PAs

This output is one of the most critical to the attainment of the overall objectives of the project and several indicators are attached to it.

###### Indicators: Funding increases, reduction of the funding gap and central budget transfers and allocations

A strict assessment of the success indicators established by the project shows that no separate budget line for protected areas has been approved by the MoECC and established for protected areas, no central transfers have been made for protected area management, and no long term commitments have been entered into by the MoECC for budget allocations as envisaged. However the legal changes promoted by the project have enabled provision of significant alternative sources of support from the MoECC (through co-financing and VAT subsidies) totalling over $4.5 million for the implementation of 27 EU funded, SOP projects from 2010-2014, and ensured future similar support up to 2020. This does not equate to the committed long term central budget support envisaged by the project, but it has provided an important short to medium term partial solution (at least up to 2020) to the PA funding problem.

The extent to which this new funding has reduced the funding gap is difficult to assess, as no consistent data are available that measure or track the funding gap (as already considered in Section 3.3.1). From one perspective, the additional expenditure of over $4.5 million could be said to have closed the funding gap of $1 million per year and enabled protected areas to benefit from a wide range of activities to improve their effectiveness and efficiency. On the other hand, and as previously explained, the funding gap is only closed if planned expenditure is covered. While considerable SOP project expenditure has been directed towards new and previously unforeseen investments (e.g. visitor centres), many of the SOP projects have also conducted significant work directly related to primary management needs of protected areas (notably baseline surveys and development of management plans) and have therefore at least offset future costs of the protected areas in conducting this work.

###### Indicator: Number of cases for environmental compensation and level of fees

Instruments have been developed and proposed by the project that would enable such compensation to be paid, both through a levy paid to the environmental fund by mineral extraction companies and through a water-based PES scheme related to hydropower lakes in protected areas. Provision for the latter is included in proposed changes to the Forest Code and there is some optimism that these mechanisms will be approved.

###### Indicator: Compensation for forest owners

The main route envisaged by the project to enable this was the previously mentioned ‘beneficiary pays’ amendment to the Forestry Code, that would enable establishment of a PES/EC compensation scheme targeted at forest owners, possibly administered through the Special Fund for Improving the Agro-forestry Land Use. Mobilisation of this mechanism is dependent on the approval of the proposed amendments to the Forest Code.

###### Evaluation

The project has conducted studies and developed economic arguments and instruments for improving PA financing and closing the funding gap. The anticipated mechanisms for permanent long term financing for PAs have not been achieved. Given the financial crisis it could not be expected that the MoECC would be able to increase direct funding, but better progress could have been expected with the mobilisation of new PES funding through the National Environment Fund. Never-the-less, significant new funding has been mobilised to enable implementation of EU supported PA projects. In addition, the foundations have been put in place for mobilising payments for ecosystems services through proposed amendments to the Forest Code, which are yet to be approved. Despite the difficulties that it has encountered, achievement of this output is evaluated as having only moderate shortcomings and is therefore evaluated as **Moderately Satisfactory (MS).**

##### Output 1.4: Model business plans developed to demonstrate specific market-based revenue mechanisms for 5 clusters of PAs in the Romanian Carpathians

###### Indicator: Number of sites in Carpathians with business plans and cost-reduction strategies

Business plans have been prepared for all five pilot PAs using a common structure (see Table 21). Development of the final plans included a round of stakeholder consultation. Importantly, the business plans are integrated with the management plans for the protected areas, the budgets developed for implementing the management plans, and the computerised financial management system (FMS) designed to record income and expenditure against planned activities. This has enabled protected area directors to see clear links between activities, budgets, funding gaps and opportunities for increasing and diversifying income. Directors have found the business plans very useful in guiding them towards feasible opportunities and potential partnerships for increasing funding. A few of the recommended fundraising approaches were considered to be unrealistic (although many have proved to be quite feasible). A more serious concern is that since no additional budgets or human resources have been allocated for implementing the business plans and fundraising, making the best use of them places an additional strain on already limited resources and diverts some PA staff from their core duties. Establishment of the Business Development Unit by the project was intended to address this issue; although the BDU has not materialised, an alternative means of supporting business plan implementation (and specifically developing funding partnerships) is required, as a certain amount of investment is required to realise the potential of the plans.

Table 21 Table of contents of protected area business plans

|  |
| --- |
| 1. Background  2. Conservation goals, objectives, operations & investments  3. Financial situation, barriers, needs and gaps  4. Financial strategies (revenue options)  4.1. Non-market mechanisms  4.2. Market-based mechanisms  5. Cost-saving strategies  6. Funding priorities  7. Economic impact  8. Management and reporting  9. Implementation plan, cost and performance indicators |

The budgets and business plans elaborated for the five pilot parks all include strategies for cost saving, mainly through improved efficiency and more targeted use of the limited funds that are available. Directors of all the pilot protected areas stated that the FMS was particularly useful in helping them to plan and monitor allocation and monitoring of staff time to ensure improved efficiency. However the following observation in mid-term evaluation report remains true ‘*cost reduction strategies…. will become more effective once the optimum level of financing is reached. So far, the PAs are still underfinanced and there is little applicability for measures that involve maximum impact and minimum costs since all management or conservation measures are implemented at minimum costs’*.

###### Evaluation

This output is evaluated as **Satisfactory (S)**, with only minor shortcomings.

##### Output 1.5: A set of diversified PA income-generation mechanisms (market and non-market options) validated in at least 3 PAs.

###### Indicator: Sites with diversified market-based instruments for PA funding

The project has had far more success at the protected area level than at the central level in identifying and mobilising new sources of funds. Alongside support and guidance provided by the project, the NFA has instructed that protected areas should aim to cover 5% of their budgets through local funding initiatives and partnerships. Consequently, all five pilot protected areas and some other Carpathian protected areas have successfully introduced, or are about to introduce market based instruments for protected area funding (see Table 22). This exceeds the target of three sites, and in all cases there is considerable potential for increasing the funding in future years.

Figures provided by the project following a request during the evaluation mission suggest that these new sources of income appear to be closing the funding gap for protected areas quite significantly. When aggregated across all the Carpathian protected areas the funding gap appears to be only 23% of what it was in 2010, and some sites appear to have made a significant surplus. This is encouraging, but three major factors have to be taken into consideration

a) Almost 50% of the income to the protected areas has been from project funds. In 2013, the total contribution by NFA was $3.325 million, locally generated funds amounted to $0.422 million and externally funded projects contributed $3.633 million. This shows a continued high dependency on project funds, which are not normally considered to be sustainable sources of financing (and which are not considered as future sources of income in the business plans).

b) As explained, project funds do not close the funding gap if the activities they support do not feature in the management plans and associated budgets of the protected areas. For example, expenditure of project funds on a high specification visitor centre in Bucegi, while very welcome, cannot be assumed to have created the reported surplus of over $585,000 in 2013.

c) There is a lack of a common understanding about the use and management of the income generated locally by protected area administrations. Several respondents were of the opinion that locally generated income was being withheld from protected area budgets by the NFA, resulting in no net gain for the protected areas. In response to this issue the Director General of the NFA has clarified in writing that this is not the case, stating that *‘The incomes generated by the Park Administrations are used by them directly – without being returned to NFA – for expenses related to the purchase of field equipment, office equipment, investments in infrastructure or the organization of awareness events’*. The apparent misunderstandings about the use of locally generated funds suggest that clearer guidance and appropriate transparent procedures are required to make clear to NFA staff, funding partners, the general public as to how locally derived income is used.

Table 22 Examples of income generation by protected areas

|  |  |  |
| --- | --- | --- |
| Protected Area | Methods used | Income (2013)  Approximate: converted from RON to USD |
| Retezat National Park. | Entrance Tickets.  Accommodation.  Use of logo on park maps.  Permits. | $27,000 |
| Vanatori Neamt Nature Park. | Products with park logo.  Concessions, fees and permits.  Contract services.  Donation of food for animals by supermarket chain. | $24,000 |
| Apuseni Nature Park. | Charges for cave visitation ( (over 87,000 visitors). | $5,200 |
| Herb harvesting: approx. 850 tonnes per year. Partnership with herbal products company. | Potential income USD 0.75- 1.25 per kilo. |
| Maramures Nature Park. | Revenue sharing by tourist steam train enterprise in the Park. | $22,000 |
| Piatra Craiulu National Park. | Entrance fees (1 month only).  Sales. | $1,000  $3,600 |
| Bicaz Gorges Hasmas Mountain National Park. | Entrance fees.  Endorsement and use of logo by mineral water procedure.  Sponsorship of environmental education event by cement company.  Sponsorship of fuel for anti- poaching activities by hunting association. | $1,900 |
| Bucegi Natural Park. | Entrance fees. | To be implemented in 2014 |
| Iron Gates Natural Park. | Guided cave tours. | $39,000 |

###### Indicator: Number of cost-saving strategies in place at PA system level

While protected area directors have started to monitor costs and look for economies at the site level, such approaches (as recommended in the Sustainable Financing Strategy) have not yet been systematically adopted at the system level. Clearly it is in the interest of the NFA (which is in effect subsidising management of protected areas) to avoid unnecessary expenditure, but since the protected areas are severely underfunded , cost saving though budget cuts is not desirable from the perspective of the protected areas. Therefore the main means for cost saving should be improving efficiency of the use of the limited funds that are available, and the strategy does make some suggestions for this. The establishment of the online financial management system and the ability of the protected areas units in the NFA centrally to access financial information from protected areas is enabling it to analyse activity and expenditure, to exercise cost control and guide protected area directors and accountants towards more efficient use of staff time and resources

###### Evaluation

There has been significant success in some protected areas in securing new local sources of income, although the mechanisms for allocation and use of this income are underdeveloped. Overall, this output is evaluated having only minor shortcomings and is therefore **Satisfactory (S).**

##### Overall approach adopted for Outcome 1

Although the approach taken by the project has followed an established methodology, several respondents have suggested that it was rather narrow, formulaic and insufficiently flexible or contextualised to the situation in Romania. There is resistance among some NGOs to what is seen as the commercialisation of protected areas, and objections to the proposed (quite low) entry fees being introduced by NFA (although there is much less resistance to charging for specific services). These concerns are amplified by the continuing view in some quarters that the NFA is more focused on profitable forestry than protected areas. However, the NFA has done much in recent years to change this perception through increasing professionalization of its protected area management, and these changes are now being recognised by many former critics.

Although it is inevitable that there will be resistance to new ideas and changes, there is a more fundamental underlying issue. Carpathian protected areas are not isolated and unpopulated ‘venues’ for visitation in the way that most major parks are in the USA. They are integral parts of a cultural landscape in which natural and human values are combined, and are in many ways inseparable; consequently there is cultural resistance to the concept of paying for access to cherished landscapes. Many people may be uncomfortable with a business-based approach that considers them as ‘users’ buying ‘ecosystem services’, or that targets ‘low hanging fruit’ for income generation. It is quite possible that these perceptions will change over time (a questionnaire conducted during the project indicated that there is a relatively high ‘willingness to pay’ among tourists), but the message from some civil society stakeholders is that the general public needs to be better convinced that their financial contributions are bringing real benefits and making a positive impact to management and protection of the Parks on behalf of all citizens. Concerns about the NFA ‘earning’ money from protected areas or about the MoECC avoiding its legal responsibilities could be effectively countered with a clear and transparent policy on how income is used, by demonstrable improvements in the quality and effectiveness of management resulting from increased income, and by more public participation in local development linked to protected areas.

Concerns have also been raised by some that the project focused almost entirely on the protected areas and the NFA as the primary ‘business units’, generating, managing and spending income to implement their management plans. It was suggested that partnership should go beyond raising money to reduce funding gaps, and that the project could have adopted a more inclusive and multifaceted range of approaches, seeing protected areas as a catalyst for local development, working with local government and communities to ‘grow’ the local economy in ways that will build long term broad–based social and financial support for protected areas and their communities. An example of this approach is the system of certification of ecotourism destinations operated through the Ecotourism Association of Romania. The counterargument to this view, is that the project was designed to explore and achieve a defined set of solutions through a specific and proven methodology, and that broadening its scope, although perhaps desirable, would have diverted attention and fairly limited resources from its goals. This argument might have carried more weight had there been more success enclosing the funding gap centrally. While there is no certainty that including a more flexible and locally based approach would have had any more success, the project could have paid more heed to the concerns and suggestions coming from NGOs and specialists and embraced a ‘Plan B’, that at least tested some more locally driven, community based approaches in one of the pilot sites or in a Local Authority administered protected area. This would have also provided an alternative path to financial sustainability that was less reliant on central decision making.

##### Overall evaluation for Outcome 1

Achievement of the outcome was been hampered by its very ambitious targets. Significant progress has been made by the project in building awareness and understanding of the financial challenges facing protected areas, the benefits that protected areas provide and the means by which values can be quantified and in many cases monetised. At the central level, and partly as a result of factors beyond the control of the project, it has not been possible to convert these concepts into the envisaged mechanisms for delivering long-term sustainable financing. While delivery of increased direct funding was rendered virtually impossible by the financial crisis, more progress could have been made towards adoption of mechanisms to generate new sources of funding through PES, mobilised through the National Environment Fund which is under the direction of the MoECC. The mechanisms proposed by the project have been documented in detail and remain available for later adoption. Through the interventions of the project, significant short to medium term support for protected areas has been mobilised (at least until 2020). At the protected area level, good progress has been made in identifying and mobilising sources of local financial support, but there is a need to be clearer about how new sources of income are used and to let the paying public know how their contributions are leading to better protection and management and also to provide much better logistical support to protected area teams tasked with finding new sources of funding. The project has closely followed a well-respected methodology for economic assessment, but could have incorporated more locally based approaches to building local social and financial support for protected areas, thereby reducing reliance on decisions made in the difficult enabling environment at the centre. Overall achievement of this outcome is currently evaluated as **Moderately Satisfactory (MS)**, with only moderate shortcomings. It is possible that approval of the Forest Code with inclusion of the proposed mechanisms for PES could be approved this year, which would be a significant achievement.

### Evaluation of Outcome 2 ‘Institutional and individual capacities of management authorities and other local stakeholders to realize sustainable financing of PAs developed’

The results from Outcome 2 are summarised in Table 23.

Table 23 Summary of results based on indicators for Outcome 2.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Outputs | Indicators | Baseline measure | Target | Final measure | Indicator Rating | Output rating |
| 2.1: A critical number of PA finance professionals (Minimum 36 staff, 3 from each PA including leading and cluster PAs) trained. | Number of PA staff trained in effective financial management of PAs. | 0 | At least 33 by Dec. 2012. | More than 60 personnel attended training events. Over 1500 person/ days of training delivered. | **S** | **S** |
| Number of ‘Champion PA Finance Leaders’ graduated. | 0 | 11 by Dec 2011. | ‘Champion PA Finance Leaders’ not defined.  At least 12 personnel considered to be highly competent in use of the tools and methods developed by the project. | **S** |
| 2.2: A National Association of the Legal Entities Administrating the  Protected Areas established. | A Carpathian’s Association of PA Managers. | 0 | One by Dec. 2011. | Established. | **HS** | **HS** |
| 2.3: Improved information management linking PA management plans (programmes and activities) with financial management/accounting system. | PAs conservation targets linked to programmes and activities through a functioning financial management system (FMS). | No | Yes (By Dec 2010). | Yes. | **HS** | **HS** |
| Metrics link conservation goals with costs. |  |  | Yes. | **HS** |
| Traceable expenses, costs, needs and gaps by programme. |  |  | Yes. | **S** |
| 2.4: Removed | A PSA Management Committee. |  |  | n/a | **Not assessed** | **Not assessed** |
| 2.5: Lessons and knowledge documented and transferred to key actors representing PAs from other Carpathian countries. | At least four workshops organized across the Carpathian region to share experience. | 0 | 4 workshops. | 5 + events. | **S** | **S** |

##### Output 2.1 A critical number of PA finance professionals (minimum 36 staff, 3 from each PA including leading and cluster PAs) trained)

###### Indicators: Number of PA staff trained in effective financial management of PAs and number of ‘Champion PA Finance Leaders’ graduated

The project conducted an extensive programme of training aimed at building capacities to understand the new approaches adopted by the project and to make use of the tools developed (see Table 24). The training events were supplemented by coaching and mentoring sessions conducted bilaterally during the financial analysis with each park director and accountant. It would have been preferable if the two indicators had been more specifically defined, determining more precisely in terms of competence, what constitutes a ‘*trained person’* or how a ‘*champion PA finance leader*’ can be judged to have ‘*graduated*’. Maintained training records of individuals would have facilitated tracking and eventual verification (and even certification) of the progress and competence of individuals. Never-the-less, the fact that the Financial Management System is being used is an indication that the directors and financial specialists of all 22 protected areas have developed the skills and knowledge required. Additionally, those in the five pilot parks have a much increased understanding of the principles and practices of accurate budgeting linked to management plans, and of detailed monitoring of management activity and associated costs and benefits. The directors are using their new competences to good effect, and the head of finance of one of the pilot protected areas has become the focal point and centre of expertise is the development and use of the financial management system.

One of the legacies of the project is a professionally developed and presented on-line ‘e-Learning platform’ on sustainable financial management of protected areas, hosted by the website of the Carpathian Network of Protected Areas (<http://e-learning.carpathianparks.org/login/index.php> ). The course grew out of a project-supported regional needs assessment of both capacity development needs and preferred learning methods. It has four modules (Introduction to Financial Sustainability; Financial Sustainability for Site-Protected Areas; Financial Sustainability for Protected Area Systems; Policy & Financial Mechanisms), each with a set of lessons that include instructional pages, exercises, examples and self-assessment tests. This course was highlighted by some as a particularly useful product of the project, and it has been promoted to other countries in the Carpathians. It is certainly an innovative and useful product, but it would benefit from some improvement and refinement. The language and terminology it uses is (in the opinion of this evaluator) rather complex and technical for the non-specialist. More importantly, it is currently only available in English; its potential will only be fulfilled if it translated into Romanian and other regional languages. Translation was considered by the project, but the expense was prohibitive for a product not originally foreseen and budgeted for; it is to be hoped that another project will adopt and further test and refine the system. It is too early at this stage to have any data on registrations or usage of the resource.

Table 24 Capacity development events supported by the project.

|  |  |  |
| --- | --- | --- |
| Year | Capacity development event | No of participants |
| 2010 | Financial analysis methodology. | 30 |
| 2011 | PAs Administration Association establishment meeting & pilot parks financial analysis. | 20 |
| Regional workshop on financial analysis. | 14 |
| Regional workshop on financial analysis. | 12 |
| Regional workshop on financial analysis. | 15 |
| International workshop on PA sustainable financing. | 37 |
| Financial Management System workshop. | 62 |
| Business planning methodology. | 15 |
| 2012 | Communication training for PAs representatives. | 18 |
| Training working on approaches to demonstrate the value of the Carpathian system of PAs. | 32 |
| Accounting procedures workshop. | 24 |
| Park administration business planning and financial strategy workshop. | 47 |
| National Conference: Exploring the potential for private sector partnerships in the Carpathian Protected Areas. | 50 |
| 2013 | Economic valuation of protected areas in Eastern Europe, | 7 |
| National Conference - Public politics on financing Carpathian Protected Areas. | 64 |
| Conference of the Carpathian Network of Protected Areas :’Challenges and opportunities in the Carpathian protected areas’. | 16 |
| Business planning and Financial Information Management System (FIMS) software meeting. | 55 |
| E-learning & sustainable financial strategy meeting. | 33 |
| The 2nd International Workshop on Sustainable Financing of Carpathian Protected Areas. | 54 |
| Workshop with PA accountants and FIMS software company. | 32 |
| 2014 | Workshop with Park Directors for the improvement of the management plans. | 59 |
| Workshop with targeted Park Directors (Domogled-Valea Cernei, Semenic-Cheile Carașului, Cheile Nerei-Beușnița, Defileul Jiului, Buila Vanturarita and Lunca Mureșului) for the improvement of management plans. | 22 |
| Working group representatives of National and Natural Parks Cozia, Defileul Jiului, Comana, Putna Vrancea for the review of management plans. | 6 |
| Working group representatives of National and Natural Parks Maramures, Rodnei, Vanatori Neamt, Cheile Bicazului, Apuseni for the review of management plans. | 6 |

###### Evaluation

This output is evaluated as **Satisfactory (S)**, with minor shortcomings related to the tracking and verification of the training programme.

##### Output 2.2 A National Association of the Legal Entities Administering Protected Areas established

The *‘*National Association of Legal Entities Administrating Protected Areas’was legally established in 2011, with support from the project and using seed money from a private donor. The Association is chaired by the current Director of Piatra Craiului National Park. Its main objectives are: i) to provide a common platform for lobbying by the protected area sectors for improvements in the management of the PA system; ii) to support improvement of professional standards among PA personnel; iii) to develop and implement small projects in support of the PA network; iv) to raise awareness about the protected area network, its values and the benefits it brings.

Currently the Association has 24 members: 22 protected areas, the NFA and Administration of the Danube Delta Biosphere Reserve. Since its establishment, the Association has represented protected area administrations in the project and joined the project team in consultations and meetings with the MoECC and other national stakeholders. The project attempted to base the proposed Business Development Unit within the association, but it was probably too early in the development of the Association to expect it to be able to support a BDU at this stage.

The Association has also assumed the role of the Coordination Unit of the Carpathian Network of Protected Areas, hosting the CNPA website; it has negotiated an annual support package from a company in the energy sector to help it fulfil this role.

###### Evaluation

This output is evaluated as **Highly Satisfactory.** It is an important and original achievement with potential for continuing many of the activities of the project.

##### Output 2.3: Improved information management linking PA management plans (programs and activities) with financial management/accounting system

###### Indicators: PA conservation targets linked to programmes and activities through a functioning financial management system (FMS); Metrics link conservation goals with costs ;Traceable expenses, costs, needs and gaps by programme.

This output has been one of the most outstanding and durable achievements of the project, as shown in the results of the questionnaire. Development of the FMS took place through a number of well-planned stages, from data gathering, through design to software development, training and implementation, under the guidance of the international lead consultant, but increasingly led by the chief accountant from one of the pilot protected areas. The software development work was done by a local company.

Setting up the FMS starts with the management plans developed by the protected areas; each activity is costed and grouped into programmes and subprogrammes standardised across the system. Budgets are then generated both for minimum and for ideal achievement of conservation goals. In this way, activities, income and expenditure can be allocated to specific programmes and subprogrammes, progress towards conservation goals can be tracked, financial performance monitored and funding gaps identified. A menu-driven online timesheet completed by staff enables management activities to be more accurately tracked and associated with costs and sources of funding. FMS functions online; protected area directors and heads of finance and staff (with appropriate access permissions) have learned to use the system at site level, and data from FMS can be aggregated and monitored at the central level.

The NFA now requires all protected areas under its administration to use the system, which is also being strongly promoted for adoption by administrations of Natura 2000 sites under the MoECC. One disadvantage of the system is that it has to be operated in parallel with the central accounting system of the NFA, which creates extra work for protected area administrations, but this was considered worthwhile taking into account the usefulness of the system.

FMS is an important product that has been shown to work and to be practically useful; as such, it could be adapted for use in many countries. It has already been demonstrated to other CNPA countries. It is hoped that the NFA, as ‘owner’ of the FMS , will continue to use and develop it. It is also hoped that the MoECC, which is already requiring the use of the system for Natura 2000 sites, will ensure that the new online management planning system that it is developing is entirely integrated with FMS.

###### Evaluation

This output is evaluated as **Highly Satisfactory**

##### Output 2.4 A public PA management committee strengthened and with new mandate to monitor revenue and expenditure of PAs

This output was removed during the inception process with the following justification: ‘*The participants suggested to remove this output and add the tasks of this ‘Committee’ to the established ‘Association of Legal Entities Administering Protected Areas’ envisaged under Output 2.2. Moreover, nearly all of the tasks of the Committee are enacted under current legislation and creation of a new body responsible for the financial audit would not be justifiable, considering that the Association can perform all of the tasks. ’* Consequently this output is not evaluated.

##### Output 2.5: Lessons and knowledge documented and transferred to key actors representing PAs from other Carpathian countries

Following the inception workshop, this output replaced the previous output of ‘*Experience from lessons learned is periodically feed into yearly planning*’ and adds an important regional dimension to the project.

The project’s dissemination plan revolved around the establishment of a ‘learning community of protected areas in the Carpathians’ which, while originally conceived to be a quite broad programme, was subsequently focused on disseminating and promoting adoption of the tools developed by the project for improved financial planning and management of protected areas. The main channel for this work has been the Carpathian Network of Protected Areas, at whose Steering Committee Meeting in March 2012, a core working group on financial management was established. Currently, six Carpathian countries have nominated representatives for the working group.

Dissemination activities were intensified in 2013. In January the project team and the pilot parks presented their work as a case study at a training course in Germany on protected area valuation. In April, personnel from the project participated in the second CNPA meeting in Slovakia. The financial analysis methodology developed by the project was presented, and generated interest from other countries. As a result, coaching was subsequently provided to staff from two protected areas and from the Nature Protection Agency in Slovakia. In November, the project organised and hosted a CNPA international knowledge fair in Sinaia Romania. The event was attended by more than 50 representatives from 6 Carpathian countries, national experts and international consultants. The discussions revolved around PES mechanisms and case studies, providing evidence of how sustainable management of Carpathian protected areas can support productivity in key economic sectors such as tourism, forestry and agriculture. The eLearning platform on sustainable financing of protected areas was presented at the meeting and feedback solicited from participants.

The project results were presented to the Carpathian Convention meetings in Prague in 2013 and will be included in CoP meeting agenda for September 2014. The results were also presented and discussed in June 2014 at the joint final conference in Poiana Brasov of the EU funded BioRegio Carpathians project and this project.

The National Association of Legal Entities Administrating Protected Areas established with support from the project is now fulfilling the role of the CNPA Secretariat and hosting the e-learning module, providing good potential for further dissemination and hopefully adaptation and adoption of project achievements elsewhere in the region.

###### Evaluation

Overall this output has been well implemented. Project results have certainly been disseminated to other countries in the region, but they have been transferred to a rather lesser extent, although there is a reasonable likelihood that project outputs will be adopted elsewhere in the region in the future. Consequently it is evaluated as **Satisfactory (S).**

##### Overall evaluation for Outcome 2

Completion of the outputs and achievement of the objectives for Outcome 2 have been better than for Outcome 1, largely because they were much more within the control of the project implementation team and not so subject to unforeseeable external factors. The work has made good progress towards professionalising protected area management, and in particular financial planning and management in the Romanian Carpathian and potentially beyond. The development and implementation of the FMS is the standout achievement. Overall, this outcome is evaluated as **Satisfactory (S).**

The overall objective of this project was ‘*To secure the financial sustainability of Romania’s Carpathian network of PAs, as a model for replication to the entire Carpathian Network of Protected Areas (CNPA)*’. Based on a strict assessment of the outcomes, outputs and specifically the targets set for the project, it has fallen well short of what was expected. However, the overall evaluation of this project is that it has in many respects been successful, with moderate shortcomings and is therefore assessed to be **Moderately Satisfactory (MS).** The achievements and shortcomings of the project and the mitigating factors considered are summarised in the Summary of Conclusions on page 6.

The overall evaluation takes into consideration the contrasting evaluations of Outcomes 1 and 2, and critically their contribution to the overall objective of the project and the likelihood of sustainability. Major shortcomings in achieving some of the targets are in part offset by important achievements, and while the challenges encountered in the enabling environment of the project are also taken into consideration, they cannot be used to offset some of the shortcomings. The evaluation is not a reflection of the considerable efforts and dedication of those involved in implementing the project. Nor should the evaluation result diminish the important progress made in changing how protected area budgeting and financing is conducted in Romania, in taking first steps towards solving the problem of financial sustainability and providing an essential foundation and for highly necessary future projects of the same type. In any process of discovery and innovation it is inevitable that early hypotheses will be flawed, that unexpected problems will be encountered and that some initial experiments will be unsuccessful; but eventual success would not happen without these early stages.

## Recommendations for short term measures to follow up/reinforce initial benefits from the project

1. The UNDP Project Management Office should continue to work with the NFA and the MoECC to promote and secure approval for the proposed legal and administrative measures to enable direct funding of protected areas. Specifically efforts should be focused on:

a) Enabling the National Environment Fund to act as a conduit for funding generated through payments for ecosystem services (PES) and other mechanisms.

b) Ensuring that the new Forest Code is approved with inclusion of the mechanisms incorporated in the draft for PES.

1. All the project partners should continue to work to ensure that the current and future SOP projects and other donor-funded activities build on the achievements of the project. In particular, the MoECC and the NFA should ensure that the PES elements of future projects make use of and support further development of the initiatives established by this project.
2. The online Financial Management System should be further developed and institutionalised. The NFA should continue to require and extend its use. The MoECC should ensure implementation of the Ministerial Order 1,470 of the 12 June 2013 to require its use for budgeting and reporting in all protected areas including Natura 2000 sites. In order to facilitate this, it is vital that the new online management planning format of the MoECC is designed to be fully integrated with the FMS.
3. The NFA should establish and share a transparent policy and associated mechanisms for use of funds generated by protected areas. This should ensure that protected area personnel, funding partners and the wider public all understand how income is reinvested in protected areas. It is suggested that a suitable procedure is put in place by the NFA in consultation with the MoECC and making use of legal advice that includes the following.

* A legal statement clarifying the ownership of income generated at PAs.
* A standard clear explanation to donors, financing partners and the paying public (visitors) as to how their contributions will be used. This should include an opportunity for donors and funding partners to specify if they wish how they want their contributions used; either for a defined purpose (restricted funds) or to support general management costs (unrestricted funds).
* A requirement that income generated and retained by PAs should be prioritised for use to support activities foreseen and budgeted in their management plans, unless specific permission is given to the contrary.
* Definition of a specified proportion of unrestricted income secured by protected areas that can be used by the NFA to supplement the budget of the PA Unit and to finance a special fund for emergencies and for use to support non income generating protected areas.
* A requirement for transparent accounting and reporting so that all donors (including the paying public) can see how their contributions are being used.
* A policy document and guidance that addresses and explains these and other pertinent issues.

1. The NFA should increase the staffing capacity in its protected areas unit in order to support the protected areas in continuing the work of the project, specifically with respect to partnership building and fundraising, including development of local community based partnerships. This support does not have to be entitled a ‘Business Development Unit’ but it is necessary in some form.
2. The MoECC, NFA and donors should encourage and support the further development of the Protected Areas Association and should work with the Association to harmonise priorities and practices. Future projects and initiatives should be encouraged to channel some support to the Association in order to build its capacity and enable its continued growth and impact. This support could take the form of subcontracting some elements of projects and/or supporting direct applications by the Association for grants and projects. In particular, support should be sought for the translation and further promotion of the e-Learning platform developed by the project and hosted by the Association. In parallel, the Association should ensure the highest standards of professionalism, transparency and accountability in its work.

## Medium to long term recommendations for future directions underlining main objectives

1. The uncertainties about the status, governance and management arrangements for protected areas need to be resolved as soon as possible. In the short to medium term, the NFA should be encouraged to continue its management of the Carpathian protected areas, with the incentive of guaranteed state support for core management costs (making use of one of the mechanisms proposed by the project). A detailed feasibility study should be made for a more permanent long-term solution that could include establishment of some protected areas as self-funding legal authorities and/or the establishment of agency for protected areas (an option that is again being considered by the MoECC).
2. The MoECC and/or the NFA should as a priority seek support for a new, complementary project designed to develop and test a more bottom-up approach to protected area support, aimed at building synergies for local development between protected areas and their surrounding communities. This should focus on one or two protected areas where there is real potential for locally driven development and PA support, possibly linking a protected area managed by the NFA and one managed by a Local Authority.
3. Support should be sought for further developing the Financial Management System and making it accessible to protected areas not just in the Carpathian region, but also globally. Although the system has been customised to some extent for use by the NFA, it is also sufficiently generic that it could (with minor modifications) be made available as an open source resource, promoted through UNDP’s network. The system has considerable potential for integration with modern management planning methodologies to produce a practical and usable ‘seamless’ system for thinking management, conservation goals, budgeting monitoring and financing.

## ‘Lessons learned’ from addressing issues relating to relevance, performance and success

**Lesson 1:** It is eventually unproductive to saddle projects with unrealistic targets, especially projects that are breaking new ground and are to some extent experimental in nature. Some of the targets established for this project were unfeasible from the start (e.g. > 1 million ha covered with ensured financial sustainability). Projects that are following a well-established track can (and should) include ambitious targets based on outcomes and impacts in the field. However for projects such as this one which are testing new approaches, many of the outcomes comprise as yet unproven hypotheses, and more attention should be given in the project design and targets to detailed monitoring and adaptive management. This should be recognised both by UNDP when developing new projects, and by GEF when evaluating them for approval.

**Lesson 2:** It is important to ensure that critical ‘gatekeepers’ for the success of a project are formally embedded in the project, thereby enhancing their ownership and commitment to its success. In this case, the MoECC was the critical gatekeeper for most of the projects major objectives, but their involvement as a major project partner became more limited, mainly as a result of the regular political changes in Romania and the regular turnover of senior decision makers in the Ministry.

**Lesson 3:** Projects should take care to ensure that indicators are defined so as to be readily measurable and clearly linked to outcomes and outputs. At the inception stage, projects should identify a set of more specific standard measurables that would help them to track progress of indicators. This makes reporting, monitoring and evaluation much more easy and useful.

**Lesson 4:** Projects should not rely on single track approaches and long chains of dependent essential activities to achieve broad objectives, especially where there are significant risks. Parallel programmes can increase the chance of success and provide alternatives when planned courses of action prove unfeasible. In the case of this project, all the most important outcomes hinged on the approval of major changes in national law and policy (this risk was recognised in the ProDoc). In such cases it is important to have a ‘Plan B’ and even a ‘Plan C’ that can be implemented when Plan A is blocked. In this project, imaginative improvisation and adaptive management did enable some alternative routes to be found, but it would have been easier if those routes had been included in the plan.

**Lesson 5:** The Mid Term Evaluation provides a unique opportunity that should not be missed to review and where necessary to realign a project that is going off course or that is encountering significant difficulties. In the case of this project the MTE could have done a lot more to adapt the project to the difficulties it was encountering and to build on the successes it was achieving.

**Lesson 6:** This project has demonstrated that it is possible to achieve significant successes by making best use of both the existing skills and the potential of individuals within the national circle of stakeholders. In particular, identifying and investing in younger national specialists who show talent and potential, supported by international experts where necessary, can produce excellent outputs and provide lasting legacies for projects in terms of enhanced national capacity. Such individuals are often overlooked when recruiting national experts (due to lesser qualifications and less seniority), but ‘bringing on’ new national specialists is essential for maintaining long term national capacities and for avoiding ‘brain drains’ to other sectors or other countries.

**Lesson 7:**  This project has demonstrated that a supportive, partnership-focused and inclusive approach from a UNDP Country Office can make a major contribution to the successes of a project, especially where significant difficulties are encountered. Taking the extra step beyond being a grant administrator can make a real difference.