

Caucasus Biodiversity Hotspot

Program for Consolidation

December 2010

The Caucasus Hotspot covers a total area of 580,000 km², 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 profile¹ 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 is a joint initiative of l'Agence Française de Développement, Conservation International, the Global Environment Facility, the Government of Japan, the John D. and Catherine T. MacArthur Foundation and the World Bank. A fundamental goal is to ensure civil society is engaged in biodiversity conservation.

The CEPF investment strategy for the Caucasus Hotspot took account of the prevailing political situation, as well as biological priorities, the pattern of conservation investments by other donors and the socioeconomic context. Based upon an evaluation of these factors, a niche for CEPF investment that ensured the greatest incremental impact was determined.

CEPF adopted a unique approach to investing in of 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.

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

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.

Achievements: CEPF commenced its grant making in the Caucasus Hotspot in August 2003, and concluded it with a final assessment workshop in September 2009. Over the six-year investment period, CEPF invested heavily in the region's protected area system, on which other conservation efforts are anchored. CEPF investment 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 investment in the Caucasus Hotspot was a unique and valuable opportunity for the region to strengthen and coordinate transboundary cooperation and initiate new regional interactions for biodiversity conservation. The ecosystem profiling process significantly enhanced the impact of CEPF investment in the Caucasus by establishing a clear vision and priority directions based on the experience of a wide range of stakeholders. In particular, the corridor approach provided unprecedented opportunities for promoting regional and transboundary partnership, because each priority corridor extended across multiple countries.

The final assessment report² summarized the key achievements of CEPF's first investment period as follows:

- Expanded regional protected area system by 83,093 hectares through creation of new protected areas and expansion of existing ones.
- Proposed protection for a further 194,443 hectares, with planning well advanced and proposals submitted to relevant government bodies.
- Strengthened management for more than 17 protected areas, with a total area of more than 1.23 million hectares.
- Implemented conservation actions for 47 of the 50 priority species.
- Conducted global threat assessments of all vascular plants, mammals and amphibians endemic to the Caucasus Hotspot.
- Initiated and strengthened transboundary cooperation, including joint working groups, joint training courses and exchange programs.
- Increased capacity of civil society, which enabled direct involvement in biodiversity conservation activities.
- Established regional biodiversity monitoring network with common monitoring indicators, data sharing and dissemination protocols and model monitoring plans.

² Assessing Five Years of CEPF Investment in the Caucasus Biodiversity Hotspot, January 2010: English, www.cepf.net/Documents/Final_Caucasus_Assessment_Jan2010.pdf (PDF - 984 KB) / Russian, www.cepf.net/Documents/Final_Caucasus_Assessment_RUS.pdf (PDF - 1.2 MB)

- Trained around 1,500 representatives of government and nongovernmental organizations, and local communities in biodiversity conservation, sustainable natural resource use, alternative livelihoods and environmental journalism.
- Raised public environmental awareness, with a special focus on biodiversity values and conservation issues, resulting in changes to development plans and policies, such as the rerouting of a highway to minimize impact on Armenia's Shikahogh Nature Reserve.
- Developed alternative livelihoods for local communities, including honey production, ecotourism and fruit orchards.
- Demonstrated various approaches for sustainable natural resources use, including sustainable forestry demonstration plots in Armenia and an integrated river basin management plan for the Firtina Valley in Turkey.
- Enabled national, regional and international partnerships to support biodiversity conservation.

Justification for consolidation: 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.

A key investment in this regard was providing support to the Caucasus Biodiversity Council (CBC), which brings together representatives of government agencies, NGOs and academic institutions from all countries of the hotspot. The CBC has become an important mechanism for strengthening transboundary cooperation, and promoting and monitoring the implementation of the Ecoregion Conservation Plan for the Caucasus, which sets out a comprehensive strategy for conserving and restoring Caucasian biodiversity over a span of several decades. This plan provides a framework for sustaining CEPF's achievements long after the end of the initial period of investment.

Moreover, the CBC was instrumental in leveraging funding from other donors to expand or extend CEPF investments in many important projects. Over the six-year investment period, CEPF projects leveraged almost \$22 million for conservation activities in the hotspot, more than doubling the initial CEPF investment. Many CEPF grantees were able to secure funding from other donors to consolidate achievements and replicate effective approaches. Nevertheless, the available funding is finite, and the short-term financial sustainability of some initiatives and the long-term financial sustainability of many remain in doubt. The final assessment workshop identified a small number of projects where significant CEPF achievements remain fragile, and where relatively modest additional investments could deliver major returns, in terms of consolidating gains and establishing a basis for long-term sustainability.

Protected areas are the foundation on which biodiversity conservation efforts in the Caucasus are built. In 2003, approximately 8 percent of the hotspot was under some form of protection. However, most reserves were too small to guarantee long-term maintenance of biodiversity, and lacked sufficient resources, staffing and equipment to ensure adequate protection. Moreover, the existing protected areas system was not entirely representative of the full range of biodiversity in the hotspot. The ecosystem profile identified a need to create new protected areas in certain regions where there were none, as well as corridors between existing protected areas. The profile also identified a need to strengthen management and planning in protected areas, by strengthening staff capacity and elaborating and implementing management plans.

One of the corridors where existing protected areas were assessed as being too small and insufficiently connected was the Greater Caucasus. In response, CEPF invested heavily in strengthening the overall integrity and long-term ecological resilience of the Greater Caucasus 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 develop a formal proposal and build local support for protecting Khevsureti Key Biodiversity Area (c.50,000 hectares): a high mountain area in Georgia that forms a pivotal link between Tusheti National Park in the east and Kazbegi National Park in the west. However, additional investment is required in order to complete the formal gazettal process, establish protected area management capacity on the ground, and expand the existing 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 Zangezur Sanctuary, were declared during the formal investment period, with basic infrastructure and management systems being put in place. The third protected area, Gnishik (c.18,000 hectares), remains at the feasibility study stage. The presence of six communities using the land for livestock grazing, cultivation and other purposes argued for a gradual, consultative approach, to ensure that conservation goals support the livelihood needs of local communities. Consequently, Gnishik was proposed as a community-managed sanctuary. Additional resources are 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, which is being fuelled by proximity to Yerevan, the capital city.

Additional investments to complete the gazettal of these two pivotal protected areas (i.e. Khevsureti and Gnishik), and establish management systems and capacity on the ground, will help consolidate CEPF investments in the Greater Caucasus and East Lesser Caucasus corridors totaling nearly \$2 million. They will also seize opportunities to protect two high priority sites that fill gaps in national protected area networks. For example, Gnishik supports four habitat types that are poorly represented within the current protected area network: low mountain dry steppe; juniper open woodlands; low mountain dry steppe; and mountain meadows steppe. Establishment of Gnishik will also establish a field model of a community-managed protected area, with potential for wider application elsewhere in Armenia.

CEPF's past investments in expanding and strengthening the management of the region's protected area systems, as well as the new investments envisioned under the consolidation strategy, will only be sustained if these systems are adequately resourced. In the long-term, the region's governments will need to meet the management costs of their protected area systems. In the short-term, however, competing demands on limited government budgets mean that it may be unrealistic to expect governments to adequately resource protected areas, and additional resources will likely be required from international donors and the private sector.

In recognition of this reality, CEPF supported the operational costs of the Caucasus Protected Areas Fund (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 CPAF being able to grow its endowment to €9 million (\$12.5 million) and successfully support pilot projects in Georgia and Armenia. CPAF is now poised to secure significant funding from the GEF and EU, and expand its grant making into Azerbaijan, which has recently re-affirmed its

interest in joining the program. By continuing to support the fund’s operating expenses, CEPF would be able to assist CPAF meet its fundraising targets, expand its operations into Azerbaijan and dedicate the whole of its endowment earnings to grant making. While CPAF would still need to raise additional endowment funds to ensure long-term financial sustainability, a consolidation grant from CEPF would give it the best possible chance of doing this, at a time when the global economic outlook is improving, and an increasing number of public and private sources are showing interest in supporting the fund. By so doing, CEPF’s small investment would be leveraging very significant resources to underpin the long-term maintenance of its achievements in strengthening the region’s protected area systems.

The final component of the consolidation program for the Caucasus will be to secure CEPF investments in filling a huge information gap, with respect to the conservation status of endemic plant species. Under the initial investment period, CEPF 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: *the Red List of the Endemic Plants of the Caucasus Region*, which would be the first reference manual on the conservation status of Caucasian endemic plants; and the *Caucasus Plants 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 regional project, including the armed conflict between Georgia and Russia, it was not possible to publish these deliverables during the initial investment period. The funds allocated for the publications were returned to CEPF, which now plans to allocate them in the form of a consolidation grant, thereby allowing the completion of these publications, which will be an indispensable and valuable resource for the respective governmental and non-governmental organizations in each country.

Therefore, the CEPF consolidation program proposes 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 first investment phase for which additional funding has not been secured and giving priority to the highest priority investments. To successfully consolidate CEPF investments in these areas, a total of \$1 million is envisioned.

Table 1. Investment Priorities & Activities

<i>Investment priority 1:</i> Assist the Caucasus Protected Areas Fund (CPAF) to achieve its potential as a long-term financing mechanism for the protected area systems of the southern Caucasus.	
<i>Implementing partners:</i> Caucasus Protected Areas Fund (Caucasus Nature Fund ³).	
<i>Potential leverage:</i> Global Environmental Facility (GEF), European Union, WWF Germany, Government of Germany, private sector	
<i>Outcome 1:</i> 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.	
Activities	CEPF budget:
Complete the program development initiated by CPAF, including extending fund operations into Azerbaijan.	\$360,000

³ The Caucasus Protected Areas Fund was renamed the Caucasus Nature Fund in 2010. The organization currently goes by both names.

<p><i>Proactively pursue funding opportunities with multilateral, bilateral and non-governmental funding agencies, in order to achieve or surpass the medium-term fundraising targets of CPAF.</i></p> <p><i>Develop partnerships with private sector companies, and secure at least one significant contribution to the endowment.</i></p> <p><i>Facilitate the award of at least two grants to CEPF priority sites in both Armenia and Georgia, and at least one grant to a CEPF priority site in Azerbaijan.</i></p>	
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<p>Investment priority 2: Enhance landscape integrity and ecological integrity of the Greater Caucasus corridor through completing the establishment of Khevsureti National Park. Implementing partners: WWF Caucasus Programme Office (lead implementer), local non-governmental organizations (local implementing partners; via sub-grants⁴). Potential leverage: Ministry of Environment Protection and Natural Resources, Government of Georgia</p>	
<p>Outcome 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.</p>	
<p>Activities</p>	<p>CEPF budget: \$440,000</p>
<p>Organize planning, consultative and informative meetings with all key stakeholders, including local government and communities.</p> <p>Prepare formal proposal for creation of Khevsureti National Park, based on the management guide prepared during the initial CEPF investment period, and submit to the relevant governmental bodies for review and approval.</p> <p>Carry out a participatory boundary demarcation exercise to establish the boundaries of the new protected area, and register them with the State Cadastre.</p> <p>Build the material and human resources of the protected area management unit by: organizing training courses for protected area staff; helping to arrange nature trails; purchasing essential office and field equipment; and producing interpretation materials.</p> <p>Elaborate management plan and three-year operational plan for the protected area and submit to the relevant governmental bodies for review and approval.</p> <p>Implement trust-building measures for buffer zone communities, comprising small-scale livelihood activities linked to nature conservation outcomes, combined with outreach and awareness-building activities.</p>	

⁴ Sub-granting is planned as a mechanism for engaging local partners because these partners: (i) add complementary technical expertise to the project, including relationships with local communities at the project site; and (ii) will receive significant capacity development from the project implementer (WWF).

<p>Investment priority 3: Enhance landscape integrity and ecological integrity of the East Lesser Caucasus corridor through completing the establishment of Gnishik Community Managed Sanctuary.</p> <p>Implementing partners: WWF Armenia (lead implementer), NGO - Fund for Biodiversity Conservation of Armenian Highland (local implementing partner; via sub-grant³).</p> <p>Potential leverage: GEF / UNDP; Ministry of Nature Protection, Government of Armenia.</p>	
<p>Outcome 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.</p>	
<p>Activities</p>	<p>CEPF budget: \$160,000</p>
<p>Organize planning, consultative and informative meetings with all key stakeholders, including local government and communities.</p> <p>Assist local communities to develop a management plan, zoning plan and individual sustainable use plans for each natural resource used within the sanctuary.</p> <p>Prepare formal proposal for creation of Gnishik Community Managed Sanctuary, based on the management guide prepared during the initial CEPF investment period, and submit to the relevant governmental bodies for review and approval.</p> <p>Build the material and human resources of the protected area management unit by organizing training courses for community rangers, and purchasing essential office and field equipment.</p> <p>Implement trust-building measures for local communities, comprising small-scale livelihood activities linked to nature conservation outcomes, combined with outreach and awareness-building activities.</p> <p>Establish nature trails and develop interpretation materials for visitors.</p>	

<p>Investment priority 4: Publish and disseminate the results of pioneering regional assessment of the conservation status of Caucasus endemic plant species.</p> <p>Implementing partners: Missouri Botanical Garden.</p> <p>Potential leverage: Missouri Botanical Garden.</p>	
<p>Outcome 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.</p>	
<p>Activities</p>	<p>CEPF budget: \$40,000</p>
<p><i>Publish the Red List of the Endemic Plants of the Caucasus Region.</i></p> <p><i>Publish the Caucasus Plants Conservation Strategy.</i></p> <p><i>Distribute the two publications to key stakeholders in the Caucasus, and communicate key messages to selected decision makers.</i></p>	

Donor Collaboration: CEPF and its potential grantees are committed to collaborating with a variety of donors to achieve the conservation outcomes pursued under this consolidation program. During the preparation of this program, CEPF liaised closely with key donors with existing or pipeline investments in the Caucasus Hotspot, including several CEPF donor partners. The key venue for consultations was the final assessment workshop for the Caucasus, held in Tbilisi, Georgia, in September 2009. This workshop was attended by senior representatives of two CEPF donors (Conservation International and the World Bank).

Opportunities to leverage co-financing have already been identified for each of the projects envisioned under the CEPF consolidation phase, including several exciting opportunities to engage the private sector in the sustainable funding of protected areas via CPAF. Additional opportunities are expected to arise through collaboration with the partners identified above and others during implementation of the consolidation program.

Monitoring Plan: CEPF will monitor the performance of its grantees in achieving a core set of consolidation targets as outlined below through the review of programmatic and financial progress reports and site visits to each project. The specific targets presented in Table 2 have been selected based on their relevance from the CEPF Global Results Framework. Targets have also been developed based on the unique aspects of the consolidation program for the Caucasus Biodiversity Hotspot.

Table 2: Caucasus Biodiversity Hotspot Logical Framework for Consolidation

Objective	Targets	Means of Verification
Reinforce and sustain the conservation gains achieved as a result of previous CEPF investment in the Caucasus Hotspot.	Long-term financing mechanism for Southern Caucasus protected areas in place and providing grants to at least three CEPF priority sites per year.	Grantee performance reports; Protected Areas Tracking Tool (SP1 METT).
	Two protected areas totaling around 68,000 hectares legally designated, with essential management structures and capacity in place.	Grantee performance reports; Protected Areas Tracking Tool (SP1 METT).
	Two publications on endemic plant conservation published and disseminated to at least 200 stakeholders in government, civil society and the private sector.	Copies of publications; distribution records.
	At least \$1 million leveraged for long-term financing of CEPF conservation outcomes.	Final project reports
Outcome 1: 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. \$360,000	Program development of CPAF complete, and fund operational in Azerbaijan.	Grantee performance reports; CPAF operational manual; CPAF annual reports.
	Multilateral, bilateral and non-governmental funding agencies contribute at least €5 million towards CPAF's endowment.	CPAF annual reports; CPAF audited statement.
	Private sector companies contribute at least €500,000 towards CPAF's endowment.	CPAF annual reports; CPAF audited statement.
	CEPF priority sites in Armenia, Georgia and Azerbaijan receive at least two, two and one CPAF grants, respectively.	Funding proposals from protected areas; Protected Areas Tracking Tool (SP1 METT).

<p>Outcome 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.</p> <p>\$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>Meeting records; letters of support from local authorities and communities.</p>
	<p>Khevsureti National Park formally gazetted under the Georgian Law on the Protected Area System.</p>	<p>Official ordinance.</p>
	<p>Protected area boundaries agreed with local stakeholders, demarcated on the ground and registered with the State Cadastre.</p>	<p>Letters of support from local authorities and communities; maps and photographs of boundary pillars; cadastral records.</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 Areas Tracking Tool (SP1 METT); training needs assessment reports; procurement records; copies of interpretation materials.</p>
	<p>Protected area management plan and three-year operational plan approved by the relevant governmental bodies.</p>	<p>Management plan; three-year operational plan; official ordinances.</p>
	<p>At least 40 percent of buffer zone inhabitants show increased support for protected area compared with start of project.</p>	<p>Grantee performance reports; attitude survey reports.</p>
<p>Outcome 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.</p> <p>\$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>Grantee performance reports; meeting records; letters of support from local authorities and communities.</p>

	Community-based protected area management plan, zoning plan and sustainable natural resource use plans approved by local communities and relevant government bodies.	Management plan; zoning plan; sustainable natural resource use plans; official ordinances.
	Gnishik Community Managed Sanctuary formally gazetted under Armenia's protected area law.	Official ordinance.
	Basic management capacity in place for the new protected area, including community ranger capacity and essential equipment.	Protected Areas Tracking Tool (SP1 METT); training needs assessment reports; procurement records
	At least 40 percent of buffer zone inhabitants show increased support for protected area compared with start of project.	Grantee performance reports; attitude survey reports.
	Nature trails opened to the public and interpretation materials published.	Maps and photos of nature trails; copies of interpretation materials.
Outcome 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. \$40,000	Red List of the Endemic Plants of the Caucasus Region published.	Copies of publication.
	Caucasus Plants Conservation Strategy published.	Copies of publication.
	At least 200 key stakeholders in the Caucasus receive copies of the publications.	Grantee performance reports; distribution records.