



GEF-6 PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Medium-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

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PART I: PROJECT IDENTIFICATION

Project Title:	Enhancing financial sustainability of the Protected Area system in Georgia		
Country(ies):	Georgia	GEF Project ID:	9879
GEF Agency(ies):	UNDP	GEF Agency Project ID:	6138
Other Executing Partner(s):	Ministry of Environment and Natural Resources Protection of Georgia; Caucasus Nature Fund (CNF)	Submission Date:	October 26, 2017
GEF Focal Area(s):	Biodiversity	Project Duration (Months)	60
Integrated Approach Pilot	IAP-Cities <input type="checkbox"/> IAP-Commodities <input type="checkbox"/> IAP-Food Security <input type="checkbox"/>		Corporate Program: SGP <input type="checkbox"/>
Name of parent program:	N/A	Agency Fee (\$)	173,516

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES:

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Trust Fund	(in \$)	
		GEF Project Financing	Co-financing
BD-1 Program 1	GEFTF	1,826,484	7,873,516
Total Project Costs		1,826,484	7,873,516

B. INDICATIVE PROJECT DESCRIPTION SUMMARY

Project Objective: To secure long-term financial sustainability and effective management to conserve globally significant biodiversity of target protected areas in Georgia

Project Components	Financing Type	Project Outcomes	Project Outputs	Trust Fund	(in \$)	
					GEF Project Financing	Co-financing
1. Financial sustainability of sub-system of PAs representing Key Biodiversity Areas (KBAs)	TA	Twelve PAs (KBAs) covering 420,000 ha with globally important biodiversity are effectively and sustainably financed, as indicated by: - Increased PA financing as per the financial sustainability scorecard from 45% in 2016 to at least 55% by EOP; - Reduced annual funding gap of Georgia's PA system from \$3.6 million in 2016 to \$2.4 million by EOP; - Increase in the number of target PAs regularly receiving full	1.1 A range of sustainable financing mechanisms designed and piloted for target PAs through a pool of financial resources from government and non-governmental sectors under the Caucasus Nature Fund (CNF). Income generated through suitable financing mechanisms, including from entry fees, concessions, and revenue sharing mechanisms from natural resources use, will support target PAs in strengthening management effectiveness through implementation of priority species and habitat conservation activities, patrolling, management and financial plan updates, boundary and zoning rearrangements, and targeted research as appropriate. 1.2 Sustainable tourism development and financing strategies, including operational revenue generation schemes, are	GEFTF	642,691	7,098,516

		<p>financing support from CNF from 6 in 2016 to at least 12 by EOP;</p> <ul style="list-style-type: none"> - Sustainable tourism activities introduced in target PAs increase annual revenues from \$100,000 in 2016 to at least \$200,000 by EOP. 	<p>prepared and implemented for at least 9 target PAs, with additional income from tourism in target PAs delivered through (as illustrative examples) improved products and services for tourists such as better trails, zip lines, more qualified/multi-lingual staff, etc.</p>			
<p>2. Improved management and financial effectiveness demonstrated for targeted large-scale PAs</p>	TA	<p>Institutional capacity for financial and operational management, and for monitoring in target PAs is improved, indicated by:</p> <ul style="list-style-type: none"> - Increase in the PA system Capacity Assessment Scorecard value from 30% in 2016 to at least 50% by EOP. - METT scores for the 12 target PAs on average increase by at least 10% over the 2016 baseline; - Increased or stable populations of globally important species, such as East Caucasian Tur (<i>Capra cylindricornis</i>), Bezoar goat (<i>Capra aegagrus</i>) and Caucasus Red deer (<i>Cervus elaphus maral</i>). <p><i>Baseline values for indicator species in target PAs are presented in METT data sheets.</i></p>	<p>2.1 CNF's PA Management Support Group established providing technical assistance to all target PAs on financial-administrative & operational planning, budgeting and accounting, including regular financial and technical audits completed for all target PAs at least every 3rd year.</p> <p>2.2 Standardized Management Effectiveness Assessment plans developed for and implemented in at least 9 target PAs, improving management interventions in response to key biodiversity values and threats identified.</p> <p>2.3 A suite of capacity building activities and technical assistance on operational management is designed, institutionalized, and implemented for all target PAs on the following themes (as relevant per target PA): PA management planning, patrolling & law enforcement, pasture management, infrastructure & assets maintenance, conflict resolution, waste management, communication & outreach, climate change impact assessment & mitigation.</p> <p>2.4 Community, stakeholder and societal acceptance on values and importance of target PAs is strengthened through consolidated awareness raising activities, contributing to improved PA management effectiveness. This will involve (illustratively) systematic involvement of communities in development of tourism and</p>	GEFTF	1,033,793	625,000

			protection projects, as well as pilot initiatives to increase local household income in order to reduce pressures on PAs.			
Subtotal					1,676,484	7,723,516
Project Management Cost (PMC) ¹ (Including Direct Project Costs)				GEFTF	150,000	150,000
Total Project Costs					1,826,484	7,873,516

C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
CSO	Caucasus Nature Fund	Grant	2,923,516
Private Sector	Bank of Georgia	Grant	200,000
Recipient Government	Government of Georgia (MoENRP, APA)	Grant	4,750,000
Total Co-financing			7,873,516

D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES), FOCAL AREA AND THE PROGRAMMING OF FUNDS ^{a)}

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) ^{b)}	Total (c)=a+b
UNDP	GEFTF	Georgia	Biodiversity	n/a	1,826,484	173,516	2,000,000 ²
Total Grant Resources					1,826,484	173,516	2,000,000

a) Refer to the [Fee Policy for GEF Partner Agencies](#).

E. PROJECT PREPARATION GRANT (PPG)

Is Project Preparation Grant requested? Yes ☐ No ☒ If no, skip item E

Note: The PPG grant has not been requested in the PIF because the Caucasus Nature Fund has agreed to cover all expenses related to the preparation of the documents. This, a two-step approval is requested because of the time required for the preparation of the final package meeting high standards of UNDP, GEF, well consulted in an line with Government expectations.

F. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	420,000 hectares

PART II: PROJECT JUSTIFICATION

1. Project description.

1) Global environmental problems, root causes and barriers that need to be addressed

¹ For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

² As indicated in the LOE, \$ 500,000 was transferred from the climate change to biodiversity STAR using the marginal flexibility mechanism.

1. Georgia covers an area of 69,700 sq. km. in the Caucasus region, which forms the isthmus between the Black Sea and Caspian Sea. Georgia is at the core of the Caucasus Ecoregion, classified by WWF as one of the “Global 200 Ecoregions” and by Conservation International as one of only 36 biodiversity “hotspots” worldwide.
2. The Caucasus region holds an important faunal diversity, from insects, amphibians and reptiles to mammals, birds and fish, with the Caucasus also being recognized as one of the 221 Endemic Bird Areas of the world. More than 100 species of mammals are recorded, as well as 12 amphibians, 50 reptiles, more than 300 birds and 80 freshwater fish, making the country an important biodiversity reservoir. At present, the Red List of Georgia includes 137 fauna species, of which at least 50 are of global importance - IUCN status of critically endangered, endangered or vulnerable - including Bezoar Goat (*Capra aegagrus*, IUCN VU), Caucasus Leopard (*Panthera pardus saxicolor*, IUCN EN), Goitered Gazelle (*Gazella subgutturosa*, IUCN VU), Egyptian Vulture (*Neophron percnopterus*, IUCN EN), Caucasian Salamander (*Mertensiella caucasica*, IUCN VU), Mehely's Horseshoe Bat (*Rhinolophus mehelyi*, IUCN VU), Apollo Butterfly (*Parnassius Apollo*, IUCN VU) and others.
3. Floral diversity in the Caucasus Ecoregion includes over 6,500 species of vascular plants, of which 4,100 occur in Georgia. Also about 800 mosses, 800 lichens and 7,000 mushrooms, as well as 2,600 algae species are recorded. About 2,000 flora species in Georgia have direct economic value, as timber, firewood, food, forage, medicine, etc. The national Red List includes 56 vascular plants, including globally threatened ones like Kozlovskiy Salsify (*Scorzonera kozlovskiyi*, IUCN CR), Grigorashvili's Salsify (*Podospermum grigorashvili*, IUCN EN), Kakhetian Bellflower (*Campanula kachethica*, IUCN EN).
4. The Caucasus Ecoregion is also rich in endemic species. Endemic fauna includes 19 mammals, 3 birds, 15 reptiles, 3 amphibians and 3 birds, most of which also occur in Georgia, while the endemic flora lists 900 species, 300 of which also occur in Georgia.

Georgia's Protected Area System:

5. Georgia is one of the few countries not only in Europe and Central Asia but globally where protected areas are a genuine high level national priority. It is evident by robust work of the Government resulting in a significant expansion of the PA network in the past decades (from 181,000 to 597,556 ha currently). Georgian Government has a dedicated national agency, the Agency for Protected Areas (APA), for the management of the PAs. APA is a strong player, not only in Georgia but also regionally and is an important player in the international convention fora. Georgia's commitment to gradual strengthening of its PA system is demonstrated by APA's annually increasing funding, within the limits of a difficult overall economic situation in the country.

6. Georgia is one very few countries globally that specifically recognizes its Protected Area system in their obligations under the Paris Agreement as being key to combating climate change. In its 2015 INDC Statement (Intended Nationally Determined Contributions) the Government of Georgia committed to expand the country's PA network to 1.3 million hectares (approximately 20% of Georgia's territory), exceeding its target of 12% as stated in its 2014-2020 National Biodiversity Strategy and Action Plan and far ahead of the % maintained by many countries across the globe.

7. Georgia's network of protected areas (PAs) is the country's main tool for biodiversity conservation. The first Nature Reserve in Georgia was established in 1912, followed by another 14 Strict Nature Reserves and 5 Hunting Reserves during the Soviet era. In 1996, the Law on Protected Areas System (the “PA Law”) was adopted, providing the PA network with a firm legal footing. Since independence from the Soviet Union in 1991, Georgia has undertaken an ambitious program of expanding its PA network, by establishing new PAs and enlarging existing ones. From a meager 181,000 hectares (2.6%) of the country under formal protection at independence, in 2016 Georgia's PA system covers 597,556 hectares, or 8.6% of the country including currently occupied territories, assigned to 25 PAs. Of these, 20 PAs are designated as “Priority PAs”³, because: (i) they are located in Priority Conservation Areas (PCAs) under the Ecoregion Conservation Plan for the Caucasus (ECP); (ii) they meet the GEF adopted criteria of Key Biodiversity Area (KBA)⁴; and (iii)

³ According to established criteria agreed between CNF and APA

⁴ For detailed description of criteria, see IUCN, 2016. A global standard for the identification of Key Biodiversity Areas.

they are located in the territory controlled by Georgia⁵. Together Priority PAs cover 500,388 hectares, or 84%, of Georgia's PA system⁶.

8. Further expansion of the PA system and improving PA management is an integral part of national policies and strategies, including the 2nd National Environmental Action Plan (NEAP-2) for the period 2012-2016 and the 2nd National Biodiversity Strategy and Action Plan (NBSAP) for the period 2014-2020, adopted pursuant to Georgia's obligations under the Convention on Biological Diversity (CBD), including the Aichi Biodiversity Targets. Under these, the country specifically strives to ensure the protection and rehabilitation of unique ecosystems, species diversity and genetic resources of biota, through a PA system that covers at least 12% (836,400 hectares) of the country, which is effectively and equitably managed through capable administrations and financial sustainability mechanisms in place.

9. The Ministry of Environment and Natural Resources Protection (MoENRP) is the central executive agency in charge of environmental protection and support to sustainable development of the country in the field of environment. Within the MoENRP the Legal Entity of Public Law (LEPL) "Agency of Protected Areas" (APA) was established in 2008 to become responsible for the overall administration of Georgia's PAs. Key roles of APA's central management authority include overall management to ensure functionality of the PA system, policy making & strategic planning, manage legal-regulatory changes, budgeting & financial management, supervision of activities at the level of individual PAs, cooperation with donors and partners including fund raising, and facilitation with other state and non-state actors. The operational management of PAs is currently undertaken by 20 PA Administrations, the roles of which include general administration of their designated territory, maintenance of infrastructure and facilities, revenue collection, implementation of patrolling & law enforcement, educational activities and communication with local communities, tourism-related activities. By end 2016 total staffing of the PA system counted 522 people.

Threats:

10. Georgia's globally significant biodiversity, including in its PAs, is increasingly threatened from (i) habitat loss, degradation and fragmentation, caused by the overexploitation of natural resources, including illegal logging, timber trade, fuel wood collection, grazing and infrastructure development; (ii) poaching and illegal wildlife trade; (iii) overfishing; (iv) pollution; and (v) invasive species. The cumulative impact from these threats has led to a reduced ecological functioning of natural areas, including their capacity to provide key ecosystem services, and an overall loss of economic benefits accruing from biodiversity.

11. Also climate change increasingly has a notable impact on biological resources and biodiversity, both within PAs and beyond. Georgia's 2nd Communication to the UNFCCC (2009) notes anticipated regionally divergent increases in temperature, increases & reductions in precipitation and increased occurrences of extreme weather events. Uncertainty remains as to the magnitude of change in various regions of the country, including from complex interaction of natural and manmade factors in human-influenced landscapes.

12. The threats to globally significant biodiversity in Georgia from socio-economic development as well as climate change are exacerbated by ineffective implementation and enforcement of legislation and policies on PAs. While in recent years significant progress was made on a broad specter of institutional and legislative reforms, including in the field of environmental protection and nature conservation, and the area under formal protection was significantly expanded, two key barriers remain to establishing an effective and efficient PA system in Georgia:

Barrier 1. Insufficient and insecure financing to sustainably address recurrent costs of maintaining the PA system

13. In 2016, the Government of Georgia allocated \$2.0 million to maintain the established PA system, of which 86% was spent on salaries. In addition, \$1.2 million in revenues were collected, to a total of \$3.2 million available as state funding. Extra-budgetary funding in 2016 equaled \$4.2 million, provided by various donors, channeled through national government authorities (\$1.3 million, 30%) as well as through direct

⁵ Following a conflict in 2008, 1,256,000 ha (18%) of Georgia is occupied by a foreign power, leaving 5,714,000 ha under the control of the Georgian government. The occupied territories include 4 PAs (67,141 ha) that remain effectively unmanaged.

⁶ PAs that are not included in the 20 Priority PAs either are located in occupied territories, are not located in PCAs under the ECP, would not meet the KBA criteria, or are particularly small and therefore inefficient for CNF to work with.

donor arrangement with individual PAs (\$2.9 million; 70%). The total financial resources available to the PA network in 2016 amount to \$7.4 million, with significant dependence on donor funding (57%). The 2016 assessment of annual financial needs for the PA system shows an estimated \$10.2 million needed for basic management, increasing to \$15.2 million for optimal management, for human resources, operations and capital investment. The central government budget covered only 31% of financial needs for basic management, or 20% of estimated needs for optimal management. While annually the government budget support to PAs has increased in recent years, the funding gap has further increased, due the fact that the PA system has been expanded substantial and continues to be expanded in line with national priorities and international commitments, as well owing to continuing annual inflation (about 5.4% in 2016), increased operational costs for staffing, equipment, consumables, maintenance..

14. Efforts to close the funding gap were led by establishing the Caucasus Nature Fund (CNF), an NGO founded in 2007 with the encouragement of the German Federal Ministry for Economic Cooperation and Development (BMZ), through the German Development Bank (KfW), Conservation International (CI) and WWF. While until 2030 funding through CNF is sufficiently stable, its resources are largely based on funding from international government donors, augmented with both national and international corporate and private donors. In addition a multitude of relative short-term donor projects were and are being implemented in recent years, some with substantial financial resources. While these donor-funded projects individually provide important capacity building support, notably on strategic planning and capital investments, jointly they are insufficiently systematic in addressing the TA needs of the PA system or other capacity gaps. Also they are not designed to materially assist PAs in Georgia in closing their funding gap, while some may increase the funding gap, as infrastructure investment and expansion of PAs requires increased financial resources needed to cover operation and maintenance costs. Overall, available funding from the various sources is insufficient to close the funding gap even for basic needs for PA system management.

15. GEF support has been important for a step by step strengthening of the country's PA system. At the first stage conditions were created to support the expansion and management effectiveness. The UNDP/GEF project "Expansion and improved management effectiveness of the Adjara Region's PAs" (GEF-ID 4835; 2014-2018), targeting the PAs of Mtirala, Kintrishi and Machakhela increased the PA estate by over 100 thousand hectares; this project however did not cover the issues of financial sustainability as it was focused on expansion and management effectiveness where the above mentioned GEF ID 4835 project has been extremely valuable. In parallel, GEF project "Catalyzing financial sustainability of Georgia's PA system" (GEF-ID 3557; 2009-2012), with a GEF budget of USD 0.68M, in line with its objectives, resulted in (1) PA Network Sustainable Financing Plan (NSFP) adopted at national level, (2) amendment of legislation needed to remove legal restrictions to better financing of PAs, (3) a training module on PA management and (4) improved financial and business skills of one PA – Tusheti National Park. No further work was undertaken at that stage within the financial and thematic limits of the intervention. The next project "Ensuring sufficiency and predictability of revenues for Georgia's PA system" (GEF-ID 3949; 2010-2017) selected several PAs as a test base for certain innovative financing approaches and focused on the operational capacity of selected PAs in Georgia. This project (GEF-ID 3949), implemented by the Caucasus Nature Fund (CNF) focused on a select number of key PAs of lower protected status (IUCN cat. I-IV), which are small size PAs, without complicated zoning, often without management units. The whole package of assistance of the GEF so far has been key in raising the profile of PAs in Georgia, removing legal barriers and testing selected approaches at lower conservation status PAs.

16. As a result, most of Georgia's globally important PAs (that meet KBA criteria) still remain under-funded. While revenue generation models have been effectively realized in smaller PAs (e.g. for caves and dinosaur footprints), contributing substantial revenues to the PA system (\$884,700 in 2016), revenues from larger PAs, including the 12 target PAs envisioned under the current project, remain below established targets, at only about \$102,500 in 2016, mainly from tourism services (90%; from equipment rent, camp sites and shelters). Revenues from concessions – for overnight stays in guesthouses as well leasing fees for pasture use - currently do not exceed 3.2%. In these larger PAs engaging in concessions continues to be of limited interest to the business community, as products and services offered by PAs remain insufficient to attract sufficient visitors to warrant the relatively high private sector investment & maintenance costs. Key causes for less than anticipated PA revenues also include uncertainty in formulated revenue targets; limited practice of business planning for PAs; limited financial resources committed to TA in tourism development,

specifically products and services; insufficient time given to market tourism services; as well as inability to introduce entry fees in large PAs. Accordingly, there is a need to further develop more sustainable and long-term domestic revenue sources for the PA system in Georgia.

Barrier 2. Weak capacity in efficient financial-administrative planning and effective operational management of the PA system

17. Efforts in recent years to strengthen Georgia's PA system have learned that in addition to insufficient funding for facilities, equipment and staff, also ineffective financial-administrative planning, including business-oriented budgeting tools, and a lack of awareness on cost-effectiveness act as systemic barrier to managing PAs efficiently. In 2010 a PA Management Support Group (MSG), consisting of CNF staff, technical and financial auditors, was established to provide real-time guidance to PA staff on requesting funding, based on proper planning of operational costs, improved accounting and reporting, and reliable assessment of returns on investments. This capacity building work was supported by the Transboundary Joint Secretariat for the Southern Caucasus (TJS), an implementation component of KfW's green sector program in the South Caucasus, specifically targeting strengthening planning for cost effectiveness. In recent years also management plans, and linked operational plans, have been or are being developed for an increasing number of individual PAs, albeit largely donor driven. As a result, METT scores assessments in 2016 demonstrate improvements in capacities on financial and operational planning. Progress however, is slow, as the capacity of PA staff remains limited. Especially in individual PAs the capacity for proper budgeting and financial-administrative management remains low, as financial planning, budgeting and funding is administered by APA's central management authority, while recently introduced evaluation tools on cost- and implementation effectiveness remain insufficiently used.

18. While through technical and financial support from CNF and other donors, including the government of Georgia, the PA financial management and absorption capacities slowly improve, prioritized short-term operational planning and related budgeting for individual PAs remains insufficiently based on objective, up-to-date and complete information. Due to limited financing, PAs remain understaffed, and funding is sufficient only for the implementation of basic conservation activities. Staff salaries are among the lowest in Georgia, causing a high staff turn-over and related loss of institutional memory and hands-on experience, including from trainings received. On-the-job training and capacity building is ad hoc available, largely depending on donor support, and staff lacks the knowledge on best-practice methods and approaches successfully applied elsewhere. PAs also commonly are not provided with sufficient resources to cover operational expenditures. As a result, many core tasks, specifically in non-financial fields, are completed in a less-than-optimal way, including (i) patrolling and law enforcement; (ii) communication, awareness raising and conflict resolutions with local communities; (iii) provision of visitor services; and (iv) field-based monitoring to strengthen conservation outcomes, including biodiversity (values; pressures, threats & impacts; management responses), while knowledge gained from capacity building cannot be properly applied. Accordingly, practical activities implemented by PAs are largely based on budgetary considerations instead on balanced prioritization processes using comprehensive actual information.

2) Baseline

19. As discussed in the barrier section, the baseline scenario is characterized by insufficient financial resources for effective management of an expanding PA system under conditions of annual inflation and increasing operational costs. The Government budget for management of the national PA system is estimated to be at \$2.0 million per year, excluding ad hoc expenditures for capital investments and revenues reinvested. Of this, an estimated \$0.8 million per year will be directly allocated to the 12 target PAs.

20. The current funding gap for PA financing is anticipated to further increase in line with Georgia's conditional commitment - depending on the availability of financial and technical support from international sources - to expand the country's PA network to 1.3 million hectares, about 20% of Georgia's territory, as announced in its Report on Intended Nationally Determined Contributions (2015) to mitigate and adapt to climate change.

21. As described above, CNF was established as independent body to sustain until 2030 stable long-term supplemental funding and management assistance to Georgia's PA system, including PA structures and institutions beyond capital investment, while supporting the government of Georgia to increasingly cover the

full costs of the PA system by itself. CNF's funding is directed towards meeting the core needs of individual PAs, by supplementing operational and personnel expenses as well as strengthening capacities towards improved operational and financial management. Since 2010, the German government has significantly expanded CNF's financial capacity, by contributing euro-equivalent \$13 million to a Sinking Fund expiring in 2030 as well as \$18 million to CNF's endowment. Since 2010, CNF also leveraged over \$2 million from private sources - individuals, corporations and foundations. In 2017, CNF plans to contribute \$750,000 to selected globally important PAs covering 281,662 hectares, with \$500,000 in supplemental funding made available to support operational expenditures and more than \$250,000 is allocated for consultancy and technical assistance (TA). Support to selected PAs is subject to (i) approval by the central APA; and (ii) the PAs demonstrating compliance in meeting CNF's rigorous financial and operations planning and management standards.

22. CNF's capacity to provide supplemental funding is anticipated as \$800,000 annually from 2018 to 2022 inclusive, to reduce to \$500,000 annually between 2023 and 2030. This is equivalent to an estimated total of \$4.0 million to EOP in 2022, and \$8.0 million to 2030. Currently available financial resources will allow CNF to continue providing full supplemental support to 6 target PAs already funded in 2016 and to expand its full support to 2 target PAs currently on light support; these target PAs also will be covered under the project. The current practice of providing 35% co-financing support will be maintained, usable for salary top-ups and PA specific operational costs agreed upon in PA operational plans, while resources will be sufficient to address around 50% of the basic needs for TA of these 8 target PAs. The total of 8 target PAs fully supported by CNF under the baseline scenario will leave 4 of the 12 globally important target PAs planned to be supported under the proposed project with no supplement to the insufficient government funding. Accordingly, these remaining 4 target PAs continue to be significantly underfunded and almost completely lacking in the necessary capacity building and TA.

23. Under the baseline scenario, additional support to strengthening Georgia's PA system will continue to be provided by ongoing parallel projects, their annual contribution estimated at \$0.6 million (excluding one-time investments in big infrastructure), or \$3.0 million to 2022, including:

- (i) UNDP/GEF project "Expansion and improved management effectiveness of the Adjara Region's PAs", the target PAs Mtirala, Kintrishi and Machakhela (2014 – 2018);
- (ii) BMZ/KfW "SPPA - Support Program for Protected Areas" working with 4 target PAs - Kazbegi, Algheti, Kintrishi and Pshav-Khevsureti (2014 – 2019);
- (iii) The SOCAR financed Offset Fund supporting 2 PAs that are not target PAs - Kolkheti and Kobuleti (2010 – 2024);
- (iv) BMZ/KfW project, implemented by WWF, to support biodiversity conservation and sustainable development in eco-corridors between PAs in Georgia and the South Caucasus region (2015 – 2020);
- (v) Czech Development Cooperation projects "Implementation of Selected Measures of the Management Plan for the Protected Area Tusheti" (2014 -2017);
- (vi) EU-WB-WWF-IUCN "European Neighborhood and Partnership Instrument (ENPI) East Countries Forest Law Enforcement and Governance (FLEG) II Program" (2013 – 2017); and
- (vii) Various independent activities of locally active NGOs, including WWF, NACRES, Fauna & Flora International (FFI) and others.

3) The Proposed Project

24. Building on the baseline projects, the project objective is "To secure long-term financial sustainability and effective management to conserve globally significant biodiversity of target protected areas in Georgia". The 12 target PAs proposed to be supported under the project are selected from the list of the government's 20 Priority PAs in accordance with their size, location and global significance. The 12 target PAs include 6 target PAs currently already supported by CNF as well as target PAs supported by parallel projects under the baseline scenario. The list of the 12 PAs and their global significance is provided in Annex 1.

25. The project will fulfill its objective by delivering projects activities in 2 components, focusing on (i) reducing the funding gap to ensure the long-term financial sustainability of the sub-PA system; and (ii)

demonstrating strengthened management effectiveness through capacity building on financial-administrative planning, cost-effectiveness and operational management in target PAs.

Component 1. Financial sustainability of sub-PA system.

26. Under Component 1, the project will design and pilot a range of sustainable financing mechanisms for strengthening financial resources generated from domestic revenue streams needed to support the long-term sustainable management and effective conservation of biodiversity in at least 12 globally important target PAs in Georgia. For this, the project will build upon the established practice of CNF, through which long-term sustainable supplemental co-financial resources are made available to support the PA system in Georgia, to pilot and introduce innovative approaches to generate additional funding from domestic revenue streams, either through CNF or directly to individual PAs and the PA system at large (output 1.1). To establish an up-to-date baseline and common understanding of opportunities and constraints, the project will (i) prepare a detailed financial analysis that identifies realistic funding needs and gaps for target PAs; (ii) analyze selected revenue generating instruments, both already practiced ones as well as innovative ones based on global best practice. For relevant financial instruments the enabling framework of legal, institutional and political barriers and opportunities will be considered, and compared to potential financial gains for target PAs. In close consultation with government and community stakeholders, the analysis will propose priority instruments for piloting in selected target PAs, for which subsequently detailed feasibility studies for implementation will be designed. Preliminary identified suitable financial mechanisms include (i) unified system of entry fees for Georgia's PA system, (ii) concession fees, e.g. for pasture use, sustainable logging fuel wood and timber in support of community livelihood; (iii) benefit or revenue sharing mechanism for community based natural resources use, including PA-certified products; (iv) Payments for Ecosystem Services, e.g. for hydropower and hydrological (i.e. flood retention) services, water supply; (v) biodiversity offsets; and (vi) tourism taxes on overnight stays in target PA buffer zones. In strengthening domestic revenue streams, the project will build upon, strengthen and expand prior assessment and pilots, as well as established practices that have demonstrated their capacity to generate additional financial revenues in selected target PAs, including auctioning of pasture use rights and hotel services, entry fees, and concession agreements on tourism products in PAs, like trails, zip lines, cafeteria, etc.

27. The piloting of financial instruments in target PAs will support an increase in domestic revenue streams, financial resources which in target PAs will contribute to strengthening species and habitat conservation, financial and operational management planning, monitoring, patrolling, targeted research, and other priority elements identified in management plans of the globally important target PAs, as such contributing to improved overall management effectiveness of the target PAs. As a result, during the project and until 2030, or 8 years beyond EOP⁷, the capacity of funding for 12 globally important target PAs through CNF will amount to \$12.4 million, compared to \$8.0 million under the baseline scenario to 8 target PAs. The 12 target PAs will cover at least 420,000 ha, or 87% of the territory of the country's 20 Priority PAs, equal to 82% of the area of all the PAs in territory controlled by Georgia.

28. In line with CNF Statutes approved by CNF Board, including representatives of the German Government as key donor to CNF, and agreed with the Government of Georgia, the co-financing rules comply that for any CNF contribution to covering target PAs' annual operational costs to be released, this contribution at least needs to be matched by government financing to the target PAs. Accordingly, the Government of Georgia shall provide financial support specifically to the target PAs in the matched annual amount of \$950,000, or \$4.8 million by EOP.

29. In addition, in order to increase the capacity of the target PAs to expand domestic revenue streams, sustainable tourism development and financing strategies (STDFS) will be prepared and implemented in at least 9 target PAs, based on in-depth assessments of target PA carrying capacity for tourism - current facilities, potential products & services, capacities & financial needs, and visitor attractiveness. Consolidated business-model operational plans will balance investment needs against capacities and resources required to implement the strategies, based in part on the introduction of a balanced domestic revenue generation system, all within the framework of ensuring the target PAs' key functional role of conserving natural ecosystems and

⁷ Upon completion of the GEF project in 2022, CNF will, in line with the agreement between and control of the government of Germany and the government of Georgia as key donor and recipient of CNF financial support, continue to provide supplemental co-financing resources to the 12 target PAs, towards sustainable reducing the funding gap until 2030, or during at least 8 years after EOP.

biodiversity. Project support to implementation of the STDFS will result in increased domestic revenue streams from sustainable tourism initiatives, delivered through the target PAs providing improved attractive and high-quality products and services (e.g. trails, camping and guest house facilities, souvenir products, target PA certification of non-timber forest products and community tourism facilities, etc.) offered through improved and broadened marketing, as well as cost-effective, transparent and easy-to-use fee collection systems, including using modern digital technologies, including for legally adopted entry fees. The implementation of PA-specific STDFS in at least 9 target PAs, using appropriate capacity building instruments and TA, is envisioned to provide annually at least \$200,000 in additional revenues to the PA system from year 5 of the project (output 1.2), with an increasing trend line during project implementation, significantly enhancing their financial sustainability.

30. Overall, project activities under component 1 will ensure a reduced annual funding gap of Georgia's PA system from \$3.6 million in 2016 to \$2.4 million by EOP.

Component 2. Improved management and financial effectiveness demonstrated for target PAs.

31. Component 2 seeks to provide hands-on capacity building and related TA both at the target PA level as well as to the overarching PA system for the implementation of suitable approaches and techniques to strengthen financial-administrative planning & accountancy, cost-effectiveness & revenue generation, as well as programmatic operational planning, towards an improved effectiveness of overall PA management.

32. Activities under this component will specifically build upon the experiences and outcomes of CNF's established practice as well as ongoing UNDP/GEF initiatives related to strengthening PA operational planning and management. Using available in-house and long-term engaged external capacity, CNF will upscale its dedicated support to target PAs towards transparent and sound financial planning, budgeting & accounting, procurement and reporting, supported by comprehensive PA management plans and specific operational plans (outcome 2.1). As appropriate, activities may relate to strengthening systemic, institutional and individual capacities in (i) financial & business planning and budgeting; (ii) accounting and financial control practices; (iii) tendering and procurement processes; and (iv) reporting and auditing procedures. Effectiveness of capacity building efforts will be monitored by means of Technical and Financial Audits completed for each target PA at least every 3rd year.

33. The 2016 baseline METT scores confirm that the assessment of core values (e.g. globally important species, ecosystems) as well as the threats to these values, from natural (e.g. climate change, successional changes) and social (e.g. poaching, grazing, logging) pressures, is limited in all target PAs, and does not contribute to decision making on most appropriate PA management interventions. In order to strengthen target PA capacities in effective management towards strengthening conservation outcomes, the project will formulate and implement standardized target PA-specific Management Effectiveness Assessment plans (output 2.2). Comprehensive desk studies on biodiversity values, pressures & threats, and management interventions will guide the informed selection of suitable quantitative site and/or management level indicators. Field-based assessments of selected indicators using modern techniques then will provide reliable and actual information on the effectiveness of alternative management interventions to reduce threats and improve the status of globally important species and their habitats. The work will be based on the participatory approach, integrating joint efforts of dedicated PA scientific and ranger staff with community interest groups: volunteers, local NGOs and citizen groups, scientific institutes, students, hunters, forestry staff, women, etc., with targeted capacity building and TA provided as appropriate. The work will build upon the successfully demonstrated outcomes of CNF's pilot activities, in part co-financed by GIZ and the GEF's Small Grants Program in Georgia, on establishing the baseline values for key biodiversity indicators, pressures & threats, and PA management activities for 3 Target PAs - Borjomi-Kharagauli National Park, Lagodekhi PAs and Vashlovani PAs.

34. Specifically, the assessment of biodiversity values and threats in target PAs also will incorporate the cross-cutting issue of the impacts on biological resources and biodiversity from anticipated climate change, including measures for mitigation and adaptation. In PAs, the impact of human activities is recognized to be largely insignificant; as such assessment of climate-related parameters within their boundaries can provide important insights into local as well as larger-scale changes independently from climate-related changes influenced by socio-economic factors. Based on a comprehensive inventory of observed and anticipated impacts of climate change on biodiversity in the target PAs, conducted as part of developing target PA-

specific Management Effectiveness Assessment plans, the project will provide relevant support to the target PA administration on further strengthening monitoring of climate related environmental parameters, through installing up-to-date stationary weather monitoring. Preparedness for the climate induced increased occurrence of extreme events, specifically droughts and fire, the project will support selected target PAs in obtaining firefighting equipment.

35. The sustainability of the field-based assessment of biodiversity values, pressures & threats reduction and related improvement of PA management effectiveness towards strengthening conservation outcomes is secured through a 2-staged financing approach. For the duration of the project, activities under output 2.2 are financed from the project, after which for a period of another 5 years CNF commits to a \$650,000 follow-up investment to maintain the Management Effectiveness Assessment system. As such a full 10-year monitoring cycle is completed, needed to reliably assess biodiversity trends, ecosystem health and PA management effectiveness, to support developing informed and effective targeted threat reduction or conservation action plans.

36. Expanding on the needs for improved PA management effectiveness as identified by CNF's MSG, specifically technical and financial audits conducted, as well as the Management Effectiveness Assessment of PA values, pressures & threats, and conservation management responses, the project will design and implement a suite of targeted capacity building and related TA initiatives to strengthen target PAs' operational management (output 2.3). Using proven effective instruments, including short training courses, professional mentoring, exchange programs and learning visits as well as targeted TA as appropriate, the capacity of target PAs in relevant thematic fields will be strengthened. Depending on the priorities established for individual target PAs, this will address themes such as development of management plans, patrolling & law enforcement, pasture management, infrastructure & asset maintenance, conflict resolution, waste management, and effective communication & outreach, climate change impact assessment & mitigation.

37. Successful strengthening of financial sustainability and management effectiveness of the PA system also depends on better community, stakeholder and societal awareness on the values of globally, nationally and locally important biodiversity and natural ecosystems in the country's PAs, the beneficial services they provide to people, and the threats human activities may cause to these values. To effectively raise the awareness of the variety of relevant stakeholder groups, the project envisions using a set of dedicated awareness raising tools (output 2.4) which may include (i) publications reaching readers throughout Georgia; (ii) dedicated TV shows; (iii) social media campaigns; (iv) exhibitions and/or conferences dedicated to biodiversity issues; and (v) local public events related to biodiversity in target PAs, streamlining information supply to and involvement of the local communities, including authorities, NGOs, hunters, schools, women, volunteers, etc.

38. Overall, capacity building and TA shall be delivered to at least 12 target PAs as well as the overarching PA management authorities as appropriate. Accordingly, the project will build and expand upon the efforts of multiple actors towards achieving financial sustainability of individual PAs and the PA system at large. The effective implementation of activities under component 2 shall ensure that, compared to the 2016 baseline values, the standardized Capacity Scorecard values for systemic, institutional and individual capacities in Georgia's PA system on average increase from 30% to at least 50%, while the METT scores for the individual target PAs on average increase by at least 10%.

PROJECT CONTRIBUTION TO AICHI TARGETS

39. Through its two dedicated components, the project contributes directly to 2 Strategic Goals of the Aichi Targets for biodiversity protection: (i) Strategic Goal C - To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity, particularly Target 11 on PA expansion and increased management effectiveness; and (ii) Strategic Goal E - Enhance implementation through participatory planning, knowledge management and capacity building, particularly Target 20 on mobilization of financial resources for biodiversity conservation. The contribution of the project to the Aichi Biodiversity Targets will be measured by the following indicators in the Project Framework (Table B):

- Financial Sustainability Scorecard values for the PA system increase from 45% to at least 55%.
- Reduced annual funding gap of Georgia's PA system from \$3.6 million in 2016 to \$2.4 million by EOP

- Increase in the number of target PAs regularly receiving full financing support from CNF from 6 in 2016 to at least 12 by EOP.
- Sustainable tourism activities introduced in target PAs increase annual revenues from \$100,000 in 2016 to at least \$200,000 by EOP.
- Increase in the PA system Capacity Assessment Scorecard value from 30% in 2016 to at least 50% by EOP.
- Increase in METT scores for the 12 target PAs on average increase by at least 10% over the 2016 baseline

4) Incremental/additional cost reasoning

Summary of baseline scenario	Summary of alternative scenario	Global Benefits
<ul style="list-style-type: none"> - Financing of PA management is provided from state budget allocations, including revenues, while a significant portion (57% in 2016) is provided by donors. - Current financing of the PA system from for the central government budget, including revenues generated, meets only 31% of the estimated needs for basic management, or 20% of estimated needs for optimal management. - The funding gap is expected to increase in the coming years, due to (i) expansion of the PA system; (ii) continuing inflation; (iii) increase in operational costs; and (iv) government allocations remaining at the 2016 level on an inflation adjusted basis, excluding occasional capital investment and revenues reinvested. - CNF can maintain \$800,000 annual support to 2022 inclusive, to reduce to \$500,000 until 2030, for up to 8 Target PAs on full support. - Although unpredictable and insecure, donor support likely will be maintained, largely dedicated to improved PA management but providing limited assistance in materially closing the funding gap. - Available funding will primarily provide for salaries and urgent operational costs, support for TA will remain minimal, and PAs have little capacity to increase revenues, including from tourism. - Individual PAs capacity for effective operational management stagnates; being poorly resourced, under-staffed, and under-trained, their capacity to formulate and implement effective management responses to address threats to biodiversity values remains limited. 	<ul style="list-style-type: none"> - A range of sustainable financing mechanisms piloted for strengthening financial resources from domestic revenue streams needed for the long-term sustainable management and effective conservation of biodiversity in at least 12 globally important target PAs in Georgia. - Sustainable tourism development and financing strategies prepared, updated and implemented for at least 9 target PAs, with subsequent prioritized capacity development and TA delivered, to increase revenues from target PAs to at least \$200,000 by EOP. - Management Effectiveness Assessment plans to strengthen effective PA management interventions and improve biodiversity conservation outcomes developed for and implemented in at least 9 target PAs, with prioritized capacity building and TA for field-based Management Effectiveness indicator monitoring. - Based on a needs assessment, a suite of targeted capacity building initiatives designed and implemented in at least, as needed, the thematic fields of development of management plans, patrolling & law enforcement, pasture management, infrastructure & asset maintenance, conflict resolution, waste management, and effective communication & outreach. - Community, stakeholder and societal awareness on values of, threats to, and beneficial services from the PA system improved, through targeted awareness raising activities implemented. 	<ul style="list-style-type: none"> - Strengthened financial sustainability and improved PA management effectiveness will reduce threats to, and stabilize populations of at least three globally threatened species: East Caucasian Tur (<i>Capra cylindricornis</i>), Bezoar goat (<i>Capra aegagrus</i>) and Caucasus Red deer (<i>Cervus elaphus maral</i>). - By EOP the annual funding gap of Georgia's PA system from \$3.6 million in 2016 to \$2.4 million. - Piloting a range of sustainable financing mechanisms will strengthen CNF's co-financing support to Georgia's PA system until 2030 by at least \$4.35 million over the baseline, providing full co-financing support to at least 4 additional Target PAs. - GEF incremental support will enable CNF to commit to financing Management Effectiveness Assessment plans in support of improved PA management effectiveness during an additional 5 years after EOP, valued at \$650,000. - Financial scorecard values for Georgia's PA system increase from the 45% baseline in 2016 to at least 55%. - Average METT scores for Target PAs increase by at least 10% over the 2016 baseline. - Standardized Capacity Scorecard values for systemic, institutional and individual capacities on average increase from 30% to at least 50% by EOP.

5) Global environmental benefits

40. As depicted in the table above, by implementing project activities under its defined components, GEF incremental support will significantly contribute to enhancing the financial sustainability, and with it the management effectiveness, of Georgia's PA system, improving the Government of Georgia's ability to improve the status of biodiversity and ecosystem services through managing an effective system of PAs, as committed to under Aichi Biodiversity Target 11. Improved management effectiveness of at least 12 target PAs will particularly contribute to reducing threats to, and improving the *in situ* conservation status of identified globally threatened biodiversity that meet established criteria for PAs to be recognized as Key Biodiversity Areas. Target PAs also contribute to improving the conservation status of recognized (i) Important Bird & Biodiversity Areas (IBAs); (ii) Candidate Emerald Sites; (iii) the Caucasus Endemic Bird Area; and (iv) identified tentative World Heritage Sites, overall covering at least 420,000 ha of the ecologically representative PA network in Georgia. Dedicated Management Effectiveness Assessment plans will allow to better plan and implement targeted, on-the-ground conservation and threat reduction measures assuring maintaining populations of globally threatened species, e.g. East Caucasian Tur (*Capra cylindricornis*), Bezoar goat (*Capra aegagrus*) and Caucasus Red deer (*Cervus elaphus maral*) and others, as well as valuable species endemic to Georgia and the Caucasus, at least at their 2016 level.

6) Innovation, sustainability and potential for scaling up

41. Since its establishment in 2007, CNF has successfully introduced its innovative and sustainable Conservation Trust Fund approach by providing long-term supplemental funding of operating costs to priority PAs, a new instrument for the Caucasus Ecoregion. Building on stakeholder confidence and positive impacts from ongoing investments, the project will continue CNF's established practice of providing full co-financing support to target PAs and expand it in ways that will be innovative in the Caucasus Ecoregion. In response to stakeholder opinions and formal assessments, including the MTR and TE of the UNDP/GEF PIMS 4285 project, the project will expand its support for targeted capacity building and related TA in non-financial disciplines, including Management Effectiveness Assessment plans of biodiversity values, pressures and threats, and management responses. Specific attention will be paid to introducing revenue generation schemes – income-generating products and services linked to improved and broadened marketing; cost-effective, transparent and easy-to-use fee collection systems, including using modern digital technologies; alternative concession arrangements and fees; etc. all of which will be new for the country and the region.

42. On sustainability, the GEF incremental contribution will strengthen the sustainable financing of Georgia's PA system through increased domestic revenue streams and better financial-administrative & operational planning and management in target PAs, contributing to CNF's financial capacity, allowing (i) to co-finance an increasing number of target PAs, covering at least 86% of the area under formal protection in Priority PAs in Georgia; (ii) to increase the volume of target PA co-financing from CNF to target PAs to at least \$950,000 annually; (iii) to expand the period of sustainably increased annual co-financing to target PAs with at least 8 years after EOP. The CNF and Government commit to continue financing the priority conservation management activities of the targeted global PAs upon completion of the project.

43. The portfolio of project activities on strengthened long-term financial sustainability and improved capacity for effective operational management of target PAs will create the enabling framework for scaling up across the entire PA system in Georgia. In this, the improved awareness of and support from stakeholders, community and society - on the values of biodiversity and ecosystems, and the beneficial services they provide - will also help to create a baseline from which to scale up introduced approaches to sustainable land and water management practices country-wide. Given CNF's regional focus, lessons learned in Georgia also can be applied in target PAs in Armenia and Azerbaijan.

2. Stakeholders. Will project design include the participation of relevant stakeholders from civil society organizations (yes ☒ /no ☐) and indigenous peoples? (yes ☒ /no ☐) If yes, identify key stakeholders and briefly describe how they will be engaged in project preparation.

44. The project has been conceived as a fully participatory process, involving key national and local authorities and administrations with responsibilities for PA management. In addition, consultations with other

relevant stakeholders, including donors and civil society organizations, were conducted. The envisioned engagement of specific stakeholders is described in more detail below:

Stakeholder	Engagement
CNF	<p>CNF is an independent regional NGO, established with the encouragement of the German Federal Ministry for Economic Cooperation and Development (BMZ), through the German Development Bank (KfW), Conservation International (CI) and WWF. CNF has a long-term cooperation agreement with the government of Georgia on providing supplemental co-financing support to selected target PAs. CNF has an established long-term institutional involvement with MoENRP, specifically its subsidiary APA.</p> <p><u>Role in project:</u> For project implementation, CNF will be an executing partner of government, responsible for day-to-day management of project implementation, including financial and operational management, monitoring and evaluation, reporting. CNF will also provide co-financing to the project, valued at least at \$2.9 million for the duration of the project.</p>
Ministry of Environment and Natural Resources Protection (MoENRP), and its subsidiary Agency for Protected Areas (APA)	<p>The MoENRP is the central executive agency in charge of environmental protection and support to sustainable development of the country in the field of environment. Within the MoENRP the APA is responsible for the overall administration of Georgia's PAs, including annual governmental financing of operational costs to target PAs. The MoENRP and APA have a formally agreed long-term institutional arrangement with CNF on balance co-financing support to target PAs.</p> <p><u>Role in project:</u> As project beneficiary, the MoENRP participates in planning and supervision of project implementation progress and quality assessment of results. The MoENRP agreed annual governmental financing to target PAs serves as co-financing to the project, valued at least at \$4.8 million for the duration of the project. APA coordinates the submission of individual target PA annual requests for budget support. Staff of MoENRP and APA will provide in-kind support to the project. They also will be recipients of targeted capacity building project activities, including on strengthening coordinated financial-administrative and operational planning, budgeting and accounting, procurement and reporting, etc.</p>
Local PA administrations	<p>Target PAs are the key organizations responsible for implementation of state policy on PA management on the ground. Target PA administrations are the key beneficiaries of government budget allocations in support of implementation of agreed management activities on-the-ground, as well as CNF's co-financial support to maintain and strengthen practical PA management in accordance with agreed priorities and budget.</p> <p><u>Role in the project:</u> Target PA administrations are participants in and recipients of most project activities. Target PA staff will participate in improved financial and operational management planning as well as capacity building activities on non-financial themes including maintenance planning, conflict resolution, law enforcement, etc. Target PAs are instrumental in implementing Management Effectiveness Assessment plans on biodiversity values and threats, and related management responses. They serve as key partners in conducting local awareness raising and outreach activities. Staff of target PAs will provide local in-kind support to implement project activities.</p>
NACRES Centre for Biodiversity Conservation and Research	<p>A nationally registered NGO, cooperating with CNF in implementing a pilot study for testing a biodiversity monitoring approach in the Borjomi-Kharagauli National Park, Lagodekhi PAs and Vashlovani PAs using key fauna species as indicators of ecosystem health and PA management effectiveness.</p> <p><u>Role in the project:</u> In cooperation with other relevant NGOs, scientific centers as well as national and international experts, NACRES will support the design and implementation of Management Effectiveness Assessment plans, which are envisioned to include training of target PA staff, community members and organizations, and guidance on conducting field-based indicator monitoring and the formulation of recommendations on improvements to PA management effectiveness.</p>
Local authorities	<p>Local authorities of municipalities in or near target PAs are responsible for local management and use of land and natural resources, including environmental protection as stipulated by relevant national legislation.</p> <p><u>Role in the project:</u> Project implementation will increase the presence and visibility of PAs and their management authorities at the local level. Local authorities will be involved in planning activities so that management approaches to activities with overlapping impact can be harmonized, thereby reducing possible conflicts between PAs and local communities. Local authorities are expected to benefit from increased tax income generated by expanding business initiatives resulting from improved PA operations, specifically tourism.</p>

Private sector	<p>Private sector companies at the national, regional or local level may constitute sources of negative impacts on target PAs and the valuable biodiversity linked to them. Through targeted investments as well as sponsor contributions, the private sector also may provide opportunities to further strengthen PA financial sustainability and management effectiveness, as well as improve the livelihood of local communities.</p> <p><u>Role in the project:</u> The implementation of sustainable tourism development and financing strategies prepared by the project, while targeting to strengthen the leading role of PA administrations, will also create opportunities to the private sector to expand their providing of products and services related to the target PAs. Improvements of tourism infrastructure, products & services offered by target PAs, as well as better marketing, will increase demand from society at large to become acquainted with target PAs. Hence, the baseline for a profitable return on investments from providing services in or near target PAs will be strengthened, in turn providing benefits to local authorities (taxes) and communities (income from jobs).</p>
Local communities	<p>Communities near target PAs are both sources for environmental pressures on PAs as well as beneficiaries from ecosystem services provided by PAs.</p> <p><u>Role in the project:</u> Project implementation will involve local communities in formulating PA planning documents, including participatory management plans, conflict resolution schemes, sustainable tourism development and financing strategies, and others. Project activities to strengthen target PA management effectiveness and revenue generation will address the possible negative impacts of target PAs on local communities and their livelihoods, as well as provide opportunities to improve their livelihood conditions, specifically through tourism activities planned.</p>
General public in Georgia	<p>The general public incorporates all citizens of Georgia, as well as short- and long-term visitors to the country.</p> <p><u>Role in the project:</u> Awareness, understanding and support from the general public on values of and threats to biodiversity in Georgia's PAs will be strengthened by means of implementation of awareness raising and outreach. A variety of media - printed, TV, social media, etc. - will be employed to increase overall knowledge of biodiversity's benefits to society, acceptance of the need to protect it, as well as on improved opportunities offered by PAs for tourism and recreation, including viable business opportunities, to further strengthen PAs' financial sustainability.</p>
Donor organizations - non-governmental, governmental, multilateral	<p>A broad selection of national and/or international non-governmental and multilateral organizations, including KfW, EU, TJS, GIZ, WWF, IUCN, FFI, CzDA and others have an established streamlined coordination and cooperation with the government of Georgia.</p> <p><u>Role in the project:</u> The project will maintain a strong coordination of its activities with relevant external organizations, their coordination offices and/or project units, to avoid overlap or divergence in project activities and ensure their effective and efficient implementation. Jointly, third party donor organizations are estimated to invest at least \$10 million to related activities in Target PAs, e.g. in management plans, ecotourism infrastructure, etc.</p>

3. Gender Equality and Women's Empowerment. Are issues on gender equality and women's empowerment taken into account? (yes ☒ /no ☐). If yes, briefly describe how it will be mainstreamed into project preparation (e.g. gender analysis), taking into account the differences, needs, roles and priorities of women and men.

45. In the environment conservation sector, women are well represented (about 50%) among the staff employed at the MoENRP, including as Head of Department/Agency, Deputy Minister and, until recently, Minister. Women also represent a significant portion of APA's senior, middle and lower staff. Meanwhile, the highest management staff of individual PAs in Georgia consists exclusively of men, while also lower staff positions in PAs, especially those related to patrolling, predominantly are occupied by men.

46. While traditionally men are more occupied in commercial and subsistence natural resources use, including possible infringements of PA regimes related to hunting, fishing, logging, grazing, etc., the role of women in local communities remains extremely important, including responsibilities in education and upbringing of children as also in participating in the collection of non-timber natural resources (fruits, nuts, herbs, mushrooms, etc.). Throughout its duration the project therefore will strive to maintain a gender balance by ensuring the full participation of women in meetings and workshops as well as integrating their participation in decision making processes, individually or through local women groups. Specifically women shall be engaged in stakeholder consultations on mitigating possible conflicts between PAs and local communities, including the assessment of inequalities pertaining to gender that affect biodiversity, both positive and negative, taking stock of the linkages, use, access to and benefit-sharing of natural resources by

men and women in local communities. This will help understanding gender issues and their context, which will be valuable inputs for PA administrations for decision making on potential initiatives to strengthen management effectiveness.

47. Gender issues also will be a focal direction as part of (i) activities to strengthen general community awareness on threats to and benefits from biodiversity and PAs; (ii) planned project activities to involve community members in Management Effectiveness Assessment plans, specifically field-based monitoring, targeted local awareness, communication and educational activities; and (iii) Sustainable tourism development and financing strategies and their operational implementation, specifically involvement in souvenir trade, the management of guesthouses and other local business. A full gender mainstreaming plan for the project will be included in the project document.

4. Risks

Risk/Assumption	I *	L	R	Mitigation measures
<u>Political</u> : Reduced Government commitment to addressing environmental issues and sustainability results in reduced funding – for staff operating costs, etc. - committed to the country's PA system.	H	L	M	The project will maintain close working relations with all relevant Government authorities, including their involvement in public awareness raising activities planned, which will widely promote the importance of PAs for national and local development, and the efficiency of public/private partnerships in support of their management. In addition, the project aims to reduce the PAs' vulnerability to financial fluctuations by strengthening domestic revenue generating services.
<u>Institutional</u> : The centralized governance system in place for PAs in Georgia and the limited capacities at PA level to implement planning tools reduce the sustainability of project results.	M	L	M	During the past 7 years, the Government of Georgia in close cooperation with CNF and other partners and with incremental financial support from the GEF has initiated investments in strengthening the governance capacity at the national level and at the local level in selected PAs, specifically on financial-administrative planning, budgeting and accounting, procurement and operational planning. The project is designed to further build upon the gained experiences and expand them to more PAs, by means of increased financial support and TA as well as capacity building on non-financial issues, towards ensuring improved management effectiveness, especially at the level of individual PAs.
<u>Environmental</u> : Climate change will alter or shift natural habitats in/beyond PAs, and as such affects the suitability of PAs to conserve globally important species.	M	L	L	The project focuses on at least 12 target PAs, representing a broad variety of ecosystems and habitats and covering at least 80% of land under formal protection as Priority PAs in Georgia. Adaptation mechanisms to climate change will specifically be addressed in the development phases of PA Management Plans and other relevant planning documents developed with support of the project. The project will maintain close working relations with government and donor initiatives on strengthening conservation both in PAs and in production landscapes of the country, notably the Eco-corridor project - financed by the German Government through KfW - targeting better biodiversity conservation through sustainable land use management along corridors connecting PAs included in the ECP.
<u>Financial</u> : Financial sustainability for Georgia's PA system beyond the duration of the project is not ensured.	M	L	L	The project builds upon the successfully introduced public-private partnership in strengthening the Government of Georgia's financial support to maintaining its PA network, using funds provided by public and private donors, including the GEF. The proposed project gives CNF an additional five years to strengthen its Endowment and Sinking Funds and related income from the investment portfolio. CNF's proven track record of generating additional donor income will continue. Overall, fund raising and management is intended to ensure operability of CNF's financial support to PAs at least until 2030, i.e. 8 years beyond the duration of the project.

* I – Impact; L – Likelihood; R – Risk Assessment

5. Coordination.

48. Other international donors have been or are instrumental in contributing to improved PA management in Georgia, including (i) the US-DOI /ITAP "Georgia Protected Areas Support Project"; (ii) the WWF coordinated "Ecoregion Conservation Plan for the Caucasus", used as the basis for identifying Priority PAs

being or planned to be funded by CNF; (iii) the “Regional Council for Biodiversity Conservation and Sustainable Use in the Caucasus”; (iv) the EU funded project to support the development of management plans for 2 target PAs - Lagodekhi and Mtirala; (v) the Czech Development Cooperation projects “Implementation of Tusheti Protected Landscape Management Plan - Tourism in Tusheti” and “Forest Inventory and Sustainable Forest Management in Tusheti PA”; (vi) the EU-WB-WWF-IUCN “European Neighborhood and Partnership Instrument (ENPI) East Countries Forest Law Enforcement and Governance (FLEG) II Program” and (vii) the Transboundary Joint Secretariat for the South Caucasus (TJS), created to facilitate cooperation in the field of biodiversity conservation between the three Southern Caucasus countries, including the establishment of new PAs and adoption of common approaches to regional problems in support of the vision of the ECP. CNF regularly convenes meetings with WWF in Georgia – with the participation of key players such as TJS, the Support Program for Protected Areas (SPPA) as well as the Eco-Corridor Program. These players make up the key parts of coordinated efforts to establish new PAs, fund them (through CNF), as well as develop the awareness in communities around PAs of the value of PAs. Additionally, coordination meetings – for strategic planning – are conducted semi-annually with the APA in order to avoid duplication and ensure synergies.

49. The project has been designed to take lessons learned from past and ongoing relevant GEF and other donor-supported initiatives into account. Specifically this relates to the GEF projects that established the enabling framework towards strengthening financial sustainability of Georgia’s PA system such as the WB/GEF “Georgia: Protected Areas Development Project”, the UNDP/GEF “Catalyzing Financial Sustainability of Georgia’s Protected Areas System” project, and the UNDP/GEF “Ensuring Sufficiency and Predictability of Revenues for Georgia’s Protected Areas System” project. Close coordination and cooperation linkages with parallel projects will be maintained to assure widespread knowledge on the project’s target PAs being focused upon, to ensure an optimal and mutually beneficial approach for involving the most appropriate PAs in strengthening their financial and operational capacities as targeted by the individual projects. In this, having selected target PAs in accordance with the ECP serves to ensure a harmonized conservation approach among organizations and projects, both within Georgia as well as in the Ecoregion. Planning for capacity building initiatives will make use of international best practice guidance available from IUCN, WWF and others, as well as of guidance developed by projects specifically for the South Caucasus region, e.g. Guidelines for Tourism Development Planning in PAs (by TJS), as well as financial planning instruments made available to PA authorities, while expanding on training initiatives completed.

50. Coordination between donor projects and national initiatives to strengthen PA management will be a key role of the MoENRP and specifically APA, being the designated national authorities for PA-related matters and direct beneficiaries/recipients of all donor initiatives. To successfully provide timely and efficient co-financing support to selected PAs in Georgia, in recent years CNF has established and maintained close working relations with senior management of the MoENRP and APA as well as respective departments and implementation authorities at the national and local levels, a practice that will be continued under the project, to be strengthened as needed. Representatives of MoENRP and APA will be directly involved both in the Project Executive Board and in any other stakeholder coordination activities organized by the project.

6. Consistency with national priorities. Is the project consistent with the National strategies and plans or reports and assessments under relevant conventions? (yes ☒ /no ☐).

66. The project is aligned with the Government of Georgia’s policy for biodiversity conservation, as stated in the 2nd NBSAP for the period 2016-2020, adopted in response to the country’s engaged obligations under the CBD. Specifically the project contributes, among others, to the NBSAP formulated Strategic Goals of (i) increasing societal awareness on the values of and threats to biodiversity; (ii) strengthened baseline knowledge on biodiversity based on effective monitoring; and (iii) improved management effectiveness of PAs targeting an improvement in the status of biodiversity.

67. For the target PAs, the project is tightly aligned with the Government of Georgia’s agreed targets of “development of a unified and effective PA network” and “improvement of the effectiveness of PA management through capacity building of its administrations and introduction of financial sustainability mechanisms” as formulated in Georgia’s 2nd National Environmental Action Plan for 2012-2016. The project is an integral part of this overall programmatic approach and all key contributors to the program have been

consulted in developing this project. The project will support exclusively selected target PAs that possess demonstrated globally significant biodiversity values (See Annex) and have been proposed for inclusion in the project by the MoENRP, in line with the established priorities formulated in the endorsed Ecoregion Conservation Plan for the Caucasus. The proposed project to strengthen the long-term financial sustainability and effective operational management of Georgia's PA system is strongly supported by the MoENRP of Georgia, as demonstrated in the Letters on Project Co-financing attached.

7. Knowledge Management. Outline the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.

68. In addition to providing direct financial support to Target PAs, the project will develop a multitude of knowledge products. Formally documented output, among others, include PA management plans and prioritized operational plans, sustainable tourism development and financing strategies and related prioritized operational investment plans, standardized Management Effectiveness Assessment plans, conflict resolution schemes, infrastructure & assets maintenance plans, as well as a multitude of awareness raising products. In addition, a variety of informal products will be delivered, resulting from trainings and workshops, e.g. on financial-operational planning, budgeting & accounting, operational PA indicator monitoring using rangers and volunteers, effective communication & outreach, patrolling and law enforcement, etc. Relevant documents and reports will be delivered to beneficiary organizations and experts, as well as made available to the wider public through the CNF, UNDP and GEF web sites.


PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. Record of Endorsement of GEF Operational Focal Point (S) on Behalf of the Government(S):

(Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template. For SGP, use this [SGP OFFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Nino Thkilava	Head of environmental Policy and International Relations Department (GEF Focal Point for Georgia)	MINISTRY OF ENVIRONMENT AND NATURAL RESOURCE PROTECTION OF GEORGIA	08/02/2017

B. GEF Agency(ies) Certification

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for a medium-sized project approval under GEF-6.					
Agency Coordinator, Agency name	Signature	DATE (MM/dd/yyyy)	Project Contact Person	Telephone	Email
Adriana Dinu, UNDP-GEF Executive Coordinator.		10/26/17	Maxim Vergeichik Regional Technical Advisor	+ 421 259 337 152	maxim.vergeichik@undp.org

ANNEX A: Summary of KBA criteria applicable to the 12 target Protected Areas

#	Name	Size (ha)	National PA classification ⁸	IUCN category	Emerald Network Site	IBA (criteria)	WHS (tentative list)	KBA Criteria ⁹	EBA
1	Borjomi Kharagauli National Park ¹⁰	104,994	SNR, NP, NM, MNR	Ia, II, III, IV	GE0000010	GE015 (A1, A2)		A1	122
2	Lagodekhi PAs ¹¹	24,451	SNR, MNR	Ia, IV	GE0000001	GE024 (A1, A2)		A1	122
3	Vashlovani PAs ¹²	35,068	SNR, NP, NM	Ia, II, III	GE0000007	GE011 (A1, B2, B3)		A1	
4-5	Tusheti PAs ¹³	113,660	SNR, NP	Ia, II	GE0000008	GE023 (A1, A2)	Mta Tusheti	A1	122
6	Mtiral NP	15,699	NP	II	GE0000016	GE014 (A4iv, B1iv)	Colchis wetlands & forests	A1 B1 D1	122
7	Javakheti National Park ¹⁴	19,309	NP, MNR	II, IV	GE0000004 GE0000005 GE0000017	GE009 (A1, A4i, B1i); GE017 (A4i, B1i); GE030 (A1, A4i, B1i); GE031 (A1, A4i, B1i)		A1 D1	122
8	Kazbegi National Park ¹⁵	9,030	NP, NM	II, III	GE0000009	GE021 (A1, A2)		A1 B1 D1	122
9	Algeti National Park ¹⁶	8,527	NP, NM	II, III	GE0000013	GE010 (A1)		A1	122
10	Kintrishi PAs ¹⁷	13,893	NP, PL	II, V	GE0000014	GE005 (A2)	Colchis wetlands & forests	A1 B1 D1	122
11	Machakhela National Park	8,733	NP	II	--		Colchis wetlands & forests	A1 B1 D1	122
12	Pshav-Khevsureti PAs ¹⁸	79,909	NP, NM, MNR	II, III, IV	GE0000002	GE022 (A1, A2)		A1 B1 D1	122

⁸ Abbreviations: SR – Strict Reserve (IUCN cat. I); NP – National Park (IUCN cat. II); NM – Natural Monument (IUCN cat. III); MNR – Managed Nature Reserves (IUCN cat. IV); PL – Protected Landscape (IUCN cat. V).

⁹ Refer to <http://www.kbaconsultation.org/#!kba-criteria/ccw0>.

¹⁰ Includes Borjomi Strict Nature Reserve, Borjomi-Kharagauli National Park, Nedzvi Managed Nature Reserve, Ktsia-Tabatskuri Managed Nature Reserve, and Goderdzi Fossil Forest Natural Monument.

¹¹ Includes Lagodekhi State Nature Reserve. Lagodekhi Managed Nature Reserve.

¹² Includes Vashlovani State Nature Reserve; Vashlovani National Park; Alazani Floodplain Forest Natural Monument; Takhti-Tepha Natural Monument; Eagle Canyon Natural Monument.

¹³ Includes Tusheti State Nature Reserve, Tusheti National Park, Tusheti Protected Landscape.

¹⁴ Includes Javakheti National Park; Kartsakhi Managed Reserve; Sulda Managed Reserve; Khanchali Managed Reserve; Bughdasheni Managed Reserve; Madatfa Managed Reserve.

¹⁵ Includes Kazbegi National Park, Sakhizari cliff Natural Monument, Abano Mineral Lake Natural Monument, Travertine of Truso Natural Monument, Jvary Pass Travertine Natural Monument, Keterisi Mineral Vocluse Natural Monument.

¹⁶ Includes Algeti National Park, Dashbashi Canyon Natural Monument, Samshvilde Canyon Natural Monument.

¹⁷ Includes Kintrishi State Nature Reserve; Kintrishi Protected Landscape.

¹⁸ Includes Pshav-Khevsureti National Park; Roshka Natural Monument; Asa/Arkhoti Managed Nature Reserve