

## **An Overview of CEPF's Portfolio in the Caucasus Biodiversity Hotspot: Building on Existing Foundations**

The Caucasus Hotspot spans 500,000 square kilometers of mountains in Eurasia between the Black and Caspian Seas, including Georgia, Armenia, Azerbaijan and small portions of Russia, Turkey, and Iran. The temperate forests, high mountains, steppes, semi deserts, and marine ecosystems that comprise the hotspot contain more than twice the animal diversity found in adjacent regions of Europe and Asia. The Caucasus is also a mosaic of ethnic, religious, and cultural diversity, mixed over a relatively small area.

Biodiversity in the Caucasus is being lost at an alarming rate. Nearly half of the landmass has been transformed by human activities, with the plains, foothills, and sub alpine belts most heavily impacted. Root causes of the destruction include legal and illegal logging, hunting of endangered wildlife, fuel wood harvesting, over grazing, over fishing, large infrastructure development, and pollution of rivers and wetlands. Poverty and unemployment magnify the scope and tenacity of these threats.

The WWF Caucasus Program developed the CEPF ecosystem profile for this hotspot. The science-based outcomes definition process now used to select CEPF conservation targets combined with WWF's ability to guide regional scale strategy development (expertise gained in part through their experience putting together an Ecoregional Conservation Plan for the Caucasus) resulted in a clear investment strategy with broad stakeholder support. WWF brought together more than 130 experts from the six Caucasian countries to consider how CEPF could best add value to the region's conservation needs. They defined targets at species, site, and biodiversity conservation corridor levels. The profile focuses on conserving the hotspot's 50 globally threatened species, most of which are found in key sites within five focal corridors. These corridors (see map attached following this overview) include the:

- Greater Caucasus Corridor;
- Caspian Corridor;
- West Lesser Caucasus Corridor;
- East Lesser Caucasus Corridor; and,
- Hyrcan Corridor.

The regional experts agreed that CEPF's niche should be to support increased transboundary cooperation, better protected-area management, stronger on-the-ground implementation of international protocols such as the Convention on Biological Diversity, better-regulated natural resource extraction, and increased commitment from decisionmakers to back conservation.

The transparency of the strategy development process and the clearly defined investment priorities of the ecosystem profile are key elements in the potential for successful implementation. Effective collaboration among countries might crumble if

stakeholders perceived a decision-making process driven by politics rather than by science. The Caucasus ecosystem profile is in fact the only regional initiative in any field that has been endorsed at the ministerial governmental level by all six countries. In a region experiencing internal, sometimes quite dramatic, political transitions and beset by long-standing and seemingly intractable conflicts between nations, this is significant. CEPF is in a position to catalyze profound long-term changes, particularly in how transboundary conservation occurs, that will benefit the biodiversity and the people of the Caucasus.

Launched in May 2004 with an allocation of \$8.5 million, CEPF's grant portfolio is meant to:

**1. *Support civil society efforts to promote transboundary cooperation and improve protected area systems in five target corridors***

Each of the five corridors in the Caucasus Hotspot extends across borders of two or more countries because threatened species, their habitats, and the threats to both do not recognize international boundaries. As a consequence, transboundary cooperation is a key component of ensuring long-term biodiversity conservation in the region and something CEPF seeks to catalyze. Within this investment area, we support protected area strengthening and ecosystem management initiatives.

**2. *Strengthen mechanisms to conserve biodiversity of the Caucasus Hotspot with emphasis on species, site and corridor outcomes***

Under this strategic direction we support species-focused efforts through small grants; Red List assessments for poorly represented taxa; and improved implementation of treaties and protocols (such as the Convention on Biological Diversity and the Convention on International Trade in Endangered Species of Wild Flora and Fauna) that results in documented protection of threatened forests and species.

**3. *Implement models demonstrating sustainable resource use in five corridors***

CEPF aims to support communities implementing models for sustainable forestry, water use and range management, and conservation-friendly livelihood alternatives, such as ecotourism and sustainable collection of non-timber forest products. Projects that seek to assess and monitor the impact of large-scale development projects are also priorities.

**4. *Increase awareness and commitment of decisionmakers and the public to biodiversity conservation in five corridors***

Under this strategic direction, CEPF supports training for journalists to raise awareness of conservation priorities among key decisionmakers and communities. Projects contributing to increased environmental awareness at a regional scale will also be supported.

**Building on a Solid Foundation**

WWF Caucasus has been working to protect biodiversity landscapes in the region for more than a decade. In choosing WWF Caucasus as its coordination unit, CEPF was able to tap into and enhance an existing regional effort with a focus that complemented CEPF's own, as well as support a seamless transition from planning to implementation.

In addition to bringing to the table its existing network of collaborators in six countries, WWF also matches funding for CEPF coordination one-to-one. The Caucasus coordination unit is in itself a significant piece of leveraging for CEPF.

With headquarters in Georgia and country offices in Armenia and Azerbaijan, WWF Caucasus has established a CEPF coordination team with a physical presence in each country except Iran. (At this time, CEPF cannot fund projects in Iran, due to restrictions by the United States government.) In addition, the team has established a pool of 84 reviewers of varying disciplines representing governments, nongovernmental organizations (NGOs), and scientific institutions from all six countries to ensure expert consideration of CEPF grant applications.

This is the first region to use a call for proposals, which CEPF hopes to adopt in other hotspots as a means to ensure even more effective grant portfolios. The first invitation to Caucasus grantees went out in September 2004, after the coordination team had introduced CEPF to grassroots organizations across the region. The response was overwhelming in two ways. Firstly, the volume was unexpectedly high. CEPF received 276 letters of inquiry, the majority of which were for small grants (less than \$20,000). Secondly, the quality of the proposed projects was unexpectedly low and/or not clearly linked to the investment strategy. It became clear that many of the applicants had energy and enthusiasm, but little capacity to plan and execute meaningful conservation projects. In response, CEPF quickly established a small-grants program in the region, managed directly by WWF Caucasus, to mentor promising groups and individuals, in hope that small grants would build solid conservation capacity and, perhaps, lead to larger CEPF grants in the future. As a consequence, most of CEPF's investment to date in the Caucasus has gone to support the establishment of the coordination unit and a small-grants program. WWF Caucasus has made 27 small grants with a total value of \$478,365 to date. The distribution of these grants within the region is:

- Armenia - \$ 77,866
- Azerbaijan - \$ 86,994
- Georgia - \$ 97,615
- Russia - \$ 178,640
- Turkey - \$ 37,250

The following provides illustrative examples of the types of projects being funded through these small grants:

- Institute of Biological Resources (Dagestan Branch) – *Strategy for Conservation of the Riesen –Blindmaus (Spalax giganteus) in the North Caucasus*
- The Society of Green Artvin – *Management Effectiveness of Protected Areas in the Turkish Part of West Lesser Caucasus Corridor Using WWF's RAPPAM Methodology*
- International Association of Ecology and Tourism – *Perspectives of Ecotourism in Chaukhski District of the Great Caucasus*
- Center for Biodiversity – *Improvement of Protection of the Dagestanian Tur (Capra cylindricornis) and other CEPF Priority Species in Zacatala Strict Nature Reserve*
- Association of Scientists-Ecologists – *Analysis of Socioeconomic-Demographic Characteristics and Assessing Alternative Livelihoods Options in the Transboundary Region of the West Lesser Caucasus*

In addition, CEPF's regional coordinators conducted a series of workshops to assist local NGOs in developing projects that are more closely aligned with the ecosystem profile. The second call for proposals was made in April 2005 and more than 100 proposals were submitted by the May 31<sup>st</sup> deadline. The process of screening this second set of project proposals is ongoing.

Complementing the small grants mechanism managed by WWF Caucasus, BirdLife International is implementing a large multi-year project to develop a "caretaker network" of local organizations that support conservation efforts at the site level. BirdLife will work with national-level NGOs in Armenia, Azerbaijan, Georgia, and Turkey to identify, train, and provide long-term support to 32 community level organizations. This network will help protect 31 sites critical to globally threatened species living in and around Important Bird Areas. In addition to the site-level impact, the capacity building investment in the four national NGOs will strengthen them as institutions and allow them to develop as partners within BirdLife's global network. BirdLife intends to encourage local and national governments, as well as European donors, to support these site-based interventions over the long term, providing much-needed livelihoods for local communities as well as species protection.

A project supporting an IUCN Red List assessment of the region's plant species and populations – one of the top priorities identified in CEPF's stakeholder consultation process – is in on the verge of final approval. In addition, CEPF expects to soon fund two regional NGOs in their efforts to establish two new protected areas at priority sites in Armenia.

### **Conservation Without Borders**

The pivotal importance of transboundary conservation in this region is expected to dominate CEPF investments. With all of the Caucasus countries suffering social and economic disarray due to an unfortunate mix of political and cultural history, many people in the countryside survive through unsustainable, and sometimes illegal, logging, hunting, and fishing. Transboundary areas are particularly vulnerable to this type of exploitation, as they tend to be a netherworld with regard to management and law enforcement. CEPF's coordination unit hopes to help local people in these areas understand that it is in their best long-term interest to work with their neighbors to protect and sustainably manage shared tracts of natural resources.

For example, although political conflicts make conservation in the Greater Caucasus Corridor difficult, CEPF plans to support the creation of a network of protected areas managed by communities in Russia and Georgia that will allow safe passage for migratory species crossing the corridor.

The West Lesser Corridor, which extends along the Black Sea from northeastern Turkey through southwestern Georgia and into central Georgia, is home to 21 priority conservation sites covering 76 percent of its area. CEPF plans to invest here in promoting transboundary cooperation between nature reserves bordering Turkey and Georgia and in training the reserves' staff.

In the East Lesser Caucasus Corridor, which covers parts of Armenia and the Nakhichevan Autonomous Republic of Azerbaijan, two small grant projects were recently developed to support cooperative species management across the borders of Armenia

and Azerbaijan. An NGO from each country worked with WWF staff and a consultant technical advisor to design complementary activities. They will implement the projects in tandem and share the costs for ongoing technical support from the consultant advisor. Given the recent history of conflict between Armenia and Azerbaijan, this level of cooperation is quite remarkable.

These are but a few examples of the transboundary approach to conservation that CEPF intends to support in all corridors.

### **Ensuring Long-Term Regional Commitment**

With support from the MacArthur Foundation, the Regional Council for Biodiversity and Sustainable Management of Natural Resources was established in May 2004. This high-level policy group – made up of representatives of each government in the region and resident NGOs – was created to provide strategic oversight and support for cooperation among regional conservation efforts. The Council's mandate is to promote a regional approach to conservation and sustainable natural resource management, encourage consensus among stakeholders, and to seek necessary financial support from relevant governments and the donor community. CEPF and WWF Caucasus are committed to supporting and collaborating with the Council, as it holds great promise for further scaling up regional conservation efforts.

### **Scaling Up Funding through a Common Investment Strategy**

A central element of the CEPF / WWF Caucasus partnership is our mutual interest in promoting coordinated investment among donors. There are many promising opportunities and examples of this occurring. For example, we are working closely with WWF and the German Bank for Reconstruction and Development (KfW) on the development of a regional trust fund to support protected area management. CEPF's sister fund also administered by Conservation International, the Global Conservation Fund (GCF), is actively assessing opportunities for investment in protected area development and the regional trust fund.

Another significant investor in conservation in the Caucasus is British Petroleum's (BP). Its lenders require \$9 million in environmental-mitigation investments in relation to its new pipeline, which passes through two of CEPF's priority corridors (the Caspian and West Lesser). CEPF has encouraged BP's use of the ecosystem profile as a grant-making guide for their investments. These discussions are ongoing.

The ecosystem profile is proving to be a critical document in encouraging coordination among donors by providing clear guidance on where investment will have the greatest impact. WWF was recently successful in securing a commitment from the Norwegian Agency for Development Cooperation (NORAD) to invest in the conservation of the Javakheti Iori-Mingechaur Corridor – the smallest corridor identified in the hotspot covering portions of Georgia, Armenia, Turkey, and Azerbaijan. While not a CEPF priority corridor, the NORAD commitment in Javakheti Iori-Mingechaur is significant because WWF used the ecosystem profile to demonstrate how their investment would fit within the regional strategy and complement, rather than duplicate, the expenditures of CEPF, KfW, GEF and others.

### **Conclusion**

Despite political and cultural divides, conservationists and decisionmakers of the six Caucasus countries are now sitting together, making plans for protecting the region's

biodiversity. Integrating CEPF's consensus-based mandate with the established WWF ecoregional approach and the political will generated by the Regional Council for Biodiversity and Sustainable Management of Natural Resources holds great promise for ensuring that the hopes and dreams of Caucasian conservationists will be realized.

The transboundary cooperation supported by CEPF and its partners is fundamental not just to conservation but also for stability and economic development in the region. The interplay between regional collaboration on environmental issues and peaceful economic development is something we will monitor and explore further as this portfolio develops. Similarly, we will monitor the portfolio and its impact to identify connections between CEPF investments in supporting civil society efforts to engage effectively in conservation projects and the role the NGO sector plays in promoting democratization and good governance. We believe CEPF investment will make a contribution to these larger development objectives.

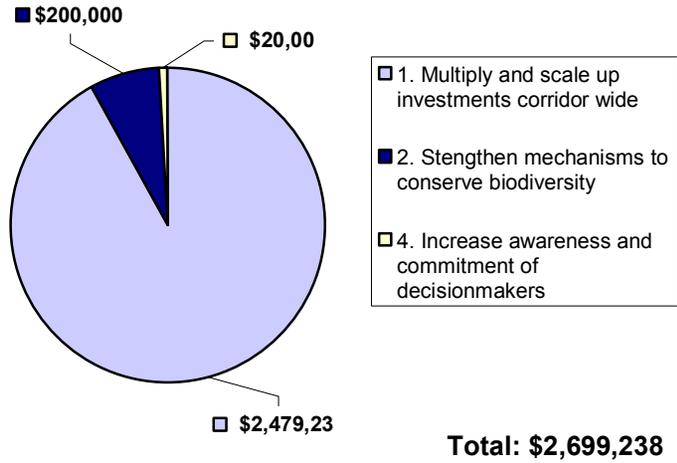
Most importantly, at the local level, CEPF is providing the first-ever funding opportunity for civil society groups wishing to work in alliance with each other and relevant regional governments to make conservation a reality on the ground. CEPF is helping to fill a leadership vacuum left at the community level by decades of Soviet rule. As WWF Caucasus Director Giorgi Sanadiradze says, "If you reach the people, there will be something for the future.... In our case, the main purpose is conservation, but it is also joining people under one idea.... The main thing that interests me about the CEPF approach is that we will be able to reach these local people and organizations and make a difference."

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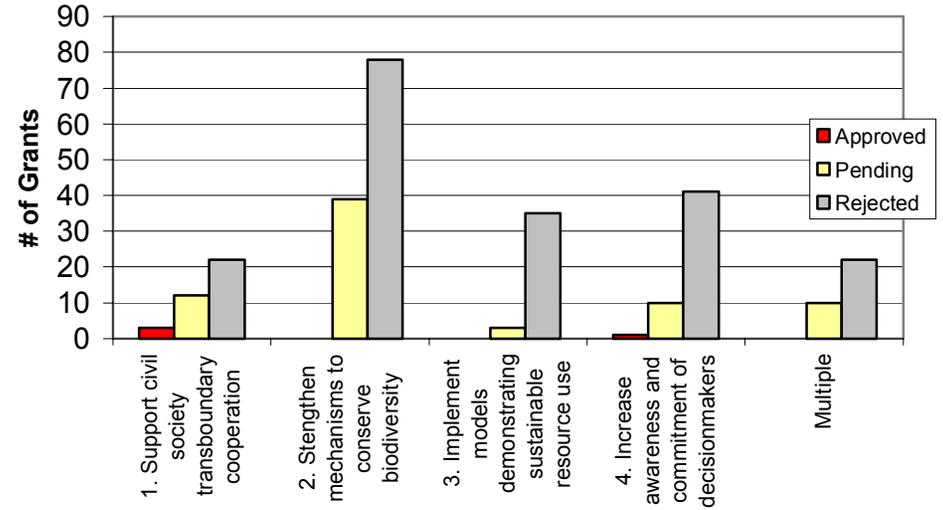
\* Prepared for: Improving Linkages Between CEPF and World Bank Operations, Asia Forum, Medan, Indonesia, June 23-25, 2005.

## Charts through May 2005: Caucasus Biodiversity Hotspot

### Chart 1. Approved Grants by Strategic Direction



### Chart 2. Portfolio Status by Strategic Direction



### Chart 3. Combined Value of Grants Awarded

