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STRENGTHENING GOVERNANCE AND FINANCIAL SUSTAINABILITY OF THE NATIONAL PROTECTED AREA SYSTEM IN UKRAINE

Brief description: Ukraine covers a total land area of 603,550 square kilometers which may be sub-divided into three ecological zones: mixed forests (Ukrainian Polissya 25%), forest-steppe (35%), and steppe (40%). The biodiversity of Ukraine is widely recognized to be globally significant at the international level, given credence by the fact that 141 Important Bird Areas and 33 Ramsar Sites are recognized. Although the country covers less than 6% of the area of Europe, it contains approximately 35% of Europe's species diversity due to its location at the crossroads of many different ecosystems and bird migration routes. The Protected Areas System constitutes the cornerstone of the country's conservation effort, covering 4.6% of the territory. Approximately 60% of this system (1.6 million ha) consists of 4 categories of PAs (National Parks, Biosphere Reserves, Nature Reserves and Regional Landscape Parks) established primarily for the conservation of biodiversity. Relative to the majority of European countries, where the average amounts to 15.3%, the percentage of land under the PA system is low. A number of ecosystems have sub-optimal coverage, and suffer varying degrees of threat. The Government of Ukraine has underscored its commitment to establishing an ecologically representative, effectively managed and financially sustainable PA system by signaling its intention to spearhead a comprehensive Biodiversity and Protected Area Management Programme spanning 13 years. It hopes to expand the PA system to cover about 10% of the national territory. Expansion, though vital to give added security to biodiversity, is not realistic when the existing system remains under-funded and inefficiently administered—both causal factors of sub-optimal management effectiveness. The establishment of a bio-geographically representative PA system is hampered by 2 barriers: (i) financial: PAs derive 95% of their funding from government and this funding can only meet approximately 60% of their funding needs on average; and (ii) the governance system for PAs suffers from fundamental weaknesses that undermine the operational efficiency and the cost effectiveness of management. Therefore, the project will pursue the systematic emplacement of ear marked revenue capture mechanisms to complement budgetary subventions to the PA system, and improvements to PA governance that ensure PA revenue streams are employed efficiently so that impact is optimized per unit of investment. The project's three outcomes are: (i) Development and implementation of a strategic vision for PA financial sustainability – which will include: (a) the development of a national strategy for PA financing, a set of regulations governing PA revenue generation and implementation of revenue generating options; (b) introduction of business planning as a standard practice in PAs; (c) testing private public sector partnerships as a model for maximizing and fairly sharing revenues from activities such as tourism, and engaging local people in conservation activities such as hay-cutting. (ii) Improved governance of the national PA system – will support the following interventions: (a) testing decentralized governance systems for PAs; (b) developing mechanisms to facilitate PA management across administrative jurisdictions (i.e. local governments known as oblast's in Ukraine); (c) providing for staff training; (d) establishing an association of PAs; and (e) introducing systems to monitor management effectiveness as a feed-in to decision making processes; and (iii) Capacity in place to replicate the improved management approach across the national PA system.

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LIST OF ACRONYMS

AWP	Annual Work Plan
BD	Biodiversity
CBD	Convention on Biological Diversity
CITES	Convention on International Trade in Endangered Species
ERP	Enterprise Resource Planning System (Atlas) of UNDP projects
EU	European Union
GEF	Global Environment Facility
GoU	Government of Ukraine
ha(s)	hectare(s)
IA	Implementing Agency
IC	Incremental Cost
IR	Inception Report
IUCN	World Conservation Union
MAB	Man and the Biosphere Program (of UNESCO)
METT	Management Effectiveness Tracking Tool, for Protected Areas
NEA	National Executing Agency
NEX	National Execution Modality
NGO	Non-Governmental Organization
NNP	National Nature Park
NPD	National Project Director
NPC	National Project Coordinator
OP	Operational Programme (GEF)
PA(s)	Protected Area(s)
PDF	Project Development Facility of the GEF
PIR/APR	Harmonized Project Implementation Report / Annual Project Report
PC	Project Coordinator
PPP	Public-private partnership
PS NNP	Pripyat-Stokhid National Nature Park
PS RLP	Pripyat-Stokhid Regional Landscape Park
PSC	Project Steering Committee
RCU	Regional Coordination Unit of UNDP/GEF
RLP	Regional Landscape Park
SBAA	Standard Basic Assistance Agreement
SCM	Steering Committee Meeting
SP	Strategic Priority of the GEF
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNDP-CO	United Nations Development Programme Country Office
UNESCO	United Nations Educational, Scientific and Cultural Organization

SECTION A: ELABORATION OF THE NARRATIVE

Part A.I Situation Analysis

Context and Global Significance

1. Ukraine lies in central and eastern Europe, with a total area of 603,550 square kilometers (60,355,000 hectares). It borders the Black Sea in the south east; Moldova, Romania and Hungary in the southwest; Slovakia and Poland in the west; Belarus in the northwest; and Russia to the northeast and east. The economy of Ukraine is an emerging free market, with an estimated GDP growth rate of 7.1 for 2006 (see Part D.I for more details on demographics, environment and socio economic context). Ukraine is divided in three main zones: mixed forests (Ukrainian Polissya 25%), forest-steppe (35%), and steppe (40%). The montane regions include the Ukrainian Carpathians in the west and the Crimean Mountains in the southern part of the country. Almost all of the territory of Ukraine lies within the temperate climatic zone, with the exception of the Crimea South Coast which belongs to the sub-Mediterranean zone and shows some subtropical climatic features.

Table 1. Globally threatened species occurring in Ukraine

	Globally threatened species in Ukraine		Globally threatened species in Polissya region of Ukraine
Fish	31	3	*Aspius aspius; Caracius caracius; Misgurnus fossilis*
Amphibians	6	4	*Triturus cristatus; Bufo calamita; Bombina bombina; Hyla arborea*
Reptiles	4	1	*Emys orbidcularis*
Birds	18	8	*Pelecanus crispus; Anser erythopus; Rufibrenta ruficollis; Aythya nyroca* (population in 1950s was around 4000 pairs; current population in Ukraine is around 500-600 pairs; current population in the west of Ukraine is around 40 pairs); *Crex Crex* (population in Ukraine is 25-55 thousand birds); *Haliaeetus albicilla; Gallinago media* (population decreased by 50% and now it is 500-700 pairs in Ukraine); *Acrocephalus paludicola* (population decreased by 50% and now there are 3000 singing male birds; 2500 of them in W. Polissya)
Mammals	23	6	*Sciurus vulgaris; Castor fiber; Glis glis; Dryomys nitedula; Micromys minutus; Lutra lutra* Most of these are typical inhabitants of wetlands; only 3 mammal species (*Sciurus vulgaris, Glis glis* and *Dryomys nitedula*) live in forest biotopes
Total	**82**	**22**	

2. Overall, about 19.7% of Ukraine is considered to be a relatively undisturbed natural environment, represented mainly by forests, meadows, and wetlands, with about 12.7% considered to be natural, especially in the Carpathians region, mountainous part of Crimea, and Polissya (forest zone). In spite of the fact that Ukraine covers less than 6% of the area of Europe, it contains approximately 35% of its species diversity, due to its location at the crossroads of many natural ecosystems and migratory routes[1]. The globally significant biodiversity of Ukraine is recognized internationally, as the country features 4 Biosphere Reserves, 141 Important Bird Areas (IBAs), and 33 Ramsar Sites. The Red Data Book of Ukraine lists 541 plant species and 382 animal species as protected. Ukraine has 82 of 104 vertebrate species that have been identified as globally threatened and are registered in the IUCN Red list (see Table 1). Most of these species occur on the territory of Ukraine, but species such as *Bufo calamita, Gallinago media, Acrocephalus paludicola, Glis glis* and *Dryomys nitedula* are mainly found in Polissya and the Forest-Steppe zone. Table 2 presents a comparative picture of Ukraine's biodiversity relative to other countries in the region.

[1] National Environmental Policy of Ukraine: Assessment and Development Strategy, Kyiv, 2007 (under the auspices of the UNDP-GEF NCSA project)

Table 2. Index of Biological Diversity (number of species)

Country	Mammals	Nesting birds	Reptiles	Amphibians	Freshwater fish	Invertebrates	Vascular plants
Ukraine	117	270	21	17	184	4,4371	5,101,7211
Belarus	79	208	7	-	58	10,000	3,583
Bulgaria	94	383	36	16	207	25,761	2,214
Hungary	72	203	15	17	81	41,460	2,300
Poland	85	224	9	18	66	28,384	3,350
Romania	84	249	25	19	-	-	8,579
Turkey	116	284	102	18	175	-	

Source: NCSA, 2007

3. The environment has suffered at the cost of economic interests under Soviet times when nature and natural resources were used in an unwise and exhaustive manner to fuel the economic needs of the Soviet Union (Ukraine provided 70% of raw materials). Forested areas now occupy approximately 14.3%, as compared to 45% at the beginning of the century. The resulting negative impacts on the environment were a cause of concern among scientists and the general public, leading to development of nature conservation activities. A defining moment in Ukraine's history was the Chernobyl nuclear catastrophe that brought the country, in the mid 1980s, to the brink of an ecological crisis. Aftermaths extend far beyond strictly environmental issues to a whole complex of socioeconomic, medical, biological, psychological, ethical, ideological and cultural problems. This historical pattern of unsustainable development underpins independent Ukraine's decision to include its environmental policy as a fundamental part of national policy.

4. Since independence, Ukraine's national system of protected areas has doubled in area. The national programming framework for biodiversity conservation is centered on establishing an ecologically representative, effectively managed and financially sustainable PA system which will provide refugia against threats to habitat, flora and fauna in the production landscape where biodiversity is increasingly coming under pressure. The Government has underscored its commitment to this framework by signaling its intention to spearhead a comprehensive Biodiversity and Protected Area Management Programme. The Programme has a 13 year timeframe with the objectives of "strengthening protected area infrastructure"; "finance protected area institutions and their PA functions"; "development of the PA system; and "scientific research on protected area matters". However, the laudable objectives of this Programme will likely remain unrealized due to persistent barriers that compromise the management effectiveness of the PA system, described in greater detail below.

National System of Protected Areas

5. The National Protected Area System of Ukraine (called Ukraine Nature Reserve Fund) is composed of more than 7,000 protected areas covering 2.8 million ha, which is 4.6% of the national territory. There are 11 types of protected areas in Ukraine (see Table 3) covering a diversity of ecosystems including mixed forests, meadows, marshes, forest-steppe, steppe and mountains. Close to 60% of all protected areas by area, are of international, regional or national importance, while the rest have local importance. The internationally/ regionally/nationally important areas are selected on the basis of ecological, landscape and territorial criteria. Ecological criteria are defined by international and national legal acts (UNCBD, Bern Convention, Bonn Convention, Ramsar Convention, etc.) and landscape criteria by the European Landscape Convention, World Heritage Convention, etc. The most important core areas are then designated as national protected areas, IBAs, Ramsar sites, valuable nature areas identified from inventories, and environmentally valuable areas. The principal migratory routes of animal species (mainly birds) are also taken into account. The main functions of protected areas are: (i) maintaining or increasing the area of certain habitats; (ii) maintaining or improving the dispersal, migration and/ or genetic exchange of certain species; (iii) restoring habitat quality; (iv) protecting threatened, endangered, vulnerable, keystone, or umbrella species; (v) maintaining or improving hydrological functions; (vi) maintaining or improving environmental quality; (vii) controlling erosion; (viii) conserving valuable landscapes; (ix) maintaining biocenosis on radioactive-contaminated land; and (x) providing interconnectivity with adjacent transboundary areas. (For more details on PA land ownership, designation, establishment and management planning, please see Part D.II.)

Table 3. Ukraine's Nature Reserve Fund

		Protected areas	No.	Total area (ha)	% of PA network	IUCN Category	Management Authority
PAs of International/ National/ Regional importance with management units	1	Biosphere Reserves	4	212,000	7.71%	I	PA administrative unit, reporting to State PA Service
	2	Nature Reserves	17	159,600	5.81%	Ia & Ib	PA administrative unit, reporting to State PA Service
	3	National Nature Parks	17	655,200	23.84%	II	PA administrative unit, reporting to Ministry of Forestry or State PA Service
	4	Regional Landscape Parks	46	590,800	21.49%	V	Can be both with or without a PA administrative unit, ultimately reporting to regional administration, in consultation with regional branch of MOFor MOE
	Sub total		**84**	**1,617,600**	**58.85%**		
PAs without management units	5	Zakazniks (wildlife reserves)	2693	1,047,200	38.10%	IV	Without PA management units, supervised by regional branch of Ministry of Environment
	6	Nature monuments	3057	negligible	0.00%	III	Without PA management units, supervised by regional or district administration in consultation with regional branch of MOE
	7	Protected sites	793	80,800	2.94%	-	Without PA management units, supervised by regional or district administration in consultation with regional branch of MOE
	8	Botanical gardens	21	1,900	0.07%	-	Separate management unit, reporting to State PA Service
	9	Dendroparks	29	1,250	0.05%	-	Separate management unit, reporting to State PA Service
	10	Zoos	6	100	0.00%	-	Separate management units reporting to city administrations.
	11	City parks and recreation areas	499		0.00%	-	Separate management units reporting to city administrations.
	Total		7,182	2,748,850	100%		

6. The subsequent analysis focuses only on Biosphere Reserves, Nature Reserves, National Nature Parks and Regional Landscape Parks, which are PA categories established to protect biodiversity of international/ national/ regional significance. The conservation purpose of these categories of PAs is as follows.

Table 4. Conservation purpose of different PA categories

PA category	Conservation purpose
Biosphere reserves (BR)	are natural, scientific-research institutions of international importance that include typical and valuable territories of biosphere. The purpose of establishing a BR is to conserve in natural condition most valuable territories of the biosphere, conduct ecological monitoring, and study the environment and its changes under anthropogenic factors.
Nature reserves (NR)	are natural, scientific-research institutions of all-state importance, established to conserve in natural condition typical or unique features of the landscape zones. Land territories and water spaces are excluded 100% from economic activity and transferred to NR. The main objectives for NRs are conservation of natural complexes and objects on their territory, conduct of scientific research and monitoring, development, based on that, of ecological

PA category	Conservation purpose
	recommendations, dissemination of ecological knowledge, assistance in training of the specialists in the sphere of environmental protection and protected areas conservation. NRs also coordinate scientific research on the territories of nature monuments and other protected areas in the region
National Natural Parks (NNP)	are natural, recreational, cultural-educational, scientific-research institutions of all-state importance, that were established on territories that have special natural, recreational, historic-cultural, scientific, educational and esthetic value. Land territories and water spaces are excluded 100% from economic activity and transferred to NNP. The main objectives of NNP are: Conservation of valuable natural and historic-cultural complexes and objects; Creating conditions for organized tourism, rest and other types of recreational activity in natural conditions with keeping the regime of protection of natural complexes and objects; Conduct of scientific research of natural complexes and their changes under recreational usage, development of scientific recommendations in the sphere of environmental protection and effective using of natural resources; Conduct of ecological educational propaganda.
Regional Landscape Parks (RLP)	are natural recreational institutions of local or regional importance. The objectives are to: conserve valuable natural and historic-cultural complexes and objects; create conditions for effective tourism, rest and other types of recreational activity in natural conditions with keeping the regime of protection of natural complexes and objects; assist in ecological education propaganda.

7. Expanding coverage of the national PA system: The territorial extent of the PA system is significantly smaller than similar systems in the majority of European countries, where the average percentage amounts to 15.3%. The Government plans further expansion of its PA system by 2.5 times (see Table 5), to over 6 million ha, based on scientific assessments carried out by a working group that was established in 2005. The group is comprised of Directors of the Institute of Botany, Institute of Zoology, Directors of some National Parks, Chief Scientific Expert from the Institute of Botany, representatives from the Ministry of Environment, the State Service for Protected Areas (henceforth, State Service), and leading scientists and environmentalists. The working group has identified areas where expansion of the PA network is needed. Proposals have been vetted by leading Universities, oblast environment departments, the National Academy of Science, and the National Agrarian Academy of Science. Based on this consultative process, the Ministry now has a preliminary list of areas where PAs need to be established.

8. Key elements taken into consideration in this assessment are: (i) preservation of biodiversity and landscapes of European importance to conform to European and regional conventions and agreements on conservation of biological and landscape diversity; (ii) analysis of the state of biodiversity and improving its conservation by addressing existing and potential threats; (iii) increasing the territorial expanse of the PA system and improving the state of its protection in accordance with European priorities, as reflected in the Programme of development of PA system of Ukraine till 2020; (iv) creating a joint network of PAs as the element of European econet, that is reflected in approved All-State Programme on formation of national econet of Ukraine for the period 2000-2015; (v) ensuring the settling and migration of species and preservation of migration ways (during the establishing of national econet), which is important due to geographical location of Ukraine; and (vi) protection of historical and cultural heritage of Ukraine, development of green tourism and other forms of tourism and ecological education. Of the 5.8% planned increase, 3.5% will be an increase through establishment of new nature reserves, National Nature Parks, and extension of biosphere reserves. Further, at least 1% in the "other" category includes Regional Landscape Parks with management units. Thus 4.5% out of 5.8% will be new areas of national or regional importance with management units.

Table 5. Government plans for extension of the PA network in Ukraine

Type of protected area and its description	Thousand ha, and % of country as of 2000	Thousand ha, and % of country as of 2015
Biosphere Reserve	212; 0.3	301; 0.5%
Nature Reserves	160; 0.3	422; 0.7%
National Nature Parks	600; 1.0%	2,329; 3.9%
Other	1,427; 2.4%	3,223; 5.3%
Total	2,399; 4%	6,275; 10.4%

Legislative foundation of the protected area system

9. Ukraine has a well developed body of environmental laws and policies. There are a multitude of legal and policy documents providing guidance on biodiversity conservation. Further, there is a subset of laws and policies dedicated specifically to PAs. Part D.III presents an overview and analysis of legislation directly linked to PA management.

10. Article 47 of the Protected Areas Act, amended through a special Decree of the Cabinet of Ministries of Ukraine, allows PA administrations to raise funds from a number of activities (including forestry, scientific activities, rent of own facilities, production of souvenirs, tourism, firewood, catering and restaurant facilities), and retain 100% of the raised funds, provided that the park spends them on conservation activities (and to a certain degree on regular operational costs) dictated by their management plans. The level of fees and charges can be established by PA administrative units themselves. This is a significant departure from PA legislation in many other countries, which demands that funds raised by PAs be returned to the central budget. Further funds could be raised if facilities located within the boundaries of PAs, but owned by entities other than park administration, were obligated to pay part of resource rent/ pollution charges to PAs. Current legislation admits that nature resource-using entities may pay a portion of revenues to PAs if PAs establish special funds, but requires that under business-as-usual such entities pay 70% rent to the budget of local administration (30% goes to the central budget), and depending on the degree of lobbying between local administration and local park administration, the administration may further transfer part of such rent payments to the park administration, but there is no obligation to do so.

11. Article 49 of the Protected Areas Act introduces a land tax relief for PAs. Where PAs cover a large share of the territory of a rayon, the local administration loses a substantial source of income as a result of designation. Recently, experts working on designation of new NNPs, in line with the Government's plan for expansion of the PA system in many parts of the country, especially poorer rural areas, faced resistance from rayon mayors. It seems, therefore, that the existing tax relief scheme needs to be revisited, not in isolation, but rather in the context of a comprehensive strategy for PA financing.

12. It can be argued that further improving the national legal and policy basis would add little practical value for the conservation prospects of biodiversity within the PA system. Although there are gaps in coordination and some duplication among policy documents, especially between the EcoNet 2015 and the 2020 Biodiversity and PA Program, removing these deficiencies by further law-development processes would be beneficial only for the sake of the exercise itself, and will result in few if any impacts on the ground. Both programs, as well as the Law on PAs which underlies them, set up an advanced policy and strategic framework for the PA network and its governance. The principal bottleneck is the capacity of PA institutions to put existing legislation and policies into action, especially when innovative approaches, permitted by the legal and policy framework, are considered[2], such as: raising own financing from economic activities, habitat recovery works; decentralization of the State Service; designating transboundary PAs.

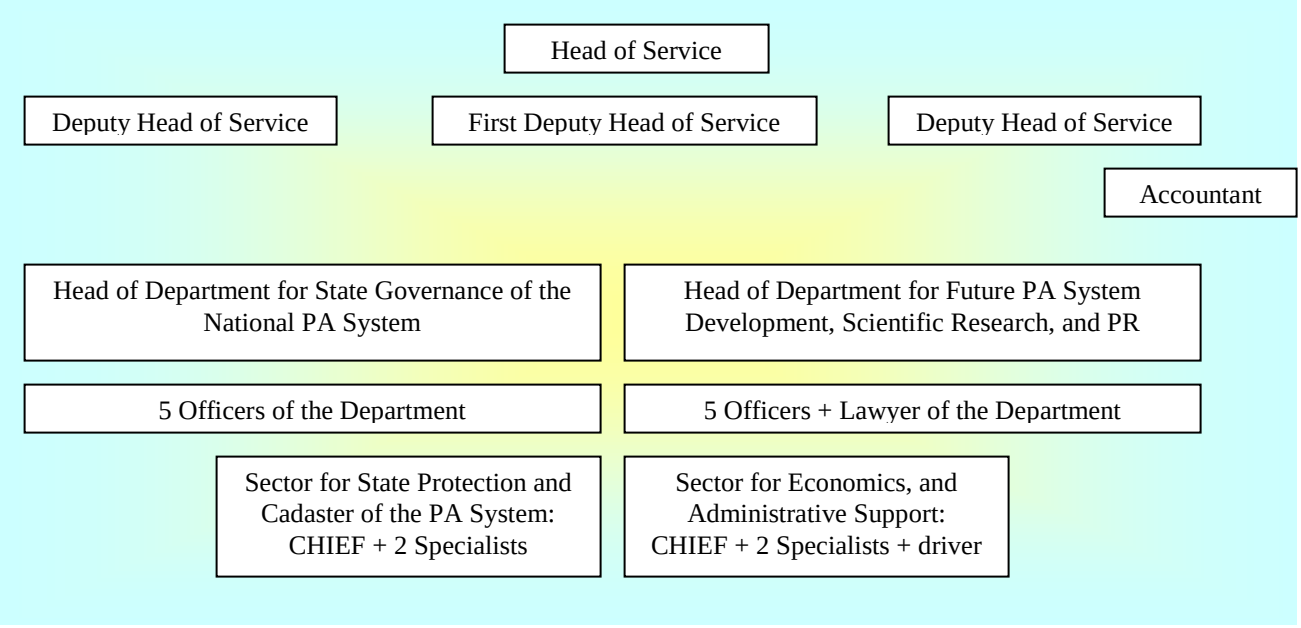
Institutional context for protected area management

13. The Ministry of Environment and Natural Resources of Ukraine (national level) is the central authority on conservation of biodiversity and management of the environment. The Ministry is in charge of implementing national environmental policies and coordinating environmental activities with other ministries and other executive and managing bodies. In early 2006, the Ministry created an Environmental Inspectorate Unit, which is in charge of inspecting all aspects of nature conservation and environment as well as forestry, including management of protected areas. The Inspectorate has 27 regional (oblast) representatives.

14. The State Service for PA Management (national level) while falling under the formal jurisdiction of Ministry of Environment and Natural Resources of Ukraine, has a status that puts it over all regular directorates of the Ministry. For example, the Head of the Service is appointed by the Cabinet of Ministers, not by the

[2] These are new for Ukraine, but not necessarily new in the international experience.

Ministry. It is an indicator of the special importance placed by the Government of Ukraine to biodiversity conservation and protected area management. The Service has a Head and three Deputies, all of whom are appointed by the Cabinet of Ministers of Ukraine, and 25 staff. The State Service relies on wildlife departments within regional branches of the Ministry of Environment for implementation of its policies at the regional level. The organigram of the current State Service is in Figure 1. The Service is responsible for: (i) overall management of biodiversity and protected area management in Ukraine; (ii) developing and controlling implementation of economic mechanisms for ensuring sustainable use and recovery of natural complexes and protected areas; (iii) elaborating state level policy documents for improvement of conservation, sustainable use of protected areas, recovery of natural complexes and sites; (iv) coordinating activities of other institutions involved in protected area management; (v) supervising guard services at protected areas; (vi) ensuring professional and vocation training for protected area specialists; (vii) developing proposals for approval by Ministry of Environment on budget allocations which are needed to support those protected areas that are under the jurisdiction of the Ministry of Environment, including conservation measures at such sites aimed at recovery of habitats; (viii) developing terms of references for PAs that are under the jurisdiction of the Ministry of Environment; (ix) proposing for approval by the Ministry of Environment candidates for appointment as Directors of PAs; (x) approving terms of references for all other PAs that have national importance; (xi) ensuring exchange of experience (including at the international level) in the area of biodiversity conservation, protected area management, and EcoNet creation; (xii) implementation of relevant international treaties; (xiii) maintaining of state cadastre of protected areas and the necessary data-bases; (xiv) planning for, implementation, and coordination of activities aimed at creation of new PAs of national importance, change in their borders, categories, statuses; ensures conservation of wetlands of international importance; (xv) participating in development and implementation of legislation, targeted national and international programs and projects in the area of biodiversity conservation, protected area management, and establishment of EcoNetwork;



and (xvi) participates in establishment of transboundary protected areas.

Figure 1: Diagram of the State Service for Protected Area Management

15. The Research Center on Protected Areas (national level) plays a key role in furthering the development of the National PA system in Ukraine, and as such, can be considered a unique institution in the CIS. It works under the jurisdiction of the Ministry of Environment with its assets being under the formal ownership of the Ministry. The Center was established in 1995, and has the authority to operate as an independent legal institution, with its own bank account. The headquarters of the Center is in Kiev and has 8 staff (Director, Deputy on Science, Accountant, Interpreter, Chief Engineer, Research Fellow, and two Senior Engineers). The

Center has a local office in the Crimea (6 staff), and an educational center in Volyn district of Polissya (4 staff). The Center works in the following areas: (i) Scientific research on Protected Areas; (ii) Supporting the Government of Ukraine in drafting policies for PA conservation and management; (iii) On-the-ground data collection and document preparation (including engineering research and planning) for establishment and expansion of nature reserves, NNPs and RLPs; (iv) Elaboration of management plans for biosphere reserves, NNPs, RLPs, botanical gardens and zoos; (v) Species and habitat-specific scientific research; (vi) Analysis of opportunities for scientific, economic (including recreational) and social uses/ loads at PAs; (vii) Independent evaluation of project activities at PAs; (viii) Environmental awareness raising and education, publications; (ix) International cooperation, collaboration with NGOs, other research institutions, funds.

16. The Ministry of Agriculture (national level) does not supervise any PAs but has to be consulted when these are set up, because those lands proposed for inclusion into PAs may be owned by the Ministry of Agriculture. In such cases, a decision needs to be made and formalized on the use of such lands.

17. The State Forestry Committee (national level) is a semi-autonomous institution and does not de-facto depend on the Ministry of Environment. The Committee is the Central Government body under the Council of Ministers of Ukraine that develops policies for forestry and hunting. It coordinates implementation of those policies, and ensures cross-ministerial coordination in the area. The State Forestry Committee is entrusted, among other things, with the function of forest conservation, rational use, afforestation and reforestation, and effective and sustainable hunting. The Committee sets up limits for logging, hunting and NTFP collection. The State Forestry Committee has a number of PAs under its jurisdiction and is responsible for their management. For example, the Shatsk NNP, which is one of the demonstration sites for this project, is under the direct supervision of the State Committee of Forestry. On the one hand, the strength of such an arrangement which splits, to a certain extent, management of PAs between the State Service and the State Forestry Committee and regional administrations is that PAs which belong to the Ministry of Forestry and regional administrations have a greater degree of opportunities for raising funds from economic activities. On the other hand, there is a weakness in that economic activities if uncoordinated with the Ministry of Environment trespass on conservation values of habitats. Indeed, weakness of the staffing capacity of regional branches of the State Forestry Committee potentially allows for such trespassing. Therefore, there is a need for streamlined, yet strong, links between sectoral ministries who manage protected areas with regional branches of the Ministry of Environment, and further down the line with the State Service.

18. Those PAs which are under the jurisdiction of Ministries other than the Ministry of Environment (such as Ministry of Forestry), or by regional or local councils, are nonetheless dependent on the State Service for "coordination and approval" of their conservation main management plans. While this may lengthen the process of getting approval, it ensures that there is appropriate oversight of the territories. For example, the Shatsk NNP, which is supervised by the Ministry of Forestry, has to develop and get agreement on its management plan with Volyn regional administration (primarily for obtaining agreement of the regional land use specialist who represent the Land Use Committee), then with the Volyn regional branch of the Ministry of Environment and ultimately with the State Service. The Pripyat-Stokhid RLP falls within the jurisdiction of the Rivne Oblast Council, but similarly, has to get agreement on the management plan with the Rivne Oblast branch of the Ministry, and ultimately with the State Service.

Table 6. Distribution of PAs by Supervising Ministry

Supervising Ministry	Number of PAs of national importance
Ministry of Environment	19
State Forestry Committee	10
National Academy of Sciences	5
Ukrainian Academy of Agrarian Sciences	2
President Affairs' Department	2
Ministry of Education and Science	1
National Taras Shevchenko University	1

19. The Land Use Committee (national level) develops and approves spatial plans for all regions of Ukraine. Spatial plans are maps with commentaries outlining plans for infrastructure development. When

management plans for PAs are being drawn they have to comply with administrative spatial plans; if deviations are forecast because of the establishment of a PA, then the development of management plans for those areas have to be in agreement with the Land Use Committee. This is ensured through proper communication between the PA administration, the Management Plan development team, and the regional specialist on land use resources from that region's administration, who represents the Land Use Committee at the regional level.

20. The State Committee of Water Management of Ukraine (Ukrvodgosp, national level) is a Ministry-level agency responsible for control and planning of water management activities, amelioration and anti-flood activities. This includes activities that may take place within PAs, and which, therefore, must be coordinated at the time of development of PA Management Plans. Ukrvodgosp owns and operates the drainage facilities and water flow-through facilities under roads.

21. Implementation of a number of biodiversity conservation activities can be outsourced to other institutions or agencies like the various institutes of the National Academy of Sciences, and research institutes affiliated with other ministries and higher educational establishments. A number of NGOs are active in PA activities, including BirdLife Ukraine, Protected Area League, Ukrainian Botanical Society, and Ukrainian Entomological Society. Many NGOs enjoy considerable support from outside Ukraine, such as Birdlife Ukraine which relies to a large extent on financing from its BirdLife partners.

22. The Ministry of Environment works through its 27 regional branches (24 oblasts, Crimea, Kyiv, and Sevastopol cities). During the recent reorganization of the Ministry, each regional branch has been divided into 2 departments – the Department of Environmental Protection dealing with green issues, and the State Ecological Inspectorate dealing with inspections. Due to the salary and incentive structure, two-thirds of the Ministry staff at the regional level is going to move to the Inspectorate Department, leaving only one-third in charge of environmental protection, including PAs. Each regional branch of the Ministry contains a Department of environmental protection (with 2-4 people), whose functions include PA management. The wildlife departments, according to their TORs, deal with a multitude of issues and, being understaffed, are unable to pay sufficient attention to monitoring PAs and properly reporting to the State Service. Further, at the district level, there is one so-called environmental inspector, reporting to his regional supervisor on all matters of environmental protection (including observing the status of biodiversity in PAs within his district). For example, the PS Regional Landscape Park, which currently does not have an administration, is "supervised" by only one environmental inspector of Zarichnenski district who reports to the Rivne regional branch of the Ministry of Environment.

23. Regional and local administrations may have jurisdiction over PAs of local importance (including regional landscape parks such as RLP Pripyat-Stokhid). They are in charge of organization of spatial planning, and control over land use. They communicate with their region's branch of the Ministry of Environment on all issues related to establishment, operations and monitoring of such PAs.

24. Staffing of PA Administration Units. According to the official regulation, if an area of a Park exceeds 52,000 ha, more than 100 staff of that Park's Administration can be officially supported by Government-paid salaries, with the total number depending on the territory, road infrastructure, complexity of monitoring/ guarding the territory, and such. Effectively, this means that Biosphere Reserves, Nature Reserves, and NNPs have park administration units. The level of salaries, however, is inadequately low to be an incentive for retaining skilled professional workers at PAs. On average, PA administration units have 60 staff. Typical staffing of an NNP includes: (i) Senior management section composed of a director, deputy, chief engineer and an administrative assistant; (ii) scientific department including a head, one senior and two junior scientific fellows, and a technical assistant; (iii) nature patrolling department, which usually is the most numerous department and may even have (for larger areas) local (district/ rayon) branches[3]; (iv) economic and accounting department, 4-5 people; (v) logistics support unit. In addition, it has become a common trend in the last years (and a positive one), to include staff dealing with recreation and awareness raising when establishing new NNPs. In principle (according to instructions on PA staffing), recreation departments have to: (i) identify types of recreation activities, mechanisms for their materialization and regulation; (ii) collect, maintain and process

[3] For example in the newly established Pripyat-Stokhid NNP there will be 4 PA patrol officers in the central unit, and 29 patrol officers in 4 local branches of the NNP administration.

information on recreational resources at the PA and plans for their exploitation; (iii) hold competitions and auctions for land lease-rights for its recreational use; (iv) maintain relationship (including contracts) with tourism authorities, companies and agencies; (v) develop mechanisms for engagement of local residents and private sector in recreational activities at the PA and catering for tourists; (vi) control enforcement of rent and lease agreements; (vii) issue permits for use of PA logos and name; (viii) develop recreational products (including web-pages, booklets, brochures, movies); (ix) provide information services for tourists; and (ix) participate in vocational training to build own skills in recreational and tourism services at PAs. The recreational department of a PA should be assisted by the scientific department in identification of critical ecological loads on ecosystems resulting from recreation and tourism, as well as in ecological monitoring. The logistics support department of a PA should ensure construction of the necessary recreation and tourism facilities. The nature patrol department should, together with the recreational department, hold preventive campaigns among local residents regarding positive and negative impacts on the state of the PA.

Financing of the PA system

25. PAs in Ukraine are financed by: (i) the state budget through the ministry/ institution to which the PA belongs; and (ii) extra-budgetary sources, i.e. revenues generated by PA themselves. The approximate revenue profile for the PAs of national/ regional/ international importance (Biosphere Reserves, Nature Reserves, NNPs and RLPs) taken together is as follows: (i) US$4 million for recurrent costs - annual allocation from the state budget; (ii) US $4.4 million annually for capital improvements; and (iii) $400,000 annually from self revenue generation, most of which is from sanitary felling. Thus, PAs depend on the state budget for 95% of their income. An assessment undertaken by IUCN estimated that the designation and development of the network over the period 1994-2007 cost the Government US$ 5.1 million. Recently (in the 2007 budget plan compared to 2006 actual expenditure), state financing of PAs rose, but it is not certain whether this will become a trend, and whether it will match the expanding geographic area of PAs.

26. Every year PAs develop their requests for state budget financing. Typically, this includes funding of: (i) salaries of PA management unit staff; (ii) disposable office items; (iii) field equipment and uniforms; (iv) transportation costs (fuel); (v) rent; (vi) construction and repair of premises; (vii) communication and telephone; (viii) conferences and meetings; (ix) capital items (such as computers, cars, boats); and (x) scientific and conservation works (except those undertaken under targeted Government programs). Budget requests are submitted, through the supervising Ministry, to the Ministry of Finance, which issues a final decision on yearly budget allocation for each PA a few months afterwards. The Ministry of Finance pools resources from various nature-conservation and PA programs (e.g. EcoNet 2015) to enable this financing.

27. Requests for resources from the state budget must also provide information on proposals for own revenue generation. Own revenue generation is guided by a check-list of services[4], approved by the Cabinet of Ministers, which PAs can market. Entrance fee policy is closely linked to collection capacity. Entrance fees exist only in those PAs that have up to three entrances to their territory, and where it is easy to install and operate an entrance check-point. In cases where PAs neighbor populated areas, or have free access from many points, PAs refrain from introducing entrance fees. Instead, they establish the practice of charging for each attraction or site that is visited. Many PAs (especially NNPs) provide reduced charges and fees for socially vulnerable groups, which is welcomed by society. One of the wide-spread practices is leasing of PA facilities/ buildings to private companies. This allows delivery of high-quality services that PAs themselves often are incapable of delivering. Analysis shows that most advanced PAs subcontract private companies and in some cases residents of PAs for: (i) construction and operation of camping grounds, hotels, catering facilities (cafes and restaurants), visitor centers; (ii) health and recreation centers; (iii) transportation services; (iv) trading companies; (v) guided tours, interpreters, etc. There are some signs (e.g., Shatsk NNP) of the private sector joining PA management in organizing services for tourists, and/ or participating jointly in trade fairs and

[4] The services are: (i) recreation; (ii) research, carrying out assessments and laboratory tests; (iii) commercial tourism; (iv) filming and movie-making; (v) transportation of tourists, use of parking plots, use of ferries; (vi); accommodation and catering facilities for tourists; (viii) advertisement and publications; (ix) veterinary and medical services; (x) sale of milk, meat, eggs, down, leather, stuffed animals, elements of zoological collections, wood products; (xi) collection and sale of medicinal plants, berries, mushrooms, herbs for herbarium; (xii) production and sale of souvenirs; (xiii) rent of equipment; (xiv) entrance fees for walking and driving tourists; (xv) fees for organization of festivals, fairs; (xvi) fees for use of PA logos and name.

marketing action. Self-generated revenues of PAs may be supplemented by international grants or in-kind contributions. All sources have to be recorded and presented to the state.

28. Adequacy of available funds to ensure ecosystem integrity and economic viability of PAs: 3 case studies: Expressing financing of PAs in absolute terms does not assist in drawing conclusions on whether available funding is sufficient for ensuring ecosystem integrity at PAs. Different PAs have different conservation values, business maturity, size, staff and material needs. Therefore, absolute needs would be different for different PAs. A better indicator is the ratio of "funds needed to ensure effective conservation at PAs" to "funds cumulatively available from all sources to cover those needs". The denominator can be calculated based on statistics available from State Service. The numerator should come from PA business plans but is not easily identifiable because business planning is non-existent in Ukraine. PA managers rely on their management plan, the previous year's performance and own hunch-feeling when drafting their requests for state budget allocations, and projecting their own revenue generation for the upcoming year. The project preparation phase tried, however, to identify the optimal level of conservation and economic needs for three sites, that are different yet characteristic for the PA system in Ukraine: (i) Shatsk National Nature Park (a mature National Nature Park); (ii) Pripyat-Stokhid NNP (a new NNP that is contiguous with Pripyat-Stokhid RLP[5]); and (iii) Pripyat-Stokhid Regional Landscape Park (existing PA under regional authority, a site without a management unit). The detailed financial analysis and details on the representativeness of the 3 chosen case studies are presented in Part D.IV. For each of the PAs, the analysis looked at: (i) funds available from different sources actual and forecast for 2007 and 2008 (state budget allocations[6], own revenues); (ii) funds needed for economic sustainability and conservation effectiveness; and (iii) ratio of funds available/funds needed.

Table 7. Ratio of funds available / funds needed

Item	**Shatsk National Nature Park**	**Pripyat-Stokhid National Nature Park**	**Pripyat-Stokhid Regional Landscape Park**
Total staff:	150	103	0[7]
Total territory of PA:	48,977 ha	39,315.5 ha	22,300 ha
Area directly managed by PA administration[8]:	20,856 ha	5,961.9 ha	0
Degree of recreational load on ecosystem:	High	Moderate	Moderate
Key landscapes	lakes, forests, wetlands	Wetlands, forests	Wetlands/forests
Forecast funds availability / funds needed (2007)	487.4 /527 = 92.5%	355.8 / 791 = 45 %	2.5 / 20 = 12.5 %
Forecast funds availability / funds needed (2008)	490/592 = 82.8%	391.4 / 862 = 45.5%	2.5 / 20 = 12.5 %

29. Conclusions on financial situation: Based on the above case studies, and drawing on further data from other PAs, Table 8 calculates the weighted average funds available to funds needed ratio for the Ukrainian PA system for 2007, and Table 9 calculates the same ratio on the assumption of its expansion (doubling in area) by 2015, under a baseline (i.e. no-project) scenario.

Table 8. Weighted average ratio of funds available to funds needed for the Ukrainian PA system, 2007

	Existing PAs of international/ national/ regional importance	
	With management units	Without management units
Funds available to funds needed (FAFN) ratio	63-73% (68% average)	15-80% (47.5% average)
Weight (% of such PAs in the overall PA system, 2007*	0.58	0.42
Weighted FAFN ratio, PA system as a whole, 2007	59.39%	

* Botanic gardens, nature monuments, zoos, City Parks excluded from calculation

[5] Presidential Order recently signed

[6] State budget allocation covers: (i) salaries and taxes on salaries (59% of state budget allocation); (ii) uniforms; (iii) conferences and awareness raising (0.4% of state budget allocation for NNP); (iv) equipment (10%); (v) car fleet (6.7%); (vi) buildings (7.7%); and (vii) repairs.

[7] a district inspector representative is supposed to oversee the RLP

[8] The PA Administration has a State Certificate conferring management rights to the PA administration unit. The rest of the area is owned by farmers, companies, sanatoriums, etc.

Table 9. Weighted average ratio of funds available to funds needed for the PA system, forecast for 2015

	All new and existing PAs as of 2007	New PAs with management units (under expansion plan)	New PAs without management units (under expansion plan)
% of country by 2015	4.6%	4.5%	1.3%
Weight, as % of national PA system	0.44	0.43	0.13
Funds available to funds needed ratio	59.39%	50%	47.5%
Weighted funds available to funds needed ratio, Ukrainian PA system as a whole, 2015: 53.81%			

30. Thus, under a business as usual scenario, the ratio falls from 59.39% in 2007 to 53.81% in 2015. The conclusion which can be drawn from the last two tables is that under business as usual, i.e. an expansion of the PA system that is unaccompanied by a strategy for revenue generation, the Ukrainian PA system will be driven further away from sustainably meeting its conservation objectives. The PA system is severely underfinanced. Despite positive legislation (see legal analysis section and a detailed review in Part D.III) allowing for own revenue generation, it is 95% dependent on state budgetary subventions.

Major threats to biodiversity of Ukrainian PAs and their root-causes

31. The gap between funding needs and what is available is manifested in persistent threats to the globally significant biodiversity sheltered in Ukrainian PAs, which are primarily habitat loss and degradation, and over harvesting of species. A detailed analysis of threats, root causes, the normative situation and barriers to realizing it are in Part D.V.

32. **Habitat loss and degradation:** The main drivers are past drainage for agriculture and peat extraction, agricultural cultivation on the outskirts of PAs, uncontrolled fires and flood control and road building that are leading to synanthropization, (a reduction in the degree of biological richness). For a sample of Ukrainian PAs studied, the degree of synanthropic species found at their territories and compared to pre-economic times at least several decades ago, reaches 45% (44.35% in Desniansko-Starogutski NNP).

33. Drainage for agriculture and peat extraction: For a number of globally threatened species in Ukraine, such as Bufo calamita, Triturus cristatus, Emys orbidcularis, Acrocephalus paludicola, Gallinago media, Aythya nyroca, Numenius arquata, Mustela lutreola, the loss of breeding habitat is the direct result of past drainage for agriculture and peat extraction[9]. Drainage campaigns were infamous for almost non-existent prior ecological assessment, and a drive to economize on costs by draining as large an area as possible through unsophisticated technologies. The floristic impact of the artificial drop in the groundwater table due to drainage includes a reduction in wetland area, decline of native wetland plants from vegetation communities, poorer overall floristic composition of formerly drained areas, and emergence of willow shrubs and birches. Since 1985, very few new drainage facilities were constructed, while the state mainly spent resources on maintaining the existing drainage canals and ditches, and ever-diminishing financial outlays are resulting in many getting gradually overgrown. Thus formerly drained wetlands are being reinstalled naturally. However, this natural process needs to be managed. These lands have a high tendency to naturally turn back to wetlands, overgrowing with willow shrubs or birch-trees, skipping the natural wetland stage. There is concern about the wetlands undergoing this type of renaturalization that calls into question their ability to serve as natural extensions to untouched core zones within

[9] Drainage of Polissya was driven by lack of agricultural lands in this part of the country. The first drainage project in Ukrainian Polissya dates back to 1873-1875. In the early 20th century, large parcels were drained along the Goryn, Sluch, Stokhid, Stir, Stviga, Pripyat, Vizhavka, and Turia rivers. A large scale Soviet drainage campaign started in 1966, which was in operation up through 1985, draining huge part of Ukrainian Polissya. This campaign was infamous for almost non-existent prior ecological assessment, and a drive to economize on costs by draining as large an area as possible through unsophisticated technologies. Since 1985, very few new drainage facilities were constructed, while the state mainly spent resources on maintaining the existing drainage canals and ditches, with ever-diminishing financial outlays. Today about 60-70% of all drainage facilities receive no money for their maintenance and gradually get overgrown. The total area of drained areas in Ukraine, as of 2006, is 3.3 million ha – a huge area producing direct and peripheral impact on many PAs, as discussed above.

PAs, especially since some Ukrainian scientists consider the ongoing secondary wetland reversion to forests as irreversible.

34. Agricultural cultivation on the outskirts of PAs: Of all CIS countries, Ukraine holds the second place, after Moldova, for the highest share of arable land, which makes up 52% of the country. PAs located in the steppe and southern parts of the forest-steppe zone that harbor many globally threatened species, such as: Spotted Souslik, Great Bustard, Lesser Kestrel continues to suffer from encroachment of soil erosion, and loss of humus layer that is affecting nearby agricultural land. Changes in pastoral agriculture (reduction in open pastoralism and transition to maintaining cattle in enclosures instead; removal of carcasses from fields by humans) on the outskirts of the Crimean PAs account for at least 30% of the decline in the globally threatened Black Vulture (current population at Crimean PAs is 30 individuals), and 2 National Red Data Book vultures (Griffon Vulture and Egyptian vulture). Further, for rare species (*Dactylorhiza incarnate, Carex hordorhiz)* habitat degradation is widespread at Polissyan peatland PAs where traditional fen management (haymaking) has ceased allowing succession to unsuitable overgrown reedbed, scrub or woodland. Because local people have fewer cattle, they need less feedstock, and do not cut hay from mires anymore (which was the prevailing practice in these areas during the period of collectivist agriculture). Fewer cattle also mean less open grazing and a loss of the meadow biodiversity.

35. Uncontrolled fires: Uncontrolled fires in spring and summer pose a direct threat to birds and nests (Aquatic Warbler clutches may fully be destroyed by fire), and can burn out the upper peat layer of fens. Fires are started by local people residing in and around PAs (especially at steppe, forest-steppe and wetland PAs, as well as in the Crimea), in the belief that fires increase soil productivity. Recent large-scale fires at PAs in Askania-Nova, the Crimea, and in Yalta reserve, have had a devastating biological effect. The vegetation cover and upper plant root zone is being destroyed and an unusual change in the habitat development. Mosses and *Sphagnum* vegetation (habitat of Aquatic Warbler for example) takes the longest time to recover (up to 20 years as was exemplified by the case of Pochaevski zakaznik which lost 20 ha in a fire). Intensity of fires caused by burning of vegetation depends on the groundwater table level. Most severe fires occur in periods when the groundwater table is relatively far below the surface, and soil organic matter is dry. On average, studies show that a fire will result in about a 70% loss of insect biomass, which impacts on populations of globally threatened wetland species such as *Bombina bombina, Hyla arborea, Bufo calamita, Hyla arborea, Crex crex.*

36. Flood control and road building: Flood protection and road infrastructure have traditionally been given priority over biodiversity conservation, and are perceived as important for human security and social amenities. A road from Lubez village to Shlapan village that crosses one of the channels of the Stokhid river without any flow-throughs breaks this parcel of the core zone of the PS NNP into two segregated halves, creating during breeding seasons an inundation on the left side (killing all nests of Aquatic Warbler and other waterfowl), while the right side lacks water almost completely and is not suitable for waterfowl breeding or spawning of globally threatened fish species (*Carassius carassius* and *Misgurnus fossilis)*. These roads, without flow-through facilities, were constructed before PAs were designated. Today, embankment facilities and flow-through road facilities (if and when constructed) are owned by Ukrvodgosp.

37. **Overexploitation of threatened, rare and endemic species**: The main driver here, which persists through many PAs (especially those without management units), is illegal hunting of migratory, staging and wintering birds. This has an impact on globally threatened birds: Lesser White-fronted Goose, Red-breasted Goose, Ferruginous Duck, Great Bustard, Corncrake, Greater Spotted Eagle, and Black Vulture *Aegypius monachus*. According to Ukrainian and German scientists removal of species through illegal hunting (removal of birds, their eggs, as well as of hoofed wildlife in the forests which serve as feeding grounds for these birds) resulted, in the past 50 years in a double digit reduction of the Black vulture population within the Crimean PAs[10]. Illegal hunting of mammals affects large ungulates (deers, elks, wild boars) and globally threatened European Bison, Common Otter, etc. Illegal hunting at the grounds of the future Tsuman Puscha NNP contributed to an almost complete destruction of the European Bison population (from 300 individuals in 1990 to 3 individuals in 2007). Disturbance from uncontrolled tourism at NNPs, especially those bearing wetland and

[10] 2007 data of Frankfurt Zoological Society and Crimean Branch of the PA and Biodiversity Research Center in Ukraine.

lake biotopes, is a threat to all waterfowl animals and also to globally threatened species. Uprooting of plants by herb collectors is a less significant threat, although it presents a threat to flora in widely popular PA attractions. The biological impact is visible for some plants, such as floodplain and wet meadow orchids.

38. Amateur fishing for family consumption is widespread. Two types of fishing techniques produce a high impact on habitats, and on populations of not only fishes, but also globally threatened species of amphibians and reptiles. The first is through electroshocks with the help of car batteries. The second is winter fishing, involving damming a river while leaving just a small passage for fish (where a net is placed). Such wooden dams are constructed by locals to block all or much of the channel of a small river tributary. While this technique is traditional, in the past it was also customary for local people to dismantle dams in spring, but not any more today. The method is illegal and results in: (i) killing of non-target fish like fingerlings; (ii) impeding circulation of water in spring and summer impacting biological oxygen demand; (iii) eliminating fish spawning areas, inundating one part of the floodplain while keeping the other half very dry during breeding season.

39. The root-causes of these threats are insufficient enforcement of the law by PA managers and environmental authorities, as well as poverty of the local population residing in and around PAs, and their dependence on illegal activities for livelihoods. Due to the combination of poor economic conditions of many rural dwellers living in or close to the PAs, they are turning in greater numbers to the exploitation of natural resources both for meeting subsistence needs and for economic gain. It is believed that benefits from poaching are higher than risks of penalties or prosecution, and this, combined with low level of ecological awareness, exacerbates the problem.

Baseline trend of development of the Ukrainian PA system and key baseline programs

40. A key element of the project's baseline is the National Program for Establishment of the Ecological Network in Ukraine in 2000 – 2015 (or EcoNet 2015) that was adopted as law on 21 September 2000, which has the following 5 objectives: (i) Creation of new PAs (2015 projection for expansion of the PA network in Table 5); (ii) Support of state PA cadastre: Includes costs for setting up computerized state cadastre software; inventory of PAs; setting up of a single country-wide GIS system and linking this with state cadastre; production of publications and statistical reports; (iii) Conservation measures for particular flora and fauna species: Components here include further improvement of the legislation and support to state cadastre of flora and fauna species; inventory of habitats and species of flora listed in the Ukrainian Red Data Book; inventory of plant communities listed in Ukrainian Green Data Book; regular assessments of the condition of species listed in the Ukrainian Red Data Book; setting up center for artificial cultivation/breeding of species that are threatened; creation and support of gene banks for rare and threatened flora and fauna species; (iv) Support for participation in international conventions: Activities to be supported include creation and support of the national and regional data bases on the EcoNet Program; development of a general physical plan for the EcoNet; development of regional physical plans for the EcoNet; national census of sites of cultural and natural importance; identification of new wetlands that meet criteria as Ramsar sites; development of management plans for internationally important wetlands; identification of sites that meet criteria under the 1979 Convention on Conservation of Wild Flora and Fauna in Europe; description of sites nominated for receiving the Council of Europe Diploma; description of sites nominated for special census of biogenetically important areas; census of wetlands of national and local importance; and development of management plans for wetlands of national importance. Government resources to be allocated; and (v) Scientific support to establishment of the EcoNet

41. Further, under the baseline scenario, management of the PA system will be largely guided by the Biodiversity and PA Management Action Plan 2020 (starting in 2007). The Program, funded by the government, is divided into three phases: (i) 2007-2011; (ii) 2012–2015; and (iii) 2016–2020. The Action Program envisages allocation of some US$ 63.2 million for "strengthening existing capacities of protected area governance"; US$ 772 million for "financing of protected area institutions"; US$ 45 million for "further development of the protected area governance", and US$ 3.3 million for "scientific research for protected area matters". Key expected results of this major baseline element are forecasted (as of 2007) to be: (i) Increase in the PA share to 10.4% of Ukraine; (ii) Improved PA governance; (iii) Approximation of national PA classification to IUCN categories; (iv) Introduction of mechanisms for fair access to genetic resources within the PA system; (v) Support further development of the state cadastre of PAs; (vi) Better protection of the genetic funds of wildlife;

(vii) Avoidance of inadequate use of PAs; (viii) Enabling fundamental and applied scientific research; (ix) Rational use of natural resources within PAs; (x) Improved financial condition of PAs; (x) Better ecological education, awareness raising, engagement of people in environmental protection matters; (xi) Further improvement of PA legislation and its approximation to the EU; (xii) Retaining high-quality specialists within the business of PA management; (xiii) Participation in creation of pan-European network of PAs, world biosphere reserve network, Ramsar sites network; and (xiv) Better implementation of international conventions.

42. The Biodiversity and PA Management Program 2020 is a very ambitious, and it is, at this stage, only a long-term plan. This is an important sign of Government commitment to improvement of the PA system. However, its feasibility is questionable if administrative, financial and business barriers to PA system sustainability persist.

43. Forests of Ukraine is a state program that will run through 2015, disbursing a record US$ 300 million in the remaining period. The program aims at raising the sustainability of the forestry sector in Ukraine, while expanding the area under forests to 16.1%. One of the pillars of the program is conservation of forest biodiversity. Forests under PAs managed by the State Forestry Committee are planned to be expanded by 82.1 thousand ha. The Program envisages increased reforestation, better forest monitoring, and raising the skills and qualifications of the forestry sector professionals.

44. The State Program on Water Resources Management for 2002-2011 aims to stabilize the growth in the use of water resources and improve the ecological state of water bodies. The Program will also support the development of water-protected zones, coastal reinforcement by means of afforestation of bank strips, etc. The project will also establish the Pripyat Departments for Water Resources Management. The program does not envisage restoration of degraded wetlands.

45. The National Program for the Environmental Rehabilitation of the Dnipro River Basin and Improvement of the Quality of Drinking Water in Ukraine, adopted in 1997, envisages the construction of anti-flood facilities, identification and elimination of pollution sources, soil improving activities, introduction of protective forest strips, and the development of the special PA network in the Dnieper basin. Specifically, in the Pripyat River, it includes the afforestation of water protection strips and establishment and improvement of 3 PAs (Pivdennopoliskyi, Korostyshivskyi and Kostopilskyi National Nature Parks).

46. Community based conservation and sustainable alternative livelihoods: At present there are no governmental expenditures for supporting community based conservation activities or supporting the development of sustainable alternative livelihoods. EECONET Action Fund and Frankfurt Zoological Society have financed some renaturalization activities but those were attached solely to land owned by PAs and did not presuppose innovative partnerships.

Long-term solution and barriers to achieving it

47. Ukraine's PA system has key strengths which must be recognized: (i) Advanced legal basis and articulation of long term strategic priorities through 2020; (ii) Government commitment to extension and strengthening of the PA system (area of the PA system was doubled from 1994-2004; and is set to increase another 2.5 times by 2015); (iii) Availability of highly skilled scientists and applied researchers, who maintain a focus on the overall ecological functionality of the PA system in Ukraine despite its drawbacks (described below); and (iv) Good experience of international cooperation in PA management and conservation

48. However, there remain a number of weaknesses: (i) Total area of PAs in Ukraine is low compared to the European average. Ukraine has 4.6% under protection, while the average for Europe is 15%. By administrative regions, the share of PAs varies from 1 to 15%, but only three regions (Carpathians, Ivano-Frankovsk, Khmelnitsk), as well as areas around Kiev and Sevastopol have over 10%; (ii) unclear reporting lines between Central and oblast levels administrations and a mismatch of staff numbers and skills against responsibilities are undermining on-the-ground management effectiveness (iii) For those PAs which fall under the jurisdiction of the State Forestry Committee of Ukraine, their governance lacks conservation knowledge and is poorly linked to the Ministry of Environment. This translates into weak management and business capacities, as well as enforcement, at site-level; (iv) Dependence on national budget allocations, combined with the fact that budget financing is limited to 60% of what is needed on average, translates into poor maintenance of ecosystems at

many PAs. Despite legislation which allows alternative financing options, capacity to use them more extensively is sporadic. Low level of investment in environmentally friendly businesses at PAs that could both ensure biodiversity conservation, as well as create local jobs: (v) Poor personal incentives for staff, lack of training programs; (vi) Insufficient scientific research and inventory; and (vii) Low level of people awareness and engagement in biodiversity conservation activities. Poor dialogue with local resource users, which results in illegal construction, forestry, mining.

49. Based on a prioritization exercise aimed at identifying the most cost-effective way to address key barriers, with limited GEF project time horizon and RAF budget allocation, financial and governance barriers have been identified by national experts as the two most critical ones that must be addressed to lay a strong foundation on which to pursue the long-term objective of expanding PA coverage. The long-term solution is: financial sustainability of the PA system will be better guaranteed as a result of the systematic emplacement of revenue capture mechanisms to defray costs of the PA system and through the improvement of PA governance, thus ensuring that PA revenue streams are employed efficiently and that impact is optimized per unit of investment. The barriers that hamper achievement of the normative solution are discussed below:

Almost exclusive dependence on government financing and very limited experience with tapping in to non-government sources of financing

50. There is almost exclusive dependence on government financing and very limited experience with tapping into other sources of financing: 95% of the annual expenses incurred by PAs are covered through government financing, and a meager 2-4% is on average covered through earmarked revenue generation. Current financing flows to PAs cover only up to 60% of what has been projected is needed to properly implement PA management plans (see Financial Analysis of PAs in Part D.IV). There is a chronic shortage of resources for active habitat management, scientific research, awareness-raising, capital items needed to support enforcement, and rewarding salary scales for PA teams. The Ukrainian Protected Areas Act (Article 47 and Article 48) allows PAs to establish entry fees and impose user charges on resource-users, and retain 100% of the revenues raised from charges on these activities. There are also possibilities for raising PA revenues by tapping into the resource generating potential of public works such as roads (e.g., Pripyat Stokhid NNP). However, there is a lack of experience and expertise among PA managers on how to capitalize on these opportunities. Legal provisions are not put to good use because PA management planning has not been underpinned by business planning.

51. There is a lack of capacity and experience within the Ukrainian institutions responsible for PA management to systematically tap alternatives to government funding. PA managers are typically ecologists who consider all economic activities at PAs as detrimental to the environment, or (especially for PAs under the State Forestry Committee) economists who aim for profit generation with no heed to the ecological cost. For PAs where business products or partnerships are being planned, PAs managers and recreation specialists have little to no marketing skills and experience, according to the assessment of the Chief Economist of the State Service. Thus, the product's quality and content is not properly designed for a particular market niche, is not comparable with competitive trends in the region or in the industry, is not analyzed for seasonality of demand (which is very pertinent to many types of services such as beach tourism and hunting), does not take into account the quality of overnight and bed-and-breakfast facilities (which is often poor), and/or is not been pushed in the market through aggressive and well designed advertisement, appropriate pricing, and feedback mechanisms with clients. In most cases, it boils down to printing poorly designed booklets, which often abound in scientific details and are hard to read. Use of mechanisms for engagement of local residents in revenue-generating activities is sporadic, and only used by a few exceptionally well-advanced PA managers.

52. Another financial issue impeding effectiveness of a PAs management approach to biodiversity conservation is the government's existing land tax relief scheme for PAs. This is designed to decrease the financial burden on PAs and is seen as beneficial by PA managers. However, it is leading to conflict with local districts that lose land tax revenues. This may be an acute problem in poorer rural communities, and leads to local government resistance to PA designation or expansion. Thus, there is a need to balance financial interests of PAs with those of local authorities if the PA system is to effectively realize its conservation objectives. In summary, Ukrainian PA legislation contains many positive openings for achieving financial sustainability of

PAs. However, these opportunities are not being realized as there is no comprehensive, systematic approach to operationalizing them.

Deficiencies in the PA governance structure

53. The State Service, which is the main institution vested with the responsibility of managing the PA system, has 25 staff. These staff must fulfill a level and scope of responsibility comparable to that of a fully staffed ministry with a central unit and local branches (capacity of the State Service). The State Service relies on regional branches of the Ministry of Environment to implement its mandate. However, under the recent reorganization of the Ministry of Environment, the regional department of environmental protection, which is responsible for PAs, is going to be severely understaffed. Two-thirds of the regional-level Ministry staff is likely to become part of the State Ecological Inspectorate department, leaving only one-third of staff to manage PAs, among other green issues. Thus, the number of staff on the environmental protection side are going to diminish and they will continue to have a wide selection of environmental functions, leaving little (if at all) time and resources for control of the condition of those PAs without management units (such as zakazniks and Regional Landscape Parks), many of which (e.g. Pripyat-Stokhid RLP) are tens of thousands of ha in size, harbor globally important biodiversity, and suffer from fires, illegal construction, poaching, and, in some cases even from illegal grabbing of land.

54. Further, the reporting line between the central-level State Service and oblast-level departments of the Ministry of Environment (MoE) is blurred. As a result, even though the MoE has delegated PA management at the central level to State Service, it has no real authority to supervise oblast departments, greatly inhibiting its ability to enforce PA policies at the oblast level. Effective management of the PA system is also being compromised by deficiencies in the skills set of staff responsible for PA management.

55. Another challenge facing the national system is a deadlock over creation and governance of PAs that straddle more than one oblast. Four years ago an attempt to create an NNP covering Zakorpatska and Ivano-Frankovska regions failed and two different categories of PAs with different management regimes were created (a national park and a nature reserve) which are too small to maintain ecosystem integrity. In 2006, for a similar reason, the Pripyat-Stokhid PA was split into a NNP and RLP, each covering a separate administrative district. There are plans (as of 2007) for creating an NNP in Poltava and a neighboring oblast which are also stuck for similar reasons. District and regional authorities can not reach agreement on where to locate the office of the park administration unit, how to collect and pay taxes, and which regional branch of the Ministry of Environment the single PA management unit should report to.

Stakeholder analysis

56. An assessment of stakeholders was undertaken as part of project preparation in an effort to: (i) identify key stakeholders with respect to PA management in Ukraine; (ii) review stakeholder interests and associated impacts on PA sustainability; and (iii) identify and develop opportunities for the project to benefit stakeholders. Project preparation entailed consultation with a broad range of stakeholder groups using a number of different information gathering methods, including formal and semi-formal interviews, group discussions and workshops. In addition, local consultants participating in project preparation provided information and contributed to the identification of risks, impacts and mitigation strategies. The development phase of the project also included a dialogue with a counterpart UNDP/GEF – funded project in Belarus that aims to strengthen Belarus' national system of PAs and focuses site level interventions at PAs located in Belarusian Polesie. Part D.VI provides information on the main stakeholders and their potential role in the project.

Table 10. Stakeholder roles in the project and engagement plan

Stakeholder	Role in project
State Service for PA Management	Will be national executing agency of the project: - overall control of project implementation - integration of project products in national programs on PAs and biodiversity - approve the national PA financing strategy and ensure it being put to implementation - approval of by-laws and regulations needed to put in place mechanisms for own PA revenue generation

Stakeholder	Role in project
	- coordinate launching of the PA system management effectiveness tool - incorporate the oblast branches created by the project, and support a replication plan - ensure that project replication strategy is developed, coordinated with all relevant organizations, and is put in place -ensure that Government co-financing is available - leadership in development of the cross-oblast PA mechanisms
Research Center on PAs and biodiversity	- engagement in biological monitoring, relevant for Project Logical Framework - partner for the Vocational training course
PA directors and staff	- the cornerstone of the Association of PAs - leadership in creating and supporting the PPPs - "owners" and beneficiaries of the PA business plan preparation process
Oblast branches of the Ministry of Environment (Rivne and Volyn oblasts)	- Partners in cross-oblast PA mechanism, concept development and testing at PA - Partners in the development of the mechanism for decentralization of State Service - Advisory and coordinating role in the development of the PA Financing Strategy - Advisor for the development of new mechanisms for own revenue generation by PAs
State forestry committee	- partner in the elaboration of mechanisms for PA own revenue generation, focusing on Non-Timber Forest Products - beneficiary of the PA vocational training course
Ukrvodgosp	- partner in development and testing of guidance on rehabilitation of peatlands, and safe road and bridge construction across the PAs
Local residents, and private businesses at and around Pas	- beneficiaries of the PPPs
Frankfurt Zoological Society	- participant of the Project Steering committee - cooperation on monitoring and evaluation and lessons learned
Lyubeshev and Zarechniansky district administration	- key partner for measures aimed at strengthening of PAs without management units such as Pripyat-Stokhid RLP - key partner in the elaboration and testing (at Pripyat-Stokhid) of the cross-oblast mechanism for PA establishment

Part A.II Project Strategy

Policy Conformity

57. OP Conformity: The project focuses on the whole PA system of Ukraine, which encompasses a diversity of landscapes. In terms of the GEF's Biodiversity Operational Programs, these landscapes fall under arid/ semi-arid ecosystems (OP 1), freshwater ecosystems (OP 2), forest ecosystems (OP 3) and mountain ecosystems (OP 4). The project will introduce a system for assessing PA effectiveness and thus will leave beyond its duration a built-in mechanism for monitoring outcomes, both in terms of ecosystem functions and sustainable use of resources at PAs.

58. Strategic Objective and Programme Conformity: The project is designed to cost-effectively improve the financial sustainability, as well as individual and institutional capacities within the national PA system of Ukraine. This is in line with Strategic Objective 1 (Catalyzing Sustainability of Protected Area Systems)/ Strategic Program 1". The project will develop "new financing strategies for protected area systems" through Outcome I and Outcome II will strengthen the overall governance system so that PA agencies and administrations are better equipped to "respond to the commercial opportunities that protected areas provide through consumptive and non-consumptive uses of biodiversity". The project's site-level interventions in Shatsk NNP and Pripyat Stokhid NNP and RLP are justified because they demonstrate replicable innovations in PA management specifically, revenue generation schemes through PPPs, cross-oblast PAs with satisfactory revenue sharing arrangements, better cooperation with the Belarussian Prostyr Reserve that is contiguous with PS NNP and RLP, and testing of opportunities for integrating biodiversity conservation principles in public works such a roads that also offer the potential of raising revenues through charging of user fees.

59. CBD Conformity: The project meets CBD objectives by fulfilling the requirements contained in the Convention's Articles 6 (General Measures for Conservation and Sustainable Use), 7 (Identification and

Monitoring), 8 (*In-situ* Conservation), 10 (Sustainable Use of Components of Biological Diversity), 11 (Incentive Measures), 12 (Research and Training), 13 (Education and Awareness), and 17 (Exchange of Information). The project follows the guidance and decisions provided to the financial mechanism by the Conference of the Parties to the CBD. The project will play a catalytic role in enabling Ukraine to contribute to the CBD's Programme Of Work on Protected Areas, and 2010 target for terrestrial areas, by strengthening and maintaining an effectively managed and ecologically representative national PA system.

Project goal, objective, outcomes, outputs, and indicative activities

60. The **goal** of the project is to secure long-term conservation of biodiversity within Ukraine's Nature Reserve Fund, specifically focusing on PAs of global, national or regional significance (henceforth referred to as the PA system). The **objective** of the project is to enhance the financial sustainability and strengthen institutional capacity of the PA system in Ukraine. The normative solution will be pursued through the systematic emplacement of ear marked revenue capture mechanisms to complement budgetary subventions to the PA system, and through improvements to PA governance that ensure PA revenue streams are employed efficiently so that impact is optimized per unit of investment.

61. The project is designed to produce three **outcomes**: (i) Development and implementation of a strategic vision for PA financial sustainability – which will include: (a) the development of a comprehensive national strategy for PA financing, a set of regulations governing PA revenue generation and implementation of feasible revenue generating options; (b) introduction of business planning as a standard practice in PAs; (c) testing private public sector partnerships as a model for maximizing and fairly sharing revenues from activities such as tourism, and engaging local people in conservation activities such as hay-cutting. (ii) Improved governance of the national PA system – will support the following interventions: (a) testing decentralized governance systems for PAs; (b) developing mechanisms to facilitate PA management across administrative jurisdictions (i.e. local governments known as oblast's in Ukraine); (c) providing for staff training; (d) establishing an association of PA managers/ Directors; and (e) introducing systems to monitor management effectiveness as a feed-in to decision making processes; and (iii) Capacity in place to replicate the improved management approach across the national PA system.

62. The project follows a two-pronged strategy – implementing key systemic reforms to improve financial sustainability and governance combined with a second pillar of validation activities at the site level, the lessons from which will be replicated system-wide. With a view to maximizing the replication potential, three PAs have been selected for the project's validation pillar, due to the presence of globally significant biodiversity, and because they represent different management challenges (i.e. have different ecological, social and institutional landscapes) and are at different stages of development. Accordingly, they are considered to be good candidates for the development of replicable management practices that can be rolled out elsewhere. These are Shatsk NNP, Pripyat-Stokhid NNP, Pripyat-Stokhid RLP that form part of the Polissya sub-system of PAs (see Part D.VII for details).

63. These sites harbor globally significant biodiversity: 22 of the 82 globally threatened vertebrate species in Ukraine are found in Shatsk and Pripyat-Stokhid parks. In addition, these sites offer opportunities for testing several innovative approaches to enhancing PA management effectiveness: (i) Shatsk NNP has in recent years developed some experience in introducing business approaches in PA management that provide a good foundation on which to build and transfer lessons; (ii) Shatsk NNP will enable testing of PPP with locals in revenue generation; (iii) Pripyat-Stokhid offers the opportunity to develop novel revenue-sharing arrangements among two oblast administrations ending the deadlock on establishing cross-oblast PAs that make ecological sense; (iv) Pripyat-Stokhid also enables testing of stronger collaborative agreements with a contiguous PA in neighboring Belarus; (v) Since Shatsk NNP falls under the jurisdiction of the Ministry of Forestry and PS NNP under that of the Ministry of Environment, a focus on these sites will enable engagement of both Ministries in efforts to develop capacity for effective management that balances ecological and economic considerations.

Outcome I Implementation of a strategic vision for PA financial sustainability

64. One of the key factors constraining PA administration units from implementing the full set of conservation activities stipulated under management plans is limited resources. Currently, there is an almost

exclusive dependence on state funding, even though PA administrative units can, by law, directly raise resources by charging user fees and retaining 100% of these for administering the PA. Further, even when state funding is combined with self-generation of resources, in 2007 the weighted average ratio of funds available to funds needed for meeting conservation objectives of PAs stands at approximately 60%. The national PA system will be under further financial stress in the coming years as it expands through a doubling of its area by 2015, when the same ratio drops to approximately 53%. The findings of an "options analysis" (see Part D.XV) conducted under the project development phase indicate that a piecemeal approach of trying to introduce various new individual revenue-generating mechanisms one-by-one would probably face considerable obstacles as outlined in a recent OECD report[11] and would not be nearly as successful as presenting various proposed new taxes and fees as part of a comprehensive long-term strategy for financing Ukraine's PA system. Thus, the purpose of this outcome is to develop and promote such a comprehensive long-term strategy (rather than simply introducing particular new revenue-generating mechanisms at the individual PA level), which will consider and propose options for alternatives to government funding to cover recurrent and capital costs.

Output I.1 Development of a national strategy for PA financing, a set of regulations governing PA revenue generation and implementation of revenue generating options

65. The project will work closely with the Government on a comprehensive strategy and five-year plan for financing of the national PA system. The team developing this strategy (composed of leading national and international experts) will analyze all possible financing sources (government and non-government), develop a strategic vision and a 5-year and a longer term plan with the objective of ensuring that by 2020 the expanded PA system of Ukraine has a plan for its sustainable financing that is both within the financial capacity of the Government's budget (for the Government part of financing), and realistic in terms of expansion of alternative revenue generation opportunities (see Part D.XV for options that have been identified by a study undertaken during the project development phase). The National PA Financing Strategy and Plan will be adopted by the Cabinet of Ministers before 2010.

66. For the non-government sources, the program development team will also elaborate mechanisms to support private sector involvement (including further by-laws for favorable lending and international investment in Ukrainian PAs) in provision of revenue generating services at PAs, some of which will be tested through the project in the Polissya region. Thus, for example for tourism, the project will support introduction of a simple PA-specific certification scheme for tourist companies and individuals engaged in tourism services, in order to involve the wider private sector into tourism activities at PAs, while making a legal provision that part of their revenues are expected to be shared with the PAs. Article 48 of the Protected Areas Act is a sufficient overall legal basis. By-laws, regulations, and practical demonstration are what the project deems important to have in place for the law to work well.

67. Further, for various potential sources of revenue from economic activities (tourism, forestry, collection of non-timber forest resources), the team will develop guidance for the admissible ecological loads. The issue of compensation to private users for loss of agricultural or forest productivity will be subject to a thorough economic analysis and a legal solution will be developed. The current practice of PA land tax relief will be analyzed in-depth to revisit the strengths and weaknesses of the land tax exemption for PAs, and this issue will be addressed within the context of the PA financing strategy.

Output I.2 Business planning is initiated as standard practice at PAs

68. It has become increasingly evident that sustainable financing for PAs is a prerequisite to ensure a stable and effective management environment, and this, in turn, is predicated on good business planning skills for PA managers to improve access to financial resources, and to ensure the effective use of scarce resources available to PA managers. This output will therefore focus on introducing business planning as a standard practice to give a clear picture of the financial needs that must be met in order to conduct proposed management plan activities, and tap into potential revenue sources to help meet those needs.

[11] OECD report published in 2006 titled "Environmental Finance: Performance Review of the State Environmental Protection Fund of Ukraine"

69. The project will develop a template of a typical PA business plan for PAs of various management categories. The business plans will be linked to the management plans, but their purpose is not to state which conservation activities need to be maintained within the PA, but rather to analyze the demand for financing of the PA and ultimately reconcile it with a sustainable long-term revenue generation plan, with the objective of increasing the share of non-government financing sources. Each template will be supplied with a set of detailed guidance for business plan preparation.

70. The templates, once elaborated, will be applied in the field for three PAs in Polissya of different status and maturity (Shatsk NNP, Pripyat-Stokhid NNP, and Pripyat-Stokhid RLP). The business plan will take into account the highest admissible ecological load criteria developed under the previous output. Through the METT, the project will measure the impact of business planning on habitat management at the end of the project.

71. The introduction of business planning at the three demonstration PAs will be accompanied by strengthening of the marketing skills of PA management units. As part of this output, the project will develop guidance on marketing of PA products, with a special focus on: (i) identification of visitor trends to PAs; (ii) identification of seasonality, high and low ceilings, for each types of PA service; (iii) possibilities of "special mass events" such as festivals, concerts, competitions; (iv) linking PA services and products to the analysis of basic infrastructure (overnight facilities, bed-and-breakfast, access to and within the PA); (v) pricing policy; (vi) analysis of competition and placement of products in the market including appropriate national and international advertisement; (vii) contracting and partnerships with commercial tourist agencies; (viii) engagement of PA population. The project will lend best national and international expertise for this exercise.

72. At the end of the project, the lessons learnt from business plan implementation at project sites will be drawn on to improve the template and guidance on business plan preparation, and will be approved as an Annex to the National PA Financing Strategy (Output I.1). A set of regional workshops will be organized to present the template and guidance, thus paving the way for large-scale replication. (Please see replication section for further details.)

Output I.3 Public-private partnerships are tested as a model for revenue generation at NNPs

73. In Ukraine, National Nature Parks are the type of PAs where co-existence of local population and important biodiversity is an especially sensitive issue (more than in other types of PAs). Under this output the project will identify and test a model of partnership between local residents, nature resource users and PA administrations, in order to plan and implement activities within PAs that could generate profit for all partners, and ensure higher level of biodiversity conservation. Thus, the project will, in parallel with business plan preparation, support establishment and functioning of public-private partnerships (PPP) at Shatsk and Pripyat-Stokhid NNPs. Shatsk NNP has good experience with alternative revenue generation mechanisms, while Pripyat-Stokhid NNP is a newly established NNP with no business experience. The PPPs will be developed as the main mechanism for business plan implementation, created in order to maximize and fairly share the revenue from alternative economic activities, as well as to engage local people in conservation activities (e.g. hay-cutting).

74. The project will support the implementation of key revenue-generation activities through PPPs for the first 2 years of the project, with the expectation that these will subsequently be self-sustaining, in line with Article 48 of the Protected Areas Act. PPPs will be supported through a "small-scale on-the-ground project" initiative. The project will develop a set of criteria for support to PPPs at each site. These criteria will be directly linked to increasing the stability of the species and habitats at these two critical Polissyan NNPs, and will be measured through METT to gauge the effectiveness of the PPP as a means to support conservation of species and their habitats. Some examples of PPPs include initiatives on habitat maintenance through hay-making, joint PA and volunteer control of illegal fishing and hunting, measures to prevent vegetation burning, agri-tourism that generates revenue for the PAs, and such. The project team will select ideas that would fit the criteria, but that also provide US$2 of co-financing for each US$1 invested by the project. Funding from the project will be used strategically to ensure that, during the life of the project, PPPs become strong enough to continue supporting themselves once the project comes to a close, in turn conserving biodiversity at the two demonstration sites. The project will engage with the Government to develop a replication plan for similar PPPs throughout the national PA system.

75. One of the PPPs that has been proposed during the project development stage is an association of local agritourism providers within Shatsk NNP, whereby agreement is going to be reached that agritourism providers use the name and marketing facilities of the park in exchange for a certain percentage of their income sent back to the park, or for ecological services provided to the park (e.g. garbage collection) for an agreed number of years. The members of the association of local agritourism providers together with the local authority and park administration will determine the share of revenues paid back to the park with the dual objectives of allowing the business to develop and resource generation for the park. The project will provide assistance to set up the PPP, help its participants be legalized as registered entities and discuss and sign contracts within the PPP. The project will extend a US$ 350,000 grant facility to trigger the process. It would announce a competition among agritourism providers to request money for renovation and improvement of agritoursim catering facilities. The proponents will have to demonstrate at least 50% cofinancing, and willingness to work with the Park.

76. In Pripyat-Stokhid NNP, the capacity for PPPs in green and agritourism will be demonstrated with co-financing from the Volyn Administration, which will issue a grant to the NNP (US$ 60,000) in 2007 to support green and agritourism. The objective of the administration is to tap into visitor demand from the Polish side. The interest of Volyn Administration in green and agritourism is based in a national trend to develop these sectors, successful international experience in this area and, most importantly, the successful experience of Shatsk NNP. Further, there is evidence of visitor demand from the Poland and other areas. The administration envisages an information campaign; training of Ukrainian decision makers and potential private providers; internet support; and publications. The project envisages assessment, mapping and construction of potential nature trails connected to PS NNP. Two trails have already been identified (18 km of a water trail Lubeshev – Buchin – Svalovichi – Pripyat; and Svalovichska dacha foot trail 12 km long; 3 rest-stops are envisaged, 5 boat parks).

77. Both PPPs will be advised by public councils – forums comprised of NGOs, businesses and representative of local population – that would gather to discuss the state of biodiversity at the NNP, plan economic and livelihoods activities so that they benefit biodiversity, find common solutions to biodiversity threats such as poaching, illegal logging and fishing, fires, subsistence agriculture, abandonment of hay-making, coordination of nature tourism, as well as to consider other aspects of the business plans of each PA. These public councils will also serve to increase transparency about revenues generated and revenues expended by protected areas.

Outcome II Improved governance of the national PA system

78. This outcome addresses administrative and legislative barriers to a more effectively functioning national PA system. These barriers are creating cost inefficiencies and must be addressed in order to establish an enabling environment for financial sustainability. Governance reforms would improve operational efficiencies and ensure that the governance system has the capacity to effectively deploy the increased and more diversified sources of funding that are to be explored under Outcome I.

Output II.1 Testing decentralized governance systems for PAs

79. According to Ukrainian legislation, increasing staff at the central unit of the State Service is not possible, as it will create an imbalance in the distribution of civil servants across ministries and sectors. The project, therefore, proposes a decentralization path to address the mismatch between staff and responsibilities within the State Service. There will be no changes in number to the 25-staff central unit of the State Service, but the project will work with the Government to create 2 regional branches of the State Service. The Government is fully committed to decentralization, and is willing to test this through the two regional branches in Polissya (i.e., Rivne and Volyn oblasts). The project proposes to start with two branches in the Polissya region, rather than advocate for an immediate country-wide introduction of regional State Service branches for the following reasons. Firstly, the project has limited resources that it has to spend cost-effectively (see this argument extended under the Cost Effectiveness subsection). Secondly, the project has to minimize potential risks connected to the institutional sustainability of the project outputs. One of the elements of the project's risk mitigation strategy is to test institutional decentralization in a limited area, and record all pros and cons before promoting its country-wide uptake.

80. The two regional branches will each have 5 staff whose salaries will be paid by the Government, and they will be part of the oblast-level Department of Environmental Protection. Government resources to cover

these salaries during the lifetime of the project are being secured commencing in 2008. The project will train staff in the new regional branches to ensure their effective induction into their TORs. The two branches will receive in their mandates some functions from the Central unit of the State Service, and the regional environmental protection departments of the Ministry of Environment. The main elements of their TORs will be: (i) Direct collaboration with PA management units on management and business plan preparation (including budgeting and identification of sources of revenue); endorsement of such plans at the regional level and their presentation for approval by the central unit of the State Service; (ii) Collaboration with local forestries to ensure concordance between PA management plans and forestries' plans for economic forest use (including logging protocols); (iii) Supervising guards at PAs in their region; (iv) Subcontracting independent Environmental Impact Assessments and maintaining a database of EIA experts and their performance; (v) Initiation of establishment of new PAs or expansion of existing ones, including boundary delineation, status assignments and changes, coordination of agreements with local land-users and local authorities; and (vi) Participation in the establishment of transboundary and cross-oblast PAs.

81. For the duration of the project the two local branches of the State Service will serve as two local project liaison offices. The project will further support the regional branches in their dialog with the Prostyr Reserve in Belarus, which is contiguous with Pripyat-Stokhid NNP and RLP. The Belarussian side of the Polessie ecosystem is relatively better protected, as it receives more resources from the state budget of Belarus due to its status. The situation on the Ukrainian side is different, with PS RLP not having a PA management unit due to its RLP status, and PS NNP only recently having been established as an NNP by a Presidential Order. The project will support PS NNP in establishing strong cooperative arrangements with Prostyr Reserve in Belarus as part of ongoing efforts to improve conservation of the trans-national ecosystem and establish a trans-national Ramsar Site. The focus will be on improving cooperation on management measures, as well as potential revenue sharing options. Some revenue raising options do exist such as based on use of water, and potential use of the road that traverses PS NNP going into Belarus. While this is currently a road of national status, it offers the potential for serving a broader purpose for a user fee, within the ecological limits placed on it by virtue of its location. Successful experience with achieving cooperation on such issues will be useful for other trans-national PAs[12].

82. The sustainability of the regional branches of the State Service will be ensured by their legal adoption into the national PA governance system. By the end of the project, the Government will have these branches fully integrated in its staffing tables and resources will be allocated by the Government to support the staff of these institutions beyond project scope (please see further Sustainability and Replication sections).

83. The project will, through its monitoring and evaluation mechanisms carefully monitor the work of the regional branches and record all positive and negative lessons. On that basis, not only will the project be able to assess its effectiveness, but also develop and implement a replication strategy that pushes for an agreement with the Government on replication of this State Service decentralization approach for at least five other regions in Ukraine with internationally important PAs.

Output II.2 Developing mechanisms to facilitate PA management across administrative jurisdictions

84. The project will mobilize national and international institutional and legal experts to work closely with the Government (in the context of overall administrative and constitutional reform in Ukraine), to find a solution to the deadlock of creation of PAs with territories that cover more than one administrative region (i.e. more than one oblast). These areas need to be established as unified PAs to maintain ecological integrity, rather than two separate PAs under separate jurisdictions with varying levels of protection. A case in point is the Pripyat Stokhid NNP and RLP, wherein PS NNP has a good level of protection, while the adjacent PS RLP provides virtually no protection for biodiversity. Agreement on a single management unit for the two areas has not materialized and the government does not have resources for establishing two separate National Parks. PS RLP is a natural extension of PS NNP, and unless consolidated in a single PA, the degradation of one part will, through the biological corridor effect (this is a river floodplain system), have an impact on the relatively better protected section.

[12] Trilateral Biosphere Reserve in Western Polissya (Poland, Ukraine, Belarus); Danube Biosphere Reserve (Romania, Ukraine); Desnyansko NNP (NE Ukraine, Russia); and 2 more in the Carpathians.

85. The main issue impeding an agreement on establishing a unified cross-oblast PA is a lack of revenue-sharing arrangements. Currently, all money (both financial support and earned money) would go through the oblast where the office of the PA management authority is located, and this is creating disincentives to the establishment of Pripyat-Stokhid as one single National Park that straddles two oblasts. Currently six new PAs within the national system of PAs have territories straddling more than one oblast, and several more cross-oblast PAs are being proposed under the expansion of the national system. Several of these are under threat not to be established because of the problems with cross-oblast status[13].

86. Through this output, the project will propose a mechanism for distribution of finances and tax payments among the two oblasts. The project will demonstrate this through the establishment of a cross-oblast PA in Pripyat-Stokhid NNP and RLP, whereby the project will promote inclusion of the RLP into the NNP, establishment of a single coordinating authority, clarification on taxation issues, and supervision and coordination with regional authorities.

Output II.3 Mandatory vocational training module on PA management is introduced

87. The project proposes elaboration and integration into a mandatory vocational training system of an advanced module on PAs Management. The module will target central, regional, and district civil servants engaged in PA governance on the one hand, and PA managers and PA management unit staff on the other. The module will be carefully designed to take stock of existing vocational training options currently in place in Ukraine; it will further rely on most advanced international experience in its design by setting up a twinning agreement between the Ukrainian institution selected as the host of the training program, and a leading international/ European university/ institution selected by the project. An examination and certification system will be put in place to ensure high quality. The course development team will include leading Ukrainian specialists to ensure adaptation of the curriculum to the national context, as well as regional and district specificities.

88. The curriculum will place significant emphasis on: (i) economic assessment of biodiversity components; (ii) business planning; and (iii) integration of biodiversity conservation principles into flood protection and road works at PAs. The project's demonstration sites will be used as case studies for developing capacity for applying the PA management approaches tested by the project. The project will facilitate procurement and integration into the course of relevant information technologies. The issue of integrating biodiversity principles into public works is an important one, and Pripyat-Stokhid offers a good example of a PA confronting challenging hydrological issues – that of a lack of under road flow through systems. Further, this road, which crosses over into Belarus, offers the potential for raising revenues through the institution of fees for its use. It thus offers a good case study on how to balance conservation and revenue-generation objectives. A module on the legal, financial, and ecological implications of tapping in to this potential at Pripyat Stokhid would be very valuable for other PAs that face similar challenges.

89. The institutional and financial sustainability of this output will be ensured by integrating this vocational training program into the country-wide system of vocational training. The project team will work jointly with the vocational training specialists and authorities to plan post-project business plan and budget to sustain the program, with a view to retaining its high-quality and longevity, while maintaining a realistic budget.

Output II.4 An Association of Protected Areas is established

90. This output addresses the isolation of PA staff and their resulting inability to speak with one strong voice when advocating for better PA policies and mechanisms to the central government. The project will help to establish an association of PAs that would become a key participant in other key project activities, such as development of the National PA Financing Strategy. The association will provide a platform for sharing experience across PA managers, "twinning" mature and experienced PAs (such as Shatsk NNP) with new or weaker PAs (such as Pripyat-Stokhid NNP and RLP). The project plans to engage about 100 PAs of differing status in the association. The project will support establishment of this association in the first two years, with the

[13] examples include Desnyansko-Staroguskiy NNP in Sumska and Chernigovska oblasts, Pripyat-Stohid (in Rivne and Volyn oblasts), Nizhnesulskiy NNP in Cherkaska and Poltava oblasts), and Kremechugski flats NNP

objective of making it self-sustaining through fees paid by participating PAs (for more details see the Sustainability Section).

Output II.5 Introduction of systems to monitor management effectiveness as a feed-in to decision making processes

91. The success of PAs as a tool for achieving Ukraine's biodiversity conservation objectives depends critically on how PAs are managed to protect the values that they contain[14]. Evaluation of management effectiveness is recognized as a vital component of responsive, pro-active PA management. Therefore, the project will help to develop criteria, methods, standards, indicators, as well as other elements of a comprehensive system for assessing the management effectiveness of PAs. The project will use the METT score system, other similar software that is available from IUCN, as well as the 2nd edition of the IUCN best practice guide on evaluating management effectiveness of PAs, and adapt these tools and guidelines to the Ukrainian context. Further, the project will establish a database of management effectiveness scores, and develop protocols for its maintenance and updating. Once the software is in place, the project will support its application to assess at least 30% of the Ukrainian PAs. The outcomes of the assessment will produce recommendations for replication in the rest of the PAs.

Outcome III Enhanced capacity to replicate the project's PA management approach throughout the national system

92. So that the system-wide policy changes and site-level experience generated under the project are internalized and applied to other parts of the PA system, this outcome will focus on establishing monitoring and evaluation system; documenting project lessons and experiences; and furthering the dialogue with key stakeholders to replicate the project's PA management approach.

Output III.1 Monitoring and evaluation system is put in place to track project impacts, extract lessons, and promote adaptive management

93. The project's effectiveness will be monitored and evaluated throughout its course against set performance indicators. Adaptive management will be employed to provide a basis for learning lessons and adjusting the project to maximize its effectiveness. Project monitoring and evaluation will follow the UNDP/GEF guidelines as described in detail in the project's M&E Plan and M&E Budget.

Output III.2 Lessons learned and best practices are documented for replication in other PAs within the national system

94. To facilitate the dissemination and replication of best practices and lessons learned, the project will dedicate resources to compiling lessons learned on the main elements of the project strategy – decentralization of the State Service, establishing cross-oblast PAs, integrating biodiversity conservation principles into EIAs at PAs, business planning at PAs, PPP for revenue generation and sharing at PAs – into guidelines, tools, and methodologies.

95. A Replication Plan will be developed and agreed on by the Steering Committee. The project will identify PAs outside its scope for application of project lessons and instruments, in 5 and in 10 years, following project closure. The project will hold bilateral and multilateral meetings with PAs identified in the replication plan to capacitate them for participation in replication. Finally, the project will include dissemination of experiences across the region and GEF portfolio through electronic and print media, scientific papers, presentations at key conferences, etc. The project will provide help to other similar projects under development or implementation in the GEF portfolio.

Project indicators

96. The indicators and their baseline and target values are presented in the Logframe. Briefly:

Objective/Outcomes	Indicators

[14] Management effectiveness evaluation is defined as the assessment of how well protected areas are being managed – primarily the extent to which management is protecting values and achieving goals and objectives.

Objective: Strengthen institutional capacity and enhance the financial sustainability of the PA system in Ukraine	Financial Sustainability Scorecard for the PA System Capacity Scorecard for the PA System Management Effectiveness of PAs at project sites (METT scorecard) Ecological Impact at project sites as a result of testing of project's barrier removal strategy at the 3 project sites: Aquatic Warbler at key monitoring plots: Pripyat Stokhid NNP and RLP (Pripyat floodplain between villages Scheticn, Nevir, Vetla, Tsir) Density of Great Snipe at key monitoring plots (2x200 ha) in the Pripyat floodplain between villages Nevir and Lubiaz, and Buzaki and Dobre Number of Lady's Slipper (Cypripedium calceolus) in the 3 identified key monitoring plots in the Pripyat-Stokhid floodplain (6 ha in total) Protective coverage of *Cariceta davallianae* community (%) at 200 ha monitoring plot at Pozhigski grud near village Pozhig
Outcome I: Implementation of a strategic vision for PA financial sustainability	Funds available to funds needed ratio at key Polissyan PAs Percent of state funds in the financing of NNPs and RLPs % of NNPs and RLPs with business plans
Outcome II: Improved governance of the national PA system	Effectiveness of newly established local branches of State Service Number of cross-oblast PAs with strengthened capacity to effectively manage their territories Number of staff involved in PA management that undergo mandatory vocational training Number of PA managers applying marketing research and promotion for PA services % of Ukrainian PAs assessed every two years using a METT based system for assessing PA management effectiveness
Outcome III: Enhanced capacity to replicate the project's PA management approach throughout the national system	Total new area of PAs (i.e. other than area of project impact), agreed with Government for replication of project mechanisms in the next 5 years beyond project scope

Risks and assumptions

97. The key risks and assumptions have been identified and summarized below. Their relevance to specific outcomes is elaborated in the Logical Framework Matrix.

Table 11. Project risks and mitigation strategies

Risk	Rate	Mitigation strategy
Weak political and operational support of the Government for the key baseline element of the project (National Action Plan for Protected Areas System Management 2020), thus undermining replication.	M	(i) careful analysis and determination of Financing Strategy implementation and replication measures, and (ii) articulation and promotion of links between successful financing and governance approaches demonstrated under the project and the realization of objectives stated under this long-term programme, by the Project Steering Committee (comprised of high ranking representatives of the MOE and a number of other Ministries involved in decision making about the National Action Program and National PA Financing Strategy)
Sectoral Ministries are open to integrating biodiversity principles in their work.	M	The project will ensure this occurs through an Order of the Cabinet of Ministers
A misuse of project funds for private gain could undermine the achievement of proposed project activities, outcomes and impacts.	M-H	Prior donor experience, including that of the WB-GEF Black Sea-Azov project, suggests that this is an important risk. This was therefore carefully considered during project preparation. The project team believes the following 4 aspects will help mitigate risks: (i) This is a TA project with the bulk of resources being spent on harnessing specialist expertise to develop capacity to strengthen the financial sustainability and governance. There are no large sub-contracts typical of large investment projects; (ii) The project will support the establishment of an Association of Protected Areas that can serve as a strong counter-balancing influence/ voice to governmental authority; (iii) UNDP's strict audit requirements will be carefully observed; and (iv) UNDP-Ukraine, due to international perceptions on corruption, has

Risk	Rate	Mitigation strategy
		adopted a project execution modality that eliminates the possibility of misuse of funds. This modality is called National Execution with a Direct Payments Option. Essentially, all payments will be made directly by UNDP through its own accounts, and funds will not be transferred to the government. Both government and UNDP must agree on an Annual Work Plan prior to funding any activities in that year. This serves the dual purpose of government not being able to fund activities not approved by UNDP and vice-versa. Though time and effort intensive, this modality is proving very effective.

Expected global, national and local benefits

98. Global benefits: Global benefits will primarily be realized by enhancing the financial and administrative capacity of the national system of PAs to provide effective protection to 1.6 million hectares sheltering IUCN vulnerable, threatened and near-threatened species harbored in the Ukrainian PA system, including globally threatened mammals (23), birds (18), reptiles (4), fish (31), and amphibians (6). Without this GEF-supported intervention, the current system of PAs is likely to continue relying almost exclusively on government funding. As described in Part D.II, this prevailing financial situation is untenable as PAs are severely under-resourced and cannot effectively implement much-needed conservation measures; government funding covers only 50% of funding needs on average. Given the country's macro-economic situation, Government funding is unlikely to increase to a level that can meet 100% of conservation needs. Further, there are persistent administrative weaknesses in the prevailing PA governance system that has an adverse impact on operational efficiencies of the system. The situation will only worsen if Ukraine expands the current territorial extent of the PA system to meet CBD coverage targets without addressing financial fundamentals. The net result could potentially be a loss of existence values, options values and future use values by the global community. The project's systemic interventions will secure long-term global benefits by improving financial and administrative sustainability of the national system of PAs. This will in turn allow for an expansion of the PA estate to improve its bio-geographic representation. Short term benefits will be realized through validation of the strategy in 3 sites in Polissya, that will result in restoration of two most threatened biotopes in Europe: temperate grasslands (including floodplains of major rivers), and peat lands.

99. National benefits: The main beneficiary will be the State Service, which is under the Ministry of Environment, and holds primary responsibility for the PA system. It will benefit through strengthening of institutional capacities and skills transfer in the areas of financial management of PAs and realizing cost-efficiencies through improvements in the governance structure. Project validation activities in Polissya will directly benefit, in similar ways, the PA management authorities responsible for Shatsk NNP, and Pripyat-Stokhid NNP and RLP.

100. Local benefits: Local people and enterprises will benefit from biodiversity conservation benefit-sharing arrangements that are to be developed through public-private partnerships. Over the long-term, the improved conservation status of PAs driven by improvements in the effectiveness of the national PA system, and improved means for realizing and retaining returns from biodiversity assets at the local level will result in human development benefits for local people

Country ownership: country eligibility and country driven-ness

101. Country eligibility: Ukraine ratified the Convention on Biological Diversity on May 12, 1997. The country is eligible to receive assistance from the United Nations Development Programme and to borrow from the World Bank.

102. Country Driven-ness: This project is presented by the Government of Ukraine to the GEF, as a major catalytic factor in fulfilling the 2010 PA targets set by the CBD. While these targets are echoed in the National Biodiversity Conservation Strategy and the EcoNet 2015 program, there remain critical barriers that this project will address. As such, the GOU accords major importance to this project, as with a relatively small amount of funds, it is meant to secure sustainability of the Government's long term plan to enlarge the PA system from the

current 4.6% to 10.4%. Without removing financial, administrative and knowledge management barriers, achieving this target would not be feasible.

Sustainability

103. Achieving sustainability of the PA system in Ukraine is the very purpose of this project. The premise of the project is that diversified funding sources and governance reforms that promote operational efficiencies will bolster sustainability. During the project development phase, the likelihood of successfully being able to diversify funding sources was assessed and as highlighted in Part D.XV there are a number of revenue generating options available in Ukraine, some more feasible than others. In spite of progressive legislation, there remain systemic challenges to implementing alternative financing options at the level of individual PAs. In theory, almost any of the different individual revenue generating options used in other countries could be legally possible to implement in Ukraine under the broad provision of Article 47 of the Protected Areas Act. But, what is needed in order to convince the Ukrainian Government to actually implement any of these options is to make them components of a comprehensive long-term strategy for financing the country's PA system. Convincing the parliament ("Rada") and executive branch agencies and ministries to adopt such a strategy will probably take several years of sustained effort, and this is a key "end of project" outcome. A piecemeal approach of trying to introduce various new individual revenue-generating mechanisms one-by-one would probably not be nearly as successful as presenting various proposed new charges and fees as part of a comprehensive long-term strategy for financing Ukraine's PA system.

104. In terms of ensuring the continuation beyond the project's life time of specific activities/processes initiated by the project, the project team has undertaken the following measures. Where continuation of activities depends on Government financial support, financial sustainability will be ensured by including in the budget of the 2002-2015 second phase of the National Action Program on PA System Management the financial resources needed to sustain the three key Polissya sites targeted by the project, as well as replication of the project strategy to 300,000 has of PAs within the national system. Financing of local branches of the State Service (approximately US$ 25,000 per year) will be included in the State Service budget, beyond project scope. The project will strive to have this agreement settled through a decision of its Final Steering Committee Meeting. Financing of the PA assessment system (about 2,000 US$ per year) will also be factored into the State Service budget by the end of the project.

105. The Association of PAs will initially rely on project support to facilitate and foment the Association. But, by its 3rd year, it will become self-sustaining, supported through fees paid by participating PAs. The plan is to have at least 100 PAs participating in the Association by the end of the project, and to increase it to 200 in the 2 years following the closure of the project. The annual needs of the secretariat are assessed at US$ 7,000 – 9,000 annually, which for 100 participating PAs translates into an annual support fee of US$ 70-90 and half of that for 200 participating PAs. This is deemed feasible in the current Ukrainian context. Further, the Project Coordinator and leading national business consultants will work with the Association in the last year of the project to develop a long-term fund-raising plan, and a long-term plan for recruiting additional PAs into the Association.

106. The PPPs at Shatsk and Pripyat-Stokhid NNPs do not require yearly financial support, except for small miscellaneous expenses (about US$ 1,200 annually). These expenses can be covered through cost-sharing between the PPP partners when drafting the PPP agreement (for which the project will provide resources to hire legal expertise). Institutionally, the PPPs will be sustainable as long as they are beneficial for the PA, as well as for residents and private sector participants through fair benefit sharing from economic activities at the PA. Based on the example of Shatsk NNP, where this drive for fair benefit sharing has come to exist naturally, it can be argued that as long as the PA reaches a certain level of business maturity, it is capable of promoting and sustaining itself, as well as being beneficial for residents and private sector stakeholders, who are therefore willing to participate in fair benefit sharing arrangements.

107. Finally, the financial sustainability of the vocational training course (annual budget needs assessed at US$ 24,000) will depend on the agreement reached with the host institution. The project will support the course for two years after its establishment, and will help to develop a subscription system, whereby institutions sending their civil servants for training will have to pay for the course. The idea at this stage is to reach a

proportion of 70/30, whereby 70% of the course costs will be covered by subscribers, and 30% from the budget of the institution financing the vocational training course (provisionally the State Service). Further, in the last year of the project, the Project Coordinator will work with the host institution of the course to develop a 5 year plan for gradual transfer to full financial independence, i.e. covering 100 percent of its costs from subscription.

108. Social sustainability will be ensured through the development of strong ties between the PAs and local people and businesses. The provision of economic and other benefits to local populations and the provision of opportunities for direct local involvement in PA operations and planning will bridge the current gap between the local populations and the PAs. By removing barriers to effective management of PAs the project will enable conservation of critical habitats, improvements in the condition of the Ukrainian side of a trans-national ecosystem, and establishment of a cross-oblast PA (Pripyat Stokhid) all of which are essential for ensuring ecological integrity and sustainability.

Replicability

109. Where replication of project activities depends on GOU, the project will ensure that project lessons and results are incorporated into the National Action Program for Protected Area Management through 2020. The project will generate important lessons in time for the second phase of the above mentioned Program (2012 – 2015). The locus for replication of specific project components: is (i) new PAs in Polissya; (ii) PAs outside of Polissya; and (iii) the overall governance system of PAs in Ukraine. Handover from the project to subsequent stages will be championed by the Project Steering Committee, which will include high ranking officials of GOU who are involved in the design and oversee implementation of the National Action Program.

110. The strategy for replicating project experience is as follows: (i) documentation of lessons learnt; (ii) preparation of an all-inclusive replication strategy by the Project Coordinator; (iii) review and adoption of replication proposals by the high level Project Steering Committee; and (iv) triggering the process of replication by conducting additional travel and workshops in replication areas on the one hand (responsibility of project), and by modifying the substantive and budgetary composition of the second phase of the National Action Program (2012 – 2015) in line with the decisions of the Steering Committee Meeting on replication locus and budgets (responsibility of high ranking representatives in the Steering Committee with assistance from Project Management).

Table 12. Replication strategy

Strategy/Outcomes	Anticipated replication strategy and budget
Outcome I: Implementation of a strategic vision for PA financial sustainability	Business planning: In the last year of the project, the Project Coordinator will develop a 3-year plan of PAs (names, location, timing, and resources) for gradual further promotion of the business planning concept. The cost of developing one business plan is assessed at about US$ 2,000. Therefore, development of business plans for 200 PAs participating in the PA Association (100 during project lifetime and additional 100 two years after project closure) will cost US$ 20,000 – 40,000 in 3 years. The Project Coordinator will strive to reach a bilateral agreement between the PA Association and Government authorities supervising the PAs, to share the costs of this exercise such that 50% of the cost of business plan preparation will be covered through Government allocation, and the rest covered through own funds. This replication plan is believed to be financially and institutionally feasible. Resources allocated for triggering this replication element within the project are assessed at US$ 15,000. Resources that are going to be allocated by the Government from the State Budget for implementation of this replication element are assessed at a minimum of US$ 0.04 million.
Outcome II: Improved governance of the national PA system	Local branches of the State Service. In its Final Steering Committee meeting, the project will work towards an agreement with the Government on establishment, in the next 5 years beyond the project, of at least 5 new oblast-level branches for oblasts with most important and/or needy PAs. This will require an annual outlay of approximately US$ 60,000. Further, for the 10 year perspective beyond the project, the project Steering Committee will draft a plan for introduction of local State Service branches in all oblasts of Ukraine, except for those where PAs have

Strategy/Outcomes	Anticipated replication strategy and budget
	less than 10% geographic coverage. Cross-oblast PAs. The mechanism will be tested for at least 3 new National Parks after project end. The exact locations and plan for establishment of cross-oblast NNPs will be drawn by the Project Coordinator and presented for approval as part of the replication plan at the Final Steering Committee Meeting. PA assessment tool. As noted, the project will apply, during its life, the tool to 30% of all Ukrainian PAs. At the final Steering Committee Meeting, a plan will be presented to cover, in the 2 years beyond project end, the remaining PAs, and develop a module for automatic inclusion of all newly established PAs in the system. Resources allocated from project to trigger this replication element (including travel, workshops, and national consultants) are US$ 35,000. Resources allocated from the Government (primarily State Service budget and National Action Plan for PAs) for actual replication works, in a 10-year perspective, are assessed at US$ 0.72 million.

Part A.III Management Arrangements

111. The project will be executed following established UNDP national execution (NEX) procedures. The Executing Agency will be the State Service. The Executing Agency will appoint a National Project Director. A summary of the roles and responsibilities of the National Project Director, the Project Coordinator, and the Administrative and Financial Assistant are provided below (detailed TORs for the Project Coordinator and Assistant are in Part D.VIII). The National Project Director will be a high level government official primarily responsible for overall implementation of the Project. This responsibility includes representing and supporting project objectives at high decision making levels within the Ukrainian Government. The National Project Director also takes the primary responsibility for representing the Project to co-financiers, as well as for ensuring that the required government support to reach the milestones of the Project is available.

112. The Project Coordinator will assume overall responsibility for the successful implementation of project activities and the achievement of planned project outputs. S/he will work closely with the national and international experts hired under the project, as well as the Project Assistant, and will report to the National Project Director (assigned by the Ministry of Natural Resources and Environmental Protection) and to the UNDP Country Office. The endorsed work plan presents an authorization to Project Coordinator and UNDP for disburse funds. The Administrative and Financial Assistant will provide assistance to the Project Coordinator in the implementation of day-to-day project activities. S/he is responsible for all administrative (contractual, organizational and logistical) and accounting (disbursements, record-keeping, cash management) matters related to the project.

113. The Executing Agency will establish a Project Steering Committee (PSC) to give advice and guide project implementation. The PSC will consist of representatives of all key stakeholders and will ensure the inclusion of community level interests. Potential PSC participants will be UNDP, State Committee on Forestry, Ukrvodgosp, PA Association representative (to be established by the Project), representatives of Frankfurt Zoological Society, and Tacis. The PSC will monitor the project's implementation, provide guidance and advice, and facilitate communication, cooperation, and coordination among stakeholders and other project partners. At the initial stage of project implementation, the PSC may, if deemed advantageous, wish to meet more frequently to build common understanding and to ensure that the project is initiated properly. Further details on the PSC are provided in the monitoring and evaluation section of the document. The project will hire short term national and international experts for specific project assignments (see Part D.VIII for indicative scope of the assignment of key experts/ consultants). Project activities will be contracted out on a competitive basis through tenders.

114. The project will be implemented in close coordination and collaboration with all relevant government institutions, local communities and NGOs, as well as with other related relevant projects in the region. The UNDP-CO will be an active partner in the project's implementation. It will support implementation by maintaining the project budget and project expenditures, contracting project personnel, experts and

subcontractors, undertaking procurement, and providing other assistance upon request of the National Executing Agency. The UNDP-CO will also monitor the project's implementation and achievement of the project outcomes and outputs, and will ensure the proper use of UNDP/GEF funds. Financial transactions, reporting and auditing will be carried out in compliance with national regulations and established UNDP rules and procedures for national project execution.

115. In order to accord proper acknowledgement to GEF for providing funding, a GEF logo will appear on all relevant GEF project publications, including among others, project hardware purchased with GEF funds. Any citation on publications regarding this project funded by the GEF will also accord proper acknowledgment to GEF. The UNDP logo will be more prominent (and separated from the GEF logo if possible), as UN visibility is important for security purposes.

Part A.IV Monitoring and Evaluation Plan

116. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures by the project team and the UNDP Country Office (UNDP-CO) with support from UNDP/GEF Regional Coordination Unit in Bratislava. The Logical Framework Matrix provides impact and outcome indicators for project implementation along with their corresponding means of verification. The METT tool is going to be used as one of the main instruments to monitor progress in PA management effectiveness. The M&E plan includes: inception report, project implementation reviews, quarterly operational reports, a mid-term and final evaluation, etc. Part D.IX outlines the principle components of the Monitoring and Evaluation Plan and the indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized at the Project's Inception Meeting following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Part A.V Budget and Cost Effectiveness

A.V.1 Budget

A.V.2 Cost-effectiveness

117. The project's resources (US$ 5.86 M in total, including US$ 1.8 M of GEF RAF allocation) have to be spent for resolving a critical problem that Ukraine is going to face in the coming 10 years: how, given the financial constraints that the country is facing in the current period of macroeconomic reforms, to finance the PA system which by 2015 will be doubled in line with the Government's plans. Keeping in mind that the current ratio of PA system financing available to financing needed is about 60% on average for the system (see more information in Part D.IV of the document), the challenge is to find the most cost-effective way for the project to make sure that PA expansion is not hampered by lack of resources, but rather, is accompanied by an increase in the ratio of funds available to funds needed.

118. In line with the GEF Council's guidance on assessing cost-effectiveness of projects (Cost Effectiveness Analysis in GEF Projects, GEF/C.25/11, April 29, 2005), the project development team has taken a qualitative approach to identifying the cheapest way, among competing alternatives, of achieving the project objective. A rigorous and quantitative application of cost-effectiveness analysis (where an indicator that best describes the outcome of the intended activities is identified, and the cost of achieving a unit of that indicator for the different competing alternatives is computed) was not feasible.

119. The project preparation team assessed a range of alternative paths to achieving the project's objective of enhancing the financial sustainability and strengthening the institutional capacity of the PA system in Ukraine so that the country's long-term goal of an expanded, bio-geographically representative PA system can be realized. Three alternative scenarios were considered:

(i) Geographical expansion of the PA system without an increase in financial resources available to the PA system: Based on a detailed financial assessment conducted by the project preparation team, it was determined that under the current funding system, resources available to PAs are inadequate for fully realizing conservation management objectives. PAs derive 95% of their funding from government and this

funding can only meet approximately 60% of their funding needs on average. (The detailed financial analysis is provided in the project document, but not included in the PIF due to space restrictions.) This scenario is clearly not feasible because it will mean an effective decrease in PA financing per hectare.

120. Geographical expansion with external donor funding (e.g., GEF) for financially supporting new PAs over the next 4-5 years: This would amount, according to calculations of IUCN and local economists, to an additional US$ 4,000,000. This financing would end in 4 years, and sustainability of the expanding national system of PAs would remain in question.

(i) PA system expansion paralleled by an adequate increase in financing from state and own PA resources, without changing the current proportion (i.e. 95% financing from state, 5% from own resources): This scenario could be sustainable if the country enters a period of macroeconomic prosperity and growth in people's welfare whereby a country as big as Ukraine (20 million people) can afford increasing financing of nature conservation and PA management. However, this is not a realistic possibility for Ukraine, and would put a huge burden on the state budget.

(ii) PA expansion paralleled by an adequate absolute increase in financing, but with a changed proportion, where there is less percentage coming from the state, and more from own revenue generation sources. This is the only sustainable path in the current political climate. The most cost-effective way of supporting this scenario is to target Ukraine's limited GEF-4 allocation to removing the key barriers that hamper the PA system from realizing this financially sustainable path. Within the confines of the GEF-4 RAF allocation and 4-year time horizon, the government feels the project's three outcomes are the critical building blocks for setting in motion a more sustainable PA financial paradigm. The project's limited resources will: put in place a realistic strategy for PA financing from all sources; unify PA managers as a single force and strengthen their advocacy capacity for furthering PA financial needs through the state bureaucracy; develop and test innovative site-based revenue generation mechanisms that involve residents of PAs; remove administrative and institutional barriers such as lack of decentralization of the PA governance structure that can greatly enhance the efficiency of PA operations; and develop country wide-replication mechanisms.

Part A.VI Legal Context

121. This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement (SBAA) between the Government of Ukraine and the United Nations Development Programme, signed by the parties in 1993. The host country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement. The UNDP Resident Representative in Ukraine is authorized to effect in writing the following types of revision to this Project Document, provided that he/ she has verified the agreement thereto by the UNDP-GEF Unit and it is assured that the other signatories to the Project Document have no objection to the proposed changes:

(iii) Revision of, or addition to, any of the annexes to the Project Document;
(iv) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increased due to inflation;
(v) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
(vi) Inclusion of additional annexes and attachments only as set out here in this Project Document.

SECTION B: STRATEGIC RESULTS FRAMEWORK AND GEF INCREMENT

Part B.I Incremental Cost Analysis

Project background

122. This project is a prime national priority and a major element in fulfilling Ukraine's commitments towards the 2010 global target of halting biodiversity loss asserted under CBD Conference of Parties. Ukraine's PA System features unique internationally important biodiversity. The country has 4 Biosphere Reserves, 141 Important Bird Areas (home to 11 globally threatened bird species), and 33 Ramsar Sites. Overall, about 19.7% of Ukraine is considered to have a relatively undisturbed natural environment, represented mainly by forests, meadows, and wetlands, with about 12.7% considered natural. Over 44% of forests have conservation value. The country has over 7,000 PAs covering 2.8 million ha (4.6% of its territory). Key threats to biodiversity in PAs are illegal hunting and disturbance, habitat degradation as a result of past drainage of peat lands, encroaching economic activities from outside the PAs (agriculture and water management), and fires. The project addresses the two main barriers that prevent the national PA system from effectively addressing the threats to biodiversity and their root-causes: (1) deficiencies in the national PA governance system, (2) inadequate resources for PA authorities to implement conservation plans and an almost exclusive dependence of the PA system on Government financing.

Baseline trend of development of the Ukrainian PA system and key baseline programs

123. Based on an assessment by IUCN, designation and development of the network in 1994-2007 cost the Government US$ 5.1 million. Management of the entire network costs the Government at least US$ 4,000,000 annually in recurrent costs and $4.4 million for capital improvements. Recently, in the 2007 budget plan, state financing of PAs rose compared to 2006 actual expenditure. However, it is not certain whether this will become a trend and whether it will match the growth in the expanding geographic area of PAs.

124. A key element of the project's baseline is the National Program for Establishment of the Ecological Network in Ukraine in 2000–2015 (or EcoNet 2015) that was adopted as law on 21 September 2000. The Government is planning to spend US$ 4,000,000 over the period 2006-2015 on the following 5 objectives of this Program:

(i) Creation of new PAs (US$ 480,000 over 2007-2015);
(ii) Support of state PA cadastre (US$ 450,000 over 2007-2015): Includes costs for setting up computerized state cadastre software; inventory of PAs; setting up of a single country-wide GIS system and linking this with state cadastre; production of publications and statistical reports;
(iii) Conservation measures for particular flora and fauna species (US$ 2,620,000 over 2007-2015): Components here include further improvement of the legislation and support to state cadastre of flora and fauna species; inventory of habitats and species of flora listed in the Ukrainian Red Data Book; inventory of plant communities listed in Ukrainian Green Data Book; regular assessments of the condition of species listed in the Ukrainian Red Data Book; setting up center for artificial cultivation/breeding of species that are threatened; creation and support of gene banks for rare and threatened flora and fauna species;
(iv) Support for participation in international conventions (US$ 1,040,000 over 2007-2015): Activities to be supported include creation and support of the national and regional data bases on the EcoNet Program; development of a general physical plan for the EcoNet; development of regional physical plans for the EcoNet; national census of sites of cultural and natural importance; identification of new wetlands that meet criteria as Ramsar sites; development of management plans for internationally important wetlands; identification of sites that meet criteria under the 1979 Convention on Conservation of Wild Flora and Fauna in Europe; description of sites nominated for receiving the Council of Europe Diploma; description of sites nominated for special census of biogenetically important areas; census of wetlands of national and local importance; and development of management plans for wetlands of national importance. Government resources to be allocated; and
(v) Scientific support to establishment of the EcoNet (US$ 760,000 over 2007-2015).

125. Further, under the baseline scenario, management of the PA system will be largely guided by the Biodiversity and PA Management Action Plan 2020 (or Action Program 2020). The Program is divided into three phases: (1) 2007-2011, (2) 2012–2015, and (3) 2016–2020. The Action Program envisages allocation of resources towards "strengthening existing capacities of protected area governance"; "financing of protected area

institutions"; "further development of the protected area governance system", and "scientific research for protected area matters". Key expected results of this major baseline element are forecasted (as of 2007) to be:

(i) Increase in the PA share to 10.4% of Ukraine;
(ii) Improved PA governance;
(iii) Approximation of national PA classification to IUCN categories;
(iv) Introduction of mechanisms for fair access to genetic resources within the PA system;
(v) Support further development of the state cadastre of PAs;
(vi) Better protection of the genetic funds of wildlife;
(vii) Avoidance of inadequate use of PAs;
(viii) Enabling fundamental and applied scientific research;
(ix) Rational use of natural resources within PAs;
(x) Improved financial condition of PAs;
(xi) Better ecological education, awareness raising, engagement of people in environmental protection matters;
(xii) Further improvement of PA legislation and its approximation to the EU;
(xiii) Retaining high-quality specialists within the business of PA management;
(xiv) Participation in creation of pan-European network of PAs, world biosphere reserve network, Ramsar sites network;
(xv) Better implementation of international conventions.

126. The Biodiversity and PA Management Action Plan 2020 is a very ambitious long-term plan. It is an important sign of Government commitment to improvement of the PA system. However, the effectiveness of its implementation depends critically on whether or not administrative, financial and business barriers to the sustainability of the PA system are addressed.

127. Forests of Ukraine, is a state program that will run through 2015, disbursing a record US$ 300 million in the remaining period. The program aims at raising the sustainability of the forestry sector in Ukraine, while expanding the area under forests to 16.1%. One of the pillars of the program is conservation of forest biodiversity. Forests under PAs managed by the State Forestry Committee are planned to be expanded by 82.1 thousand ha. The Program envisages increased reforestation, better forest monitoring, and raising the skills and qualifications of the forestry sector professionals. Budget for forest monitoring, support of PAs, and forest renewal is $0.285 million.

128. The State Program on Water Resources Management for 2002-2011 aims to stabilize the growth in the use of water resources and improve the ecological state of water bodies. The total budget of the program is US$ 1 billion. The Program will support the development of water-protected zones, coastal reinforcement by means of afforestation of bank strips, etc. The project will also establish the Pripyat Departments for Water Resources Management. The program does not envisage restoration of degraded wetlands. The budget for protection of lands (ravines, hollows) from erosion and the afforestation of water-regulating strips is $1.43 million.

129. The National Program for the Environmental Rehabilitation of the Dnipro River Basin and Improvement of the Quality of Drinking Water in Ukraine, adopted in 1997, envisages the construction of anti-flood facilities, identification and elimination of pollution sources, soil improvement activities, introduction of protective forest strips, and the development of the special PA network in the Dnieper basin. Specifically, in the Pripyat River, it includes the afforestation of water protection strips and establishment and improvement of 3 PAs (Pivdennopoliskyi, Korostyshivskyi and Kostopilskyi National Nature Parks). It has received funding of $0.2 million for the years 2007-2008. The total budget of the program is US$ 640,515,873.

130. Community-based conservation and sustainable alternative livelihoods: At present there are no governmental expenditures for supporting community based conservation activities or supporting the development of sustainable alternative livelihoods. The European Ecological Network Fund and Frankfurt Zoological Society have financed some renaturalization activities, but those were attached solely to land owned by PAs and did not presuppose innovative partnerships.

Global Environmental Objective

131. The goal of the project is to secure long-term conservation of biodiversity within the Ukrainian PA system. The objective of the project is to enhance the financial sustainability and strengthen the institutional capacity and of the PA system in Ukraine, while validating innovative PA revenue generation mechanisms at the local level.

Alternative

132. The alternative scenario targeted by the project is a financially and institutionally sustainable PA system in Ukraine, capable of producing by 2010, or shortly thereafter, the PA targets set by the CBD. Given plans for PA expansion, and the need for Ukraine to meet the 2010 CBD targets, this project was carefully designed to make sure its outputs together contribute to the alternative vision, ensuring a robust self-sustaining PA system. Given the limited RAF allocation and need to cost-effectively position project activities, the project follows a two-pronged strategy: (i) implementing key systemic reforms, combined with (ii) validation activities at site level that would be further replicated in the national system of PAs.

133. With a view to maximizing the replication potential, three PAs have been selected for the project's validation pillar due to the presence of globally significant and threatened biodiversity, as well as a justified belief that demonstrated sustainability of these 3 sites (of different protected status and at different stages of development), would help replicate experience in the vast majority of the rest of the Polissya and most of the national PA system. The project will build upon the existing baseline conditions with a GEF-financed set of incremental initiatives in conjunction with leveraged non-GEF co-funded sustainable development baseline expenditures. Co-financing will be provided by Government, UNDP, PA administrations, industries, and donors. The project will realize its expected outcomes over a timeline of 4 years. The project is expected to produce the following three outcomes:

(i) A strategic vision for PA financial sustainability,
(ii) Improved governance of the national PA system in Ukraine,
(iii) Enhanced capacity to replicate project approach through out the national PA system.

System Boundary

134. The administrative boundary of the project's outcome is the whole PA system in Ukraine. In terms of time, baseline and incremental costs have been assessed over the planned 4-year life-span of the project. The geographic boundary is limited to the direct project effects at the 3 demonstration sites in Ukrainian Polissya, which will serve to provide lessons for replication in the entire Polissya region (up to 300,000 hectares over 5 years) and ultimately (over a 15-year period) to 80% of the Ukrainian PAs (which is 2 million ha). Thematically, the project deals with (1) administrative governance issues, (2) financial and business aspects of PA management, (3) knowledge management/ skills development for PA civil servants and managers. It also covers issues of transboundary and cross-oblast cooperation in PA management, lessons generation and replication.

Summary of Costs

135. The total cost of the project, including co-funding and GEF funds, amounts to US$ 5.86 million. Of this total, co-funding constitutes nearly 70% or US$ 4 million. GEF financing comprises the remaining 30% of the total, or US$ 1.8. The incremental cost matrix below provides a summary breakdown of baseline costs and co-funded and GEF-funded alternative costs.

Table 13. Incremental Cost Matrix

Benefits and Costs	**Baseline (US$)**	**Alternative**	**Increment (US$)**
Global benefits	Further reduction in the populations of threatened, near-threatened, and vulnerable species. Continued degradation of temperate grasslands and fen peat lands.	The alternative scenario will ensure improvement of populations of all IUCN vulnerable, threatened and near-threatened species supported by the Ukrainian PA system, including globally threatened mammals, birds, reptiles, fish and amphibians. By validating the project strategy in Polissya, the project contributes to restoration of two most threatened biotopes in Europe: temperate grasslands (including floodplains of major rivers), and peat lands.	Barriers to PA financial, administrative and ecological sustainability removed
National and local benefits	National, regional and local government entities vested with responsibilities for managing protected areas do not have the capacity to adequately fulfill their responsibilities; locals living near PAs are not engaged with parks administrations in revenue-sharing	Civil servants involved in management of PAs will have greater capacities and skills to fulfill responsibilites; locals and pivate sector will have greater opportunities to particiapte in revenue-sharing arrangements	A vocational training course, National PA financing strategy approved, business plans for key sites developed, Association of PAs established and capacitated, Mechanisms for engagement of PA residents in PA management put in place through PPPs and PA Public Councils.
Outcome I Development of a strategic vision for PA financial sustainability	Financing of protected area institutions under 2020 Action Plan: 237,538,462 Conservation measures for particular flora and fauna species under EcoNet 2015: 1,310,000 **Sub total baseline: 238,848,462**	The Alternative will include the following add-on measures to strengthen financial sustainability of the PA system: PA Financing Strategy Business Planning PPPs for revenue-sharing **Sub total Alternative: 240,984,412**	Ministry of Environment/ State Service: 350,000 State Committee on Forestry: 130,000 Ukrvodgosp: 50,000 Leveraged from local residents & pvt. Sector: 700,000 Shatsk NNP: 100,000 Liubeshiv Rayon Administration: 60,000 **Sub total Cofinancing: 1,390,000** **GEF: 745,950** **Sub-total increment: 2,135,950**

Benefits and Costs	Baseline (US$)	Alternative	Increment (US$)
Outcome II (Governance):	Strengthening existing capacities of PA governance under 2020 Action Plan: 19,446,154 Further development of governance in new PAs under 2020 Action Plan: 13,846,154 Support of the State PA Cadastre under EcoNet 2015: 225,000 Creation of new PAs under EcoNet 2015: 240,000 Forests of Ukraine: 142,500 The National Program for the Environmental Rehabilitation of the Dnipro River Basin and Improvement of the Quality of Drinking Water in Ukraine: 200,000 The State Program on Water Resources Management (2002) for Years 2002-2011: 635,556	The Alternative will include the following targeted governance reforms aimed at increasing operational efficiencies and enabling the government to effectively implement baseline plans for strengthening PA governance Testing of decentralization of State Service Testing cross-oblast protected areas Vocational training on PA management Establishment of an Association of PAs Application of METT	Ministry of Environment/ State Service: 964,800 State Committee on Forestry: 350,000 Ukrvodgosp: 250,000 Ukrainian Agrarian Acad of Science: 80,000 Liubeshiv Rayon Admin: 16,000 **Sub total Cofinancing:** 1,660,800 **GEF: 795,750**
	Sub total baseline: 34,735,363	**Sub total Alternative: 37,191,913**	**Sub total Increment: 2,456,550**
Outcome III Capacity	Scientific research for PAs under 2020 Action Plan: 1,015,385 Scientific support to establishment of EcoNet 2015: 380,000 Support to participation in international conventions under EcoNet 2015: 520,000 **Sub total baseline: 1,915,385**	The Alternative will ensure appropriate M&E and replication of the new targeted measures proposed by the project **Sub total Alternative: 2,939,925**	Ministry of Environment/ State Service: 233,600 State Committee on Forestry: 360,000 Frankfurt Zoological Society: 200,000 UNDP: 50,000 Sub total Cofinancing: 843,600 GEF: 180,940 **Sub total Increment: 1,024,540**
TOTAL	**TOTAL BASELINE: 275,499,209**	**TOTAL ALTERNATIVE: 281,116,249**	**TOTAL INCREMENT: 5,617,040** COFINANCING FOR OUTCOMES: 3,894,400 COFINANCING FOR PROJECT MANAGEMENT: 171,600 TOTAL COFIN: 4,066,000 PROJECT MANAGEMENT (GEF): 77,360 TOTAL GEF: 1,800,000

Part B.II Logical framework analysis

Table 14. Project logical framework

Project Strategy	Objectively verifiable indicators	Baseline	Target	Sources of verification	Assumptions
Objective: Strengthen institutional capacity and enhance the financial sustainability of the PA system in Ukraine	Management Effectiveness of PAs at project sites (METT Scorecard)	Shatsk NNP: 74.2% PS RLP: 22.3% PS NNP: 53.7%	Shatsk NNP: 90% PS RLP: 35% PS NNP: 75%	Application of METT in line with monitoring and evaluation component of the project	There are no external catastrophic events (such as very high standing water; no water at all; complete burning of mires) compromising the project's objective of achieving stabilization or increasing populations of globally threatened species. Indicator species can be easily monitored to assess project impact. Stated co-financing commitments are maintained.
	Ecological Impact at project sites as a result of testing of project's barrier removal strategy at the 3 project sites:				
	Aquatic Warbler Acrocephalus paludicola	Breeding average annual population: 1,800 singing males.	1,800 to 2,000 singing males by project end	Population surveys as recorded by NNP Scientific Department monitoring at key monitoring plots: Pripyat Stokhid NNP and RLP (Pripyat floodplain between villages Scheticn, Nevir, Vetla, Tsir)	
	Density of Great Snipe *Gallinago media*	6-8 pairs (before 2004); 4-5 pairs in 2005	Stabilization at 6-8 pairs by project end	Standard population census and desk studies to calculate density figures at key monitoring plots (2x200 ha) in the Pripyat floodplain between villages Nevir and Lubiaz, and Buzaki and Dobre	
	Number of Lady's Slipper (Cypripedium calceolus	35	40 by project end	Floristic monitoring) in the 3 identified key monitoring plots in the Pripyat-Stokhid floodplain (6 ha in total)	
	Protective coverage of *Cariceta davallianae* community (%)	50%	50-60% by project end	Floristic monitoring at 200 ha monitoring plot at Pozhigski grud near village Pozhig	
Outcome 1: Development of a strategic vision for PA financial	Funds available to funds needed ratio at key Polissyan PAs	(2007) Shatsk NNP: 74.6% PS NNP: 45% PS RLP (2006): 12.5%	Shatsk NNP: 85% PS NNP: 65% PS RLP: 50%	Financial analysis following similar methods used in the PA financial analysis conducted in the project preparation stage	GOU maintains political and operational support to the National Action Plan for Protected Areas System

Project Strategy	Objectively verifiable indicators	Baseline	Target	Sources of verification	Assumptions
sustainability	Financial Sustainability Scorecard Legal and regulatory framework Business planning Tools for revenue generation	28% - 25/out of 89 12% - 9/out of 57 17.4% - 8/out of 46	74.15% - 66/89 57.89% - 33/57 76.08 - 35/46	Financial Sustainability scorecard	Management (a key baseline element of the project). Local residents and private sector stakeholders are willing to participate in PPPs based on economic benefits they can realize.
Outcome 2: Improved Governance of the national protected area system	Effectiveness of newly established local branches of State Service	0%	At least 70%	A specific questionnaire-based tracking tool designed by project management team	There is high level of political acceptance & uptake of the project strategy of administrative reform of the PA system by the national reform process. Cross-oblast PAs progresses smoothly: There is some risk that introduction of new mechanisms is slow or altogether barred, due to overall constitutional and administrative reform in Ukraine.
	Capacity Scorecard Policy formulation Systemic Institutional Implementation Systemic Institutional Individual Engagement and consensus Systemic Institutional Individual Mobilize info and knowledge Systemic Institutional Individual Monitoring Systemic Institutional Individual	 Policy Formulation 4/out of 6 1/out of 3 Implementation 5/out of 9 16/out of 36 6/out of 12 Eng. and consensus 2/out of 6 3/out of 6 2/out of 3 Info and knowledge 2/out of 3 2/out of 3 1/out of 3 Monitoring 2/out of 6 3/out of 6 2/out of 3	 Policy Formulation 6/out of 6 2/out of 3 Implementation 8/out of 9 25/out of 36 10/out of 12 Eng. and consensus 5/out of 6 5/out of 6 3/out of 3 Info and knowledge 3/out of 3 3/out of 3 2/out of 3 Monitoring 4/out of 6 4/out of 6 3/out of 3	Capacity assessment scorecard	
	Number of cross-oblast PAs with strengthened capacity to effectively manage their territories	0	2	Documentation on establishment of cross-oblast PAs	
	Number of staff involved in PA management that undergo mandatory vocational training	0	120 out of 400	Annual project report, final evaluation	
	Number of PA managers applying marketing research and promotion for PA services	0	At least 30 out of 40	Special survey conducted by the host institution of the vocational training course at the end of the project	

Project Strategy	Objectively verifiable indicators	Baseline	Target	Sources of verification	Assumptions
	% of Ukrainian PAs assessed every two years using a METT based system for assessing PA management effectiveness	0	30%	Data of State Service	
	Percent of state funds in the financing of NNPs and RLPs	95%	55%	Statistics of the State Service of PAs and biodiversity conservation	
	% of NNPs and RLPs with business plans	0	30%	Statistics of the State Service of PAs and biodiversity conservation	
Outcome 3: Enhanced capacity to replicate the project's PA management approach throughout the national system	Total new area of PAs (i.e. other than area of project impact), agreed with Government for replication of project mechanisms in the next 5 years beyond project scope	0 ha	300,000 ha	Replication strategy and final project evaluation	A qualified project management team can be put in place
Outcome I: Implementation of a strategic vision for PA financial sustainability Output I.1 National PA Financing Strategy and a set of regulations on PA revenue generation are developed Output I.2 Business planning is initiated as standard practice at PAs Output I.3 Public-private partnerships are tested as a model for revenue generation at NNPs					
Outcome II: Improved governance of the national PA system Output II.1 Decentralization of State Service is tested in Rivne and Volyn Oblasts Output II.2 Mechanism for establishment of cross-oblast PAs is tested for Pripyat-Stokhid Output II.3 Mandatory vocational training module on PA management is introduced Output II.4 Association of Protected Areas is established Output II.5: A system for assessment of PA management effectiveness integrated into the PA decision making process					
Outcome III: Enhanced capacity to replicate the project's PA management approach throughout the national system Output III.1 Monitoring and evaluation system is put in place to track project impacts, extract lessons, and promote adaptive management Output III.2 Lessons learned and best practices are documented for replication in other PAs within the national system of PAs					

SECTION C: TOTAL BUDGET AND WORKPLAN (UNDP ATLAS)

SECTION D: ADDITIONAL INFORMATION

Part D.I Ukraine: Demographics, environment, and socio-economic context

136. Demographics. Based on the national census of 2001, the population of Ukraine is estimated to be 49.5 million, making it the fifth most populous country in Europe (only after Germany, Italy, Great Britain and France) and the 21st most populous country in the world. 68% of the population lives in cities or towns; 31% percent in rural areas. The average population density is 85 people per square kilometer. The population growth rate is negative (-0.8).

137. Environment. Overall, about 19.7% of Ukraine is considered to be a relatively undisturbed natural environment, represented mainly by forests, meadows, and wetlands, with about 12.7% considered to be natural, especially in the Carpathians region, mountainous part of Crimea, and Polissya (forest zone). The environment suffered at the cost of economic interests under Soviet times when nature and natural resources were used in an unwise and exhaustive manner to fuel the economic needs of the Soviet Union (Ukraine provided 70% of raw materials). The resulting negative impacts on the environment were a cause of concern among scientists and the general public, leading to development of nature conservation activities (the first nature reserve in the Russian Empire was created in Ukraine – the well-known steppe reserve Askania-Nova). A defining moment in Ukraine's history was the Chernobyl nuclear catastrophe that brought the country, in the mid 1980s, to the brink of an ecological crisis. Aftermaths extend far beyond strictly environmental issues to a whole complex of socioeconomic, medical, biological, psychological, ethical, ideological and cultural problems. This historical pattern of unsustainable development underpins independent Ukraine's decision to include its environmental policy as a fundamental part of national policy.

138. Political and economic development. After independence in 1991, Ukraine went through a very difficult decade during which economic output and living standards declined dramatically. Since 2000, however, the economy has been growing, bringing higher living standards for most Ukrainians — but not for all. The economy is an emerging free market, with a gross domestic product that has experienced double-digit growth in recent years. Estimated GDP growth rate for 2006 is 7.1%. Formerly a major component of the economy of the Soviet Union (both in industry and agriculture), Ukraine's economy experienced major fluctuations during the 1990s, including hyperinflation and drastic falls in economic output; GDP growth was first registered in 2000, and reforms are continuing. In 2005, GDP stood at US$ 82.88 billion, and per capita GNI at $1,520.

139. The agriculture sector plays a major role in Ukraine's economy and contributes nearly 10% to the GDP. The main crops are: cereals, sunflower seeds and sugar. Ukraine is the 5th largest exporter of cereals in the world. One of the most important natural resources of the country is land. 2/3rd of the land area has chernozem soil (very fertile black soil). Specialists estimate that one-fourth of the world's chernozem soil is located in Ukraine. Agriculture has been evolving since Ukraine achieved independence in 1991, following the breakup of the Soviet Union. State and collective farms were officially dismantled in 2000, and the sudden loss of State agricultural subsidies had an enormous effect on every aspect of Ukrainian agriculture. Of Ukraine's total land area of 60 million hectares, roughly 42 million is classified as agricultural land, which includes cultivated land (grains, technical crops, forages, potatoes and vegetables, and fallow), gardens, orchards, vineyards, and permanent meadows and pastures. Agricultural land use has shifted significantly since independence. Between 1991 and 2000, sown area dropped by about 5 percent, from 32.0 million hectares to 30.4 million, and area decreased for almost every category of crop except for technical crops (specifically sunflowers). Forage-crop area plunged by nearly 40 percent, concurrent with a steep slide in livestock inventories and feed demand.

140. Forestry plays an important role in forested regions of Ukraine, namely in Polissya and Carpathians. Total area of Ukrainian forest lands (forest fund) constitutes 10.8 million ha. 9.4 million ha of it is covered by forest. Forests cover 15.6% of Ukraine's territory (or 16.4% of territory not including inland waters). Since World War II the percentage of forest cover has increased 1.5 times. Growing stock is about 1.7 billion cubic meters. Mean annual increment varies from 5.0 cubic meters per ha in the Carpathians to 2.5 cubic meters per ha in the Steppe area. Forest distribution is uneven, with great forests being concentrated in the Polissya and Carpathians (57%). Ukrainian forests are under state ownership and managed by different state organizations: State Committee of Forestry (68.3%), Ministry of Agricultural Policy (24.0%), Ministry of Defense (2.2%),

Ministry of Emergencies and Affairs of Population Protection from the Consequences of Chernobyl Catastrophe (1.6%), Ministry of Ecology and Natural Resources (0.8%), others (3.1%). As forests have a great importance for Ukrainian environment, the State Committee of Forestry extends forest reserves and territories, where forest exploitation is limited. Forests of the State Committee include about 2,800 PAs occupying about 1 million hectares. In state forest enterprises the share of first-group forests (i.e., forests where exploitation is limited) increased from 34% to 50% since 1961. Clear cutting is prohibited in 40% of forest-covered territories.

141. The emerging tourism industry promises to be a key driver of Ukraine's growing economy, and is one of Ukraine's fastest growing industries. In 2005, 11.2 million foreign visitors were registered (5.6 per cent more than in the past year). Based on calculations recommended by the WTO, foreign visitors have generated USD 2.2 billion during their stay in Ukraine in 2005. In 2000, tourist agencies, hotels and resorts of Ukraine (a total of 5744 units) generated services amounting to 1.32% of the GDP of Ukraine, and 3.3% under the article "effecting of services". The country has an array of compelling resources to attract visitors (unspoiled mountains, ancient cities of great historical interest, unique traditional cultures, and spa facilities left from former times) offering possibilities for tourism in a wide variety of areas such as: art and architecture, active adventure, history and culture, nature and wildlife, spiritual and religious themes, and agricultural tourism. The country's long-term national tourism strategy is delineated in the State Programme of Tourism Development for 2002–2010 (adopted by the Cabinet of Ministers on April 29, 2002). The main strategic goal is to create a powerful national tourism industry capable of producing a competitive tourism product, building on Ukraine's heritage of being a major centre for prophylactic and therapeutic treatment, tourism, and children's recreation when it was part of the former USSR. The State Tourism Administration of Ukraine has also directed considerable efforts at developing rural green tourism. At present, about 1,500 agricultural enterprises, practically in all parts of Ukraine, receive tourists, and this potential can grow twofold.

142. Human development in Ukraine deteriorated sharply during the first part of the 1990s, but began to improve in the second half according to the HDI. Between 1990 and 1995, Ukraine's HDI decreased by about 21%. From 1995 to 2000, however, the index recovered about half the ground lost in the first five years, moving up by 12%. For the decade as a whole, Ukraine shifted from 45th to 80th position out of 173 countries on the human development scale. The environment is an important factor reducing the quality of life for people in Ukraine.

Part D.II Land ownership, Designation, Establishment, and Management Planning Process for PAs in Ukraine

Land ownership

143. Core areas of biosphere reserves, full territories of nature reserves, as well as strictly protected areas of national nature parks, areas of botanical gardens and zoos can only be owned by the state. Territories of the other protected areas can be owned both publicly, privately or by city/regional/ district authorities. This is decided at the time of site designation through a consultative process (called "soglasovanie") with each particular land user. City or regional authorities may be co-owners in cases when a protected area includes, or borders on a human dwelling. Private ownership (predominantly agriculture, household plots, and self-sustainable farming) is widespread for zakazniks (nature reserves), non-core areas of NNPs, and for RLPs. If private owners, whose lands have been included in the territory of a PA at designation with their written agreement, decide to transfer ownership, they are obligated by law to make sure that the conservation condition of the site does not deteriorate. Lands on which zakazniks are established are not withdrawn from the present land ownership. This is also true for most of regional landscape parks. This means that establishment of zakazniks and regional landscape parks have to be coordinated with each land user.

144. Designation, establishment, and management planning process

145. The Regulation by the Ministry of Environment On Elaboration of the Geographic and Management Plans for National Nature Parks, establishes a common sequence of action that needs to be put in place to elaborate and approve NNP geographic boundaries and management plans, after the President of Ukraine issues a decree on the establishment of a NNP. The following phases of the NNP Management Plan preparation are distinguished: (i) Development of a TOR and selection and subcontracting a company eligible to undertake the assignment; (ii) Constituting a "project team" in consultations with the management of the NNP, local authorities, and Ministry of Environment. Project teams may also include NGOs, scientific institutions, and "interested individuals"; (iii) National Nature Parks geographic area is proposed first based on ecological and habitat selection criteria. Research of biological, geomorphologic and hydrological parameters of the area is undertaken; (iv) NNP areas may include state, private and municipal lands. Only state lands are designated as "temporary property of NNP"; private and municipal lands remain under ownership of their owners; (v) NNP can undertake conservation measures without consultations only at its temporarily owned lands within the NNP. If conservation activities have logically to be undertaken at private and municipal lands, these activities must be agreed to by the land users after consultations. Such conservation measures should be designed primarily with ecological criteria in mind, but should include solutions that constitute incentives for private and municipal land owners and are unlikely to be protested; they should strive to contribute to local business development and employment. Specific areas in which this should be promoted are recreation and tourism, ecologically clean/organic agriculture. The management plan includes assessment of critical loads of various activities on ecosystems, provides plans for concrete recreation activities, including nature trails, tourism infrastructure, marketing research, and plans for paid-for services to tourists. The Plan specifies times when particular activities at particular zones are banned – such as tourism or collection of herbs during blooming, migration and breeding seasons. The Plan may presuppose engagement of volunteers (including students from neighboring educational institutions) for patrolling the PA at such time. The outline of the NNP Management Plan is presented in Part D.XIII.

146. The NNP Management Plans are designed for 10 years, but revisions can be done on an ad hoc basis. Before approving an NNP Management Plan, it is checked for coordination/compliance with management plans for forests found within the NNP and other economic plans. Upon approval, in addition to the main text of the plan, there can be specially designed species-based management plans, which become an integral part of the NNP Management Plan. Progress on the Plan is assessed annually and reported on by the scientific department of the NNP. Recommendations may be generated for revision of the plan.

147. Nature Reserves and Biosphere Reserves follow a similar approach to elaboration and approval of boundaries and management plans as NNPs. Regional landscape parks (RLPs) are established by local or regional administrations or separate institutions/entities, who manage them in consultation with the staff of the regional branch of the Ministry of Environment. RLPs are established primarily to ensure conservation of

valuable local or regional biodiversity features, but also to promote environmentally friendly recreation. A physical, conservation and recreation plan is required by law for each RLP. Its elaboration process is simple and the plan is approved by the administration or entity which decided to create the park.

148. By law, NGOs can participate in management of PAs. However, till recently, the role of NGOs was limited to assistance in identification and designation of new PAs, participation in environmental impact assessment, participation in monitoring observance of the established regimes, raising public awareness, and education.

Functional zoning for protected areas

149. Biosphere reserves have 3 functional zones: (i) strictly protected area; (ii) buffer zone; and (iii) zone of anthropogenic landscapes (the latter includes areas with dwellings, under forestry, agriculture or recreation facilities). When a biosphere reserve is established at regional landscape parks or zakazniks, a regulated conservation management zone may be established. National Nature Parks have 4 functional zones: (i) strictly protected area, where no economic activities except for scientific research are allowed; (ii) regulated recreation[15] zone, which contains places of short-term tourist stay, nature trails, nature and historic monuments, places for collection of berries, mushrooms and herbs, fishing spots, river and lake beaches, hunting grounds, and picnic areas; (iii) permanent recreation area, which contains sanatoria and rest-houses, permanent camps, motels; and (4) economic zone, which contains communal and catering facilities, lands not withdrawn from land-users, but included into the area of the park with their agreement and on the understanding that their economic activity is not damaging the biodiversity of the park.

150. Regional landscape parks may be zoned (but do not have to be) using the principles of national nature parks zoning. Nature reserves do not have zones; neither do zakazniks. Zakazniks are classified as landscape, forestry, botanic, zoological, ornithological, entomological, ichthyologic, hydrological, geological, paleontological, and karst. Nature monuments can be habitat-based, botanic, zoological, hydrological or geological. Conservation zones have to be established along the boundaries of nature reserves. They may be established along the borders of national nature parks, regional landscape parks, zakazniks, nature monuments, protected sites, botanic and dendrological gardens, zoos, and city gardens. The major purpose is to exclude placement of industrial or other facilities that might damage the integrity of the PA. Special assessment is carried out by scientists on what limitations have to be established at conservation zones in each particular case.

Relationship between PA planning and forestry planning

151. All Ukrainian forests must fall in one of 4 categories: (i) conservation forests (with water conservation and soil conservation functions); (ii) recreational and sanitary forests (for recreational, sanatorium, and health improvement purposes); (iii) forests of nature conservation value, forests for scientific studies, forests of cultural and historic value; and (iv) economic use forests. During a forest inventory, each parcel is included in one of these 4 categories. The information on the state of the forest, upon giving it a status, is updated regularly to take into account on-going activities and changes. Whatever the category, logging enterprises are banned from logging any tree species or vegetation communities that are listed in the Red Data Book of Ukraine. Collection of NTFPs at stands with such species has to be carried out without harm to their state.

152. Generally, forests that bear unique biodiversity, get assigned as Category 3 forests, and are being included in PAs. Thus, their purpose, as described in the Forest Code (which is to ensure conservation of valuable natural communities, species of flora and fauna listed under the National Red Data Book, Green Book of Ukraine, annexes to international conventions to which Ukraine is a party, IUCN Red List, European Red List, lists of genetically valuable species of trees) coincides with the purpose of PAs in the area of forest management. Such forests receive a guidance note on circumstances under which logging should be limited or excluded; and the main criterion for that guidance is presence of threatened species, borders of biotopes of threatened species; groups of several populations of interdependent threatened, indicator, and endemic species; presence of habitats classified as threatened. One Category 3 forest may therefore present a mosaic containing several parcels with different "forest use regimes". This is currently being finalized as part of a new forestry legislation on *Classification of forests and identification of forests for nature conservation purposes* (to be

[15] Behavior of visitors is regulated by rules established by the Park Administration.

adopted in 2007). If forest users of Category 3 are not excluded from using land after a PA is established, they must follow biodiversity conservation requirements which presuppose both genetic biodiversity conservation, as well as care for threatened species of flora and fauna.

153. PA management plans and PA zoning, when discussing forestry, are guided by the set of rules and regulations governing Category 3 forests, and there is a high level of coherence between Category 3 prescriptions and PA requirements (this is evident in the template NNP management plan included in Part D.XIII). A PA management plan may allow for forestry activities, including collection of NTFP and hunting, provided no harm is inflicted on biodiversity. The problem is not the lack of coherence between documents and instructions; rather it is one of enforcing Category 3 regulations. There are transgressions (such as excessive selective logging causing removal of a valuable tree or group of trees serving as part of a biotope for an important bird species). However, these are minor, and do not present a major threat to the PA system.

Part D.III Review of PA-Related Legislation of Ukraine

Table 15. Review of PA legislation

Law/ policy name	What does it provide for related to protected areas and biodiversity conservation	Drawbacks
Environmental Protection Act (last amended 27 November 2003)	Defines legal, social and economic foundations for environmental protection in Ukraine for the benefits of present and future generations. The Act lists 14 "basic principle of environmental protection", which include "need to ensure preservation of landscape and biological diversity and integrity of natural sites and complexes", "need for scientific justification of economic activities which may damage ecological integrity", and "ensuring environmental protection through international cooperation". The Act defines rights and obligations of Ukrainian citizens in the area of environmental protection, which include rights for court motions, initiation of and participation in public hearings, formation of NGOs. The Act further defines rights of the Supreme Council (Ukrainian Parliament), Cabinet of Ministers, and local councils in setting up the legal framework for environmental protection. Environmental monitoring, information systems, educational activities are further stipulated. Environmental impact assessment is defined. Article 41 of the law, which defines possible economic mechanisms of environmental protection was recently amended and currently allows for "granting to citizens, companies and institutions of tax and credit relief in cases when they employ resource-saving technologies and undertake other effective measures in the area of environmental protection. The Act states that environmental protection overall falls under the jurisdiction of the Ministry of Environment, but that the Cabinet of Ministers can create special services for governance of issues of particular importance. This clause was used for establishment of the State Service for Protected Area Management. Section XII is specifically dedicated to natural sites of special importance, which include (1) protected areas (these are further defined by the Act on National Protected Area Network), (2) health improvement areas, and (3) recreational areas. The Act says that the main instrument for conservation of rare flora and fauna species is the Red Data Book of Ukraine.	The Act sets up the overall environmental framework and is the paramount legal act for all environmental activities. It briefly touches upon biodiversity conservation alongside with other environmental issues, and protected area management is mentioned only superficially.
Ruling of the Council of Ministers of Ukraine "On list of services that PAs can render to generate their own revenue", last amended 2 June 2003, # 827	This is comprehensive list of services (ecotourism, catering, fee collection, etc.) that services as a check list for PAs in terms of what services they may render to generate their own revenue. The details of the list are discussed in the PA Financial Analysis, Part D.VI. The comprehensive nature of the list offers PAs a variety of opportunities for own revenue generation.	Of all services listed, only few are being actually used by PAs. The reason is non-existent culture of business planning that could build on this legal opportunity.

Law/ policy name	What does it provide for related to protected areas and biodiversity conservation	Drawbacks
Protected Areas Act, last amended 11.12.2003	The law is the main legal act setting the basics of governance, conservation, and effective use of protected areas in Ukraine. The law establishes a classification of protected areas. Ownership rights for PAs are defined for each PA type. Article 8 of the Act lists measures that have to be used to ensure proper conservation of PAs, which include economic mechanisms to stimulate income for conservation measures, ecosystem recovery activities, and international cooperation. Article 10 state citizens' rights related to use of PAs. Section II of the Act defines the PA governance system, specifically the authorized state institutions, PA management units, role of NGOs. Section III discusses management of each particular type of PAs in detail, considering PA status, zoning, conservation measures, designation processes. Scientific backup for PA governance system is discussed in Section V. Section VI is dedicated to economic mechanisms to support PAs. Article 47 allows PA management units to raise funds from sale of own products and services, and retain 100% of such funds for themselves. The size of such charges can be established by management units themselves. Further, Article 48 allows for establishment of protected area funds or nature reserves, biosphere reserves, national nature parks, regional landscape parks, botanic and dendrological gardens, zoos. Article 48 suggests that such funds can be pooled from (1) portion of fines paid for violations of the PA legislation, (2) costs of confiscated goods at PA territories, (3) part of payments by entities owned NOT by the PA but situated at the PA who pollute the area or use its resource [note: currently these payments are made to local and regional administrative budgets]; voluntary contributions. The Fund resources thus pooled can be used only for implementation of PA management plans. A Board of the Fund is formed to govern it, which may consist of PA administration, state officials in the area of protected area management, NGOs, scientists. For such a Fund to be established, its TOR has to be elaborated and approved by the Ministry of Environment. Article 49 introduces privileges and financial relief for PAs. Costs directly supporting conservation activities at PAs are relieved from taxation. Subcontracts for research activities at PA are eligible for a 50% tax reduction. Contributions to Protected Area Fund are not taxable. At the time of inclusion of more land into a PA, if the newly included land was state-owned agricultural tract of land used in forestry, the PA does not have to pay compensation to the state agricultural or forestry enterprise for loss of income; if agricultural or forestry lands are privately owned, their inclusion is accompanied by compensation which is paid by the state budget. PA administrations, as well as entities located at PAs, do not have to pay land tax. Section VII describes the PA designation process. The Act further discussions PA inventory, maintenance of the cadastre, PA monitoring, guard, and control; law violation cases and enforcement mechanisms, international cooperation.	Some of the mechanisms put in the Act work in practice, including tax exemptions, and collection of revenue raised by sale of own PA products and services their 100% reinvestment for PA management and conservation activities. Other mechanisms (such as PA Funds discussed in Article 48) do not work in practice, as this positive theoretical possibility clashes with the established practice, whereby payments for use of resources and their pollution by entities not owned by the PA (despite the fact that they are located within the PA boundaries) is channeled through the budget of the local administration, not to the PA, and certainly there is a strong lobby of regional and local governance against changing the current status-quo. Mechanisms of compensation to private land-users for loss of agricultural or forestry productivity are suspended through each year's Law on State Budget (this has happened for the last 5 years). Thus, currently this mechanism does not function.

Law/ policy name	What does it provide for related to protected areas and biodiversity conservation	Drawbacks
Regulation of the Cabinet of Ministers of Ukraine on State Biodiversity and Protected Areas Service, last amended 15.12.2005	This Act defines special status of the State Biodiversity and Protected Areas Service of Ukraine.	
Land Code. Last amended 27 November 2003	One of the basic principles of land use legislation, proclaimed by the Land Code, is ensuring of "rational land use and protection of lands", as well as "environmental security". The Land Code divides all lands of Ukraine into 9 categories by the purpose of their end use. These categories are: - agricultural lands - lands under residential and public buildings - lands under protected areas - lands for health improvement facilities - lands for recreational purposes - lands for historic and cultural purposes - forest lands - water lands - lands under industrial sites, roads, energy sector, and defense facilities. Lands which have unclear ownership or use rights are the so-called reserve lands, de-facto owned by the state. Decisions about transfer of lands from one purpose-type to another is made by local authorities. These decisions come with a decision about renewed or new land ownership for the parcel in question, as well as – sometimes with approval of a new physical plan for the parcel in question, or a decision for establishment of a protected area. Even if a land parcel is private, a purpose type is defined for it, and changing it has to be approved by the local authorities regardless of the type of ownership. If private owners ignore this requirement, they may be brought to court. Chapter 7 of the Land Code is dedicated specifically to lands under protected areas. Protected areas can be established on lands in state, private or municipal ownership.	Chapter 7 is only 0.5 pages long, and refers to "special protected areas legislation" for further details.
Action Program for Biodiversity Conservation and Protected Area Management in Ukraine through 2020.	The purpose of the Action Program (hereinafter Biodiversity and PA Management Program 2020) is "implementation of coordinated national policy for protected area management, streamlining the composition of the protected area network, harmonization of cross-sectoral relations in the sustainable use of natural resources, encouraging international cooperation in protected area issues, and generally – ensuring rights of the people of Ukraine for sustainable environment". This is a major baseline element on which this project is	One gap, which is typical for all similar strategy documents adopted in law, is lack of detailed planning. As such, this program builds on the EcoNet 2015 Program, serving in a certain way as its improvement. Yet, it contains some overlap, e.g. both programs mention support to

Law/ policy name	What does it provide for related to protected areas and biodiversity conservation	Drawbacks
Adopted by Cabinet of Ministers of Ukraine in February 2006	constructed. The Program envisages: - Establishment of a representative and well-managed protected area network. It considers that in line with the EcoNet 2015 program, establishment of the EcoNet in Ukraine will be under completion by 2020. In its turn, the 2020 Program considers that better representation be assigned to woody, steppe, grassland, coastal, and wetland areas, and that a special focus should be assigned to establishment of transboundary areas. To enable this, the 2020 Program envisages, among other things, creation of regional units for the State PA and Biodiversity Service. - Improvement of the financing of the PA and biodiversity governance in Ukraine. - Wider application of in-situ conservation measures for particular species and habitats. - reconciliation of economic activities at PAs with biodiversity protection goals by promoting new policies and practical approaches. - scientific support to the biodiversity and PA governance system. - support to vocational training, awareness raising, education. - support to international cooperation.	creation of state cadastre, to scientific research and international cooperation. This points to some lack of coordination between the programs.
National Program for Establishment of the Ecological Network in Ukraine in 2000 – 2015. Adopted to law on 21 September 2000.	This program is the second important baseline elements for the project. The objective of the program is to establish an EcoNet in Ukraine by 2015 in a manner compatible with the pan-European EcoNet. The Program (hereinafter the EcoNet Program 2015) contains definitions of important terms, such as biodiversity, buffer zones, ecological network, land conservation, natural region, natural corridor, natural landscape, ecosystem, biocenosis. Ecological network is defined to include not only protected areas, but also naturally valuable (yet without a protection status) landscapes, also to some extent recreational sites, water conservation zones. The EcoNetwork has 3 tiers – natural regions (which normally should have a protected area as its core), buffer zones, and corridors. Natural regions can be of international, national, or local significance. The priority natural areas / complexes are the Carpathians, Crimea, Donetsk and Priazov hills, Polissya, small rivers, big river estuaries, coastal One of the key objectives of the EcoNet Program is to extend the EcoNet coverage and thus maintain as much as possible of ecosystems in their natural condition, while allowing for sustainable economic activities (both within and outside of protected areas). The program aims to ensure higher protection of species during their migration and wintering; increase ways for migrating species; maintain highest possible level of biodiversity of plants, animals and phytocenosese; measures to avoid integrity of natural habitats at their natural boundaries and human limits (such as roads). One of the assignments of the program is identification and granting protection status to special value sites rich in biodiversity, especially for landscapes and species under threat.	The EcoNet Program was designed primarily as an instrument to implement the 1995 Pan-European Biodiversity Strategy. It is using the definitions of the Strategy. The definition of EcoNet is wider than the protected area network, and there is a certain degree of lack of coordination between this document (which is quite general in nature) and the Biodiversity and PA Action Program 2020. The level of detail in planning and budgeting is very low, which makes it difficult to assess as to how the ambition of the EcoNet Program could in fact be realized.

Law/ policy name	What does it provide for related to protected areas and biodiversity conservation	Drawbacks
	Another element of the program is establishment and maintenance of transboundary sites in order to make the Ukrainian EcoNet one element in the overall European ecological network. The Program specifically mentions Pripyat-Stokhid as one of the potential transboundary sites to be established at the border with Belarus. The program sets the legal ground for carrying out of renaturalization (with focus on steppes, meadows and wetland ecosystem recovery), mainstreaming environmental concerns into agriculture, forestry, hunting and fishing.	
Forest Code, last amended 27.11.2003	The Forest Code covers not only forested lands, but all lands supervised by the State Forestry Committee, which include many wetlands, certain agricultural lands, wastelands. The Forest Code defines roles and responsibilities of various state institutions at various levels (starting with Parliament) as they relate to forest management. The Forest Code splits all forests into four groups, whereby Group I forests are those with mainly nature conservation functions. For further "instructions on use of forests at protected areas" the Forest Code refers to the Protected Areas Act.	The forest code and the water code are sector specific, i.e. they mention biodiversity conservation and PAs very briefly and immediately refer to the Protected Areas Act. However, in case of forestry a set of further by-laws and regulations ensures a pretty good coherence between legislation governing "protection statuses" of forests and legislation on Protected Areas. This is further discussed under the subsection on *Relationship between PA planning and forestry Planning*
Water Code, last amended 27.11.2003	The water code defines roles and responsibilities of state institutions in water management. Section IV is solely dedicated to water conservation. In it Chapter 19 is dedicated to waters found within protected areas. This is full text of Chapter 19: "Water bodies included in protected areas in accordance with acting Ukrainian legislation are subject to protection and use in line with the Protected Areas Act of Ukraine. Any activities that contradict the purpose of protected areas are prohibited."	
Regional strategy for Economic and Social Development of Volyn Region, 2004-2015	The strategy is the basic document for the region's long-term development. One of the priorities in the strategy is *transboundary cooperation with Poland and Belarua* including in areas such as green tourism and protected area management.	The strategy has primarily a framework character, and does not presuppose a detailed and budgeted action plan.

Part D.IV Financial Analysis of the Protected Area System

Background

In Ukraine, PAs may obtain financing from two sources: (1) general national budget to cover their non-conservation capital items, running costs and limited conservation and research work, (2) own revenue. Every year PAs develop their requests for state budget financing. Typically, this includes funding of:

(i) Salaries of PA management unit staff
(ii) Disposable office items
(iii) Field equipment and uniform
(iv) Transportation costs (fuel)
(v) Rent
(vi) Construction and repair of premises
(vii) Communication and telephone
(viii) Conferences and meetings
(ix) Capital items (such as computers, cars, boats)
(x) Scientific and conservation works (except those undertaken under targeted Government programs)

Budget requests are submitted, through the supervising Ministry, to the Ministry of Finance, which issues a final decision on yearly budget allocation for each PA a few months afterwards. The Ministry of Finance pools resources from various nature-conservation and PA programs (e.g. EcoNet 2015) to enable this financing.

PAs, in their requests for resources from the state budget, have to provide information on their proposals for own revenue generation. Own revenue generation is guided by a check-list of services which PAs can sell, approved by the Cabinet of Ministers. The services are:

1. Services in recreation
    a. guided and unguided excursions along marked and unmarked paths, visiting museums, educational centers, nature interpretation
    b. organizing and selling educational and awareness raising materials, as well as in-the-field conservation activities; production and sale of maps
2. Services in research, carrying out assessments and laboratory tests

3. Services in commercial tourism, including: (i) short-term camp sites (maintaining stop-overs, fire places in special places); (ii) places for amateur fishing; (iii) bicycle and horse trails; (iv) hunting; (v) canoeing, boat trips, water ski, wind-surfing; and (vi) agrotourism

4. Services in filming and movie-making
5. Transportation of tourists, use of parking plots, use of ferries
6. Accommodation and catering facilities for tourists
7. Advertisement and publications
8. Veterinary and medical services
9. Sale of milk, meat, eggs, down, leather, stuffed animals, elements of zoological collections
10. Collection and sale of medicinal plants, berries, mushrooms
11. Collection and sale of herbs for herbariums
12. Plantation and sale of herbs, trees, seeds
13. Production and sale of souvenirs
14. Sale of wooden products
15. Rent of equipment, car fleet
16. Entrance fees for walking and driving tourists
17. Fees for organization of festivals, fairs
18. Fees for use of PA logos and name

Entrance fee policy is closely linked to collection capacity. Entrance fees exist only in those PAs that have up to 3 entrances to their territory, and where it is easy to install and operate an entrance check-point. There are several such NNPs, including Shatsk NNP. In cases where PAs neighbor populated areas, or have free access from many points, PAs refrain from introducing entrance fees. Instead, they establish the practice of charging per specific attraction or site that is visited. Many PAs (especially NNPs) provide preferential rates (reduced charges and fees) for socially vulnerable groups (e.g. disabled), which is welcomed by society.

The legislation welcomes fairs, competitions, web-sites, marketing efforts, auctions and other means that PAs may use to attract resources. One of the wide-spread practices is rent of PA facilities/ buildings to private companies. This allows delivery of high-quality services that PAs themselves often are incapable of delivering. Analysis shows that most advanced PAs subcontract private companies and in some cases residents of PAs for:

- construction and operation of camping grounds, hotels, catering facilitates (cafes and restaurants), visitors' centers
- health and recreation centers
- transportation services
- trading companies
- communication services
- guided tours, interpreters
- fun industry (playgrounds for children, etc)

There are some signs (e.g., Shatsk NNP) of the private sector joining PA management in organizing complex services for tourists, and/ or participating jointly in trade fairs and marketing action. Self-generated revenues of PAs may be supplemented by international grants or in-kind contributions from the outside. All sources have to be recorded and presented to the state alongside the PA's request for state budget allocation.

Adequacy of available funds to ensure ecosystem integrity and economic viability of PAs: 3 case studies

Expressing financing of PAs in absolute terms does not assist in drawing conclusions on whether available funding is sufficient for ensuring ecosystem integrity at PAs. Different PAs have different levels of conservation values, business maturity, size of area, staff and material needs. Therefore, absolute "needs" figures would be different for different PAs. A better indicator is the ratio of "funds needed to ensure effective conservation at PAs" vs. "funds cumulatively available from all sources to cover those needs". While the latter part of the co-efficient (i.e. funds available) is possible to calculate based on statistics available from State Service, the first component should come from PA business plans but is not easily identifiable because business planning practice is non-existent. In a way, PA managers rely on their management plan, the previous year's performance and own hunch-feeling when drafting their requests for state budget allocations, and projecting their own revenue generation for the upcoming year. We have tried, however, to identify the optimal level of conservation and economic needs for three sites, different yet characteristic for the PA system in Ukraine: (1) Shatsk National Nature Park (a mature National Nature Park), (2) Pripyat – Stokhid NNP (a new NNP), (3) Pripyat-Stokhid Regional Landscape Park (existing PA under regional authority, a site without a management unit, but bearing important biodiversity). (The information here is consistent with data in the METT).

(1) Shatsk National Nature Park

Total staff:	150
Total territory of PA:	48,977 ha
Area directly managed by PA:	20,856 ha
Degree of recreational load on ecosystem:	high
Key landscape:	lakes, forests, wetlands

Table 16. Funds available from different sources for Shatsk NNP (US$)

Funding source	2005 (actual)	2006 (actual)	2007 (forecast)	2008 (forecast)
State Budget allocation	254,500	280,000	387,400	390,000

Funding source	2005 (actual)	2006 (actual)	2007 (forecast)	2008 (forecast)
Own revenue generated	102,000	70,000	100,000	100,000
Total	356,500	350,000	487,400	490,000

State budget allocation covers:

- salaries and taxes on salaries (59% of state budget allocation)
- uniform
- conferences and awareness raising (0.4% of state budget allocation for NNP)
- equipment (10%)
- car fleet (6.7%)
- buildings (7.7%)
- repairs

Table 17. Funds needed for proper economic sustainability and conservation effectiveness, Shatsk NNP, (Projections in US$)

	2007	2008
Funds for running costs	437,000	492,000
Funds for ecosystem maintenance activities in line with Management Plan	90,000	100,000
Total funds needed	527,000	592,000

Table 18. Ratio of funds available/ funds needed, Shatsk NNP

	2007	2008
Forecast availability / Total funds needed	487.4 / 527 = 92.5%	490 / 592 = 82.8%
Historic availability average between 2005 and 2006 / Total funds needed	(356.5 + 350) / 2 / 527 = 67%	(356.5 + 350) / 2 / 592 = 59.7%
Probability of forecast happening	0.3	0.3
Probability of historic average happening	0.7	0.7
Weighted average ratio of funds available vs. funds needed for Shatsk NNP	74.6%	66.6%

(2) Pripyat-Stokhid National Nature Park

Total staff: 103
Total territory of PA: 39,315.5 ha
Area directly managed by PA: 5,961.9 ha
Degree of recreational load on ecosystem: moderate
Key landscape: wetlands, forests

Table 19. Projection of funds available from different sources for Pripyat-Stokhid NNP in first year of existence (2007), US$

Funding source	2007 (request)	2007 (optimistic scenario, 80% of request is funded)	2007 (realistic scenario, 65%* of request is funded)	Medium between optimistic and realistic scenarios for 2007	Forecast for 2008, projecting a 10% increase in funds compared to 2007
State Budget allocation	475,600	380,480	309,140	344,810	379,291
Own revenue generated	10,000	12,000	10,000	11,000	12,100**
Total	485,600	392,480	319,140	355,810	391,391

** based on past 5 year experience in allocating financing to NNPs in Ukraine. Source: State Service*
*** projection for baseline scenario*

In 2007, state budget allocation is requested to pay for:

- salaries and taxes on salaries (52% of state budget allocation request)
- preparation of management plan and gazetting documentation (24.5%)
- uniforms
- equipment (2.3%)
- car fleet and boats (5.8%)
- buildings (2.5%)
- repairs
- disposable items

Table 20. Funds needed for proper economic sustainability and conservation effectiveness, Pripyat-Stokhid NNP, projections, US$*

	2007	2008
Funds for running costs	746,000	817,000
Funds for ecosystem maintenance activities	45,000	45,000
Total funds needed	791,000	862,000

**based on documentation for PA establishment and further calculation of economists from State Service, including urgent measures for ecosystem maintenance*

Table 21. Ratio of funds available / funds needed, Pripyat-Stokhid NNP

	2007	2008
Forecast availability / Total funds needed	355.8 / 791 = **45 %**	391.4 / 862 = **45.5%**

(3) Pripyat-Stokhid Regional Landscape Park

Total staff: 0 (a district inspector of environment is supposed to oversee the condition of the RLP)
Total PA area: 22,300 ha (site is located in Rivne Oblast, Zarechnianski district)
Area directly managed by PA: 0 ha
Degree of recreational load / local economic load on ecosystem: moderate
Key landscape: wetlands, forests
Protected area management unit: none

Table 22. Funds available from different sources for Pripyat-Stokhid RLP in 2005-2006, US$*

Funding source	2005 (actual)	2006 (actual)
District budget allocation	2,500**	2,500
Own revenue generated	0	0
Total	2,500	2,500

** Source: Scientific Center for PAs and Biodiversity*
*** Includes: costs of conferences and meetings, 10% of salary of district environmental inspector, maintenance of 2 cars and fuel*

Table 23. Minimal funds needed for proper economic sustainability and conservation effectiveness, Pripyat-Stokhid RLP, projections, US$*

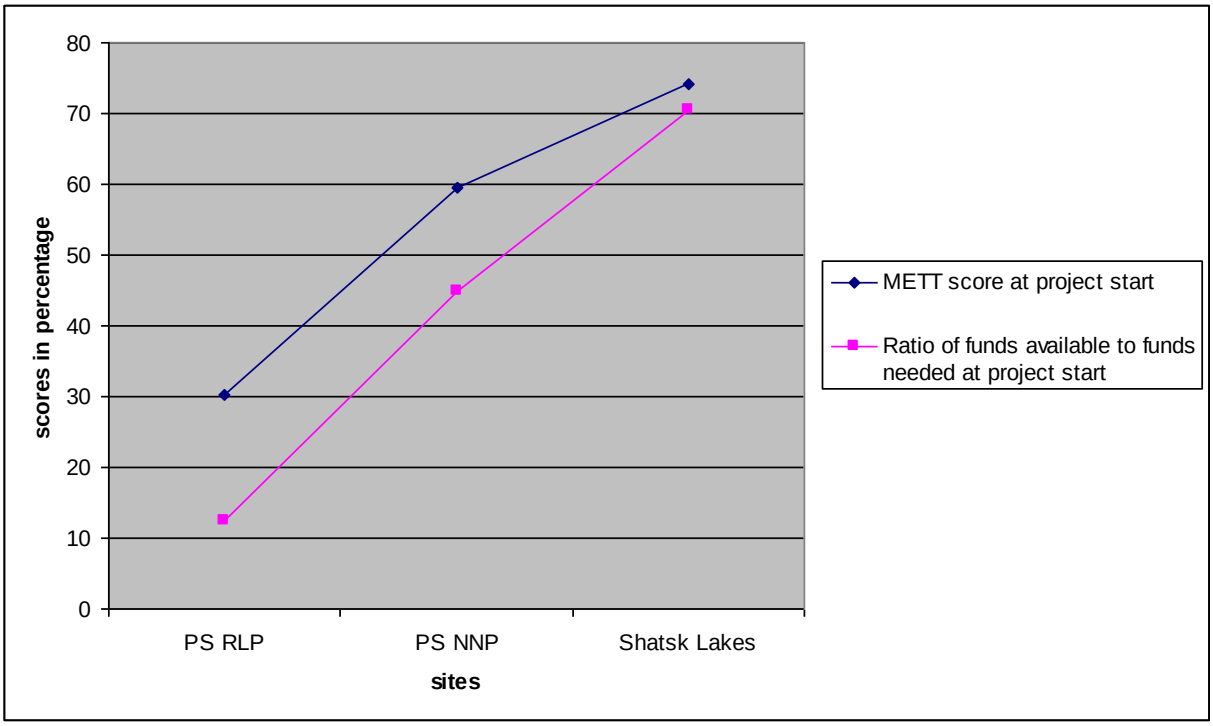
	2006
Funds for ecosystem maintenance activities	20,000

**based on analysis of Scientific Center for PA and Biodiversity*

Table 24. Ratio of funds available / funds needed, Pripyat-Stokhid RLP

	2006
Forecast availability / Total funds needed	2.5 / 20 = **12.5 %**

The graph below juxtaposes the METT scores for the 3 project demonstration sites with their funding ratio:
Fig.4 Funding ratio and METT score correlation



Representativeness of the 3 case studies for the financial situation of the overall PA system
First, let us consider the case of Shatsk NNP. According to specialists of the State PA and Biodiversity Service, in terms of funds sufficiency, Shatsk NNP is ranked in the top 40% of PAs of national importance. In other words, its 75% ratio would be closer to the upper ceiling of a distribution range for such type of PAs (i.e. those that are in existence for quite some time and that have management units). In order to verify this, the project team, based on a similar logic, calculated the ratio for 17 other national parks and biosphere reserves. Altogether, such PAs (biosphere reserves, nature reserves, NNPs and RLPs with management units) make up 58% of all PAs by territory. Data are presented in Table below.

Table 25. Funds available to funds needed ratio for 17 other mature PAs with management units

Site name	2005, thousand US$			2006, thousand US$			2007, thousand US$		
	Funds needed *	Funds available **	Ratio ,%	Funds needed *	Funds available **	Ratio ,%	Funds needed *	Funds available **	Ratio ,%
Karpatski biosphere reserve	635	647	101,8	1 466	781	53,3	2 027	932	46,0
Karpatski NNP	543	699	128,7	818	810	99,0	914	948	103,7
Sinevir NNP	453	583	128,7	604	632	104,7	733	804	109,7
Vizhnitski NNP	330	168	50,8	400	176	44,0	749	246	32,8
Podolski Tatri NNP	240	118	49,4	315	144	45,7	537	181	33,8
Elanetski Step NNP	48	30	61,7	49	35	71,0	46	44	95,1
Gorgany nature reserve	126	126	100,5	235	148	63,0	257	173	67,4
Sviati Gori NNP	2 368	343	14,5	511	327	63,9	1 218	374	30,7
Kazantipski NNP	29	19	64,6	25	22	88,6	35	29	83,4
Opukski nature reserve	73	34	46,9	52	41	79,3	76	56	73,8
Yavorivski NNP	98	120	121,9	146	129	88,3	180	161	89,7

Site name	2005, thousand US$			2006, thousand US$			2007, thousand US$		
	Funds needed *	Funds available **	Ratio ,%	Funds needed *	Funds available **	Ratio ,%	Funds needed *	Funds available **	Ratio ,%
Desniansko-Starogutski NNP	330	228	68,9	635	205	32,4	534	265	49,6
Uzhanski NNP	473	272	57,4	789	314	39,8	437	359	82,1
Kremenetski	115	94	81,7	701	118	16,8	695	146	21,0
Gutsulschina NNP	414	271	65,3	397	303	76,3	468	382	81,7
Yachnianski NNP	204	144	70,8	392	165	42,2	414	185	44,6
PAs under State Administration	242	51	21,1	125	75	59,7	195	99	50,9
Simple arithmetic average			72.6			62.8			64.5

** expert assessment of project specialists and economists of the State Service for PAs, which is based on the historic record of detailed financial requests received from the PAs based on their management planning needs, including a request for urgent ecosystem maintenance*

*** based on statistics of the State Service for PAs*

The table above enables us to make some important conclusions:

(i) Approximately 20% of the existing sites with management units in Ukraine cover their needs in full or almost in full (over 90%). However, there is a trend that the number of such PAs is reducing. (E.g. in 2005 about 30% of sites had adequate funds, whereas in 2006 only 18% had adequate funds).

(ii) At the same time, about 35% of the sites meet less than half of their ecological and economic needs, and this trend is worsening (in 2005 this was 12% but in 2007 the figure rose to 35%).

(iii) The average ratio for such PAs ranks between **63 and 73%,** which confirms our assumption that the Shatsk National Nature Park, with its ratio between 66-75% is somewhat higher than average, yet it is pretty much within the representative range for this type of PAs.

Second, we consider the case of the Pripyat-Stokhid National Nature Park. This is a newly established PA with a management unit. Ukraine plans to expand its PA system from the current 4.6% to over 10.4% by 2015. Of the 5.8% planned increase, 3.5% will be an increase through establishment of new nature reserves, NNPs (and extension of biosphere reserves). Further, at least 1% in the "other" category includes RLPs with management units. This means that 4.5% out of 5.8% will be new areas of national or regional importance with management units. Thus, the newly established Pripyat-Stokhid NNP exemplifies at least 77.5% of all areas that will be created in Ukraine before 2015. This case is further important because the creation of the PS NNP is taking place not from scratch, but on the basis of the previously existing RLP with a management unit. Thus, the local professionals who are expected to form its management unit have good previous experience in both nature conservation and lobbying for financial interests. However, even if we taken into account the good starting human capital, i.e. professional level of the specialists who worked on the comprehensive set of documents on establishment of this NNP (please also further see METT assessment for this site), we still end up with the conclusion that the PS NNP in its first year will have a **ratio of 45% of funds available to funds needed**.

There is much less data for newly established PAs with management units, than for existing ones, as not many PAs have been established in the past 4 years. Therefore it is not possible to confirm this ratio with data for other sites. However, the expert assessment of economists from the State Service, based on the "historic experience", confirms that in the first year of creation, Ukrainian PAs of national and regional importance with management units are able to raise about **50%** of their needed costs, but with time their capacity to raise own revenue grows and the ratio may increase. This also signals that it is exactly in the first year after PA creation, when most of the business and experience build-up is critical. This is also an indication of the weakness of the PA system (namely, separated and unorganized PAs that are incapable of advocating for their interests in front of central government institutions in charge of considering budget requests). Since the planned expansion of the PA system by 2015 will more than double the territorial area of PAs, it is paramount that the start-up capacities of PAs in own revenue generation and advocating their interests in front of central government institutions, be properly addressed.

Finally, the third case (Pripyat-Stokhid RLP) gives us a chance to look at what is the financial situation with sites without management units (of regional and local importance). Such sites (zakazniks and RLPs without management units) make up 42% of the Ukrainian PA system by area. The analysis for Pripyat-Stokhid RLP resulted in a **ratio of only 12.5%**. However, there are 2 important factors that need to be taken into account. Firstly, the absolute level of financing for such sites is much lower than that required for NNPs and nature reserves because running costs do not have to include costs of salaries (which for PAs with management units constitute more than 50% of the financing provided). And secondly, as a rule, these areas are smaller size, and have lower population density (which explains somewhat lower levels of threats to their biodiversity). In a way, the Pripyat-Stokhid RLP may be considered an exception in terms of size and biodiversity values. Such areas should normally be designated as National Parks and receive appropriate financing.

However, collecting financial data for this type of PA is even more problematic than for the previous group. Data could only be obtained for one more area (Kinburnska kosa RLP), for which the ratio was calculated as 53.4%. Further, based on expert assessment of the economists of the State Service, it can be argued that for most typical zakazniks and RLPs without management units, the ratio of funds available to funds needed will have a high degree of variation, ranging from **15 to 80%** depending on the size of the area, degree of threats, and interest and capacity of local authorities to sustain the PA. Yet, as long as areas such as Pripyat-Stokhid RLP exist, and the variation range of the ratio has such a high fluctuation, this is a clear signal of financial instability and lack of vision for financing of such PAs.

Conclusions

Based on the above case studies, and drawing on further data from other PAs, Table 26 calculates the weighted average funds available to funds needed ratio for the Ukrainian PA system for 2007, and Table 27 calculates the same ratio on the assumption of its expansion (doubling in area) by 2015, under a baseline (i.e. no-project) scenario.

Table 26. Weighted average ratio of funds available to funds needed for the Ukrainian PA system, 2007

	Existing PAs of national and regional importance with management units	Existing and new PAs without management units
Funds available to funds needed ratio	63-73%, using 68% as average	15-80%, using 47.5% as average
Weight (% of such PAs in the overall PA system), as of 2007*	0.58	0.42
Weighted funds available to funds needed ratio, Ukrainian PA system as a whole, 2007	59.39%	

* *Botanic gardens, nature monuments, zoos, City Park excluded from calculation*

Table 27. Weighted average ratio of funds available to funds needed for the Ukrainian PA system, forecast for 2015

	All new and existing PAs as of 2007	New PAs with management units (under expansion plan)	New PAs without management units (under expansion plan)
% of country by 2015	4.6%	4.5%	1.3%
Weight, as percentage of national PA system	0.44	0.43	0.13
Funds available to funds needed ratio	59.39%	50%	47.5%
Weighted funds available to funds needed ratio, Ukrainian PA system as a whole, 2015: 53.81%			

154. Thus, under a business as usual scenario, the ratio falls from 59.39% in 2007 to 53.81% in 2015. The conclusion which can be drawn from the last two tables is that under the business as usual, i.e. an expansion of the PA system that is unaccompanied by a strategy for revenue generation, the Ukrainian PA system will be driven further away from sustainably meeting its conservation objectives.

PART D.V Threats, root causes and solutions matrix

Table 28. Impacts, threats, root-causes and project strategy

Biological Impact	Root Causes	Normative state	Management Challenges/ Barriers to achieving the normative state	Barrier removal strategy/ Demonstration	Baseline Activities
Threat 1: Habitat loss and degradation					
Shrinking natural habitat of globally threatened, endemic, and indicator species, particularly: (1) fen mire *Sphagnum* peatlands by about 5% annually, (2) floodplain grasslands, (3) open rangelands/ pastures (semi-natural). Impact on following species: Aquatic Warbler (in some years breeding populations reduced by 30-40 pairs), Dalmatian Pelican, Lesser White-Fronted Goose, Concrake, Great Snipe, Lesser Kestrel, Black Vulture *Aegypius monachus*	Impacts of past drainage for agriculture and peat extraction close to PA borders, and in buffer zones; where renaturalization of drained wetlands is taking place, it is "unassisted" by conservation interventions and tends to skip the natural wetland stage, moving directly to forest-type vegetation Erosion on agricultural lands at the outskirts of PAs are encroaching on PAs in the steppe and southern part of the forest-steppe zone Reduction in open pastoralism and carcass management and cessation of hand hay-making as a result of reduction in cattle brought about by rural poverty allow succession to unsuitable overgrown reedbed, scrub or woodland Uncontrolled fires: Agricultural practices	Better implementation of conservation activities stipulated in management plans, to ensure appropriate natural regeneration of formerly drained wetland areas Better implementation of existing legislation that requires agricultural activity near PAs to take into account conservation concerns Greater involvement of local farmers/ pastoralists in implementation of joint PA management activities relying on traditional practices (hay making, reedbed management, carcass management) Better surveillance and enforcement of PA	Financial barriers: The ratio of funds available to funds needed for ecological and economic sustainability of PAs is only 59% for the PA system on average Management plans of PAs are not backed by proper business plans, thus compromising implementation PA system is reliant on state allocations for 95% of its financing needs Governance barriers leading to operational inefficiencies: Vertical reporting lines of the PA governance structure (between State Service and oblast branches of Ministry of Environment) are unclear and this compromises effective support and implementation of PA regulations at the level of each PA because there is a loss of responsibility; Mismatch between staff numbers and responsibilities in the central State Service and regional wildlife departments of the MOE that inhibits implementation of PA	Barrier removal: Develop, approve and launch National PA Financing Strategy, and a set of regulations to assist own PA revenue generation mechanisms (Outcome I) Introduce PA business planning as a system-wide tool and test application (Outcome I) Demonstrate viability of a contract between PA, residents and private businesses as a means to generate additional income for PAs and create a utilitarian stake in conservation for locals (Outcome I) Barrier removal: Decentralize State Service to enable closer and more effective management presence to address PA matters on-site (Outcome II)	Baseline activities related to financial barriers: Government allocations under Biodiversity and PA Management Action Plan 2020 for financing of PA institutions EcoNet 2015: Conservation measures for particular flora and fauna species Baseline activities related to governance barriers: Further development of the PA system, supported by State budget, including allocations for establishment of new PAs Biodiversity and PA Management Action Plan 2020 (component for strengthening existing capacities of the PA governance system) Support of state PA cadastre

Biological Impact	Root Causes	Normative state	Management Challenges/ Barriers to achieving the normative state	Barrier removal strategy/ Demonstration	Baseline Activities
	include setting-up of fires by local farmers to improve quality of agricultural land, and this spreads to vast areas of PAs <u>Road, bridge and flood protection works</u>, which do not take into account conservation needs, are "breaking up" wetland habitats	regulations Integration of biodiversity conservation principles in road, bridge and flood protection works	regulations Due to lack of revenue-sharing arrangements, there is a deadlock regarding establishment of PAs that need to cover more than one administrative oblast for ecological reasons; current system of having separate PAs by oblast results in staffing inadequacies and lack of coordination that compromises effective conservation 80% of PAs are supervised by the State Forestry Committee whose civil servants and PA managers have limited knowledge and skills for PA management; Staff at the State Service, on the other hand, lack knowledge and skills for realizing win-win opportunities that promote conservation and sustainable economic uses Lack of knowledge, evidence, and proven experience on how to ensure ecological safety of road/ bridge construction and flood protection facilities at PAs PA managers and staff are isolated and lack the means to share information and experience on various aspects of PA management including engagement with the private sector for revenue generation	Develop and test mechanism for cross-oblast PA (Outcome II) Develop a comprehensive 100-hour mandatory vocational training module for PA staff (Outcome II) Integrate module and case study for integrating ecological principles into construction works near PAs in mandatory vocational training of PA staff (Outcome II) Establish an association of PAs (Outcome II)	Strengthened implementation of EIA legislation Program Forests of Ukraine State Program on Water Resources Management (2002) for Years 2002-2011 National Program for the Environmental Rehabilitation of the Dnipro River Basin and Improvement of the Quality of Drinking Water in Ukraine Biodiversity and PA Management Action Plan 2020 (scientific research for protected area matters) Scientific support to establishment of EcoNet Government support for Ukraine's participation in international nature-conservation conventions and treaties
Threat 2: Over harvesting of threatened, rare, and endemic species					
European bison (decline from 300 to 3 individuals in	Illegal hunting on staging and wintering grounds due to poverty that drives locals	Better enforcement of PA management plans by administrative units;	Same as above	Same as above	Same as above

Biological Impact	Root Causes	Normative state	Management Challenges/ Barriers to achieving the normative state	Barrier removal strategy/ Demonstration	Baseline Activities
10 years) Black Vulture *Aegypius monachus* (from 60 to 30 individuals over past 15 years) Dalmatian Pelican Rare plants (wet meadow orchids, *Dactylorhiza genera*, *Aldrovanda vesiculosa*, Lady's slipper, rare wetland sedge species (*Cariceta davallianae*) River fish stocks	to illegal hunting Disturbance from tourists is affecting the population of Dalmatian Pelicans Uprooting of plants by herb collectors Amateur fishing for family consumption through blocking river channels	greater involvement of locals in revenue-generating activities of PAs Better capacity of PA administrative units to monitor tourism activities Greater involvement of local people in joint implementation of PA management activities based on traditional practices (e.g., dismantling of temporary fishing dams)			

Part D.VI Stakeholder Analysis and Involvement Plan

155. Throughout the project's development, close contacts were established and maintained with all major Government, scientific and donor stakeholders.

Table 29. Key stakeholder groups and their involvement in project development

Stakeholders	How they were involved in project development
State Service for PA Management	The institutional was the national implementing agency for the PDF B: overall support and guidance to project development assigned a National Project Director regular consultations, meetings with project team, bilaterally or together with project national and international experts participation of National Director and Deputy Head of Service in one field trip to Polissya sites providing information on the state financing of Pas, legal overview, institutional governance system initiated and held cross-border talks with Belarus on possible transborder PAs/Ramsar sites
Research Center on PAs	provided 5 experts directly engaged in project preparation worked directly with international project development consultants during 4 missions participated in bilateral meetings with State Service to discuss and advocate for project strategy participated in field trips to collect data for the project
PA directors and staff (Shatsk NNP, Pripyat-Stokhid NNP)	provided information for the financial PA analysis provided information on the state of biodiversity at Pas hosted 2 missions of project development specialists to collect data for the Project provided information for METT scores
Oblast branches of MoE (Rivne and Volyn oblasts)	4 meetings held to enlist support for the project and collect information Participation in 2 field trips to Polissya PAs with project development specialists
State Forestry Committee	2meetings held to discuss the project outline
Ukrvodgosp	2 meetings held to discuss the project outline
Local residents, private businesses at/ near PAs	discussions at the ground during project preparation field missions
Frankfurt Zoological Society	email communication to discuss project partnership
Tacis	2 meetings and email communication to discuss project partnership
Zarechniansky district administration	2 bilateral meetings to introduce to the project outline and discuss cooperation

156. An assessment of stakeholders was undertaken as part of project preparation in an effort to: (i) identify key stakeholders with respect to PA management in Ukraine; (ii) review stakeholder interests and associated impacts on PA sustainability; and (iii) identify and develop opportunities for the project to benefit stakeholders. Project preparation entailed consultation with a broad range of stakeholder groups using a number of different information gathering methods, including formal and semi-formal interviews, group discussions and workshops. In addition, local consultants participating in project preparation provided information and contributed to the identification of risks, impacts and mitigation strategies.

157. The development of the project was also done in close cooperation with the counterpart project in Belarus. A meeting was held with the Belarusian project and Ministry of Environment of Belarus to discuss and agree on steps towards establishment of a transboundary Ramsar site, which will be assisted by the project. This will continue during the project's implementation. Table below lists the main stakeholders and their potential role in the project.

Table 30. Stakeholder roles in the project and engagement plan

Stakeholder	Role in project
State Service	Will be national executing agency of the project: ensure overall control of project implementation

	will insure integration of project products in national programs on Pas and biodiversity will approve the national PA financing strategy and ensure it being put to implementation will ensure approval of by-laws and regulations needed to put in place mechanisms for own PA revenue generation will coordinate launching of the PA system effectiveness tool, Will incorporate the oblast branches created by the project, and support a replication plan safeguard project replication strategy is developed, coordinated with all relevant organizations, and is put in place will insure that Government co-financing is available leadership in development of the cross-oblast PA mechanisms leading role in adjustment of the EIA procedure
Research Center on Pas and biodiversity	engagement in biological monitoring, relevant for Project Logical Framework a partner to the Vocational training course a potential partner to development of specific guidance on ecologically-safe economic activities at PAs
PA directors and staff (Shatsk NNP, Pripyat-Stokhid NNP)	the cornerstone of the PA association – the founding basis leadership in creating and supporting the PPPs "owners" and beneficiaries of the PA business plan preparation
Oblast branches of the Ministry of Environment (Rivne and Volyn oblasts)	Partners in the cross-oblast PA mechanism, concept development and testing at Pripyat-Stokhid Partners in the development of the mechanism for decentralization of State Service Advisory and coordinating role in the development of the PA Financing Strategy Advisor for the development of new mechanisms for own revenue generation by PAs
State forestry committee	a partner to the elaboration of mechanisms for PA own revenue generation, focusing on Non-Tiber Forest Products beneficiary of the PA vocational training course co-financing
Ukrvodgosp	a partner to development and testing of guidance on rehabilitation of peatlands, and safe road and bridge construction across the Pas co-financing
Local residents, and private businesses at and around Pas	a beneficiary to the PPPs and the PA on-the-ground funding mechanism
Frankfurt Zoological Society	participant of the Project Steering committee co-funding for the project
Tacis	participant of the Project Steering committee co-funding for the project
Lyubeshev and Zarechniansky district administration	key partner for measures aimed at strengthening of Pas without management units such as Pripyat-Stokhid RLP, key partner to the elaboration and testing (at Pripyat-Stokhid) of the cross-oblast mechanism for PA establishment

158. The project will be launched by a well-publicized multi-stakeholder inception workshop. This workshop will provide an opportunity to provide all stakeholders with updated information on the project as well as a basis for further consultation during the project's implementation, and will refine and confirm the work plan. Furthermore, the Project Steering Committee's constituency will ensure broad representation of all key interests throughout the project's implementation. Outcome 2 (PPP) is both a means to improve sustainability of protected areas, as well as an instrument of closest stakeholder involvement. The partnership in the tourism and marketing sector will be an association consisting of local people, park administration, and businesses. In addition, certain project activities will be specifically designed to directly involve local stakeholders in project implementation.

Part D.VII Overview of the biodiversity of Ukrainian Polissya

159. Polissya[16] is a unique biogeographical area encompassing southern Belarus, northern Ukraine and adjacent areas of Poland and Russia, which is characterized by specific geological, morphological and hydrological features. Originally, water from the melting Dnipro and Sozh glaciers formed an immense sea (historically called the Polesian Sea). Over time, sediments transported by rivers and brooks in the surrounding low elevations caused the sea to gradually become shallower and break into large lowland lakes. With time, many of these were transformed into interlinked wetlands of a specific type ("fen mires" or "lowland mires"). The resulting vast mosaic of lakes, floodplains, open wetlands and low hills forms what has been known as Polissya.

160. Polissya is a relatively flat area with absolute altitudes above sea level of 100-170 meters. The watershed between the Baltic and the Black seas is found in its western-most part. The Pripyat river basin is a key ecological and landscape element of the Polissya and is its main waterway. The Pripyat is the second largest tributary of the Dnieper by length, and the largest by catchment size.

161. Polissya is one of the key latitudinal natural corridors containing vast tracts of still natural ecosystems, presenting a combination of forests and wetlands – the two most typical Ukrainian ecosystem types. The Polissya region covers about 19% of Ukraine – an area of 10.5 million ha. In terms of degree of naturalness of habitats and species, Polissya holds the first place among plain landscape regions in Ukraine. Four main elements typical for the Polissya landscape are: (1) vague borders between neighboring relief elements constituting the landscape, (2) wide presence of glacial sandy sediments which account for the spread of nutrient poor soils, abundance of flat wetlands and peat lands, (3) high natural groundwater table, (4) humid climate (with 600-500 mm of annual precipitation).

162. National scientists further divide the Ukrainian Polissya into 5 geobotanic districts: (1) Western Ukrainian Polissya, (2) Dnieper Polissya on the border with Belarus, (3) Central Polissya, (4) Kiev Polissya, and (5) Eastern Polissya. The most biodiversity rich is the Western Ukrainian Polissya district. 35-40% of it is covered by natural forests (primarily pine dominated), combined with a mosaic of Ukraine's largest peat lands (constituting 10-11% of the district; up to 20% of these wetlands are unique *Sphagnum* peat-bearing mires), lakes (Shatsk, Lyubaz and Nobel), and natural grasslands (which is the most threatened biotope in Europe).

163. Polissya has the largest share of Ukraine's peat lands, maintaining about 635,000 ha of them, primarily sedge and sedge-*Hypnum* communities. 3.9 million ha of Polissya are covered by forests, primarily pine, oaks, hornbeams, alder stands. Birch stands are also common. Almost 15% of Polissyan forests are wet, and in Western Polissya 31% of forests are wetland forests (in Rivne oblast it is 48%).

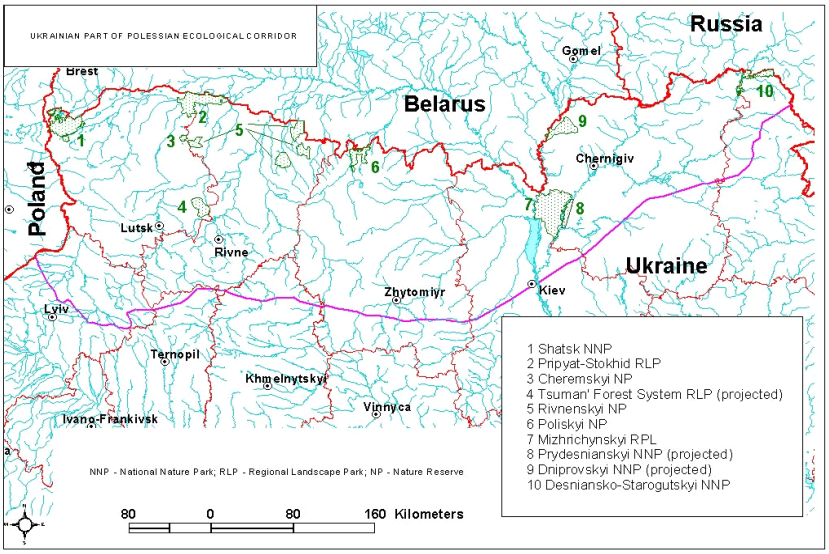
164. Western Ukrainian Polissya belongs to the azonal nature complex and shows rich biological diversity. The Polissya region is an important ecological corridor for many flora and fauna species, and is a very important element in the genetic foundation of East European biodiversity. Two mass bird migration routes meet here: the North-South route of the White-Baltic-Mediterranean Seas and the latitudinal East-West route. This gives a special status to the region as a critical habitat for numerous migrating water birds, including a number of globally threatened species.

165. Despite large-scale drainage in the last century, the Upper Pripyat region has managed to retain much of its unique natural heritage. Specifically, 52 plants and 28 animal species that inhabit the area are listed in the Red Data Book of Ukraine. Two animal species (*Bufo calamita, Laurenti, and Haliaeetus albicilla L.*) are listed in the IUCN Red List. Two plant species (*Silene lithuanica Zapal. and Tragopogon ucrainicus Artemcz.*) along with 7 animal species *(Canis lupus L., Lutra lutra, Rufibrenta ruficollis Pall., Milvus vilvus L., Haliaeetus albicilla L., Crex crex and a large population of Acrocephalus paludicola)* are listed in the European Red List of Animals and Plants. About 10 plant and 200 animal species are protected under the Bern Convention. A number of other species present in the Upper Pripyat, like the *Tetrao urogallus L., Tringa stagnatilis Bechst., Grus grus L.*, have a threatened status in Europe. To provide protection to this biodiversity, the government has established

[16] Polissya is the Ukrainian name for the biogeographic region; in Belarus, Poland and Russia it is called Polesie.

several protected areas in the Polissya region (see Map 1). The Shatsk lakes and the floodplains of Pripyat and Stokhid have been designated Ramsar sites and constitute the most important areas in terms of biodiversity of global significance.

Map 1. The Polissya System of Protected Areas



Note: The map above does not show Pripyat-Stokhid NNP because the Presidential Order has only recently been issued on establishment of this PA. PS NNP will essentially be the area of PS RLP that falls within the Volyn Oblast.

Details of Sites Selected for Validation

Table 31. Specifics of validation sites

Site name	General Characteristics	Biodiversity significance
Shatsk National Nature Park (Area 48,977 ha)	*General.* The site is located in Shatsk Rayon of Volyn Oblast, close to the Polish and Belarusian borders. The site has 18,810 ha under direct PA management. This unique lake-wetland-forest complex comprises 26 glacial-fluvial and karst lakes, sedge-*Hypnum* fen peatlands, transition and bog mires, pine, alder and, birch forests. One of the wetlands of the Park gives origin to the Pripyat River. The site contains a divide between the Baltic and the Black Seas. *Hydrology.* Part of the lake system belongs to the Western-Bug catchment while another is linked to the upper Pripyat catchment through a network of canals and ditches (the eastern and southern parts of the Park are located in the Pripyat floodplain). Lakes and wetlands are recharged through ground water and atmospheric precipitation. The drainage of surrounding areas and a high water uptake have resulted in the deterioration of the hydrological regime. A series of 4 flow-through dams were recently constructed in the Park in the framework of a joint project with the EECONET Action Fund. This pilot action resulted in stabilization of the hydrological regime in 3 lakes. However, a number of wetlands in the uppermost section of the Pripyat floodplain continue to suffer from a significant drop in the groundwater table as well as from canalization of about 20 km of the upper Pripyat reaches. *Land use.* The strict reserve zone of the park (4,805 ha) is excluded from economic activities. The recreational zone (12,325 ha) is subject to limited forestry and recreation activities. Forestry and agriculture (growing of grain crops, potatoes, etc.) are carried out on the rest of the territory with some limitations. Fishing (mainly amateur) and hunting are allowed only on small limited areas. The site has 12 sanatoriums. Resting houses and camping sites are also located on the territory of the site. Annually, up to 100,000 people come here for rest and relaxation, and to enjoy the local climate, coniferous forests, and the healing water of the lake.	The site includes Shatsk Lakes Ramsar site. It is part of the Shatskyi Biosphere Reserve of UNESCO and the transboundary (Ukraine-Poland) Biosphere Reserve "Western Polissya". It is an Important Bird Area (IBA), and a potential Emerald network site. The flora of the Shatsk National Nature Park includes 795 vascular plants and 110 mosses (28 plant species are listed in the National Red Data Book of Ukraine). The fauna of the Park includes 44 mammals, 241 birds, 7 reptiles, 12 amphibians, and 29 fishes. The most important breeding birds of the site are (including globally threatened and threatened in Europe): Great crested Grebe *Podiceps cristatus* 60 - 90 pairs, Bittern *Botaurus stellaris* 100 - 150 pairs, Great white egret *Egretta alba* 15-17 pairs, Grey heron *Ardea cinerea* 50-80 pairs, Mute swan *Cygnus olor* 10 -15 pairs, Grayleg goose *Anser anser* 3 - 5 pairs, Mallard *Anas platyrhynchos* 150 - 200 pairs, Shoveler *Anas clypeata* 80 - 150 pairs, Pochard *Aythya ferina* 80 – 100 pairs, Garganey *Anas querquedula* 250- 350 pairs, Coot *Fulica atra* 250 250 pairs, Ringed plover *Charadrius hiaticula* 3 - 5 pairs, Lapwing *Vanellus vanellus* 350 - 500 pairs, Redshenk *Tringus totanus* 250 - 400 pairs, Black-tailed godwit *Limosa limosa* 150 - 250 pairs, Great snipe *Gallinago media* 10 - 15 pairs, White winged Tern *Chlidonias leucoptera* 450 - 700 pairs, Black Tern *Chlidonias nigra* 300 - 600 pairs, Aquatic Warbler *Acrocephalus paludicola* 30 - 50 pairs. The site is at the intersection of two bird migration ways: the Polissya latitudinal way and the White Sea to the Mediterranean Sea way. More than 10,000 water-birds stop here annually, during spring and autumn migration. Furthermore, about 60,000 birds are observed here during the molting period.

Site name	General Characteristics	Biodiversity significance
Pripyat-Stokhid Regional Landscape Park (Area 22,330 ha)	*General.* The PS RLP is in Zarichanski Rayon of Rivne Oblast. The Park covers the floodplains of the Pripyat and Stokhid Rivers and lies near the border with Belarus. The site is located in between the floodplains of the Pripyat and the Stokhid rivers and encompasses numerous lakes, forests, meadows, islands and wetlands. Rivers, lakes, and peatlands cover over 40% of the site's area. Forests cover about 25% of the site, while grasslands account for another 10%. The site comprises the best-preserved natural complexes of the Pripyat river floodplain. *Hydrology.* Both Pripyat and Stokhid are meandering multi-armlet rivers recharged through melting, rainfall and ground waters. In some sections the channels have been canalized while in others the rivers have overgrown with silt and reeds. Floods are quite regular for the area. *Land use.* There is limited agricultural and forestry activities. These include farming on a number of small fields scattered amidst wetlands and forests, haymaking on meadows and open tall-grass mires, cattle pasturing on meadows and forest openings. Fishing is performed on selected parts of the river (which in winter is accompanied by construction of embankments from pales, tree branches and hay). Bird hunting is common on the site. In winter, hunting of hare and hoofed animals takes place. The site has retained traditional ancient crafts, such as hand sewing and weaving, wedding ceremonies and rites. Rich natural conditions attract numerous amateur hunters and fishermen (special places are assigned for fishing and hunting).	The site comprises two Ramsar sites (Pripyat River Floodplain and Stokhid River Floodplain) visited by thousands of water birds on spring migration. The site is an IBA, a potential Emerald network site, and a potential part of a transboundary (Ukraine-Belarus) protected area or a biosphere reserve. The flora of the site includes more than 700 upper plant species and more than 200 species of algae. The fauna assemblage is represented by 26 mammals, 160 birds, 5 reptiles, 9 amphibians, and 19 fish species. 19 plants and 26 vertebrates are recorded in the National Red Data Book of Ukraine. 13 species are listed in the European Red List. 11 species are listed in the IUCN Red List (3 invertebrates and 8 vertebrates). The site is used by large populations of ducks, Coot, herons, waders, and warblers for breeding. It is an important habitat of the following globally threatened species: *Lutra lutra, Muscaridinus avellanarius,* Aquatic Warbler *Acrocephalus paludicola.*
Pripyat-Stokhid National Nature Park (Area: 39,315 ha)	*General.* The Park is in the process of being established (as of mid-2007). 5,962 ha of the park will be under direct management of the Park Administration. The Park will be located in the Upper Pripyat valley, in the North of Volyn region (Lyubeshevsky districts) on the border with Belarus. The site is remarkable for considerable branching of floodplain of	IBAs: Pripyat River Valley', 'Orikhivski Lakes', 'Turiya River Valley' and 'Pripyat, River Valley' , includes (partly) a Ramsar site 'Pripyat River Floodplain', with the western-most part having potential for a transboundary Ramsar site with Belarus. The number of species recorded is similar to Pripyat-Stokhid

Site name	General Characteristics	Biodiversity significance
	Pripyat River with numerous islands, bogs and lakes, forest stands and meadows. Wetlands cover over 40 % of the area, forests cover approximately 25% and grasslands approximately 10%. The most natural parts of the floodplains of the Pripyat river are found here. *Hydrology*. Pripyat is a river of meandering and multi-arm type, fed by thawed, rain and ground waters. Riverbeds are partially straightened, silted or overgrown by reeds. In the summer, the blooming of blue-green algae is observed. Substantial recurrent floods, promoted by wide-scale drainage amelioration and construction of bridges and dams, are also observed. *Economic Activities:* The territory supports limited forestry and agricultural activities. The latter, in addition to cultivating a number of small fields dispersed among bogs and forests, includes hay harvesting on meadows and open high-grass bogs, as well as cattle grazing on meadows and forest clearings. Some river stretches are used for fishing (assisted in winter by dams made with stakes, tree branches and hay). Hunting of fowl takes place in the floodplain area, while in the winter hare and ungulate animals are hunted in floodplain and forest areas. The following ancient cultural traditions are preserved: hand sewing and weaving, wedding songs and rites. Rich natural resources attract fishermen and hunters (special sites are allocated for those activities).	RLP. There are 11 plant and 19 animal species included in the Red Data Book of Ukraine. Sites of mass breeding of waterfowl (ducks, coot, herons, waders, warblers), as well as habitats of globally threatened animal species *Lutra lutra, Muscaridinus avellanarius,* Aquatic Warbler *Acrocephalus paludicola*, are situated here.

Part D.VIII Terms of Reference for Key Project Staff and Consultants

PROJECT COORDINATOR

Duration: 4 years, full-time

Location: Based in Kiev; duty travel in Ukraine

Scope of the assignment:
The Project Coordinator assumes overall responsibility for the successful implementation of project activities and the achievement of planned project outputs. He/she reports to National Project Director assigned by the Ministry of Natural Resources and Environmental Protection, and the UNDP Country Office.

Duties and responsibilities:

- Supervise and coordinate the project to ensure its results are in accordance with the Project Document and the rules and procedures established in the UNDP Programming Manual;
- Assume primary responsibility for daily project management - both organizational and substantive matters – budgeting, planning and general monitoring of the project;
- Ensure adequate information flow, discussions and feedback among the various stakeholders of the project;
- Ensure adherence to the project's work plan, prepare revisions of the work plan, if required;
- Assume overall responsibility for the proper handling of logistics related to project workshops and events;
- Prepare GEF quarterly project progress reports, as well as any other reports requested by the Executing Agency and UNDP;
- Prepare, and agree with UNDP on, terms of reference for national and international consultants and subcontractors;
- Guide the work of consultants and subcontractors and oversee compliance with the agreed work plan;
- Maintain regular contact with UNDP Country Office and the National Project Director on project implementation issues of their respective competence;
- Monitor the expenditures, commitments and balance of funds under the project budget lines, and draft project budget revisions;
- Assume overall responsibility for the meeting financial delivery targets set out in the agreed annual work plans, reporting on project funds and related record keeping;
- Liaise with project partners to ensure their co-financing contributions are provided within the agreed terms;
- Ensure collection of relevant data necessary to use in the Management Effectiveness Tracking Tool;
- Assume overall responsibility for reporting on project progress vis-à-vis indicators in the logframe;
- Undertake any other actions related to the project as requested by UNDP or the National Project Director.

Expected Results:

- Successful delivery of all project outputs and milestones, as indicated in the project logical framework.

Qualifications and skills:

- University degree in the field of environment protection and management, sustainable human development or related;
- Outstanding communication, project management and organizational skills;
- At least 5 years of experience in development cooperation and project management;

- Familiarity with the working environment and professional standards of international non-profit organizations;
- Working experience with the Ukraine institutions involved in nature conservation;
- Experience in working with the civil society and with participatory approaches;
- Proficiency in English and Ukrainian/Russian. Computer literacy.

Terms and conditions for provision of the services:
- The Project Coordinator reports to UNDP and to the National Project Director at the State Service for PA Management;
- Citizen of Ukraine;
- The Project Coordinator cannot be employed elsewhere during the entire course of the project.

ADMINISTRATIVE AND FINANCIAL ASSISTANT

Duration: 4 years, full-time

Location: Based in Kiev; duty travel in Ukraine

Scope of assignment:
The Administrative and Financial Assistant provides assistance to the Project Coordinator in the implementation of day-to-day project activities. He/she is responsible for all administrative (contractual, organizational and logistical) and all accounting (disbursements, record-keeping, cash management) matters under the project.

Duties and responsibilities:
- Provide general administrative support to ensure the smooth running of the project management unit;
- Project logistical support to the Project Coordinator and project consultants in conducting different project activities (trainings, workshops, stakeholder consultations, arrangements of study tour, etc.);
- During the visits of foreign experts, bear the responsibility for their visa support, transportation, hotel accommodation etc;
- Organize control of budget expenditures by preparing payment documents, and compiling financial reports;
- Maintain the project's disbursement ledger and journal;
- Keep files with project documents, expert reports;
- Control the usage non expendable equipment (record keeping, drawing up regular inventories);
- Keep regular contact with project experts and consultants to inform them about the project details and changes;
- Provide English translation as required;
- Draft correspondence and documents; finalize correspondence of administrative nature; edit reports and other documents for correctness of form and content;
- Arrange duty travel;
- Act on telephone inquiries, fax, post and e-mail transmissions, and co-ordinate appointments;
- Perform any other administrative/financial duties as requested by the Project Coordinator;
- Organize and coordinate the procurement of services and goods under the project;

Expected Results:
- Successful operation of project office

Qualifications and skills:
- University degree;

- Fluency in written and spoken English and Ukrainian/Russian;
- Outstanding time-management, organizational and inter-personal skills;
- At least 2-year experience in office administration, preferably within UNDP projects;
- Excellent computer literacy.

Terms and conditions for provision of the services:

- The Administrative and Financial Assistant reports to the Project Coordinator and works under his/her direct supervision;
- Citizen of Ukraine
- The Administrative and Financial Assistant cannot be employed elsewhere during the entire course of the project.

NATIONAL AND INTERNATIONAL EXPERTS

The project will recruit national and international experts to complete defined tasks in support of the project objective and outcomes. Expertise will be required in PA Management, PA Financing, Business Planning, Legal issues, Project Evaluation, and such. Below is an indicative set of TORs for these experts. Detailed TORs will be developed by the Project Coordinator, in consultation with the NPD and UNDP. Most experts will undertake missions/ field trips as necessary.

1. Senior PA Management Expert (national):

The PA Management Expert will serve as a key biodiversity consultant. S/he will contribute expertise to all outputs of the project to ensure that the project's goal of securing biodiversity conservation in Ukraine's national PA system is realized. Specifically, the expert will:

Output I.1 Provide inputs to the discussion and elaboration of the National PA Financing Strategy, specifically on the feasibility of recommended revenue options in furthering conservation objectives.

Output I.2 Ensure that biodiversity conservation principles are not compromised in business planning exercises at PAs.

Output I.3 Ensure that biodiversity conservation principles are not compromised in public-private partnerships for revenue generation at NNPs.

Output II.1 Ensure that the 2 decentralized units of the State Service that are to be established in Rivne and Volyn Oblasts are configured in ways that ensure improved conservation effectiveness of Shatsk NNP, PS NNP, PS RLP

Output II.2 Ensure that ecosystem integrity concerns are adequately considered in establishment of a cross-oblast PA for Pripyat-Stokhid.

Output II.3 Ensure that conservation principles are adequately reflected in the mandatory vocational training course and impart training.

Output II.4 Advise the Association of Protected Areas on how to maximize its potential as a forum for exchange of information and sharing of lessons on effective PA management.

Output II.5: Provide leadership on integrating the assessment of PA management effectiveness into the PA decision making process.

Output III.1 Provide advice to the project management team on tracking project progress against logframe indicators.

Output III.2 Undertake analyses and document lessons learned and best practices on PA management for replication in other PAs within the national system of PAs.

(Approximate months: 48; approximate monthly rate: $1,300 per month)

2. Scientific Expert (recognized national environmental expert):

The Scientific Expert will:

Output I.3 Ensure that public-private partnerships for revenue generation at NNPs take into account ecological concerns

Output II.2 Ensure adequate consideration and treatment of scientific issues in establishment of cross-oblast PA at Pripyat-Stokhid

Output II.3 For the vocational training course module on integration of biodiversity principles into public works, provide comprehensive treatment of ecological concerns for the Pripyat-Stokhid case study.
Output II.2 Ensure that business planning at the 3 demonstration sites adequately considers ecological carrying capacity
(Approximate months: 32; approximate monthly rate: $1,300 per month)

3. PA Financing and Business Planning Expert (national):

The PA Financing Expert's principal responsibility is to provide advice on the development of the National PA Financing Strategy. S/he will also be responsible for guiding the national executing agency in the integration of business planning as standard practice for PA management authorities. S/he will:
Output I.1 Lead the dialogue, conduct a comprehensive assessment, and suggest feasible recommendations for a National PA Financing Strategy
Output I.2 Support demonstration sites in undertaking a thorough business planning exercise
Output I.3 Ensure that public-private partnerships for revenue generation at NNPs are financially sustainable
Output II.2 Ensure that viable solutions are developed for the issues of revenue sharing and land tax relief across local administrations in cases where the PA straddles more than 1 oblast
Output II.3 Develop and deliver the module on diversifying financing sources for the national PA system and on business planning for PAs
Output II.4 Advise the Association of Protected Areas on attaining financial sustainability
Output III.2 Undertake analyses and document lessons learned and best practices on financial sustainability of PAs for replication in other PAs within the national system of PAs.
(Approximate months: 48; approximate monthly rate: $1,300 per month)

4. Legal Expert (national):

Provide legal expertise for project activities that require the drafting of by-laws, particularly for:
Output I.1 National PA Financing Strategy and a set of regulations on PA revenue generation
Output I.3 Public-private partnerships for revenue generation at NNPs
Output II.1 Decentralization of the State Service
Output II.2 Establishment of cross-oblast PA in Pripyat-Stokhid
Output II.3 Prepare and deliver a module on legal issues related to governance reforms needed for the national system of PAs, PA financing, business planning, and the establishing of PPPs for revenue-sharing
Output II.4 Establishment of the Association of Protected Areas
(Approximate months: 45; approximate monthly rate: $1,300 per month)

5. Evaluation Expert (international):

These TORs will be developed based on UNDP-GEF guidance on the Terms of Reference for mid-term and final independent evaluations.

6. Communications Expert (national):

The Communications Expert will lead the development of a Communications Strategy to promote awareness of the project's strategy, progress, results and lessons among key decision and opinion makers. In addition, s/he will be responsible for recommending and implementing various communications measures that can facilitate the effective realization of the following outputs:
Output I.1 National PA Financing Strategy
Output I.2 Business planning at PAs
Output I.3 Public-private partnerships for revenue generation at NNPs
Output II.2 Mechanism for establishment of cross-oblast PAs
Output II.3 Mandatory vocational training module
Output II.4 Association of Protected Areas
Output III.2 Lessons learned and best practices are documented for replication in other PAs
(Approximate months: 48; approximate monthly rate: $1,300 per month)

7. PA Financing Expert (international)

The international expert on PA Financing will be responsible for bringing in an international perspective and experiences in this field. S/he will work closely with the national PA Financing Expert. Specifically, s/he will:

Output I.1 Undertake a detailed assessment of all possible revenue-raising options and present recommendations on phased implementation; the issue of land tax relief for PAs and the disincentive it creates for local administrations to establish PAs will also be carefully studied to provide feasible recommendations; develop a framework for the National PA Financing Strategy; along with the national PA Financing Expert, lead a national dialogue on the Strategy

Output I.2 Support the development of business plans at the 3 project sites

Output II.2 Analyze and provide recommendations for addressing the deadlock on establishment of cross-oblast PAs that is the result of a lack of appropriate revenue-sharing arrangements among oblasts

Output II.3 Develop and deliver a comprehensive module for the vocational training course on PA financing and business planning, using the project's sites as case studies where appropriate

(Approximate days: 140; approximate daily rate: $600 per day)

Part D.IX Monitoring and Evaluation Plan and Budget

166. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit (RCU) in Bratislava. The Logical Framework Matrix in Annex A provides impact and outcome indicators for project implementation along with their corresponding means of verification. The METT tool is going to be used as one of the main instruments to monitor progress in PA management effectiveness. Baseline METT scores attached in Annex I. The M&E plan includes: inception report, project implementation reviews, quarterly operational reports, a mid-term and final evaluation. The principle components of the M&E Plan and the indicative cost estimates related to M&E activities are outlined below. The project's M&E Plan will be presented and finalized at the Project's Inception Meeting following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Monitoring and reporting[17]

Project Inception Phase

167. A Project Inception Workshop will be conducted with the full project team, relevant government counterparts, co-financing partners, the UNDP-CO and representation from the UNDP-GEF RCU, as well as HQs as appropriate. A fundamental objective of this Inception Workshop will be to assist the project team to understand and take ownership of the project's goals and objectives, as well as finalize preparation of the project's first annual work plan on the basis of the project's logframe matrix. This will include reviewing the logframe (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise finalize the Annual Work Plan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes of the project.

168. Additionally, the purpose of the Inception Workshop (IW) will be to: (i) introduce project staff with the UNDP-GEF expanded team which will support the project during its implementation, namely the CO and responsible RCU staff; (ii) detail the roles, support services and complementary responsibilities of UNDP-CO and RCU staff vis à vis the project team; (iii) provide a detailed overview of UNDP-GEF reporting and M&E requirements, with particular emphasis on the harmonized Annual Project Implementation Reviews (PIRs)/ Annual Project Report (APR), Steering Committee Meetings, as well as mid-term and final evaluations. Equally, the IW will provide an opportunity to inform the project team on UNDP project related budgetary planning, budget reviews, and mandatory budget rephasings. The IW will also provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify for all, each party's responsibilities during the project's implementation phase.

Monitoring responsibilities and events

169. A detailed schedule of project Steering Committee meetings to review project progress will be developed by project management, in consultation with project national executing agency and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Steering Committee Meetings and (ii) project related M&E activities.

170. Day to day monitoring of implementation progress will be the responsibility of the Project Coordinator, assisted by experts as deemed necessary (please see TORs in Annex C and in Part D.X of the Project Document), based on the project's Annual Work Plan and its indicators. The Project Team will

[17] As per GEF guidelines, the project will also be using the BD 1 Management Effectiveness Tracking Tool (METT). New or additional GEF monitoring requirements will be accommodated and adhered to once they are officially launched.

inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion.

171. The Project Coordinator will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the IW with support from UNDP-CO and assisted by the UNDP-GEF RCU. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the AWP. The local implementing agencies will also take part in the IW in which a common vision of overall project goals will be established. Targets and indicators for subsequent years would be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

172. Measurement of impact indicators related to global benefits will occur according to the schedules defined in the IW, using METT score. The measurement of these will be undertaken through subcontracts to relevant institutions. Periodic monitoring of implementation progress will be undertaken by the UNDP-CO through quarterly meetings with the National Executing Agency, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.

173. Annual Monitoring will occur through the Steering Committee Meetings (SCM). This is the highest policy-level meeting of the parties directly involved in the implementation of the project. The project will be subject to Steering Committee Meetings at least every 6 months. The first such meeting will be held within the first 6 months of the start of full implementation.

174. The Project Coordinator in consultation with the CO will prepare a UNDP/GEF PIR/APR and submit it to UNDP-CO at least 2 weeks prior to the Annual Steering Committee Meeting for review and comments. The PIR/APR will be used as one of the basic documents for discussions in the TPR meeting. The Project Coordinator will present the PIR/APR to the Steering Committee, highlighting policy issues and recommendations for the decision of the SCM participants.

175. The terminal SCM review will be held in the last month of project operations. The Project Coordinator will be responsible for preparing the Terminal Report and submitting it to the UNDP-CO. It shall be prepared in draft at least two months in advance of the SCM in order to allow review, and will serve as the basis for discussions in the SCM. The terminal review considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured for other projects under implementation or formulation.

Project Reporting

176. The Project Coordinator in conjunction with the UNDP-GEF extended team will be responsible for the preparation and submission of the following reports that form part of the monitoring process. A Project Inception Report will be prepared immediately following the Inception Workshop. It will include a detailed First Year/Annual Work Plan divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan would include the dates of specific field visits, support missions from the UNDP-CO or the Regional Coordinating Unit (RCU) or consultants, as well as time-frames for meetings of the project's decision making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months time-frame.

177. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may effect project implementation. When finalized the report will be circulated to project counterparts who will be given a period of one calendar month in which to

respond with comments or queries. Prior to this circulation of the IR, the UNDP Country Office will review the document.

178. The UNDP/GEF PIR/APR will be prepared on an annual basis prior to the SCM, to reflect progress achieved in meeting the project's Annual Work Plan and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The PIR/APR will include the following: (i) An analysis of project performance over the reporting period, including outputs produced and, where possible, information on the status of the outcome; (ii) The constraints experienced in the progress towards results and the reasons for these; (iii) The three (at most) major constraints to achievement of results; (iv) AWP and other expenditure reports (ERP generated); (v) lessons learned; and (vi) Clear recommendations for future orientation in addressing key problems in lack of progress.

179. Short reports outlining main updates in project progress will be provided quarterly to the local UNDP Country Office and the UNDP-GEF regional office by the project team. During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the Project, lessons learnt, objectives met, or not achieved, structures and systems implemented, etc. and will be the definitive statement of the Project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's activities.

180. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. These technical reports will represent the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.

Independent evaluations

181. The project will be subject to two independent external evaluations as follows. An independent Mid-Term Evaluation will be undertaken at the mid point of project implementation. The Mid-Term Evaluation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the RCU and UNDP-GEF.

182. An independent Final Evaluation will take place 3 months prior to the terminal tripartite review meeting and will look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities. The TOR for this evaluation will be prepared by the UNDP CO based on guidance from the RCU and UNDP-GEF.

Audit clause

183. GOU will provide the Resident Representative of UNDP Ukraine with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted by the legally recognized auditor of the Government, or by a commercial auditor engaged by the Government.

Learning and knowledge sharing

184. Results from the project will be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and forums. In addition, the project will participate, as relevant and appropriate, in UNDP/GEF sponsored networks, organized for Senior

Personnel working on projects that share common characteristics. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identify and analyzing lessons learned is an on- going process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every 12 months. UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned.

185. Table 32. Project Monitoring and Evaluation Plan and Budget

Type of M&E activity	Responsible Parties	Budget US$	Time frame
Inception Workshop	Project Manager UNDP CO UNDP GEF	5,000	Within first three months of project start up
Inception Report	Project Team UNDP CO	None	Immediately following IW
Conduct METT	Project team	None	Mid-term and end
APR/PIR	Project Team UNDP-CO UNDP-GEF	None	Annually
Steering Committee Meetings	Project Manager UNDP CO	None	Following Project IW and subsequently at least twice a year
Periodic status reports, technical reports	Project team	None	To be determined by Project team and UNDP CO
Mid-term External Evaluation	Project team UNDP- CO UNDP-GEF Regional Coordinating Unit		At the mid-point of project implementation.
	External Consultants (i.e. evaluation team)	41,250	
Final External Evaluation	Project team UNDP-CO UNDP-GEF RCU		At the end of project implementation
	External Consultants (i.e. evaluation team)	41,250	
Terminal Report	Project team UNDP-CO External Consultant	None	At least 1 month before project end
Lessons learned	Project team UNDP-GEF Regional Coordinating Unit Hired consultants	20,000	Yearly
Audit	UNDP-CO Project team	8,000	Yearly
Visits to field sites (UNDP staff travel costs to be charged to IA fees)	UNDP Country Office UNDP-GEF RCU (as appropriate) Government representatives	None	Yearly
TOTAL COST*		**115,500**	

Excluding project team staff time and UNDP staff and travel expenses

Part D.X Financial Scorecard

186. UNDP has developed this scorecard to assist project teams and governments track their progress to make PA systems more financially sustainable.

FINANCIAL SCORECARD – PART I – OVERALL FINANCIAL SITUATION

Overall Sustainability of a National Protected Area System	**Baseline 2006 (US$)[18], thousands**	**2007 (US$), thousands**	**2008+5 (forecasting) (US$), thousands**	**Comments**
(i) Total annual expenditure for PAs (operating and investment costs)				State any extraordinary levels of capital investment in a given year
- national protected areas (NNPs, Biosphere Reserves, Nature Reserves)	16,820	20,895	23,452	
- national areas co-managed by NGOs				
- state/municipal protected areas				
- others				
(ii) Total annual government budget provided for PA management (excluding donor funds)				
- national protected areas	13,389	17,469	19,769	
- national areas co-managed by NGOs				
- state/municipal protected areas				
- others				
(ii) Total annual government budget provided for PA management (including donor funds, loans, debt-for nature swaps)	100	100	100	% of total budget provided by govt.
- national protected areas	13,389	17,469	19,769	
- national areas co-managed by NGOs				
- state/municipal protected areas				
- others				
(iii) Total annual revenue generation from PAs, broken down by source	3,431	3,426	3,683	
a. Tourism (fees, concessions and taxes) [19] b. Payments for ecosystem services (PES)	3,431 0	3,426 0	3,683 0	
(iv) Net annual surplus/deficit[20]	0	0	0	
(v) Percentage of PA generated revenues retained in the PA system for re-investment[21]	100	100	100	% of total budget provided by retained revenues
(vi) Projected revenues (over 5 year period)[22]				

[18] Local currency is Ukrainian Hryvnya (UAH). Exchange rate for 1 US$ is 5.05 UAH (exchange date is May 10, 2007)

[19] Other payments coming from services which PAs provide according to governmental regulation such as guided tours, film-making, research.

[20] According to current legislation national PAs are non-profitable organizations

[21] Nonetheless, according to current legislation national PAs are non-profitable organizations and thus they can not generate profit (funds which they generate can be conditionally named as revenues)

Overall Sustainability of a National Protected Area System	Baseline 2006 (US$)[18], thousands	2007 (US$), thousands	2008+5 (forecasting) (US$), thousands	Comments
- national protected areas	18,630	19,585	20,733	
- national areas co-managed by NGOs				
- state/municipal protected areas				
- others				
(vii) Estimated financing needs for *basic* management costs and investments to be covered	19,343	24,029	26,970	
(viii) Estimated financing needs for *optimal* management costs and investments to be covered	24,389	30,297	34,005	
(ix) Annual actual financing gap (financial needs – available finances)				
a. Annual financing gap for basic expenditure scenarios b. Annual financing gap for optimal expenditure scenarios	2,523 7,570	3,134 9,403	3,518 10,553	

FINANCIAL SCORECARD – PART II – ASSESSING ELEMENTS OF THE FINANCING SYSTEM

					SCORE	TARGET
Component 1 – Legal, regulatory and institutional frameworks						
Element 1 – Legal, policy and regulatory support for revenue generation by PAs	None (0)	A few (1)	Some (2)	Fully (3)		
(i) Laws have been reformed so that they do not constrain or act perversely towards PA revenue mechanisms		1			1	2
(ii) Fiscal instruments such as taxes on tourism and water or tax breaks are introduced	0				0	1
Element 2 - Legal, policy and regulatory support for revenue sharing within the PA system	No (0)	Yes, but suboptimal (1)	Yes, satisfactory (2)	Yes, optimally (3)		
(i) Laws, policies and procedures are in place for PA revenues to be retained by the PA system		1			1	2
(ii) Laws, policies and procedures are in place for PA revenues to be retained, in part, at the PA site level		1			1	2
(iii) Laws, policies and procedures are in place for revenue sharing at the PA site level with local stakeholders	0				0	2
Element 3 - Legal and regulatory conditions for establishing endowment or trust funds[23]						
	No (0)	Yes (3)				
(i) A Trust Fund has been created to finance the PA system	0				0	3
	None (0)	Some (1)	Quite a few (2)	Fully (3)		
(ii) Trust Funds have been created to finance specific PAs		1			1	2

[22] Projected revenues calculated on 5 coming years. First column – 2006+5 years, second column – 2007+5 years and third one – 2008+5 years

[23] Where a PA system does not require a Trust Fund due to robust financing within government award full 9 points

					SCORE	TARGET
	No (0)	Partially (1)	Quite well (2)	Fully (3)		
(iii) Trust Funds are integrated into the national PA financing systems	0				0	2
Element 4 - Legal, policy and regulatory support for alternative institutional arrangements for PA management	None (0)	Partial (1)	Satisfactory (2)	Full (3)		
(i) There are laws which allow and regulate delegation of PA management and associated financial affairs for concessions		1			1	2
(ii) There are laws which allow and regulate delegation of PA management and associated financial affairs for co-management	0				0	2
(ii) There are laws which allow and regulate delegation of PA management and associated financial affairs to local government			2		2	3
(iv) There are laws which allow and regulate delegation of PA management and associated financial affairs for private reserves		1			1	2
Element 5 - National PA financing strategies	Not begun (0)	In progress (1)	Completed (3)	Under implementation (5)		
(i) Policy for revenue generation and fee levels across PAs		1			1	3
(ii) Criteria for allocation of PA budgets to PA sites (business plans, performance etc)	0				0	1
(iii) Safeguards are in place to ensure that revenue generation does not adversely affect conservation objectives of PAs		1			1	3
(iii) Policy to require all PA management plans to include financial sections based on standardized format and criteria		1			1	3
(iv) Degree of implementation of national financing strategy and adoption of policies	0				0	1
Element 6 - Economic valuation of protected area systems	None (0)	Partial (1)	Satisfactory (2)	Full (3)		
(i) Economic data on PA values exists			2		2	3
(ii) PA economic values are properly documented			2		2	3
(iii) PA economic values are recognized across government			2		2	3
Element 7 - Improved government budgeting for PA systems	No (0)	Yes (1)				
(i) Policy of the Treasury towards budgeting for PAs provides for increased medium to long term financial resources in accordance with demonstrated needs		1			1	1
(ii) Policy requires budgeting for PAs based on financial need as determined by the PA business plan	0				0	1
(iii) There are policies that PA budgets should include funds for the livelihoods of communities living in and around the PA as part of threat reduction strategies	0				0	1
Element 8 - Clearly defined institutional responsibilities for PA management and financing	None (0)	Partial (1)	Improving (2)	Full (3)		
(i) Mandates of institutions regarding PA finances are clear and agreed		1			1	2
Element 9 - Well-defined staffing requirements, profiles and incentives at site and system	None	Partial	Almost there (2)	Full		

					SCORE	TARGET
level	(0)	(1)		(3)		
(i) Sufficient number of positions for economists and financial planners and analysts in the PA authorities to properly manage the finances of the PA system		1			1	3
(ii) Laws and regulations motivate PA managers to promote site level financial sustainability		1			1	2
(iii) PA managers are accountable for balanced budgets			2		2	3
(iv) TORs for PA staff include responsibilities for revenue generation, financial management and cost-effectiveness		1			1	3
(v) PA managers have the flexibility to budget and plan for the long-term		1			1	3
(vi) Incentives are offered for PA managers to implement business plans	0				0	2
Total Score for Component 1					**SCORE: 25**	**TARGET: 66**
Component 2 – Business planning and tools for cost-effective management						
Element 1 - Site-level business planning	Not begun (0)	Early stages (1)	Near complete (2)	Completed (3)		
(i) Business plans, based on standard formats, are developed for upto four pilot sites	0				0	1
(ii) Business plans implemented at the pilot sites, measured by degree of achievement of objectives	0				0	1
(iii) Business plans developed for all appropriate sites	0				0	1
(iv) Business plans are directly linked to management plan goals and objectives	0				0	1
(v) Preparation of participatory management plans including business plans in use across the PA network	0				0	1
(vi) Monitoring and reporting on business plans through enhanced activity-based cost accounting that feeds into system wide accounting and budgeting	0				0	2
Element 2 - Operational, transparent and useful accounting and auditing systems	None (0)	Partial (1)	Near complete (2)	Fully completed (3)		
(i) Policy and regulations require comprehensive, coordinated cost accounting systems to be in place		1			1	2
(ii) Transparent and coordinated cost and investment accounting systems are operational (iii) Revenue tracking systems for each PA in place and operational	0	1			1 0	2 2
(iv) Regular monitoring and reporting of PA investments and revenue generation occurs		1			1	2
Element 3 - Systems for monitoring and reporting on financial management performance	None (0)	Partial (1)	Near completed (2)	Done and operational (3)		
(i) All PA revenues and expenditures are fully and accurately reported and tracked by government and are made transparent			2		2	3
(ii) Positive return on investments from capital improvements measured and reported	0				0	1
(iii) Financial performance of PAs is evaluated and reported (linked to cost-effectiveness)		1			1	2
Element 4 - Methods for allocating funds across individual PA sites	No	Yes				

					SCORE	TARGET
	(0)	(1)				
(i) National PA budget is appropriately allocated to sites based on criteria agreed in national financing strategy	0				0	1
(ii) Policy and criteria for allocating funds to co-managed PAs complement site based fundraising efforts	0				0	1
(iii) A monitoring and reporting system in place to show how and why funds are allocated across PA sites and headquarters	0				0	1
Element 5 - Training and support networks to enable park managers to operate more cost-effectively	Not available (0)	Partially done (1)	Almost done (2)	Fully (3)		
(i) Guidance on cost-effective management developed and being used by PA managers		1			1	2
(ii) Operational and investment cost comparisons between PA sites complete, available and being used to track PA manager performance		1			1	2
(iii) Monitoring and learning systems of cost-effectiveness are in place and feed into management policy and planning	0				0	2
(iv) PA managers are trained in financial management and cost-effective management	0				0	1
(v) PA managers share costs of common practices with each other and with PA headquarters[24]		1			1	2
Total Score for Component 2					**SCORE: 9**	**TARGET: 33**
Component 3 – Tools for revenue generation						
Element 1 - Increase in number and variety of revenue sources used across the PA system	No (0)	Partially (1)	A fair amount (2)	Fully (3)		
(i) Analysis of all revenue options for the country complete and available including feasibility studies;		1			1	3
(ii) There is a diverse set of sources and mechanisms generating funds for the PA system		1			1	3
(iii) Increased number of PAs operating effective revenue mechanisms and generating positive returns	0				0	2
Element 2 - Setting and establishment of user fees across the PA system	No (0)	Yes (1)				
(i) A system wide strategy and implementation plan complete and adopted by government for user fees	0				0	1
(ii) The national tourism industry and Ministry is supportive and a partner in the PA user fee system and programmes	0				0	1
(iii) Tourism related infrastructure investment is proposed for PA sites across the network based on revenue potential, return on investment and level of entrance fees		1			1	1
(iv) Where tourism is promoted PA managers can demonstrate maximum revenue whilst still meeting PA conservation objectives		1			1	1
Element 3 - Effective fee collection systems	None (0)	Partial (1)	Towards completion	Full (3)		

[24] This might include aerial surveys, marine pollution monitoring, economic valuations etc.

					SCORE	TARGET
			(2)			
(i) A system wide strategy and implementation plan complete and adopted by PA authorities (including co-managers) for fee collection		1			1	2
Element 4 - Marketing and communication strategies for revenue generation mechanisms	None (0)	Partial (1)	Satisfactory (2)	Full (3)		
(i) Communication campaigns for the public about the tourism fees, new conservation taxes etc are widespread and high profile	0				0	2
Element 5 - Operational PES schemes for PAs[25]	None (0)	Partial (1)	Progressing (2)	Full (3)		
(i) A system wide strategy and implementation plan complete and adopted by government for PES	0				0	2
(ii) Pilot PES schemes at select sites developed	0				0	2
(iii) Operational performance of pilots is evaluated and reported	0				0	2
(iv) Scale up of PES across the PA system is underway	0				0	2
Element 6 - Operational concessions within PAs	None (0)	Partial (1)	Progressing (2)	Full (3)		
(i) A system wide strategy and implementation plan complete and adopted by government for concessions	0				0	2
(ii) Concession opportunities are identified at the site and system levels	0				0	2
(iii) Concession opportunities are operational at pilot sites		1			1	2
(iv) Operational performance of pilots is evaluated, reported and acted upon		1			1	2
Element 7 - PA training programmes on revenue generation mechanisms	None (0)	Limited (1)	Satisfactory (2)	Extensive (3)		
(i) Training courses run by the government and other competent organizations for PA managers on revenue mechanisms and financial administration		1			1	3
Total Score for Component 3					**SCORE: 8**	**TARGET: 35**

FINANCIAL SCORECARD – PART III – SCORING AND MEASURING PROGRESS

	Component 1	Component 2	Component 3	Total
Total Score for PA System	25	9	8	42
Total Possible Score	89	57	46	192
Percentage of actual score of total possible score	28%	15.7%	17.4%	21.87%
Percentage scored previous year	-	-	-	-
Target	66	33	35	134 (69.7%)

[25] Where PES is not appropriate or feasible for a PA system take 12 points off total possible score for the PA system

Part D.XI Capacity Assessment Scorecard

187. UNDP has developed this scorecard to assist project teams and governments track progress in terms of developing individual, institutional and systemic capacities of the national PA system. Baseline scores for the Ukrainian PA system are in bold. By the end of the project, the target is to improve each score by at least one step. The summary results of the scorecard are below; detailed scorecard follows the 3 summary tables.

Strategic Areas of Support	Total Possible Score (TPS)		
	Systemic	Institutional	Individual
1. Capacity to conceptualize and formulate policies, legislations, strategies and programme	6	3	-
2. Capacity to implement policies, legislation, strategies and programmes	9	27	12
3. Capacity to engage and build consensus among all stakeholders	6	6	3
4. Capacity to mobilize information and knowledge: Technical skills related specifically to the requirements of the SPs and associated Conventions	3	3	3
5. Capacity to monitor, evaluate and report and learn at the sector and project levels	6	6	3
Total	**30**	**45**	**21**

Strategic Areas of Support	Baseline Scores		
	Systemic	Institutional	Individual
1. Capacity to conceptualize and formulate policies, legislations, strategies and programme	4	1	-
2. Capacity to implement policies, legislation, strategies and programmes	5	16	6
3. Capacity to engage and build consensus among all stakeholders	2	3	2
4. Capacity to mobilize information and knowledge: Technical skills related specifically to the requirements of the SPs and associated Conventions	2	2	1
5. Capacity to monitor, evaluate and report and learn at the sector and project levels	2	3	2
Total	**15**	**25**	**11**

Strategic Areas of Support	Baseline score as % of TPS (Average)		
	Systemic	**Institutional**	**Individual**
1. Capacity to conceptualize and formulate policies, legislations, strategies and programme	0.67	0.33	-
2. Capacity to implement policies, legislation, strategies and programmes	0.56	0.59	0.50
3. Capacity to engage and build consensus among all stakeholders	0.33	0.50	0.67
4. Capacity to mobilize information and knowledge: Technical skills related specifically to the requirements of the SPs and associated Conventions	0.67	0.67	0.33
5. Capacity to monitor, evaluate and report and learn at the sector and project levels	0.33	0.50	0.67
Total	**0.50**	**0.56**	**0.52**

Strategic Areas of Support	Target score as % of TPS (Average)		
	Systemic	**Institutional**	**Individual**
1. Capacity to conceptualize and formulate policies, legislations, strategies and programme	1.00	0.66	-
2. Capacity to implement policies, legislation, strategies and programmes	0.88	0.69	0.83
3. Capacity to engage and build consensus among all stakeholders	0.83	0.83	1.00
4. Capacity to mobilize information and knowledge: Technical skills related specifically to the requirements of the SPs and associated Conventions	1.00	1.00	0.66
5. Capacity to monitor, evaluate and report and learn at the sector and project levels	0.66	0.66	1.00
Total	**0.86**	**0.86**	**0.86**

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
			Worst State (Score 0)	Marginal State (Score 1)	Satisfactory State (Score 2)	Best State (Score 3)
1. Capacity to conceptualize and formulate policies, legislations, strategies and programmes	Systemic	The protected area agenda is being effectively championed / driven forward	There is essentially no protected area agenda	There are some persons or institutions actively pusueing a protected area agenda but they have little effect or influence	**There are a number of protected area champions that drive the protected area agenda, but more is needed**	There are an adequate number of able "champions" and "leaders" effectively driving forwards a protected area agenda
1. Capacity to conceptualize and formulate policies, legislations, strategies and programmes	Systemic	There is a strong and clear legal mandate for the establishment and management of protected areas	There is no legal framework for protected areas	There is a partial legal framework for protected areasbut it has many inadequacies	**There is a reasonable legal framework for protected areas but it has a few weaknesses and gaps**	There is a strong and clear legal mandate for the establishment and management of protected areas
1. Capacity to conceptualize and formulate policies, legislations, strategies and programmes	Institutional	There is an institution responsible for protected areas able to strategize and plan	Protected area institutions have no plans or strategies	**Protected area institutions do have strategies and plans, but these are old and no longer up to date or were prepared in a totally top-down fashion**	Protected area institutions have some sort of mechanism to update their strategies and plans, but this is irregular or is done in a largely top-down fashion without proper consultation	Protected area institutions have relevant, participatorially prepared, regularly updated strategies and plans
2. Capacity to implement policies, legislation, strategies and programmes	Systemic	There are adequate skills for protected area planning and management	There is a general lack of planning and management skills	Some skills exist but in largely insufficient quantities to guarantee effective planning and management	**Necessary skills for effective protected area management and planning do exist but are stretched and not easily available**	Adequate quantities of the full range of skills necessary for effective protected area planning and management are easily available

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
			Worst State (Score 0)	Marginal State (Score 1)	Satisfactory State (Score 2)	Best State (Score 3)
2. Capacity to implement policies, legislation, strategies and programmes	Systemic	There are protected area systems	No or very few protected area exist and they cover only a small portion of the habitats and ecosystems	Protected area system is patchy both in number and geographical coverage and has many gaps in terms of representativeness	**Protected area system is covering a reasonably representative sample of the major habitats and ecosystems, but still presents some gaps and not all elements are of viable size**	The protected areas includes viable representative examples of all the major habitats and ecosystems of appropriate geographical scale
2. Capacity to implement policies, legislation, strategies and programmes	Systemic	There is a fully transparent oversight authority for the protected areas institutions	There is no oversight at all of protected area institutions	**There is some oversight, but only indirectly and in an untransparent manner**	There is a reasonable oversight mechanism in place providing for regular review but lacks in transparency (e.g. is not independent, or is internalized)	There is a fully transparent oversight authority for the protected areas institutions
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected area institutions are effectively led	Protected area institutions have a total lack of leadership	Protected area institutions exist but leadership is weak and provides little guidance	**Some protected area institutions have reasonably strong leadership but there is still need for improvement**	Protected area institutions are effectively led
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected areas have regularly updated, participatorially prepared, comprehensive management plans	Protected areas have no management plans	**Some protected areas have up-to-date management plans but they are typically not comprehensive and were not participatorially prepared**	Most Protected Areas have management plans though some are old, not participatorially prepared or are less than comprehensive	Every protected area has a regularly updated, participatorially prepared, comprehensive management plan

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
			Worst State (Score 0)	Marginal State (Score 1)	Satisfactory State (Score 2)	Best State (Score 3)
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Human resources are well qualified and motivated	Human resources are poorly qualified and unmotivated	Human resources qualification is spotty, with some well qualified, but many only poorly and in general unmotivated	**HR in general reasonably qualified, but many lack in motivation, or those that are motivated are not sufficiently qualified.**	Human resources are well qualified and motivated
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Management plans are implemented in a timely manner effectively achieving their objectives	There is very little implementation of management plans	Management plans are poorly implemented and their objectives are rarely met	**Management plans are usually implemented in a timely manner, though delays typically occur and some objectives are not met**	Management plans are implemented in a timely manner effectively achieving their objectives
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected area institutions are able to adequately mobilize sufficient quantity of funding, human and material resources to effectively implement their mandate	Protected area institutions typically are severely underfunded and have no capacity to mobilize sufficient resources	**Protected area institutions have some funding and are able to mobilize some human and material resources but not enough to effectively implement their mandate**	Protected area institutions have reasonable capacity to mobilize funding or other resources but not always in sufficient quantities for fully effective implementation of their mandate	Protected area institutions are able to adequately mobilize sufficient quantity of funding, human and material resources to effectively implement their mandate
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Potected area institutions are effectively managed, efficiently deploying their human, financial and other resources to the best effect	While the protected area institution exists it has no management	Institutional management is largely ineffective and does not deploy efficiently the resources at its disposal	**The institution is reasonably managed, but not always in a fully effective manner and at times does not deploy its resources in the most efficient way**	The protected area institution is effectively managed, efficiently deploying its human, financial and other resources to the best effect

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
			Worst State (Score 0)	Marginal State (Score 1)	Satisfactory State (Score 2)	Best State (Score 3)
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected area institutions are highly transparent, fully audited, and publicly accountable	Protected area institutions totally un-transparent, not being held accountable and not audited	Protected area institutions are not transparent but are occasionally audited without being held publicly accountable	**Protected area institutions are regularly audited and there is a fair degree of public accountability but the system is not fully transparent**	The Protected area institutions are highly transparent, fully audited, and publicly accountable
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	There are legally designated protected area institutions with the authority to carry out their mandate	There is no lead institution or agency with a clear mandate or responsibility for protected areas	There are one or more institutions or agencies dealing with protected areas but roles and responsibilities are unclear and there are gaps and overlaps in the arrangements	**There are one or more institutions or agencies dealing with protected areas, the responsibilities of each are fairly clearly defined, but there are still some gaps and overlaps**	Protected Area institutions have clear legal and institutional mandates and the necessary authority to carry this out
2. Capacity to implement policies, legislation, strategies and programmes	Institutional	Protected areas are effectively protected	No enforcement of regulations is taking place	Some enforcement of regulations but largely ineffective and external threats remain active	**Protected area regulations are regularly enforced but are not fully effective and external threats are reduced but not eliminated**	Protected Area regulations are highly effectively enforced and all external threats are negated
2. Capacity to implement policies, legislation, strategies and programmes	Individual	Individuals are able to advance and develop professionally	No career tracks are developed and no training opportunities are provided	**Career tracks are weak and training possibilities are few and not managed transparently**	Clear career tracks developed and training available; HR management however has inadequate performance measurement system	Individuals are able to advance and develop professionally

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
			Worst State (Score 0)	Marginal State (Score 1)	Satisfactory State (Score 2)	Best State (Score 3)
2. Capacity to implement policies, legislation, strategies and programmes	Individual	Individuals are appropriately skilled for their jobs	Skills of individuals do not match job requirements	Individuals have some or poor skills for their jobs	**Individuals are reasonably skilled but could further improve for optimum match with job requirement**	Individuals are appropriately skilled for their jobs
2. Capacity to implement policies, legislation, strategies and programmes	Individual	Individuals are highly motivated	No motivation at all	Motivation uneven, some are but most are not	**Many individuals are motivated but not all**	Individuals are highly motivated
2. Capacity to implement policies, legislation, strategies and programmes	Individual	There are appropriate systems of training, mentoring, and learning in place to maintain a continuous flow of new staff	No mechanisms exist	**Some mechanisms exist but unable to develop enough and unable to provide the full range of skills needed**	Mechanisms generally exist to develop skilled professionals, but either not enough of them or unable to cover the full range of skills required	There are mechanisms for developing adequate numbers of the full range of highly skilled protected area professionals
3. Capacity to engage and build consensus among all stakeholders	Systemic	Protected areas have the political commitment they require	There is no political will at all, or worse, the prevailing political will runs counter to the interests of protected areas	**Some political will exists, but is not strong enough to make a difference**	Reasonable political will exists, but is not always strong enough to fully support protected areas	There are very high levels of political will to support protected areas
3. Capacity to engage and build consensus among all stakeholders	Systemic	Protected areas have the public support they require	The public has little interest in protected areas and there is no significant lobby for protected areas	**There is limited support for protected areas**	There is general public support for protected areas and there are various lobby groups such as environmental NGO's strongly pushing them	There is tremendous public support in the country for protected areas

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
			Worst State (Score 0)	Marginal State (Score 1)	Satisfactory State (Score 2)	Best State (Score 3)
3. Capacity to engage and build consensus among all stakeholders	Institutional	Protected area institutions are mission oriented	Institutional mission not defined	Institutional mission poorly defined and generally not known and internalized at all levels	**Institutional mission well defined and internalized but not fully embraced**	Institutional missions are fully internalized and embraced
3. Capacity to engage and build consensus among all stakeholders	Institutional	Protected area institutions can establish the partnerships needed to achieve their objectives	Protected area institutions operate in isolation	**Some partnerships in place but significant gaps and existing partnerships achieve little**	Many partnerships in place with a wide range of agencies, NGOs etc, but there are some gaps, partnerships are not always effective and do not always enable efficient achievement of objectives	Protected area institutions establish effective partnerships with other agencies and institutions, including provincial and local governments, NGO's and the private sector to enable achievement of objectives in an efficient and effective manner
3. Capacity to engage and build consensus among all stakeholders	Individual	Individuals carry appropriate values, integrity and attitudes	Individuals carry negative attitude	Some individuals have notion of appropriate attitudes and display integrity, but most don't	**Many individuals carry appropriate values and integrity, but not all**	Individuals carry appropriate values, integrity and attitudes
4. Capacity to mobilize information and knowledge	Systemic	Protected area institutions have the information they need to develop and monitor strategies and action plans for the management of the protected area system	Information is virtually lacking	Some information exists, but is of poor quality, is of limited usefulness, or is very difficult to access	**Much information is easily available and mostly of good quality, but there remain some gaps in quality, coverage and availability**	Protected area institutions have the information they need to develop and monitor strategies and action plans for the management of the protected area system

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
			Worst State (Score 0)	Marginal State (Score 1)	Satisfactory State (Score 2)	Best State (Score 3)
4. Capacity to mobilize information and knowledge	Institutional	Protected area institutions have the information needed to do their work	Information is virtually lacking	Some information exists, but is of poor quality and of limited usefulness and difficult to access	**Much information is readily available, mostly of good quality, but there remain some gaps both in quality and quantity**	Adequate quantities of high quality up to date information for protected area planning, management and monitoring is widely and easily available
4. Capacity to mobilize information and knowledge	Individual	Individuals working with protected areas work effectively together as a team	Individuals work in isolation and don't interact	**Individuals interact in limited way and sometimes in teams but this is rarely effective and functional**	Individuals interact regularly and form teams, but this is not always fully effective or functional	Individuals interact effectively and form functional teams
5. Capacity to monitor, evaluate, report and learn	Systemic	Protected area policy is continually reviewed and updated	There is no policy or it is old and not reviewed regularly	**Policy is only reviewed at irregular intervals**	Policy is reviewed regularly but not annually	National protected areas policy is reviewed annually
5. Capacity to monitor, evaluate, report and learn	Systemic	Society monitors the state of protected areas	There is no dialogue at all	**There is some dialogue going on, but not in the wider public and restricted to specialized circles**	There is a reasonably open public dialogue going on but certain issues remain taboo.	There is an open and transparent public dialogue about the state of the protected areas
5. Capacity to monitor, evaluate, report and learn	Institutional	Institutions are highly adaptive, responding effectively and immediately to change	Institutions resist change	**Institutions do change but only very slowly**	Institutions tend to adapt in response to change but not always very effectively or with some delay	Institutions are highly adaptive, responding effectively and immediately to change
5. Capacity to monitor, evaluate, report and learn	Institutional	Institutions have effective internal mechanisms for monitoring, evaluation, reporting and learning	There are no mechanisms for monitoring, evaluation, reporting or learning	There are some mechanisms for monitoring, evaluation, reporting and learning but they are limited and weak	**Reasonable mechanisms for monitoring, evaluation, reporting and learning are in place but are not as strong or comprehensive as they could be**	Institutions have effective internal mechanisms for monitoring, evaluation, reporting and learning

Strategic Area of Support	Capacity Level	Outcome	Outcome Indicators (Scorecard)			
			Worst State (Score 0)	Marginal State (Score 1)	Satisfactory State (Score 2)	Best State (Score 3)
5. Capacity to monitor, evaluate, report and learn	Individual	Individuals are adaptive and continue to learn	There is no measurement of performance or adaptive feedback	Performance is irregularly and poorly measured and there is little use of feedback	**There is significant measurement of performance and some feedback but this is not as thorough or comprehensive as it might be**	Performance is effectively measured and adaptive feedback utilized

Part D.XII METT Scorecard

Name of reviewers completing tracking tool

	Name	Title	Agency
Work Program Inclusion			
Mr. Nikolai Klestov		Director	Ukrainian Research Center for PA and Biodiversity
Mr. Maxim Vergeichik		Program Analyst	UNDP
Mr. Vladimir Naida		Director	Shatsk Lakes NNP
Mr. Igor Olosiuk		Officer-in-Charge	Pripyat-Stokhid NNP

METT Scorecard completed on 15-16 February 2007

1. Project Name: Strengthening administrative and financial sustainability of the National Protected Area system in Ukraine
2. Project Type (MSP or FSP): FSP
3. Project ID (GEF): 1275
4. Project ID (IA):
5. Implementing Agency: UNDP
6. Country(ies): Ukraine
7. Project duration: Planned for 4 years
8. Lead Project Executing Agency (ies): Ministry of Environment of Ukraine
9. GEF Operational Program: coastal, marine, freshwater (OP 2)
10. Project coverage in hectares

Targets and Timeframe **Project Coverage**	**Foreseen at project start**	**Achievement at Mid-term Evaluation of Project**	**Achievement at Final Evaluation of Project**
Directly involved in project activities	110,622 ha		
Immediate (3 year) replication potential (National and Regional Polissya PAs at 80% of probability of uptake)	240,000 ha		
10-year replication potential (Ukrainian PA system at 80% of probability of uptake at PAs area as of 2007)	2.2 million ha		

Sites directly involved in project activities

Name	New PA?	Area, ha	Global designation	Local Designation	IUCN Category
Pripyat-Stokhid	Yes	39,315.5	2 Ramsar sites, criteria: 1,2,3,5,8. Types of wetlands: M, U, Tp, O, Ts, W, U, Xf, Xp, 4, 8, 9 IBA criteria: A1, A4i, A4iii, B1i, B2, B3	National Nature Park	II
Pripyat-Stokhid	No	22,330	Ramsar site, criteria: 1,2,3,5,8. Wetland types: M, U, Tp, O, Ts, W, Xp, 4, 8	Regional Landscape park	V
Shatsk Lakes	No	48,977	Ramsar site, criteria: 1,2,3,5. Wetland types: M, O, Tp, Ts, U, W, Xf, 9. IBA: A1, A4i, A4iii, B1i, B2, B3 Biosphere reserve: unique ecosystems (Temperate and sub-polar broadleaf forests or woodlands, including freshwater lakes), unique habitats/biotopes (Pine forest characterized by *Pinus sylvestris, Calluna vulgaris, Betula pendula* etc.; mixed forest with *Quercus robur, Pinus sylvestris, Betula pendula* etc.; alder forest dominated by *Alnus glutinosa, Alnetum urticosum, Frangula alnus* etc.; herbaceous swamps with *Phragmites australis, Typha latifolia, Carex acuta; Sphagnum* bogs with *Sphagnum falax, S. magellanicum and S. flexuosum* as well as *Pinus sylvestris, Betula pubescens* and *Drosera anglica*; meadow with *Festuca pratensis, Poa pratensis, Briza media, Deschampsia caespitosa*; lakes and small rivers including *Typha angustifolia, Glyceria maxima, Schoenoplectus lacustris*.	National Nature Park	II

Reporting Progress in Protected Areas: Data Sheet – Pripyat-Stokhid National Nature Park, METT scorecard

Name of protected area	Pripyat-Stokhid National Nature Park	
Location of protected area (country, ecoregion, and if possible map reference)	Ukraine, Polissya, $51_0$44 - $51_0$56 northern latitude, $24_0$48 – $25_0$42 of eastern latitude	
Date of establishment (distinguish between agreed and gazetted*)	Agreed: Regional (Oblast) Executive Council agreement August 2006	Gazetted: not yet
Ownership details (i.e. owner, tenure rights etc)	5,961.9 ha under state ownership, directly managed by PA. The rest is a mix of state (paramount) property under different enterprises (mainly forest enterprises, agricultural), and a small amount of communal (municipal land property – hay fields, pastures, water bodies)	
Management Authority	Managed by PA administration, supervised by State Service for Protected Areas under Ministry of Environment	
Size of protected area (ha)	39,315.5 ha	
Number of staff	Permanent: 103 staff Temporary: not planned	
Annual budget (US$)	2007: USD 475,500 (requested from state budget).	
Designations (IUCN category, World Heritage, Ramsar etc)	IUCN II Cat., 2 Ramsar sites, IBA	
Reasons for designation	Ramsar sites: 1,2,3,5,8. Types of wetlands: M, U, Tp, O, Ts, W, U, Xf, Xp, 4, 8, 9. IBA: A1, A4i, A4iii, B1i, B2, B3	
Brief details of GEF funded project or projects in PA	For Pripyat-Stokhid NNP, the project will validate alternative revenue generation schemes, including a Public-Private-Partnership, a small on-the-ground project scheme to improve the management of ecosystems and species. The project will strengthen marketing and business planning capacities of the PA.	
Brief details of other relevant projects in PA	2006 Project on Ecotourism development, 2002-2007 projects on biodiversity conservation financed by Frankfurt Zoological Society on the territory of the PA. Plans for a Tacis project on conservation of the Pripyat and Stokhid floodplains.	
List the two primary protected area objectives		
Objective 1	Conservation of valuable natural, historic and cultural values of international importance	
Objective 2	Promotion of recreation and tourism	
List the top two most important threats to the PA (and indicate reasons why these were chosen)		

Threat 1	Degradation of peatlands caused by past drainage
Threat 2	Illegal damming of rivers by local people for fishing, illegal hunting
List top two critical management activities	
Activity 1	Finalize the set up of the NNP, demarcate borders and set up a management unit
Activity 2	Business plan preparation and alternative income generation

Name/s of assessor (including people consulted): Maxim Vergeichik, in consultations with Mr. Nikolai Klestov, Director of Scientific Center, Mr. Yuri Olosiuk, Officer-in-charge of the NNP.

Contact details (email etc.): M. Vergeichik: maxim.vergeichik@undp.org. Yuri Olosiuk: tel. + 38 033 62 222 45

Date assessment carried out (Day/Month/Year): 14 February 2007

Issue	Criteria	Score	Comments	Next steps
1. Legal status Does the protected area have legal status? *Context*	The protected area is not gazetted		Gazzeting documentation was submitted to President's Administration, and by August 2007 the park is expected to be gazzetted	
	The government has agreed that the protected area should be gazetted but the process has not yet begun			
	The protected area is in the process of being gazetted but the process is still incomplete	2		
	The protected area has been legally gazetted (or in the case of private reserves is owned by a trust or similar)			
2. Protected area regulations Are inappropriate land uses and activities (e.g. poaching) controlled? *Context*	There are no mechanisms for controlling inappropriate land use and activities in the protected area		PA patrol is not yet created and therefore the appropriate mechanisms can be applied after NNP official establishment	The total patrol/guard of the PA will include 47 local guards, which – if financed properly – will be sufficient for good law enforcement.
	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are major problems in implementing them effectively			
	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are some problems in effectively implementing them	2		
	Mechanisms for controlling inappropriate land use and activities in the protected area exist and are being effectively implemented			
3. Law enforcement Can staff enforce protected area rules well enough? *Context*	The staff have no effective capacity/resources to enforce protected area legislation and regulations		The deputy of the Director of the PA will be in charge of enforcement. But before the PA is staffed, it is difficult to assess this question.	
	There are major deficiencies in staff capacity/resources to enforce protected area legislation and regulations (e.g. lack of skills, no patrol budget)			
	The staff have acceptable capacity/resources to enforce protected area legislation and regulations but some deficiencies remain			

Issue	Criteria	Score	Comments	Next steps
	The staff have excellent capacity/resources to enforce protected area legislation and Regulations	NA		
4. Protected area objectives Have objectives been agreed? *Planning*	No firm objectives have been agreed for the protected area		So far, the objectives of the management plan have been identified and agreed with all key stakeholders	
	The protected area has agreed objectives, but is not managed according to these Objectives	1		
	The protected area has agreed objectives, but these are only partially implemented			
	The protected area has agreed objectives and is managed to meet these objectives			
5. Protected area design Does the protected area need enlarging, corridors etc to meet its objectives? *Planning*	Inadequacies in design mean achieving the protected areas major management objectives of the protected area is impossible		The NNP needs incorporation of a large tract of land in Rivno oblast to fully implement its functions	
	Inadequacies in design mean that achievement of major objectives are constrained to some extent	1		
	Design is not significantly constraining achievement of major objectives, but could be improved			
	Reserve design features are particularly aiding achievement of major objectives of the protected area			
6. Protected area boundary demarcation Is the boundary known and demarcated?	The boundary of the protected area is not known by the management authority or local residents/neighbouring land users			Border demarcation planned for 2008
	The boundary of the protected area is known by the management authority but is not known by local residents/neighbouring land Users			

Issue	Criteria	Score	Comments	Next steps
Context	The boundary of the protected area is known by both the management authority and local residents but is not appropriately demarcated	2		
	The boundary of the protected area is known by the management authority and local residents and is appropriately demarcated			
7. Management Plan Is there a management plan and is it being implemented? *Planning*	There is no management plan for the protected area	0	There is an NNP establishment plan which will lose its value once the NPP is fully gazzetted. But Management Plan is non-existent.	Planned for 2008
	A management plan is being prepared or has been prepared but is not being implemented			
	An approved management plan exists but it is only being partially implemented because of funding constraints or other problems			
	An approved management plan exists and is being implemented			
Additional points *Planning*	The planning process allows adequate opportunity for key stakeholders to influence the management plan	NA	The Management Plan preparation and review schedule is prescribed by the Government and has to be adhered to.	
	There is an established schedule and process for periodic review and updating of the management plan	+1		
	The results of monitoring, research and evaluation are routinely incorporated into Planning	NA		
8. Regular work Plan Is there an annual work plan? *Planning/Outputs*	No regular work plan exists	NA	This will be relevant after the site is gazzetted.	
	A regular work plan exists but activities are not monitored against the plan's targets			
	A regular work plan exists and actions are monitored against the plan's targets, but many activities are not completed			
	A regular work plan exists, actions are monitored against the plan's targets and most or all prescribed activities are completed			
	There is little or no information available on the critical habitats, species and cultural values of the protected area			

Issue	Criteria	Score	Comments	Next steps
	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision Making			
	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained	2		
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being Maintained			
9. Resource inventory Do you have enough information to manage the Area? *Context*	There is little or no information available on the critical habitats, species and cultural values of the protected area			
	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision Making			
	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained	2		
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being Maintained			
10. Research Is there a programme of management-orientated survey and research	There is no survey or research work taking place in the protected area		Biodiversity of the site is well documented, which was part of the NNP establishment process.	
	There is some ad hoc survey and research Work			
	There is considerable survey and research work but it is not directed towards the needs of protected area management	2		

Issue	Criteria	Score	Comments	Next steps
work? *Inputs*	There is a comprehensive, integrated programme of survey and research work, which is relevant to management needs			
11. Resource management Is the protected area adequately managed (e.g. for fire, invasive species, poaching)? *Process*	Requirements for active management of critical ecosystems, species and cultural values have not been assessed		This issue can be tackled when NNP starts functioning	
	Requirements for active management of critical ecosystems, species and cultural values are known but are not being Addressed	1		
	Requirements for active management of critical ecosystems, species and cultural values are only being partially addressed			
	Requirements for active management of critical ecosystems, species and cultural values are being substantially or fully Addressed			
12. Staff numbers Are there enough people employed to manage the protected area? *Inputs*	There are no staff		List of members of staff has been elaborated and agreed	After official establishment of NNP staff will be recruited accordingly
	Staff numbers are inadequate for critical management activities			
	Staff numbers are below optimum level for critical management activities			
	Staff numbers are adequate for the management needs of the site	3		
13. Personnel management Are the staff managed well enough? *Process*	Problems with personnel management constrain the achievement of major management objectives	NA	Not applicable since NNP is not practically functioning	
	Problems with personnel management partially constrain the achievement of major management objectives			
	Personnel management is adequate to the achievement of major management objectives but could be improved			
	Personnel management is excellent and aids the achievement major management Objectives			
14. Staff training	Staff are untrained	NA	Not applicable since NNP is not practically functioning	

Issue	Criteria	Score	Comments	Next steps
Is there enough training for staff? *Inputs/Process*	Staff training and skills are low relative to the needs of the protected area			
	Staff training and skills are adequate, but could be further improved to fully achieve the objectives of management			
	Staff training and skills are in tune with the management needs of the protected area, and with anticipated future needs			
15. Current budget Is the current budget sufficient?	There is no budget for the protected area		Requests for 2007 and 2008 have been calculated but it is not clear at this stage how much the NPP will receive from state budget allocation, and how own funds it will need to raise additionally. At this stage the ration of funds available to funds needed is assessed at 45%	
	The available budget is inadequate for basic management needs and presents a serious constraint to the capacity to manage			
	The available budget is acceptable, but could be further improved to fully achieve effective management	2		
Inputs	The available budget is sufficient and meets the full management needs of the protected Area			
16. Security of budget Is the budget secure?	There is no secure budget for the protected area and management is wholly reliant on outside or year by year funding		Budget is elaborated and agreed	After official establishment of NNP budget will be allocated accordingly
	There is very little secure budget and the protected area could not function adequately without outside funding	1		
Inputs	There is a reasonably secure core budget for the protected area but many innovations and initiatives are reliant on outside funding			
	There is a secure budget for the protected area and its management needs on a multi-year cycle			
17. Management of budget Is the budget managed to meet critical management needs?	Budget management is poor and significantly undermines effectiveness	NA	Not applicable since NNP is not practically functioning	
	Budget management is poor and constrains Effectiveness			
	Budget management is adequate but could be improved			

Issue	Criteria	Score	Comments	Next steps
Process	Budget management is excellent and aids Effectiveness			
18. Equipment Are there adequate equipment and facilities? *Process*	There are little or no equipment and facilities		It is very probably that in 2007 the NPP will receive capital items from state budget allocation. (5 computers, 2 cars, a boat, buildings).	
	There are some equipment and facilities but these are wholly inadequate			
	There are equipment and facilities, but still some major gaps that constrain management	2		
	There are adequate equipment and facilities			
19. Maintenance of equipment Is equipment adequately maintained? *Process*	There is little or no maintenance of equipment and facilities	NA	Not applicable since NNP is not practically functioning	
	There is some ad *hoc* maintenance of equipment and facilities			
	There is maintenance of equipment and facilities, but there are some important gaps in Maintenance			
	Equipment and facilities are well maintained			
20. Education and awareness programme Is there a planned education programme? *Process*	There is no education and awareness Programme		At least one of the permament staff will concentrate on awareness raising and education. In expectation of the park designation ther In expectation of the park designation a number of awareness raising and education (child drawings, ecotourism trails, etc.) have been conducted through 2005-2006	At least one of the permanent staff will concentrate on awareness raising and education.
	There is a limited and ad *hoc* education and awareness programme, but no overall planning for this			
	There is a planned education and awareness programme but there are still serious gaps	2		
	There is a planned and effective education and awareness programme fully linked to the objectives and needs of the protected area			

Issue	Criteria	Score	Comments	Next steps
21. State and commercial neighbours Is there co-operation with adjacent land users? *Process*	There is no contact between managers and neighboring official or corporate land users		At time of designation some minor conflicts with neighbors occurred.	
	There is limited contact between managers and neighbouring official or corporate land Users			
	There is regular contact between managers and neighbouring official or corporate land users, but only limited co-operation			
	There is regular contact between managers and neighbouring official or corporate land users, and substantial co-operation on Management	3		
22. Indigenous people Do indigenous and traditional peoples resident or regularly using the PA have input to management decisions? *Process*	Indigenous and traditional peoples have no input into decisions relating to the management of the protected area	NA	This issue is not applicable within the area	
	Indigenous and traditional peoples have some input into discussions relating to management but no direct involvement in the resulting decisions			
	Indigenous and traditional peoples directly contribute to some decisions relating to Management			
	Indigenous and traditional peoples directly participate in making decisions relating to Management			
23. Local communities Do local communities resident or near the protected area have input to management decisions? *Process* Additional points	Local communities have no input into decisions relating to the management of the protected area		Such participation has been negotiated in advance with all local communities	
	Local communities have some input into discussions relating to management but no direct involvement in the resulting decisions			
	Local communities directly contribute to some decisions relating to management			
	Local communities directly participate in making decisions relating to management	3		
	There is open communication and trust between local stakeholders and protected area managers			

Issue	Criteria	Score	Comments	Next steps
Outputs	Programmes to enhance local community welfare, while conserving protected area resources, are being implemented			
24. Visitor facilities Are visitor facilities (for tourists, pilgrims etc) good enough? *Outputs*	There are no visitor facilities and services		Inadequate visitor facilities, and planning for construction is problematic	Need for a business plan
	Visitor facilities and services are Inappropriate for current levels of visitation or are under construction	1		
	Visitor facilities and services are adequate for current levels of visitation but could be Improved			
	Visitor facilities and services are excellent for current levels of visitation			
25. Commercial tourism Do commercial tour operators contribute to protected area management? *Process*	There is little or no contact between managers and tourism operators using the protected area		Limited contacts with Polish tour operators	Business plan needs to be prepared
	There is contact between managers and tourism operators but this is largely confined to administrative or regulatory matters	1		
	There is limited co-operation between managers and tourism operators to enhance visitor experiences and maintain protected area values			
	There is excellent co-operation between managers and tourism operators to enhance visitor experiences, protect values and resolve Conflicts			
26. Fees If fees (tourism, fines) are applied, do they help protected area management? *Outputs*	Although fees are theoretically applied, they are not collected	0	There is a positive legal provision allowing retaining the fees in the park and directing them to conservation activities. Currently no fees are applied. There is a tourism information center which was operational under the Regional Landscape Park and will now be transferred into the management of the NNP once the latter is established (in Lyubaz village). The NNP plans that this center will organized fee-based tourism services, including bed-and-breakfast..	
	The fee is collected, but it goes straight to central government and is not returned to the protected area or its environs			
	The fee is collected, but is disbursed to the local authority rather than the protected area			
	There is a fee for visiting the protected area that helps to support this and/or other protected areas			
27. Condition assessment	Important biodiversity, ecological and cultural values are being severely degraded		Indeed the degradation of peatlands, river banks, floodplain forests was the reason	

Issue	Criteria	Score	Comments	Next steps
Is the protected area being managed consistent to its objectives? *Outcomes*	Some biodiversity, ecological and cultural values are being severely degraded	1	for higher protection status to the site.	
	Some biodiversity, ecological and cultural values are being partially degraded but the most important values have not been significantly impacted			
	Biodiversity, ecological and cultural values are predominantly intact			
Additional points *Outputs*	There are active programmes for restoration of degraded areas within the protected area and/or the protected area buffer zone	+1	There are biodiversity restoration programs financed by Frankfurt Zoological Society	
28. Access assessment	Protection systems (patrols, permits etc) are ineffective in controlling access or use of the reserve in accordance with designated Objectives	NA	Not applicable before Park's gazzetting	
29. Economic Benefit Assessment Is the protected Area providing Economic benefits to local communities? *Outcomes*	The existence of the protected area has reduced the options for economic development of the local communities		This is fully in line with (and favorably considered) by the legislation.	Plans for agrotourism in existence and there is preparatory work and some pilot activities on the territory of the future NPP
	The existence of the protected area has neither damaged nor benefited the local Economy			
	There is some flow of economic benefits to local communities from the existence of the protected area but this is of minor significance to the regional economy	2		
	There is a significant or major flow of economic benefits to local communities from activities in and around the protected area (e.g. employment of locals, locally operated			
30. Monitoring and evaluation Are management	There is no monitoring and evaluation in the protected area	NA	Not applicable since NNP is not practically functioning	

Issue	Criteria	Score	Comments	Next steps
activities monitored Against performance? *Planning/Process*	There is some ad hoc monitoring and evaluation, but no overall strategy and/or no regular collection of results			
	There is an agreed and implemented monitoring and evaluation system but results are not systematically used for management			
	A good monitoring and evaluation system exists, is well implemented and used in adaptive management			
TOTAL SCORE		36 out of 67 eligible = **53.7%**		

Reporting Progress in Protected Areas: Data Sheet – Pripyat-Stokhid Regional Landscape Park, METT Scorecard

Name of protected area	Pripyat-Stokhid Regional Landscape Park	
Location of protected area (country, ecoregion, and if possible map reference)	Ukraine, Polissya, Rivno Oblast, $51_047 – 51_051$ northern latitude, $25_022 – 26_007$ eastern longitude	
Date of establishment (distinguish between agreed and gazetted*)	Agreed: 4 May 1995 #4/5 Decision of the Volyn Oblast Council and 28.02.95 #33 Decision of Rivne Oblast Council	Gazetted: 23 November 1995
Ownership details (i.e. owner, tenure rights etc)	A mix of state ownership, communal ownership (pastures, haymaking fields), private farm plots.	
Management Authority	No management unit. Supervised by Rivno Oblast Council. Control of environmental law enforcement is with Rivno Oblast branch of the Ministry of Environment	
Size of protected area (ha)	22,330 ha	
Number of staff	Permanent: 0 Temporary: 0	
Annual budget (US$)	For the last 3 years: USD 1,000 – 2,500 annually for fuel, car maintenance , meetings.	
Designations (IUCN category, World Heritage, Ramsar etc)	IUCN V Category, Ramsar site	
Reasons for designation	Ramsar site: 1,2,3,5,8. Wetland types: M, U, Tp, O, Ts, W, Xp, 4, 8.	
Brief details of GEF funded project or projects in PA	Strengthening partnership with Pripyat-Stokhid NNP to identify revenue generation opportunities. Improve management of critical ecosystems (peatlands)	
Brief details of other relevant projects in PA	No conservation activities for the past 4 years.	
List the two primary protected area objectives		
Objective 1	Created for conservation of natural values of national and regional importance	
Objective 2	Promotion of tourism and environmental education	
List the top two most important threats to the PA (and indicate reasons why these were chosen)		
Threat 1	Degradation of peatlands caused by past drainage	
Threat 2	Illegal damming of rivers by local people for fishing, illegal hunting	
List top two critical management activities		
Activity 1	Set up management unit, or joining the Pripyat Stokhid NNP	

Activity 2	Business planning to identify revenue generation souces

Name/s of assessor (including people consulted): Maxim Vergeichik, in consultations with Mr. Nikolai Klestov, Director of Scientific Center, Mr. Igor Zhaivoron, Head of Wildlife Department or Rivno Oblast Branch of the Ministry of Environment.

Contact details (email etc.): M. Vergeichik: maxim.vergeichik@undp.org. Igor Zhaivoron: tel. + 38 0362 22 60 72

Date assessment carried out (Day/Month/Year): 15 February 2007

Issue	Criteria	Score	Comments	Next steps
1. Legal status Does the protected area have legal status? *Context*	The protected area is not gazetted		*Note:* see fourth option for private Reserves	
	The government has agreed that the protected area should be gazetted but the process has not yet begun			
	The protected area is in the process of being gazetted but the process is still incomplete			
	The protected area has been legally gazetted (or in the case of private reserves is owned by a trust or similar)	3		
2. Protected area regulations Are inappropriate Land uses and activities (e.g. poaching) controlled? *Context*	There are no mechanisms for controlling inappropriate land use and activities in the protected area		Due to recent re-organization of the MOE there are no district inspectors anymore	
	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are major problems in implementing them effectively	1		
	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are some problems in effectively implementing them			
	Mechanisms for controlling inappropriate land use and activities in the protected area exist and are being effectively implemented			
3. Law enforcement Can staff enforce protected area rules well enough? *Context*	The staff have no effective capacity/resources to enforce protected area legislation and regulations		Park guards have very limited capacity to enforce law.	The new State Ecological and Forestry Inspectorate created under the Ministry of Environment envisages a robust system for on-the-ground inspection, including PA matters. There is a need for decentralized State PA Service to be established to better control PAs without management units.
	There are major deficiencies in staff capacity/resources to enforce protected area legislation and regulations (e.g. lack of skills, no patrol budget)	1		

Issue	Criteria	Score	Comments	Next steps
	The staff have acceptable capacity/resources to enforce protected area legislation and regulations but some deficiencies remain			
	The staff have excellent capacity/resources to enforce protected area legislation and Regulations			
4. Protected area objectives Have objectives been agreed? *Planning*	No firm objectives have been agreed for the protected area		Objectives for the regional landscape parks are set by law but the area is not being used according to these objectives	Need for a management unit, a business and a management plan
	The protected area has agreed objectives, but is not managed according to these Objectives	1		
	The protected area has agreed objectives, but these are only partially implemented			
	The protected area has agreed objectives and is managed to meet these objectives			
5. Protected area design Does the protected area need enlarging, corridors etc to meet its objectives? *Planning*	Inadequacies in design mean achieving the protected areas major management objectives of the protected area is impossible		The territory needs to be either included in the PS NNP, or receive a separate management unit	
	Inadequacies in design mean that achievement of major objectives are constrained to some extent	1		
	Design is not significantly constraining achievement of major objectives, but could be improved			
	Reserve design features are particularly aiding achievement of major objectives of the protected area			
6. Protected area boundary demarcation Is the boundary known and demarcated?	The boundary of the protected area is not known by the management authority or local residents/neighbouring land users	0	*NO demarcation. Many local people do not know they live in the RLP*	
	The boundary of the protected area is known by the management authority but is not known by local residents/neighbouring land users			

Issue	Criteria	Score	Comments	Next steps
Context	The boundary of the protected area is known by both the management authority and local residents but is not appropriately demarcated			
	The boundary of the protected area is known by the management authority and local residents and is appropriately demarcated			
7. Management Plan Is there a management Plan and is it being implemented? *Planning* Additional points *Planning*	There is no management plan for the protected area	0		
	A management plan is being prepared or has been prepared but is not being implemented			
	An approved management plan exists but it is only being partially implemented because of funding constraints or other problems			
	An approved management plan exists and is being implemented			
	The planning process allows adequate opportunity for key stakeholders to influence the management plan			
	There is an established schedule and process for periodic review and updating of the management plan			
	The results of monitoring, research and evaluation are routinely incorporated into planning			
8. Regular work Plan Is there an annual work plan? *Planning/Outputs*	No regular work plan exists	0		
	A regular work plan exists but activities are not monitored against the plan's targets			
	A regular work plan exists and actions are monitored against the plan's targets, but many activities are not completed			
	A regular work plan exists, actions are monitored against the plan's targets and most or all prescribed activities are completed			
9. Resource inventory	There is little or no information available on the critical habitats, species and cultural values of the protected area			

Issue	Criteria	Score	Comments	Next steps
Do you have enough information to manage the area? *Context*	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision making	1		
	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained			
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being maintained			
10. Research Is there a programme of management-orientated survey and research work? *Inputs*	There is no survey or research work taking place in the protected area			
	There is some ad hoc survey and research work	1		
	There is considerable survey and research work but it is not directed towards the needs of protected area management			
	There is a comprehensive, integrated programme of survey and research work, which is relevant to management needs			
11. Resource management Is the protected area adequately managed (e.g. for fire, invasive species, poaching)? *Process*	Requirements for active management of critical ecosystems, species and cultural values have not been assessed			
	Requirements for active management of critical ecosystems, species and cultural values are known but are not being addressed	1		
	Requirements for active management of critical ecosystems, species and cultural values are only being partially addressed			
	Requirements for active management of critical ecosystems, species and cultural values are being substantially or fully addressed			

Issue	Criteria	Score	Comments	Next steps
12. Staff numbers Are there enough people employed to manage the protected area? *Inputs*	There are no staff	0		
	Staff numbers are inadequate for critical management activities			
	Staff numbers are below optimum level for critical management activities			
	Staff numbers are adequate for the management needs of the site			
13. Personnel management Are the staff managed well enough? *Process*	Problems with personnel management constrain the achievement of major management objectives	0	There are no staff	
	Problems with personnel management partially constrain the achievement of major management objectives			
	Personnel management is adequate to the achievement of major management objectives but could be improved			
	Personnel management is excellent and aids the achievement major management objectives			
14. Staff training Is there enough training for staff? *Inputs/Process*	Staff are untrained	0	There are no staff	
	Staff training and skills are low relative to the needs of the protected area			
	Staff training and skills are adequate, but could be further improved to fully achieve the objectives of management			
	Staff training and skills are in tune with the management needs of the protected area, and with anticipated future needs			
15. Current budget Is the current budget sufficient?	There is no budget for the protected area	0	There is no administrative unit for the territory	
	The available budget is inadequate for basic management needs and presents a serious constraint to the capacity to manage			
	The available budget is acceptable, but			

Issue	Criteria	Score	Comments	Next steps
Inputs	could be further improved to fully achieve effective management			
	The available budget is sufficient and meets the full management needs of the protected area			
16. Security of budget Is the budget secure? *Inputs*	There is no secure budget for the protected area and management is wholly reliant on outside or year by year funding	0		
	There is very little secure budget and the protected area could not function adequately without outside funding			
	There is a reasonably secure core budget for the protected area but many innovations and initiatives are reliant on outside funding			
	There is a secure budget for the protected area and its management needs on a multi-year cycle			
17. Management of budget Is the budget managed to meet critical management needs? *Process*	Budget management is poor and significantly undermines effectiveness	0		
	Budget management is poor and constrains effectiveness			
	Budget management is adequate but could be improved			
	Budget management is excellent and aids effectiveness			
18. Equipment Are there adequate equipment and facilities? *Process*	There are little or no equipment and facilities		There are two cars and some equipment assigned for this RLP	
	There are some equipment and facilities but these are wholly inadequate	1		
	There are equipment and facilities, but still some major gaps that constrain management			
	There are adequate equipment and facilities			

Issue	Criteria	Score	Comments	Next steps
19. Maintenance of equipment Is equipment adequately maintained? *Process*	There is little or no maintenance of equipment and facilities			
	There is some ad *hoc* maintenance of equipment and facilities	1		
	There is maintenance of equipment and facilities, but there are some important gaps in maintenance			
	Equipment and facilities are well maintained			
20. Education and awareness programme Is there a planned education programme? *Process*	There is no education and awareness programme		The environmental inspection produces some leaflets and distributes among schools	
	There is a limited and ad *hoc* education and awareness programme, but no overall planning for this			
	There is a planned education and awareness programme but there are still serious gaps	2		
	There is a planned and effective education and awareness programme fully linked to the objectives and needs of the protected area			
21. State and commercial neighbours Is there co-operation with adjacent land users? *Process*	There is no contact between managers and neighbouring official or corporate land users			
	There is limited contact between managers and neighbouring official or corporate land users			
	There is regular contact between managers and neighbouring official or corporate land users, but only limited co-operation	2		
	There is regular contact between managers and neighbouring official or corporate land users, and substantial co-operation on management			
22. Indigenous people	Indigenous and traditional peoples have no input into decisions relating to the management of the protected area	NA	This issue is not applicable within the area	

Issue	Criteria	Score	Comments	Next steps
Do indigenous and traditional peoples resident or regularly using the PA have input to management decisions? *Process*	Indigenous and traditional peoples have some input into discussions relating to management but no direct involvement in the resulting decisions			
	Indigenous and traditional peoples directly contribute to some decisions relating to management			
	Indigenous and traditional peoples directly participate in making decisions relating to management			
23. Local communities Do local communities resident or near the protected area have input to management decisions? *Process*	Local communities have no input into decisions relating to the management of the protected area	0	The population density here is extremely low and there is no potential conflict of interest with local communities	
	Local communities have some input into discussions relating to management but no direct involvement in the resulting decisions			
	Local communities directly contribute to some decisions relating to management			
	Local communities directly participate in making decisions relating to management			
Additional points *Outputs*	There is open communication and trust between local stakeholders and protected area managers			
	Programmes to enhance local community welfare, while conserving protected area resources, are being implemented			
24. Visitor facilities	There are no visitor facilities and services		Very few and very poor visotor's	

Issue	Criteria	Score	Comments	Next steps
Are visitor facilities (for tourists, pilgrims etc) good enough? *Outputs*	Visitor facilities and services are Inappropriate for current levels of visitation or are under construction	1	facilities, mainly water tourism (boats), walking trails, and bicycle roads. Tourists normally turn to the neighboring Pripyat-Stokhid NNP to ask for maps of trails and organization of nature excursions.	
	Visitor facilities and services are adequate for current levels of visitation but could be improved			
	Visitor facilities and services are excellent for current levels of visitation			
25. Commercial tourism Do commercial tour operators contribute to protected area management? *Process*	There is little or no contact between managers and tourism operators using the protected area	0	No contacts with commercial tour companies	
	There is contact between managers and tourism operators but this is largely confined to administrative or regulatory matters			
	There is limited co-operation between managers and tourism operators to enhance visitor experiences and maintain protected area values			
	There is excellent co-operation between managers and tourism operators to enhance visitor experiences, protect values and resolve conflicts			
26. Fees If fees (tourism, fines) are applied, do they help protected area management?	Although fees are theoretically applied, they are not collected	0	In principle fees are allowed to be charged by RLPs, but as the territory has no management unit, no management and no business plan, fees are not collected	
	The fee is collected, but it goes straight to central government and is not returned to the protected area or its environs			

Issue	Criteria	Score	Comments	Next steps
Outputs	The fee is collected, but is disbursed to the local authority rather than the protected area			
	There is a fee for visiting the protected area that helps to support this and/or other protected areas			
27. Condition assessment Is the protected area being managed consistent to its objectives? *Outcomes*	Important biodiversity, ecological and cultural values are being severely degraded		Illegal fishing causes a lot of problems with vegetation succession in the river floodplains	
	Some biodiversity, ecological and cultural values are being severely degraded			
	Some biodiversity, ecological and cultural values are being partially degraded but the most important values have not been significantly impacted	2		
	Biodiversity, ecological and cultural values are predominantly intact			
Additional points *Outputs*	There are active programmes for restoration of degraded areas within the protected area and/or the protected area buffer zone	0		
28. Access assessment	Protection systems (patrols, permits etc) are ineffective in controlling access or use of the reserve in accordance with designated objectives			
29. Economic Benefit Assessment Is the protected Area providing Economic benefits to local communities?	The existence of the protected area has	0	This is fully in line with (and favorably considered) by the legislation.	Plans for agrotourism in existence and there is preparatory work and some pilot activities on the territory of the future NPP
	reduced the options for economic			
	development of the local communities			
	The existence of the protected area has neither damaged nor benefited the local economy			
	There is some flow of economic benefits to local communities from the existence of the protected area but this is of minor significance to the regional economy			

Issue	Criteria	Score	Comments	Next steps
Outcomes	There is a significant or major flow of economic benefits to local communities from activities in and around the protected area (e.g. employment of locals, locally operated			
30. Monitoring and evaluation Are management activities monitored Against performance? *Planning/Process*	There is no monitoring and evaluation in the protected area	0		
	There is some ad hoc monitoring and evaluation, but no overall strategy and/or no regular collection of results			
	There is an agreed and implemented monitoring and evaluation system but results are not systematically used for management			
	A good monitoring and evaluation system exists, is well implemented and used in adaptive management			
TOTAL SCORE		19 out of 85 eligible, = **22.3%**		

Reporting Progress in Protected Areas: Data Sheet – Shatsk National Nature Park, METT Scorecard

Name of protected area	Shatsk Lakes National Nature Park		
Location of protected area (country, ecoregion, and if possible map reference)	Ukraine, Polissya, $23_0$28-$24_0$09 eastern longitude, $51_0$18 – $51_0$41 northern latitude		
Date of establishment (distinguish between agreed and gazetted*)	Agreed: 28 December 1983	Gazetted: 2 April 1984	
Ownership details (i.e. owner, tenure rights etc)	20,856 ha are state ownership under direct tenure of the PA administration, primarily the core zone. Areas outside the territory under PA direct administration, are a mixture of state, communal (i.e. local municipalities) and private (primarily farmland) ownership.		
Management Authority	Park Administration, reporting to State Committee on Forestry under the Ministry of Environment		
Size of protected area (ha)	48,977 ha		
Number of staff	Permanent: 150.5	Temporary: up to 200 people in various years	
Annual budget (US$)	2006: USD 350,000		
Designations (IUCN category, World Heritage, Ramsar etc)	Ramsar site, UNESCO Biosphere Reserve, IBA, IUCN II Cat.		
Reasons for designation	Ramsar site: 1,2,3,5. Types of wetlands: O, M, Tp, Ts, U, W, Xf, 9. UNESCO Biosphere reserve: unique ecosystems and biotopes IBA: A1, A4i, A4iii, B1i, B2, B3		
Brief details of GEF funded project or projects in PA	For Shatsk NNP, the project will validate alternative revenue generation schemes, including a Public-Private-Partnership, a small on-the-ground project scheme to improve the management of ecosystems and species. The project will strengthen marketing and business planning capacities of the PA.		
Brief details of other relevant Projects in PA	2000: project on improvement of the hydrological condition of lakes Lutsimer and Velike Chorne; projects on renaturalization of peatlands and Aquatic Warbler habitat at Pulemetske and Ostrivianske Lakes.		
List the two primary protected area objectives			
Objective 1	Conservation of valuable natural, historic and cultural values of international importance		
Objective 2	Promotion of recreation and tourism		
List the top two most important threats to the PA (and indicate reasons why these were chosen)			
Threat 1	Wetland and lake degradation as a result of past drainage, resulting in habitat degradation		
Threat 2	Illegal hunting and other patterns of illegal local/tourist behavior resulting in removal of species and disturbance		
List top two critical management activities			
Activity 1	Business skills develop for alternative revenue generation to sustain conservation needs		

Activity 2	Marketing of ecosystem services with account to limits of ecological loads

Name/s of assessor (including people consulted): Maxim Vergeichik, in consultations with Mr. Nikolai Klestov, Director of Scientific Center, Mr. Vladimir Naida, Director of NNP.

Contact details (email etc.): M.Vergeichik: maxim.vergeichik@undp.org. Vladimir Naida: tel. + 38 033 55 23 043

Date assessment carried out (Day/Month/Year):_14 February 2007

Issue	Criteria	Score	Comments	Next steps
1. Legal status Does the protected area have legal status? *Context*	The protected area is not gazetted		*Note:* see fourth option for private Reserves	
	The government has agreed that the protected area should be gazetted but the process has not yet begun			
	The protected area is in the process of being gazetted but the process is still incomplete			
	The protected area has been legally gazetted (or in the case of private reserves is owned by a trust or similar)	3		
2. Protected area regulations Are inappropriate land uses and activities (e.g. poaching) controlled? *Context*	There are no mechanisms for controlling inappropriate land use and activities in the protected area		Staffing capacity is not enough to ensure 100% effective control	Additional revenue generation
	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are major problems in implementing them effectively			
	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are some problems in effectively implementing them	2		
	Mechanisms for controlling inappropriate land use and activities in the protected area exist and are being effectively implemented			
3. Law enforcement Can staff enforce protected area rules well enough? *Context*	The staff have no effective capacity/resources to enforce protected area legislation and regulations		People are detained for some time and a "protocol" may be drawn to enforce a fine. In some cases a vehicle may be detained, until local court action is taken. The NNP guards are equipped with guns and there has not been big problem in putting violators to observe the law	
	There are major deficiencies in staff capacity/resources to enforce protected area legislation and regulations (e.g. lack of skills, no patrol budget)			
	The staff have acceptable capacity/resources to enforce protected area legislation and regulations but some deficiencies remain			

Issue	Criteria	Score	Comments	Next steps
	The staff have excellent capacity/resources to enforce protected area legislation and Regulations	3		
4. Protected area objectives Have objectives been agreed? *Planning*	No firm objectives have been agreed for the protected area		Management plan is in place but available funds are insufficient to fully cover their implementation	Need for a business plan to accompany the management plan and better capacity to raise own revenue
	The protected area has agreed objectives, but is not managed according to these Objectives			
	The protected area has agreed objectives, but these are only partially implemented	2		
	The protected area has agreed objectives and is managed to meet these objectives			
5. Protected area design Does the protected area need enlarging, corridors etc to meet its objectives? *Planning*	Inadequacies in design mean achieving the protected areas major management objectives of the protected area is impossible		Buffer zones on the border with Poland might need to be extended to fully accommodate for biodiversity conservation	There are plans to increase the boundaries by 10,000 ha that adhere to Polish Border
	Inadequacies in design mean that achievement of major objectives are constrained to some extent			
	Design is not significantly constraining achievement of major objectives, but could be improved	2		
	Reserve design features are particularly aiding achievement of major objectives of the protected area			
6. Protected area boundary demarcation Is the boundary known and demarcated?	The boundary of the protected area is not known by the management authority or local residents/neighbouring land users		The NNP is in the process of complete demarcation in line with legal acts. There are no disagreements on land tenure.	
	The boundary of the protected area is known by the management authority but is not known by local residents/neighbouring land Users			

Issue	Criteria	Score	Comments	Next steps
Context	The boundary of the protected area is known by both the management authority and local residents but is not appropriately demarcated			
	The boundary of the protected area is known by the management authority and local residents and is appropriately demarcated	3		
7. Management plan Is there a management plan and is it being implemented? *Planning*	There is no management plan for the protected area		Funding constraint IS the problem.	Introduce business planning, raise income generation potential, and marketing and business skills of personnel.
	A management plan is being prepared or has been prepared but is not being implemented			
	An approved management plan exists but it is only being partially implemented because of funding constraints or other problems	2		
	An approved management plan exists and is being implemented			
Additional points *Planning*	The planning process allows adequate opportunity for key stakeholders to influence the management plan		The schedule is neatly prescribed by the state and is controlled by the Managing Authority – i.e. the State Forestry Committee.	
	There is an established schedule and process for periodic review and updating of the management plan	+1		
	The results of monitoring, research and evaluation are routinely incorporated into Planning			
8. Regular work plan Is there an annual work plan? *Planning/Outputs*	No regular work plan exists		Semi-annual reporting is in place. The plans are needed to request financing from the budget.	
	A regular work plan exists but activities are not monitored against the plan's targets			
	A regular work plan exists and actions are monitored against the plan's targets, but many activities are not completed	2		
	A regular work plan exists, actions are monitored against the plan's targets and most or all prescribed activities are completed			

Issue	Criteria	Score	Comments	Next steps
9. Resource inventory Do you have enough information to manage the area? *Context*	There is little or no information available on the critical habitats, species and cultural values of the protected area		There is a scientific and technical council affiliated with the PA which is supposed to regularly meet to discuss the status of biodiversity and help the PA management to make decisions. However its work is irregular. Secondly, the scientific department of the PA is under-staffed.	
	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision Making			
	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained	2		
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being Maintained			
10. Research Is there a programme of management-orientated survey and research work? *Inputs*	There is no survey or research work taking place in the protected area		Scientific department is understaffed and lacks vocational training.	
	There is some ad hoc survey and research Work			
	There is considerable survey and research work but it is not directed towards the needs of protected area management	2		
	There is a comprehensive, integrated programme of survey and research work, which is relevant to management needs			
11. Resource management Is the protected area adequately managed (e.g.	Requirements for active management of critical ecosystems, species and cultural values have not been assessed		Prevention and management of fires, invasive species, illegal hunting is good. However, management of habitats damaged as a result of past activities (such as peatlands) is insufficient.	Additional revenue generation mechanisms to cover needs for ecosystem management in full.
	Requirements for active management of critical ecosystems, species and cultural values are known but are not being Addressed			

Issue	Criteria	Score	Comments	Next steps
for fire, invasive species, poaching)? *Process*	Requirements for active management of critical ecosystems, species and cultural values are only being partially addressed	2		
	Requirements for active management of critical ecosystems, species and cultural values are being substantially or fully Addressed			
12. Staff numbers Are there enough people employed to manage the protected area? *Inputs*	There are no staff		Scientific department is understaffed. Guard team (patrol) is understaffed.	
	Staff numbers are inadequate for critical management activities			
	Staff numbers are below optimum level for critical management activities	2		
	Staff numbers are adequate for the management needs of the site			
13. Personnel management Are the staff managed well enough? *Process*	Problems with personnel management constrain the achievement of major management objectives			
	Problems with personnel management partially constrain the achievement of major management objectives			
	Personnel management is adequate to the achievement of major management objectives but could be improved			
	Personnel management is excellent and aids the achievement major management Objectives	3		
14. Staff training Is there enough training for staff?	Staff are untrained		Level of scientific skills needs improvement, marketing and business planning skills are lacking	
	Staff training and skills are low relative to the needs of the protected area			

Issue	Criteria	Score	Comments	Next steps
Inputs/Process	Staff training and skills are adequate, but could be further improved to fully achieve the objectives of management	2		
	Staff training and skills are in tune with the management needs of the protected area, and with anticipated future needs			
15. Current budget Is the current budget sufficient?	There is no budget for the protected area		The average ratio of funds available to funds needed to fully achieve conservation management goals is 75%	
	The available budget is inadequate for basic management needs and presents a serious constraint to the capacity to manage			
	The available budget is acceptable, but could be further improved to fully achieve effective management	2		
Inputs	The available budget is sufficient and meets the full management needs of the protected Area			
16. Security of budget Is the budget secure?	There is no secure budget for the protected area and management is wholly reliant on outside or year by year funding		Ecosystem management activities have limited eligibility for core budget requests (state budget) and hence the budget for such activities is very insecure	
	There is very little secure budget and the protected area could not function adequately without outside funding			
Inputs	There is a reasonably secure core budget for the protected area but many innovations and initiatives are reliant on outside funding	2		
	There is a secure budget for the protected area and its management needs on a multi-year cycle			
17. Management of budget	Budget management is poor and significantly undermines effectiveness			

Issue	Criteria	Score	Comments	Next steps
Is the budget managed to meet critical management needs? *Process*	Budget management is poor and constrains Effectiveness			
	Budget management is adequate but could be improved	2		
	Budget management is excellent and aids Effectiveness			
18. Equipment Are there adequate equipment and facilities? *Process*	There are little or no equipment and facilities		Financing of capital items from core budget is critically low from core budget and largely depends on own revenue generation and international grants	
	There are some equipment and facilities but these are wholly inadequate			
	There are equipment and facilities, but still some major gaps that constrain management	2		
	There are adequate equipment and facilities			
19. Maintenance of equipment Is equipment adequately maintained? *Process*	There is little or no maintenance of equipment and facilities		There are gaps in maintenance, especially for laboratory equipment, as financing of maintenance from core budget is low.	
	There is some ad *hoc* maintenance of equipment and facilities			
	There is maintenance of equipment and facilities, but there are some important gaps in Maintenance	2		
	Equipment and facilities are well maintained			
20. Education and awareness programme Is there a planned education	There is no education and awareness Programme		There is a long term plan to organize a training/business/visitors' center but this is still at the planning stage due to lack of skills are resources. There are no permanent personnel who deal with these issues.	
	There is a limited and ad *hoc* education and awareness programme, but no overall planning for this			

Issue	Criteria	Score	Comments	Next steps
programme? *Process*	There is a planned education and awareness programme but there are still serious gaps	2		
	There is a planned and effective education and awareness programme fully linked to the objectives and needs of the protected area			
21. State and commercial neighbours Is there co-operation with adjacent land users? *Process*	There is no contact between managers and neighbouring official or corporate land users		Good cooperation and contact for firewood supply, fuel supply, etc. No conflicts in existence.	
	There is limited contact between managers and neighbouring official or corporate land Users			
	There is regular contact between managers and neighbouring official or corporate land users, but only limited co-operation			
	There is regular contact between managers and neighbouring official or corporate land users, and substantial co-operation on Management	3		
22. Indigenous People Do indigenous and traditional peoples resident or regularly using the PA have input to management decisions? *Process*	Indigenous and traditional peoples have no input into decisions relating to the management of the protected area		The issue of indigenous peoples is not available at Shatsk NNP	
	Indigenous and traditional peoples have some input into discussions relating to management but no direct involvement in the resulting decisions			
	Indigenous and traditional peoples directly contribute to some decisions relating to Management			
	Indigenous and traditional peoples directly participate in making decisions relating to Management	NA		
23. Local communities	Local communities have no input into decisions relating to the management of the protected area		There are written agreements reached with people on land use at the time of NPP	

Issue	Criteria	Score	Comments	Next steps
Do local communities resident or near the protected area have input to management decisions? *Process*	Local communities have some input into discussions relating to management but no direct involvement in the resulting decisions		designation or expansion. There are some agreements with local residents on places for fishing, agrotourism, collection of berries and mushrooms	
	Local communities directly contribute to some decisions relating to management	2		
	Local communities directly participate in making decisions relating to management			
Additional points *Outputs*	There is open communication and trust between local stakeholders and protected area managers			
	Programmes to enhance local community welfare, while conserving protected area resources, are being implemented			
24. Visitor facilities Are visitor facilities (for tourists, pilgrims etc) good enough? *Outputs*	There are no visitor facilities and services		Visitor facilities are numerous. There are two organized nature trails, 5 organized pilgrim rest points, organized beeches, agroutorism facilities. Waste problem is being controlled through an agreement with local residents. However, the quality of many accommodation is very poor.	
	Visitor facilities and services are Inappropriate for current levels of visitation or are under construction			
	Visitor facilities and services are adequate for current levels of visitation but could be Improved	2		
	Visitor facilities and services are excellent for current levels of visitation			
25. Commercial Tourism Do commercial	There is little or no contact between		7 sanatoria owned by different corporations, and 3 private hotels are located at the territory of the Park, but they are not compensating to the park the	

Issue	Criteria	Score	Comments	Next steps
tour operators contribute to protected area management? *Process*	managers and tourism operators using the protected area		ecological rent.	
	There is contact between managers and tourism operators but this is largely confined to administrative or regulatory matters	1		
	There is limited co-operation between managers and tourism operators to enhance visitor experiences and maintain protected area values			
	There is excellent co-operation between managers and tourism operators to enhance visitor experiences, protect values and resolve Conflicts			
26. Fees If fees (tourism, fines) are applied, do they help protected area management? *Outputs*	Although fees are theoretically applied, they are not collected		The law prescribes that all fees collected by PAs goes directly for conservation activities at PAs. This is working well.	
	The fee is collected, but it goes straight to central government and is not returned to the protected area or its environs			
	The fee is collected, but is disbursed to the local authority rather than the protected area			
	There is a fee for visiting the protected area that helps to support this and/or other protected areas	3		
27. Condition assessment Is the protected area being	Important biodiversity, ecological and cultural values are being severely degraded		Peatlands suffer from on-going degradation caused by past drainage. Forests suffer from illegal hunting and the past practice of monoculture plantations. Riparian biotopes (lakes) suffer from	
	Some biodiversity, ecological and cultural values are being severely degraded			

Issue	Criteria	Score	Comments	Next steps
managed consistent to its objectives? *Outcomes*	Some biodiversity, ecological and cultural values are being partially degraded but the most important values have not been significantly impacted	2	tourism disturbance	
	Biodiversity, ecological and cultural values are Predominantly intact			
Additional points *Outputs*	There are active programmes for restoration of degraded areas within the protected area and/or the protected area buffer zone	+1	There are programs and projects financed by outside donors aiming at renaturalization of peatlands	

Issue	Criteria	Score	Comments	Next steps
28. Access Assessment Is access/resource use sufficiently Controlled? *Outcomes*	Protection systems (patrols, permits etc) are ineffective in controlling access or use of the reserve in accordance with designated Objectives		There are only few access points and each point is under full control by NPP guard	
	Protection systems are only partially effective in controlling access or use of the reserve in accordance with designated objectives			
	Protection systems are moderately effective in controlling access or use of the reserve in accordance with designated objectives			
	Protection systems are largely or wholly effective in controlling access or use of the reserve in accordance with designated Objectives	3		
29. Economic Benefit Assessment Is the protected Area providing Economic benefits to local communities? *Outcomes*	The existence of the protected area has reduced the options for economic development of the local communities		Many tourism (especially agrotourism), catering facilities, shops, etc. are privately owned by local residents. This is fully in line with (and favorably considered) by the legislation.	
	The existence of the protected area has neither damaged nor benefited the local Economy			
	There is some flow of economic benefits to local communities from the existence of the protected area but this is of minor significance to the regional economy	2		
	There is a significant or major flow of economic benefits to local communities from activities in and around the protected area (e.g. employment of locals, locally operated			
30. Monitoring and evaluation Are management	There is no monitoring and evaluation in the protected area		Hydrological, avifauna, botanist and meteorological monitoring is present, but the results collected are not systemically used for management	

Issue	Criteria	Score	Comments	Next steps
	There is some ad hoc monitoring and evaluation, but no overall strategy and/or no regular collection of results			
	There is an agreed and implemented monitoring and evaluation system but results are not systematically used for management	2		
	A good monitoring and evaluation system exists, is well implemented and used in adaptive management			
TOTAL SCORE		66 out of 89 eligible = **74.2%**		

Part D.XIII. Outline of a Typical Ukrainian NNP Management Plan

INTRODUCTION

0.1 PA development in the world and Ukraine

0.2 Name and contacts of subcontracts and project team.

0.3 Legal basis for establishment of the PA

0.4 List of works done and main products produced to develop this plan.

PART I BASIC INFORMATION ABOUT THE NNP

1.1 Location, belonging to administrative districts, boundaries and overall area of the NNP.

1.2 How was this area organized in the past.

1.3 Methodology, scope and types of research works which were the basis for this plan.

PART II NATURAL CONDITIONS

2.1 Climate

2.2 Relief

2.3 Hydrographic network and hydrology

2.4 Geology

2.5 Soils

2.6 Geomorphology

2.7 Flora species and communities

2.8 Fauna and ecological complexes

2.9 Landscape composition

2.10 Overall assessment of the conservation value of the site

PART III GENERAL SOCIO-ECONOMIC DESCRIPTION

3.1 Roads and communication routes

3.2 Population

3.3 Industries

3.4 Agriculture

3.5 Forestry

3.6 Hunting and fisheries

PART IV ECONOMIC ACTIVITIES AT AREAS PROPOSED FOR NNP

Scope and types of conservation and economic measures (clear-cut logging, selective logging, afforestation, reforestation, etc.) undertaken in the last 3 years. Assessment of their impact on the natural state of the area.

PART V RECREATIONAL VALUE OF THE SITE

Recreational activities in the last 2-3 years. Recreational infrastructure. Capacity of natural components to sustain recreational loads. Appropriateness for winter vs. summery tourism. Availability of mineral and balneological springs and their assessment. Appropriateness of rivers and lakes for recreation. Presence of recreation business institutions in the area, opportunities for their development in the area. Museums, monimunets etc. SWOT analysis for development of recreation and tourism on the site.

The assessment is guided by *Special methodological instruction on assessment of recreational values of sites in view of their ecological capacities.* This section of the plan is subject to special attention and detailed recommendations each year during monitoring and reporting on plan implementation.

PART VI PROPOSED ORGANIZATION AND ZONING OF AREA OF THE NNP

6.1 Assessment of the need for establishment of new forestries or other type of units to govern particular areas of the NNP. Relationship between zones and plots in the NNP and administrative districts, places for location of offices, guard houses and checkpoints.

6.2 Detailed description of functional zones of the NNP.

PART VII PROPOSED CONSERVATION MEASURES AND RECOMMENDATIONS FOR DEVELOPMENT OF PARTICULAR ECONOMIC SECTORS

These are developed for each functional zone. They are also developed separately for (1) lands which are transferred to temporary ownership of the NNP, and (2) lands which remain under private, municipal or other types of ownership. Such measures should be agree by land owners (for example if a forestry owns an area within the future NNP, conservation measures there should be agreed by the administration of the forestry and should be coordinated with the forest management plan of that area).

7.1 Development of recreation activities

7.1.1 Placement of recreational infrastructure at the NNP

7.1.2 Calculation of daily admissible recreational loads for particular places at NNP (presented in a matrix)

7.1.3 Maximum carrying capacity of natural components of the NNP.

7.1.4 Proposals for organization of catering of different types of visitors

- Tourists, sportsmen, disabled with preliminary bookings/tours
- Tourists arriving by car or bus without bookings
- Tourists arriving on foot or by public transport
- Local people

This subsection also discusses measures for control of order and security at recreation sites, provision of interpretation materials, guides, trail maps; TORs and composition of department within the NNP administration to deal with tourism and recreation; rescue points and measures, their location, staffing, TORs.

7.2 Conservation measures

7.2.1 Forest conservation measures

7.2.1.1 Forest condition
7.2.1.2 Logging for timber and trimming: scope and types.
7.2.1.3 Other logging
7.2.1.4 Total annual logging for all types.
7.2.1.5 Reforestation. Afforestation.
7.2.1.6 Forest protection from pests
7.2.1.7 Use of non-timber forest resources at NNP.

7.2.2 Measures for conservation, restoration and sustainable use of non-forest habitats (steppes, mountain grasslands, wetland, etc.).

7.2.3 Wildlife. Hunting industry. Biotechnologies. Fishing.

7.3 Fire Protection

7.4 NNP Guards

This section describes the current state of enforcement and guard against violators (illegal logging, unregulated collection of berries, mushrooms, illegal cattle pasturing, illegal fishing). Measures to deal with violators (court cases, fines). Guard staffing and supplies.

7.5 Plans for development of other sectors

7.5.1 Agriculture

This section describes distribution of existing farms and their links to activities of NNP (such as need to insure catering for tourists). Organic farming. Polluting farmers. Anti-erosion measures, restoration of agricultural areas.

7.5.2 Industries

7.5.3 Housing and communal services

7.5.4 Transport services

7.5.5 Water and energy supply

7.6 Infrastructure which needs to be put in place for the NNP to start functioning.

7.7 Scientific and Research work

7.8 Environmental education and awareness raising

7.9 Management unit of the NNP

7.9.1 Management staff. Specialist staff. TORs, number of staff, salary calculations.

7.9.2 Capital items

Cars, computers, basic equipment.

7.9.3 Buildings

7.10 Cost calculations and revenue sources

Calculation of capital works that need to be undertaken for functioning of the park. These should include only those capital works that will be subcontracted directly by the Park Administration and are falling under the jurisdiction of the Park. Fore example, construction and maintenance of recreation centers, water purification facilities of industries, roads – are falling under jurisdiction of other owners (tourism companies, industrial companies, Ministry of Transport, etc.), and should therefore be projected, but should be financed not by the NNP rather by the corresponding owner

The Park Administration should use this criterion and calculate need for its own resources for capital reconstruction. In this budget, creation of a tourism catering network (restaurants, cultural places, etc.) should amount to about 15% of the total cost of construction of recreational items and communication routes. Finally, there should be an indication made of sources of revenue to cover the identified costs.

7.11 Expected effectiveness of the planned measures

This section should present calculations for trends in natural habitats and species, and how measures planned would lead to the improvement of these trends.

PART VIII MAPS

PART IX PROCESS OF CONSULTATIONS / APPROVAL OF THE MANAGEMENT PLAN

List of entities and ministries from which agreement to the Plan is required.

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The Plan is submitted to Ministry of Environment of Ukraine for approval. In case there are comments, they have to be addressed. Approved plan has to also be consulted with Ministry of Finance, Ministry of Economy, and Ministry of Justice.

Part D.XIV Letter of Endorsement from GEF OFP, and Letters of Co-financing

Endorsement letter and all commitment letters are attached in a separate file.

Part D.XV Assessment of the Potential to Diversify Funding Sources for Ukraine's Protected Areas

A Report prepared for UNDP by Barry Spergel, International Consultant, August 2, 2007

188. This report assesses the feasibility and potential of various non-government financing mechanisms that are being considered for implementation under the proposed full GEF project titled "Strengthening Governance and Financial Sustainability of the National Protected Area System in Ukraine".[26]

189. The current level of funding for Ukraine's PA system—a mere US $4 million/year for the annual operating costs of the entire PA system of 7000 PAs (constituting almost 5% of the country's area)---needs to be put in proper context. Ukraine is not a poor country, even if there are many Ukrainians who are still struggling financially to make ends meet. Just a few weeks ago a Ukrainian businessman sold his shares of stock in Ukraine's fifth largest commercial bank to a group of Italian and Austrian banks for around US $3 billion. There appear to be at least a dozen Ukrainian businessmen with comparable levels of personal wealth, and maybe hundreds whose net worth exceeds US $50 million. According to local newspaper reports, the current price of an apartment on Kiev's Khreshchatyk Street (which is the local equivalent of New York's Fifth Avenue) can easily cost as much as US $3 million. Ukraine was the most agriculturally productive and perhaps most industrially developed region of the former Soviet Union. Ukraine has the fourth largest population of any European country (almost 50 million people), many of whom have a very high level of training and education in the sciences, engineering, and in new computer-based information technologies. Ukraine is a country that can easily afford to spend more than $4 million/year to maintain its PA system. Ukraine is not one of the group of Least Developed Countries that unfortunately may always need to depend on subsidies from the international community for long-term funding of the recurrent costs of its PA system. Many international donor agencies such as USAID, Swiss Development Cooperation, KfW and the EU are in agreement that the main environmental problems in Ukraine are the result of lack of good governance (especially corruption) rather than a lack of financial resources. This also perhaps explains why the number one objective of this UNDP-GEF project proposal (out of three main objectives that are listed) is explicitly stated to be (and needs to be) "improved governance of the PA system in Ukraine". However, although the Project Document acknowledges this general goal, it does not go far enough in concretely addressing governance issues, which are extremely complex, and perhaps beyond the reach of a project as limited as this one.

190. A major part of the difficulty in achieving long-term financial sustainability is due to the fact that in Ukraine there are at least 7 different government agencies (falling under several different government Ministries) that have lead responsibility for managing different categories of PAs, and each of these different government organizations relies on quite different sources of revenue (which in turn are based

[26] As the Project Document states, Ukraine's protected area system currently depends almost exclusively on state funding, even though protected area ("PA") administrative units can, by law, directly raise resources by charging user fees and retaining 100% of these for administering the PA. Even when state funding is combined with self-generated resources, in 2007 the weighted average ratio of 'funds available' to 'funds needed' (for meeting conservation objectives of PAs) stands at approximately 60%. The national PA system will be under further financial stress in the coming years as it expands through a doubling of its area by 2015, when the same ratio will drop to approximately 53%. Therefore, the purpose of this report is to assess options for mobilizing potential new sources of funding for the essential recurrent and capital costs of Ukraine's PAs. Such sources will be *in addition to* (rather than a replacement for) government funding, since the government will continue to be responsible (by law) for funding 100% of the salaries of PA staff.

on quite different sets of laws and regulations) for financing the particular set of PAs that it manages. There is no one single set of laws or regulations governing all of the various taxes and fees that are used to finance the different categories of protected areas in Ukraine. Each agency that is responsible for managing PAs uses different types of fees or taxes, which are governed by different sets of laws and regulations (most of which are available only in Ukrainian or Russian). In addition, there appears to be mostly a complete disjunction between the stated purposes for which a particular type of tax or user charge is levied (e.g., pollution charges or water user fees), and the purposes for which the revenues generated by such a tax or fee are used. In other words, the revenues generated by particular types of pollution taxes or natural resource user fees usually just go into the general state budget, rather than being earmarked in any way to finance environmental expenditures. Such fees and taxes are not designed or utilized as fiscal instruments for influencing individual and corporate behavior in order to achieve particular environmental objectives and goals, but are merely a way for the state to raise general revenues.

191. Part of the way to improve and strengthen the governance of Ukraine's protected area system would be to unify (or at least reduce the number of) the different agencies currently responsible for managing PAs, so that revenue generation and expenditures could be coordinated in a more rational and systematic way. The Deputy Head of the State Agency for Protected Areas responded to the Consultant's long list of questions about which kinds of revenue sources for PAs that are used in other countries might be legally and politically feasible in Ukraine, by repeatedly saying that almost any of these different individual revenue generating options could (at least in theory) be legally possible to implement in Ukraine under the broad provision of Article 47 of the Protected Areas Act, but what is needed in order to convince the Ukrainian Government to actually implement any of these options is to make them components of a comprehensive long-term strategy for financing the country's PA system. Convincing the parliament ("Rada") and executive branch agencies and ministries to adopt such a strategy will probably take several years of sustained effort, but this could be made into one of UNDP-GEF's "end of project" outcomes. He said that a piecemeal approach of trying to introduce various new individual revenue-generating mechanisms one-by-one would probably not be nearly as successful as presenting various proposed new taxes and fees as part of a comprehensive long-term strategy for financing Ukraine's PA system.

192. It is therefore recommended that developing and promoting such a comprehensive long-term strategy (rather than simply introducing particular new revenue-generating mechanisms at the individual PA level) be made into one of the project's primary activities/outputs. This should be combined with initiatives to require much greater transparency (i.e., public dissemination) of information about revenues generated and revenues expended by protected areas, and possibly the establishment of advisory or honorary committees for individual PAs that would include representatives of local governments, civil society organizations, the private sector (including tourism industry representatives), and conservation NGOs. There are many examples of such advisory bodies in other countries. Even if they lack any specific legal authority to change decisions made by PA management agencies, they can serve a very valuable oversight function (indirectly influencing decisions by government agencies by exposing them to public discussion and scrutiny) and introduce different stakeholder perspectives, new ideas, and increased local participation. Such efforts to achieve greater transparency and participation in PA governance, management and financing would also dovetail with much larger concurrent initiatives by other international donor agencies (such as USAID's Millenium Challenge Corporation, and initiatives in the forestry sector financed by Swiss Development Cooperation) that are expressly focused on trying to overcome endemic widespread corruption and to strengthen good governance in Ukraine's public sector.

Structural Obstacles to Implementing an Expanded System of Local User Fees and Pollution Charges to Finance Ukraine's PA System

193. A 125-page OECD report published in 2006 titled "*Environmental Finance: Performance Review of the State Environmental Protection Fund of Ukraine*" (which was financed by the Swiss and Dutch governments, reviewed and endorsed by the World Bank, and produced in collaboration with Ukraine's

Ministry of Environment Protection), provides a detailed description and a critical analysis of the legal, institutional and financial aspects of Ukraine's current system of environmental user fees, fines and charges. This OECD report contains many specific findings (which are selectively quoted and discussed over the following 3 pages) that point to serious obstacles (or at least challenges) in trying to implement the type of user fee-based system of generating revenues for PAs that are outlined in the UNDP-GEF Project Document.

194. The system of environmental funds in Ukraine was initially created in 1991 on the basis of the Law on Environmental Protection. In 1998, the Funds were included as regular budgetary lines into the State and respective local budgets. Their main resources are pollution charges and fines earmarked to finance expenditure to address environmental problems. The Funds are not distinct legal entities and have no separate management structure or dedicated staff. The State Environmental Protection Fund (the State Fund) is under the direct supervision of the Ministry of Environmental Protection (MEP) and its programmes are administered by regular Ministry's officials. The Fund's revenues come from an array of pollution charges. However, part of these resources is also used to finance other Ministries' programmes thereby reducing their environmental impact.

195. According to the OECD report, "In its current form, the State Fund appears to be essentially a budget line to collect and spend public money. The lack of an appropriate policy and institutional structure (a strategic vision; clear environmental priorities; dedicated staff; adequate procedures to identify, appraise, select and monitor projects) hampers its capacity to efficiently support the implementation of the national environmental policy. The absence of a clearly formulated national environmental policy is an additional constraint in this regard. This situation calls for urgent reforms if the continued operation of the Fund is to be justified."

196. In 1998, the Law of Environmental Protection was amended (with respective changes in the annual Budget Law) to include the Fund in the state budget of Ukraine and local funds in the respective local budgets. …The oblast and local funds are subordinated to local administrations (the Executive Committees of the local Soviets). As of 1 January 2005, there were 9 820 of these funds. In 2006, the State Fund financed 8 budgetary programmes. However, there were also 15 budgetary programmes managed by 5 other ministries that were financed with resources from pollution charges. These other ministries included: Ministry of Industry, Ministry of Emergency, Ministry of Agriculture, State Water Management Committee, and the National Space Agency. The MEP endorsed these programmes but did not control the spending of their resources.

197. On the expenditure side, the Fund's operations are guided by a "list of types of activities that qualify as environmental measures". In 2005, there were 11 state environmental targeted programmes. These include a Programme of long-term development of nature reserves in Ukraine ("Nature Reserves") (Law No. 177, 1994, Programme Code 011). These broad programmes, adopted by the Parliament, have mostly a declarative character and no stable sources of financing to implement them. They are usually used in planning expenditures of the Fund and mostly as a reference for justifying the support for a certain activity.

198. On the basis of the 1998 Budget Law of Ukraine, the State Fund was incorporated into the state budget, and the local funds into the corresponding local budgets. Consequently, the State Fund is now a special Fund, part of the state budget of Ukraine.

199. The budgetary structure of the State Environmental Protection Fund has been replicated at the regional (oblast) and local levels. Theoretically, in accordance with current legislation, each single village has the right to create its own fund, and also has the possibility to delegate it to the upper government tier. The national, regional and local funds are totally separate from each other and there is no legal way for resources to be transferred between the local and national levels. Executives of regional and local governments make decisions with regard to the use of the money accumulated by regional and local funds

200. The OECD report comments that "the responsibilities for programming, appraisal and selection are split among many different players and levels. This makes the process very cumbersome and causes problems with the timely preparation of programmes to be financed from the Fund. …Good international practices show that environmental Funds consist of two governing bodies: a management (executive) unit responsible for the daily operations of the Fund, such as project cycle management, financial management and external relations, and a supervisory body that is responsible, among others, for establishing spending priorities, setting internal policies, approving the annual plan and budget, internal operating procedures and project portfolios. A management structure, as described above, does not exist for the Ukrainian Fund. The division of labour is split among too many people and levels without clearly specified lines of responsibility and subsequent accountability for decisions. It is difficult to see who really bears responsibility for failures or misuse of the Fund's resources (apart from the Minister as part of his/her political responsibility)."

201. The revenue sources of the State Fund are specified in the national legislation. According to the Law on Environmental Protection, these include:

- Pollution charges (for air emissions by stationary sources and motor vehicles, wastewater discharges into water bodies and solid waste disposal), which constitute the main revenue sources for the Fund;
- Fines and claims for damages caused by the violation of environmental legislation during business and other activities; and
- Earmarked and voluntary contributions provided by companies, institutions, organisations and private citizens.

202. The State Fund only receives revenue from pollution charges while local and regional environmental Funds also benefit from revenue from pollution fines. So far, the Fund has not received any voluntary contributions. The procedure for generating State Fund resources, their distribution and control of their use for targeted purposes is established by the Statute of the State Fund, which was approved by Cabinet of Ministers Resolution No. 634 of 7 May 1998 9 and Cabinet of Ministers Resolution No. 181 of 15 February 2002. This legislation stipulates that pollution charges should be split between local (village, settlement, town) Funds, oblast (regional level) Funds, and the State Fund according to prescribed formulas.

203. Another problem in Ukraine is that many businesses avoid paying pollution charges. The OECD report, citing a 2003 World Bank report, points out that the present system depends heavily on lobbying for exemptions by the largest companies. Many of the heavy industry firms, which are still owned by the state, do not make profits. However, as they are considered strategic for the Ukrainian economy, they are subsidized and allowed not to pay taxes or to pay them through barter. One major criticism made by the Accounting Chamber is that the central administration does not try to increase revenue from pollution charges by extending the list of entities subject to these charges. Furthermore, for each modification in the distribution of revenue between the different levels, a new law needs to be voted. This means that the resources of the Fund cannot be modified without the approval of the national Parliament.

204. The OECD report comments that "[t]he earmarked character of the Fund by law is designed to ensure that some funding is available for environmental protection policies and that it is not used for other purposes. This is a case where international good practices accept earmarking as a temporary measure. Earmarking has allowed the Fund to accumulate growing resources and to finance projects without having to negotiate resources every year within the state budgeting process. However, over the past few years, it appears that the earmarked character of the pollution charges has not been strictly respected as some Ministries have been allowed to use this money for other programmes. In 2005, only half of the funds from pollution charges were allocated to environmental protection projects."

205. The OECD report concludes: "The reforms of the State Fund should be an integral part of a general overhaul of the whole system of environmental Funds in Ukraine. The dissipation of resources across different levels and agencies threatens the stability of the Fund and its future as a tool for implementing priority environmental policies. Reforming the Fund in accordance with good international practices will not be easy. It will require significant political support and commitment. Without a strong and dedicated leadership, the reform process risks getting stalled, as has been the case so far."

206. Among the OECD report's major recommendations for reforming Ukraine's system of environmental financing (which are found in the report's concluding section), the following recommendations seem to be particularly at variance with the UNDP-GEF project's proposed strategy of creating new local-level funds based on user fees to support PAs:

- "Reduce drastically the number of local Funds and concentrate the resources at national and oblast [i.e., provincial] level, thus bringing them closer to project owners."

207. Many of the issues raised in the preceding 3 pages of selective quotations and summaries distilled from the much longer 125-page OECD report point to very serious institutional and legal challenges (if not obstacles) to the kinds of local level initiatives being proposed by the UNDP-GEF Project Document. This properly deserves many more pages of detailed discussion. However, it will have to suffice for present purposes (due to the limited scope of, and limited amount of time available for, the present consultancy) to point out that the particular user-based fees and charges proposed in the GEF Project Document cannot simply be adopted piecemeal and in isolation from the need to reform the entire system of financing environmental expenditures in Ukraine, in the ways discussed in the OECD report.

208. Nevertheless, in spite of the clear need for a comprehensive overhaul of Ukraine's entire national and local system of environmental financing through user fees and pollution charges, the rest of this consultancy report will proceed to consider the feasibility and revenue-generating potential (based on the specific conditions at the Shatsk and Pripetsk-Stokhid parks) of each of the major categories of new local revenue generating mechanisms that are proposed in the UNDP-GEF Project Document.

Assessment of Particular Revenue-Generating Mechanisms for PAs based on Natural Resource User Fees and Pollution Charges

1. Forestry User Fees and increased revenues from timber extraction

209. The 2007 budget of Shatsk National Natural Park ("NNP") projects revenue equivalent to US $120,000 worth of timber sales. This dwarfs the total amount of $76,000 that is projected to come from all other types of user fees combined (including those based on hunting, fishing, tourism and road use). There appears to be considerable scope for the park to even further increase the amount of its revenues from forestry activities in the park's "economic zone, based on the conclusion of the World Bank's "Forestry Sector Note" (2006) that timber harvesting rates in Ukrainian forests could be doubled (i.e., to closer approximate the average timber harvesting rates in Western European forests) "while also better ensuring sustainable provision of public good functions, such as watershed management, control of erosion and flooding, conservation of landscape and biodiversity, and the opportunity for recreation and tourism".

210. However, increasing the park's current annual timber revenues (e.g., doubling them to the equivalent of US $240,000/year) would make it even more imperative than at present that all timber-harvesting operations be conducted in an environmentally sustainable way. This will require the use of new techniques, equipment, and infrastructure, which in turn will require substantial additional capital investments (at least in the first few years), either from the UNDP-GEF project itself, from other international donor agencies, or from private forestry companies (i.e., requiring them to make such investments in order to be awarded long-term timber harvesting contracts or concessions in the park's economic zone). One of the UNDP-GEF project's activities should be to carefully asses both the financial

and the ecological costs and benefits of doubling (or substantially increasing) the rate of sustainable timber harvesting in the park, before such harvesting is permitted to proceed.

211. A different way of substantially increasing the park's revenues from timber sales would be to greatly expand the scope and effectiveness of enforcement activities by the park's staff to prevent illegal extraction of timber from inside the park, which currently is reported to be quite widespread. However, UNDP-Ukraine's Programme Manager for Environment said that strengthening PA enforcement capabilities would probably also require higher capital investment in the form of purchasing more expensive equipment and vehicles for PA staff (who currently often have to patrol on foot or by bicycle, with little in the way of portable communications and surveillance equipment), and to pay for things like aerial reconnaissance and detection of illegal logging using small planes or helicopters, which is common in the US, in Central America, and in other places. Again, this is something that may be revenue-enhancing over the longer term but that will probably be revenue-draining (i.e., impose higher costs) over the short term.

212. In the case of the Pripetsk-Stokhid Park, the Director said that currently there are two forestry companies harvesting timber inside the park. These companies pay nothing to the park, but pay a small environmental user fee (for extracting the timber) to the local government.

2. Fees for Hunting, Fishing and Collecting Non-Timber Forest Products

213. In 2007 Shatsk NNP is expected to earn $4000 from fishing license fees and $6000 from commercial sales of fish caught in the park. Clearly, the park's combined fishing-related revenue of $10,000/year is not a large amount of money. It would still not represent a significant source of funding for the park even if it could be increased by 100% or 200% (i.e., to the equivalent of US $20,000 or $30,000/year).

214. The Director of Pripetsk-Stokhid Park stated that local people pay no fees for fishing inside the park. One could characterize this as a kind of customary or informal natural resource user right, which might be politically quite difficult to change. The park's policy and practice is to only charge fishing license fees to visitors to the park who are not local residents.

215. The Director of Pripetsk-Stokhid Park said that the park staff artificially feed the fish in the lake so that fisherman coming to the park will have something to catch. He also said that park staff feed wild animals during the winter, so that hunters will have enough wild game to shoot (consisting mostly of ducks and other wild birds, wild boar, deer, and hares). This would appear to be a somewhat controversial way of conserving biodiversity and practicing sustainable resource use.

216. The Director of Pripetsk-Stokhid Park said that there is a limited amount of commercial/ industrial type fishing in the park. It is all done by a single individual, whose gross annual revenues from sales of fish caught inside the park are equivalent to around US $4000/year, which the Park Director thought could perhaps be increased in the future to around $6000/year. However, that individual recently said that he would prefer to continue his fishing operations in the future as a salaried park employee, rather than as an independent business. The Park Director approved of this proposal, and said that it would be arranged. When asked how the Park would gain financially from the new arrangement, since the salary of a new employee would probably cost more than the money that the park would earn from fish sales, the Park Director said that since staff salaries were paid directly from the central budget of the State Agency for Protected Areas, he did not regard them as costing anything to the park, whereas any net revenues generated from the sales of fish by this new park employee would represent be pure financial gain to the park, since the park could spend the $4000 to $6000 for things not covered by the state budget.

217. The Director of Pripetsk-Stokhid Park said that hunters in the park now pay a fee either to the forestry agency or to the local hunters' association, but that after the park's legal status changes to that of a National Natural Park instead of just a regional park, the park will start collecting a fee from hunters, based on the scale of allowable hunting fees that is set forth in national legislation. He said that

approximately 300 local hunters would be charged a fee at the lower end of the scale, which currently generates a total of around US $3000/year (i.e., from the 300 local hunters), whereas the approximately 300 hunters who come each year from outside the local area would be charged higher fees as permitted in the legislation. This would come to around US $18/person as a basic hunting license fee plus $30/person as a seasonal hunting permit fee. Hunters also pay a fee based on the weight of the meat of the animals that they kill, which is also based on a scale prescribed in the national hunting laws. The Director of Pripetsk-Stolkhid Park thinks that there is significant potential to expand the amount of recreational hunting of ducks and other wild birds inside the park, and collect larger amounts of hunting fee revenues for this.

218. The Director of Shatsk NPP said that all hunting inside the park will soon be managed by a private company. The company will pay the park an annual hunting concession fee, and then collect fees from individual hunters.

219. Hunting is not legally permitted inside the "core" zones of either park, but only in the mixed use zones.

220. The Director of Pripetsk-Stolkhid Park said that there are five or six small companies that buy wild berries and mushrooms collected from inside the park, and these companies pay a small license fee to the park, as well as paying an environmental user charge that is based on the volume of the products harvested, but goes by law to the State budget rather than to the park. The Directors of both parks said that the value of non-timber forest products harvested inside the park by local people for their personal consumption is quite small, and that it would not be practical or enforceable to charge people fees to collect such products for personal consumption. People also widely collect the same wild berries and mushrooms from privately owned land outside the parks, so it would be difficult to determine the source of these products. There are no medicinal plants or other non-timber forest products that can only be found inside the parks but not in the surrounding areas.

3. Tourism-related Fees and Revenues

221. The Director of Shatsk NPP said that the park receives around 70,000 visitors each year. Around 60% of these stay in "sanatoria", and about 40% stay in private homes located inside the mixed use zones (which are in fact villages or towns) inside the park's boundaries. The sanatoria and private homes pay a fee to the park based on the number of beds that are occupied by visitors, but sanatoria that offer medical treatment don't pay anything. Around 200 new dachas (private vacation homes) have recently been built inside the park. Those located along the lakeside must pay a recreational user fee to the park, but those not built on the lakeside pay nothing, although much of their value depends on their being located inside the park. According to the Park Director, most dachas are actually rented out to summer visitors to earn money. He estimated that around 50% of the dachas are owned by local people, and 50% are owned by people living in cities far from the park. The park has a management plan that includes building codes governing the construction of residences inside the park, and in principle (although not so far in practice) the park could limit the number of new houses being built.

222. The total current income to Shatsk NNP from all environmental user fees paid by sanatoria, hotels and private homes is projected in the park's 2007 budget to be the equivalent of US $12,000. This is indeed a very small sum. One might assume that the tourism-related environmental user fees paid to the park could probably be increased by 500% or even 100% (i.e., to a total of $60,000/year or even $120,000/year) without really affecting visitation levels, or forcing sanatoria or guest-houses to go out of business, since such costs could probably easily be passed on to the park's visitors. For example, if the total amount of tourism-related environmental user fees were increased 1000% to $120,000/year from the current level of $12,000/year, and if this difference of $108,000/year were divided by the total annual number of visitors to the park (i.e., 70,000 people), this would only come to around US $1.50/person. However, any such increase would have to be negotiated between the park and the local government, which might resist an increase of this magnitude. The consultant's short visit to Shatsk NPP (of just a few

hours during the afternoon of one day, and then an overnight stay) provided no opportunity to gauge the political acceptability/feasibility of making such a change in the level of fees.

223. Shatsk NPP's other two main tourism-related sources of income consist of the equivalent of US $30,000/year in park entry fees (collected at the guard post on the main road leading into the park) and US $18,000/year in recreational fees. The latter category includes fees paid by visitors for discrete services provided by the park, such as camping fees, firewood fees, fees for guide services provided by park staff, boating fees, etc. It would seem like there might be considerable scope to increase all these fees, perhaps again by as much as 500%, which in the case of increasing the current revenue from park entry fees would still only work out to an average of US $5/person, if divided by the 70,000 visitors/year to the park. However, it would probably be necessary (or at least highly advisable) to carry out some sort of surveys of visitors' "willingness to pay" such higher fees, in order to determine how politically feasible this would be (or in order to make the case for raising fees, against what might be anticipated could be the arguments of the tourism sector saying that it would drive away tourists and cause vacancy rates to go up).

224. The Director of Pripetsk-Stolkhid Park said that the park cannot charge any entry fees as long as it is just a regional landscape park, but will have to wait until it becomes a National Natural Park. He then anticipates charging the equivalent of around US $1/person as a park entry fee. Without doing a "willingness to pay" survey of park visitors (perhaps as one of the activities to be undertaken during the implementation phase of the UNDP-GEF project), it is hard to say whether this fee is too low or whether it could be increased substantially without significantly deterring visitors. The same applies to the amounts charged visitors as recreational fees (for camping sites, guide fees, boating fees, etc.). The Director of Shatsk NNP estimated that only around 20% of his park's visitors could be characterized as ecotourists or people coming to the park primarily to enjoy a relatively pristine natural environment, whereas 80% of the park's were probably coming for a lakeside beach and swimming experience, and therefore might be just as happy to go to an artificially created reservoir somewhere for a cooling swim on a hot summer day, if entry fees to the park were raised too substantially.

4. Road User Fees

225. The UNDP-GEF Project Document refers in one place to "testing of opportunities for integrating biodiversity conservation principles in public works such a roads that also offer the potential of raising revenues through charging of user fees". In another place it refers to "revenue raising options …based on use of water, and potential use of the road that traverses PS NNP going into Belarus. While this is currently a road of national status, it offers the potential for serving a broader purpose for a user fee, within the ecological limits placed on it by virtue of its location."

226. However, the Deputy Head of Ukraine's State Protected Areas Agency said that it would not be legally possible for the Pripetsk-Stolkhid park to charge a fee to all drivers using the road traversing the park, because the fact that it a main road (i.e., a "road of national importance") for going from Ukraine to Belarus means that many of the people using the road are not doing so in order to visit or enjoy the park. This contrasts with the situation in Shatsk NNP, where the main road into the park also ends in the park and goes no further, meaning that anyone using the road is doing so for the purpose of visiting the park. The director of Shatsk NPP said that in any case, the fee collected from all vehicles using the road going into the park is actually a park entry fee and not a road fee.

227. On the other hand, after further questioning, the Deputy Head of Ukraine's State Protected Areas Agency said that although it would not be legally possible to charge a fee to drivers for using a road that goes through a park, it would be legally possible to charge them an environmental user fee for the air pollution in the park resulting from driving a car through the park. Normally such an "ecological fee" would have to be paid to the State budget or to the local government, but the park could try to negotiate with the local government to receive the local government's share of the pollution fee.

228. Upon being further asked by the consultant whether the park could legally charge an ecological fee (i.e., environmental user fee) to an electric power company that constructs electric transmission lines or transmission towers in the park, or a gas pipeline company that constructs a pipeline through the park, the Deputy Head of the State Protected Areas Agency said that the park could not charge a fee just for using the park's territory or traversing the park, but the park could charge an environmental user fee (i.e., request compensation) equal to the value of any trees that might be cut down (or other damage that might occur) during construction inside the park. This amount would have to be equal to the same legally prescribed amount per tree that a logging company would have to pay for each tree that it cuts down. He said there are several examples of other parks that have factories located inside of the parks, and in those cases the factories pay a fee for using the natural resources of the park such as water or sand and gravel, etc. In such cases, 70% of the fee goes to the local government (which could voluntarily agree to give the money to the park), and 30% goes to the State budget.

5. Watershed Conservation Fees, and Water Consumption Charges

229. There are many examples around the world of (in countries such as Colombia, Ecuador, Costa Rica, France and the US) of water users being charged a fee for the sake of protecting the watersheds that are the source of their water. For example, in Colombia and Ecuador, the water supply for the capital cities comes from PAs in the mountains near those cities, and therefore the residents of those cities are charged an extra fee (equal to several percent of their monthly water use bill) which is allocated specifically for the purpose of conserving the forests in the PAs that are the source of the water. New York City also uses such a system, because it calculated that if the forests in the PAs of the Catskill Mountains north of the city were cut down and the land were used for construction of houses and other buildings, then the city of New York would need to spend more than $2 billion to construct new water purification plants.

230. However, the Head of the State Agency for Protected Areas said that there are no major cities in Ukraine that get their water supply from PAs. The Directors of the Shatsk NNP and the Pripets-Stolkhid Park both said that none of the surrounding communities or farms gets its water supply from these PAs. Because the water resources of this part of Ukraine are naturally so abundant, the surrounding towns and farms can get all of the water that they need by simply digging underground wells. The Head of the State Agency for Protected Areas said that only place in Ukraine where a system of charging water users a fee to cover the costs of conserving PAs that serve as a watershed and water source might be feasible would be in the Crimea, which has a shortage of water due to its Mediterranean type climate. However, the UNDP-Ukraine Programme Manager for Environment said that 90% of the Crimea's water supply comes from a canal built to transport water from the Dnieper River, and almost none of the water supply used by cities or farms in the Crimea comes from inside PAs. Therefore, even in the Crimea, watershed conservation fees or water user fees would not be a viable way of generating revenues for PAs.

6. Pollution Charges and Fines

231. As already mentioned in earlier parts of this report, Ukraine has a system of charging industrial companies for the amount of pollution that they emit, and for their use of natural resources including water and air. The Head of the State Agency for Protected Areas estimated that this system of environmental charges raises the equivalent of hundreds of millions of US dollars each year. This money goes to the State budget, and is supposed to be allocated for environmental expenditures, although as was already mentioned in discussing the OECD report titled "*Environmental Finance: Performance Review of the State Environmental Protection Fund of Ukraine*", only about half of the money raised from such fees is actually used for this purpose, and even that money is often spent in a very inefficient and ineffective way.

232. When the Deputy Head of the State Agency for Protected Areas was told by this consultant about the practices of countries where part of certain environmental fees like the gasoline tax (in Costa Rica) or the fees paid by oil companies for offshore oil drilling leases (in the US) are specifically allocated for

protected areas or conserving forests, he said that if only a small percent of this money could be earmarked for biodiversity conservation and PAs, this would have a huge impact. However, this would require passing a new law in Ukraine.

233. One of the possible activities that could be supported by the UNDP-GEF project might be to provide technical legal assistance with drafting such proposed legislation and then sponsoring workshops and publications on how such a proposed law might work. In order to determine whether or not this would be a worthwhile activity for the UNDP-GEF project, there should first be further discussions with the other government ministries (such as Finance, or Trade and Industry) that would be affected by a change in the current law, to determine its political feasibility and the number of years that it might take to make such a change in the law. The current draft of the UNDP-GEF project document discusses proposals for increasing the amount of the environmental charges and user fees paid by sanatoria and hotels to Shatsky NPP, which could generate fairly modest amounts of new revenue. However, this is dwarfed by the potential revenues that could be generated if say, one or two percent of the total amount of environmental user fees and pollution fees paid by all of Ukraine's major industrial companies were specifically earmarked for PAs and biodiversity conservation.

7. A Brazilian-type 'ecological value-added tax' to compensate local governments that lose tax revenues because a high percent of their territory consists of PAs:

234. According to the UNDP-GEF Project Document, "Article 49 of the Protected Areas Act introduces a land tax relief for PAs. Where PAs cover a large share of a rayon's territory, the local administration loses a substantial source of income as a result of designation. Recently, experts working on designation of new NNPs, in line with the Government's plan for expansion of the PA system in many parts of the country, especially poorer rural areas, faced resistance from rayon mayors. It seems, therefore, that the existing tax relief scheme needs to be revisited, not in isolation, but rather in the context of a comprehensive strategy for PA financing."

235. One potential way of addressing these concerns of local governments in Ukraine (and a way to thereby encourage expansion and strengthening of the PA system) would be to adopt a modified version of Brazil's 'ecological value-added tax', which has been widely praised as a fiscal instrument that rewards local governments for protecting forests and biological resources.[27] Brazil's ecological VAT originated as a means of compensating Brazilian local governments whose territory includes a large amount of PAs for the resulting loss of tax revenue. However, it has also served as a positive incentive for local governments to create new PAs or expand existing ones, especially in areas of low-productivity agriculture.

236. Brazil's value-added tax ("VAT") on all goods and services is the largest source of state revenues. According to Brazil's Federal Constitution, 25 per cent of the VAT revenues collected by Brazil's state governments must be allocated to local governments. Out of this 25%, 75% is allocated among the different local governments in a Brazilian state based on an index of their total economic output, while the remaining 25% (i.e., 25% of the 25% of the VAT that is allocated to local governments) is distributed to local governments based on how much of their territory is occupied by protected areas, and also based on the "quality" of those PAs (i.e., their category of legal protection). This formula has created a strong incentive for local governments to maintain existing PAs and create new ones, in order to increase the percentage of the VAT tax that they will receive.

237. One of the areas of Brazil where this ecological VAT system has been most wisely applied is in the central southern part of the state of Paraná, a region primarily settled by Ukrainian immigrants in the 19th century, where some of the people still speak Ukrainian.

[27] For a fuller description and analysis of how this Brazilian tax works, please see the attached article "Using Fiscal Instruments to Encourage Conservation: Municipal Responses to the Ecological Value-Added Tax in Paraná and Minas Gerais. Brazil".

238. One of the activities of the new UNDP-GEF project could be to support a visit by several Ukrainian officials to the Brazilian state of Paraná, in order to study how Brazil's ecological VAT system works, so that they can introduce something similar in Ukraine.

8. Payments for Carbon sequestration:

239. The Ukrainian Government and Ukrainian businesses have already demonstrated great interest in the potential for earning money by selling foreign companies the unused "carbon credits" that have been allocated to Ukraine under the rules of the Kyoto Protocol (the Climate Change Convention). On October 23 to 25, 2006, the Ukrainian Government and various international agencies sponsored the "Second International Conference on Joint Implementation Projects in Ukraine", which was attended by 320 participants from 22 countries. In addition to Joint Implementation projects (which are based on selling unused carbon credits for industrial emissions), the Climate Change Convention also permits carbon credits to be sold or traded for afforestation and reforestation projects involving lands that have not been under forest cover in the period since 1991, based on the theory that such new forests will help to sequester or reduce the amount of man-made carbon emissions in the atmosphere. Unfortunately, carbon credits cannot be given sold for conservation of existing natural forests, and therefore the potential for earning money from selling such forest carbon credits in Shatsk NPP and Pripetsk-Stolkhid NPP is probably limited. However, the UNDP-Ukraine Programme Manager for Environment pointed out that there are potentially many opportunities for PAs in the Carpathian region of Ukraine to earn carbon credits for afforestation or reforestation. In this region, there has been a long history of logging over the last century, and there would be many opportunities to replant forests that were cut down before 1990. In fact, about 70% of the current forests in the Carpathian region are planted forests rather than natural forests.

240. This is an opportunity that should be pursued as part of the implementation phase of the UNDP-GEF project. Such activities have already been included in many GEF climate change projects around the world, and therefore there are many models for UNDP to follow in this case. In the case of Ukraine, this could generate substantial new revenues for funding the PA system in the future.

<u>Other Potential new PA Funding Sources that are not based on User Fees</u>

1. Debt-for-Nature Swaps

241. A debt-for-nature swap would involve the cancellation of certain debts owed by the Ukrainian Government to a foreign government (for example, debts owed to the international development agencies of countries such as Germany, Switzerland or the US) in exchange for the Ukrainian Government's agreement to spend an amount of local currency on nature conservation projects which is equal to a percentage of the hard currency debt that is being cancelled. The exact percentage would depend on multiple factors.

242. Debt-for-nature swaps involve complex negotiations between the Finance Ministries of both the debtor country and creditor country, as well as the international development agency of the creditor country and the Ministry of Environment of the debtor country. Sometimes the creditor country will specify that the beneficiaries of a debt-for-nature swap (i.e., the organizations that receive local currency funding from the debtor government to implement various nature conservation projects) must be local environmental NGOs or a newly created foundation rather than government agencies. If the debtor country later fails to fulfill its obligation to provide local currency budget allocations for conservation projects, the full amount of the original debt (and accumulated interest on the debt) becomes immediately due and owing (which is why there has been no case of this ever happening).

243. The restructuring of Poland's foreign debt through a "Paris Club" agreement in 1991 with five of Poland's largest bilateral creditors---the US, France, Switzerland, Italy and Finland---resulted in the cancellation of US $3.3 billion of debt owed by the Polish government, in exchange for the Polish

government's agreement to transfer US $545 million to a new Polish foundation called the "Ecofund", which is independent of government. The Ecofund makes grants to Polish government agencies, environmental NGOs, and companies for the four purposes: reducing transboundary air pollution, reducing pollution of the Baltic Sea, reducing greenhouse gas emissions, and conserving biodiversity. Although only around 5% of the Ecofund's total grants have been used for financing biodiversity conservation and protected areas, this represents about US $25 million over the last 15 years, which is very significant relative to existing budgets.

244. In 1995, the Government of Switzerland cancelled the Swiss franc equivalent of US $16.2 million debt owed by the Government of Bulgaria, in exchange for the Bulgarian Government's agreement to transfer the same amount in local currency to a newly created Bulgarian Protected Areas Trust Fund.

245. The US Government has cancelled more than $1 billion of debt owed by Latin American countries (under a past program called the "Enterprise for the America's Initiative") and by countries throughout the world that have biologically significant tropical forests (under a current program called the "US Tropical Forest Conservation Act", or "TFCA"), on condition that the debtor countries agree to transfer an amount of local currency that is equivalent to between 15% and 65% of the original face amount of the debt (depending on certain economic formulas) to a newly created forest conservation foundation in each debtor country. The foundations are required to be independent of government, which means that at least 50% of the members of the foundation's board of directors must come from outside government, although the US government and the national government each has a representative on the board of directors that has a veto power. There is currently new legislation pending in the US Congress (which is supported by the Bush administration) that would amend the TFCA to also make debtor countries with significant areas of temperate forests eligible for debt-for-nature swaps, which will primarily include countries in the CIS and Eastern Europe. According to a list of potentially eligible countries which was recently prepared by the US Treasury Department, Ukraine currently owes $59 million worth of debt to the US which could potentially be eligible for cancellation under the amended TFCA, although realistically speaking, in the past such debt-for-nature swaps by the US in other countries have almost always been for less than $25 million even when the total amount of debt owed was much larger.

246. The Economic Officer at the US Embassy in Ukraine said that while he would personally be very supportive of doing a debt-for-nature swap in Ukraine, the decisions would basically have to be made in Washington. He also said that the US Embassy in Ukraine would have one major concern which the Ukrainian Government would somehow need to address as a pre-condition for doing a debt-for-nature swap: there have been a number of cases in Ukraine (especially in Crimea) where large construction projects (such as new resorts, housing, and irrigation canals) have taken place in the middle of protected areas and destroyed their biological integrity. Most of these cases have involved corruption and illegal construction. The US Government would not provide financing for protected areas where this is a serious risk. However, he also said that Ukraine will soon receive at least several hundred million dollars of grant aid through a US government-funded initiative called the "Millenium Challenge Corporation", which is intended to help newly democratic countries to fight corruption and address other problems. He said that it might be possible to combine an anti-corruption initiative (funded by grants from the Millenium Challenge Corporation) that focuses on forestry and protected areas with a debt-for-nature swap (funded under the amended TFCA).

247. A debt-for-nature swap could simultaneously achieve at least two different goals: generating large amounts of new funding for biodiversity conservation in Ukraine, while also significantly reducing Ukraine's foreign debt.

248. On the other hand, this is not "free" money. In order to do a debt-for-nature swap, the Government of Ukraine would have to agree to allocate additional amounts of local currency from its annual budgets over a 10- to 20-year period (i.e., in addition to the amounts normally budgeted for

protected areas). In the opinion of the Deputy Head of Ukraine's State Agency for Protected Areas, the Ukrainian government would probably prefer to use the debt swap mechanism in order to generate funds for other social purposes or sectors rather than for biodiversity conservation, which is not such a high priority for the Government. This issue should be further investigated. Since the debt swap initiatives of certain international donors such as USAID can only be used for biodiversity or forest conservation, it is possible that Ukraine's Finance Ministry might agree to support a debt-for-nature swap solely as a mechanism for reducing Ukraine's foreign debt, even if the Cabinet or the Finance Ministry itself does not consider biodiversity conservation to be a high priority. A debt-for-nature swap could also generate good international publicity for Ukraine, which might be of interest to the Foreign Ministry or the Office of the President. All of this could be further explored during the GEF project's implementation phase.

249. The UNDP Senior Program Manager for Environment in Ukraine said that several years ago UNDP funded a study to examine the feasibility of doing debt-for-nature swaps in Ukraine, but the study concluded that the Ukrainian Government had such a good record of repaying its foreign debt (in contrast to countries such as Poland and Bulgaria) that foreign government creditors would not be interested in doing debt-for-nature swaps in Ukraine. However, it could be worthwhile activity for the UNDP-GEF project to reassess this conclusion to determine whether conditions have changed in the last five years. This could be done through meetings with Ukraine's Ministry of Finance to review the country's current foreign debt profile, and by contacting foreign creditor governments such as the US to see whether there may now be new opportunities and incentives for doing debt-for-nature swaps, e.g., because of changes to the TFCA[28].

2. Conservation Trust Funds

250. Conservation trust funds have been established in more than 40 developing countries and former communist countries the past 15 years as a mechanism for providing long-term financing (rather than just short-term project funding) for purposes such as: (i) management of existing protected areas, including salaries, operational costs, planning, capacity building and training; (ii) establishment of new protected areas; (iii) scientific research, monitoring and collection of data about wildlife and ecological processes, in order to determine the best ways of conserving them; and (iv) "alternative livelihood" projects that try to reduce the damage to biodiversity caused by people living near protected areas, and try improve these people's economic condition, by providing them with new opportunities to earn a living in more environmentally sustainable ways.

251. The geographic focus of a conservation trust fund can vary between financing the costs of: (i) a single protected area; or (ii) an entire national system of protected areas; or (iii) a set of trans-boundary protected areas. Conservation trust funds can be based on different financial mechanisms:

252. an *Endowment* is a fund whose capital is invested in order to earn interest and other kinds of investment income. Only the annual interest and investment income is spent, but no part of the capital is ever spent. In this way, the endowment's capital continues to generate a steady stream of income 'in perpetuity'. The largest endowment-type conservation funds include the ones established in Mexico (US$90 million); Bhutan (US$40 million); Philippines (US$26 million); Indonesia (US$25 million); Panama (US$25 million); Madagascar's "Fondation Tany Meva" (US$12 million equivalent); and the newly established 3-country "Caucasus Protected Areas Fund" (US $11 million equivalent, funded by donations from KfW, WWF and Conservation International).

253. a *Sinking Fund* is similar to an endowment, except that in addition to spending interest and investment income, part of the capital is also spent each year, until it finally 'sinks' to zero after a

[28] Following submission of the Consultant's report, based on more recent information received by the Consultant, this revenue generating option for PAs seems far less promising than initially thought. This is because it is looks *unlikely* that the TFCA will be changed to include debt-for-nature swaps for temperate forests.

predetermined period of time (usually between 10 and 20 years). One example is the $15 million "FUNBIO" fund established through a World Bank-GEF project in Brazil.

254. a *Revolving Fund* is a fund that continually receives new revenues (for example, from user fees or special taxes) and then spends most of these revenues in the same year, rather than preserving these revenues as capital, and investing this capital to generate a future stream of interest and income. A good example is Belize's "Protected Areas Conservation Trust", which generates around US $1 million/year through a US $3.50/person "conservation fee" that is collected from all foreign tourists at the airport, in addition to the regular airport departure tax.

255. Conservation funds can also be based on a combination of these different types of financial mechanisms. For example, a trust fund could include two separate accounts, one of which is structured as an endowment, and the other one which is structured as a sinking fund (e.g., for donors whose policies or regulations require that all grants must be spent within a maximum period such as 5 years). At the same time, there could also a revolving fund account that is financed by a continuing flow of user fees, earmarked taxes or national government matching funds.

256. A trust fund is not intended to replace government funding, or to remove incentives for parks to develop new ways of generating revenues by charging fees or by continuing to seek short-term international donor grants for specific purposes. For example, the Caucasus Protected Areas Fund will only make grants to protected areas which are able to finance at least 50% of their management costs from government budget allocations or other sources besides the trust fund. Approximately US$ 2.3 million/year will be required in order to pay for 50% of the basic recurrent management costs of 'priority' protected areas (national parks, nature reserves and a limited number of sanctuaries) in all 3 Caucasus countries, and it was calculated that this will require an endowment of around $40 million (based on assuming an average 6% net long-term rate of return on investments), of which $11 million has been raised so far.

The GEF's 4 "Essential Conditions" for setting up a Conservation Trust Fund

257. A 1999 GEF Evaluation Report on Conservation Trust Funds concluded that "four conditions are essential for the creation and/or capitalization of conservation trust funds:

- The biodiversity conservation issue to be addressed requires a long-term commitment—at least 10-15 years;
- There is active government support—not just agreement—for creating a mixed, public-private sector mechanism that will function beyond government control;
- There is a critical mass of people from all sectors of society who can work together despite their different approaches to biodiversity conservation and sustainable development; and
- There is a basic fabric of legal and financial practices and supporting institutions (including banking, auditing and contracting) in which people have confidence."

258. It appears likely that all of these 4 conditions could satisfied in the case of Ukraine, although this would require further analysis during the GEF project's implementation phase, particularly with respect to the last of these four essential conditions. Although Ukraine's civil code has provisions allowing for the creation of non-profit charitable foundations, Ukraine's tax code does not allow tax deductions for contributions to such foundations by individuals or companies, and does not exempt from taxation the interest or investment income that is earned by such foundation's through investment of their endowments, as most Western countries do. In fact, charitable organizations in Ukraine even have to pay a 20% penalty tax on any funds which they have not spent by the end of each year. According to the

Deputy Director of the American Chamber of Commerce in Ukraine, it will probably be quite a few years before the Ukrainian Government may be willing to change these rules, because there were some very serious abuses of tax-exempt foundations (e.g., for money laundering and tax evasion) during the 1990s. One way of getting around this problem would be to legally establish a Ukrainian Protected Areas Foundation or Trust Fund outside of Ukraine, in a country such as the UK, Netherlands, Switzerland, Germany or the US, which exempts the income of charitable foundations from tax, and also provides tax deductions for donations to such foundations by individuals or companies. In one recent case involving a UNDP-GEF biodiversity conservation trust fund project for Ecuador's Galapagos Islands National Park, UNDP and GEF approved the legal establishment of the trust fund outside Ecuador (i.e., in the US) on the grounds that Ecuador did not have a basic fabric of legal and financial practices for charitable foundations in which people had confidence, and that Ecuadorian charitable foundations would be taxed on their interest and investment income.

259. There is also an existing example of this that involves Ukraine. In 1995, as part of a 3-country set of World Bank-GEF projects (in Slovakia, Poland and Ukraine) for conservation of the Eastern Carpathians Biosphere Reserve, a new foundation was legally established in Switzerland called the "Foundation for Eastern Carpathians Biodiversity Conservation". This foundation has an endowment that is funded by a $300,000 grant from a GEF biodiversity project for Slovakia, a $300,000 grant from the MacArthur Foundation, and a grant from the EU. This foundation makes small grants to supported protected areas and biodiversity conservation in the Carpathian regions of all 3 countries. The current Deputy Head of Ukraine's State Agency for Protected Areas was personally very involved in the establishment of this foundation, and therefore understands the conservation trust fund concept very well.

260. In response to potential concerns that a conservation trust fund or foundation that has a large endowment might be vulnerable to corruption or misuse of funds, there are several mechanism that have proven effective in preventing this from happening even in the case of trust funds that are established in countries which have a bad general reputation for widespread corruption. These mechanisms include:

- Detailed rules regarding potential conflicts of interest by board members and staff and members of their families;
- An annual audit by an independent outside accounting firm applying internationally accepted standards, as well as independent outside technical and financial evaluation of selected grants made by the trust fund or foundation;
- Frequent and regular (at least monthly) financial reporting by the trust fund's or foundation's executive director and other staff to the board of directors or the executive committee of the board;
- Requiring multiple signatures (e.g., by several senior staff, the Executive Director and one or more members of the Board) for all withdrawals of funds, expenditures, and actual or potential contractual obligations above certain minimum levels;
- Making virtually all financial information promptly and publicly available, either on a website, or by easily accessible records at the institution's head office, including detailed financial information relating to every grant, and most kinds of administrative expenses;
- Choosing members of the fund's board of directors who represent different "interests" (such as government agencies, NGOs, prominent businessmen, and international donor agency representatives) to ensure that none of them will be able by themselves to control the board of directors, but instead all decisions will have to be approved by representatives of many different organizations.

261. All of the specific details will have to be discussed and worked out with lawyers, accountants, government officials and NGOs, and then written down in an Operational Manual that should be publicly available to anyone who wants to see it.

Advantages versus Obstacles to establishing a conservation trust fund

262. The biggest advantage or benefit of establishing a conservation trust fund is creating a relatively secure long-term source of additional new funding for biodiversity conservation and/or protected areas.

263. The biggest obstacle to establishing a conservation trust fund or protected areas trust fund in Ukraine is the difficulty in finding potential donors. The GEF has a policy of only contributing to conservation trust funds in cases where other donors or the national government can provide at least a 2 to 1 match to GEF contributions to the trust fund. However, based on the review of potential foreign donors at the beginning of this report, it is difficult to identify who the foreign donors to a Ukrainian conservation trust fund might be.

2. Corporate Sponsorships and Donations

264. In many countries, large corporations have either made large donations to support protected areas or entered into corporate sponsorship arrangements with particular protected areas. For example, the largest mobile telephone company in Slovenia has become the official sponsor of a national park on Slovenia's short Adriatic coast, and covers more than half of the recurrent operating costs of the park in return for being named as the park's official sponsor, which it uses in its advertising and public relation. Similarly, Coca Cola is named as the official sponsor of a New York State Park to which it has contributed $2 million for construction of a nature center and visitor center.

265. The Deputy Director of the American Chamber of Commerce in Ukraine ("ACC") said that such sponsorship arrangements might be very interesting and attractive to Ukrainian and international companies in Ukraine. She volunteered to actively promote this idea among ACC's member companies by distributing documents about it to them (which she volunteered to help UNDP to write, in order to ensure that they would be in a form to attract the attention of such companies), and by publishing information about this on ACC's website, which could include hyperlinks to the UNDP-GEF project's website. She and several other people (such as the UNDP-Ukraine Program Manager for Environment) said that the time seems ripe in Ukraine for this kind of corporate sponsorship. The Deputy Director of the American Chamber of Commerce in Ukraine mentioned the case of a large international beer company that recently made well-publicized (on TV) donations to support public parks and a "Green Kyiv" campaign, and said that other large multinational companies such as Procter and Gamble, Unilever, Pepsi Cola, or large banks might be interested in becoming the official sponsors of certain national parks.

266. The Director of Shotsk NPP and the Deputy Head of the State Agency for Protected Areas both said that they would enthusiastically welcome this type of corporate sponsorship or support. This new type of Public-Private Partnership is something that should be explored further as one of the activities during implementation of the UNDP-GEF project.

267. Another possible funding source might be donations from Ukrainian billionaires ("oligarchs") who have recently made large donations for other causes such as financing new art museums, even though they receive no tax deductions for such donations (in contrast to Western countries). When one considers examples in neighboring Russia like the billionaire Russian oligarch who spent $70 million of his own personal fortune to buy a collection of 19th century Faberge Russian jeweled Easter eggs at an auction in New York and then donated them to the Kremlin museums, it seems worthwhile to explore whether there might be similar opportunities for Ukrainian billionaires to get a lot of favorable media and public attention by making a big donation to support Ukrainian national parks or perhaps even creating a

new foundation with their name for this purpose. They could be asked to emulate the examples of Western billionaires like Ted Turner and Bill Gates and Gordon Moore who have established large grant-giving foundations named after themselves which support environmental or health projects. One could even speculate whether someone like Ted Turner, because of his role in donating $1 billion to establish the UN Foundation, might be willing to invite some of these Ukrainian billionaires to dinner in order to persuade them to contribute to establishing a new Ukrainian nature conservation foundation. Many large international NGOs such as WWF or Conservation international have members of their staff who specialize in cultivating such "high net worth" donors. This kind of activity (perhaps in a partnership between UNDP and such international NGOs or UN Foundation staff) might be a very worthwhile (and not particularly costly) investment of time and effort to pursue during the implementation phase of the GEF project.

268. Several Ukrainians who were interviewed during the consultancy also felt that it might be worthwhile to try to raise funds from the large Ukrainian 'diaspora' community in the US, Canada, etc. to support conservation of Ukraine's unique natural heritage. It could be worthwhile for the UNDP-GEF project to contract with an experienced professional fundraising firm in the US to carry out such a fundraising campaign. There are some good precedents involving other immigrant or "diaspora" communities in the US, such as the successful efforts to raise funds from wealthy expatriate Indian entrepreneurs in Silicon Valley to support tiger conservation efforts in India.

Table of Protected Area Financing Options

Type of Sustainable Financing Option:	Potential of the Option to mobilize additional financial resources:	Activities under the GEF Project to implement the Financing Option:
Tourism Fees	Current fees could be significantly increased, but even this may not produce substantial amount of revenue	Conduct Willingness-to-Pay surveys to determine revenue potential; negotiate with local governments to increase fees
Sustainable Timber Sales	Already the largest source of revenue for Shatsk NNP; could perhaps be doubled; but might require high upfront investment and TA in order to be environmentally sustainable	Analyze the financial costs/benefits versus the risks of biodiversity loss; develop detailed forestry mgmt plans; identify and negotiate with the right timber companies
Hunting/ Fishing Fees	Very limited revenue potential; issues of what is biologically sustainable	Park officials could pursue this further, but it should not be a focus of GEF project
Road User Fees	There appear to be legal obstacles to charging road user fees	Could explore possibilities for collecting a vehicle pollution charge in parks
Water Fees	No revenue potential here, because there are no major downstream users (cities or industries), and water resources are locally abundant	No follow-on activities recommended
Pollution Charges	Significant potential if % of all pollution charges/fines collected nationally could be allocated for PA system; but few local sources of pollution near these 2 PAs	Draft proposed new legislation and develop justifications for changing current system
Ecological VAT	Would not raise revenues for PAs, but could win support for PAs from local communities	Could organize study tour/workshops to learn about and then to adapt the Brazilian system
Carbon sequestration	Could be significant potential to earn revenues from carbon credits for reforestation in other parts of Ukraine, but probably not in these 2 PAs	Assess the potential market (i.e., potential buyers), and if promising, then provide TA to State Agency for PAs on how to design and execute such projects
Debt-for-Nature Swaps	Could be potential for a large swap with the U.S. under new US legislation	Assist Min. of Environment and Min. of Finance to pursue discussions in Washington with USAID and US Treasury
Corporate sponsorships	Ukrainians in private sector and in government think this may have considerable potential to raise funds for PAs; park directors seem very interested in pursuing this	Collaborate with American Chamber of Commerce in Ukraine to disseminate in-formation to companies about opportunities/benefits of corporate sponsorships of (& donations to) PAs; facilitate contacts and negotiations

		between individual PAs and individual companies
Donations to parks by 'Oligarchs' and Ukrainian diaspora	Some Ukrainians think this may have potential to raise funds for PAs, but unclear yet how likely it is	Consult with charitable fundraisers, and hire one for short-term if it seems justified; utilize UN contacts; devise ways to offer public recognition/ awards to large donors

List of Persons Interviewed

Government of Ukraine

- Mykola Stetsenko, First Deputy Head, State Agency for Protected Areas
- Volodymyr Naida, Director, Shatsk National Nature Park
- Yuri Olasyuk, Director, Pripyat-Stokhid National Nature Park

Private Sector

- Oksana Panchuk, Deputy Director, American Chamber of Commerce in Ukraine

International Donor Agencies

- Matthew Habinowski, Economic Officer, US Embassy-Ukraine
- Oleksander Klitko, EU Project Manager/Environment
- Stefan Kresse, Counselor for Agriculture and Environment, German Embassy
- Ueli Mueller, Country Director, Swiss Cooperation Office
- Vasyl Tokachov, GEF Project Manager, UNDP-Ukraine
- Sergei Volkov, Programme Manager-Environment, UNDP-Ukraine

Relevant Excerpts from: "*National Environmental Policy of Ukraine: Assessment and Development Strategy"*, by the Ministry of Environmental Protection, GEF and UNDP (Kyiv, 2007).

- "…the Law of Ukraine, 'On protecting the natural environment'…is not adapted to European ecological legislation and does not correspond with principles of sustainable development. …The administrative structure for state ecological management is heavily centralized, while functions are duplicated at regional and local levels…state management responsibilities should be redistributed at the national level" (pp.12-13)
- "Often a large number of initiatives are planned years in advance with little or no consideration given to financing." (p. 14)
- "Since 1991, the state system of managing Ukraine's environment was reformed four times…Many times authority was redistributed between different government departments." (p. 81)
- "…governmental structures tend to react in a restrained and often negative manner to public participation in decision making and realization of ecological policy. They see public participation as at best an obstacle and at worst a threat. There is insufficient perception that the 'democracy deficit' makes mobilizing civil society for financially burdensome ecological policy so much harder." (p. 83).
- "The basic elements of the economic regulation system for nature-use and nature-protective activity are fees/payments for special consumption of natural resources (mineral, water, soil, forest, biological), fees for polluting, taxation mechanisms and fines for violating ecological legislation…The realities of domestic ecological management show that economic instruments mainly serve as fiscal payments; they help generate revenue for the government." (p. 89)
- "That fact that the bodies responsible for payment collection often have the right to change permissible volumes of emissions and to cancel and change payments…creates corruption and encourages enterprises not to decrease levels of pollution, but rather to bribe for, or illegally obtain, emission licenses." (p. 91)
- "Fees are collected based on the information on emissions given by the polluters themselves." (p. 140)
- "…water use structure…causes the creation of catastrophic situations within the population's water supply…Surface waters are very polluted…"(p. 106)…"This has led to terrible ecological conditions, among the worst in Europe" (p. 111)…"
- "The Chernobyl atomic power station disaster caused immense harm to Ukraine's forests. Radionuclides polluted forests across an area of 3.5 million hectares…As a result, Polissia alone [*i.e., the area where the UNDP-GEF project's two pilot PAs are located*] loses about 11 million cubic meters of forest annually." (p. 115)
- "According to recent data…[on] levels of radioactive contamination…specific attention should be paid to the Polissia territories, with their peat marsh and podzolic soils, which show high…radionuclide transition from the soil into agricultural products, and further transmission to those who live in the area." (p. 33)

SIGNATURE PAGE

Country: **Ukraine**

UNDAF Outcome(s)/Indicator(s): *(Link to UNDAF outcome., If no UNDAF, leave blank)*	Transparent and sustainable governance and management of natural and biodiversity resources promoted through regional cooperation in line with international conventions (including conventions related with global warming); environmental justice strengthened through capacity building of state institutions and civil society organizations
Expected Outcome(s)/Indicator (s): *(CP outcomes linked t the SRF/MYFF goal and service line)*	Conserving globally significant biodiversity and mitigation/reducing environmental risk in Ukraine
Expected Output(s)/Indicator(s): *(CP outcomes linked t the SRF/MYFF goal and service line)*	
Implementing partner: *(designated institution/Executing agency)*	Ministry of environmental protection of Ukraine
Other Partners:	

Programme Period: 2008-2011
Programme Component: Environmental protection and sustainable development
Project Title: Strengthening Governance and Financial Sustainability of the National Protected Area System
Project ID: _PIMS_1275__
Atlas Award ID: 00048804
Atlas Project ID: 00059098
Project Duration: 48 months
Management Arrangement: NEX, Ministry of environmental protection of Ukraine

Total budget:	$ 5,866,000
Allocated resources:	
• Government	$ 3,116,000
• UNDP	$ 50,000
• Private sector	$ 700,000
• Int'l NGO	$ 200,000
• Other:	
◦ GEF	$ 1,800,000

	Name	Date
Agreed by (Ministry of environmental protection of Ukraine):		6.03.08
Agreed by (UNDP):	UNDP PP.a.i.	29 February 2008