Strategic Objective Close-Out Report
USAID/Russia

Name: **"Increased Environmental Management Capacity to Support Sustainable Economic Growth"**

Number: **118-0160 (replaces SO 3.3). The SO evolved into 118-0161 following the approval of the March 2002 "USAID /Russia Strategy Amendment 1999-2005"**

SO Approval Date: **1999**

SO Completed: **2001**

Geographic Area: **Russian Federation**

Total Cost: **Freedom Support Act – $21,231,000**

1. Principal Implementing Partners:

- World Wildlife Fund (for eco-tourism, forestry and biodiversity)
- Winrock International
- Chemonics International
- Heron Group, LLC
- Institute for International Education (for environmental partnerships)
- U.S. Forest Service (for forestry management)
- Institute for Sustainable Communities (for the ROLL Project and eco-business grants)
- Pacific Rim Taiga (for eco-business)
- EPA (for pollution prevention, water treatment, solid waste management)

2. Summary of Overall Impact at SO and IR level

Performance over the life of this SO consistently exceeded expectations.

This strategic objective exceeded its SO-level target indicators. One example is that 78 oblasts implemented environmental management activities in 2001 compared to the target of 75. The two activities under this objective, Replication of Lessons Learned (ROLL) and FOREST, provided direct benefit to forestry administrations, businesses, public sector organizations, nongovernmental organizations (NGOs) and the general population of the Far East and Eastern Siberia. Since the beginning of the FOREST project in July 2000, our assistance to forestry administrations and small businesses in forest management has increased reforested acreage in two major forest regions [the Russian Far East (RFE) and Siberia]; has strengthened capacity to fight forest fires in two such regions; and has widened investment opportunities in secondary wood processing, non-timber forest products and ecotourism. USAID has also played an important role in mitigating the impact of trans-boundary environmental problems. For example, the Siberian Moth is a serious threat to Russia's forests because it defoliates trees. Through trans-boundary migration, these moths also threaten the United States. USAID introduced a simple, low-cost system for detecting the moth's presence using pheromone traps. This new tool provides the information needed by the Ministry of Natural Resources to combat outbreaks quickly.

During the life of this strategic objective, Khabarovskiy Kray reported that reforestation efforts are now exceeding the amount of timber being cut in the region, due in part to USAID's greenhouse programs, which introduced a cost-effective method to grow robust seedlings. With USAID's assistance, two fire patrol trucks, 56 backpack fire extinguishers, and other tools such as axes and shovels, along with two mobile fire fighting units were created and equipped in Khabarovskiy and Primorskiy Krays to more effectively combat forest fires and to protect the Amur Taiga habitat. In 2001, these fire brigades saved human lives and thousands of hectares of valuable forests. USAID's environmental management

program is credited with having played a major role in attracting support for national environmental NGOs, which are among the most effective and active civil society groups in Russia. In 2001, these influential NGOs weighed in on such controversial issues as nuclear waste, environmental health and the reorganization of the Ministry of Natural Resources. One NGO was the key public representative at hearings devoted to a dispute over gas production in the environmentally sensitive Baikal region. Consequently the project was suspended. In 2001, NGOs sponsored 50 educational projects that trained teachers and introduced environmental curricula into schools. USAID's program established a network among children in 140 cities who are using the Internet to share environmental experiences. About 1,000 organizations in 70 regions of Russia directly benefited from such activities. In May 2000, the GOR undertook a dramatic reorganization of the government bodies responsible for environmental protection and forestry. As a consequence, the Ministry of Natural Resources subsumed both the State Committee on Environmental Protection and the Federal Forest Service.

3. Summary of Activities and Success Stories

USAID began work on this Strategic Objective (SO) in 1992 as SO 3.3 and was renamed as SO 1.60 in 1999. At that time, the concept of environmental management and sustainable development was not well understood in Russia by NGOs, the general public, and policy-makers. Severe pollution and environmental mismanagement resulted. To ameliorate the effects of this situation, this strategic objective introduced sustainable environmental management practices to private and public entities, including environmental managers, policy-makers, private industry, and NGOs, throughout Russia. Results included reduction in pollution levels, improvement of public health, prevention of forest fires, introduction of sustainable forestry management practices and generation of extra-budgetary revenues for protected reserves.

USAID/Russia's environmental programs benefited both the public and private sectors, and provided assistance to businesses, natural resource management specialists, local governments, NGOs, and private citizens. They were designed in partnership with our Russian counterparts and colleagues, and were demand-driven. Programs were coordinated closely with activities of other donors and were designed to leverage a large loan program developed by the World Bank for the Russian forestry sector, environmental health risk reduction and ecologically sound business development. They also served as an important vehicle for implementing USAID's overarching objectives for assistance to Russia -- economic growth, improved health, and the development of civil society. The environmental programs were cross-cutting, and they worked closely with all other activities in USAID's portfolio.

Russian businesses now have the capacity to implement environmental management systems (ISO 14000 standards) that conform to the World Trade Organization's regulations. USAID contributed to the forestry sector's increased profitability and sustainability, and to increased trade with businesses in other countries, including the United States.

An example of some non-timber forest product results was that Region Seven, an association of non-timber forest product firms in the Russian Far East, signed an Agreement with British company "Cavendish Chemical LTD", who then completed a transaction for 20 tons of honey to a company in Los Angeles called C.H. Robinson International Inc.

With USAID support, timber processing wastes were converted into biomass energy, thus providing heat and electricity to people who previously did not have them while saving fossil fuels. Energy efficiency programs provided schools, hospitals, and private homes with heat, while saving financial resources that are now used to address other social needs. By 2001, the first of 18 biomass energy facilities was near operational status in the Russian Far East and Siberia, bringing economic, social, and environmental benefits and contributing to the U.S. commitment to address global climate change. Once online, these plants will generate up to 49.9 megawatts of energy.

By the close of this strategic objective, thanks to a new method to predict and control forest pest outbreaks, associated costs were reduced by 70 percent in eight regions, and sustainable forest management is practiced on 432 million acres (157 million hectares). More than 750 groups representing non-governmental organizations, schools, and other groups took part in a fire prevention campaign, disseminating the knowledge to thousands more. At least 120,000 activists participated in more than

1,000 environmental protection, public advocacy, and public participation actions. As a result, knowledge was disseminated to thousands more, evidencing the importance of environmental issues in civil society.

4. Prospects for the Future

Russia has an abundance of natural resources. It holds major reserves of oil, gas, and minerals, as well as vast forests – 22 percent of the earth's forested land. The forests are also the habitat for rare and important biodiversity. These natural resources hold the keys to needed economic growth. Unfortunately, exploitation and poorly planned economic development cause environmental problems that have had significant costs for Russia's human and natural resources. Russia's environmental problems were primarily caused for reasons of economic expediency. However, the deleterious effects of these problems do not have national boundaries. In Russia they worsen the population's health, standard of living, productivity, and the efficiency of businesses and industry. They also affect natural resource systems and climate worldwide.

Trade capacity-building is an important element of our support to non-timber forest products, secondary wood processing, and ecotourism. It is one motivation for our programs to train businesses and industries to adopt environmental management systems, as we anticipate Russia's future participation in the WTO. These programs encouraged partnerships between Russian and American companies, and a number of contracts and equipment purchases have already occurred. In the future, there may be an opportunity to play a part in helping Russia implement a timber certification program, which is of great interest to the U.S. timber industry.

5. Lessons Learned for Application to other SOs

USAID's environmental activities generated significant results in six different areas that are closely integrated with USAID's objectives for economic, civil society, health and local governance.

Business Development: The economic performance of eco-businesses and the associations that support them has improved. We have contributed to increased profitability and sustainability of eco-businesses and the associations to support them. Trade and contracts with businesses in other countries, including imports from the U.S., has increased. Three secondary wood processing companies purchased American equipment totaling $1,786,610 and four non-timber forest product companies signed contracts to sell their products, chaga mushrooms and syrups, to Asia.

Technology and Processes: Many Russian businesses have developed a new capacity to implement environmental management systems that conform to WTO regulations, thereby increasing Russia's ability to compete in the global marketplace. The use of clean renewable energy increased in the Russian Far East, Siberia and Ural region, replacing the combustion of oil and coal. Four biomass energy facilities were installed, providing economic, social, and environmental benefits and contributing to the U.S. commitment to address global climate change. These plants will each generate four to five megawatts of energy.

Local Government Capacity: USAID funded environmental health risk assessments that municipalities have used to prioritize investment in public services. This has resulted in a quantifiable reduction in lead levels in the blood of children. For instance, in the City of Krasnouralsk (Ural Federal District) the number of children experiencing health problems due to high lead level in blood has decreased dramatically. It has also contributed to a 100 percent increase in the number of men in one Russian region consulting doctors for treatment of sexual dysfunction caused by environmental pollution. Energy efficiency programs were implemented at the municipal level in nine regions of the Volga Federal District and in seven regions of the Russian Far East. Children in schools, patients in hospitals, and average citizens using municipal facilities are now warm and comfortable, and municipalities are saving money that can be used to address other social needs. These programs also support the President's global climate change initiative.

Forest Resources: With assistance from USAID, Russia has increased its capacity to predict and control forest pest outbreaks through the use of pheromone traps. As a result, associated costs have been reduced by 70 percent in pilot regions. The Ministry of Natural Resources was so impressed that this new methodology will be applied throughout the Russian Federation. This improved pest control also

helped to protect forests in the U.S., which can be damaged when pests are transported to the United States during trade transactions.

Civil Society Advocacy: More than 750 individuals and groups have participated in Forest Fire Prevention Education Communication Programs. This represents a significant increase in the number of individuals and NGOs taking part in activities designed to protect or improve the environment in Russia. Tens of thousands of citizens were informed about the need to prevent forest fires during the peak fire season, and surveys showed that people changed their behavior when using the forests. Of the 656 randomly sampled people in an opinion poll taken in 2002 by the All-Russian Public Opinion Research Center, within the regions of Khabarovsk and Sakhalin regions, 88 percent recognized the FOREST Project's message "8 out of 10 forest fires are caused by people." From 12 percent to 18 percent of respondents in different areas (the assessment of peoples behavior change was conducted only in Khabarovsk Kray) made at least one change in behavior during the past year to be safer about forest fires. More than 20 new environmental education and public advocacy programs have been implemented, and an Internet network now links children in 140 cities enabling them to share their environmental experiences.

6. Summary of Indicators and their Usefulness for Performance Management

Intermediate Result 1: Eco-business organizations (ECBs) developed and strengthened.
Indicators: Number of ECBs strengthened; number of ECBs participating in the eco-business associations, and number of businesses showing improved performance from USAID supported practices.
Comments: In 2001, all targets were met.

Intermediate Result 2: Operating efficiency of businesses adopting environmentally-friendly practices improved.
Indicators: Number of businesses adopting ISSO 14000 and number of businesses adopting improved environmental practices.
Comments: In 2001, all targets were met.

Intermediate Result 3: Practices that improve the environmental quality of services adopted by municipalities.
Indicators: Number of municipalities implementing adopting energy-efficiency programs and number of municipalities implementing health-risk assessments.
Comments: In 2001, all targets were met.

Intermediate Result 4: Forestry Management practices strengthened.
Indicator: Number of regions adopting natural resource management practices.
Comments: In 2001, this target was met.

Intermediate Result 5: Public participation to improve Environmental Resource Management (ERM).
Indicator: Number of environmental education programs implemented by NGOs through USAID supported activity, number of NGOs adopting citizen advocacy programs, and number of groups participating in forest fire prevention education communication program that targets forest users.
Comments: In 2001, all targets were met.

7. Appendix

Assessments conducted:
- 1999: Evaluation of Replication of Lessons Learned Project (ROLL), Carana Corporation
- 2002: Original Biodiversity Assessment, Chemonics International Inc.
- 2004: Updated Biodiversity Assessment, Chemonics International Inc.

Progress reports and final reports:
- ROLL-2000 project Final Report for the period June 2000 – May 2005
- FOREST, Phase I Project Final Report for the period July 2000 – July 2005

Contacts

Chemonics International Inc., 1133, 20th Street NW, Washington, DC 20036, ph.: 202-955-3300, fax: 202-955-3400
Gregory Minnick (GMinnick@chemonics.com), David C. Gibson, Eugene Alex Simonov, Laura H. Slattery

Institute for Sustainable Communities, Box 85, PO117312, Moscow, Russia, ph.: 095-748-0552, fax: 095-748-0553,
Ruslan Butovsky, Deputy Project Director (rbutovsky@iscmoscow.glasnet.ru)

Winrock International, 1621 N. Kent Street, Suite 1200, Arlington, Virginia 22209-2134, USA, ph.: 703-525-9430, fax: 703-525 1744,
Erin Hughes (ehughes@WINROCK.ORG).

Carana Corporation, 4350 North Fairfax Drive, Suite 500, Arlington, VA 22203 USA, ph.: 703-243-1700, fax: 703-243-0471
Laurence Hausman, Christine Bernardeau, Nickolai Mugue, Yevgeny Prudinkov