

## **An Overview of CEPF's Consolidation Portfolio in the Caucasus Hotspot**

November 2013

### **Introduction**

The Caucasus Hotspot covers a total area of 580,000 square kilometers, between the Black Sea and the Caspian Sea, including Armenia, Azerbaijan and Georgia, the North Caucasus portion of the Russian Federation, and parts of northeastern Turkey and northwestern Iran. The Caucasus supports more than 6,500 species of vascular plants, a quarter of which are found nowhere else on Earth, and, as such, has the highest level of floral endemism in the temperate world. In addition to outstanding biological values, the Caucasus supports great cultural diversity, with a multitude of ethnic groups, languages and religions intermingled over a relatively small area.

Critical Ecosystem Partnership Fund (CEPF) engagement in the Caucasus Hotspot began with the development of an ecosystem profile<sup>1</sup> for the region in 2003. This was followed by a five-year investment program, under which CEPF awarded 42 large and 87 small grants to civil society groups, with a total investment of \$8.5 million.

CEPF adopted a unique approach to investing in the biodiversity of the Caucasus, by focusing on biological areas rather than political units, and targeting corridors rich in biological value that straddled national borders. This approach required a focus on transboundary conservation, and emphasized regional collaboration, in contrast to the isolated, national efforts that had hitherto been the norm. To this end, CEPF investment was concentrated within five transboundary corridors, covering 14.2 million hectares, or 25 percent of the hotspot.

In addition to these geographic priorities, four strategic directions for CEPF investment were identified through extensive consultations with stakeholders:

- Support civil society efforts to promote transboundary cooperation and improve protected area systems in five target corridors.
- Strengthen mechanisms to conserve biodiversity of the Caucasus Hotspot with emphasis on species, site and corridor outcomes.
- Implement models demonstrating sustainable resource use in five target corridors.
- Increase the awareness and commitment of decision makers to biodiversity conservation in five target corridors.

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<sup>1</sup> Caucasus Ecosystem Profile: English, [www.cepf.net/Documents/final.caucasus.ep.pdf](http://www.cepf.net/Documents/final.caucasus.ep.pdf) (PDF - 3.5 MB) / Russian, [www.cepf.net/Documents/final.russian.caucasus.ep.pdf](http://www.cepf.net/Documents/final.russian.caucasus.ep.pdf) (PDF - 4.8 MB)

The initial CEPF investment phase in the Caucasus Hotspot commenced in August 2003, and concluded in September 2009 with a final assessment workshop. Over the six-year period, CEPF invested heavily in the region's protected area system, on which other conservation efforts are anchored. CEPF grants contributed to system-level planning, expansion and creation of new protected areas, strengthening of management in existing protected areas, and development of sustainable financing mechanisms. All of these grants adopted participatory approaches, developing alternative livelihoods for local communities and engaging them in protected area management.

## **CEPF Consolidation Phase**

### *Overview*

Much was achieved under the initial CEPF investment in the Caucasus Hotspot in terms of delivery of conservation outcomes on the ground. Moreover, CEPF investment helped establish an enabling environment for biodiversity conservation, with more compatible policy frameworks, a stronger, better coordinated civil society, and greater awareness of and support for conservation issues among decision makers and the general public. In this way, CEPF helped to create conditions under which its achievements could be sustained and replicated.

Protected areas are the foundation on which biodiversity conservation efforts in the Caucasus are built. During the initial phase, CEPF investment focused on expanding and strengthening protected area coverage within five landscape-scale conservation corridors. One of these was the Greater Caucasus, where CEPF invested heavily in strengthening the overall integrity and long-term ecological resilience of the corridor, including by expanding three reserves in the Russian part of the corridor, and strengthening management of several protected areas in Russia and Azerbaijan. CEPF also supported preliminary work to establish a protected area at Khevsureti: a high mountain area in Georgia, which forms a pivotal link between Tusheti National Park in the east and Kazbegi National Park in the west. By the end of the investment phase, it was determined that additional investment would be needed to complete the formal gazettal process, establish protected area management capacity on the ground, and expand the constituency of support among local stakeholders.

Another corridor where CEPF funding helped significantly to consolidate protected area coverage and enhance ecological resilience was the East Lesser Caucasus, by supporting the establishment of three new protected areas in southern Armenia, along the international border with Azerbaijan. Two of these areas, Arevik National Park and Zangezour Sanctuary, were declared during the investment phase, while the third area, Gnishik Community Managed Sanctuary, remained at the feasibility study stage. It was determined that additional resources were needed to rapidly complete the gazettal of this protected area, in order to enhance connectivity between the northern and southern sections of the corridor, establish a foundation for sustainable livelihoods for the local populace, and mitigate the impacts of unregulated tourism development.

In order to sustain its investments in expanding and strengthening management of the hotspot's protected area system, CEPF supported the establishment of the Caucasus Nature Fund (CNF; previously known as the Caucasus Protected Areas Fund or CPAF), which is mandated to support the operational costs of protected areas in the southern Caucasus countries of Armenia, Azerbaijan and Georgia. CEPF's support was decisive in CNF being able to enlarge its endowment and successfully support pilot projects in Georgia and Armenia. At the end of the initial phase, CNF still needed to raise additional endowment funds to ensure long-term financial sustainability, and to expand its operations into Azerbaijan. It was determined that a relatively small additional investment by CEPF to support CNF's operating and fundraising costs would

help leverage the very significant resources needed to underpin the long-term maintenance of CEPF’s achievements in strengthening the region’s protected area systems.

During the initial investment phase, CEPF also supported a major regional initiative to undertake IUCN Red List assessments of over 1,100 endemic plant taxa. This four-year study envisioned two outputs: a *Red Book of the Endemic Plants of the Caucasus Region*, which would be the first reference manual on the conservation status of Caucasian endemic plants; and a *Regional Plant Conservation Strategy*, a comprehensive regional strategy for the conservation and sustainable use of the region’s endemic plant diversity, developed through exhaustive consultations with stakeholders throughout the region. Because of several factors outside of the control of this project, it was not possible to publish these resources during the initial investment period. It was decided, therefore, to support the completion of these publications during the consolidation phase, and thereby secure CEPF investments in filling a huge information gap, with respect to the conservation status of endemic plant species.

The CEPF consolidation program, therefore, proposed to solidify gains with regard to conservation outcomes at the species (endemic plants), site (protected areas) and corridor (Greater Caucasus and East Lesser Caucasus) scales, targeting those achievements from the initial investment phase for which additional funding had not been secured and giving priority to the highest priority investments. The CEPF consolidation program was finalized in December 2010, with a total allocation of \$1 million. The program was scheduled to run for three years, from July 1, 2011 to June 30, 2014. The program is directly administered by the CEPF Secretariat.

**Portfolio Status**

The CEPF investment program began on July 1, 2011, with the award of four consolidation grants, totaling \$1 million, which all began simultaneously. As this was a consolidation program, the grant review and contracting process was coordinated by the CEPF Secretariat. In each case, the entire process, from submission of letter of inquiry to contracting took around six months. This was considered to be an acceptable performance, considering the number of steps in the process.

**Table 1: CEPF Consolidation Grants in the Caucasus Hotspot**

<b>Grantee</b>	<b>Project title</b>	<b>Grant amount</b>
Caucasus Nature Fund	Supporting the Operations of the Caucasus Nature Fund – Phase 2	\$360,000
World Wide Fund for Nature	Enhancing the Landscape and Ecological Integrity of the Greater Caucasus Corridor through Establishment of Khevsureti National Park, Georgia	\$440,000
World Wide Fund for Nature	Enhancing the Integrity of the East Lesser Caucasus Corridor through the Establishment of Gnishik Community Managed Sanctuary, Armenia	\$160,000
Missouri Botanical Garden	Publication of the “Red List of the Endemic Plants of the Caucasus Region” and “Caucasus Plant Initiative” (Caucasus Regional Plant Conservation Strategy)	\$40,000
<b>TOTAL</b>		<b>\$1,000,000</b>

The four grants covered all four outcomes of the consolidation program, namely: (1) CEPF investments in expanding and strengthening the protected area systems of Armenia, Azerbaijan and Georgia sustained through consolidation of CPAF [CNF] as a long-term financing mechanism; (2) CEPF investments in the Greater Caucasus corridor sustained through gazettal of Khevsureti as a protected area, and establishment of essential management plans, structures and capacity; (3) CEPF investments in the East Lesser Caucasus corridor sustained through gazettal of Gnishik as the first model community-managed sanctuary in the corridor, and establishment of essential management plans, structures and capacity; and (4) CEPF investments in filling major knowledge gaps with regard to endemic plant species consolidated by publishing the Red List of the Endemic Plants of the Caucasus Region and the Caucasus Plants Conservation Strategy, and communicating them to all key stakeholders in the hotspot. In this regard, there were no gaps in the coverage of the portfolio from the outset. Thus, achieving the goals of the program was contingent only on successful implementation of the four grants.

### ***Performance Assessment***

The CEPF Secretariat was able to solicit and process the four grant applications swiftly and efficiently. This was aided, no doubt, by the small size of the consolidation portfolio, the familiarity of the CEPF Secretariat with the applicants (and of them with CEPF's processes), and the ability of all applicants to work in English. Monitoring of grant implementation has also proceeded smoothly to date. All grantees are up to date with their financial and programmatic reporting, and a site visit to three of the grantees (the Missouri Botanical Garden grant was considered a lower priority for a site visit, due to its size) was conducted during June-July 2012. All three projects visited were found to meet targets with regard to performance, and in every case, the CEPF Secretariat remains confident in the grantee's ability to deliver the results committed to in the project proposal. A second round of site visits, to the two grants that remain active, is planned for mid-2014.

### **Portfolio Investment Highlights by Strategic Direction**

Only one of the four consolidation grants had ended as of October 31, 2013. The other three grants had been under implementation for 28 months, and were all at an advance stage of implementation. Although some key results have yet to be delivered, an overall picture of the impacts of the consolidation portfolio can be discerned. Despite unforeseen delays to specific activities due to factors beyond their control, the consolidation grantees all report good progress. What is particularly encouraging is the way in which the grantees have successfully leveraged additional funding to sustain activities beyond the end of the consolidation grants. Grantees also report that the results of the first phase of CEPF investment are being sustained and, in some cases, amplified. For instance, in 2012, the Ecoregion Conservation Plan for the Caucasus was revised by the Caucasus Biodiversity Council, with the participation of stakeholders from the six Caucasus countries. By reflecting new priorities and the changing context for biodiversity conservation, this document, which forms the over-arching framework for regional conservation efforts in the hotspot, was made more relevant to stakeholders from government, NGOs and scientific institutions.

The grant to CNF ended on September 30, 2012, and the project successfully met its objectives. CNF's mission is to protect the network of national parks and nature reserves in Armenia, Azerbaijan and Georgia by assuring recurring funding for their operations on a sustainable basis and promoting sustainable development around these protected areas. The fund was formally established in 2007, following funding commitments from WWF Germany, Conservation International (through the Global Conservation Fund), and the German government (through KfW and BMZ). During the initial start-up and fundraising phase, support to CNF operations was

provided by CEPF. CNF awarded its first grants to protected areas in 2010, starting with projects in Armenia and Georgia.

The CEPF consolidation grant contributed towards the operating costs of CNF for a 15-month period, allowing the fund to conserve its endowment for grant making, and making investing in the fund a more attractive prospect to other donors, because a greater proportion of their funding would go to grant making. During 2012, with the additional support from CEPF and other donors, CNF was able to ramp up its grant making to €810,000, matched by €975,000 in co-financing from national governments in the southern Caucasus and tourism receipts. The fund supported 11 protected areas, comprising six in Armenia, four in Georgia and one in Azerbaijan (Shirvan National Park). The grant in Azerbaijan was very significant, as it marked an extension of the fund's operations into this country for the first time. The 11 protected areas supported in 2012 represent 22 percent of the 48 protected areas in the three countries, and cover 441,414 hectares out of the total 1.4 million hectare protected area network in the southern Caucasus.

In addition to supporting the operations of CNF, the CEPF grant also supported its fundraising efforts, to grow the fund and allow it to support a greater proportion of the protected areas in the southern Caucasus countries. The main focus of CNF's fundraising efforts over the project period was European bilateral and multilateral donor agencies. In 2011, the fund secured €5.5 million from the German government, in the form of a 20-year sinking fund. Over the project period, the fund pursued other funding opportunities, and is on the verge of securing €7 million from a bilateral donor (BMZ), and in exploratory discussions with a number of others.

CEPF support also enabled the fund to explore funding opportunities with individual and corporate donors. While the potential of these donors as a long term funding source has not yet been fully realized, CNF has had modest success, with contributions by two banks in Georgia and one in Armenia, plus a single individual donor. The main target of the fund remains the hydrocarbon industry in Azerbaijan, which is now a more realistic target with the recent expansion of the fund's grant making into this country. Overall, the fund is moving in the right direction, in the face of a challenging economic climate. CNF's endowment had reached €16 million by June 2012, having started at €7 million.

CEPF awarded two consolidation grants to World Wide Fund for Nature (WWF), which is the international conservation NGO with the largest program in the hotspot. The largest of these grants aims to enhance the ecological integrity of the Greater Caucasus corridor by establishing Khevsureti Key Biodiversity Area (KBA) as a national park. At the landscape level, the protection of Khevsureti KBA would create a connecting bridge between Tusheti National Park in the east and Kazbegi National Park in the west. This would be the final link in an unbroken chain of protected areas spanning more than 300 kilometers of the central section of the Greater Caucasus corridor, and provide a protected area landscape of sufficient scale to maintain large-scale ecosystem processes, support viable populations of landscape species (such as Caucasian leopard, brown bear, bezoar goat and European lynx) and provide resilience to the future impacts of climate change. The new national park would also link to Ingushsky Sanctuary and Erzi Nature Reserve to the north, in the Russian part of the corridor, thereby facilitating movement of wildlife across the international border and creating opportunities for transboundary cooperation.

The formal gazettal process for Khevsureti was not completed during the initial investment period, and, consequently, it remains the only site in the pivotal central section of the Greater Caucasus corridor to lack basic infrastructure and management systems. Part of the explanation for the slower progress with protected area establishment at Khevsureti is the fact that baseline socio-economic surveys revealed the presence of around 250 families in the wider area, which

argued for a gradual, consultative approach, to ensure that conservation goals were pursued in ways supportive of the livelihood needs of local communities. Following extensive consultations with the relevant authorities and the communities themselves, a formal proposal was submitted to the Georgian Parliament for the establishment of a protected area complex comprising: Pshav-Khevsureti National Park (75,936 hectares); Pshav-Khevsureti Support Zone (30,301 hectares); Asa Sanctuary (3,943 hectares); and Roshka Natural Monument (133 hectares). Submission of the proposal was delayed due to the general election in October 2012 and the subsequent change of government but the proposal is currently in front of the Parliamentary Committee for Environment and is expected to pass into law in early 2014.

The proposal to establish the Khevsureti protected area complex has been strongly supported by the local communities and regional authorities, who view it as an opportunity to bring tourism to a remote area with few alternatives for economic development. In this regard, awareness-raising activities, including a study tour to the neighboring Tusheti National Park, where tourism contributes more than \$600,000 annually to the local economy in the support zone, helped convince local stakeholders of the benefits of conservation. Local support has also been bolstered through trust-building activities, especially a bee-keeping project, which engaged 64 families living in the support zone. Each participating family received between five and 10 bee hives, together with the equipment, training and founder bee families necessary to produce and market honey. Much of the honey produced is used in the home or fed to paying guests in homestays, while the surplus is sold to visitors. One hive can generate 10 to 50 kilograms of honey per year, which retails at \$10 per kilogram. Therefore, each participating family can earn between \$500 and \$5,000 in additional income per year, which is a very significant boost to local livelihoods. During 2014, additional trust-building activities will be implemented, principally related to tourism development.

During the last 12 months, a management plan, a tourism development plan and a support zone development plan were drafted, with full participation of local communities, and are currently undergoing review by the national protected areas agency. These plans were complemented by a boundary and zoning plan of the protected area complex, which has been prepared and agreed with local stakeholders. The proposed protected area boundaries exclude all villages and their arable land. The final step before these various plans can be adopted will be for them to be discussed by the consultative council for the national park, which can only be established after the law on establishment of Pshav-Khevsureti National Park has been passed. The consultative council will be the main co-management mechanism for the protected area, with representation from the national park staff, local communities, local authorities and interested NGOs.

The process to extend protected area coverage to Khevsureti KBA has taken longer than was originally envisioned in the project proposal. One reason for this has been the amount of time and effort required to consult with local people, many of whom either live in remote, dispersed settlements or spend much of the year away from Khevsureti, only returning in certain seasons. Another reason has been the need to build support among local and national government for what will be the largest protected area in the country, by convincing them of the economic rationale for establishing a national park not only the ecological one. Consequently, some of the funds originally budgeted for training and equipping protected area staff have been diverted to consultation, outreach and trust-building activities.

The German development bank, KfW, is providing bilateral support to the government of Georgia to support the development of the national protected area system. As part of this initiative, funds have been earmarked to support the establishment of management infrastructure and capacity for Pshav-Khevsureti National Park, following its legal gazettal. This support will

begin in 2015 and include on-the-ground demarcation of protected area boundaries and management zones, construction of essential infrastructure, training for national park staff, and capacity building for members of the consultative council. In this way, the KfW funding will build on the CEPF grant in a timely manner to support the next phase of protected area establishment at Khevsureti. In the longer term, the recurrent costs of managing the protected area complex will be met by the national protected areas agency, with co-funding from the CNF.

The second CEPF consolidation grant to WWF has similar goals to the first in that it aims to enhance the integrity of the East Lesser Caucasus corridor by establishing Gnishik Community Managed Sanctuary. During the initial investment phase, CEPF made significant investments in the Armenia part of the East Lesser Caucasus corridor, including strengthening the management of two existing nature reserves (Khosrov and Shikahogh), and supporting the establishment of two new protected areas (Arevik National Park and Zangezur Sanctuary). To link these investments together, a feasibility assessment was carried out for the establishment of a new protected area within Noravank KBA, called Gnishik.

The formal gazettal process for a protected area at Gnishik was not completed during the initial investment period, and, consequently, it was the only one of the five sites where CEPF invested in the corridor to lack basic infrastructure and management systems. Following extensive consultations with the relevant authorities and local communities that use the site for livestock grazing, cultivation and other purposes, it was agreed to pursue a new management model: a community-managed sanctuary. The purpose of the consolidation grant is to establish Gnishik as a model community-managed protected area, and thereby reinforce and sustain the results of earlier CEPF investments in the East Lesser Caucasus corridor.

During the first year, the focus of the project was on baseline data collection and community consultations regarding the boundaries, zoning plan and management plan for the protected area. During the second year, consultations have continued, complemented by trust-building measures for local communities, and capacity building for the ‘Gnishik Intercommunity Nature Protection Fund’: a community-based organization that represents the communities on whose land Gnishik is located. The intercommunity nature protection fund has played a critical role in the establishment of a community-managed protected area at Gnishik by coordinating external assistance to the local communities.

The needs and aspirations of the local communities are set out in a support-zone development plan, which provided a platform for coordinated investment in livelihood support by funding agencies. Seed funding for the implementation of the plan was provided by the CEPF grant, and several livelihood activities were implemented over the last 12 months, including promotion of vineyards, apple orchards and bee-keeping through provision of materials and training. Because resources were insufficient to reach all community members, priority was given to supporting poorer households in each community. These activities were instrumental in building support for the establishment of the protected area, and WWF is actively exploring options to leverage additional support to implement the plan.

The most significant milestone over the last year was the formal establishment of Gnishik Protected Landscape in June 2013 as a 6,011 hectare community-managed protected area. Because the protected area follows a community management model, its establishment did not require formal approval by the Armenian government. Rather, the local communities themselves agreed to contribute parts of their land to the protected area. These decisions are set out in the zoning plan for the protected area, which sub-divides it into a 1,676 hectare core zone and a 4,335 hectare traditional use zone, where activities such as livestock grazing, hay making and

herb collection by local people are permitted. Ownership of the land remains with the local communities but they have pooled their management rights. By designating the area as a protected landscape, the communities have strengthened their ability to exclude game hunting, rock quarrying and other activities by outsiders that were incompatible with conservation of the rich biological values of the site.

During the remaining nine months of the project, the emphasis of the consolidation grant will be on assisting the intercommunity environmental fund to recruit, train and equip a team of community rangers to monitor and enforce implementation of the management plan, and developing key visitor facilities, such as hiking trails and signage, to promote tourism development. Attracting visitors to the area is expected to create employment opportunities and further increase local support for the community-managed protected area. Before CEPF support ends, WWF aims to have assisted the intercommunity environmental fund to secure funding for its core operations from the CNF and reached out to other funders to expand the program of livelihood activities already initiated in the support zone.

The scope of the fourth consolidation grant, to Missouri Botanical Garden, is relatively modest compared with the other three. It aims to publish two documents prepared during the initial investment phase: a Red Book on the endemic plants of the Caucasus Region; and a regional plant conservation strategy for the Caucasus. When the initial investment period began, only a single species of plant was assessed as globally threatened on the IUCN Red List. This was surprising because the Caucasus was designated as a hotspot because of its importance for plant conservation. The major information gap that existed with regard to the conservation status of plants was a major barrier to effective conservation action for the region's botanical diversity, and it was to address this gap that CEPF supported a project to undertake plant Red List assessments. The project made tremendous progress: Red List assessments were completed for 1,164 Caucasus endemic plant taxa, of which three-fifths were evaluated as globally threatened.

According to the project design, it was intended that a hard-copy Red Book of the endemic plants of the Caucasus be printed and disseminated among key audiences in the region. However, the project encountered a number of delays, and it was not possible to complete the final project outputs within the lifetime of the project. To make the results of the project as widely accessible as possible the consolidation grant was awarded. It has supported the preparation of the two main outputs of original CEPF grant. Of these, one has so far been printed, the *Caucasus Plant Initiative: A Regional Plant Conservation Strategy*. This 28-page booklet has been disseminated to plant taxonomists and conservationists in the six countries that participated in the original Red List assessments, as well as being made available via the Missouri Botanical Garden website<sup>2</sup> and the Plants 2020 website hosted by Botanic Gardens Conservation International<sup>3</sup>.

The final draft of the *Red Book of the Endemic Plants of the Caucasus* has been completed, with input from botanists in the six countries of the hotspot, brought together as the IUCN/SSC Caucasus Plant Red List Authority. The book is currently in a publication queue at Missouri Botanical Garden Press, and with a projected print date before the end of 2013. Once published and disseminated, the Red Book is expected to become an indispensable reference for conservationists, researchers and government planners on the conservation status of Caucasian endemic plants, whereas the regional plant conservation strategy will be a valuable advocacy tool, which can be used to galvanize conservation action, promote strengthened legal protection of threatened plant species, and leverage funding for plant conservation.

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<sup>2</sup> <http://www.mobot.org/MOBOT/Research/pdf/RedBook69mobot.pdf>

<sup>3</sup> [http://www.plants2020.net/files/Worldwide/News/2013/caucasus\\_strategy.pdf](http://www.plants2020.net/files/Worldwide/News/2013/caucasus_strategy.pdf)

## **Collaboration with CEPF Donor Partners**

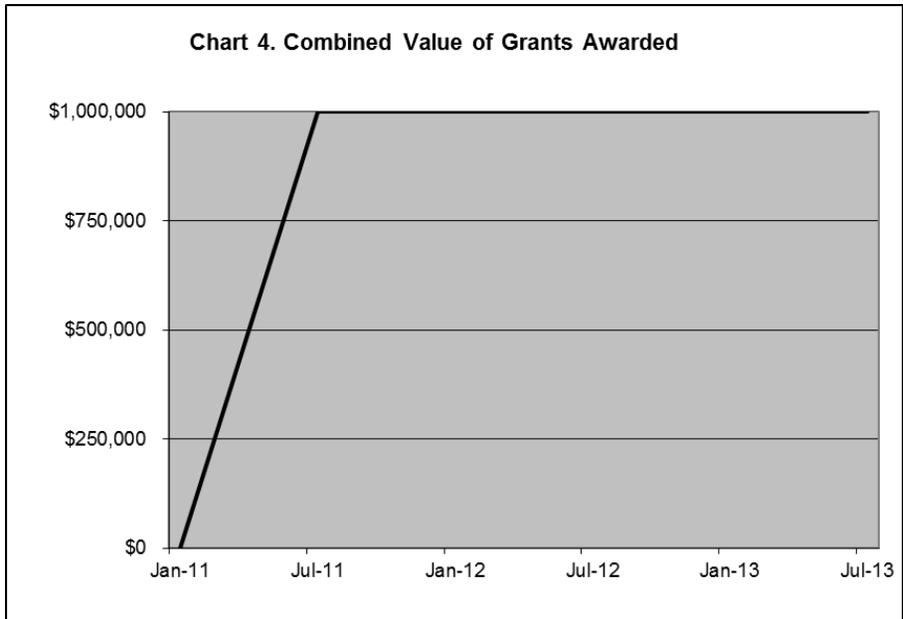
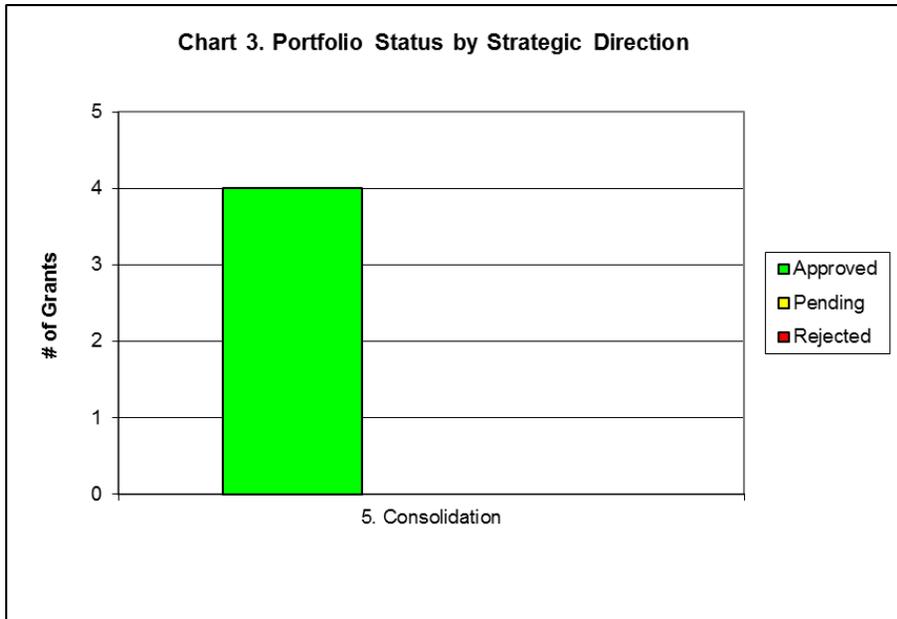
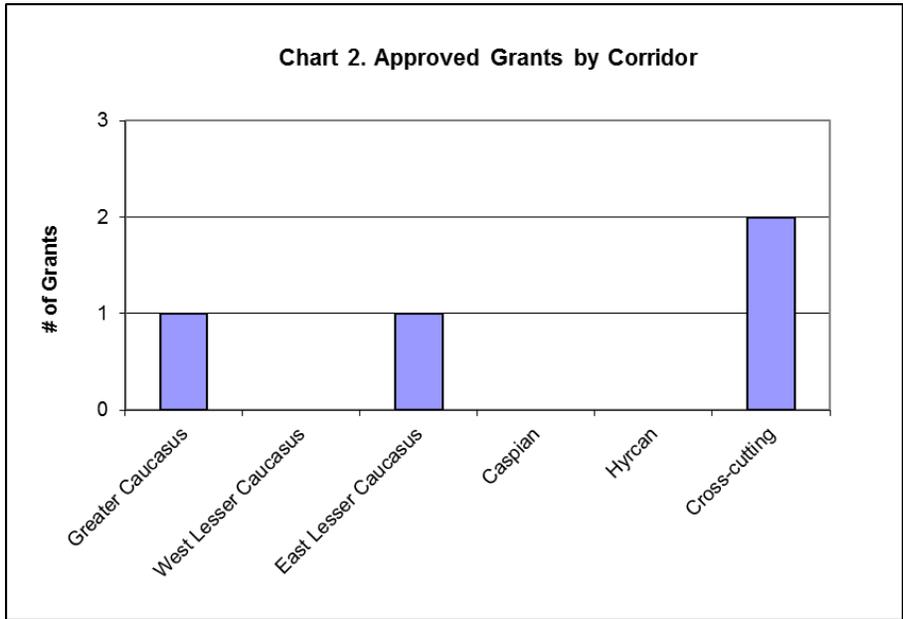
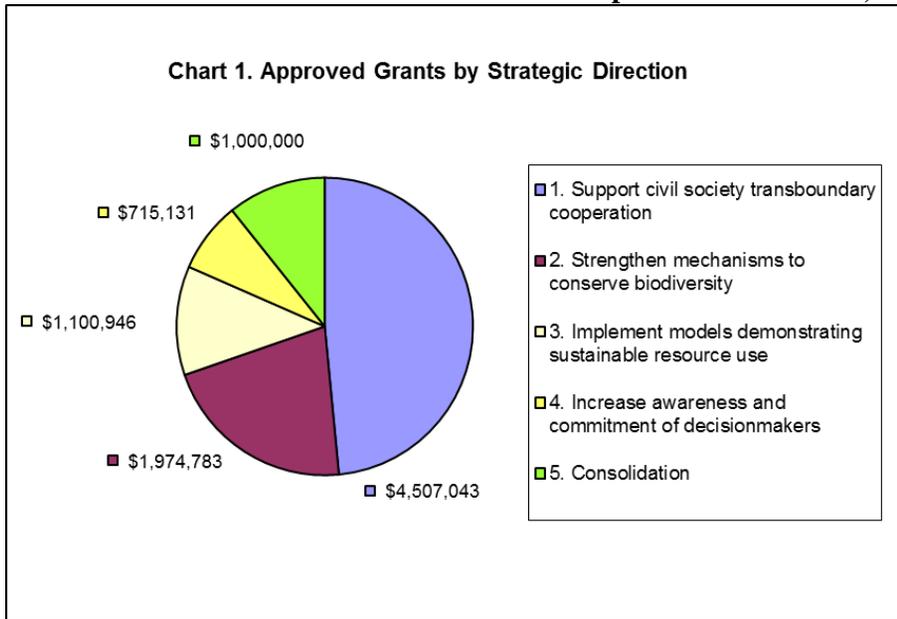
Two of the consolidation grants have close links to investments by CEPF donors. The grant to CNF helped support the operating and fundraising costs of the fund, which was capitalized in part by the Global Conservation Fund at Conservation International. The consolidation grant helped CNF implement a successful fundraising strategy, thereby helping leverage the investment by the Global Conservation Fund significantly. The consolidation grant to WWF for the project at Gnishik Sanctuary helped leverage an investment at the same site under the GEF-funded *Developing the Protected Area System of Armenia* project, managed by UNDP. The GEF funds are targeted towards strengthening the capacity and management of the new protected area, including through construction of key infrastructure, such as a visitors center and headquarters building, and implementation of a visitor education program.

## **Conclusion**

One consolidation grant has already closed, after successfully meeting its objectives, while the other three continue to make good progress towards theirs. Although the consolidation portfolio in the Caucasus Hotspot has been modest, in terms of number of grants and total investment, the grants have been strategic. Key initiatives that began during the initial investment phase have been sustained and the investments have been mutually reinforcing. For instance, the two site-based conservation projects will be sustained into the long-term, in part, through funding from CNF: a long-term financing mechanism established with CEPF support. As well as consolidating results from the past, the grants have also innovated new approaches, most notably, the establishment of a community-managed protected area at Gnishik. This is the first example of a community-managed protected area in Armenia, and is expected to serve as a model and inspiration for other communities interested in protecting their own natural resources.

Looking beyond the consolidation grants, anecdotal evidence, supported by observations during the site visits, indicates that CEPF investments made during the initial investment phase are continuing to have significant, enduring impacts, in terms of both improved conservation on the ground, and strengthened capacity of civil society organizations to engage in biodiversity conservation. A more systematic assessment of the sustained impacts of CEPF investment in the Caucasus will be undertaken towards the end of the consolidation phase, after more than 10 years of CEPF investment in the hotspot.

**Charts – CEPF Investment in the Caucasus Hotspot as of October 31, 2013**



## Annex 1 – Update of the Logical Framework for Consolidation in the Caucasus Biodiversity Hotspot

Objective	Targets	Progress
<p>Reinforce and sustain the conservation gains achieved as a result of previous CEPF investment in the Caucasus Hotspot.</p>	<p>Long-term financing mechanism for Southern Caucasus protected areas in place and providing grants to at least three CEPF priority sites per year.</p> <p>Two protected areas totaling around 68,000 hectares legally designated, with essential management structures and capacity in place.</p> <p>Two publications on endemic plant conservation published and disseminated to at least 200 stakeholders in government, civil society and the private sector.</p> <p>At least \$1 million leveraged for long-term financing of CEPF conservation outcomes.</p>	<p>A long-term financing mechanism is in place for Southern Caucasus protected areas, providing grants to 11 protected areas (including eight CEPF priority sites), covering a total of 441,414 hectares.</p> <p>Gnishik Protected Landscape (6,011 hectares) was established in June 2013, following formal approval by the local communities; work is also underway to designate Pshav-Khevsureti National Park (approx. 75,000 hectares).</p> <p>A regional plant conservation strategy for the Caucasus was published and disseminated in June 2013; a final draft of the Red List of the Endemic Plants of the Caucasus Region has been completed and is awaiting printing.</p> <p>The Caucasus Nature Fund (CNF) secured new funding equivalent to \$7.8 million from a bilateral donor, two corporates and a private individual.</p>
Intermediate Outcomes	Intermediate Indicators	Progress
<p><b>Outcome 1:</b> CEPF investments in expanding and strengthening the protected area systems of Armenia, Azerbaijan and Georgia sustained through consolidation of CPAF as a long-term financing mechanism.</p> <p>Allocation: \$360,000</p>	<p>Program development of CPAF complete, and fund operational in Azerbaijan.</p> <p>Multilateral, bilateral and non-governmental funding agencies contribute at least €5 million towards CPAF's endowment.</p> <p>Private sector companies contribute at least €500,000 towards CPAF's endowment.</p> <p>CEPF priority sites in Armenia, Georgia and Azerbaijan receive at least two, two and one CPAF grants, respectively.</p>	<p>Program development of the renamed CNF is complete and the fund is operational in Azerbaijan.</p> <p>CNF has secured €5.7 million, and is close to securing a further €7 million in new funding from the German government (BMZ).</p> <p>During 2012, CNF raised €210,000 from private and corporate donors.</p> <p>During 2012, CNF awarded €281,000 to six protected areas in Armenia, €437,000 to four protected areas in Georgia and €92,000 to one protected area in Azerbaijan.</p>

<p><b>Outcome 2:</b> CEPF investments in the Greater Caucasus corridor sustained through gazettal of Khevsureti as a protected area, and establishment of essential management plans, structures and capacity.</p> <p>Allocation: \$440,000</p>	<p>All communities and local authorities covered by Khevsureti protected area and buffer zone consulted about and approve establishment of new protected area.</p> <p>Khevsureti National Park formally gazetted under the Georgian Law on the Protected Area System.</p> <p>Protected area boundaries agreed with local stakeholders, demarcated on the ground and registered with the State Cadastre.</p> <p>Basic management capacity in place for the new protected area, including staff capacity, essential equipment, nature trails and interpretation materials.</p> <p>Protected area management plan and three-year operational plan approved by the relevant governmental bodies.</p> <p>At least 40 percent of buffer zone inhabitants show increased support for protected area compared with start of project.</p>	<p>All concerned communities and local authorities have been consulted about the establishment of the new protected area and are supportive</p> <p>A draft law on establishment and management of Pshav-Khevsureti National Park has been prepared and is under consideration by the Parliamentary Committee for the Environment.</p> <p>A GIS map showing national park boundaries has been prepared and agreed with local stakeholders. The boundaries have not yet been demarcated or registered, pending passing of the law.</p> <p>Capacity building will only take place after the protected area has been formally gazetted.</p> <p>A management plan, a tourism development plan and a support zone plan have been drafted and are in the final stage of review.</p> <p>A beekeeping development project, involving 64 households in the buffer zone, resulted in increased income and levels of support for the protected area.</p>
<p><b>Outcome 3:</b> CEPF investments in the East Lesser Caucasus corridor sustained through gazettal of Gnishik as the first model community-managed sanctuary in the corridor, and establishment of essential management plans, structures and capacity.</p> <p>Allocation: \$160,000</p>	<p>All communities and local authorities covered by Gnishik protected area and buffer zone consulted about and approve establishment of new protected area.</p> <p>Community-based protected area management plan, zoning plan and sustainable natural resource use plans approved by local communities and relevant government bodies.</p> <p>Gnishik Community Managed Sanctuary formally gazetted under Armenia’s protected area law.</p>	<p>All concerned communities and local authorities have been consulted about the establishment of the new protected area and are supportive in principle.</p> <p>Management, land-use and support zone economic development plans have been prepared and approved by the local communities and relevant government bodies.</p> <p>Gnishik Protected Landscape was formally established in June 2013 by the local communities.</p>

	<p>Basic management capacity in place for the new protected area, including community ranger capacity and essential equipment.</p> <p>At least 40 percent of buffer zone inhabitants show increased support for protected area compared with start of project.</p> <p>Nature trails opened to the public and interpretation materials published.</p>	<p>A community-based organization, termed ‘Gnishik Intercommunity Environmental Fund’ has been established to manage the protected area; training and equipment provision will proceed as soon as the community rangers have been selected.</p> <p>Awareness raising activities have been conducted in all buffer zone communities; these will be followed by livelihood activities in 2014.</p> <p>Nature trails and interpretation materials will be developed during 2014.</p>
<p><b>Outcome 4:</b> CEPF investments in filling major knowledge gaps with regard to endemic plant species consolidated by publishing the Red List of the Endemic Plants of the Caucasus Region and the Caucasus Plants Conservation Strategy, and communicating them to all key stakeholders in the hotspot.</p> <p>Allocation: \$40,000</p>	<p>Red List of the Endemic Plants of the Caucasus Region published.</p> <p>Caucasus Plants Conservation Strategy published.</p> <p>At least 200 key stakeholders in the Caucasus receive copies of the publications.</p>	<p>The final draft of the <i>Red Book of the Endemic Plants of the Caucasus</i> has been completed and the book is currently in a publication queue at Missouri Botanical Garden Press.</p> <p>The strategy has been published as a 28-page booklet entitled <i>Caucasus Plant Initiative: A Regional Plant Conservation Strategy</i>.</p> <p>The strategy has been disseminated among relevant stakeholders in each hotspot country, and is available for download from the Missouri Botanical Garden and Botanic Gardens Conservation International websites. The red book will be disseminated following publication.</p>
<b>Strategic Funding Summary</b>	<b>Amount</b>	
<b>Spending Authority</b>	\$1,000,000	