Catalysing Financial Sustainability of Armenia's Protected Areas System

PIMS 4258

Terminal Evaluation

Volume I

Republic of Armenia

GEF BD SO-1, SP-3 (GEF-4), Outcome 1.1 (GEF-5)

Republic of Armenia

Ministry of Nature Protection

Caucasus Nature Fund (CNF)

United National Development Program (UNDP)

Stuart Williams

Acknowledgements

The mission associated with this evaluation was relatively short and straightforward. It included a brief mission to one protected area and overall there were not the large number of people that are usually involved in such evaluations.

I would, however, like to thank all the people that gave their time to talk to me over the course of the mission. I would like to thank the Energy and Environment Portfolio Team in the UNDP-CO, and particularly Armen Martirosyan and Tatevik Koloyan, for the support that they provided before, during and after the mission.

I would also like to thank Armen Gevorgyan for all the effort he made to make the mission a success.

The evaluation is intended to give a summary of what has been achieved in the project to date as well a glean some of the lessons that can be learned from it in what was a relatively short period. In the report, I have tried to offer constructive criticism where I think it is warranted and I hope that those involved in the project take it as such.

Finally, it was a pleasure to be welcomed to Armenia. I would like to offer all the people I met over the course of the brief mission my thanks and wish them every success in their continuing endeavours.

Stuart Williams

Kampala, Uganda

Table of Contents

Table of Contents (Annexes)

Acronyms, Abbreviations and Glossary

BD	Biodiversity (as a Focal Area for the GEF)
CEO	Chief Executive Officer (referring to GEF)
CNF	Caucasus Nature Fund
CPAF	Caucasus Protected Area Fund, later renamed as CNF (see above); for clarity, the report uses CNF throughout.
ECP	Ecoregion Conservation Plan – a WWF initiative here carried out in the Caucasus Ecoregion
EOP	End of Project (usually in the context of targets for indicators)
FSSC	Financial Sustainability Scorecard (referring to the tracking tool for financial sustainability projects)
GEF	Global Environment Facility
GIS	Geographical Information System(s)
ha	Hectares
KfW	Formerly KfW Bankengruppe, KfW is a German government-owned development bank, based in Frankfurt. Its name originally comes from Kreditanstalt für Wiederaufbau
KPMG	An international and independent audit company
M&E	Monitoring and Evaluation
METT	Monitoring Effectiveness Tracking Tool (for protected areas)
MNP	Ministry of Nature Protection
MTR	Midterm Review
NGO	Non-governmental Organisation
NIM	Nationally Implemented (referring to a project implementation modality)
NPC	National Project Coordinator
NPM	National Project Manager
PA	Protected Area
PEB	Project Executive Board
PIF	Project Identification Form
PIR	Project Implementation Review
PMU	Project Management Unit
PPG	Project Preparation Grant
PRF	Project Results Framework

PRODOC	Project Document (referring to the UNDP operational project document)
SPPA	Support Programme for Protected Areas; the first "pillar" of KfW's support to biodiversity.
TE	Terminal Evaluation
TJS	Transboundary Joint Secretariat – a KfW funded initiative
TOR	Terms of Reference
UNDP	United Nations Development Program
UNDP-CO	UNDP Country Office
UNDP-DRR	UNDP Deputy Resident Representative
UNDP-GEF RTC	UNDP-GEF Regional Technical Centre (based in Istanbul)
USD	United States dollars
WWF	World Wide Fund for Nature (formerly World Wildlife Fund)

Executive Summary

Project Information Table

Project Title	**Catalysing Financial Sustainability of Armenia's Protected Areas System**		
UNDP Project ID	00076385	PIF Approval Date	April 2009
GEF Project ID	4258	CEO Endorsement Date	May 2010
ATLAS Business Unit Award No.	ARM10 00060610	Project document Signature Date	October 2010
Country	Armenia	Date PM hired	October 2010
Region:	Eastern Europe and Central Asia	Inception W/shop date	February 2011
GEF Focal Area/Strategic Objective		MTR completion date	August 2014
Trust Fund	GEF TF	If revised, proposed op. closing date:	December 2016
Executing Agency/Implementing partner	Ministry of Nature Protection of Armenia		
Other executing partners	Caucasus Nature Fund (CNF)		

Project Financing	at CEO endorsement (USD)	At TE (USD)**
[1] GEF Financing	990,000	990,000
[2] UNDP Contribution	0	0
[3] Government	2,425,000	3,810,753
[4] Other partners	144,000**	203,298
CPAF (CNF)*	2,161,000	
TJS/KfW*	174,000	
[5] Total cofinancing	2,569,000	4,014,051
PROJECT TOTAL COSTS	5,750,000 3,559,000**	5,004,051

* Figures as per Project Document; ** Figures as provided by CNF at EOP

The project was designed as a seven-year project although it has been closed a few months early. The project's MTR mission took place in November 2013 (although the MTR Report was only finalised in August 2014).

The project document presents a good exploration of the threats to the biodiversity of the Caucasus Ecoregion, an area of high endemism and diversity, and which supports numerous critical ecological processes and ecosystem services. The project document lists the following threats: i) habitat degradation and fragmentation caused by illegal logging timber trade, overgrazing and water pollution; ii) overexploitation of natural resources through poaching, overfishing and illegal wildlife trade; iii) unregulated tourism activities and iv) infrastructure development. One of the principal mechanisms used by Armenia to counter the threats to biodiversity is a network of protected areas across the country. However, as is common with many protected area systems across the globe, the protected areas of Armenia have been under-funded and, as a consequence, less effective than they could be. Further analysis in the project document, revealed the following barriers to achieving financial sustainability for the protected area system: i) enabling legislative and institutional environment, ii) sufficiency and predictability of revenue sources, and iii) capacities and cost-effectiveness of site management.

This project focused on overcoming these barriers. As such, the overall objective of the project, therefore, was: "*to secure long-term financial sustainability of the Armenian PA system*". The objective was to be achieved through the implementation of two components: i) ensuring sufficiency and predictability of revenue sources for the PA system and ii) raising cost-effectiveness and capacities of PAs. In summary, then, the project was to assist with the process to establish a conservation trust fund with the aim of protecting and strengthening the network of national parks and nature reserves in Armenia.

The project was managed under the NGO implementation modality, with UNDP as the implementing agency and the CNF as the executing partner. The implementation was overseen by a Project Executive Board (PEB). However, as the executing partner, the CNF was responsible for making grants to the protected areas, contracting project personnel, experts and subcontractors, and making procurements. The CNF operated under a framework agreement between themselves and the MNP.

The project had a stated overall budget of USD 5.750 million of which USD 990,000 come in the form of a grant from the GEF Trust Fund. The remaining finance for the project comes in the form of co-finance.

In terms of expenditure, all parties (with the exception of UNDP) over-delivered on their pledges of funding and co-finance. In addition, at the end of the project, the CNF had assets of approximately € 34 million – approximately € 22 million of which has been accumulated into an endowment trust fund and € 12 million of which is in a sinking fund. By the end of the project, according to the figures provided to the TE by the CNF, a total of USD 15, 465 had not been spent but it is expected that by project closure, these will be spent. The financial reporting was full of inconsistencies that i) did not inspire confidence and ii) should be rectified and reported to the Government of Armenia, the UNDP-CO and the GEF.

Of the GEF grant, a total of USD 815,500 was allocated to be expended over the project's life in the protected areas. The CNF reported that only USD 35,490 of interest was accrued on this amount (although the TE expects this to have been approximately USD 114,137 – in line with the interest accrued on the Georgian grant). These discrepancies are concerning.

contributors. It would be important to acknowledge those Armenian donors – for example, HSBC. One thing was clear: having the GEF funding allowed the CNF to direct their energies to raise funding for their sinking and endowment funds and, in principle, all funds that were raised in this way should also be acknowledged as co-finance. Further, there are other aspects of co-finance that were not monetised and incorporated into the project's accountability.

In terms of M&E, the CNF carried out annual technical and financial audits. However, with the exception of the main findings and the recommendations, the audit reports were not shared with any of the stakeholders – including the government agency and the UNDP-CO. However, because UNDP-CO, as Implementation Agency, has ultimate responsibility for accountability and delivery of the project (or at least for the GEF portion of CNF funding), they would have a justifiable claim to receiving the audit reports. Similarly, the GEF grants are, in principle, made to recipient countries and, therefore, the GEF funding that has contributed to the CNF – through the "GEF Sinking Fund" – is, in effect, the countries' contribution to the CNF. As such, they, too, have a case to make for receiving the CNF technical and financial audits.

The project also carried out a MTR as part of the project M&E processes; the MTR resulted in changes to the project's implementation and indicators.

Overall Results

Broadly, the expected results of the project were i) the delivery of "sufficient" and predictable funds to the protected areas, and ii) whether the protected areas have become more cost effective with better capacities. At the broadest level, the project delivered the following results:

- According to the financial report presented to the TE (and notwithstanding the lack of confidence in those figure – see Section 3.2.4), over the past six-and-a-half years, the CNF delivered a total of USD 2,737,134 to protected areas in Armenia, which included USD 877,715 of GEF funds.
- These funds have been delivered to five protected areas. However, funding was withdrawn from two areas – and, in the case of one area, replaced with an "emergency grant".
- Salary top-ups have been provided to protected area personnel – noting that in Armenia a different modality was being used to that in Georgia. In addition, there are imbalances, with some members of staff receiving top-ups and some no – thereby creating tensions within teams.
- There has been some effort to support tourism development – which has obvious linkages with sustainable financing.

By the end of the project, CNF (plus other partners) were providing only 65.3% of the basic financial requirements and 39.2% of the optimal financial requirements of the protected area system. Therefore, one can only conclude that the objective of the project ("*to secure long-term financial sustainability of the Armenian PA system*") has not been achieved – although it is arguable that this was a particularly unrealistic objective for the project. A more realistic target could have been to establish mechanisms to contribute substantially to the financial sustainability of the protected area system of. If this had been the objective, the conclusion might have been more optimistic.

There were a number of issues:

- Two protected areas have lost their funding from CNF (although "emergency funding" has been provided in the case of one area) – thereby undermining predictable funding – *irrespective of the cause*. The CNF needs to establish a mechanism to deal with grievances that may arise (on both or either side) but ***under no circumstances should funding be cut for any protected area***. This strongly goes against the ethos of a sustainable financing mechanism such as the CNF.
- There has also been mandate drift: CNF has drifted into funding activities and procurement that are not the usual mandate for a sustainable financing mechanism and is usually the remit of KfW's SSPA or TJS programmes.
- Where the CNF has provided this form of support and assistance, there appears to be little strategy or consistency to it, and, on occasion, seems whimsical.
- On a number of occasions, there were delays (linked to procurement processes and avoiding VAT, for example).
- The work on natural resource management was removed – however, the TE finds no reference to this removal in either the MTR report or the minutes of the PEB meetings.
- Measuring improvements in the cost effectiveness of the protected areas and the capacities of protected area managers is more difficult. The PRF simply measured increased use of *tools* that should enable cost effectiveness. The METT scores – which should definitely have been impacted by the CNF's funds – were note measured.
- The criteria for selecting PAs was rendered meaningless by i) the fact that all PAs in the country are included in the ECP and the fact that the CNF dropped funding to two PAs.

In terms of impact, the project was monitoring no parameters that could lead one to the conclusion that the CNF was having impacts (although the CNF is collecting METT scores for the PAs it supports, these were not reported as part of the PRF). The TE included a discussion about measuring the impact of the CNF's funding in the medium- to long-term (see Section 3.3.7) and the TE makes recommendations regarding some of the parameters that should be monitored.

TE Rating Table

Item	Rating	Comment
Overall project results	**MS**	Overall, the CNF has delivered some of what it set out to deliver through this project although there are some caveats. The objective of the project – "*to secure long-term financial sustainability of the Armenian PA system*" has only been partially achieved (although the TE argues that this was not a realistic objective). Nonetheless, the project has contributed to this objective and many lessons have been learned. The project was blighted

Item	Rating	Comment
		with inconsistencies, flaws and mandate drift. However, the GEF grant is partly responsible for the success that the CNF currently enjoys – primarily because the GEF grant came at a time when the CNF was being built and the GEF grant facilitated this process. Thus, the GEF grant's most significant role in this bigger picture was as a catalyst or building block for CNF's success.
IA & EA Execution		
Overall quality of implementation and execution	**MU**	The CNF office in Armenia let externalities influence the implementation of the GEF grant. The reporting was not good, and, in the case of the finances submitted to the TE, confidence is not inspired. There was no effort to distinguish the role of the GEF. The National Programme Coordinator was disparaging about GEF report formats and tracking tools.
Implementation Agency Execution	**S**	The UNDP-CO in Armenia has done whatever it can in uncomfortable circumstances – those being that the project was far from being a standard UNDP-GEF project and the UNDP-CO's roles and responsibilities were not well defined.
Executing Agency Execution (APA)	**S**	The Ministry of Nature Protection appears to be mostly passive in the project (and the TE makes recommendations for changing this for the future).
M&E		
M&E design at project start-up	**S**	In principle, the M&E design was relatively standard and satisfactory.
Overall quality of M&E	**MU**	Despite the fact that the MTR was slightly undermined by the fact that the projects in both Armenia and Georgia were coupled together, the MTR made some timely recommendations. That being said, the UNDP-CO found it a little troubling to find its role within the "project".
M&E plan implementation	**MU**	
Outcomes		
Overall quality of project outcomes	**MS**	The project/CNF targeted two outcomes – the first mostly associated with delivery of funds to protected areas and the second to increase cost effectiveness of the protected areas. The CNF partially delivered on the first outcome (albeit with significant caveats as it stopped funding to two PAs). The second outcome, with a focus on technical assistance, was less well designed and within the framework of the project, it was difficult to quantify if and how there was any impact on the cost effectiveness of the targeted PAs.

Item	Rating	Comment
Relevance (R or NR)	**R**	The CNF was and remains relevant – particularly in the operational environment in Armenia – in which, not unlike many other countries, the environment sector is relatively marginalised.
Effectiveness	**MS**	See comments on "overall quality of project outcomes".
Efficiency	**MU**	The cost effectiveness was undermined by mandate drift and the fact that it stopped funding to two PAs without managing to resolve the issues at hand. However, as far as the GEF was concerned, the project management costs were fixed at the upper ceiling for GEF project management budgets. As such, any additional management costs over and above those of provided by the GEF grant have been absorbed by the CNF.
Sustainability		
Overall likelihood of risks to sustainability	**L**	There are substantial risks associated with stopping the funding to recipient PAs. In addition, there are minor risks to sustainability associated with the risks to the investments that CNF has made: with all due respect to the investment prowess of the CNF's financial advisors and the members of the CNF Board, there *are* risks to investments. These should be acknowledged and, as the protected area system of the country becomes increasingly dependent on the CNF, the Government of Armenia should i) recognise those risks and ii) pledge to underwrite all costs if and when the CNF runs into difficulties (however unlikely that may be)[1]. In contrast, the institutions are relatively robust and resilient. Finally, there is potential for CNF to lead of unforeseen, inadvertent negative impacts. The partners will need to be cognisant and vigilant of these (see Section 3.3.6.4 for details).
Financial sustainability	**L**	
Socio-economic sustainability	**L**	
Institutional/governance sustainability	**HL**	
Environmental sustainability	**L**	
Catalytic Role		
Production of a public good, Demonstration, Replication and Scaling up	**HS**	The CNF model is being replicated in the Balkans using the lessons that have been learned in the Caucasus region. This is notable and is to be applauded. Other protected area trusts could also learn from the lessons that have been (and to be) learned.

[1] **Comment on draft TE Report**: "*Pledging by the state party of taking care of all the cost in such case maybe is overestimated. Hopefully, such situation does not appear but if happens it will be based on the situation and opportunities for the given moment*". **TE response to comment**: Indeed!

Item	Rating	Comment
Impact (S, M, N)		
Environmental Status Improvement	**U/A**	The TE has opted to rate the impact as "Unable to Assess" (U/A) because of two key reasons: i) the CNF is a funding mechanism and, as such, is at least one step removed (via improved management) from the environmental impacts that it intends to have, and ii) the targeted environmental impacts have not been well defined or measured. This should be carefully thought as the CNF moves into the future (and see Sections 3.3.7 and 4.3 for further discussion on this)
Environmental Stress Reduction	**U/A**	
Progress towards stress/status change	**U/A**	

Summary of conclusions, recommendations & lessons learned

This TE brought up a number of concerns regarding the implementation of this project through the CNF – although the TE has been as constructive as possible. It may be perceived that the criticism is directed at the CNF: this reflects the degree to which the CNF was indistinguishable from "the project".

There is room for significant improvement – and this is particularly important because already there is some degree of dependency of the protected area system and this is likely to deepen in the coming years. When it does so, the CNF will have to ensure *predictability* and *sufficiency* of funds. It will not be able to do so until a true sense of partnership is reached among the key stakeholders. It simply is unacceptable to fail on *predictability* (and having arbitration mechanisms in place to deal with the grievances will be important). It is equally unacceptable for the CNF is drift off its core business; there are other partners – including the KfW – to fulfil the other roles and relationships with the protected areas across the country.

Despite these concerns, there is an overriding conclusion is that the CNF has the potential to be an outstanding mechanism for providing sustainable financing for the protected areas of Armenia. In addition, the CNF represents a good example of a successful protected area trust fund – in a world in which there are not so many trust funds that are working very well.

Overall and despite its relative modesty, the GEF grant was timely and valuable in that it allowed the CNF time to build its foundations and assets.

Recommendations

Build clarity, consistency and trust. The protected areas should be able to rely on predictable, long-term funding from the CNF.

Accuracy of financial reporting. The financial reporting was also full of inconsistencies and flaws that do not inspire confidence. These should be addressed urgently.

Adhere to GEF reporting and accounting processes. There is a need to adhere to UNDP and GEF reporting and accounting processes.

Continue to build synergies with other partners. While this is already occurring – primarily through the relationships with WWF and KfW programmes – these synergies should be enhanced so as to reduce the temptation for mandate drift.

Technical assistance vs. provision of funding alone? There have been various suggestions that there should be a greater emphasis on technical assistance. The TE is less certain of this – provided that there are other mechanisms for delivering technical assistance.

Beware the influence. Donors – including external funding mechanisms such as the CNF – can be enormously influential on government policies – which has the potential to lead to inadvertent impacts.

Establish a national level "board". There is a need for some national level management body or board for the CNF to enhance a feeling of ownership.

Measuring impact. There is a need for all partners in the PA system of Armenia to come up with a meaningful biodiversity (or other ecological) indicators that i) operate on a scale (both spatially and temporally), ii) are minimally affected by external factors and, therefore, are appropriate to measure the successes (or otherwise) of the protected area system of the country. In addition to the environmental indicators, the partners could also agree on system-wide monitoring processes – such as the systematic use of the METT (adapted for Armenia if necessary) to measure the effectiveness of the management of the protected areas.

Further to this, in the future, there are a few parameters that CNF should consider monitoring, including:

- The METT (which the CNF is now monitoring – although it was not done within the framework of this project)
- The rate of staff turnover (as the salary top-ups should reduce the rate of staff turnover)
- The annual spending per unit area. This surely is a key indicator not only for this project but also for the future. This should be calculated across the system as a whole (determining the overall catalytic effect of CNF) but also per unit area within each of the selected protected areas. This should be carried out to determine whether PA budgets are also increased in line with inflation.
- Not only the number of people being trained but the impact that the training has had and how it is being used.

Replication. The CNF represents an excellent learning opportunity for successful establishment of a mechanism to contribute to the financial sustainability of a regional protected area system.

Redress the imbalanced system of salary top-ups. There are imbalances with the system of provision of salary top-ups that should be addressed – through a process led by the MNP.

Criteria for selecting participant PAs. The criteria for selecting participating PAs should be reviewed and made transparent and widely understood.

Synergies between the government management planning and CNF operational plans. These two planning systems need to be fully integrated and synergised.

Other funding mechanisms should be explored – however challenging that might be. There are other important sources of revenue and other mechanisms for achieving financial sustainability for protected areas which should be explored – including payment-for-ecosystem-services (PES – including engaging stakeholders such as the Ministry of Energy) and co-management, delegated management or contracted management of protected areas.

1 Introduction

1.1 Purpose of the evaluation

1. The Terminal Evaluation (TE) of the UNDP-GEF project "**Catalysing Financial Sustainability of Armenia's Protected Areas System**" was carried out according to the UNDP-GEF Monitoring and Evaluation Policy. Thus, it was carried out with the aim of providing a systematic and comprehensive review and evaluation of the performance of the project by assessing its design, processes of implementation, achievement relative to its objectives. Under this overarching aim, its objectives were i) to promote accountability and transparency for the achievement of GEF objectives through the assessment of results, effectiveness, efficiency, relevance, sustainability and impact of the partners involved in the project, and ii) to promote learning, feedback and knowledge sharing on the results and lessons learned from the project and its partners as a basis for decision-making on policies, strategies, programme management and projects, and to improve knowledge and performance.

2. As such, this TE was initiated by the UNDP-CO as the project's National Implementing Partner to determine its success in relation to its stated objectives, to understand the lessons learned through the implementation of the project and to make recommendations for the remaining part of the project.

3. The TE was conducted by one international consultant with the assistance of a national consultant. The TE consultants were independent of the policy-making process, and the delivery and management of the assistance to the project. The consultant was not involved in the implementation and/or supervision of the project.

4. The TE was carried out over a period starting from 10 October 2016 and with a mission to Armenia from 06 – 11 November 2016. Carrying out the TE at this point in the project's implementation timeline was in line with UNDP/GEF policy for Evaluations.

1.2 Scope & Methodology

5. The approach for the TE was determined by the Terms of Reference (TOR, see Annex I) and by the UNDP-GEF Guidance for conducting Terminal Evaluations[2].

6. Thus, it was carried out with the aim of providing a systematic, evidence-based and comprehensive review of the performance of the project by

[2] UNDP-GEF (2012) *Project-level Monitoring: Guidance for conducting Terminal Evaluations of UNDP-supported, GEF-financed projects*.

assessing its strategy and design, processes of implementation and achievements relative to its objectives. As such, the TE determined the progress of the project in relation to its stated objectives (through the assessment of results, effectiveness, relevance, sustainability, impact and efficiency - requiring a review of the fund allocations, budgets and projections, and the financial coordination mechanisms), to promote learning, feedback and knowledge sharing on the results and lessons (both positive and negative) that can be learned from the implementation of the project. The TE examined whether the implementation arrangements – including the relationships and interactions among the project's partners, including the Ministry of Nature Protection, UNDP, CNF, and other partners – are effective and efficient.

7. The TE included a thorough review of the project documents and other outputs, documents, monitoring reports, the Mid-Term Evaluation (MTE), Project Implementation Reviews (PIR), relevant correspondence and other project related material produced by the project staff or their partners. The evaluation assessed whether a number of recommendations that had been made following the MTE, and monitoring and support visits from people from the Biodiversity staff of UNDP's Regional Technical Centres were implemented and to ascertain the explanations if they were not.

8. The TE also included a mission to Armenia from 06 – 11 November 2016 (see Annex II for the itinerary of the mission). The evaluation process during the mission followed a participatory approach and included a series of structured and unstructured interviews, both individually and in small groups (see Annex II for the people met over the course of the mission). Particular attention was paid to listening to the stakeholders' views and the confidentiality of all interviews was stressed. Whenever possible, the information was crosschecked among the various sources.

9. The evaluation was carried out according to the UNDP/GEF Monitoring and Evaluation Policy. Therefore, activities and results were evaluated for their: i) **Relevance** – thus, the extent to which the results and activities were consistent with local and national development priorities, national and international conservation priorities, and GEF's focal area and operational programme strategies, ii) **Effectiveness** – thus, how the project's results were related to the original or modified intended outcomes or objectives, and iii) **Efficiency** – thus, whether the activities are being carried out in a cost effect way and whether the results were achieved by the least cost option. The results, outcomes, and actual and potential **impacts** of the project were examined to determine whether they were positive or negative, foreseen or unintended. Finally, the **sustainability** of the interventions and results were examined to determine the likelihood of whether benefits will continue to be

accrued after the completion of the project. The sustainability was examined from various perspectives: financial, social, environmental and institutional.

10. In addition, the evaluators took pains to examine the achievements of the project within the realistic political and socio-economic framework of the Armenia.

11. The logical framework (with approved amendments in the Inception and following the MTE) with Outcomes, Outputs and indicators towards which the project was working formed the basis of the TE.

12. According to the GEF policy for TEs, the relevant areas of the project were evaluated according to performance criteria.

13. Finally, the TE was carried out with a number of audiences in mind, including: i) the various entities of the Government of Armenia that are involved with the project – primarily the Ministry of Nature Protection, ii) the CNF, iii) the UNDP-CO in Yerevan and UNDP-GEF RTC in Istanbul, and iv) the GEF.

1.3 Structure of the evaluation report

14. The report follows the structure of Project Evaluations recommended in the UNDP Evaluation Guidance for GEF-Financed Projects as given in Annex 5 of the TOR. As such, it first deals with the purpose of the review and the methodology used for the review (Section 2), a description of the project and the development context in Armenia (Section 3), it then deals with the Findings (Section 4) of the evaluation within four sections (Project Strategy, Progress Towards Results, Project Implementation and Adaptive Management, and Sustainability). The report then draws together the Conclusions and Recommendations from the project (Section 5).

2 Project description and development context

2.1 Project start and duration

15. The project was designed as a seven-year project and was due to run from 2010 – 2016. The TE assume that the designers must have thought that the project was going to start in early January 2010 and the EOP date was to be 31 December 2016. As it was, the PRODOC was signed in October 2010 – signifying the start of the project. This means that, in principle, the project could close in October 2017 but in practice is closing early.

16. The project was developed along standard UNDP-GEF lines and notwithstanding the confusion mentioned above, the project is adhering to similar milestones as the majority of UNDP-GEF projects (see Table 1).

17. However, it should be noted that the MTR Report took an inordinate amount of time to be approved. The MTR mission to Georgia and Armenia

took place in November 2013; the draft MTR Report was submitted in January 2014 and it took some months for the MTR Report to be finalized following rounds of comments from the stakeholders (most especially the Ministry of Nature Protection). It was finally approved in August 2014.

Table 1. The project milestones including the projected end date for the project.

Milestone	Date
PIF Submission	03 April 2009
PPG Approval	08 May 2009
CEO Endorsement	25 June 2010
UNDP Project document signed	October 2010
MTR finalisation	August 2014
Projected EOP	29 October 2017
Actual EOP	31 December 2016

2.2 Problems that the project sought to address

18. The project document presents a good exploration of the threats to the biodiversity of the Caucasus Ecoregion, an area of high endemism and diversity, and which supports numerous critical ecological processes and ecosystem services. The project document lists the following threats: i) habitat degradation and fragmentation caused by illegal logging timber trade, overgrazing and water pollution; ii) overexploitation of natural resources through poaching, overfishing and illegal wildlife trade; iii) unregulated tourism activities and iv) infrastructure development.

19. One of the principal mechanisms used by Armenia to counter the threats to biodiversity is a network of protected areas across the country. However, as is common with many protected area systems across the globe, the protected areas of Armenia have been chronically under-funded. This, in turn, has meant that the management of the protected areas is far from being effective.

20. Further analysis in the project document, revealed the following barriers to achieving financial sustainability for the protected area system: i) sufficiency and predictability of revenue sources, and ii) capacities and cost-effectiveness of site management.

2.3 Immediate and development objectives of the project

21. The project, therefore, was designed to contribute to overcoming these barriers: i) that there is limited sufficiency and predictability of revenue sources based on the fact that the government's allocations are inadequate

and project-based donor funding has been unstable and difficult to predict, and ii) there are weak levels of business skills and cost-effectiveness in site management with PA managers being unaware of what cost-effectiveness means and what cost-effective approaches to PA management are.

22. The overall objective of the project, therefore, was: "*to secure long-term financial sustainability of the Armenian PA system*". The objective was to be achieved through the implementation of two components: i) ensuring sufficiency and predictability of revenue sources for the PA system and ii) raising cost-effectiveness and capacities of PAs.

23. When written as Outcomes/Activities in the project document, the wording changed slightly:

1. Outcome/Activity 1: "Securing long-term financial sustainability of the majority of the PA system in Georgia [sic]"[3]
2. Outcome/Activity 2: "Raising cost-effectiveness and capacities of protected areas at the site level".

24. These outcomes were designed with a number of different outputs (or "sub-activities):

a. Output 1.1: Sinking fund structure set and operation started based on studies previously prepared by the CPAF feasibility study and PPG stage
b. Output 1.2: Sinking fund capitalized in full and rounds of proposals advertised to PAs (with focus on IUCN Cat.I and II).
c. Output 1.3: Support delivered to pilot projects at site level to generate additional PA income-generation through natural resource management (NRM)
d. Output 1.4: Negotiations completed for full capitalization of the CPAF (both the endowment fund and – if still required – replenishment of the sinking part).
e. Output 2.1: CPAF implements project audits through external auditors and puts in place "PA management support group" to assist PAs to increase cost-effectiveness of PA management.
f. Output 2.2: Capacities of site managers strengthened through series of trainings delivered on cost-effective PA management
g. Output 2.3:. Application forms for funding from CPAF and proposal review protocols designed to request confirmation of how

[3] Obviously, this is a copy-and-paste error from the "sister" project in Georgia.

cost-effectiveness considerations have been incorporated in the request

h. Output 2.4: An electronic system in place, at the CPAF, to track changes in the cost-effectiveness of sites it funds, based on the METT score and – where appropriate – on the Financial Sustainability Scorecard.

2.4 Baseline indicators established

25. The project's results framework is discussed later in the report (see Section 3.1.1) and in the PRF itself, including the establishment of baseline indicators (see Table 5).

2.5 Main stakeholders

26. The Project Document has a section titled "Stakeholder and baseline analysis"[4]. Interestingly, that section goes on to describe the protected area system of Armenia but *does not acknowledge the existence of any stakeholders*. Relative to the sister project in Georgia, there are not many – but that does not mean that there are none. The Ministry of Nature Protection – as the Implementation Agency for the project and the institution with the mandate to manage the protected areas – warranted some examination and exploration as did other organisations such as WWF and the suite of KfW projects that are operational in Armenia. Thus, unlike the majority of UNDP-GEF project documents, the project document neither describes the stakeholders, their current mandates, roles and responsibilities in the sector as the project was starting up, nor does it describe the potential role of the organisations in the project or in the sector as the project is implemented.

2.6 Expected results

27. Following on from the immediate and development objectives of the project, the expected results of the project are:

a. Establishment of the Caucasus Nature Fund (CNF, which is the organisation into which the Caucasus Protected Area Fund, CPAF, evolved) with different financial and funding mechanisms. Thus, this includes: i) the capitalisation of an endowment fund and ii) as necessary, the continued existence (and possible replenishment) of a sinking fund. In other words, the project will help catalyse more long-term funding for protected areas within the Caucasus region (with a specific focus on Armenia).

b. Testing models of delivery of funding to protected areas across the Caucasus region (and specifically to Armenia in this case) according

[4] See the Stakeholder Analysis presented in the Project Document (see Section 1.4 on page 8 of the project document).

to the needs and application processes of the PAs for funding. In other words, mechanisms for delivering funding from CNF to the protected areas will be tested and optimal mechanisms for fund delivery selected. In addition, agreement should be reached on what costs the CNF should cover.

c. Finding mechanisms that increase the cost-effectiveness of protected area management. In other words, the efficiency at a protected area level should be demonstrably increased.

3 Findings

3.1 Project Design

3.1.1 Analysis of Results Framework

28. The line-by-line analysis of the Project Results Framework (PRF) is a carried out below (see Table 5 in Section 3.3.1).

3.1.2 Assumptions and risks

29. As explained in the MTR, hidden in the depths of the project document (in the project's strategy section), there is one key assumption to the project: that there were framework agreements in place between the CNF and the Government. The framework agreement specifies the roles and responsibilities of the parties, including the government's commitment. It also specifies the strategic and political basis for the CNF and, by extension, this project. The framework agreement between the Government of Armenia and the CNF was signed in May 2009 in light of the CNF Conference which took place in Berlin in 2007, which was attended by the Ministers of Environment from the three South Caucasus countries (Georgia, Armenia and Azerbaijan), and which formally established CNF.

30. In terms of risks, as is usual, the UNDP-GEF project document contains an analysis of risks. Five risks were identified with three rated as being a "medium" risk and the other two being rated as "low" risks. The three risks that were listed as "medium" risks were:

a. **Strategic:** Slow uptake of measures to increase cost-effectiveness by site managers

b. **Financial:** The international financial crisis coupled with moderate inflation may require reconsideration of the project budget and fundraising approaches

c. **Environmental:** Biodiversity threats grow beyond the background levels and thus demand still higher funding levels from them CPAF than currently planned.

31. Unlike the majority of UNDP-GEF projects, the project did not appear to have an inception phase with a resulting Inception Report[5] - thus, no further risks were identified at the beginning of the project but the MTR did add a "critical" risk. The MTR considered "the governance systems of the PAs … and the limited capacities at PAs' level" a critical risk for the Project. Throughout the TE Report, there will be reflection on how the project has responded relative to these risks.

3.1.3 Lessons from other projects incorporated into project design

22. The project document describes in some detail the foundations on which the project is built – including the legal and institutional prerequisites for increasing the financial sustainability of the PA system. As such, it lists that there is a Strategy on Developing Specially Protected Areas and National Action Plan (2003), and the Protected Area Law (amended in 2006 with support from a World Bank project).

23. In addition, the project was designed to build on the foundations of another UNDP-GEF project "Developing the Protected System of Armenia"[6].

24. In terms of planning, the project (and CNF) built on (and adopted) WWF's Ecoregional Conservation Plan (ECP) as a basis for selecting sites that were to be supported by the CNF.

25. KfW (in cooperation with BMZ) has supported (and continues to support) significant biodiversity conservation work in the region, including in Armenia. This has been through a number of different mechanisms, including the Transboundary Joint Secretariat (TJS).

26. In addition, there have been investments in the protected areas system through the World Bank, WWF and the Critical Ecosystems Partnership Fund (CEPF).

27. While these initiatives are mentioned in the project document – and provide some form of framework for the project – there is no mention of the lessons that the project derives from these initiatives.

3.1.4 Planned stakeholder participation

32. As mentioned in Section 2.5, there was no stakeholder analysis and, therefore, apparently no planned stakeholder participation – with the

[5] Despite it being mentioned in the project document; but no Inception Report was received by the TE; the Inception Period and the Inception Report were also not mentioned in the MTR.

[6] Interestingly, this project was split into two, with one sub-project being implemented by WWF-Armenia while the other being implemented by the MNP. The project, somewhat as a consequence, suffered substantial delays. A further consequence is that the project were, at least for the first four year, implemented in parallel rather than the current project being built on the foundations of this other PA project.

exception of reporting "back to the stakeholders" during the Inception Phase of the project (and, despite this, there was no inception phase or Inception Report). This does not mean to say that no stakeholders were actually involved in the project and its implementation. Where this has occurred will be discussed through the TE Report.

3.1.5 Replication approach

33. The project document recognised three potential opportunities for replication: i) within the system itself (i.e., to expend the funding to the "highest value PAs" across the system) and ii) to replicate among other countries in the Caucasus beyond Armenia and Georgia (which was already included in a "sister" project) and iii) the CNF, itself, as a regional trust fund, could be replicated elsewhere as well.

34. Arguably, the first point is not replication as it was built into the project's design (or perhaps there was a misinterpretation of what is meant by replication by the project designers), and the second point was and remains politically impossible.

35. There has, however, been some traction with replication of the CNF model elsewhere: indeed, the CNF model is currently being replicated in the form of a regional trust fund that is in the process of being established for the Balkans. The question that lingers here is the degree to which the GEF funding has catalysed this process? The answer is that the replication process to the Balkans is much more of a CNF-driven process than something catalysed per se by the GEF funding (and hence this project) – although it is a little cloudy and this is a theme that runs throughout the report.

3.1.6 UNDP comparative advantage

36. In the context of Armenia, UNDP has had a strong competitive advantage over other Implementation Agencies: in effect, it has the monopoly over the development and implementation of GEF biodiversity projects in the country: only two of the eight BD projects that the GEF will, is or has funded have been implemented by agencies other than UNDP. The competitive advantage is sealed primarily by UNDP's politically neutral stance coupled with their continued willingness to engage and provide support. Furthermore, unlike the World Bank (which often works with loans that are coupled with GEF grants), UNDP deals only with grants.

37. The final comment here is to mention that this project really is unlike the vast majority of GEF (and UNDP-GEF) projects. This, too, is a theme to which this report will return.

3.1.7 Linkages between project and other interventions

38. The linkages have already been described (see Section 3.1.3).

39. There are strong linkages between the CNF and KfW (as partly described in Section 3.1.3) and these continue to grow with the four pillars of KfW's biodiversity strategies in the region. First, there is a "bilateral" pillar (SPPA) – that is specifically to improve the management effectiveness of individual protected areas and/or create new protected areas – and now the SPPA is investing in Zangezur protected areas in southern Armenia. The second pillar is the KfW investment in CNF – and KfW informally see CNF as a mechanism to secure the long-term sustainability of the investments that they make through the first pillar. Third, KfW is investing in the Transboundary Joint Secretariat (TJS) as described above. Furthermore, the CNF Board is chaired by KfW. Finally, there is the Eco-corridors programme (which includes an investment of € 8.5 million over five years for three countries. In short, then, there are very strong linkages between the project (and CNF), and KfW's work and, indeed, some commentators do not distinguish between the two[7]. There are some grounds for this as the CNF Board is chaired by KfW.

3.1.8 Management arrangements

40. The project is managed under UNDP's NGO implementation modality with the CNF as the Implementing Partner. CNF was supported in its role by the UNDP-CO but CNF was responsible for making grants to the protected areas, contracting project personnel, experts and subcontractors, and making procurements. In contrast, UNDP-CO was responsible only for a limited amount of contracting and expenditure – most especially the MTR and TE.

41. The Project Manager (PM) was, in fact, the CNF's coordinator within Armenia. The PM was supported through the CNF's organisational structures – the regional office in Tbilisi and the CNF offices in Paris (although this is on the verge of moving to Frankfurt).

42. The project was overseen by a Project Executive Board (PEB, see Annex III for a list of the members of the PEB). The PEB appears to have met relatively frequently with the minutes of seven meetings between June 2011 and April 2015 being provided to the TE – and, therefore, it is unclear whether the PEB met in the 20 months from the seventh PEB meeting and the EOP.

[7] **Comment on draft TE report**: "*There are indeed strong linkages between the KfW programs and CNF and CNF is currently chaired by KfW. A large part of CNF's program is a KfW sinking fund implemented under KfW's supervision just as the GEF sinking fund was implemented under UNDP's supervision. Two things to keep in mind: (1) it was not always this way--at the outset there was not KfW sinking fund, WWF was the chair of CNF's board, and the GEF funding was the way CNF got started; (2) the KfW involvement will fade over time as its sinking fund is spent down and CNF's own funds take a more important role in its programs; also, it is quite unlikely that KfW will continue to chair the board since internal guidelines prescribe that KfWs participation on trust fund boards should not be indefinite.*"

43. The CNF operated in a slightly different way from usual UNDP-GEF projects. In Armenia (as in Georgia), the CNF operated under a framework agreement – the "*Framework Agreement between the Caucasus Protected Areas Fund and the Ministry of Nature Protection of the Republic of Armenia*" (see Annex IV). It is interesting that UNDP is not a party to this agreement and as a result their roles and responsibilities were not well defined leaving the members of the Sustainable Growth and Resilience Portfolio team slightly uninvolved in the project processes.

44. Further discussion regarding the realities of the implementation modalities can be found in Section 3.2.6.

3.2 Project Implementation and Adaptive Management

3.2.1 Adaptive management

45. As a funding mechanism for the protected area system of Armenia, there was relatively little adaptive management that was necessary (when compared, for example, with other protected area projects in which there is actual management involved). However, the MTR did provide an opportunity to reflect over the course that the project was taking and the MTR resulted in a series of recommendations being made – including adjustments to the PRF. In response, a number of changes were made (see Table 5).

3.2.2 Partnership arrangements

46. The project has worked "in partnership" with numerous organisations – through contractual arrangements for different aspects of the project. However, as indicated above, the CNF has strong partnerships with KfW (see Section 3.1.3 and 3.1.7), contractual arrangements with WWF and close partnerships with the protected areas that were recipients of the support offered by CNF (however, for a counterpoint to this, see sections below).

3.2.3 Feedback from M&E activities used in adaptive management

47. See Section 3.2.1 above for a brief description.

48. In addition (and unlike CNF in Georgia), there were a number of instances in which CNF's support to a given protected area was suspended[8]. It appears that this was less as a result of what one might define as adaptive management as a result of M&E activities but rather as a result of personality clashes and a lack of true partnership. This will be discussed further below.

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[8] **Comment on draft TE report**: "*Any decision to suspend CNF support to a PA was made by the CNF board of directors. Additionally, it was made based on information provided by the Ministry itself, meaning – as a result of close monitoring.*" In doing so, the CNF undermined one of the fundamental goals of the project – the predictability of funding. Other mechanisms should have been sought to prevent this action. In addition, the TE heard numerous reports that there were other factors involved.

3.2.4 Project Finance

49. The project had a stated overall budget of USD 5.750 million of which USD 990,000 come in the form of a grant from the GEF Trust Fund. The remaining finance for the project comes in the form of pledged co-finance – specifically, the Government of Armenia (USD 2.425 million) and the CNF (USD 2.161 million[9]).

50. In terms of overall expenditure, the Government spent more than they had pledged (USD 3,910,297 spent vs. USD 2.425 million pledged). This could be seen to be additional government funding that has been *leveraged* by the project and CNF.

51. Overall, the CNF spent slightly more than they pledged (USD 2,367,138 pledged vs. USD 2,182,295 expended).

52. In addition, the CNF has current assets of approximately € 34 million – approximately € 22 million of which has been accumulated into an endowment trust fund and € 12 million of which is in a sinking fund[10]. In principle, this could be considered as co-finance leveraged (at least in part) by the GEF funds – even though it was not expended within the timeframe of this project within Armenia.

53. When one examines the expenditure of the GEF funds, there are several things to note (see Table 3). First, according to the figures provided to the TE, a total of USD 15,465 has not been spent – however, it is expected that these will be spent by project closure; any remaining funds should be returned to the GEF.

54. Second, there were inconsistencies and discrepancies between the figures provided by the CNF and UNDP-CO (primarily because CNF considered the budget from their perspective only while the UNDP-CO had to consider the entire project budget) – which led to some comments being directed at the TE.

55. Third, of the grant of USD 990,000, a total of USD 815,500 was allocated for what one might term as the "GEF Sinking Fund". These were the funds, therefore, that were expended on an annual basis in the protected areas. According to the figures given to the TE by CNF-Armenia, the total amount of USD 815,500 has been expended. However, there is no mention of the interest that CNF accrued on this original grant - although it is *implied* in the USD 35,490 "overspend" on the grant from UNDP-GEF to the CNF (see Table 2).

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[9] Strangely, the amount pledged by the CNF in the UNDP project document (USD 2.161 million) differs from the amount reported in the finances submitted to the TE (USD 1.662 million; see Table 2).

[10] The CNF's financial status is transparently recorded on its website, see http://caucasus-naturefund.org

56. This, however, is profoundly concerning. On the assumption that the funds were managed in the same way as those in the "sister" project in Georgia[11] – thus, that the original grant from GEF of USD 815,500 was taken by CNF and invested (while slowly diminishing over the six years and two months of the project's life) – the CNF should have accrued USD 114,137 in interest – not just the USD 35,490 reported in the figures given to the TE. Of further concern, the UNDP-CO was unaware of this situation as it had not been reported to them either. **This calls for a meeting between the UNDP-CO and the CNF Executive Director to resolve this situation and the CNF needs to provide such accountability to the Government of Armenia, the UNDP-CO and the GEF**[12].

57. Once the accountability is done – and it is accepted by those parties – a number of other challenging questions arise. First, with all due respect to the investment prowess of the CNF bankers and financial advisors, investing the GEF funds does expose it to some level of risk. The TE does note that the project document does indicate that it was CNF's intention to invest the USD 815,500 and that "funds deposited will be invested by the [CNF] in accordance with its investment policies prior to disbursement" and that all "[f]unds deposited in the sinking fund account, together with all investment earnings thereon" would be expended by 31 December 2016 (although, as noted in Section 2.1, the assumed that the project commenced on 01 January 2010). It is interesting to note that the project document's risk section does not directly acknowledge the risk to which the GEF funds were exposed through this policy and the TE wonders if the GEF really comprehended that their funds were being taken and invested in this way.

58. In summary then, in similar circumstances, the TE recommends that if the CNF proposes to invest the GEF funds in a similar way: i) the risk to the GEF funds should be fully acknowledged in the risk section of the project document (with associated risk mitigation strategies – perhaps with more precision and detail than in the current project that "the [CNF was] being

[11] And there is no reason to assume otherwise – given CNF's financial reports transparently published on their website. Thus, in contrast to the Armenia project, the "sister" project provided full transparency on the interest that was accrued and provided accountability for it: from the USD 825,500 GEF grant made to the Georgian government, a total of USD 115,537 was accrued in interest. This was treated as additional funds for the "GEF Sinking Fund" and expended as such on the protected areas in a similar way to the remainder of the grant.

[12] **Comment on draft TE report**: "*Interest – because of different investments – was earned at a higher rate in Georgia compared to Armenia. The $35,000 that was "earned" was spent on the project, and is reflected in updated and correct excel file*." **TE response**: This statement from the CNF contradicts the financial reporting on their website which does not indicate different investments for each country – and the TE believes that it would be very strange i) if this was the case and ii) if the "Armenian investments" were accruing significantly less than the "Georgian investments".

advised by experienced financial advisors [and] its executive director is experienced in financial matters"[13]), ii) the GEF CEO writes a letter (to be included in the Annexes of the project document) acknowledging the risks and giving the permission to go ahead and invest and use the GEF funds in this way, and iii) that the funds that are accrued in this way are demonstrably and accountably spent directly on the protected areas.

59. There is a further question here that does not relate directly to this project but the entire GEF portfolio: what do all implementation agencies do with the funds once they have received them from the GEF? Do they, like the CNF (even though it was not accounted for in this project), invest the funds in investment funds such that interest is accrued on the monies? If so, what happens to those monies? In the TE's experience, all GEF projects account *only* for the originally pledged amounts and *not* for the original amounts plus the interest that might be accrued on the funds, if invested. If the funds are invested, then the TE strongly recommends that they should be spent on the project for which the funds were raised and not squirrelled away by the agencies. There should, either way, be transparency on this issue.

60. Finally, there are two more (potentially) thorny issues: i) the matter of sharing the funds among the three countries and ii) ownership of the CNF funds. The ownership issues will be discussed later in the report (see Section 3.3.4) but it is worth discussing the sharing of the funds at this point. First, though, the TE acknowledges two things: first, it may be straying into areas beyond its scope. And yet, because of the way that the funds were managed and the way that the CNF has operated, it quickly becomes difficult to distinguish the GEF-funded "project" and the overall operation of the CNF. As such, the TE also becomes a reflection of the CNF. Second, the discussion here focuses on CNF policy and the TE is somewhat unaware of all CNF policies. However, the (potentially) thorny issue being discussed here is whether funds raised on the back of Armenia can justifiably used in Georgia (or Azerbaijan – or the other Caucasus countries if they ever come online). This applies both to funds that come directly from Armenian co-financiers of the CNF (e.g., HSBC in Armenia) or from donors who are giving money to the CNF with the Armenian protected area system in the back of their minds. The question, then, is whether said funds should be earmarked to be expended only in Armenia or shared (potentially) equitably (and depending, presumably, on need) among the Caucasus nations? The TE offers no answers to the question but assumes that such issues should be long deliberated, agreed and incorporated into CNF policy documents.

[13] While acknowledging the Investment Policy of the CNF, see: http://caucasus-naturefund.org/wp-content/uploads/2013/05/Investment-Policy-20130522.pdf

61. In terms of co-finance, the "project" reported two sources of co-finance: i) the government and ii) the CNF funds (see Table 2). As mentioned above, the amount of co-finance at the end of the project was greater than the pledged amount for the Government of Armenia but the amount expended by CNF is reported to be precisely the pledged amount. This is highly unlikely and, again, the reporting should reflect *actual* expenditure not some amount conveniently the same as the amount (apparently) planned (see Table 2).

62. In addition, what the reported finances do not acknowledge is the role that the GEF funding playing in allowing the CNF to invest monies raised from elsewhere into their "other" two funding mechanisms (the endowment and "CNF" sinking funds). In other words, having the GEF funding allowed the CNF to direct their energies successfully to raising funding for these other two mechanisms. In principle, *all* funds that were raised in this way (i.e., the funds raised grâce of the GEF funds) should also be acknowledged as co-finance – given that they too will be used for financial sustainability of the protected areas of Armenia.

63. Other co-finance (such as the donations by HSBC, irrespective of their size) should also be included.

64. Finally, there are other aspects of co-finance that were not monetised and incorporated into the project's accountability. For example, there are examples of the government's contribution to the project, including (but not limited to): the time that the government gives to attending PEB meetings – as well as other time put into government oversight and guidance to the project implementation[14].

65. In summary, then, the finances, as they are reported, do little to inspire confidence.

[14] It should be noted that such time should be monetized – ideally using the methods demonstrated by a UNDP-GEF project in Uzbekistan "Mainstreaming Biodiversity into Uzbekistan's oil-and-gas Sector Policies and Operations". It should also be noted that this monetized time should, according to GEF rules, be considered as cash – or "grant" monies (in the parlance of GEF-6) and *not* "in-kind" monies).

Table 2. The overall project expenditure against the budgeted amounts (by year) and by Outcome (with the audits also pulled out – but see body of report) – as provided to the TE by CNF

		Planned	Expenditures					Planned	Expended	OVERALL	
Strategy		**2011-2016**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2016**	**Balance**	**Expended**
Outcome 1. Ensuring sufficiency and predictability of revenue sources for the Protected Areas system.	CNF Funds	1,662,000	98,190	96,783	183,628	335,562	505,696	448,590	442,140	0	1,662,000
	UNDP Funds[15]	815,500	159,150	241,004	169,284	67,766	96,386	104,410	117,400	-35,490	850,990
	Government Funds	2,425,000	393,352	482,389	509,367	716,280	900,702	908,207	908,207	-1,485,297	3,910,297
	Total	**4,925,000**	**650,692**	**820,176**	**862,279**	**1,119,608**	**1,502,784**	**1,461,207**	**1,467,747**	**-1,498,286**	**6,423,286**
Outcome 2. Raising cost-effectiveness and capacities of PAs	UNDP Share	53,000	-	8,420	2,080	9,250	11,500	21,750	21,750	-	53,000
	CNF Share	53,000	38,875	20,743	32,908	105,189	30,012	96,280	85,831	-260,558	313,558
	TJS Share	144,000	40,700	75,686	86,912	-	-	-	-	-59,298	203,298
	Total	**250,000**	**79,575**	**104,849**	**121,900**	**114,439**	**41,512**	**118,030**	**107,581**	**-319,856**	**569,856**
Project Management	UNDP Share	84,000	13,480	12,000	12,000	12,000	12,000	12,000	12,000	10,520	73,480
	CNF Share	449,000	63,000	63,980	63,600	63,000	69,000	69,000	69,000	57,420	391,580
	Audit and Monitoring:										
	UNDP Share	15,000	-	-	-	-	-	-	-	15,000	-
	CNF Share	27,000	-	-	-	-	-	-	-	27,000	-
	Total	**575,000**	**76,480**	**75,980**	**75,600**	**75,000**	**81,000**	**81,000**	**81,000**	**109,940**	**465,060**
Total for Project:		**5,750,000**	**806,747**	**1,001,005**	**1,059,779**	**1,309,047**	**1,625,297**	**1,660,237**	**1,656,328**	**-1,708,202**	**7,458,202**

[15] Of which USD 815,500 are sinking funds

Table 3. The project expenditure (against planned or budgeted amount) of GEF funds by Outcome – as provided to the TE by the UNDP-CO

		Planned	Expenditures					Planned	Expended	OVERALL*	
Strategy		**2011-2016**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2016**	**Balance**	**Expended**
Ensuring sufficiency and predictability of revenue sources for the Protected Areas system	Grant	815,500	815,500	-	-	-	-	-	-	-	815,500
	International Consultant	22,500	-	-	9,277	1,645	-	16,800	1,251	10,327	12,173
Raising cost-effectiveness and capacities of PAs	Contractual Services Company	53,000	-	8,867	2,104	9,285	11,500	11,500	21,983	-739	53,739
Project Management	Contractual Services	84,000	11,480	0	12,157	0	0	0	0	60,363	23,637
	Professional Services	15,000		16,029		12,042	12,000	12,000	12,020	-37,091	52,091
	Other misc. expenditure	0	2,686	0	47	952	5,554	0	4,916	-17,395	17,395
TOTAL		**990,000**	829,666	24,896	23,585	23,924	29,054	40,300	40,170	15,465	974,535

* In addition to the expenditure presented here, an additional USD 18,240 was planned to be spent in 2017. If all this amount was spent, this would put the project at USD 2,775 over the GEF grant and the difference would be covered by UNDP-CO.

3.2.5 Monitoring & Evaluation

66. The project – or rather the CNF – carried out annual technical and financial audits. The financial audits were carried out by an independent audit company (KPMG) while the "technical audits" were carried out by WWF.

67. An interesting – and again rather thorny – issue emerged from this process: aside for recommendations that the CNF considered as pertinent, the audit reports were not shared with any of the stakeholders – including the MNP and the UNDP-CO. The CNF argued that this was because the audits were being carried out under a contract between themselves and the audit company/organisation – and under this contract, the reports were confidential. However, because UNDP-CO, as Implementation Agency, has ultimate responsibility for accountability and delivery of the project (or at least for the GEF portion of CNF funding), they would have a justifiable claim to receiving the audit reports. Similarly, the GEF grants are, in principle, made to recipient countries and, therefore, the GEF funding that has contributed to the CNF – through the "GEF Sinking Fund" – is, in effect, the countries' contribution to the CNF. As such, they, too, have a case to make for receiving the CNF technical and financial audits. Therefore, in spirit of transparency and partnership – as well as in recognition of the role that both UNDP and the nation states play – it would be recommended for the CNF to share the audits. As with the issue of investing GEF funds over the course of the project's life (as described above in Section 3.2.4), the TE cannot help but think that the GEF would want it this way. As such, this may just be the "price" of receiving GEF funds and the CNF should not respond with the claim that it is simply contractual: from the perspective of the government, the GEF and the UNDP-CO), the contract could just as easily include a clause that the audit reports should be shared among key stakeholders.

68. Aside from this issue, the project carried out a MTR as part of the project M&E processes. As described in the section on adaptive management (see Section 3.2.1), this did result in a series of recommendations, some of which resulted in changes to the project's implementation and indicators.

69. Finally, up to this point in the TE report, there have been implications that this project is not just a little unusual when compared with other UNDP-GEF projects. In terms of M&E, this was also the case: the UNDP-CO was a little uneasy about precisely what their role was in the project.

3.2.6 UNDP and Implementing Partner implementation, execution, coordination and operational issues

70. The project has been implemented by the CNF with the lines between the "project" and the CNF so blurred that the "project" was not only indistinguishable from CNF that, in the minds of the stakeholders, it did not

exist. Thus, while the GEF grant was invested in a "GEF Sinking Fund", the reality was that this could really not be distinguished from the principal CNF Sinking Fund (or, indeed, from the funds that originated from the interest accrued from the CNF Endowment Fund)[16].

71. As such, from this point, the report will no longer refer to the "project" but simply to CNF.

72. The CNF operated from an office in Yerevan. Somewhat interestingly, the office is *not* within the Ministry of Nature Protection. However, if the opportunity even emerged to move the CNF offices to within the same building as the MNP, it might make sense as it would serve to bring the CNF and the MNP closer. It might also offer the government to contribute further to the CNF by providing in kind support.

73. There were some changes to the staffing of the CNF over the life of the project (see Table 4). The Project Manager – who also fills the role of the CNF National Program Coordinator for Armenia – was the constant: he has been in this role since 2012.

74. At the higher levels of the CNF, it is governed by a Board of Directors. At the stage of the TE, there were four members to the Board, including a representative from KfW (as Chair), a representative of WWF-Germany and the Founder of the CNF. It is interesting to note that none of the recipient countries have representation on the Board (or on any other governance structure; this issue will be discussed further in Section 3.3.4). The CNF Board of Directors previously met in Paris; they now meet in Frankfurt.

75. The National Program Coordinator falls under the direction of the CNF's Executive Director. In January 2016, the Executive Director stepped down from this position (although he remains on the Board) and was replaced; the new Executive Director of the CNF is based in Tbilisi – a move that has obvious benefits because he is now based in the region. Prior to the appointment of the new Executive Director, there was a Programme Director responsible for regional coordination who was also based in Tbilisi[17].

76. As indicated in Section 3.1.8, the project was overseen by a PEB – at least until the seventh PEB meeting in April 2015. Since then, it is unclear how often the PEB met.

Table 4. The CNF employees over the life of the project

[16] It should be noted (here for it is as good as any other place in the report), that the interest accrued from the CNF Endowment Fund was split among the funding provided to protected areas, the administrative and overhead costs of the CNF and re-investment in the Fund itself (i.e., contributing to the continued endowment of the Fund).

[17] The person resigned in June 2016.

Name	Position	Employment dates
David Morrison	Board Member & previous Executive Director	2008 - present
Geof Giacomini	Executive Director	April 2016 - present
Daniel Sepic	Program Director/Regional Coordinator	July 2013 – June 2016
Arman Vermishyan	National Program Coordinator/ Project Manager	2012 - present

77. Finally, it should be noted that the CNF did not follow the proper formats when making reports (with the exception of the final PIR – but even then there were some issues). One of the "costs" of being a recipient of a GEF grant is to follow prescribed reporting formats and tracking tools.

3.3 Project Results

3.3.1 Overall results

78. The logic of the project was flawless: first to deliver a flow of funds to protected areas in Armenia and, second, to work to improve the efficiency and cost effectiveness of the management of the protected areas (or in the more precise wording of the project document: i) ensuring sufficiency and predictability of revenue sources for the PA system and ii) raising cost-effectiveness and capacities of PAs).

79. Therefore, an evaluation of the results of the project should examine, in turn, i) the delivery of funds to the protected areas while asking whether they were "sufficient" and predictable, and ii) whether the protected areas have become more cost effective with better capacities. The summary is that over the course of the project:

a. According to the financial report presented to the TE (and notwithstanding the lack of confidence in those figure – see Section 3.2.4), over the past six-and-a-half years, the CNF delivered a total of USD 2,737,134 to protected areas in Armenia, which included USD 877,715 of GEF funds.

b. These funds have been delivered to five protected areas. However, funding was withdrawn from two of these protected areas – and, in the case of one area, replaced with an "emergency grant".

c. Salary top-ups have been provided to protected area personnel – noting that in Armenia a different modality was being used to that in Georgia[18]. In addition, there are imbalances, with some members of staff receiving top-ups and some not. For example, in Dilijan National Park, 65 (of a total of 89) members of staff received top-ups (on a quarterly basis): these were the "protection department". Such imbalances create tensions and issues within the protected areas[19].

80. Therefore, if one is to examine whether CNF has ensured "sufficiency and predictability of revenue sources for the PA system," the first functional aspect of the statement that requires examination is "sufficiency". This is measured partly through the Financial Sustainability Scorecard – but i) given that five protected areas in the country have been financed, and ii) only 65.3% of the basic financial requirements and 39.2% of the optimal financial requirements have been achieved, one can only conclude that the objective of the project ("*to secure long-term financial sustainability of the Armenian PA system*") has not been achieved. However, it is arguable that this was a particularly unrealistic objective for the project. A more realistic target could have been to establish mechanisms to contribute substantially to the financial sustainability of the protected area system of. If this had been the objective, the conclusion might have been more optimistic.

81. In contrast, the "predictability" aspect is best measured through the continuity of funding to the protected areas. Given that two protected areas had their CNF funding suspended (although "emergency funding" has been provided in the case of one area), this hardly amounts to predictable funding – *irrespective of the cause*. Indeed, in any good partnership, should any questions arise about the one party, a dialogue should take place. If this does not resolve the issue, a mediator should be called in to assist with the dialogue. In a worst-case scenario, an independent party should be nominated to arbitrate on the case. In other words, the CNF needs to establish a mechanism to deal with grievances that may arise (on both or either side) but ***under no circumstances should funding be cut for any***

[18] This is simply a statement of fact and not judgment: the CNF should try to harmonize the modalities across the countries – but it would first need to assess the pros and cons of the two modalities that it has used.

[19] **Comment of draft TE report**: "*CNF, in consultation with and support of the Ministry launched a pilot program – to understand the effectiveness of selective performance-based bonuses – in Dilijan NP. It is too early to determine if the program has had an effect in terms of motivation – either positive or negative*." **TE response**: There are two points to make in response to this: i) much has been written in the psychological literature regarding the use of monetary incentives; broadly, they do not work except for the most menial tasks; and ii) over the course of the TE, a number of interviewees expressed their concern and discontent about the inequitable system that was in place.

protected area[20]. This strongly goes against the ethos of a sustainable financing mechanism such as the CNF.

82. In addition to this rather major issue, there has been what might be described as mandate drift. In other words, CNF has drifted into funding activities and procurement that are not the usual mandate for a sustainable financing mechanism. For example, in Dilijan National Park, the CNF has provided "70 uniforms", supporting the process of land certification (three of ten supported by CNF), a number of vehicles (four cars and one tractor), six gas bottles for vehicles. This is tending towards what GEF would define as investment (INV) funding and not sustainable financing or technical assistance. This is the sort of funding that has been (and in some places continues to be) the remit of KfW's SSPA or TJS programmes[21].

83. In addition, even where the CNF has provided this form of support and assistance, there appears to be little strategy or consistency to it, and, on occasion, seems whimsical. On numerous occasions, there were delays (linked to procurement processes and avoiding VAT, for example). Overall, the linkages between the support and financial sustainability are tenuous at best. Finally, among the many grumbles that exist, there appears to be some weight behind the assertion that the inconsistencies are driven by *personality* and clashes thereof. Again, this confirms the need for a strategic approach that is supported by grievance mechanisms when those personalities clash.

84. On the contrary, there has been some effort to support tourism development – which has more obvious linkages with sustainable financing.

85. The project included a large aspect of natural resource management under Outcome 1. In the 2016 PIR, there is the suggestion that this aspect was removed (with the indicators in the PRF) as "recommended by the MTR and

[20] **Comment on draft TE report**: "*CNF requests clarity about which two PAs (one is Zangezur certainly); also, while a grievance mechanism is a good suggestion, it can only be effective if there is transparency and reliable and agreed upon information from both sides. As noted elsewhere, CNF did respond to a request of the Armenian government to provide an emergency grant to Zangezur after funding had been suspended. Also, a sustainable financing mechanism such as CNF has a fiduciary responsibility to ensure that its funds are not just spent, but spent in a "proper" manner.*" **TE response**: The point of the grievance mechanism is to ensure issues relating to transparency and mistrust are overcome – and that the funding to protected areas is not suspended.

[21] **Comment on draft TE report**: "*Please clarify what the difference in implementation and activities was between Armenia and Georgia since this comment was not made about Georgia.*" **TE response**: Two points in response: first, the technical assistance in Georgia focused on planning – part of which could be related to financial sustainability. Procurement of items such as uniforms has little bearing on financial sustainability. Second, there were (and still are) concerns about the provision of technical assistance in Georgia (see para 128 in Section 4.2 of the TE Report for the 'sister' project in Georgia).

approved by the PEB". However, the TE finds no reference to this removal in either the MTR report or the minutes of the PEB meetings[22].

86. In contrast to measuring the "sufficiency and predictability" of funding, measuring the cost effectiveness of the protected areas and the capacities of protected area managers is much more difficult. The PRF includes a few indicators under the second outcome: i) determining whether an accounting system in place, ii) determining whether business plans (and then, later in the project's life, whether operational plans) had been adopted), iii) the number of protected area managers trained in cost effective management, and iv) the existence of an electronic system to track changes in the METT scores for the PAs. However, these are all *tools* that should enable cost effectiveness; they are not measures of cost effectiveness in and of themselves. In addition, there was no measure of the capacities of protected area managers (for example, using a Capacity Scorecard or even an adapted Capacity Scorecard): there is the assumption that the provided training leads to behaviour change among protected area managers.

87. At a broader level, one question should be asked: is the CNF, as a sustainable financing mechanism, making a difference? The PRF included only one indicator that makes an attempt to measure the impact of the project on biodiversity (at the Objective level): "Critical ecosystems of protected areas providing habitats for endemic and endangered species are conserved" with a baseline level that "ecosystems are deteriorating". As discussed in Table 5, this is virtually immeasurable. It should be clearly stated that the CNF is well aware of this shortcoming and the TE had a number of discussions with the CNF staff (as well as other stakeholders) about the impact that the CNF may have on the biodiversity of Armenia. For further discussion on this, see later sections of the report (in particular, see Section 3.3.7 on Impact).

88. In addition to the issue of measuring impact, there are a number of other issues that warrant some discussion.

89. First, in principle, the CNF uses a series of criteria to select the protected areas that it supports[23] (see Annex V). However, there is some repetition

[22] **Comment on draft TE report**: "*The MTR suggested reformulating the indicator, and this issue was discussed at PEB meetings 6 and 7, as well as confirmed in the 2016 PIR*" **TE response**: while the point, already mentioned in the paragraph, has been reiterated in the comment, the TE could find no reference to reformulation of deletion of this work (and the indicator associated with it) in the MTR or the minutes of the PEB minutes. The documentation of these changes – in the PEB minutes – was, therefore, less than satisfactory.

[23] These "criteria" appear in four sections of the CNF's by-laws (Sections 15-18) and in two annexes of the framework agreement that the CNF has with the Government of Armenia and relate to the "Priority" Protected Areas (PPAs) – with a definition of what it takes to be a "priority" (Annex A) and a series of criteria (based on irreplaceability, representativity, urgency, feasibility, and regional importance (Annex F).

within these criteria (e.g., there is a reference to the fact that selected sites must be included in the Caucasus ECP in three – of a total of nine – criteria). However, there are two things here: i) all the protected areas in Armenia are included as "Priority Conservation Areas" within the ECP, and ii) the suspension of funding to any protected areas, as has happened in the past seven years in Armenia, is incompatible with such a strategic approach. As such, the criteria are insufficiently sensitive to ensure meaningful selection of sites and any criteria that exist are undermined by the possibility that funding may be suspended.

Table 5. The Project Results Framework showing the MTR status and the MTR comments and ratings.

It should be noted that the indicators are for CNF *as a whole* and not just for the GEF investment. As such, it impossible (and not necessarily desired) to disaggregate the results that the GEF grant, alone, would have had. The question that remains is whether the designers of the project envisaged that this would be the case when selecting the indicators and EOP targets.

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
Objective: To secure long-term financial sustainability of the Armenian PA system.	Area of sustainably financed PAs	0	>100,000 ha cat. I-II by 2013 >300,000 ha cat. I-IV by 2016	200,000ha (51%; 75% excluding Lake Sevan surface); Target IUCN I-V Hectares of Covered PAs 2016	177,746	177,746	CNF reports and website; MNP data	The indicator is incorrectly defined: it should be the area (ha) of protected areas that are financially supported by CNF; it is certainly arguable whether the protected areas are "sustainably financed". The EOP target was re-formulated following MTR. The (modified) target was almost, but not quite, achieved. The CNF provided a slightly odd explanation of why this might have been the case (see footnote[24]) as the total system > 200,000ha and, therefore, new PAs would not have to be established as suggested in their explanation.
	Improved funding ratio of optimal	29% (excludin g non-	54%	40%	34.4%	39.0%	Project's FSSC	The indicator is derived from the Financial Sustainability Scorecard and is standard for such projects that are

[24] IUCN I-V Hectares of Total System is 389,000 (264, 000 without Lake Sevan surface). In order to achieve the 200,000 ha target we would need to add new PAs. CNF thought it was better to concentrate our projects on existing PAs which receive our support and implement development projects there. Moreover, the position of Ministry was to reduce more the amount of PAs and cover all possible financial gaps in 1 or 2 PAs, implement development projects, make PAs more financially sustainable then turn to other PAs

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
	needs of PAs measured by financial sustainability scorecard.	recurring donor funding)						focusing on the financial sustainability of protected area systems. The (revised) target was almost achieved.
	Critical ecosystems of protected areas providing habitats for endemic and endangered species are conserved.	Ecosystems are deteriorating	Habitats in 4-5 Cat1-II PAs are conserved by 2013	Habitats in 6-7 Cat I-V PAs are conserved by 2016	Development of biodiversity monitoring programs in PAs In 2015 – 2016, a desk study was commissioned to determine possibilities for biodiversity monitoring	Biodiversity monitoring pilot projects in Khosrov forest and Dilijan started (2016)		This is not a useful indicator as it is not clearly defined and, as a result, it is immeasurable. While environmental (and biodiversity) indicators are ultimately necessary for biodiversity projects, i) environmental indicators need to be selected with great care because ii) the CNF is a tool to improve management which, in turn, should lead to environmental benefits – and, as such, it is one (or more) steps removed from the benefits (see discussion in Section 3.3.7). In summary, biodiversity indicators even within a seven-year process (especially one that started relatively slowly but has built up over time) need to be carefully considered to be useful. However, in the longer term, the CNF would expect to have influence and impact on the environment (including biodiversity, ecosystem services and ecological processes) – and thus it is important that the biodiversity monitoring processes are put into place

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
								(recalling that they too are a tool for measuring the impact but not a result in themselves) building on the pilot monitoring that is taking place in Dilijan and Khosrov However, over a seven-year project, a funding mechanism such as the CNF *should* have other *process* impacts which should have been measured and monitored (see Section 4.4 for a discussion on this).

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
Outcome 1: Ensuring sufficiency and predictability of revenue sources for the PA system	Funding gap reduced by $440,000 by the fourth year of project.	49% of basic funding 29% of optimal funding	78% of basic funding 54% of optimal funding	Optimal funding target revised to 40% in 2014 PIR based on updated financial scorecard	67% of basic funding 34.4% of optimal funding	60% of basic funding 39% of optimal funding	Project FSSC	This indicator is structured rather oddly and is badly worded. First (if one is to use the indicator as it stands), a recommended re-wording of the indicator would be the "reduced annual funding gap" with a target of USD 440,000 by 2013. It also does not specify at which level the funding gap should be measured – thus, whether this is at a system level or for the selected PAs (CNF later clarified that they use the system level funding gap). Second, the baseline and EOP targets are unrelated with this indicator but rather talk of the percentage of the basic and optimal funding levels that are covered by CNF. As it is, the proportion of the basic and optimal funding needs are stated for the baseline and EOP target and these are the parameters on which the CNF has reported. In doing so, the second (objective level) indicator is partly repeated here. The target was almost achieved. Further to this, it would be interesting to know (and monitor) the *proportion* of the total budget for PAs that is being financed by CNF.

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
	US$ value of capitalization of sinking fund.	0	$2,425,000		CNF received additional funding from KfW USD 2.78 million (€ 2 million) in November 2014.	The "GEF sinking fund" is now zero. € 12 million in CNF Sinking Fund (plus a further USD 1.105 million received from KfW) in Dec 2016.	CNF financial reports (see CNF website)	In part, this indicator can be taken as a measure of the funding that was leveraged by the GEF grant. Indeed, as was categorically stated by CNF, one of the successes of the GEF grant was to allow the CNF sufficient time to raise funds. It is interesting and perhaps a little odd, however, that the designers of the project chose to measure only the *sinking* fund and not both the sinking fund and the endowment. Nonetheless, by the EOP, the target had been far surpassed.
	Number of PAs financed from CNF	CNF is currently not financing any PAs	Four to five PAs financed by 2013		On track	On track[25]		This indicator is somewhat akin to the very first (that measured the area of protected areas being financed). This is simply the number of PAs being financed. The TE considers that neither indicator is particularly meaningful and would propose that the CNF should, rather, measure i) the proportion of the total number of PAs managed by MNP and ii) the proportion of the total area of the PAs managed by MNP that is being

[25] Verbatim, as reported by CNF-Armenia.

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
								financed by the CNF. In addition, CNF has *stopped* funding to two PAs: the assumption in this indicator is that CNF *continues* to fund PAs and that it is an additive process. However, as it stands, the target was achieved.
	Existence of NRM guidance and on-line training	No NRM guidance exists today.	Context adapted Guidance on NRM developed, on-line training made available		"Not relevant anymore"[26]		N/A	These three indicators are presented precisely as they were submitted to the TE. The odd thing here is that there does not appear to be any record (neither in the PEB minutes nor in the MTR) that these indicators (or the work that underpins them) should be dropped – with the results that they become "not relevant anymore". Due
	Number of successfully implemented NRM projects with lessons learned documented and shared with other PAs for replication	0	2	0				
	Level of additional PA income-	0	Modest	0				

[26] Again, this is a verbatim record of how the CNF presented the PRF to the TE

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
	generation through natural resources management (NRM)							
	Long-term annual funding capacity of CNF available for Armenia based on its endowment, sinking fund and other regular annual commitments.	$100,000	$950,000	$650,000 for the next ten years	Actually disbursed about $ 517,000	$553,000		This indicator measures the capacity of the CNF funding mechanisms to finance protected areas in Armenia[27]. However, there are strategic issues and parameters that determine, at any given moment, how much the CNF can commit to Armenia (or, in fact, Georgia and Armenia – and, indeed, the other countries if/when they come online), including: i) the degree to which the CNF uses for administration and fund-raising, ii) the amount that CNF chooses to re-invest in the endowment fund – and, of course, iii) the amount of money in either the sinking or endowment funds. As a result, this is more a measure of how successful the CNF has been at capitalising its sinking and endowment fund than anything to do with the GEF project (though it must be stated that the GEF grant did give CNF

[27] It should be noted that the "sister" project in Georgia had a similar indicator although the target was higher; as a result the CNF cannot conveniently shift money from Georgia to Armenia in order to fulfill the target!

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
								the space and time to seek funding for the capitalisation of its sinking and endowment funds; in other words, the degree to which the sinking and endowment funds are capitalised is, to some degree, thanks to the GEF grant). In addition, the CNF reported that there were issues of absorptive capacity among the PAs. This is another slight odd comment because the majority of CNF funding is to support salary top-ups and other recurrent costs, as well as aspects of technical assistance (for which see discussion in Section 4.2).
Outcome 2: Raising cost-effectiveness and capacities of PAs	Increase in cost-effectiveness of at least 10 PAs measured by financial score card (part II, component II)	8%	33%	Technical assistance is in place for the preparation and the implementation of Operational Plans (OPs) by all the PAs covered by CNF	In progress	On track		Again, these indicators are presented as they were submitted to the TE. Both "in progress" and "on track" are not quantitative measures of the progress towards achievement of the target. As noted to the left, this indictor was amended following the MTR of the project. The original indicator is derived from the Financial Sustainability Scorecard (specifically Part II, Component 2, which focuses on business planning and tools to improve cost-effective management). The CNF needs to significantly improve the quality of the reporting – and the
	Adoption of site-specific business plans at 10 PAs providing transparency on the	0	10 business plans adopted					

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
	optimum level of management costs/not relevant anymore							UNDP-CO should have insisted on this (in their role of quality assurance for the project).
	Number of site managers trained in cost-effective management/ not relevant anymore	0	At least three in a minimum of 10 targeted PAs	An accounting system for PAs is in place and is adopted by all PAs	On track, HR audit implemented in Zangezur Biosphere complex.	Lake Arpi started to work on database creation.		The indicator was also amended following the MTR. The "Armsoft" is commercial accounting software available for Armenian businesses. While there are significant institutional differences between the Georgian and Armenian PA systems, if the solution was as simple as purchasing and installing this software across the PA systems, the TE wonders why it was not shared with the "sister" project in Georgia?
	Existence of electronic system to track changes in management effectiveness based on the METT score and – where appropriate – on the	No such system exists	Development and implementation of such a system		On track.	On track		Again, there was no quantitative precision in the reporting. However, very strangely, this indicator is about establishing an electronic system for tracking changes in the management effectiveness tracking tool (METT), it does not demand that the METT itself is completed on a regular basis (say, every two – three years) for all PAs that are supported by the CNF despite the fact that this should be the

Project Strategy	Indicators	Baseline	Target	Revised Target	MTR level	TE level	Means of verification	TE comments
	Financial Sustainability Scorecard.							one thing that is directly impacted by the provision of CNF funds.

3.3.2 Relevance

90. The project – and CNF – remains relevant on a number of different levels. *Financial Sustainability of Protected Areas* is a theme that has historically been one of the GEF's strategic objectives under the Biodiversity Focal Area (although the wording of the strategic objective has evolved through each round of GEF). Sustainable financing for protected areas does remain a concern for many nation states as well – and this is reflected in Armenia's continued request for such projects: the current project buildings on a previous protected area project that, at least in part, had some focus on the financial sustainability of protected areas[28].

3.3.3 Effectiveness & Efficiency

91. In contrast to the "sister" project in Georgia, there are concerns in Armenia regarding the efficiency and effectiveness. As discussed above (see Section 3.3.1), for certain aspects, the CNF adopted a *scattergun* approach that appeared to lack strategic direction. There was evidence of mandate drift. Moreover, the CNF *stopped* funding two areas. These are strategies that are not conducive to either efficiency or effectiveness. In addition, the omissions and inconsistencies in the financial data that the CNF provided for the TE do not inspire confidence.

92. In terms of efficiency, the project was designed with fixed project management costs. The project management budget included a fixed amount for CNF (USD 12,000/year) with an additional amount for an annual audit. As a result, the project management budget was USD 99,000 – representing precisely the 10% of the total GEF grant that was permissible for project management under GEF-4.

93. However, in the financial reporting from the CNF to the TE, CNF used a further USD 322,580 in project management costs[29]. In short, the overall management costs are higher than GEF allows and this has meant that the CNF has absorbed from other funds the additional project management costs.

94. There is one other rather disturbing issue that warrants mention in this section. In parallel with the development of the GEF-6 project in Georgia (which will also be managed in a similar way to this project by the CNF), the

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[28] It should be noted that, in the parlance of many stakeholders, the project had two different sisters: i) the previous UNDP-GEF project in Armenia "*Developing the Protected Area System of Armenia*" (PIMS 3986) and ii) the concurrent and also CNF-focused UNDP-GEF project in Georgia, "*Ensuring Sufficiency and Predictability of Revenues for Georgia's Protected Areas System*".

[29] In addition to these project management costs that were absorbed by the CNF, the CNF also incurred further administration and fund-raising costs. The administration costs have been coming down from year to year but remain about 15% (without fundraising included) or 20-25% (including fundraising). Therefore, the costs are relatively high.

CNF in Armenia was "offered" the possibility of similarly developing a GEF-6 proposal for USD 500,000 by the Ministry of Nature Protection (cf. the USD 2 million proposal being developed in Georgia – although this is irrelevant). The CNF National Programme Coordinator dismissed this opportunity "with an eye to quality implementation". This flies in the face of the efforts that the former Executive Director of CNF made to secure the relatively small amounts that were donated by HSBC in Armenia to the CNF. Doubtless, the GEF would be disappointed to hear this as well.

3.3.4 Country Ownership

95. Despite the fact that the project was governed by a PEB chaired by the government, the majority of government stakeholders expressed their feeling of having no or little ownership. This was a reflection of the difficulties that people have in distinguishing the "project" with its associated "GEF Sinking Fund" from the CNF as a whole. As discussed above, CNF itself is governed by a Board of Directors – on which there is no representation of anybody from the Caucasus region – whether governmental or non-governmental. While the CNF argues that this should be acceptable (as the Board's role is more about financial governance than anything else), it does *reduce* ownership and the opportunities for participation of nationals from the Caucasus. To be sure, this was not being presented to the TE as a *complaint* – for few of the stakeholders were *complaining* about the CNF – but then, who would complain about a funding mechanism that is providing cash for the management of one's protected areas? Conversely, it was presented more as grumbles of *powerlessness* or *lack of participation*.

96. The TE recommends that, at the very least, a national level "board" is established (and what it is called is at the discretion of the people involved – whether "Steering Committee" or "National Board" or any other term, as appropriate) with a clear mandate and Terms of Reference that describe its roles and responsibilities.

97. This is even more the case is (and when) the protected area system becomes increasingly dependent on the CNF (for example, if the MNP's budget is cut for any reason). With a national level board, at least some level of ownership is retained.

98. Finally, it should be acknowledged that the GEF grant represents the Government of Armenia's contribution to the CNF. While at the overall *current* scale of CNF's assets, this may not seem a vast amount, but, in the works for the former Executive Director of CNF, the GEF's contribution allowed the CNF time and space to leverage the significant capital it has accrued.

3.3.5 Mainstreaming

99. The duration over which the CNF, as a funding mechanism for the protected areas of Armenia, operates means that, almost by definition, it becomes part of the mainstreamed processes for funding protected areas within the country. This could be further enhanced by providing selected people from Armenia (and elsewhere in the region) the opportunity to participate in the governance of the fund.

100. In terms of replication and catalysis, the CNF has *already* been replicated through the establishment of a trust fund for the Balkans. In the future, it will also continue to provide a good example of a regional trust fund and will be replicable elsewhere in the world.

3.3.6 Sustainability

3.3.6.1 Financial Risks to Sustainability

101. There are a number of aspects that influence the risks to financial sustainability (which is subtly different to the financial risks to sustainability).

102. First, the CNF and the funds that it invests are subject to the whims of all financial investments: there are risks involved. The CNF counters this by stating that "the [CNF was] being advised by experienced financial advisors [and] its executive director is experienced in financial matters" as well as having a clear Investment Policy.

103. While the TE is certain that the people involved are fully aware, it is probably worth reiterating that the responsibilities involved with the CNF are immense: the protected area system of the country is becoming increasingly dependent on the fund. Out of principle, the TE recommends that in recognition of this dependence coupled with the recognition that there is a risk – however small in the eyes of the CNF's "experienced financial advisors" and the experience of people associated with it "in financial matters" – the government of Armenia should include in the framework agreement with the CNF that they, the government of Armenia will assume all responsibility for funding the protected area system of the country in the event that there is failure or partial failure of the CNF. Therefore, in conclusion, if the government is willing to assume responsibility for absorbing all financial risks to which the CNF funds are exposed, the risks to financial sustainability are significantly diminished.

104. The other aspects are linked to dependence risks associated with revenue streams – particularly tourism. Tourism is a sensitive and fickle source of revenue and, as with the previous paragraph, the stakeholders simply need to be aware of its character. Absolute dependence on tourism can be unwise.

3.3.6.2 Socio-economic Risks to Sustainability

105. There are few if any socio-economic risks to sustainability in the context of this particular project or funding mechanism to protected areas.

3.3.6.3 Institutional Framework and Governance Risks to Sustainability

106. The institutional risks to sustainability are as strong as the institutions involved: the CNF, the government structures and the non-state actors. All of these are robust and resilient, and, as such, the institutional risks are minimal. However, this does not mean that there are no institutional issues at all. For example, there has been a high turnover of personnel in government organisations in Armenia and while this *should* not affect structures such as the CNF or its functionality, it would be better for all to be cognisant that this is occurring and may increase institutional risks to sustainability.

3.3.6.4 Environmental Risks to Sustainability

107. There are few if any environmental risks to sustainability and, on the contrary, the CNF should significantly reduce environmental risks to sustainability.

108. However, there are two things to consider. First, partly driven by KfW, there is an emphasis on protected areas raising revenues from tourism. In principle, this can be applauded – until tourism (with the economic imperative it represents) becomes the raison d'être for the protected areas (rather than their biodiversity, ecosystem service or ecological process – or other – values). As the protected area system creeps in this direction, the focus moves away from those protected areas that, for whatever reason, have a low ability to raise revenues from tourism. There are some PAs whose inherent tourism potential is simply less than others even though their biodiversity, ecosystem service or ecological process values are equal or, in some cases, greater than areas with high tourism potential.

109. Second, the CNF (and partners) have focused on tourism as the principal (if not only) mechanism for generating revenues from protected areas. However, this does mean that other streams of revenue have been largely ignored. These include, primarily, the ecosystem services (aside from tourism) that the protected areas provide. There are two immediate (and classic) examples: i) watershed protection – associated with water flow systems and water cleanliness, and ii) carbon sequestration and storage. In a world affected by climate change, there are numerous opportunities for monetising both of these ecosystem services. Admittedly, it may be hard work because all businesses (such as the hydroelectric systems) are resistant to what they see as further barriers or operational costs. However, there are numerous ways of securing compliance and even the enthusiastic embrace of such businesses to their involvement. These should be explored.

3.3.7 Impact

110. A question was posed earlier in the report (see Section 3.3.1): is "the [CNF, through this project] making a difference?" – especially in terms of better managed protected areas and in terms of biodiversity, ecosystem services and ecological processes being in a better state than it was at the beginning. There is a caveat to trying to come to any conclusions about the impacts that the CNF may have: it is a tool that facilities management which, in turn, is the mechanism that affects the functions of any given protected area. In other words, the CNF is one step removed from the actual impacts that the management may – or may not – be having. As such, it would be unwise to pin all failures or successes on the CNF but, rather, one needs to recognise that failures and successes require some examination before conclusions can be drawn.

111. Having stated this, it should be recognised that the thing that the CNF should impact the most – the management effectiveness of the protected areas was not measured by the project. The Monitoring Effectiveness Tracking Tool (METT) could have been used within the project's results framework to determine the impact, if any, that the CNF may have had on the METT in the protected areas in which it engaged. At the very least, a number of the parts of the METT would increase in response to the CNF's engagement in an area (e.g., the budgetary aspects, the equipment aspects and the maintenance of equipment aspects). (Instead, the PRF included the creation of an electronic system for recording METT data – rather than the METT scores themselves.)

112. Despite being (at least) one step removed from the biodiversity, ecosystem services and ecological processes that *should* lie at the heart of the protected areas, the CNF – as well as partners who are involved with addressing other aspects of the protected area system (e.g., capacity development, planning, implementation) – should be thinking of the impact that it is having with respect to the biodiversity, ecosystem services and ecological processes. This requires setting up monitoring processes – and, indeed, the CNF is taking steps to do this.

113. In this, the TE recommends extremely careful thinking and planning – and there are some good lessons here from GEF biodiversity projects over the past 14 years. All GEF projects since the 2002 review of GEF biodiversity projects[30] are required to include biodiversity indicators to measure the success of projects. However, the majority of projects choose inappropriate species as indicators: they tend to choose large, charismatic mammals. This is done in part because they are relatively easy to survey or census; it is also done because there is a cultural bias towards these species among

[30] Dublin, H., C. Volonte & J. Brann (2004) Biodiversity Study Program. GEF Office of Monitoring & Evaluation.

conservation workers (and the general public). And yet, those are the very species that are either less affected by project outcomes, at least in the short-term – i.e., over the project's life, and/or their ecology is such that any significant changes to their population sizes over the course of a project would almost always be a decline that was beyond the control of the project. In other words, the indicator species are often not well selected. Instead, institutions such as the CNF (working with ecologists) need to think very carefully about biodiversity (or other ecological) indicators that i) operate on a scale (both spatially and temporally), ii) are minimally affected by external factors but will respond most directly to activities. These, then, would be species (or other aspects of biodiversity) that would most appropriate to measure project successes (or otherwise) but few projects or programs do this.

114. Further to this, it should be reiterated that the fundamental rationale for protected areas needs to be clearly understood. This certainly should not be the economic factors, which should, in principle, be a means to an end although they can as well play a substantial part in the economic development of a country. The fundamental rationale for protected areas should be the environmental aspects that they are established to protect – and as has been reiterated throughout this report, these should not be restricted to biodiversity alone but any natural features or processes.

4 Conclusions and Recommendations

4.1 Conclusions

115. This report has brought up a number of concerns regarding the implementation of this project through the CNF. These concerns have been raised in the spirit that the CNF has been operating for a relatively short period of time; the criticism, where the TE believes that it has been warranted, has been as constructive as possible.

116. When meeting stakeholders over the course of the mission, there were some quite critical statements made about the CNF: they were not made "at the project" because the perception was, overwhelmingly, that there was "no project" – reflecting the degree to which the CNF was indistinguishable from "the project".

117. Aside from this overriding conclusion, it was apparent to the TE that there was room for significant improvement. This is particularly important because already there is some degree of dependency of the protected area system (as would be normally expected with a sustainable financing mechanism such as the CNF) – but this is likely to deepen in the coming years. When it does so, the CNF will have to strive to deliver on the outcomes that were defined for "project" – especially to ensure *predictability* and

sufficiency of funds. It will not be able to do so until a true sense of partnership is reached among the key stakeholders. It simply is unacceptable to fail on *predictability* without first having arbitration mechanisms in place to deal with the grievances that occurred in the past seven year. It is equally unacceptable for the CNF is drift off its core business; there are other partners – including the KfW – to fulfil the other roles and relationships with the protected areas across the country.

118. Despite these negativities – and the fact that the project/CNF did not achieve the objective (however badly worded it was – see discussion in Section 3.3.1), there is an overriding conclusion is that the CNF has the potential to be an outstanding mechanism for providing sustainable financing for the protected areas of Armenia. In addition, the CNF represents a good example of a successful protected area trust fund – in a world in which there are not so many trust funds that are working very well.

119. The TE is also aware that there might be a perception that the evaluation has shifted from being that of the GEF project to one of the CNF as a whole. As stated above, this is inevitable because the GEF is indistinguishable from the CNF in the eyes of the majority of the stakeholders – or rather there is just one entity and that is the CNF and the GEF "project" remains unknown. However, the CNF is a much bigger entity than the aspects that have been discussed in this evaluation and in no way does this report claim to assess all the aspects of the CNF.

120. Overall, for the CNF, there is one thing that has not yet been stressed in the report but must be stated, as a conclusion of the report. Despite its relative modesty, the GEF grant was timely and valuable in that it allowed the CNF time to build its foundations. The CNF spent a considerable portion of its funds in 2010 and 2011 on fundraising and the GEF grant facilitated this by providing funds – through a sinking fund process – to the protected areas.

121. [It is notable that the CNF's fundraising was relatively successful in that the fund currently is capitalised to the tune of approximately € 34 million – with € 22 million in the endowment fund and a further € 12 million in a sinking fund. Thus, the fund is well underway to achieve its target of € 44 million – although this target is likely to be reviewed and members of the CNF are now talking of a target in excess of € 100 million. This obviously depends on the strategy that the fund adopts – and it should be acknowledged that there are numerous directions that the fund may take.]

122. Finally, the TE has a number of recommendations – as detailed in the sections that follow hereafter. These are written in the hope that the CNF may take some of them on board and adjust to improve their performance.

4.2 Corrective actions for the design, implementation, monitoring and evaluation of the project, and actions to follow up or reinforce initial benefits from the project

123. *Clarity, consistency and trust*. At various stages of the report, issues of inconsistency have been raised. The TE believes that this could be best managed through a mechanism that allows for grievances to be dealt with through arbitration and mediation. The protected areas should be able to rely on predictable, long-term funding from the CNF[31].

124. In addition, a national level board (discussed further below) may also help with trust building and the elimination of any potential conflicts of interest.

125. At the basis of this lies the desire to remove the *unprofessional* aspects that seem to have plagued CNF's operations in Armenia – allowing processes to become embroiled in personalities and conflicts of personalities. Building trust and professionalism will certainly assist the CNF fulfil its objectives in the country; this may be facilitated through the establishment of a national level "steering committee" or "advisory board" (see below).

126. Finally, there is the question of the interest that was accrued through the investment of the original GEF grant to the CNF for the "GEF Sinking Fund." This has not been accounted for – and this is one among a number of questions that arose regarding the financial report submitted to the TE (see Section 3.2.4). These should be addressed urgently.

127. *Adhere to GEF reporting and accounting processes*. If one is to accept funding from the GEF, there is a need to adhere to UNDP and GEF reporting and accounting processes. This is simply the cost of receiving a grant from GEF and even though the project(s) are not "standard" GEF projects, they still need to adhere to the required formats. It is the responsibility of the UNDP-CO to ensure that this is the case.

128. *Continue to build synergies with other partners*. While this is already occurring – primarily through the relationships with WWF and KfW programmes – these synergies should be enhanced so as to reduce the temptation to drift into other spheres. In other words, this should enable CNF to focus on delivering its core business effectively and efficiently.

129. *Technical assistance vs. provision of funding alone?* The MTR of this project suggested that a greater emphasis should be placed on technical assistance. However, the TE is less certain of the value of this – as part of a continuation of the argument being presented in the previous paragraph. There is no

[31] There are a number of ways of achieving this objective and it is for the stakeholders to discuss and agree on the mechanism that will work. For example, individual protected area could enter into long-term (say, 25 year) agreements with the CNF, subject to periodic review.

doubt that there is a need for technical assistance and that provision of funding for protected areas is only one part of the picture. The question is whether the CNF is the best mechanism to deliver such technical assistance when there are other mechanisms for delivering technical assistance that may well be much better than the CNF.

130. *Beware the influence*. Donors – including external funding mechanisms such as the CNF – can be enormously influential on government policies. These can be both conscious and unconscious and this has the potential to lead to inadvertent impacts.

131. *Establish a national level "board"*. There is a need for some national level management body or board for the CNF to enhance a feeling of ownership. Such a body requires a well-defined mandate with clear roles and responsibilities – relative to those of other bodies such as CNF's own board. In addition, the selection of people/organisations that are represented on such a national level board should also be carefully selected to ensure that i) there are no conflicts of interest and ii) that each member will contribute significantly to the functionality of the board.

132. Further to this, the transparency issues that exist at present – with CNF's technical and financial audits not being shared with stakeholders in the country – would be reduced as it would be appropriate to share the audits with such a group.

133. *Measuring impact*. This subject has been discussed at length in Section 3.3.7 of the report but, in short, there is a need for all partners in the PA system of Armenia (perhaps with regional partners) to come up with a meaningful biodiversity (or other ecological) indicators that i) operate on a scale (both spatially and temporally), ii) are minimally affected by external factors and, therefore, are appropriate to measure the successes (or otherwise) of the protected area system of the country.

134. In addition to the environmental indicators, the partners could also agree on system-wide monitoring processes – such as the systematic use of the METT (adapted for Armenia if necessary) to measure the effectiveness of the management of the protected areas.

135. *Replication*. The CNF has already been replicated in the Balkans but it represents an excellent learning opportunity for successful establishment of a mechanism to contribute to the financial sustainability of a regional protected area system – although it should be noted that there would be lessons for trust funds that operate at a national level as well.

136. *Redress the imbalanced system of salary top-ups*. There are imbalances with the system of provision of salary top-ups that should be addressed. At the very least, the system should be equitable.

137. *Criteria for selecting participant PAs*. As stated in the report, the criteria for selecting participating PAs were relatively opaque with numerous different interpretations. The criteria should be reviewed.

138. *Synergies between the government management planning and CNF operational plans*. These two planning systems need to be fully integrated and synergised.

4.3 Proposals for future directions underlining main objectives

139. As is not uncommon in many protected area projects, people think in terms of *inputs* rather than thinking and planning about the results that need to be achieved (or, in the parlance of development, *results-based management*).

140. Further to this, in the future, there are a few parameters that CNF should be monitoring, including those that were already being monitored in this project and on top of the environmental indicators that have already been discussed above. These include:

- The rate of staff turnover (as the salary top-ups should reduce the rate of staff turnover)
- The annual spending per unit area. This surely is a key indicator not only for the CNF. This should be calculated across the system as a whole (determining the overall catalytic effect of CNF) but also per unit area within each of the selected protected areas.
- Not only the number of people being trained but the impact that the training has had and how it is being used or put into practice.
- The socio-economic impacts that the CNF may have through employment of people. For example, it was cited to the TE that over 200 people from local communities were employed through CNF processes.

141. Finally, the TE would like to reiterate the fact that the project has focused on three mechanisms for funding the protected areas in Armenia: i) the funds provided by the government of Armenia, ii) the revenues that tourism can provide and iii) the funding that CNF has provided. There are other important sources of revenue and other mechanisms for achieving financial sustainability for protected areas. The sources of revenue are associated with payment for ecosystem services – and the TE urges that these are explored. This is stated in recognition that it would take some courage to do so – but if this is done in alliance with the many stakeholders are partners that are involved, there could be traction with some of the organisations (e.g., the Ministry of Energy) that, to date, have proved resistant.

142. The mechanisms for achieving financial sustainability include co-management, delegated management or contracted management – or, in

other words, alternative governance systems for protected areas other than the current state-centric model would be something worthy of exploration and experimentation. (It is notable that a community-based protected area is being trialled in Armenia – although this is probably for conservation reasons rather than those of sustainable financing.)

Catalysing Financial Sustainability of Armenia's Protected Areas System

PIMS 4258

Terminal Evaluation

Volume II (Annexes)

Republic of Armenia

GEF BD SO-1, SP-3 (GEF-4), Outcome 1.1 (GEF-5)

Republic of Armenia

Ministry of Nature Protection

Caucasus Nature Fund (CNF)

United National Development Program (UNDP)

Table of Contents

Annex 1 Terms of Reference

INTRODUCTION

UNDP/GEF seek to hire International Project Evaluation Expert to carry out Terminal Evaluation (TE) of the following projects:

1. **"Ensuring Sufficiency and Predictability of Revenues for the Georgia's Protected Areas System" –UNDP Georgia (PIMS #4285)**

2. **"Catalyzing Financial Sustainability of Armenia's Protected Areas System" – UNDP Armenia (PIMS # 4258)**

In accordance with UNDP and GEF M&E policies and procedures, all full and medium-sized UNDP support GEF financed projects are required to undergo a terminal evaluation upon completion of implementation. These terms of reference (TOR) sets out the expectations for a Terminal Evaluation (TE).

As a result of the evaluation UNDP COs (Armenia and Georgia) will obtain separate reports for the two projects.

The essentials of the projects to be evaluated are as follows:

PROJECTS SUMMARY TABLE

PROJECT: ENSURING SUFFICIENCY AND PREDICTABILITY OF REVENUES FOR THE GEORGIA'S PROTECTED AREAS SYSTEM

Project Title:	Ensuring Sufficiency and Predictability of Revenues for the Georgiaís Protect		
GEF Project ID:	4285		*at endorsement (Million US$)*
UNDP Project ID:	0005944 0	GEF financing:	1,000,000
Country:	Georgia	IA/EA own:	
Region:	RBEC	Government:	2,435,000
Focal Area:	Biodiversity	Other:	1,930,000 (CNF/CPAF[1]) TJS, KfW 144,000 Bank of Georgia 225,000
FA Objectives, (OP/SP):	BD-1	Total co-financing:	4,440,00
Executing Agency:	CNF	Total Project Cost:	5,440,000

[1] CNF is used after the establishment of the Caucasus fund and has replaced the CPAF (Caucasus protected areas fund) which is the reference used for this establishment during project development and within the project documents. For purposes of clarity, references to this organization in the evaluation should use the current title -- CNF (Caucasus Nature Fund).

Other Partners involved:		ProDoc Signature (date project began):		July 2010
		(Operational) Closing Date:	Proposed: 2016	Actual: 2016

PROJECT CATALYZING FINANCIAL SUSTAINABILITY OF ARMENIA'S PROTECTED AREAS SYSTEM SUMMARY **TABLE**

Project Title:	Catalyzing Financial Sustainabilit		
GEF Project ID:	4258		*at endorsement (Million US$)*
UNDP Project ID:	00057497	GEF financing:	990,000
Country:	Armenia	IA/EA own:	
Region:	RBEC	Government:	2,425,000
Focal Area:	Biodiversity	Other:	2,161,000 (CPAF) 174,000 (TJS/KfW)
FA Objectives, (OP/SP):	BD-1	Total co-financing:	4,760,000
Executing Agency:	NGO	Total Project Cost:	5,750,000
Other Partners involved:	CNF	ProDoc Signature (date project began): October 2010	

OBJECTIVE AND SCOPE

The projects have two components and objectives: to ensure sufficiency and predictability of revenue sources for the PA system and to raise cost-effectiveness and capacities of PAs through the operation of the regional conservation trust fund (CNF)[2], including the newly constituted, country - dedicated, 7-year sinking fund.

The duration of the project is seven years. Total budget of the project for Georgia is US$ 5,440,000 (including 1,000,000 from the GEF) and for Armenia 5,750,000 (including 990,000 from the GEF). The remaining amount is financial and in-kind parallel co-funding, including: respective governments, CNF, KfW/TJS, and other partners.

UNDP is a GEF implementing agency for the project. Sinking Fund operations and management as well as capacity development and provision of high-quality technical advice on sustainable financing of PAs, is delegated to CNF the project management and fund operations responsibilities and reflected in Sinking Fund and Project Management Agreement. CNF was selected for fund operations and the project management is that it is the only organization in the Caucasus with the mandate granted by the governments of three South Caucasus countries to operate Trust Funds, including both endowment and sinking funds in support of Protected Areas in these countries. CNF's organizational structure and operations allow for effective and efficient management of the Trust Fund, whose general rules and policies is defined in the framework agreement between the respective governments the CNF.

[2] CNF is used after the establishment of the Caucasus fund and has replaced the CPAF (Caucasus protected areas fund) which is the reference used for this establishment during project development and within the project documents. For purposes of clarity, references to this organization in the evaluation should use the current title -- CNF (Caucasus Nature Fund).

A Project Executive Board (PEB) directs the project and is the ultimate decision-maker for it, ensuring that the project remains on course to deliver the desired outcomes of the required quality.

The implementation of the project started as planned and all components of the project are on the way to reaching the project objectives. Projects undergone Mid Term Evaluation (MTEs) in 2014, where the progress was reviewed, the project approach analyzed, lessons learned captured, replication strategy developed and implemented.

Now at the final stage of the projects the Terminal Evaluation (TE) will be conducted according to the guidance, rules and procedures established by UNDP and GEF as reflected in the UNDP Evaluation Guidance for GEF Financed Projects.

The objectives of the evaluation are to assess the achievement of project results, and to draw lessons that can both improve the sustainability of benefits from this project, and aid in the overall enhancement of UNDP programming.

EVALUATION APPROACH AND METHOD

An overall approach and method[3] for conducting project terminal evaluations of UNDP supported GEF financed projects has developed over time. The evaluator is expected to frame the evaluation effort using the criteria of **relevance, effectiveness, efficiency, sustainability, and impact,** as defined and explained in the UNDP Guidance for Conducting Terminal Evaluations of UNDP-supported, GEF-financed Projects. A set of questions covering each of these criteria have been drafted and are included with this TOR (*Annex C*) The evaluator is expected to amend, complete and submit this matrix as part of an evaluation inception report, and shall include it as an annex to the final reports. As a result of the assignment there will be two separate report sets prepared for each of the projects.

The evaluation must provide evidence-based information that is credible, reliable and useful. The evaluator is expected to follow a participatory and consultative approach ensuring close engagement with government counterparts, in particular the GEF operational focal point, UNDP Country Office, project team, UNDP GEF Technical Adviser based in the region and key stakeholders. The evaluator is expected to conduct field missions to Georgia and Armenia, including the most appropriate projects sites to be selected by the evaluator in consultation with the UNDP COs and project teams and in accordance with logistical availability, available timeframe and what seems best suited for the purposes of the evaluation. Interviews will be held with representatives from the following organizations in both countries at a minimum:

- UNDP COs (Energy and Environment Portfolio managers and Management);

- Ministries of Nature Protection (Armenia) and Environment (Georgia). GEF Operational Focal Points, CBD focal points, Agency of Protected Areas in Georgia;

[3] For additional information on methods, see the Handbook on Planning, Monitoring and Evaluating for Development Results, Chapter 7, pg. 163

- CNF;

- from WWF and other key NGOs;

- from World Bank offices, USAID, KFW and other key international partners.

The evaluator will review all relevant sources of information, such as the project document, project reports – including Annual APR/PIR, project budget revisions, midterm review, progress reports, GEF focal area tracking tools, project files, national strategic and legal documents, and any other materials that the evaluator considers useful for this evidence-based assessment. A list of documents that the project team will provide to the evaluator for review is included in Annex B of this Terms of Reference.

EVALUATION CRITERIA & RATINGS

An assessment of project performance will be carried out, based against expectations set out in the Project Logical Framework/Results Framework (see Annex A), which provides performance and impact indicators for project implementation along with their corresponding means of verification. The evaluation will at a minimum cover the criteria of: **relevance, effectiveness, efficiency, sustainability and impact.** Ratings must be provided on the following performance criteria. The completed table must be included in the evaluation executive summary. The obligatory rating scales are included in Annex D.

Evaluation Ratings:			
1. Monitoring and Evaluation	*rating*	**2. IA& EA Execution**	*rating*
M&E design at entry		Quality of UNDP Implementation	
M&E Plan Implementation		Quality of Execution - Executing Agency	
Overall quality of M&E		Overall quality of Implementation / Execution	
3. Assessment of Outcomes	rating	**4. Sustainability**	rating
Relevance		Financial resources:	
Effectiveness		Socio-political:	
Efficiency		Institutional framework and governance:	
Overall Project Outcome Rating		Environmental :	
		Overall likelihood of sustainability:	

PROJECT FINANCE / COFINANCE

The Evaluation will assess the key financial aspects of the project, including the extent of co-financing planned and realized. Project cost and funding data will be required, including annual expenditures. Variances between planned and actual expenditures will need to be assessed and explained. Results from recent financial audits, as available, should be taken into consideration. The evaluator(s) will receive assistance from the Country Office (CO) and Project Team to obtain financial data in order to complete the co-financing table below, which will be included in the terminal evaluation reports.

Co-financing (type/source)	UNDP own financing (mill. US$)		Government (mill. US$)		Partner Agency (mill. US$)		Total (mill. US$)	
	Planned	Actual	Planned	Actual	Planned	Actual	Actual	Actual

Grants								
Loans/Concessions								
• In-kind support								
• Other								
Totals								

MAINSTREAMING

UNDP supported GEF financed projects are key components in UNDP country programming, as well as regional and global programmes. The evaluation will assess the extent to which the project was successfully mainstreamed with other UNDP priorities, including poverty alleviation, improved governance, the prevention and recovery from natural disasters, and gender.

IMPACT

The evaluators will assess the extent to which the project is achieving impacts or progressing towards the achievement of impacts. Key findings that should be brought out in the evaluations include whether the project has demonstrated: a) verifiable improvements in ecological status, b) verifiable reductions in stress on ecological systems, and/or c) demonstrated progress towards these impact achievements.[4]

CONCLUSIONS, RECOMMENDATIONS & LESSONS

The evaluation reports must include a chapter providing a set of **conclusions**, **recommendations** and **lessons**.

In this chapter it is desirable to include recommendations for a strategy for future replication of the project approach for other types of the biodiversity conservation projects for other regions of the country.

IMPLEMENTATION ARRANGEMENTS

The principal responsibility for managing this evaluation resides with the UNDP CO in Georgia. The UNDP CO will contract the evaluators and ensure the timely provision of per diems and travel arrangements within the country for the evaluation team. The E&E Team in Georgia CO and Armenia CO and/or CNF will be responsible for liaising with the Evaluators team to set up stakeholder interviews, arrange field visits, coordinate with the Government etc.

EVALUATION DELIVERABLES

The evaluation team is expected to deliver the following:

Deliverable	Content	Timing	Responsibilities

[4] A useful tool for gauging progress to impact is the Review of Outcomes to Impacts (ROtI) method developed by the GEF Evaluation Office: ROTI Handbook 2009

Inception Reports	Evaluator provides clarifications on timing and method	No later than 2 weeks before the evaluation mission.	Evaluator submits to UNDP CO
Presentation	Initial Findings	End of evaluation mission in Georgia End of evaluation mission in Armenia The evaluator may elect to organize one common briefing of initial findings at the end of both missions for the discussion of issues common to both countries	To project management, UNDP CO
Draft Final Reports	Full reports, (per annexed template) with annexes	Within 3 weeks of the evaluation mission	Sent to CO, reviewed by RTA, PCU, GEF OFPs
Final Reports*	Revised reports	Within 1 week of receiving UNDP comments on draft	Sent to CO for uploading to UNDP ERC.

*When submitting the final evaluation reports, the evaluator is required also to provide an 'audit trail', detailing how all received comments have (and have not) been addressed in the final evaluation reports.

TERMINAL EVALUATION (TE) TEAM DUTIES AND RESPONSIBIITIES

- Desk review of documents, development of draft methodology, detailed work plan and TE outline;
- Debriefing with UNDP CO, agreement on the methodology, scope and outline of the TE reports;
- Interviews with Project Executive, relevant Government, Project Manager, NGO and donor representatives and UNDP/GEF Regional Technical Advisor;
- Field visit to two project sites and interviews with PA administration key staff;
- Debriefing with UNDP, Project Executive and Project Manager;
- Development and submission of the first TE reports drafts. The draft will be shared with the UNDP CO, UNDP/GEF (UNDP/GEF IRH Istanbul) and key project stakeholders for review and commenting;
- Finalization and submission of the final TE reports through incorporating suggestions received on the draft reports.

Annex 2 MTR Itinerary & list of persons interviewed

Monday, 31 October, 2016
14:00-15:00 WWF-Caucasus, Mr. Nugzar Zazanashvili-Conservation Director
15:30 -19:30 Mr. George (Geof) Giacomini – Executive Director, Caucasus Nature Fund (CNF) (Skype)
Friday, November 04, 2016
14:00-15:00 Meeting with GFA Consulting Group GmbH (KfW Project: Support Program for Protected Areas) Mr. Ramaz Gokhelashvili – Team leader
Sunday, 06 November 2016
International consultant travel to Yerevan
Monday, 07 November 2016
10:00-12:00 Meeting with UNDP Armenia Sustainable Growth & Resilience portfolio team - Mr. Armen Martirosyan, SGR portfolio manager, Ms. Tatevik Koloyan, Environmental programme associate, Mr. Armen Gevorgyan, Local consultant to support the Terminal Evaluation Later joined by Mr. Karen Manvelyan, Director of WWF Armenia **14:00-15:30** Meeting with Mr. Khachik Hakobyan, Deputy Minister of Nature Protection, GEF Operational Focal Point/CBD focal point, Mr. Gagik Manucharyan, Head of Division of Environment Protection Policy, Mr. Ashot Harutyunyan, Head of Department of Environmental Strategic Programs and Monitoring **16:00-17:00** Meeting with Mr. Ashot Hovhannisyan, Head of Bioresources Management Agency (BMA)
Tuesday, 08 November 2016
11:00-12:30 Meeting with Mr. Karen Kirakosyan, Director of Zangezur Biosphere Complex SNCO 15:00-17:00

Meeting with Caucasus Nature Fund, National Programme Coordinator
Wednesday, 09 November 2016
10:00-18:00 Site visit to Dilijan National Park – meeting with Mr. Sahak Muradyan, Park Director & Mr. Robert Beglaryan, Head of Research & Monitoring Department
Thursday, 10 November 2016
10:00-11:00 Meeting with Mr. Hovik Tamazyan, Deputy Director of Khosrov State Reserve 12:00 – 18:00 Working time. 18.00 – 20.00 Skype call with Mr David Morrison, Former Executive Director and ongoing Doard Member of CNF
Friday, 11 November 2016
11:00-12:00 Debriefing with Ms. Claire Medina, UNDP Armenia Deputy Resident, and Tatevik Koloyan, UNDP Environmental programme associate International Consultant travel to Tbilisi, Georgia
Saturday, November 04, 2016
09:00-11:00 Meeting in Tbilisi with GFA Consulting Group GmbH (KfW Project: Support Program for Protected Areas) Mr. Ramaz Gokhelashvili – Team leader

Annex 3 Rating Scales

Ratings for Progress Towards Results: (one rating for each outcome and for the objective)		
6	Highly Satisfactory (HS)	The objective/outcome is expected to achieve or exceed all its end-of-project targets, without major shortcomings. The progress towards the objective/outcome can be presented as "good practice".
5	Satisfactory (S)	The objective/outcome is expected to achieve most of its end-of-project targets, with only minor shortcomings.
4	Moderately Satisfactory (MS)	The objective/outcome is expected to achieve most of its end-of-project targets but with significant shortcomings.
3	Moderately Unsatisfactory (HU)	The objective/outcome is expected to achieve its end-of-project targets with major shortcomings.
2	Unsatisfactory (U)	The objective/outcome is expected not to achieve most of its end-of-project targets.
1	Highly Unsatisfactory (HU)	The objective/outcome has failed to achieve its midterm targets, and is not expected to achieve any of its end-of-project targets.
Ratings for Project Implementation & Adaptive Management: (one overall rating)		
6	Highly Satisfactory (HS)	Implementation of all seven components – management arrangements, work planning, finance and co-finance, project-level monitoring and evaluation systems, stakeholder engagement, reporting, and communications – is leading to efficient and effective project implementation and adaptive management. The project can be presented as "good practice".
5	Satisfactory (S)	Implementation of most of the seven components is leading to efficient and effective project implementation and adaptive management except for only few that are subject to remedial action.
4	Moderately Satisfactory (MS)	Implementation of some of the seven components is leading to efficient and effective project implementation and adaptive management, with some components requiring remedial action.
3	Moderately Unsatisfactory (MU)	Implementation of some of the seven components is not leading to efficient and effective project implementation and adaptive, with most components requiring remedial action.
2	Unsatisfactory (U)	Implementation of most of the seven components is not leading to efficient and effective project implementation and adaptive management.
1	Highly Unsatisfactory (HU)	Implementation of none of the seven components is leading to efficient and effective project implementation and adaptive management.
Ratings for Sustainability: (one overall rating)		
4	Likely (L)	Negligible risks to sustainability, with key outcomes on track to be achieved by the project's closure and expected to continue into the foreseeable future
3	Moderately Likely (ML)	Moderate risks, but expectations that at least some outcomes will be sustained due to the progress towards results on outcomes at the Midterm Review
2	Moderately Unlikely (MU)	Significant risk that key outcomes will not carry on after project closure, although some outputs and activities should carry on
1	Unlikely (U)	Severe risks that project outcomes as well as key outputs will not be sustained

Annex 4 List of members of the Project Executive Board

This is an exhaustive list of the people that attended one or more of the PEB meetings (taken from the minutes of the seven PEB meetings held between June 2011 and April 2015).

Name	Institutional Affiliation
Dr. Simon Papyan	Deputy Minister of Nature Protection
Mr. Aram Aghasyan	Ministry of Nature Protection
Mr. Aram Harutyunyan	Minister of Nature Protection
Mr. Arman Vermishyan	Caucasus Nature Fund - National Coordinator –Armenia
Mr. Armen Gevorgyan	National Coordinator of the Transboundary Joint Secretariat for the Southern Caucasus
Mr. Armen Martirosyan	Environmental Governance Portfolio Coordinator - UNDP
Mr. Ashot Harutyunan	Ministry of Nature Protection
Mr. Ashot Harutyunyan	Head of Environmental Strategic Programs and Monitoring Department
Mr. Daniel Sepic	Programs Director - Caucasus Nature Fund
Mr. David Morrison	Executive Director - Caucasus Nature Fund
Mr. Grisha Hovhannisyan	Director of EPIU - Ministry of Nature Protection
Mr. Jaap Vermaat	Transboundary Joint Secretariat for the Southern Caucasus
Mr. Karen Manvelyan	Director of WWF-Armenia
Mr. Khachik Hakobyan	Deputy Minister - Ministry of Nature Protection
Mr. Servi Nabuurs	Team Leader of the Transboundary Joint Secretariat for the Southern Caucasus
Mr. Viktor Martirosyan	Director of EPIU - Ministry of Nature Protection
Mrs. Hasmik Grigoryan	Head of Foreign Relations Department - Ministry of Nature Protection
Mrs. Nune Hovhannisyan	Head of Division of International Programs Management and Monitoring - Ministry of Nature Protection

Annex 5 Framework Agreement between MNP and CNF

(see following pages)

Framework Agreement

between the

Caucasus Protected Areas Fund and

the Ministry of Nature Protection

of the Republic of Armenia

This Framework Agreement (the "Agreement") is between the Republic of Armenia, represented by the Ministry of Nature Protection (the "Ministry) and the Caucasus Protected Areas Fund ("CPAF"), a foundation (*Stiftung*) established under the laws of Hessen, Germany.

WHEREAS, the primary purpose of the CPAF is to make grants to support Covered Costs of Priority Protected Areas (PPAs), each as defined in Annex A hereto, in Armenia, Azerbaijan and Georgia, which are the core countries ("Core Countries") of the Caucasus ecoregion;

WHEREAS, the CPAF may also make grants to fund certain costs to develop management plans for PPAs; and

WHEREAS, the parties wish to enter into this Agreement to establish the basis on which the CPAF can fulfill its purpose in Armenia.

NOW, THEREFORE, it is hereby agreed as follows.

§ 1. Certain Defined Terms.

Certain of the capitalized terms used in this Agreement and not defined in the body hereof have the meanings set forth in Annex A.

§ 2. Grants to Support Covered Costs of PPAs.

Grants to fund Covered Costs of a PPA shall be made pursuant to Grant Agreements approved and signed by the Minister or authorized person from the Ministry and the Executive Director of the CPAF (the "Executive Director") or persons acting with appropriate authority on their behalf. Grant Agreements may be signed only following approval by the Board of Directors of the CPAF (the "Board") of a grant proposal submitted by the Ministry and the PPA's administration in accordance with Section 2.2 below.

This Agreement shall not obligate the CPAF to make, nor the Ministry to apply for, any grant. Obligations of the CPAF to make grants and of the Ministry in relation to grants shall arise only pursuant to grant agreements ("Grant Agreements").

2.1. Grant Duration; Co-Funding Requirements. Grants to fund Covered Costs may finance a portion of a PPA's Covered Costs for a period of up to a maximum of three years or such longer period as may be decided by the Board and notified to the Ministry.

Grants to fund Covered Costs are subject to the following co-funding requirements being satisfied. The Ministry must (either directly or through non-CPAF sources):

(i) fund an amount of Covered Costs at least equal to the amount proposed to be funded by the CPAF,

(ii) for PPAs that have operated as protected areas for at least one full year prior to the year for which a CPAF grant is being requested ("Existing Protected Areas"), maintain (on an inflation adjusted basis) the total annual funding from the Ministry of the PPA's Covered Costs that constitute operating costs at or above the highest of the funding levels of the current year and the two previous years, and

(iii) fund in their entirety the costs specified in the budget for the PPA other than Covered Costs.

The Board may waive these co-funding requirements in the circumstances contemplated by Section 17(c) of the CPAF's by-laws.

2.2. Grant Proposals.

(i) Basic Proposal Requirements. The proposal for any grants ("Grant Proposal") covering a portion of the Covered Costs of a PPA must include:

(a) An operational or work plan (the "Operational Plan") in reasonable detail for the first year in which the grant is to be made (the "Base Year");

(b) A budget for the Base Year and the two following years (the "Budget") showing budgeted revenues and expenditures of the PPA (and proposing levels of funding of the Ministry (and/or other funding sources) and the CPAF consistent with the principles of Section 2.1 above); and

(c) A Management Plan;

in each case satisfactory to the Board. The Board may waive the requirement for a Management Plan, but only for the initial grant to a PPA. Any grant agreed without a satisfactory Management Plan will contain the agreement of the PPA's administration and the Ministry to prepare a Management Plan for submission with a renewal grant.

(ii) Operational Plan, Budget and Management Plan Standards. In determining whether the Operational Plan, Budget and Management Plan are satisfactory for purposes of supporting a grant pursuant to this Agreement, the Board will use benchmarking standards that it will issue from time to time. The initial standards that the Board will use for evaluating Operational Plans, Budgets and Management Plans are set forth in Annexes B, C and D hereto, respectively, and are subject to change by the CPAF at any time. The CPAF will promptly make available any revised forms to the Ministry (including by publication on its website or other appropriate notification to the Ministry).

(iii) Form and Timing. In order to be considered by the CPAF for possible funding, a Grant Proposal to fund Covered Costs of a PPA must be submitted by the Ministry and the administration of the PPA concerned in substantially the form for that purpose issued by the CPAF from time to time. The Grant Proposal should be submitted no less than three months prior to the date by which the Ministry seeks to have the grant approved by the Board.

The CPAF reserves the right to review and approve the levels of funding in a Budget and all other elements of the Budget, Operational Plan, Management Plan and Grant Proposal. In assessing whether a Grant Proposal meets the requirement of this Section 2.2, the CPAF will consider substance over form, so that if the required information is included in any of the submitted documents it will be viewed as properly submitted for the purposes of this Agreement.

2.3. Grant Agreements. Grant Agreements to fund PPA Covered Costs shall include, *inter alia*, provisions covering reports to the CPAF, disbursement timing, disbursement conditions, payment mechanics, access, cooperation and other matters as shall be agreed. In connection with the initial grant, the CPAF and the Ministry shall seek to agree on a form of Grant Agreement that can serve as a model for subsequent agreements. The CPAF and the Ministry expect the provisions of the initial Grant Agreement to be based on the provisions outlined in Annex E.

§ 3. Grants to Support Management Plan Development Costs

3.1. Management Plan Development Costs. It is anticipated that many PPAs will not have the means or capacity to prepare Management Plans that fulfill the CPAF's standards as initially reflected in Annex D, and that consultants may need to be engaged to assist with the plan preparation. The fees and expenses of external consultants hired by the Ministry or the PPA to assist in the preparation of a Management Plan or any portion thereof (including translation costs of the plans into English) are herein referred to as "Plan Development Costs".

The CPAF can fund up to 50% of Plan Development Costs for a Management Plan intended to be submitted in support of a Grant Proposal to finance Covered Costs of a PPA. The Ministry must fund, or cause a third party to fund, the balance of the costs.

CPAF grants to fund Plan Development Costs shall be made pursuant to an MP Development Costs Grant Agreement (as defined in Section 3.3 below) approved and signed by the Executive Director and the Minister following approval by the Board of the related proposal described in Section 3.2.

3.2. MP Development Cost Grant Proposals. In order to be considered by the CPAF for possible funding, a proposal for a grant to fund Plan Development Costs (an "MP Development Costs Grant Proposal") must meet the following requirements:

(i) It must be submitted by the Ministry and the PPA concerned in substantially the form of the MP Development Costs Grant Proposal form issued by the CPAF from time to time;

(ii) The consultant shall be chosen from a list of consultants approved in advance by the Ministry and the CPAF, and a terms of reference in an agreed form shall have been provided to the consultant; and (iii)The terms of reference shall have been sent to at least three possible service providers from the agreed list, and the respective offers shall be included along with the MP Development Cost Grant Proposal.

3.3. MP Development Cost Grant Agreements. The grant agreements for Management Plan development costs ("MP Development Cost Grant Agreements") will be in form and substance satisfactory to the CPAF and will specify, *inter alia*,

(i) The overall agreed budget and the percentage of the Plan Development Costs to be borne by the Ministry (and/or by other non-CPAF sources) and the CPAF (with non-CPAF sources providing at least 50%); and

(ii) The service provider to be engaged.

§ 4. Allocation of Limited Resources

By a date not later than October 31 of each year beginning in 2009, the CPAF will notify each Core Country of its good faith estimate of the total amount expected to be available for grants in the calendar year beginning fourteen months later (2010 in the case of the notification to be provide on or before October 31, 2009), so that grant proposals can be timely prepared for submission. Such notification shall include, separately, funds available for grants from any donations that are earmarked for use in a specific country. By June 30 in the year following each such notification, the CPAF shall notify the Ministry if it has reason to believe its estimates have changed.

The amounts estimated pursuant to the first paragraph of this clause (4) are good faith estimates, and the CPAF will have no responsibility or liability if in fact its funds available for grants turn out to be less than estimated amounts.

If the CPAF does not have sufficient financial resources to support all of the PPAs for which qualifying grant proposals are submitted in a particular year, the Board will choose which PPAs to support based on the grant allocation criteria specified in its By-laws, which currently specify: irreplaceablelity, representativity, urgency, feasibility, and regional importance as more fully set forth in Annex F. The CPAF will notify the Ministry from time to time of any other matters it deems relevant or any changes to these criteria.

5. Government Prioritization of CPAF Mission

The Ministry acknowledges the importance of the mission of the CPAF in Armenia and the contribution it will make to nature conservation and sustainable development for the benefit of Armenia and its people in perpetuity. The Ministry agrees that in its relations with private donors and partners as well as with bi-lateral governmental and multi-lateral donors and partners, the Government will seek to prioritize support from such donors and partners for the CPAF in order to facilitate the CPAF efforts to secure new funding from such donors.

§ 6. Miscellaneous

6.1. Jurisdiction; Language. This Agreement and the Grant Agreements to be entered into pursuant hereto shall be governed by German law, without regard to conflicts of laws. They shall be entered into in the English and Armenian languages. In the case of discrepancies between the English and the Armenian version, the English version shall prevail. The state court (Landgericht) in Frankfurt am Main will have exclusive jurisdiction over all disputes arising under this Agreement.

6.2. Notices. All notices and communications hereunder shall be in written form and sent to the CPAF at:

Caucasus Protected Areas Fund
c/o Dr. Gaertner, Steuerberater
Tulpenhofstraße 18
63067 Offenbach
Germany
Attention: Executive Director

And to the Ministry at:

3rd Governmental Building,
Republic Square, 0010,
Yerevan, Republic of Armenia
Attention: Minister of Nature Protection

6.3. Present agreement will come into force from the date of the signing. The processing of the Agreement can be terminated six months after the notification about the intention of the Party.

6.4 Amendments. Any amendments to this Agreement (including amendments to this clause) shall be valid only if made in writing, unless applicable law requires otherwise.

6.5. Entire Agreement. This Agreement comprises the entire agreement between the parties concerning its subject matter and shall supersede all prior agreements, oral and written declarations of intent and other legal arrangements (whether binding or non-binding) made by the parties in respect thereof.

IN WITNESS WHEREOF, the parties have hereunto signed their names.

Caucasus Protected Areas Fund	Ministry of Nature Protection of the Republic of Armenia
DAVID MORRISON Executive Director	SAMVEL AMIRKHANYAN Head of Administration

22 MAY 2009

Annex A

"Covered Costs" means the recurrent costs of activities within PPAs to ensure that natural habitats remain intact and wildlife populations remain stable, and to ensure that the purposes of a particular PPA category are fulfilled. By way of example, Covered Costs include:

- Staff salaries and training costs
- Fuel costs for patrolling and monitoring on a regular basis
- Purchase and replacement of necessary equipment and supplies, and including vehicles for patrolling and monitoring
- Office running costs
- The costs of maintaining existing infrastructure and equipment
- Research relating to PA management activities
- Costs for public information dissemination and awareness-raising.

By way of example, Covered Costs do not include: acquisition of ownership of or leasehold interest in lands; construction of new facilities or complete restoration of old facilities. Facility leases are Covered Costs.

Covered Costs must also be appropriate to the type of protected area: for example, the cost of maintaining visitor infrastructure is a Covered Cost for a national park but not for a strict nature reserve.

"PPA", or **Priority Protected Area**, means those protected areas in the Core Countries:

- that are part of a wider Priority Protected Area as defined in the document entitled "An Ecoregional Conservation Plan for the Caucasus", dated May 2006, as such document may be amended and updated from time to time (the "Caucasus Ecoregional Conservation Plan");

- the activities within which are integrated into the overall land use patterns of the Priority Protected Area;

- that are legally protected in perpetuity primarily for the purpose of conserving biodiversity (whether as a national park, nature reserve, sanctuary or nature monuments); and

- that the CPAF Board believes are priority protected areas for the CPAF based on the biological priorities established in the Caucasus Ecoregional Conservation Plan.

Annex B

Initial Standards for Operational Plans

1. Content requirements for the operational plan or equivalent document(s)

1.1. Scope and content of the operational plan

The operational plan or equivalent document(s) sets out:

- the activities which the PPA administration plans to carry out in the year covered by the plan in relation to key management tasks such as: patrolling; bio-diversity; monitoring; land management; mapping; tourist and recreation; public awareness, community outreach and similar programs; physical and operational plant; equipment and premises; human resources; financial administration; functional organization.

- the physical resources which will be employed to carry out the scheduled activities;

1.2. Logical relationship of the operational plan to the management plan

If there is an effective management plan for the PPA, the activities specified in 1.1 must be in implementation of the management plan, and there must be a clear logical relationship between the activities scheduled in the operational plan or equivalent document(s) and the objectives and strategic actions (management actions) in the management plan.

Annex C

Initial Requirements for Budgets

1. Base Year/Budget Year (Budget Year is defined in Annex E)

The revenue budget must distinguish between government budget funding and CPAF and other revenue sources.

The expenditure budget must distinguish between capital expenditures and operating costs, and provide a reasonable level of detail on salary and other operating costs (fuel, maintenance, utilities, training, educational programs, etc.). As to capital expenditures, it should show those which qualify as Covered Costs and those which do not qualify as Covered Costs

If the Base Year budget is for an Existing Protected Area, and for all Budget Years, the budget should include an explanation of key variances compared to the current year budget.

If the budget foresees earmarking of CPAF funds to specific Covered Cost items, the budget must show the portion (if any) of such items covered by non-CPAF funds, and the portion covered by CPAF funding.

For all Budget Years, and for the Base Year in any renewal grant, the expenditure budget should also include as a Covered Cost an appropriate provision to be agreed with the CPAF for:

(i) an audit by an independent auditor appointed by the CPAF; and

(ii) a technical review by independent experts appointed by the CPAF (to be completed and delivered to the CPAF no later than May 31 of such year. The scope of the review shall be determined by the CPAF, and may cover the effectiveness of management, the achievement of the Management Plan and Operational Plan conservation, operational and other goals, and the overall implementation of the Operational Plan or the Management Plan.

The cost of such audit and technical review may be earmarked as a cost to be fully covered by CPAF funds. Notwithstanding the foregoing, the CPAF can, in its discretion, waive the requirement to budget for and carry out an annual technical review, provided that such a review shall in all events be budgeted and carried out at least once in every three year grant cycle.

2. Subsequent Years.

As to revenues, the estimated budget must show projected CPAF, government and other revenues. Projected government funding of Covered Costs that are operating costs must be at least equivalent, on an inflation adjusted basis, to that provided for in the Base Year.

As to expenditures, the estimated budget should distinguish between operating and capital expenses but need not provide a detailed breakdown of expenses. It should, however, estimate all Covered Costs, including Covered Costs that are part of the capital budget.

It should also account on an estimated basis for foreseeable increases or decreases in expenditures (if any) resulting from items such as (x) estimated inflation and (y) developments at the PPA contemplated in the management plan (such as completion of new facilities and related staff or maintenance cost increases). Such estimated budget should contain an explanation of the inflation assumption and any other key variances compared to the Base Year or the prior year.

Annex D

Initial Requirements for Management and Operational Plans (or equivalent documents) for the Purpose of CPAF Grants

1.Management planning process requirements

1.1 Participation

1.1.1 The management plan's Vision, Objectives and Strategic Actions (management actions) were developed in a participatory process which engaged local communities and other people who use the natural resources of the PPA and its support zone (where applicable).

1.1.2 The Vision, Objectives and Strategic Actions (management actions) were adopted, as far as was reasonably practical, by consensus among those who participated in their development.

1.2 Consultation

1.2.1 Adequate opportunity was given to all those in the country with an interest in the management of the PPA area to comment on a draft of the management plan before the management plan was formally approved. Adequate opportunity means that the responsible body made a reasonable attempt to make people aware that the draft management plan was available and to encourage people to comment, and that a reasonable amount of time was given to people to submit their comments.

1.2.2 During finalization of the management plan and before formal approval, due consideration was given to all written comments on the draft management plan.

2 Management plan content requirements

2.1 Currency

The management plan continues to be current and sufficient to guide PPA management in all material respects.

2.2 Territorial scope

If the PPA has a support zone (buffer zone), the management plan addresses, within the limits of the PPA administration's powers and responsibilities, management of the support zone as well as management of the PPA.

2.3 Description

The management plan includes an account of the features of the area (biodiversity, cultural, historical and socioeconomic) and the regional and international importance of the values which it will protect, how it is used, and its legal and management framework. As a minimum the description includes the information listed in Annex 1.

2.4 Vision

The management plan includes a Vision which describes the desired state or condition of the PPA (and its support zone if there is one) between 20 and 50 years into the future. The vision is detailed enough to provide a sound basis for developing objectives and strategic actions and concise enough that it can be easily grasped and understood by everyone who has an interest in the future of the PPA.

2.5 Zoning plan

2.5.1 If national law so requires, and in the case of any national park or other protected area designation equivalent to IUCN category II or below, the management plan includes a zoning plan.

2.5.2 The zoning plan establishes as a minimum such zones as are required by national law and includes a strict protection zone in which human activity is limited to scientific research.

2.5.3 The zoning plan identifies those parts of the PPA in which traditional use of the PPA's resources will continue to be allowed subject to certain policies implemented through strategic actions (management actions) described in the zoning plan or elsewhere in the management plan.

2.5.4 The selection of zones and their boundaries ensures to the extent practical the protection of the area's ecological integrity while allowing for compatible human activities.

2.5.5 If the management plan is not the first for the PPA which is the subject of the grant application, the plan includes a summary evaluation of the effectiveness of the zoning plan contained in the previous management plan and demonstrates that due consideration has been given to the results of that evaluation.

2.6 Objectives and Strategic Actions

2.6.1 The management plan sets out the objectives which the PPA administration will aim at during the life of the plan and the strategic actions (management actions) by which the administration plans to achieve those objectives.

2.6.2 The objectives should address the following as a minimum:
- development of the administration
- conservation of biodiversity in the PPA
- development of sustainable livelihoods in the support zone (where applicable)
- visitor management (where applicable)

2.6.3 The objectives and strategic actions (management actions) are based on a description of the system of causes and effects that determine the future state of the PPA. The description of the system of causes and effects makes best possible use of the information available to the planning team at the time the management plan was prepared including the knowledge of local people.

2.6.4 If the management plan is not the first for the PPA which is the subject of the grant application, it includes a summary evaluation of the objectives and strategic actions contained in the previous management plan and demonstrates that due consideration has been given to the results of that evaluation.

2.7 Monitoring plan

2.7.1 The management plan includes a monitoring plan which:
- lists and explains the rationale for selecting the indicators which will be used as the basis for determining success or failure in achieving the objectives of the management plan and the reasons for failure;
- describes the sources of information which will be used for monitoring;
- defines responsibilities for collecting and collating information.

2.8 Review cycle

2.8.1 The management plan states the period of validity of the plan, the date by when it should be reviewed and revised and the body responsible for arranging for review and revision.

Annex 1: Information to be included in the management plan description

The management plan should include all elements required by Armenian law. To the extent not included in the requirements of Armenian law, the management plan shall also contain the following information.

Corporate information

- Location
- Area
- IUCN PA category
- Legal status
- Institutional structure
- Administrative structure

Physical-geographic Information

- Climate
- Hydrology
- Geology

Biological information

- Landscape and habitats
- Flora
- Fauna

Social and cultural Information

- Settlement and population
- Current land use (traditional use, grazing)
- Legal ownership, occupancy, tenure, access, other conditions and restrictions
- Economical activities

Historical overview

- Archaeology
- Historical sites

Annex E

Provisions Expected in Grant Agreements

1. Reporting. In relation to PPA Operations, there shall be provided to the CPAF operational plans, budgets and written reports as outlined below. Operational plans for PPA and PPA Budget are subject to approval in the manner stipulated under the Armenia legislation, provided that drafts of those have been discussed and agreed in writing with CPAF. Written reports shall be certified to the CPAF by the PPA director, in the case of the reports in relation to Operational Plan, and by the Deputy Minister and the PPA director, in the case of the statements in relation to Budgets:

(i) By a date to be agreed prior to the end of each year beginning with the Base Year:

(a) a new Operational Plan and Budget for the coming year (the "Budget Year"), meeting the requirements of Section 2.2 of the Framework Agreement and in the form contained in the original Operational Plan and Budget for the Base Year (except that the Budget need only cover the Budget Year and the year following the Budget Year); and

(b) for the Budget, an explanation of any significant variances in a year for which a Budget is presented in comparison to the Budget of the previous year.

(c) a progress report on achievement of operational, conservation and other goals contained in the management plan and current year's Operational Plan.

(ii) Within five months of the end of each year in the grant period, an annual statement of revenues and expenses for such year, in the form contained in the Budget for such year and audited as provided below, and containing an explanation of any significant variations from the Budget

2. Disbursement Timing. Unless otherwise agreed, grants will be disbursed in tranches, over a period of up to three years, generally twice in equal semi-annual tranches on dates to be agreed.

3. Disbursement Conditions. Unless otherwise agreed, grant disbursement conditions will include, inter alia, conditions based on the following principles:

(i) First Payment. The CPAF shall have received: (a) the required reports under (1)(i) above;

(b) the official budget for the PPA conforming to that in the approved Budget;

(c) the calendar for Ministry funding for the Base/Budget Year;

(d) the calendar for any funding from other non-CPAF sources for the Base/Budget Year;

(e) confirmation by the Ministry that (x) the Ministry and any other non-CPAF sources have funded all amounts scheduled to be funded by them in the Budget for the Base/Budget Year and previous year, and (y) all funds provided by the CPAF in respect of the previous year have been expended; and

(f) a favorable opinion, on the basis of the information and reports delivered pursuant to this clause (i) and any other matters they deem relevant, by the CPAF's Executive Director or individuals appointed by him, on the effective use of CPAF funds.

(ii) Second Payment. The CPAF shall have received:

(a) the statement of revenues and expenses of the PPA covering the prior year contemplated by 1(ii) above audited by auditors appointed by the CPAF as provided below and including an audit opinion satisfactory to the CPAF;

(b) confirmation that the Ministry and any other non-CPAF sources have funded all amounts scheduled to be funded by them in the Base/Budget Year prior to June 30 and

(c) a favorable opinion on the basis of the information and reports delivered pursuant to this clause (ii) and any other matters they deem relevant, by the CPAF's Executive Director or individuals appointed by him, on the effective use of CPAF funds.

4. Payment Mechanics. There shall be detailed provisions on whether CPAF payments are made directly to the individual PPA, to a separate account of the Ministry to be used exclusively for receiving and disbursing grants from the CPAF, or otherwise.

5. Access. The PPA and the Ministry shall afford reasonable access to CPAF representatives (including third parties retained by the CPAF) to: (i) all relevant financial records of the Ministry and the PPA in order to permit the CPAF to properly audit the annual statement of revenues and expenses of the PPA, and (ii) technical, scientific and operational records of the PPA in order to evaluate the effective use of funds.

6. Cooperation. The PPA and the Ministry shall cooperate with: (i) auditors appointed by the CPAF to audit the accounts of the PPA at least annually so that the CPAF receives audited financial statements of the PPA within 5 months of the end of each year; and (ii) any technical advisers that the CPAF may designate from time to time to evaluate the effectiveness of management, the achievement of the Management Plan and Operational Plan conservation, or operational or other goals, or overall implementation of the Operational Plan or the Management Plan. The audit of the financial statements shall cover all PPA revenues and expenditures, including those not financed with CPAF funds.

Unless otherwise agreed, the fees and costs of such auditors and technical advisors shall be paid from grant funds supplied by the CPAF and earmarked for such purpose.

7. Grant Termination. The CPAF shall have the right to terminate the Grant Agreement on not less than 6 months notice at any time if it determines in its discretion either that: (i) as a result of deteriorations in the capital markets or otherwise it no longer has the means to continue funding the Grant as originally contemplated; (ii) it determines that the Ministry is not pursuing, either in the PPA covered by the Grant Agreement, or in PPAs in Armenia generally, conservation objectives that are consonant with the Caucasus Eco-Regional Plan.

8. Procurement. There shall be provisions requiring procurement for all items included within Covered Costs for the PPA in accordance with procedures that are consistent with Armenian law and any additional standards reasonably required by the CPAF. There shall also be provisions on the Ministry's commitment to duly seek and/or promote with the other relevant state authorities available tax exemptions in relation to the projects covered by the grant from domestic VAT and (for imports of goods or services from outside Armenia) customs duties under Armenian law, including without limitation the RA law on VAT, Article 15, point 28.

9. Return of Unused/Misused Funds. The PPA or the Ministry shall promptly return to the CPAF any grant funds that are unspent at the end of the grant period. The equivalent amount of any funds that have been misused or otherwise used for purposes not contemplated by the management plan shall be promptly refunded by the PPA or the Ministry to the CPAF promptly upon the determination of such misuse or such use for other purposes.

10. Future Ineligibility. If grant funds are misused or otherwise used for purposed not contemplated in the Grant Agreement, a PPA shall be ineligible for further grants of PPA for a period to be determined by the Board.

Annex F

Currently Effective Grant Allocation Criteria

Irreplaceability - PPAs that contain globally threatened and restricted-range species. The most irreplaceable PPAs are those that contain the single most viable population and/or greatest genetic diversity of a target species (i.e., a species classified by IUCN's Red Book);

Representativity - PPAs that serve to ensure there is representation of the full spectrum of endemic species and habitats across the protected areas system of the ecoregion;

Urgency - PPAs that represent an immediate conservation opportunity and/or are experiencing severe threats to endemic and/or threatened species and their habitats;

Feasibility - PPAs that exist within a supportive local and regional context, i.e. that can demonstrate local community support; and

Regional importance - PPAs that promote and enhance overall implementation and effectiveness of the Ecoregional Conservation Plan.

Annex 6 Criteria used by CNF to select protected areas

The CNF publishes that it uses criteria it uses for selecting protected areas in which it invests i) in the Framework Agreement that it has with MNP (see Annex V) and in its Bylaws (of 01 April 2010). In wording, these are identical and they appear here as in Annexes A and F of the Framework Agreement:

Annex A: The definition of a "priority protected area":

"PPA", or Priority Protected Area, means those protected areas in the Core Countries:

a) that are part of a wider Priority Conservation Area as defined in the document entitled "An Ecoregional Conservation Plan for the Caucasus", dated May 2006, as such document may be amended and updated from time to time (The "Caucasus Ecoregional Conservation Plan");
b) the activities within which are integrated into the overall land use patterns of the Priority Conservation Area;
c) that are legally protected in perpetuity primarily for the purpose of conserving biodiversity (whether as a national park, nature reserve, strict nature reserve or sanctuary); and
d) that the CP AF Board believes are priority protected areas for the CP AF based on the biological priorities established in the Caucasus Ecoregional Conservation Plan.

Annex F: Currently Effective Grant Allocation Criteria

Irreplaceability - PPAs that contain globally threatened and restricted-range species. The most irreplaceable PP As are those that contain the single most viable population and/or greatest genetic diversity of a target species (i.e., a species classified by IUCN's Red Book);

Representativity - PP As that serve to ensure there is representation of the full spectrum of endemic species and habitats across the protected areas system of the ecoregion;

Urgency - PP As that represent an immediate conservation opportunity and/or are expenencmg severe threats to endemic and/or threatened species and their habitats;

Feasibility - PP As that exist within a supportive local and regional context, i.e. that can demonstrate local community support; and

Regional importance - PP As that promote and enhance overall implementation and effectiveness of the Ecoregional Conservation Plan.

Annex 7 List of documents reviewed

1. PIF
2. UNDP Project Document
3. UNDP-GEF Project Document and Terminal Evaluation of previous UNDP-GEF Project "*Developing the Protected Area System of Armenia*"
4. Project Implementation Reports (PIR's) and Quarterly reports
5. MTR Report
6. Budgets and annual workplans
7. Minutes of PEB meetings
8. Project newsletters and press releases
9. CNF website
10. Finalized GEF focal area Tracking Tools (FSSC)
11. UNDP country programme documents

Annex 8 Example questionnaire used for data collection

1. What is the achievement, so far, of which you are most proud?
2. If you could go back in time, what would you change or do differently?
3. If you could go back in time, which activities would you definitely do again?
4. If the project had an extra USD 2 million and an extra two years, what else would you consider doing?
5. What are you doing to ensure take up/replication of the concept and processes in other landscapes?
6. What are the effects of inflation or changes in the exchange rates to the budgeting and/or expenditure?
7. Please give examples of how you are ensuring cost effectiveness?
8. Please provide all information on cofinance to date, including both cash and in-kind expenditure and a summary of the items on which the co-finance has been spent.
9. What is your role/relationship with the project?
10. What are you doing to ensure sustainability of the project's processes and impacts?
11. This (xxx) success seems very good: what did you do to achieve it?
12. Who are the partners (i.e., people actively working to the same goals) on the project?
13. Who would you say *owns* the project?
14. Who are the stakeholders in the project (i.e., people that are involved in the project, either actively or passively or will be affected by the project in some way)?
15. Who prepares the TOR for all contracting?
16. Who signs the contracts?
17. Imagine this scenario: if the Minister phones you up and says that he needs to make a brief report on the project to the President and he needs 5 bullets on the following subjects:
    - Key successes
    - what would you advise the next door country to do if they were to implement a similar project
    - what works and why
    - what does not work and why
    - key challenges
18. Is the project having any useful (but unplanned) spin-offs?
19. Is the project having any detrimental or negative (but unplanned or unintended) impacts?
20. This is a UNDP project – what advantages or disadvantages does this bring? What if it was a World Bank project instead – what difference would that bring?
21. If you were to re-write the Project Document, what would you change?
22. Who are the project's champions?
23. Standard issues:
    - Project Manager Forum

- Procurement rules and efficiencies
- UNDP training/support
- Financial audits
- Cofinance information
- Communication strategy?
- Monitoring awareness/knowledge
- Backing up data and digital information
- Team functionality
- Staff turn over
- If training is provided, how is training is now being used in job?
- How including gender and/or indigenous peoples issues?
- Need to provide all information, including equipment, inputs, infrastructure, tracking tool data.
- If there was a delay, what was the reason?

24. How is the project aligned to the national development plan, region-level development plans and the UNDAF?
25. Is the project trying to increase awareness? If so, among which target groups? How is the project monitoring changes in awareness and attitude? How has any changes in attitude and awareness affected project implementation, and how is it being used in the daily, professional lives of the target groups?
26. Infrastructure has been developed over the course of this project. Was it in alignment with the strategic plan developed at the landscape level? If not, how was the decision made for any given infrastructural input?
27. New institutions have been created over the course of the project (specifically the landscape management committees). How will these be sustainable? In five years' time, how do you imagine the committees functioning?
28. Why did the Financial and Administrative Assistant resign?
29. At a landscape level, what monitoring activities are being undertaken to determine the impact of the project?
30. How does the project interface with the land reform processes in the country?
31. The Project Advisory Committee (PAC) appears to be largely unsuccessful: we aim to propose that no further effort be expended to make it active. However, in the long-term, particularly once the GEF project has ended, will there be a role for i) an umbrella coordination body (to continue the work of the PCU – and if so, should it be independent or remain within govt?) and/or ii) a centralised technical body to assist landscapes with technical issues?
32. It appears as if some key stakeholders are not part of the landscape management committees – e.g., Regional Governments, Roads, Water, etc. Would it be useful to try to include some of these organizations, at least on an ad hoc basis?
33. How is the project – and landscape management committees in particular - interfacing with regional governments?
34. To what extent is the project strategy relevant to country priorities, country ownership, and the best route towards expected results?
35. To what extent have the expected outcomes and objectives of the project been achieved thus far?
36. Has the project been implemented efficiently, cost-effectively, and been able to

adapt to any changing conditions thus far?

37. To what extent are project-level monitoring and evaluation systems, reporting, and project communications supporting the project's implementation?
38. To what extent are there financial, institutional, socio-economic, and/or environmental risks to sustaining long-term project results?
39.

Six questions to overcome fear of failure:

1. What would you attempt to do if you knew you could not fail?
2. What if I fail — how will I recover?
3. What if I do nothing?
4. What if I succeed?
5. What's truly worth doing, whether you fail or succeed?
6. In this failure, what went right?

Annex 9 Audit trail of comments on draft TE

Comment, location	TE response
Minor edits, typographical errors	All corrected and incorporated into the final version of the report
Factual errors (of which there were a small number)	All corrected and incorporated into the final version of the report
Other comments and discussions	See Footnotes in main body of report for comments and TE responses.

Annex 10 UNEG Code of Conduct Form

Evaluators/Consultants:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence, and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals, and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders' dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study limitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.

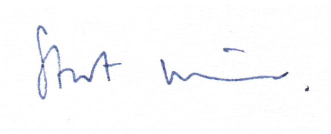
TE Consultant Agreement Form

Agreement to abide by the Code of Conduct for Evaluation in the UN System:

Name of Consultant: ___Stuart Williams____

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at __*Kampala, Uganda*_________________ *(Place)* on ___*28 February 2017*___________ *(Date)*



Signature: ___ _________________________________

Annex 11 TE Final Report Clearance Form

Terminal Evaluation Report Reviewed and Cleared By:

Armenia UNDP Country Office

Name: ____

Signature: ___________________________________ Date: _______________________________

UNDP-GEF Regional Technical Advisor

Name: ____

Signature: ___________________________________ Date: _______________________________