

CEPF FINAL PROJECT COMPLETION REPORT

Organization Legal Name:	Caucasus Nature Fund
Project Title:	Supporting the Operations of the Caucasus Nature Fund-Phase 2
Date of Report:	November 30, 2012
Report Author and Contact Information	Danielle Megyeri dmegyeri@caucasus-naturefund.org

CEPF Region: Caucasus

Strategic Direction: Consolidation

Grant Amount: \$360,000

Project Dates: 1 July, 2011 to 30 September, 2012

Implementation Partners for this Project (please explain the level of involvement for each partner):

Local Partners

- **Protected Area (PAs) Management:** Supported by CNF grant funding and implement the funded activities in the PA. The PA Management participate in the technical and financial audits, and in the creation of budgets for CNF funding requests.
- **Local NGOs:** PA grants are monitored and audited by NACRES in Georgia and WWF in Armenia. NACRES and WWF are also working with CNF to create a biodiversity monitoring system in Georgia.
- **KMPG:** The local KMPG office in Armenia performs annual financial audits of the PAs supported by CNF. KPMG has also been contracted by TJS in Georgia to procure new accounting software for APA, provide budgeting and planning training and ongoing financial management support at APA level.
- **Ministry of Nature Protection in Armenia:** Supports PAs with State budget financing and, with support from TJS, completes all budgets and grant applications for CNF funding.
- **Agency of Protected Areas (APA) in Georgia:** supports the PAs with state budget financing, tenders of all works and is responsible for the planning and proposal work.
- **RECC:** implementing agency for CNF's pilot project in Shirvan NP in Azerbaijan.
- **TJS:** Supports ministry and APA with technical assistance related to CNF grant making. TJS is able to fund studies, and has procured support from KPMG in Georgia for accounting software at APA.

International Partners

- **WWF Germany:** WWF Germany is a founder member of CNF and has contributed to its endowment, as well as providing grant funding for CNF operating costs. This funding ends in 2013.
- **KfW Development Bank:** CNF forms one pillar of KfW's three pillar approach to the Caucasus, the other two being TJS and KfW's own Open Program. KfW provides financial support to the project through BMZ.
- **German Ministry for Economic Cooperation and Development (BMZ):** BMZ is a founder member, having contributed to the endowment. BMZ have also provided a €5 million sinking fund facility for use in the PAs over the next 18 years.
- **Conservation International:** is a founder member, having contributed to the endowment.
- **UNDP and the Global Environment Facility:** UNDP GEF has granted two sinking funds, to be spent over the next 3 years, for Georgia and Armenia. These funds are to be used to improve the financial sustainability of the PAs. The project is monitored by a Project Executive Board, which meets twice yearly, and has members from APA/Ministry, UNDP GEF, CNF, WWF, TJS. UNDP GEF therefore provides financial support as well as technical assistance to the project.

The first four CNF stakeholders listed above are represented on its board of directors. All are actively supporting this phase of CNF's activities.

Conservation Impacts

Please explain/describe how your project has contributed to the implementation of the CEPF ecosystem profile.

Please summarize the overall results/impact of your project.

Planned Long-term Impacts - 3+ years (as stated in the approved proposal):

1. The protection and development of PAs and corridors that connect them in the South Caucasus and the conservation of species that results.
2. Improved well-being for the residents of communities within and surrounding the PAs supported by CNF--in terms of economic opportunities from increased eco-tourism and the promotion of sustainable development.

Actual Progress Toward Long-term Impacts at Completion:

CNF is currently supporting 10 PAs with funding for recurring operating costs, 2 PAs with support for management plans and a pilot project in Shirvan NP, in Azerbaijan—a total of (413,640 ha) in 2012. This is in line with our target to support 15 parks by 2015 in Armenia and Georgia.

In 2012, CNF funds are providing salary supplements for 379 park rangers and staff members. The supplements provide them with a living wage.

Many of the PAs supported are pursuing eco-tourism programs to improve tourism numbers in the parks and work with local stakeholders to provide support for increased visitors.

Planned Short-term Impacts - 1 to 3 years (as stated in the approved proposal):

1. Financially stronger CNF positioned to fund more sites and to attract future funding.
2. Operationally stronger CNF with an expanded portfolio of PAs.
3. Heightened profile of the Caucasus Nature Fund among governments, protected area managers, donor agencies and the general public in the South Caucasus.

Actual Progress Toward Short-term Impacts at Completion:

Currently CNF is supporting 10 PAs with operational costs and 2 PAs with funding for a management plan, the aim is to add support for 2 new parks in 2013.

7 million EUR in new funding from the German Government (BMZ) is being pursued. If the new funding is received the number of protected areas supported would increase to 20 by 2020 --meaning that CNF would be supporting 20 of the key protected area complexes in the region covering more than 50% of the acres under protection.

In June of 2012 CNF hired two program coordinators one in Armenia and one in Georgia. This move has increased CNF's program operations by giving local stakeholders a local support to move the program forward and build relations with the governments.

In November 2012 CNF held the first Donor Coordination Meeting in the Caucasus. Representatives from UNDP GEF, USAID, the Czech government, WWF, IUCN, KfW, the EU, World Bank and GIZ were present to share information about projects, find opportunities for cooperation and avoid overlap of funding. These meetings will be held annually. CNF's ED also attends conferences relating to both conservation trust funds and the Caucasus region hosted by other donor agencies, such as WWF.

Please provide the following information where relevant:

Hectares Protected: 413,640 ha

Species Conserved: CNF's work in in the protected areas of the South Caucasus help conserve the region's biodiversity including the 24 priority species out lined in the Ecoregional Plan for the Caucasus.

Corridors Created: 0

Describe the success or challenges of the project toward achieving its short-term and long-term impact objectives.

Successes

- CNF has been able to expand its portfolio of PAs year on year, and in 2012 is supporting the operating costs of 10 PAs, up from 5 at the beginning of the grant period.
- CNF signed a cooperation agreement with Azerbaijan in March 2012 and the first pilot project is currently underway in Shirvan NP. This is an important step in the

- advancement of CNF's work in Azerbaijan and the ultimate goal of a signed framework agreement.
- CNF continues to widen its fundraising base, maintain a diversified investment portfolio and build its program slowly in order to remain sustainable. Funding from private and corporate sources has doubled since 2011.
 - Close cooperation with the governments in Armenia and Georgia has meant that State funding has been maintained or increased throughout the grant period, and CNF would not fund PAs where funding has been decreased.
 - CNF hired 2 national program coordinators, one in Armenia and one in Georgia. Having local coordinators is critical to CNF's work, they have helped to move the program forward and build relations with the ministries and other local stakeholders.

Challenges

- The political situation between Armenia and Azerbaijan is still fragile and has made it difficult for CNF to commence work in Azerbaijan. To date CNF is funding a pilot project in Shirvan National Park, the project is facilitated by RECC a regional implementing agency. CNF has yet signed a frame work agreement with the Government of Azerbaijan.
- Fundraising has increased during the grant period but has not yet succeeded to the extent that had been originally hoped. Increased support from corporate and private donors has been a positive step in the right direction but CNF has still not reached its final capitalization. Governments and multilateral donors remain CNF's focus.

Were there any unexpected impacts (positive or negative)?

None

Project Components

Project Components: *Please report on results by project component. Reporting should reference specific products/deliverables from the approved project design and other relevant information.*

Component 1 Planned:

Fundraising strategies further pursued and developed.

Component 1 Actual at Completion:

Year to date, CNF has earned €374,000 in investment income plus further operating costs grants of €80,000, which covers it's in kind contribution to operating costs. In addition, the €220,000 raised in private donations and the use of sinking funds has covered a grant program of close to €350,000 in 2012.

CNF's development strategy, adopted in 2010, has focused on four major categories: government and multilateral donors, large foundations and NGOs, corporations and CSR programs, individuals and private foundations. Year to date, CNF has raised €220,000 raised from private and corporate donations, a 50% increase from the amount raised from private and corporate donors between 2011 and 2012. 7 million EUR in new funding from the German Government (BMZ) is being pursued.

Component 2 Planned:

Public relations profile raised.

Component 2 Actual at Completion:

CNF's website, with online donation functionality in Euro and US dollar, was launched in 2011. CNF's social media presence has been created with a Facebook Page and YouTube channel. Current improvements to the CNF website (to be launched in Dec 2012) will support a blogging function and increase communication with donors and Facebook fans.

CNF has been featured in Armenian Weekly, Armenian Life, and Georgia Today. In total, 14 articles in printed press or on online versions of printed press.

An A4 program brochure and 3-fold campaign brochure were created for major donor outreach and press relations.

Component 3 Planned:

2010 pilot PA program renewed.

Component 3 Actual at Completion:

CNF is currently supporting 10 parks (413,640 ha) in 2012, plus funding for 2 management plans in Armenia and Georgia and a pilot project in Shirvan NP, Azerbaijan. This is in line with our target to support 15 parks by 2015 in Armenia and Georgia.

Technical and financial audits have been completed for all parks in 2011 and the auditors are contracted and audits underway for 2012. Technical audits are carried out by NACRES in Georgia and WWF in Armenia. Financial audits are carried out by KPMG in both countries.

Component 4 Planned:

Expanded grants and technical assistance program launched.

Component 4 Actual at Completion:

CNF is supporting 413,640 ha in 2012. This total is on mark with the target outlined in component 4.3.

Technical and financial audits have been completed for all parks in 2011 and the auditors are contracted and audits underway for 2012. Technical audits are carried out by NACRES in Georgia and WWF in Armenia. Financial audits are carried out by KPMG in both countries.

TJS has begun to provide technical support to build capacity at APA and Ministry level. In Armenia this support takes the form of a coordinator who works with the Ministry to complete the CNF grant applications and budgets, to procure accounting software and provide training at Ministry and PA level. In Georgia, TJS contracted KPMG to procure new accounting and budgeting software and provide training in budgeting and planning at APA level.

Were any components unrealized? If so, how has this affected the overall impact of the project?

All components outlined in the proposal have been realized.

Please describe and submit (electronically if possible) any tools, products, or methodologies that resulted from this project or contributed to the results.

Please find attached the following documents:

- CNF METT scorecard – required for all PAs supported by CNF and updated on a three year basis to show trends in management effectiveness.
- PA Dashboard – monitors funding to PAs, progress against targets, and distribution of expenditure by subprogram.

Lessons Learned

Describe any lessons learned during the design and implementation of the project, as well as any related to organizational development and capacity building. Consider lessons that would inform projects designed or implemented by your organization or others, as well as lessons that might be considered by the global conservation community.

Project Design Process: (aspects of the project design that contributed to its success/shortcomings)

One of the keys to CNF's success has been the flexible nature of its funding. The combination of endowment and sinking funds means that a reliable stream of income is earned on the endowment for administrative costs, whilst the sinking funds can be spent over a defined period on grants to the PAs. This allowed CNF to begin operations without having reached its target capitalization. The successful implementation of the program has then made it possible to attract further funding

CNF is a regional trust fund working in the South Caucasus countries of Armenia, Azerbaijan and Georgia. The political situation in the area is still fragile and has had some negative impacts on CNF's work. Although a framework agreement with Azerbaijan has not been signed a cooperation agreement was signed and a pilot project is underway. The project is being facilitated through an implementing agency. CNF hopes progress can be made and a framework agreement can be signed in 2013.

The regional nature of the fund is also proving to be an administrative challenge. With the Executive Director based in Europe it was very difficult to manage the program effectively. The distance, travel and language barriers made it difficult to move the program forward. CNF has taken its first step to resolve this issue by hiring 2 national program coordinators, one in Armenia and one in Georgia. .

Project Implementation: (aspects of the project execution that contributed to its success/shortcomings)

CNF is currently funding 1 management plan in Armenia and 1 in Georgia and hopes to create management plans for all CNF supported parks by 2017. In creating the TOR for the management plan, CNF has recognized the importance of having access to a bank

of consultants that are acceptable to both CNF and the Ministries. CNF is working to identify three to four consultants that could perform this role.

Other lessons learned relevant to conservation community:

Given the relative lack of funds available for the Caucasus, donor coordination is essential to ensure there is no overlap of funding and, as CNF is the only fund able to cover operating costs in the parks, that it is important that CNF is involved in initial decision making on projects that will have maintenance implications. As such, CNF will organize twice yearly donor coordination meetings as a platform for information exchange.

Having a local presence has proven to be critical in ensuring CNF's funding is sustainable and properly managed. CNF hired two national coordinators, one based in Armenia and one in Georgia, coordinators have strengthened CNF's capacity and relationship with local stakeholders and will ensure that CNF reaches it's goal of supporting 15 parks by 2015.

Additional Funding

Provide details of any additional funding that supported this project and any funding secured for the project, organization, or the region, as a result of the CEPF investment in this project.

Donor	Type of Funding*	Amount	Notes
CNF Co-financing	A	\$124,383	Investment earnings
WWF Germany	B	\$220,000	Final tranche received July 2012
Bank of Georgia	C	\$225,000	For Borjomi NP (final tranche 2012).
Georgian Government	B	\$688,000	BKNP, Lagodekhi, Tusheti, Vashlovani
Armenian Government	B	\$480,000	Khosrov, Arevik, Shikahogh/Zangezur, Arzakan Meghradzor, Arpi Lake
Azerbaijan Government	B	\$220,000	Shirvan NP pilot project

**Additional funding should be reported using the following categories:*

- A Project co-financing (Other donors or your organization contribute to the direct costs of this project)*
- B Grantee and Partner leveraging (Other donors contribute to your organization or a partner organization as a direct result of successes with this CEPF funded project.)*
- C Regional/Portfolio leveraging (Other donors make large investments in a region because of CEPF investment or successes related to this project.)*

Sustainability/Replicability

Summarize the success or challenge in achieving planned sustainability or replicability of project components or results.

Fundraising has increased during the grant period but has not yet succeeded to the extent that had been originally hoped. Increased support from corporate and private donors has been a positive step in the right direction but CNF has still not reached its final capitalization. While the international financial crisis is playing a role, other hurdles include the overall position of biodiversity in the donor hierarchy (and competition from pure climate change initiatives), reluctance of organizations to consider donations to endowments, competition from other regions, and extensive demands on the Executive Director's time. CNF, like most environmental funds will continue to focus mainly on Government and multilateral donors.

CNF is a regional trust fund working in the South Caucasus countries or Armenia, Azerbaijan and Georgia. The political situation in the area is still fragile and has had some negative impacts on CNF's work. A framework agreement with Azerbaijan has not been signed, CNF's pilot project in Azerbaijan is being facilitated through a implementing

agency. CNF hopes progress can be made and a framework agreement can be signed in 2013.

The regional nature of the fund is also proving to be an administrative challenge. With the Executive Director based in Europe it was very difficult to manage the program effectively. The distance, travel and language barriers made it difficult to move the program forward. CNF has taken it's first step to resolve this issue by hiring 2 national program coordinators, one in Armenia and one in Georgia.

Summarize any unplanned sustainability or replicability achieved.

None

Safeguard Policy Assessment

Provide a summary of the implementation of any required action toward the environmental and social safeguard policies within the project.

There have been no anticipated or unanticipated environmental or social safeguard issues during the grant period.

Additional Comments/Recommendations

Information Sharing and CEPF Policy

CEPF is committed to transparent operations and to helping civil society groups share experiences, lessons learned, and results. Final project completion reports are made available on our Web site, www.cepf.net, and publicized in our newsletter and other communications.

Please include your full contact details below:

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*****If your grant has an end date other than JUNE 30, please complete the tables on the following pages*****

Performance Tracking Report Addendum

CEPF Global Targets

(Enter Grant Term)

Provide a numerical amount and brief description of the results achieved by your grant.
Please respond to only those questions that are relevant to your project.

Project Results	Is this question relevant?	If yes, provide your numerical response for results achieved during the annual period.	Provide your numerical response for project from inception of CEPF support to date.	Describe the principal results achieved from 1 July, 2012 to 30 September, 2012 (Attach annexes if necessary)
1. Did your project strengthen management of a protected area guided by a sustainable management plan? Please indicate number of hectares improved.	Yes	85,047		Please also include name of the protected area(s). If more than one, please include the number of hectares strengthened for each one.
2. How many hectares of new and/or expanded protected areas did your project help establish through a legal declaration or community agreement?	No			Please also include name of the protected area. If more than one, please include the number of hectares strengthened for each one.
3. Did your project strengthen biodiversity conservation and/or natural resources management inside a key biodiversity area identified in the CEPF ecosystem profile? If so, please indicate how many hectares.	Yes	413,640		
4. Did your project effectively introduce or strengthen biodiversity conservation in management practices outside protected areas? If so, please indicate how many hectares.	No			
5. If your project promotes the sustainable use of natural resources, how many local communities accrued tangible socioeconomic benefits? Please complete Table 1 below.	No			

If you answered yes to question 5, please complete the following table

