



**Inception Report to
WWF CauPo and KfW Development Bank**

**Promotion of Eco-Corridors in the Southern Caucasus
Consulting Services for Programme Implementation**

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Consulting Services for Project Implementation

Inception Report

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0. Executive Summary

This is the Inception Report of the “Eco-corridors Programme in the southern Caucasus”. The programme is implemented by the World Wide Fund for Nature (WWF) Caucasus Programme Office with funds provided by the German Federal Ministry for Economic Cooperation and Development (BMZ) through KfW Development Bank. The consortium of GOPA Consultants, DFS and HessenForst are providing consulting services for implementation.

The purpose of the programme is to introduce funding for ecologically sustainable land use in selected eco-corridors in the Caucasus and thus contribute to interlinking protected areas and enhancing their ecological stability by setting up an “Ecoregional Corridor Fund” (ECF) as an instrument for promoting sustainable land use practices in ecological corridors through contractual nature conservation. The objective of ECF is to contribute to the conservation and sustainable use of biological diversity without reducing the income of the local rural population. This will be achieved through long term “Conservation Agreements” that will be concluded with those managing the land and will be based on land use plans (meaning specific plans for management of natural resources such as forests, wildlife or pastures, or more general conservation or urban plans, depending on the needs identified in specific target communities) developed with the participation of the beneficiaries.

The expected programme outputs are:

Output 1: The ECF has been established as an instrument for promoting sustainable land use practices in ecological corridors.

Output 2: Using the ECF funds, long-dated land use plans have been developed with participation of the beneficiaries; the plans are aiming to support the ecologically sound use of natural resources.

Output 3: Based on the land use plans, concrete measures have been agreed upon (Conservation Agreements) and are implemented.

Output 4: Acquisition of additional financial resources for the Ecological Corridor Fund.

The inception phase started in January 2015. Main focus of the phase was the final selection of the pilot ecological corridors, the analysis of the existing situation and the development of the methodological approach. The following activities were conducted:

- Office set up in Armenia, Azerbaijan and Georgia; development of a manual of procedures,
- Meetings with relevant ministries and stakeholders in all three countries; a regional inception workshop in Tbilisi on March 25th 2015 and a national inception workshop in Yerevan on April 9th 2015,
- Analysis of the legal and institutional framework; collection of information about the proposed corridors and ongoing conservation and development activities,
- TOR design for i.) the Financial Participatory Approach (FPA) and ii.) corridor delineation and mapping required for the landscape plans,
- Preparation of the Annual Operational Plan for 2015 and the Inception Report.

Key issues identified in the process of the analysis were:

- the evolving conservation and rural policy context in the South Caucasus countries,
- the relatively new concept of biodiversity conservation outside protected area,
- uncertainties related to land tenure and use,
- importance of participatory planning and community empowerment for the success of the ECF,
- the need for adequately structured short and long term conservation measures to achieve conservation objectives.

To address these issues, the planned methodological approach includes a strong focus on community empowerment through the Financial Participatory Approach methodology, landscape and land use planning leading to setting clear conservation objectives, community based management mechanisms to overcome the land tenure issues.

The operation of the ECF will be the responsibility of the WWF Caucasus Programme Office, who will be supported in the decision making and coordination by a regional Steering Committee and an Advisory Group in each country.

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Abbreviations

BP	British Petroleum plc
CNF	Caucasus Nature Fund
CTA	Chief Technical Advisor
ECF	Ecoregional Corridor Fund
ECP	Ecoregional Conservation Plan
EU	European Union
EUR	Euro (currency)
FPA	Financial Participatory Approach
GEF	Global Environmental Facility
GIS	Geographic Information System
GPC	Georgia Pipeline Company
KFW	Kreditanstalt für Wiederaufbau
NGO	Non-Governmental Organisation
TEEB	The Economics of Ecosystems and Biodiversity
TJS	Transboundary Joint Secretariat
TOR	Terms of Reference
WWF CauPo	World Wide Fund for Nature - Caucasus Programme Office

1. Introduction

A draft version of this Inception Report of the Eco-corridors Programme in the Southern Caucasus was the basis for discussion at the inception workshop in Tbilisi on March 25th 2015 and the national workshop in Yerevan on April 9th 2015. The final version of the report considers the outcomes from the Tbilisi and Yerevan workshops, the results of the initial site visits to Western Lesser Caucasus Corridor in Georgia in February and May, Khosrov - Arevik Corridor in Armenia and the Eastern Greater Caucasus Corridor in Azerbaijan in April as well as comments of KfW and results of coordination with other KfW funded projects in the region, including TJS and SPPA.

This is the shortened publication version of the report.

1.1 Programme background

The “Eco-corridors Programme in the southern Caucasus” is implemented by the World Wide Fund for Nature (WWF) Caucasus Programme Office with funds provided by the German Federal Ministry for Economic Cooperation and Development (BMZ) through KfW Development Bank. The consortium of GOPA Consultants, DFS and HessenForst are providing consulting services for implementation.

The Programme is setting up an “Ecoregional Corridor Fund” (ECF) as an instrument for promoting sustainable land use practices in ecological corridors through contractual nature conservation. ECF is a long term funding programme run and managed by the WWF Caucasus Programme Office, initially funded by BMZ but open to other donors and funding sources.

The Eco-corridors Programme is the set up phase of operation of the Ecoregional Corridor Fund in its initial five years. It is implemented by the project team involving WWF CauPO, WWF Germany and the consulting team provided by the consortium of GOPA, DSF and Hessenforst. The abbreviation “ECF” is used in this report to represent the long term instrument and the word “programme” is used to denote the setup phase of it.

The purpose of the ECF is to introduce funding for ecologically sustainable land use in selected eco-corridors in the Caucasus and thus contribute to interlinking protected areas and enhancing their ecological stability. The objective of ECF is to contribute to the conservation and sustainable use of biological diversity without reducing the income of the local rural population. The financial resources provided are to help the local rural population (beneficiaries) of selected eco-corridors to manage their land in an ecologically sound way.

To set the conservation objectives and determine the scope of conservation measures to be funded, long-term land use plans will be developed with the participation of the beneficiaries. These land use plans include specific management plans for natural resources such as forests, pastures or wildlife, or more general conservation plans or urban development plans, depending on the identified needs in the target local communities through the process of landscape planning for the entire corridor and the results of the communication with the local communities.

Based on these land use plans, concrete “Conservation Agreements” will be concluded with those managing the land. Payments under these agreements will ensure that opportunity costs for a biodiversity-focused management of land are covered, and thus land use practices (incl. e.g. community conservation areas) compatible with the principles of sustainable land use in ecological corridors are applied.

Programme outputs¹ have been formulated, notably:

Output 1: The ECF has been established as an instrument for promoting sustainable land use practices in ecological corridors.

Output 2: Using the ECF funds, long-dated land use plans have been developed with participation of the beneficiaries; the plans are aiming to support the ecologically sound use of natural resources.

Output 3: Based on the land use plans, concrete measures have been agreed upon (Conservation Agreements) and are implemented.

Output 4: Acquisition of additional financial resources for the Ecological Corridor Fund.

¹ The outputs are part of the Separate Agreement concluded between KfW and WWF and the Consultant’s TOR. Though similar in intent, they differ slightly in wording; to be consistent, the report will only use the wording as per Separate Agreement.

To achieve the programme outputs, the following means and activities are foreseen in the programme documents (ToR, Separate Agreement):

- Detailed mapping of the target regions and baseline surveys (e.g. nature protection, biodiversity, land use, forestry) to provide the basis for planning and for the use of beneficiaries,
- Participatory land use planning,
- Financial support for short-term measures as per nature conservation agreements to be provided
- Conservation agreements and savings book approach (long - term measures)
- Technical support to the target groups to ensure their independent implementation of activities and land use plans
- Strengthening of key stakeholders (e.g. forest and agriculture agencies, NGOs, local community organisations) through investment in their capacity and expertise
- A system for monitoring the Conservation Agreements
- Physical demarcation of boundaries
- Further acquisition of funds for the ECF through a fundraising strategy and participation in relevant events

The achievement of the **programme objective** will be measured against the following indicators:

- In selected ecological corridors, 70% of local development plans corresponding to environmentally friendly land use practices are implemented

For assessing the **achievements of the outputs**, the following indicators have been defined:

- Long-term commitments to the target group are made for at least 40% of the available financial means for the promotion of the sustainable use of natural resources;
- All measures agreed upon are based on land use plans;
- 70% of the measures agreed upon in the nature conservation agreements are implemented;
- At least 10% of the financial resources available to the ECF in 2017 are from sources beyond BMZ.

1.2 Inception process

1.2.1 History

On January 13th, a kick off meeting was held at KfW headquarters in Frankfurt, followed on January 15th by meeting with WWF Caucasus Programme Office in Tbilisi.

The Inception Phase started on 15th January and lasted longer than the planned 3 months because it was decided to include a site visit to the corridor in Azerbaijan. The main focus of the inception phase has been the selection of corridors, the dialogue with stakeholders at the national and the local level, and preparation of TOR for services to be contracted out in 2015. Whereas there was a general agreement of the selection of the proposed corridors in Armenia and Georgia, a final decision on the selection of the corridor in Azerbaijan (Eastern Greater Caucasus Corridor) was made during a meeting between the WWF and the Ministry of Ecology and Natural Resources on March 16th 2015.

Field visits made clear that a rather complex matrix of various national and donor-supported programmes active in nature conservation and rural development exists, partly overlapping in some parts with the scope of ECF. This means that the programme needs to find a “niche” for ECF in the context of both conservation and rural development support in order to maximise its impact and secure the additionality of the funds invested. This view was confirmed by the two workshops held in Tbilisi and Yerevan.

Further activities included:

- Office set up in Armenia, Azerbaijan and Georgia; development of a manual of procedures,
- Meetings with relevant ministries and stakeholders in all three countries; a regional inception workshop in Tbilisi on March 25th 2015 and a national inception workshop in Yerevan on April 9th 2015,
- Analysis of the legal and institutional framework; collection of information about the proposed corridors and ongoing conservation and development activities,
- TOR design for i.) the Financial Participatory Approach (FPA) and ii.) baseline studies required for the landscape plans,
- Preparation of the Annual Operational Plan for 2015 and the Inception Report.

1.2.2 Initial site visits

1.2.2.1 Arevik Khosrov Corridor in Armenia

The Arevik Khosrov Corridor is located in the south of Armenia, between the Khosrov State Reserve in the north and the Zangezur State Sanctuary, Shikahogh reserves, Arevik National Park and other protected areas in the very south of Armenia. A significant part of the corridor runs along the mountainous border with the Nakhichevan enclave of Azerbaijan, connecting to the protected areas (Shahbuz State Reserve, Zangezur National Park) on the Azerbaijani side of the border.

The mountains, with elevations between 1.000 and 3.000 m, are segmented by deep river gorges, but mostly very dry (with 200 – 300 mm precipitation annually). The forest cover is very sparse and most of the accessible lands at all elevations are being used as pastures. The human population density is relatively low and concentrated in the river valleys, but there are permanent villages even above the elevation of 2000 m. People mainly live on animal husbandry with increasing share of income coming from outside the area itself. The corridor is also rich in cultural heritage, which at the moment is the main attraction for domestic and international tourists. There are also opportunities and initial steps to develop nature based sports such as hiking, rock climbing on walls of gorges, mountain biking and paragliding.

Key species to protect in the corridor are: Caucasian leopard, Brown bear, Bezoar goat, and Armenian mouflon. Key habitats are mountain grasslands, woodlands and rocky slopes. Main threats to biodiversity conservation are poaching, unsustainable use of pastures, unsustainable collection of wild plants and fuelwood, and presence of military in the border zone (poaching, disturbance, land mines).

There are some conservation initiatives in the corridor area with two examples described below:

- The Foundation for the Preservation of Wildlife and Cultural Assets (FPWC) is managing several thousand hectares of land just outside the Khosrov State Reserve as a wildlife reserve with the funding of international conservation foundations. They rent the land from local communities, employ four rangers to control the area, monitor wildlife with camera traps, run a visitor information centre and local development Programmes in the villages. They allow traditional grazing, but enforce discipline upon shepherds in terms of poaching and use of fire. Although the practice of leasing the land from communities is viewed with concern by other conservationists as it sets a precedent for protected areas, they have succeeded in significantly increasing the number of Bezoar goat in the area in a few years.
- Gnishik Community Conservation Area is managed by the Gnishik Intercommunity Environmental Foundation, established by Areni, Gnishik and Khachik communities. They manage community owned lands with total area 6010 ha that was established in 2012 by the communities of Areni, Gnishik and Khachik with assistance of the UNDP/GEF Programme Developing the Protected Area System of Armenia, the Ministry of the Nature Protection and the WWF Armenian Branch. The management plan defines the zoning of the area with a strict protection zone mainly in inaccessible rocky areas suitable for bezoar goats, a traditional use zone and the buffer zone similar to IUCN category V protected areas in Europe. Since 2014, the staff of the protected area consists of 11 employees, and management is supported by matching funds from the Caucasus Nature Fund (CNF) and WWF Armenia. The main conservation achievement of the Gnishik Conservation Area is the protection of wildlife from poaching by an effective ranger service. The success has raised the interest of other communities in the corridor to start similar initiatives, including community conservation areas and community sustainable hunting areas. But for the next future, such initiatives depend on external funding for set up and running costs.

There seem to be an immediate opportunity for ECF to support the operation of the NGO/ community conservation management in this corridor, with priority being the long-term support for the community ranger service that is directly linked to preserving the target species in the corridor. This could be set up as a test case, with other communities in the same (or other) corridor becoming interested to implement a similar project. This example will also serve to delineate the responsibilities and scope of funding between Caucasus Nature Fund, which provides financial support to Protected Areas in the Caucasus, and the ECF.

1.2.2.2 The Greater Caucasus Corridor in Azerbaijan

The East Greater Caucasus eco-corridor in Azerbaijan interconnects the eastern part of the Greater Caucasus Mountain Range. The highest elevation in the Azerbaijan part of Greater Caucasus is Bazarduzu Mountain which rises 4.466 meters. The corridor connects the Zagatala Strict Nature Reserve, Ilisu Strict Nature

Reserve and Shakhdagh National Park and located in Zagatala, Balaken, Gakh, Sheki, Oghuz, Gabala, Ismailly, Shamakhi, Guba and Gusar administrative regions. The western section of the corridor includes the southern slopes of Caucasus along the border with Russia, with Tlyaratinski (bordering Zakatala) and Kasumtensky (vicinity of Shakhdagh NP) Zoological Sanctuaries on the Russian side of the Border, while the eastern section includes both the southern and the northern slopes, as well as the interior valleys of the mountain range.

Significant parts of the area are covered by the largest natural forest ecosystems in Azerbaijan comprising 49% of the total forest cover of the country. The forests (all of them protected under forestry and nature protection legislation) are concentrated on the outer slopes of the Caucasus, while the interior valleys are dominated by grasslands used mainly as pastures. An important feature of the corridor are the rivers, characterized by large amounts of gravel transported due to high erodibility of the geological formations, resulting in formation of extensive gravel beds and alluvial fans at the exits of gorges.

Key species to be protected in the corridor are: Eastern Tur, Caucasian red deer, Caucasian chamois, Brown bear, Lynx, Caucasian black grouse, Caucasian snowcock. Main threats to biodiversity are: poaching, unsustainable use of pastures (overgrazing by nomadic shepherds), unsustainable use of forests (forest grazing, illegal logging), and urbanisation and development of tourism in the river gorges.

In addition to the previously established reserves, several disconnected sections of the Eastern Greater Caucasus have been declared in recent years part of Shakhdagh National park. The management plans still need to be developed and the management arrangements on the ground consolidated. A private game reserve exists in the Sheki district, where good results in maintaining the wildlife population have been achieved.

The southern slopes of Greater Caucasus are the most fertile region of Azerbaijan and an important area for domestic tourism. Significant private investment in agriculture and tourism (largely in the most scenic river gorges) is noticeable in this region, as well as a number of donor projects targeting sustainable rural development and preservation of cultural heritage. The northern and eastern slopes are dominated by well-developed local agriculture and easy access to Baku and to nearby Russian market. But the poorly accessible interior valleys remain largely undeveloped and dependent on subsistence farming and animal husbandry. Very few government and donor projects have targeted these valleys so far.

A number of different ethnic groups inhabit the Eastern Greater Caucasus, contributing to the cultural diversity of the area, but also depending on the region's resources for their existence. Largest users of mountain pastures are nomadic shepherds, who bring some 2 million livestock to the high mountain pastures during three months in the summer. The number of livestock exceeds the carrying capacity of the pastures, partly due to the fact that Azeri nomadic shepherds cannot use the summer pastures in Nagorno Karabakh and partly due to private investors investing in livestock as a commercial investment. The forests are owned by the State Forest Fund while the high mountain pastures are partly owned by the municipalities and partly by the State Land Fund.

The opportunities for intervention by ECF are in preserving corridor connections threatened by rapid tourism related urbanisation in southern valleys through more sustainable urban planning and preserving green belts between built up areas; more sustainable management of summer pastures and nomadic summer grazing; and sustainable management of forests and wildlife by the local communities in the interior valleys through long term conservation contracts. The latter activities will improve ecological connectivity between the geographically separate sections of the Shakhdagh National Park. Involving local communities in conservation activities and securing would help resolve the long term conservation conflicts between the National Park and the local communities whose traditional lands are now under strict protection inside the national park.

1.2.3 Western Lesser Caucasus Corridor in Georgia

Western Lesser Caucasus Corridor is located in southwest of Georgia between the western border of Borjomi-Kharagauli National Park and the borders of Kintrishi, Mtirala Protected Areas and Machakhela National Park. The corridor mainly follows the Meskheti mountain range but also provides a link to important conservation areas in Turkey (Posof Managed Reserve and Camili Biosphere Reserve).

The mountainous corridor links different biogeographical regions and contains high biological and landscape diversity. The western part of the corridor is in the autonomous republic of Adjara, a region characterised by a high density of rural population living largely on subsistence farming combining cattle

breeding and agriculture. Large parts of the area are covered by forests and pastures, owned by the state and only the agriculture land is owned privately in small plots per family.

Key species to protect in the corridor are: Caucasian red deer, Caucasian chamois and Brown bear. Key habitats are forests, mountain pastures and rocky slopes. Main threats to biodiversity conservation are: poaching, illegal logging, forest grazing, logging at inappropriate sites and overgrazing.

A variety of conservation and rural development programmes are already underway in the corridor region, implemented by different national and international organisations, including WWF and UNDP, some of them with very similar objectives to the ECF. The main focus of these programmes is forestry (forest inventories planned in Adjara and Samtskhe Javakheti regions), community development around existing protected areas and general rural development. But very little work has been done regarding the relationship between the local communities and biodiversity conservation in the corridor itself.

This means that the programme needs to take into account, and possibly take advantage of, these ongoing activities. But at the same time it needs to set very clear conservation objectives and measures to avoid overlapping or conflict with other initiatives. Possible activities to be supported by long term conservation contracts of the ECF include protecting wildlife migrating out of and between the national parks from poaching, sustainable management of forests to improve their protective function and productivity while secure supply of wood for local purposes, more sustainable management of pastures and meadows, including resolving the issue of grazing in the forests.

1.3 Situation analysis and proposed approach

1.3.1 Policy context

Due to the economic and social changes of the last twenty years, the general human pressure in the corridors is in decline, or at least not increasing. Especially in the mountainous areas land use pressure is decreasing due to departure of young generations from rural areas into the cities and abroad. Underlying causes for the continued loss of biodiversity and the low density of key species consist in weak institutions in charge of managing forests, pastures and wildlife, leading to unregulated and illegal resource use such as poaching, logging and overgrazing.

There are ongoing programmes and legislative initiatives related to biodiversity conservation outside the protected area systems as well as related to modernisation of agriculture and to rural development (see output 2/ section 3.2.2).

There are some attempts to intensify agricultural production and to make it competitive at the international level, but these activities are mainly at early stages. In the mountain regions (where all three corridors belong) these attempts are focused more on rural development objectives (improving the livelihood of people) than on increasing production of the farms. In the forestry sector, main policy initiatives are aiming at preventing illegal logging and introducing some form of community forestry initiatives.

This means that the programme can complement the existing policy initiatives in the field of agriculture, rural development and forestry by providing funds for pilot integration of conservation objectives in land- and resource use practices of local communities. The relevant institutions have also expressed their interest in using the experience of the programme in future policy development and legislation. The cooperation between the programme and the policy making institutions will be secured through cooperation agreements between the WWF CauPO and the responsible ministries.

ECF's activities should therefore be seen as a time-bound investment introducing more sustainable land/resource use practices, assuming that during the life time of the ECF the policy and legal context will be developed in such a way that the introduced changes will become permanent and hence sustainable.

There are currently a significant number of donor funded projects in each country that target the same geographic areas or sectors as the programme. As the legal systems regarding operation of donor projects and funds differ between the three countries, the list of ECF's conservation measures and the mode of operation will have to be tailored to each country's particularities.

We assume that the future governance and institutional structures for rural development and resource management will resemble more closely those in EU countries as the local economic situation improves and countries can develop the necessary capacities.

From this point of view, the role of ECF is twofold:

- to provide a 10 year bridging payment for conservation while the national budgets cannot allocate funding for such purposes and while the local economies reach a level at which they can integrate the cost of conservation into regular economic activities,
- to demonstrate the feasibility and success of conservation actions as a driver of sustainable local development and thus secure the integration of conservation objectives in relevant sectoral policies such as agriculture, forestry, tourism etc. as the best way to conserve key habitats and key species without negatively impacting local livelihoods.

However, visible success in achieving the objectives of ECF including the Output 4 (fundraising), should result in sustainable financing of the conservation measures in the South Caucasus region as global ecosystem services.

1.3.2 Conservation outside protected areas

In the last decade many new protected areas were declared in three countries of the Southern Caucasus and the instruments to promote their sustainable management have been put in place nationally and at the regional level (including TJS, CNF and various other donor programmes).

The focus is now shifting to introducing conservation measures outside protected areas, in particular integrating them into regular land use and resource management, such as agriculture, forestry, wildlife management, urban development, water management etc.

This creates an opportunity to further expand and reconnect separated wildlife populations across the Caucasus by introducing ecologically sound and sustainable management of habitats in ecological corridors, which is the objective of the ECP.

This means that the design of the ECF corresponds well to the current conservation needs of the region by providing the opportunity to demonstrate:

- Sound participatory landscape and land use planning
- Support to local community development through short-term measures, capacity building and technical support
- Long term conservation agreements allowing the farmers and communities to put ecologically sound and sustainable use of resources into practice.

1.3.3 Land tenure and use

Apart of weak institutions, uncertain land tenure rights have been confirmed as the main constraint for the implementation of the ECF concept (see output 2/ section 3.2.6). Most land (forests and pastures) is publicly owned and managed by different institutions (forest agencies, state land funds, communities), with small amounts of land owned privately (mainly just arable land and settlements). Although the public institutions legally own and manage land, their presence in the rural areas is insufficient and they lack resources for proper management planning and monitoring of the resources they control. This creates a grey zone between the provisions of the national legislation and the actual patterns of resource use and land use rights on the ground. For example many users, who have traditionally been using common pastures or forests, have no legally valid documentation to prove their rights. Furthermore the households who depend on firewood from nearby forests only buy or receive an annual quota of wood from the forest administration each year with no guarantee for the next years.

Keeping in mind that ECF should only provide support or compensation for legal activities, the poorly documented land tenure makes it difficult for the ECF to support conservation measures aiming at reducing pressure on nature at the level of individual users without first investing time and effort into legally documenting their rights.

Subsequently, the focus of the programme is on introducing more sustainable management practices on public land at the level of communities (e.g. community forestry). This means that the most suitable

partners for conservation agreements will not be individuals or households, but groups (cooperatives, villages, producer associations, local NGOs) such as Gnishik Community Conservation Area or the FPWC in Armenia.

Some options for compensating individual farmers or households have been identified that do not depend on land tenure, such as e.g. providing support for better protection of livestock and bees from wild animals as a measure to manage the conflict between humans and large predators (wolf, brown bear, leopard).

1.3.4 Participatory planning and community empowerment

The scenario of classic rural development activities under way in multiple ongoing projects and programmes which aim at improving the local livelihood may lead to:

- even less pressure on biodiversity in the areas with marginal productivity prevalent in the pilot corridors and to
- overall improvement of the status of biodiversity.

But in the areas of more intensive use (intensive agriculture, logging concessions, urbanization, hydropower development), status of biodiversity may still decline.

Another possible scenario is that effective conservation above and beyond the business-as-usual scenario would be achieved by strengthening the community based conservation in general, or by improving the management of natural resources such as forests, pastures, wildlife, construction space or rivers.

Due to lack of systematic monitoring since 1990, specific data and information on the status of ecosystems and species in the corridors are missing or very poor. This means that the linkages between the ecosystems, natural resource use and socio-economic context need to be analysed and understood to be able to prioritise and plan conservation measures, and to monitor progress and impacts.

Furthermore, the ability of local groups to organise themselves, successfully pursue their mission and deliver the results under long term conservation agreements cannot be taken for granted. Before negotiating conservation agreements their capacity needs to be strengthened and their credibility established both locally and towards the ECF. The project design provides for such support through short – term conservation measures, capacity building and technical support to local stakeholders.

In order to involve local communities into conservation management, the KfW-funded Transboundary Joint Secretariat (TJS) has successfully piloted the so called “Financial Participatory Approach” (FPA) in the Caucasus, namely in Kazbegi (Georgia) and Sunyik (Armenia) and summarising their experiences in the “FPA implementation manual & toolbox” (TJS 2015). The FPA is a tool supporting to socio-economic development of the communities whose livelihood depends on natural resources and who are living in protected areas and surrounding lands. FPA is using financial resources for mobilizing local population; the concept is based participation and encourages local stakeholders to take charge on their own development. This approach creates win-win solution to both nature protection and socio-economic development objectives. The main tools of FPA are: contest and awards; capitalization; training, learning and exchange visits; media involvement.

The FPA seems an appropriate method has been adjusted to the programme context to support the process of collective learning in the priority target communities, empowering local communities and developing conservation measures in a structured dialogue, and building their capacity to enter into conservation agreements and implementing them (see section 3.3.3). The programme provides for this under the Output 2 (participatory land use planning) and Output 3 (concrete measures have been agreed upon and are implemented). The proposed approach for participatory planning and community empowerment consists basically of two processes:

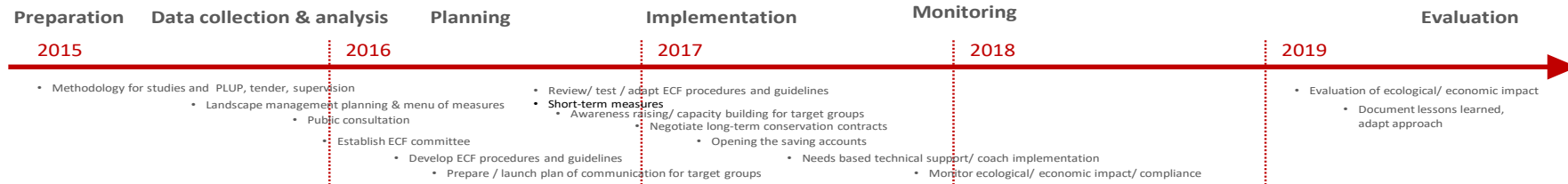
1. a series of workshops (WS) on regional, national and local level serves as platform for decision making and learning. The purpose of these workshops is to get a same understanding of the approach, and to discuss and to agree on the way forward (e.g. to develop and agree the menu of measures and cost norms).
2. the FPA will be conducted in selected priority target communities. Each FPA cycle is adapted to the respective programme phase (data collection & analysis, planning, implementation and monitoring) and serves to mobilize local communities, to integrate their knowledge and experience into the programming of the ECF and to enhance their ownership.

Complementary to the Rapid Rural Appraisal that will be conducted within the FPA, Key Biodiversity Assessments (KBA) and the preparation of GIS-based thematic maps (priority conservation areas/habitats) for each corridor will be conducted. Based on the results of these, the detailed scope of the conservation measures and their costs can be assessed and planned (see output 2/ section 3.2.8).

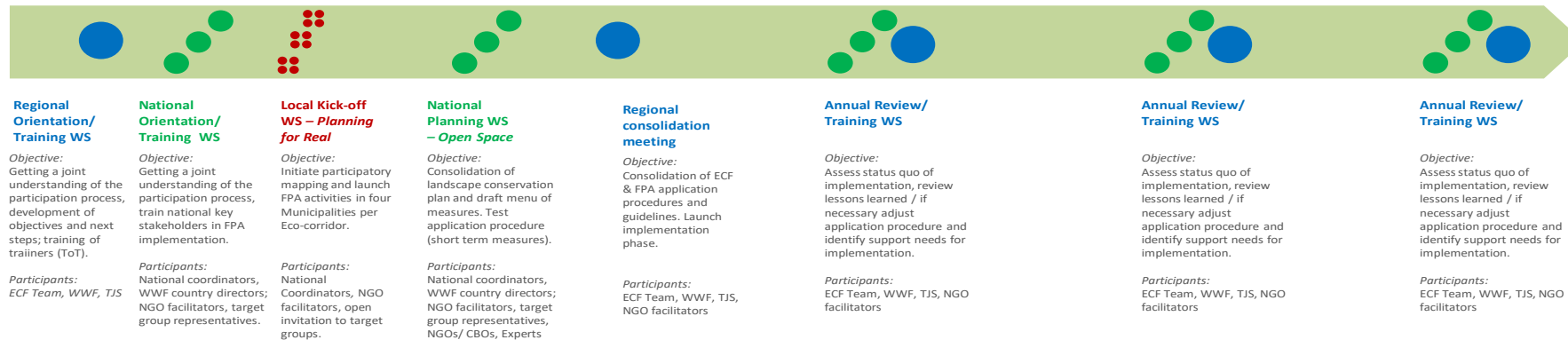
The figure below presents the consultation and FPA approach.

Figure 1. Overview of the programme implementation

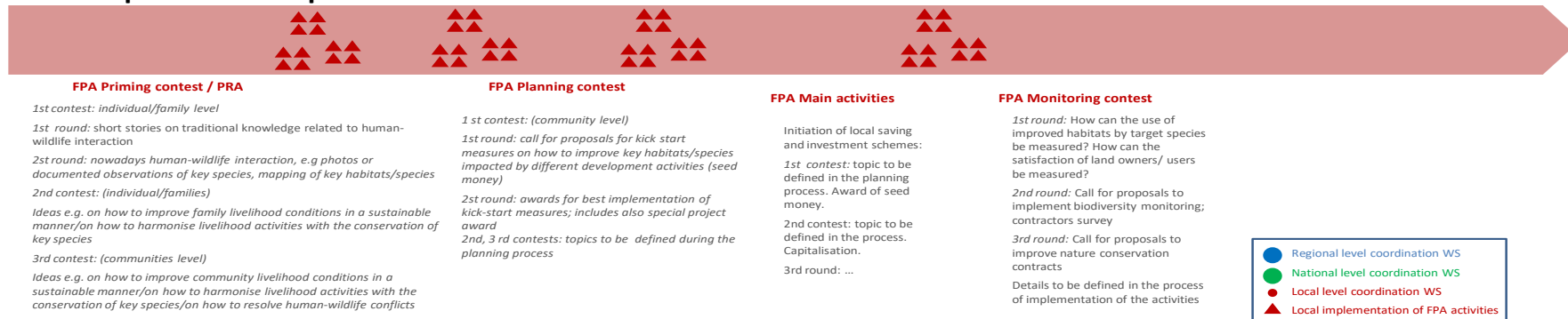
ECF Programme Implementation



Coordination and consultation process (including trainings)



FPA implementation process



1.3.5 Types and scope of measures

There is an actual need for both short-term and long-term conservation measures on the ground. The current experience with community conservation projects shows that, after initial investment, a mid to long term period is needed to provide operational support to these measures (e.g. like CNF is providing to the operation of the protected area administrations).

In case of supporting community conservation schemes (community forestry, hunting or pasture management), short term measures are the establishment of management structures, the development of management plans, dealing with legal and contractual issues, and the investment in infrastructure and equipment. Long-term measures will then focus on the implementation of most important conservation functions to be performed, such as a ranger service to control the community-managed area. Long term measures will be implemented through conservation agreements, which will secure payments against demonstrated performance of the contracted activities and results. The payments will be linked to the results achieved and the beneficiaries shall dispose freely with the funds received.

The definition of the level of support can be based on two points of view: a) the monetary and non-monetary costs of the conservation measure and b) the value of the ecosystem service provided (in this case focusing on the habitat function). In our case, the more straight forward approach will be to base the payments on the costs of measures and the levels of support should be assessed on the basis of clear quantitative indicators of input. At the same time, other existing monetary and non-monetary revenues of the local communities should be taken into account. The aim should be

- to pay a fair amount for a clearly defined service,
- to clearly link the payment to conservation/ to securing the ecosystem service (conditionality), and
- to cover at least the opportunity costs resulting from the land-/ resource use restrictions in order to tip the balance.

2. Programme management

2.1 Organisation

The programme team consists of WWF Caucasus Programme Office (WWF CauPo) staff as executing agency and the consultants' staff. The Director of WWF CauPO represents the executing agency directing the Programme team and supervising the Consultant. Monthly management meetings of every national team will be held, and for the first two years quarterly coordination meetings at the regional level will take place, to be reduced to half-yearly meetings for the subsequent years. Contact and communication with sectoral ministries and KfW will be secured by WWF CauPO.

WWF CauPO will be responsible for the:

- establishment and secretariat of the ECF's Steering Committee and National Programme Advisory Groups;
- cooperation with and information of national sectoral ministries;
- exchange and facilitation of information and experiences;
- conclusion of conservation agreements, and their compliance and impact monitoring;
- disposition fund management;
- ECF establishment, operations and fundraising.

The national sectoral ministries have named programme focal points, namely: in **Armenia** Ms. Eleionora Grigoryan, Advisor to the Minister; in **Azerbaijan** Mr. Fizuli Mammadov, Director of the Shahdag National Park; and in **Georgia**, Mr. Ioseb Kartsivadze – Head of the Biodiversity Service in the Ministry of Environment and Natural Resources Protection.

According to the ToR, the Consultant will “enable WWF to steer the ECF on the basis of competent decisions...”. This relates to conceptual planning and technical implementation, but also to procurement and procurement supervision. Further, the Consultant will ensure programme planning, monitoring (impact, progress, input, finance) and reporting, document procedures, prepare and negotiate the conservation agreements and support establishing the ECF; and design a training and capacity transfer programme for WWF CauPO and other cooperation partners.

Programme offices of the consultant are operational in all three countries:

In **Armenia**, the office is located together with the WWF Armenia at 11 Proshyan St., 0019, Yerevan, Armenia with Ms. Tatevik Khachatryan as part-time secretary. The office is furnished and equipped with computers, a printer and a scanner, and an off-road vehicle (Suzuki Grand Vitara 4x4) is available. It is expected that after the WWF Office refurbishment (scheduled in May-June), the consultant will receive a separate room of 20 m².

In **Azerbaijan**, an office has been rented at Vagif Avenue 5, 2nd Floor, Apartment 75, Baku, Azerbaijan. Office equipment has been purchased and all facilities, including a Toyota Land Cruiser, are operational. Ms. Lala Karimova has been hired as part-time secretar.

The office in **Georgia** is located within the WWF office 11, M. Aleksidze St., 0193 Tbilisi, Georgia, with WWF providing office equipment and facilities. A full time administrator/secretary – Ms. Lia Kalmakhelidze - with accounting and procurement skills has been hired and a Toyota Land Cruiser has been purchased.

According to the ToR, a Regional Steering Committee shall be established for the overall guidance of the ECF. In addition to the regional Steering Committee, National Programme Advisory Groups are proposed to secure the in-country coordination of programme activities. It is proposed that the Steering Committee and National Programme Advisory Groups will be established in the second half of 2015, once the FPA process and landscape planning are underway and the process of decision making becomes meaningful.

2.2 Monitoring and evaluation

According to the programme LogFrame, the monitoring of the progress will be conducted according to the following indicators:

Impact level:

- The population of selected indicator species in protected areas which are interlinked through eco-corridors remain constant until 2020;
- The number of conflicts between local communities and protected area administrations in protected areas which are inter-linked through ecological corridors do not increase (as compared with 2012).

Outcome level:

- In selected ecological corridors, 70% of local development plans corresponding to environmentally friendly land use practices are implemented.

Output level:

- Long-term commitments to the target group are made for at least 40% of the available financial means for the promotion of the sustainable use of natural resources.
- All measures agreed upon are based on land use plans;
- 70% of the measures agreed upon in the nature conservation agreements are implemented
- At least 10% of the financial resources available to the ECF in 2017 are from sources beyond BMZ.

The monitoring of the programme indicators will be done by using a web-based planning and monitoring tool that has been developed recently by GOPA, called MEQit. As MEQit allows focussing on both processes and results, it easily can be used for planning and project management as well as for evaluations. During project implementation, the backstopper and CTA will translate the already existing intervention logic into a generic monitoring system that allows easy handling of monitoring plans as well as the observation of progress towards indicators. MEQit further facilitates data collection, data analysis and report production, allowing tracking project progress in real time. The baseline values of the indicators will be acquired during the FPA and Landscape planning activities in 2015.

Progress and input monitoring will be documented in the half-yearly progress report and the corresponding updated Annual Work Plan.

Further, establishing conservation measures in the corridors intends to increase the **population or movement of target mammals** as defined in the ECP. It is thus suggested to compare the status of such target species at the end of year 5 with the baseline established as part of the corridor assessments.

Last, **compliance monitoring** of conservation agreements will be done by WWF with support the Consultant during the course of the programme (initial 5 years).

3. Planned activities per output

3.1 Output 1: The “Ecoregional Corridor Fund” (ECF) has been established as an instrument for promoting sustainable land use practices in ecological corridors

WWF will take the lead responsibility and action to design the Eco-corridor Fund (set-up, perspective and governance structure). The ECF grant scheme will be based on the conservation priorities as indicated in the Ecoregional Conservation Plan. Specific conservation measures (services to secure the habitat function) shall be identified during the landscape planning process by the end of 2015.

3.1.1 Assessment of best practices and lessons learned

3.1.1.1 Caucasus Nature Fund

Founded in 2007, the Caucasus Nature Fund (CNF), is a trust fund that supports the protected areas in the South Caucasus countries of Armenia, Azerbaijan and Georgia. The fund's mission is to provide long-term funding for operating costs, improved management and sustainable development of the region's protected areas. The trust works through public-private partnerships with the three governments by matching, but not exceeding, the allocated State budgets. This ensures each side is committing long-term support for the protected areas. Headquarters is in Paris with programme offices in Yerevan and Tbilisi. The trust supports 14 protected areas across the three countries.

At the end of 2013, the CNF Capital was 24 million Euro and its revenues and expenses amounted to approximately 1,2 million. Revenue comes from investment returns and interest on the capital and from receiving grants (e.g. GEF). Most expenses are related to grants given to protected areas for their operational costs.

The main issues CNF faces in providing grants are related to the planning and management capacity of the protected area authorities and to dropping levels in recent years of matching budgetary funding for protected areas. In this respect framework contracts, providing certainty regarding future funding of protected areas have been important.

To solve the capacity problems, the CNF has been investing in capacity building and establishment of financial planning and accounting systems of protected area administrations. External technical audits of protected area operations have been conducted to secure the necessary improvements have had a positive impact.

In relation to securing matching funding in negotiation with the protected area authorities and Ministries of Finance, the CNF keeps a discretionary right to approve or not approve the grants, as well as in relation to the scope of the grants to be provided.

The main lesson learnt from CNF is that adequate management capacity and financial strength on the side of the recipients is needed to secure both conclusion and implementation of conservation contracts. It will be important to coordinate the activities of the programme with the CNF, and from this point of view a representative of the CNF should be involved in the Steering Committee.

3.1.1.2 Sparkassenstiftung

In 1992, Germany's Sparkassen-Finanzgruppe established the Sparkassenstiftung für internationale Kooperation (Savings Banks Foundation for International Cooperation - SBFIC). The Sparkassenstiftung is actively supporting financial institutions, promoting a sustainable economic and social development at a local, regional or national level by offering banking services that are tailored to the needs of the target groups. The Sparkassenstiftung aims to enhance the professional capacity of its partner institutions, empowering them to offer their customers a permanent access to financial services. In particular small and medium-sized enterprises (SME), but also poor population strata and social fringe groups belong to the target groups of the Sparkassenstiftung's partner institutions.

In the Caucasus, the foundation has been active in projects related to: credit guarantee funds, extension of rural lending business, assistance to retail banks in SME business, introduction of corporate governance standards etc. They see a need for further strengthening of rural banking services, as the main banks prefer

to focus on large enterprises and mainstream financial services. Rural banking faces that challenge that the customers mainly work with cash and that they are not so interesting for banks in terms of size of their savings. At the same time, farmers can many times obtain (expensive) credit only from private lenders (loan sharks).

From the point of view of rural finance, the ECF can play a role in promoting regular banking services in the rural areas. For this purpose ECF should select partner banks based on what additional services they offer if they will be contracted with the savings book accounts. Sparkassenstiftung is ready to partner with the programme to develop the approach dealing with financial services.

3.1.1.1 RSPB Black grouse habitats and land management

In the UK, the Royal Society for the Protection of Birds is running and funding programme for the management of land and habitats of Black grouse. There Black grouse occupy a broad range of habitats, from native woodland to moorland edges, though the relative importance of each habitat to black grouse varies regionally. Management prescriptions can be targeted to provide for the needs of black grouse at each stage of the bird's life cycle, to improve breeding success or adult survival, for example. Knowledge of the problems facing black grouse varies between regions, being greatest in those areas where Recovery Projects are underway, with regular monitoring.

The position of the lek (mating site) is the best place to start when targeting habitat management for black grouse. Most females will nest within 1.5 kilometres (about 1 mile) of the lek, so identify the land with a 1.5 km radius.

Grants are available to help with many of the management actions, both for capital works (which tend to cover up to 75% of the costs) and ongoing management (which tend to be based on a profit foregone basis). They are not intended to be more profitable than an income from production, but aim to cover any shortfall through managing extensively. The principal exception is management on Sites of Special Scientific Interest, funded by statutory conservation agencies. Most management agreements are for a period of 10 years, and there are differences between schemes that operate in England, Scotland and Wales.

For information on ways to manage land to help black grouse, management guidance is provided on moorland, woodland, fencing, deer, predation, supplementary food, and reintroduction.

This programme shows how conservation measures can be targeted at an individual species, how the funding is structured (investment and ongoing management) and how the level of funding is determined.

3.1.1.2 BP pipeline compensation programme

In April 2003 the construction of Baku-Tbilisi-Ceyhan (BTC) pipeline started crossing Azerbaijan, Georgia and Turkey. It links Sangachal terminal on the shores of the Caspian Sea to Ceyhan marine terminal on the Turkish Mediterranean coast. The pipeline became operational in June 2006 was built by the Baku-Tbilisi-Ceyhan pipeline company (BTC Co) operated by BP. The pipeline extends to 1768 km (443 km in Azerbaijan, 249 km in Georgia, and 1,076 km in Turkey). The BTC pipeline passes through 13 districts in Azerbaijan, 7 in Georgia and 9 in Turkey. It passes over 1,500 river and 13 seismically active fault crossings and climbs to a high point of 2,800 meters before returning to sea level at Ceyhan.

The South Caucasus Gas Pipeline (SCP or Shah Deniz Pipeline), using same route as the BTC, became operational at the end of 2006. The construction of both pipelines affected communities (83 communities) within 5 km of the pipeline route and major facilities and raised such challenges as land acquisition and compensation.

Land acquisition and compensation

A key objective was to avoid the physical relocation of dwellings. However, the pipelines disrupted land use and the livelihoods of a large number of households to varying degrees. The pipeline construction affected 4,150 private land owners and land users, 102 municipal organs and the Ministry of Ecology and Natural Resources (for forest territory). The total cost of direct payments of compensation for land plots in Azerbaijan adds up to USD 14.2 million. Overall 4309 agreements for lease and land acquisition were signed out of which 4005 was with landowners, 202 with leasers and 102 with municipalities.

Landowners were compensated for the permanent acquisition of land as well as economic losses equivalent to the value of the improvements and standing crops on their land. Tenants and other land users have been

paid for three years of lost crop production. Some restrictions were applied for the life of the project but in terms of agriculture these were generally limited to a narrow strip of land immediately overlying the buried pipeline.

The land acquisition and compensation process has been in accordance with World Bank requirements relating to involuntary resettlement (economic displacement), and the laws and regulations of the host countries. The process involved extensive consultations and public disclosure activities as defined in country specific Public Consultation and Disclosure Plans and Guides to Land Acquisition and Compensation. BTC and SCP projects took an additional step of involving independent NGOs in each country to provide third party verification of the fairness and transparency of the land acquisition proceedings.

The major challenge related to land acquisition and compensation was identifying legal title and the rights of informal users (e.g. municipal grazers) in the absence of owners, particularly in villages without cadastral records. Here, two topics are of particular relevance to the programme: the different forms of ownership and compensation principles. The actual land tenure has been classified as follows:

- Private land: individuals registered as owners of private land in the Land Purchase Corridor will be identified based on the National Public Registry, with relevant verifications where warranted. They will receive compensation for affected land at replacement value.
- Communal land: high mountain pastureland registered in the name of a village will be compensated to that village according to the same rules as private land. Individual users of communal land will be compensated for crops, if applicable, but not for land.
- Lessees on state and municipal land: individuals holding a registered lease right on state or municipal land affected by the Project will not be compensated for land but will be compensated for crops if applicable.
- Unregistered owners and user: individuals, who are good faith owners or users of affected land but have been unable to register their rights, will be assisted to register their land rights.

In view of the situation on the ground, they developed the following compensation principles:

- Land acquisition will be carried out in compliance with national law, the host governments' Memorandum of Understanding, and will be guided by international requirements;
- Losses will be compensated at replacement value;
- Any land used by the project on a temporary basis will be reinstated to its previous condition by the company;
- The company will seek to reach negotiated settlements with affected landowners and land users where possible;
- Affected land owners and land users will have access to a transparent grievance mechanism;
- Vulnerable people affected by the land acquisition process will be identified and specifically assisted as needed.

Such experience of the project provides an insight into the actual situation in rural areas of the Caucasus. As a result of traditional farming structures, Soviet era management and of post-Soviet transition phase, there are different forms of land tenure in place, possibly resulting in a number of legal uncertainties. This is further complicated by insufficient institutional capacity, overlapping (or lacking) responsibilities and incomplete administrative guidelines.

The BP project predicted to bring significant social, economic and community related benefits. For ensuring this, a number of sustainable development initiatives that are capable of delivering benefits that extend beyond the construction phase of the projects have been implemented at community level. These are additional to the numerous programs and initiatives that are being implemented to mitigate predicted and potential environmental and social impacts. Offset projects have also been developed to compensate for impacts that cannot be mitigated. The sustainable investments take one of three forms: the Community Investment Programme, the Environmental Investment Programme and the Regional Sustainable Development Programme.

Community Investment Programme (CIP)

The overall objective of the CIP with a budget of 25 million USD is to fulfil the commitment to generate "economic benefits and opportunities for an enhanced quality of life for those whom our business impacts". The CIP aims to improve:

- Living conditions and access to basic needs, such as clean water, electricity, schools, health and sanitation facilities through the rehabilitation of social and economic infrastructure without the need to create parallel structures;

- Utilization of production facilities and inputs through technical improvements, credits, management and training and marketing support in the agricultural and service sectors;
- Income-earning and economic opportunities for local people through access to micro-credit schemes, training and capacity building.

The following types of projects have been conducted: Community mobilization and capacity building, health care, micro-finance, renewal of rural infrastructure, agricultural support, support for income generation through micro-credit, energy efficiency, social services, school improvements, including infrastructure rehabilitation and teacher training.

To date a total of about 300 infrastructure development initiatives have been implemented in these areas through mobilization, capacity building trainings and micro-projects. These have included:

- 52 educational facilities newly-constructed or rehabilitated, 14 of these have been computerized;
- 75 potable and irrigation water supply systems, about 221 km of roads and 42 medical facilities newly-constructed or rehabilitated;
- 183,970 people received direct medical support;
- 497 medical staff and 4,330 farmers trained;
- 12,901 micro loans issued.

Environmental Investment Programme (EIP)

The EIP with a budget of 9.3 million USD aims to promote and conserve biodiversity, where possible by supporting existing national and regional strategies. The programme was implemented via a series of projects that contributed to the following objectives:

- To provide additional benefits that go further than just mitigation of impacts;
- To address areas of key stakeholders concern as identified in the ESIA consultation process;
- To respond to ongoing biodiversity- related initiatives, issues and suggestions raised by stakeholders during the consultation process;
- To promote involvement and commitment of people living in vicinity of the project in the conservation of biodiversity through public awareness and education.

Regional Sustainable Development Programme (RSDP)

The RSDP was a 25 million pledge to regional development measure over a ten-year period starting from 2005. It formed the core of BP's commitment to create sustainable benefits for local communities over longer term and to make a central contribution to the responsible use of revenues generated as a result of the companies' activity. The RSDP comprised two main activities:

The Regional Development Initiative: It evaluated as a large-scale country and region wide programme. The main focus to enterprise development, good governance and improving access to energy.

The Future Communities Programme: That was the main vehicle for the BP's future relationship with communities limited to the 4 km BTC/SCP pipeline corridor and settlements near terminals and pump stations which mostly affected by the project. The themes and projects identified by the communities themselves with an emphasizes on community mobilization.

3.1.2 Context of conservation and rural development funding

In all three countries, a legal framework for providing grants in the field of biodiversity is available, but the detailed provisions and modalities differ.

From the information collected so far it is obvious that a rather complex matrix of various national and donor supported programmes are already targeting agriculture, rural development and poverty alleviation in all three countries. The main purpose of these programmes is to promote economic development of the rural areas, which may have positive or negative effects on biodiversity. There is a certain risk of overlaps with the ECF, which means that ECF needs to find a "niche" in both biodiversity conservation and rural development to maximise its impact and secure the additionality of the funds invested. Local communities are actively looking for any funding opportunities provided by the various donor projects. This may on one hand lead to mobilising additional funds for achieving the ECF objectives but on the other hand it may lead to projects that are in conflict with conservation objectives (e.g. intensification of agriculture, construction of infrastructure...).

3.1.3 Eco-corridor Fund governance

3.1.3.1 Ownership

The Eco-corridor Fund as a mechanism designed to fund contractual nature conservation is the responsibility of **WWF CauPO**. This means that no separate legal entity or organization is to be established and the operation of the fund will be done within the existing WWF structures and procedures. During the preparation of the Manual of procedures it has been established that the existing WWF administrative procedures are largely in line with the KfW requirements.

This approach is beneficial from several points of view:

- Cost: a new separate organization would entail unnecessary new transaction and overhead cost, which in case of WWF are kept to a minimum and spread among all the activities of the organisation.
- Synergies: WWF has a wide network of partners and projects globally and in the region, which makes it possible to optimise the use of expertise, experience and local knowledge.
- Confidence: WWF is one of the most recognised and trusted brands globally and ECF can take advantage of that both in relation to local communities and in relations to potential donors.

WWF offices in Georgia, Armenia and Azerbaijan are operating independently, ensuring a good cooperation with national stakeholders and satisfying the legal requirements of each country. Local administration and disbursement will also be used for the ECF, meaning that from the point of view of countries, each WWF office will operate a separate national funding window. Under the overall WWF management and accounting framework, the national WWF offices would implement the following administrative tasks of the ECF in their respective countries:

- Negotiation of conservation contracts
- Administration and disbursement of funds
- Monitoring of compliance with conservation contracts.
- Impact monitoring

3.1.3.2 Steering Committee

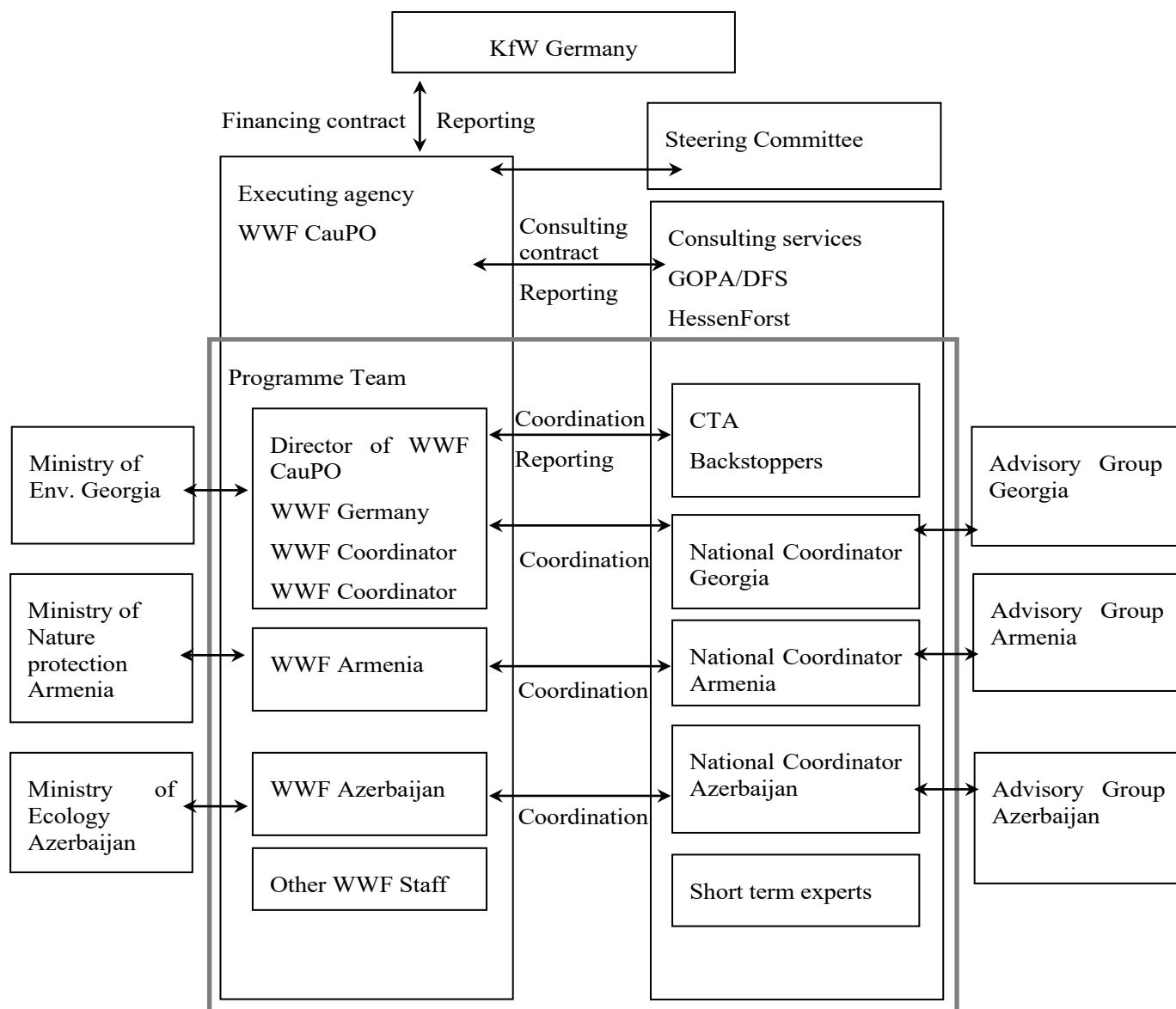
At the regional level, the governance of the fund will be supported by the **Steering Committee** who will mainly provide technical advice, approve funding guidelines and planned activities. The committee should be composed of representatives of at least WWF Germany, CNF and the Regional Environmental Centre for the Caucasus (as a representative of partner countries). TJS, a representative of KfW (Country Delegation), and Caucasus Biodiversity Council should act as participating observers and advisors to the Committee. In order for KfW to assume its function in the framework of the management of its funding, KfW will have to give no-objection to all major decisions. The role of the Steering Committee will include:

- Overall strategic direction
- Review of baseline studies, landscape plans, land use plans and other technical documents produced by the programme team,
- Approval of the conservation objectives for each corridor, the menu of conservation measures, the eligibility criteria, the standard conservation agreements and other funding guidelines, and the annual report by WWF about the implementation of conservation agreements.
- Dispute resolution in case of non-compliance with the Conservation Agreement.
- Coordinate activities with other projects and programmes at the regional level,
- Lobbying and advocacy for the ECF, fund raising

3.1.3.3 Advisory Groups

To facilitate the work in each country, a **National Programme Advisory Group** will be set up at the national level. These will advise on funding guidelines and planned activities, and will represent sectoral stakeholders including target groups, civil society, technical expertise and Government and governmental organisations. The role of the Advisory Group will be to:

- Provide guidance on strategic direction within the country,
- Coordinate activities with other projects and programmes at the national level,
- Provide guidance and comments on baseline studies, landscape plans, land use plans and other technical documents produced by the programme team,
- Discuss the conservation objectives for each corridor, the menu of conservation measures, the eligibility criteria, the standard conservation agreements and other funding guidelines, and the annual report by WWF about the implementation of conservation agreements
- Lobbying and advocacy for the ECF, fund raising

Figure 2. Overview of the organisational structure of the programme

3.1.4 Eco-corridor Fund management procedures

Several technical and formal procedures will be developed and implemented in order to secure relevance, effectiveness, efficiency and sustainability of funding.

The menu or catalogues of conservation measures (grant categories) with predetermined technical scope and funding levels will be developed based on corridor conservation objectives and agreed land use plans. Before starting the negotiation of conservation agreements, the menu will be approved by the Steering Committee.

There are two basic options to select potential beneficiaries – through public announcement, calls for application, or through the process of planning and dialogue with the local communities. The planned approach of combining baseline survey and landscape planning with bottom up FPA process in priority target communities allows for direct selection of potential beneficiaries through the process of engagement, including information and references provided by partner organisations active in the area. In this process, the **criteria for the section of potential beneficiaries** should be made known to the public and any group or organisation interested in becoming a beneficiary.

But ultimately, the selection of beneficiaries to work with should be the independent decision of the WWF CauPO (under the guidance of the Steering Committee) in order to avoid lengthy, costly and disappointing (to the applicants) formal selection procedures.

Once the potential beneficiaries are selected by the programme team and later ECF staff, a formal mandate should be given by the Steering Committee to the ECF representative regarding the type of measure to be negotiated with the beneficiary. In this **negotiation** the standard agreement should be used. It should be clear, who represents the ECF in the communication with the beneficiary and what is the procedure for ultimate approval of the award.

The **conclusion of an agreement** should be made once the content is agreed. This should be a formal decision taken by the management of the WWF, who is authorised to conclude such agreements according to separate agreement. The content of the agreement should be made public and reported to the Steering Committee.

After the conclusion of contracts, WWF shall **monitor the implementation and the impact** of the contracts. The Consultant (national coordinators) should receive reports on performance from each beneficiary according to the contract (annually). They should review the report and ask any clarification questions or conduct a site visit if deemed necessary. In this process they could ask for corrective action by the beneficiary to secure the compliance with the terms of the contract. Once satisfied, they recommend the bank to release the annual payment. The exact modalities of payments need to be worked out, taking into account also the cash flow needs of beneficiaries (e.g. releasing payments monthly).

Nevertheless, each year a sample of agreements would be selected for **independent verification** of performance by a third party. Such verification would also be required in each case when performance is considered inadequate, before a formal decision of non-approval is taken.

In case there is disagreement between the beneficiary and WWF regarding the performance and payments, this would be taken to the dispute resolution mechanism under the ECF Steering Committee.

The whole monitoring system should be embedded in a wider transparent process of exchange of experience and information regarding the conservation and sustainable development activities by the beneficiaries, ECF and other partner organisations. Its primary function would be capacity building and exchange of experience for continuous improvement, but a side effect would also be shared transparency and openness regarding compliance with and impact of conservation agreements.

3.1.5 Banking sector and framework agreement

The banks that will be selected to run savings book accounts will benefit both in terms of receiving long term deposits and in terms of building their capacity to offer services to the rural communities. In the EU there are many banks that have actually originated from rural cooperatives or mutual savings institutions (e.g Raiffeisen, Sparkasse or Credit Agricole) and are specialised in providing financial products for farmers and cooperatives. The criteria for selection of the banks operating savings accounts will include geographic availability of the services in rural areas and willingness to develop new services for rural communities. These banks will also be offered tailored capacity building activities to assist them in developing such services.

The banks operating in the three countries of the Caucasus will be assessed from the above point of view. A standard framework agreement of cooperation between ECF and the bank will be prepared. Based on the assessment, a short list of banks will be developed for each country and the shortlisted banks invited to present their proposals.

3.1.6 Eco-corridor Fund communication

Given the strength of the existing WWF brand globally and in the region, it makes sense to apply WWF's communication guidelines, at least in the early set-up phase of the ECF. Depending on the future vision of ECF that is to be developed, this approach may change in case the plan will be to position ECF separately from WWF. The communication of the ECF will focus on involved groups (who in this case may also represent the threat generators) and the mediators.

3.1.7 Capacity building

During the five year setup phase of the fund, the capacity of WWF and implementing partners needs to be developed to such a level that the implementation after the end of consultants' support is ensured. Capacity building will mainly be done through on-the-job training of all those involved as integral part of the programme activities, namely:

- the programme team (WWF staff, national coordinators, administrative and financial assistants),
- subcontractors delivering various services (baseline studies, FPA facilitation, land and resource use plans, technical support to local communities, third-party verification),
- banks providing banking services,
- local, regional and national public institutions,
- partner organisation working on similar projects.

In addition, specific trainings will be planned and delivered according to the needs identified. The methods used for training will include:

- Methodological inception workshops for experts contracted to provide services to the programme (FPA facilitation, landscape and land use planning, verification of performance...),
- Formal and informal trainings for applicants/ beneficiaries,
- Study tours and field visits to other areas within the countries or in the region,
- Direct technical support to the beneficiaries.

The training plans will be prepared and implemented, and included in the Annual Operational Plans based on the results of the FPA and baseline surveys in 2015. Further, a specific budget of the disposition fund is provided for strengthening WWF CauPO in fundraising (to be done by WWF Germany) and upgrading the offices of WWF in Georgia and Armenia.

3.1.8 Exposure visit to EU

In October 2015, an exposure visit is proposed for the programme team (WWF, consultant and national focal points) to gain an understanding of the potential and constraints of contractual nature conservation and sustainable natural resource management in Europe. The visit will cover: contractual nature conservation; nature conservation at landscape level (nature parks, biosphere reserves); management of forests with conservation objectives; management of wildlife; pasture and livestock management; integrated sustainable rural development in mountain areas.

3.2 Output 2: Using the ECF-funds, long-dated land use plans have been developed with participation of the beneficiaries; the plans are aiming to support the ecologically sound use of natural resources

3.2.1 Conservation planning and management in the EU

For general reference, in this chapter we first present the EU's approach to land use/ landscape planning followed by the proposed planning methodology.

Nature conservation planning in the EU rests on two fundamental pillars:

- the definition of species and habitats of conservation importance at the level of EU and bio- geographical regions, and
- the definition, implementation and monitoring of appropriate measures to achieve good conservation status of the species and habitats of importance at the relevant geographical level.

This is done through a number of instruments at EU and national level. At the level of EU, the Birds and Habitats directives define species and habitats of importance in the respective annexes. It is the duty of each member states of the EU to designate a Natura 2000 network of protected areas on their territories in such a way that the species and habitats listed in the directives keep "good conservation status". The adequacy of the Network is checked by the European Commission through a process of "bio-geographical seminars", where conservation experts and other interested parties assess and discuss the impact of the measures taken and suggest additional measures to secure good conservation status. For each protected area of Natura 2000, the member states are obliged to prepare a management plan or implement another form of effective management to achieve conservation objectives.

Apart from direct protected area management, conservation measures are implemented through (strategic) environmental impact assessment procedures, the EU and national agricultural and forestry policy, spatial planning, river basin management and various sectoral policies. At present, a significant portion of agricultural subsidies are directed towards conservation through the so called agri-environmental measures.

To complement the Natura 2000 protected area network, the European Commission announced in 2012 its intention to prepare a strategy on green infrastructure to address the spatial structure of natural and semi-natural areas but also other environmental features. The underlying principle of Green Infrastructure is that the same area of land can frequently offer multiple benefits if its ecosystems are in a healthy state. Green Infrastructure investments are generally characterized by a high level of return over time, provide job opportunities, and can be a cost-effective alternative or be complementary to 'grey' infrastructure and intensive land use change.

Further protected areas and regulating use are managed in line with landscape plans that form the lowest, but most important operational planning and monitoring unit. Their preparation requires the following sequence of steps:

- Scoping
- Situation analysis and evaluation
- Assessment of the condition of nature/ landscape (abiotic factors, fauna, flora, etc.)
- Assessment of current and planned land- / resource uses and expected impacts (sectoral plans)
- Setting objectives for nature protection and landscape conservation
- Concept development, draft requirements and measures
- Stakeholder consultation
- Identification and balancing of potential conflicts between conservation and development objectives
- Specification of objectives and measures considering sectoral plans/ development needs
- Adoption, implementation, monitoring and evaluation

3.2.2 Conservation policy and programme environment in the Caucasus

3.2.2.1 Armenia

With the **2014-2020 Strategy and State Program of Conservation and Use of Specially Protected Nature Areas** adopted in 2014 and with several projects and programmes implemented by international organisations and NGOs, the focus of conservation in Armenia is shifting from centralized to participatory and community management of protected areas, use of economic mechanisms and different sources of financing. The Strategy aims at creation of a national ecological network ensuring normal state of nature and people's well-being, and creation of compensation and incentive system.

This policy shift is also reflected in a package of draft laws aiming to increase effectiveness of protected areas legislation developed in the framework of the UNDP/GEF Programme. This package still has not been adopted into law. The **Draft Law on Specially Protected Nature Areas** foresees the definition of management principles and conservation regimes for buffer zones of protected areas, ecological network and ecological corridors. An ecological corridor is to be managed by the Management Board, representing relevant stakeholders under a mandate provided by the government on the establishment, power and activities of the Board.

Examples of participatory conservation management include establishment of a community managed **Gnishik Protected Landscape** (supported by WWF and UNDP/GEF) and the management of buffer zone outside Khosrov Forest State Reserve by the **Foundation for the Preservation of Wildlife and Cultural Assets (FPWC)**. They rented ca. 2000 hectares of pristine land from Urtsadzor community aiming to set up a model for a functioning reserve called Caucasus Wildlife Refuge connecting Urtsadzor, Lanjanist and Sharap communities' development, education, eco-tourism and nature conservation.

The existing and planned developments in Armenia are enabling the planned objectives and activities of the ECF, and there are already some pilot examples of activities that ECF is aiming to support.

3.2.2.2 Azerbaijan

The effectiveness of initiatives to mainstream biodiversity into the strategies, plans and programmes of relevant production sectors in Azerbaijan has historically been limited. The recent adoption of the **National Development Plan, Azerbaijan 2020: Outlook for the future' Development Concept in 2012** has however now created the enabling framework for improving the mainstreaming of biodiversity into key

production sectors. The National Development Plan specifically identifies the measures that will be required to protect biodiversity, neutralize the negative impact of the fuel-energy complex on the environment, eliminate the pollution of the sea and its basin, protect marine and freshwater ecosystems, restore green areas and effectively protect the existing natural habitats and resources. There is no exact attention to the issue on nature conservation contracts in the development concept.

There are a number of environmental policy documents which outline various actions and have served as a basis for environmental spending. These include **State Programme on Environmentally Sustainable Socio-Economic Development** and the **Comprehensive Action Plan on Improvement of the Environmental Situation for the period 2006–2010**. The latter was known as the Environmental State Programme, with a primary focus on the Absheron Peninsula. The plan involved clean-up, remediation and environmental management measures.

There have been also plans with a specific focus on particular environmental issues, including **State Programme on Reforestation and Afforestation for the period 2003–2008** and **National Strategy and Action Plan on Biodiversity Conservation and Sustainable Use for the period 2006–2009**.

Each State Agency responsible for overseeing the implementation of each production sector is now in the process of, or has already completed, revising their medium-term strategies and state programs to more fully align with the objectives, outcomes and activities identified in the National Development Plan. Key strategies and state programmes include:

- **The State Programme for Poverty Reduction and Sustainable Development in the Azerbaijan Republic (SPPRSD, 2008-2015)** has a strong environmental component. It aims to inter alia: increase the coverage of protected areas to 12% of the country; reduce greenhouse emissions in the power sector by 20%; and achieve 100% treatment of all sewerage and wastewater;
- **The State Programme for the Socio-Economic Development of the Regions of the Azerbaijan Republic (2009-2015)** is implementing specific measures related to the treatment of wastewater, the construction of water supplies and the rehabilitation of the Caspian Sea environment and its coastal territories;
- National Program “On Environmentally sustainable social and economic development (2003);
- State Programme on Efficient Use of Summer-Winter Pastures, Hayfields and Prevention of Desertification in the Republic of Azerbaijan (2004);
- The National Program on forest restoration and expansion in the Republic of Azerbaijan (2003) is under full implementation;
- **The National Strategy and Action Plan on Conservation and Sustainable Use of Biodiversity in Azerbaijan** (approved in March 24, 2006, # 1368) was prepared prior to the adoption of the CBD Strategic Plan for Biodiversity 2011-2020 and is not aligned with the Aichi Biodiversity Targets.

There are some provisions of the NBSAP that could be related to the issues on the contracts for nature conservations: These are following:

- 6.1.1. Carry out reforms in the biodiversity management system and bring it in conformity with the international standards;
- 10.2.1. Develop mechanism for economic valuation of biological resources;
- 11.1.1. Develop proposals to bring existing legislation related to economic sectors that impact biodiversity and environment into conformity with international standards;
- 11.1.2. Develop draft normative-legal acts that regulate biological safety, use of species created by invasion of genetic resources and gene engineering, and other related issues.

The Government of Azerbaijan implements programmes for supporting the agrarian sector. Based on the Decree of the President “On additional measures for fostering **agrarian reforms**” signed in 1999 and amendments made to it in 2001 the government apply the following measures:

- The producers of agrarian products and the citizens who received land free of charge were exempted from 8 of 9 taxes (land tax for five years after privatization) up to 2020.
- The purchase of fuel and lubricants with 50% discount
- For wheat producers 70% of the reimbursement of all expenditures and subsidy in an amount of 40 Euro for each hectare.

The existing policy documents in Azerbaijan provide a policy and legal framework for the possible activities of ECF. But, in the complexity of different policies and institutions, the exact modalities of implementation will have to be coordinated closely with the counterpart Ministry of Ecology. The activities of the ECF may provide an example to be followed by the wider policies and programmes in the future.

3.2.2.3 Georgia

EU-Georgia Association Agreement was signed in June 2014 and aims to deepen political and economic conditions between Georgia and the EU in the framework of the Eastern Partnership which includes deep and comprehensive free trade areas. 28 Key sector policy areas of the agreement include regional development, environment, conservation and sustainable use of biodiversity, agriculture and rural development and sustainable forestry fields etc.

More than 3 million hectares of Georgia, which is about 43.5% of Georgia is agriculture land, including pastures and meadows. 39% of arable lands are located on elevation of 500 m above the sea level. Only 20-30% of the agriculture land is officially registered by the National Agency of Public Register. Agriculture still accounts about 52% of the country labour force, while 98% of farm workers are considered self-employed. Most of arable lands are privatized but land registration issues remain problematic. According to the Agriculture Development Strategy it is vital to segregate state-owned and/ or municipal land from privately owned ones and to register the areas accordingly. The community owned grazing lands are also not clearly delineated, which is an additional problem and cause of unsustainable use of these areas. According to the Agricultural development Strategy, the cadastre system comprises only geographic and legal aspects and only 20-30% of the agriculture land is officially registered by National Agency of Public Registry. A huge problem also consists in the lacking land inventory, that's why distribution of agricultural lands, allotments and area retained in the state ownership is unknown.

Relevant sector policies include:

- **The Strategy for Agricultural development in Georgia (2015-2020)** includes Strategic Directions for different level and measures for its fulfilment. Special consideration is given to regional, sectorial and institutional development, improving of local farmers' capacity, promoting modern/ innovative technologies in land use and development of agriculture, land market and implementation of agro-insurance programmes, strengthening of the agriculture leasing system, promoting biodiversity and environmental sustainable programmes etc.
- the **State Strategy for Regional Development of Georgia for 2010-2017** recognises the inter-relations between PAs and rural communities and lays down some guiding principles for local economic development policy and PA development and management policy.
- the **National Environmental Strategy and Action Programme of Georgia (NEAP II) 2012-2016** aims at balancing economic growth, environmental protection and social development through the specification of long-term goals, short-term targets and activities for eleven themes. For the field of "Biodiversity and Protected Areas", following short-term targets shall be achieved: (1) Rehabilitation, protection and conservation of viable populations of selected endangered species and habitats; (2) Improvement of effectiveness of hunting and fishery management to ensure sustainable use of fauna resources; (3) Development of a unified and effective Protected Areas network; (4) Improvement of the effective-ness of PAs management through the capacity building of its administrations and (5) introduction of financial sustainability mechanisms; and (6) Creation of proper databases for biodiversity conservation and sustainable management of biological resources through developing the relevant bio-monitoring system.
- the **National Biodiversity Strategy and Action Plan (NBSAP)** adopted in 2005 (2011-2015) had been overtaken by the **National Protected Areas System Development Strategy and Action Plan (NPASDSAP)** developed in collaboration with IUCN in 2009 (which has no formal status).
- the **Georgia National Tourism Development Plan and Strategy** promotes a concept of destination "hubs" and "spokes" which include regions in which PAs are located – in some respects the strategy is complementary to eco corridor development.
- Furthermore, the establishment of Eco-corridors is also influenced by policies concerning **hydro-electricity generation**². Like in so many other countries, there are weaknesses in the policy framework with regard to the integration of environmental protection goals into national policies, communication between ministries with functions related to natural resources management, and sustainable land management.

Of the three countries, Georgia is most intensively on the path to implementing EU like agricultural and rural development policies, but the process still has to show visible effects in the countryside. This creates an opportunity for the programme to provide leading examples of integration of conservation and rural development.

² <http://hnp.minenergy.gov.ge/index.php?lang=eng>

3.2.3 Legal and institutional framework

3.2.3.1 Armenia

According to Article 10 of the **Constitution of Armenia** “the state shall ensure the protection and reproduction of the environment and the rational utilization of natural resources”. The acting **Law on Specially Protected Nature Areas** (2006) defines 4 types of protected areas: state reserve, national park, natural monument, and state sanctuary. According to the **Law on Local Self Governance** (2002) the role of communities in environmental protection is limited to the organization of protection of community owned lands and watercourses, running environmental and agricultural cadastres, and use of environmental fees. The community may exercise powers delegated by the state, but this has never been done in practice. The **Law on Environmental Supervision** (2005) regulates the supervision of the implementation of environmental legislation, including biodiversity issues.

The **Land Code** (2001) defines land types such as: (1) agricultural, (2) settlements, (3) industry, mining and other industrial purposes, (3) energy, transport, communications, and utilities infrastructure, (4) specially protected areas, (5) of other special significance, (6) forest, (7) water, (8) reserve lands. It also defines the types of the land ownership, which are: state, community and private.

The state owned lands mostly include forests and protected areas. Community owned lands are mostly pastures and hay meadows while private ownership is limited to cultivated and urbanized lands.

The fact that most lands are in public ownership means that the programme will have to deal with users of public lands. The fact that pasture lands are managed by communities and not the central authorities will enable easier communication with all stakeholders involved and in the determination of existing user rights.

3.2.3.2 Azerbaijan

Overall 30 laws adopted in the sphere of environment protection, natural resources and rational use of natural resources in the country. The most referenced laws to the subject of the programme are the followings;

The Law on Environmental Protection is the main piece of national environmental legislation and legal foundation for environmental protection and main principles guiding environmental expenditure. The Law establishes the legal basis for the introduction of a number of financial mechanisms to protect the environment, including payments for the use of natural resources, payments and charges for environmental pollution, economic incentives, funds for environmental protection, grants and the use of international funds allocated for environmental protection. Resources from fines are earmarked for the financing of environmental protection measures.

Environmental protection funds can be established to finance environmental protection, rehabilitation and compensation measures, according to Art. 27. Sources of revenues for these funds include payments for nature use, property confiscation, sales of the results of illegal hunting, grants and donations and other sources that do not conflict with legislation.

The Law on Specially Protected Natural Areas and Objects establishes legal principles for establishment and protection of specially protected natural territories and security of specially protected natural objects. The **Law on fauna** establishes legislative framework for the protection and use of fauna. **The Law on Wildlife** defines the animal world, property rights over fauna and legal relationships between actors. It also describes issues of State inventory and monitoring, and economic and punitive regulations.

The Forest Code establishes legal bases of regulation of forest relations, use, protection, preservation and reproduction of forests, increase of their ecological and resource potential on the territory of the Azerbaijan Republic. Regulation of forest relations is carried out in view of forest conception as unity of forest vegetation, land, fauna and other components of the natural environment of important ecological, economic and social value.

The Law on Hunting regulates hunting activities through the establishment of hunting quotas, a permit system of hunting, fines and the management of the hunting areas. The Law on Hunting Reform adopted on 18 November 2014 allows establishment private game reserve on the territory of Azerbaijan.

The laws that are relevant for land use are: **Land Code, Law on municipal area and territory, Law on Leasing of Land, Law on the Land Market, Law on the State Land Cadastre, Land Monitoring and Land Survey**. These laws define the categories of the land, regulations in the sphere of application of various types of property, fulfillment of duties related to land users and lessees, protection of land rights, rational

use of land resources and creation of condition of their systematized protection, restoration of land damaged by degradation and salinization, pollution and erosion.

According to the Land code, all lands form the Land Fund of the state, the main category of which is agricultural lands and allowed for private ownership which is freely transferable. As a result of the reform in 1999 lands and properties of former collective and state farms were distributed to the farm members and citizens of the villages free of charge. Private land can be sold freely, inherited, leased and used as mortgage. Regulations for the use of pastures are an important part of the Land Code. Pastures have not been privatized: the municipalities own a large part of the land; the remainder is owned and managed by the State. Farmers lease the pasture either from the municipalities (15 years) or from State (10-99 years).

The Ministry of Ecology and Natural Resources (MENR) has overall responsibility for implementing state policy regarding the protection and use of natural resources and environmental safety and helping define State Programs in these areas. It exerts monitoring and control functions, including in relation to ecological insurance contracts. MENR comprises nine departments, among them are: the Department of Biodiversity Conservation and Development of Specially Protected Areas, the Department of Forestry Development, the Department on Environmental Protection. The Department of Forestry Development undertakes measures for the preservation of valuable landscape (including water retention, soil protection, etc.), sustainable use of forest resources and effective forest management. It is also responsible for the drawing up of a list of specially protected forest areas.

The State Committee of Land and Cartography undertakes the following activities: state land cadastre, land use planning, survey, mapping, land market organization monitoring and data system maintenance; preparation of state programmes on sustainable management of land resources and their protection and rehabilitation; development of projects on protection from land erosion, salinization and partial salinization and various anthropogenic and technogenic pollution, land fertility protection and etc. Recently on 5th February 2015, by the decree of the President of the Republic of Azerbaijan the State Committee of Land and Cartography has been abolished. The functions has been re-allocated to other Ministries and Committees such as Ministry of Ecology and Natural Resources of the Republic of Azerbaijan, State Committee on Property Issues and State Border Service of the Republic of Azerbaijan.

The Ministry of Economic Development elaborates the main strategic directions for socio-economic development, inter alia with regard to state investments.

The Ministry of Finance controls the use of public funds, including off-budget and special purpose funds.

The Ministry of Agriculture is articulated in fifteen departments and five independent sections. The main duties of the Ministry include land use policies, conservation of soil fertility, determination of the principal directions of socio-economic development, water supply and water resources assessment, control of water management and protection, amelioration and irrigation system management.

National Academy of Sciences conduct following directions such as land ecology, investigation of land-environmental features of mountain-forestry zone of Azerbaijan, anthropogenic change of biodiversity and its rehabilitation in forest ecosystems.

Local Authorities: Azerbaijan is divided into administrative districts (rural rayons and cities). According to the Constitution, local governance in Azerbaijan is exercised both through local bodies of state administration (executive powers) and through municipal governments. Municipalities are entitled to implement programmes for social protection, land use, pasture and forest areas situated in their areas, economic development and the environment. In reality, municipalities provide function of large community.

Local farmers' associations to carry out specific tasks are developing, but there is no national farmer's union.

Non-governmental organizations: In Azerbaijan there are up to 3000 NGOs and 80 of them are working in environmental sector. Such NGOs as "Ecolex", Society for Sustainable Development", "Green Movement, "Ekoil Scientific-environmental Society", "Chevre", REC Caucasus Azerbaijan, "GABA" and others are engaged in sustainable use of natural resources and socio-economic developments of the regions.

International organizations: The following international organizations, projects and donors have been identified operating on the territory of the Corridor which can contribute to the programme through their experience, expertise, knowledge, data and information;

- WWF-Azerbaijan projects; Improve Governance and Management of Protected Areas System in Azerbaijan and European Neighborhood and Partnership Instrument (ENPI) East Countries Forest Law Enforcement and Governance (FLEG) II Program.

- German Agency for International Cooperation (GIZ) projects „Integrated erosion control in mountainous regions of the South Caucasus“ and “Sustainable Biodiversity Management in the South Caucasus“.
- UNDP-GEF project „Sustainable land and forest management in the Greater Caucasus landscape“.
- The project of the Ministry of Agriculture „Agricultural Competitiveness Improvement“.

The legislation in Azerbaijan enables the planned activities of the ECF, but this needs to be piloted and tested in practice. The different types of state lands are managed by central authorities, which means that good cooperation will have to be developed with them through the Ministry of Ecology.

3.2.3.3 Georgia

The Law on Environmental Protection is a main law in the field of environment management, which establishes the base for other subordinated legislation in the field of nature conservation. Further are important: the **Law on Wild Fauna** with the main objectives to protect the wild fauna species and to preserve and restore their habitat, to establish regulation for rational use of animal resources; and the **Law on the Red List and Red Data Book of Georgia**, which regulates the issues for protection and restoration of endangered species, preservation of species biodiversity and genetic resources, and support their sustainable development. **Governmental Resolution on approval of “Red List”** in 2014 includes the ECF target species of the Brown bear – which has an Endangered Status and is considered as a small fragmented population; Red Deer - has an critically endangered status and inhabited only in two geographical spots; Chamois with an endangered status as considered as significantly reduced during the last years.

The **Law on Fundamentals of Spatial Planning and Urban Development** regulates the process of special planning and identifies the authorities participating in planning process.

The management of forests of local importance is subject of local governing and self governing bodies and regulated by **Organic Law on Local Self-Governance Code**. Local government is assisting the central government to identify local needs of fuel wood and industrial timber. The main problem in managing these forests is that they are not gazetted.

By now, the timber production for commercial purposes is conducted only by leaseholders, which is regulated by following Laws and Resolutions: **Law on Licenses and Permits; Law on fees for Natural Resource Use; Government Resolution No.132 of 11 August 2005 “On approval of regulations of rules and terms of issuing licensing for use of forest”;** **Government Resolution No. 242 of 20 August 2010 “On approval of rules on use of forest. The Forest Code (1999) of Georgia** establishes the legal base for tending, protection and restoration and use of the State Forest Fund. A new forest code is under the development. Other important laws and resolution are: **Law on the Management of Forest Fund;** **Government Resolution “On establishing boundaries of state forest fund” (No. 240, 13 August 2010);** **Government Resolution “On general care and reforestation” (No.241, 13 August 2010, Tbilisi).**

The Law on Agricultural Cooperatives was adopted in 2013. The law creates a legal base for establishing and operating agricultural cooperatives in order to support socio-economic development of rural areas and to stop migration process, to increase agricultural productivity and promote biological farming. According to the law, the application for establishment of cooperative should be submitted to the LEPL the Agency for development of Agricultural Cooperatives, which may monitoring the activities of a legal person having the status of agriculture cooperative.

The Law on Agricultural Land Ownership – The purpose of the law is to provide a legal framework for farming organized on rational land use, to improve agrarian structures and to avoid fragmentation and inappropriate use of land. The law defines the procedures for purchasing and alienating agriculture land parcels and involvement of state in regulation. The scope of the law, besides the agricultural lands includes forest resource lands, which filled up land parcels of rural population. According to the law, agricultural land parcels are also part of household ownership pasturelands haylands, forests of villages, communities and legal persons. Land in high mountains may be private property, the property of community or the state.

Ministry of Environment and Natural Resources Protection of Georgia is a main governmental body responsible for supporting sustainable development of the country in the field of environment and is considered as the primary Eco Corridor Programme partner in Georgia, which will have an important role in the Programme itself and can also play an important role in establishment of cooperation between the Programme and other governmental institutions. The structural subdivision of the Ministry, which is considered as a direct partner of the project is **Service of Biodiversity Protection**, which represents the main responsible body for drawing out the state policy in the field of biodiversity protection and sustainable management of biological resources (except wooden resources). The head of the Biodiversity Service of the

Ministry has been appointed as a project focal point. As one of the main goals of the Eco Corridor Programme is to ensure connection of protected areas and enhance their ecological stability, the **Agency of Protected Areas** is considered as an important partner of the project.

More than 40% of the total country area is covered by forest, out of which about 98% have natural origins and the significant part is managed by **LEPL Forest Agency** under the Ministry, which represents an authorized governing body of Georgian state forest fund. **Forestry Agency** under the Department of Environment and Natural Resources Protection of **Adjara Autonomous Republic** will be also important partner of the project. Significant role will play **Forest Policy Service** of the Ministry of Environment and Natural Resources Protection, responsible for work out the forest strategy and which participates in collaboration of state policy in the field of forest management and supports its implementation.

About 43.5% of Georgia is covered by agricultural lands. The significant problematic issue related to these lands is that only 20-30% is officially registered by **National Agency of Public Register**. **The Ministry of Agriculture of Georgia** is responsible for the development of state agriculture policy and to implement reforms in this sector. Different Legal Entities under the Ministry aiming to develop agriculture and food production through different means and organizations aiming for development of agriculture cooperatives can be also considered as a project partners; **The Ministry of Agriculture of Adjara** of the Autonomous Republic of Adjara should be also considered as an important project partner.

Another Ministries linked to the objectives of the projects will be considered **The Ministry of Regional Development and Infrastructure**, which works with local governments to prepare regional development strategies and to implement measures to prevent and recover natural disasters, which can be caused by unsustainable land management practices. **Ministry of Economy and Sustainable Development of Georgia** responsible for territorial planning and land privation issues. **The Ministry of Energy of Georgia** having responsibility for the Hydro Power Plants planned or constructed in Georgia, including HPPs inside the corridor. Most of HPPs are privately owned and operated rather than state owned.

One of the most important partners of the project are the **Local Governments**, responsible for the management of land resources under the ownership of municipalities; using of pastures is also regulated at the level of local authorities. **Georgian Autocephaly Orthodox Church** should be considered as an institution having strong authority over the local communities in significant part of the corridor. Besides that it has a role in forest management as a small part of forest fund lands are assigned to the Church. Involvement of Church in the process of FPA implementation can play the positive role for establishment the good communication with local communities.

The organisations active in the regions might be considered as potential partners during implementation of the project on technical level. From international organisations working in the Eco Corridor in Georgia needs to be mentioned **Mercy Corps** and **Oxfam**, which have the significant working experience with local communities and **DVV International** active in capacity building of communities through promoting adult education.

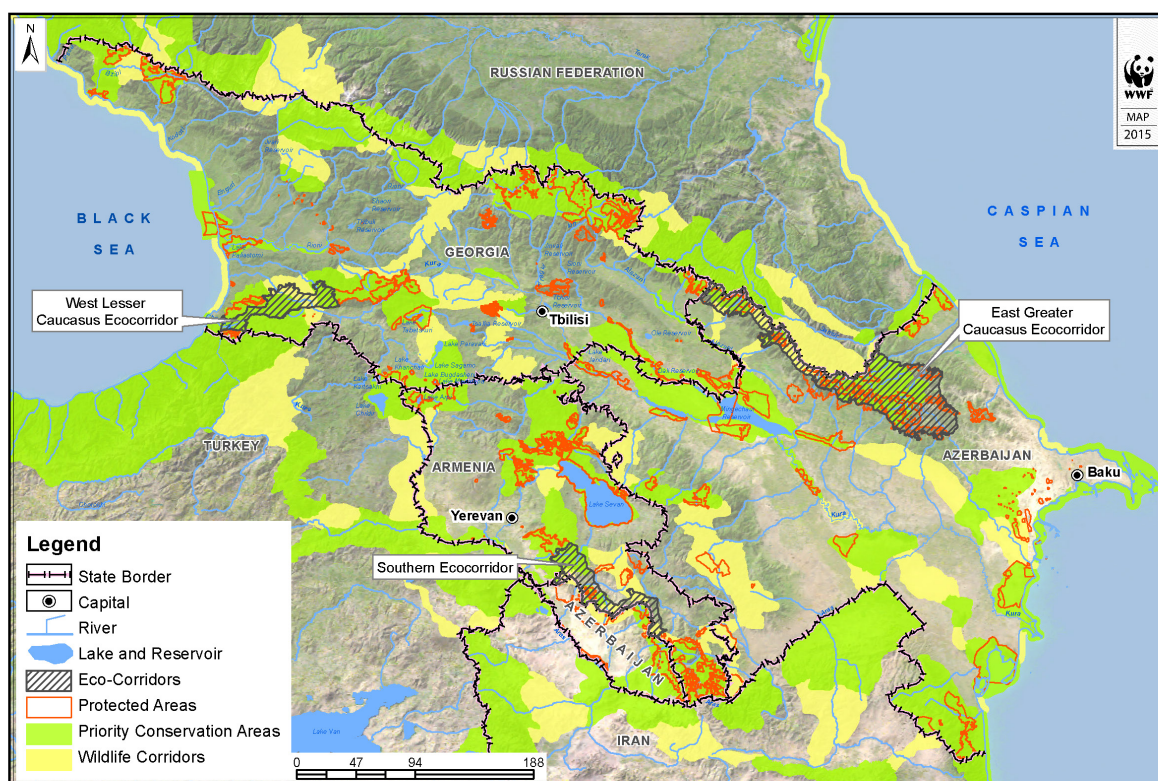
Number of projects is implemented in the Corridor in Georgia financed by different donor organisations (KfW, GEF, UNDP, EU), which might supplement the project-planned activities.

It is a very important to ensure synergies among and mutual learning from projects implemented under the Ecoregional Nature Protection Programme (BMZ/KfW), namely: Protected Areas Support Programme (SPPA), Transboundary Joint Secretariat (TJS), Caucasus Nature Fund (CNF). While SPPA improves PAs management and socio-economic situation in adjacent communities, CNF supports its operation and its management quality; TJS develops the conservation strategies and sustainable financing mechanisms and capacity building for accessing CNF funds. ECF is filling the gaps between PAs interlinking and enhancing their ecological stability.

3.2.4 Selection of ecological corridors

According to the ECP, corridors represent important links between the protected areas that would allow migration of wide-ranging species and ensure the resilience of plants and animals to climate change and anthropogenic development. The conservation of corridors needs to be secured through application of landscape-wide approaches. An overview of protected areas and corridors as outlined in the Ecoregional Conservation Plan is presented below.

Figure 3. Selected ecological corridors in the context of the network of protected areas and priority conservation areas in the Caucasus



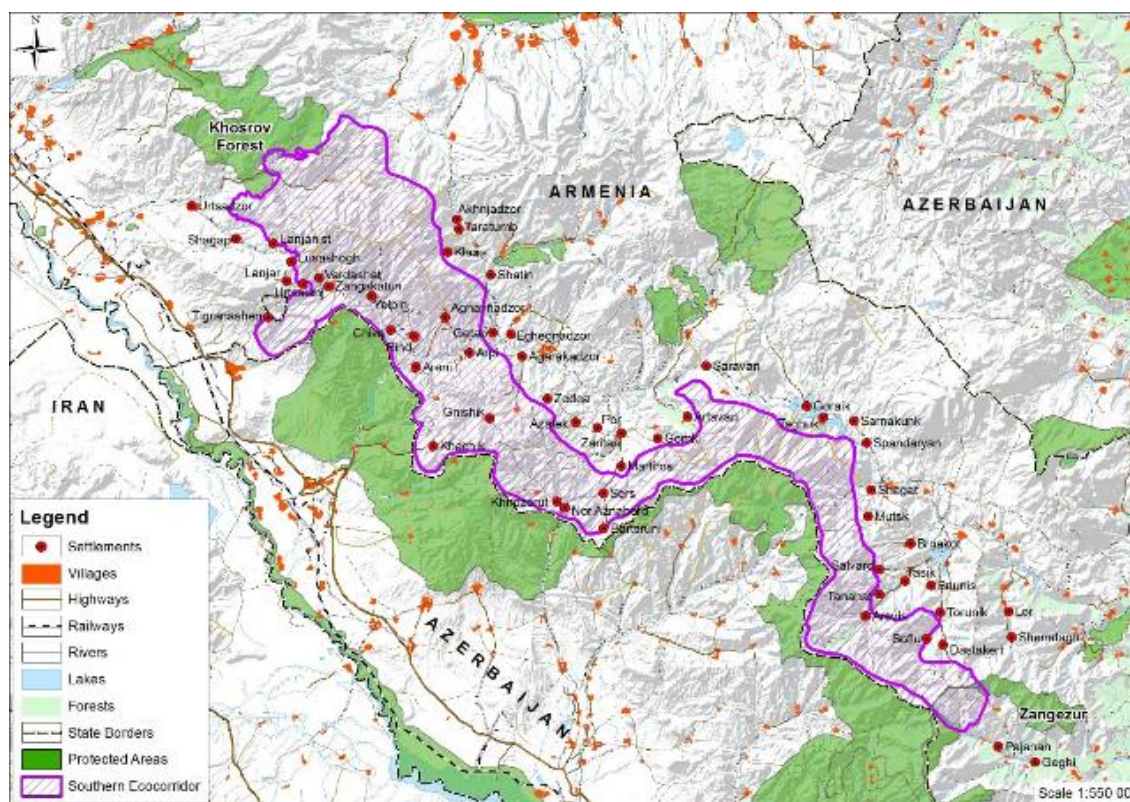
In the ToR, three out of 60 ecological corridors previously identified in the ECP were put forward as possible pilot areas for the ECF. The final selection was discussed within the programme team, with external experts and with relevant national Ministries for each of the three countries.

Table 1. Three selected corridors with main conservation priorities

Ecological Corridor	Key habitats	Key species	Main threats
Arevik Khosrov Corridor in Armenia	Grasslands Woodlands Rocky slopes River gorges	Caucasian leopard Brown bear Bezoar goat Armenian mouflon	poaching, overgrazing, unsustainable collection of wild plants and fuelwood, climate change presence of military in the border zone
The Greater Caucasus Corridor in Azerbaijan	Forests Grasslands Rivers with gravel beds Gorges Rocky slopes	Eastern Tur Caucasian red deer Caucasian chamois Brown bear Lynx Caucasian Black Grouse Caucasian Snowcock	poaching, overgrazing by nomadic shepherds forest grazing, illegal logging development of tourism urbanisation in the gorges
Western Lesser Caucasus Corridor in Georgia	Forests Mountain pastures Rocky slopes Rivers	Caucasian red deer Caucasian chamois Brown bear	poaching, illegal logging, forest grazing, logging at inappropriate sites and overgrazing habitat fragmentation through fencing and urbanisation in main river valley

3.2.4.1 Arevik Khosrov Corridor in Armenia

Arevik – Khosrov Ecological Corridor (see Picture above) is located in the south of Armenia on administrative lands of total 46 communities in 3 administrative regions of Southern Armenia: Syunik, Vayots Dzor and Ararat and covers total area ca. 150,800 ha.



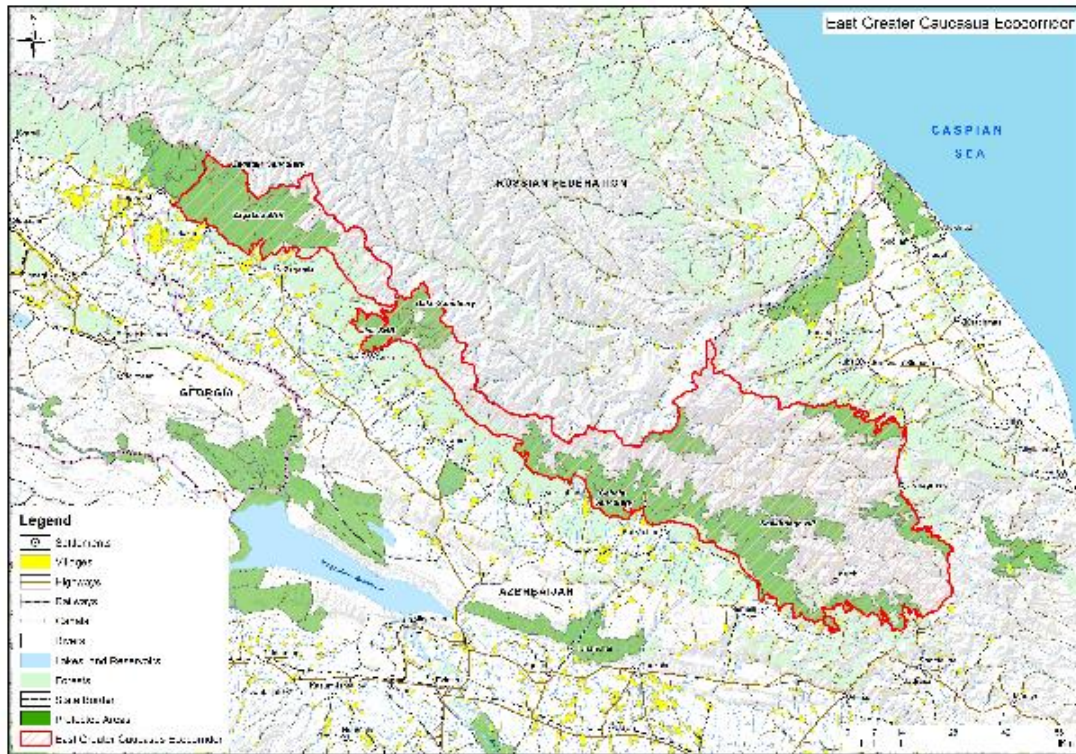
To the north Arevik – Khosrov Ecological Corridor is adjacent to the Khosrov Forest State Reserve, covers part of the south-western slopes of Geghama Range, Dahnak (2536 m a.s.l.), Gndasar (2536 m a.s.l.) and Urts (2536 m a.s.l.) mountains, crosses River Arpa and adjoins with Armenian-Azerbaijan (Nakhichevan enclave) state border, clasps community managed Gnishik Protected Landscape, then covering Vayk Mountain Range (M. Gogi, 3120 m a.s.l.), including upper stream of River Jahuk (tributary of Nakhichevan River), and further over Armenian part of Zangezur Range adjoins with Zangezur State Sanctuary. A significant part of the corridor runs along the mountainous border with the Nakhichevan enclave of Azerbaijan, connecting to the protected areas on the Azerbaijani side of the border.

The mountains, with elevations between 1.000 and 3.000 m above the sea, are segmented by deep river gorges, but mostly very dry (with 200 – 300 mm precipitation annually). The forest cover is very sparse and most of the accessible lands at all elevations are used as pastures. The human population density is relatively low and concentrated in the river valleys, but there are permanent villages even above the elevation of 2000 m. People mainly live on animal husbandry with increasing share of income coming from outside the area itself.

3.2.4.2 The Greater Caucasus Corridor in Azerbaijan

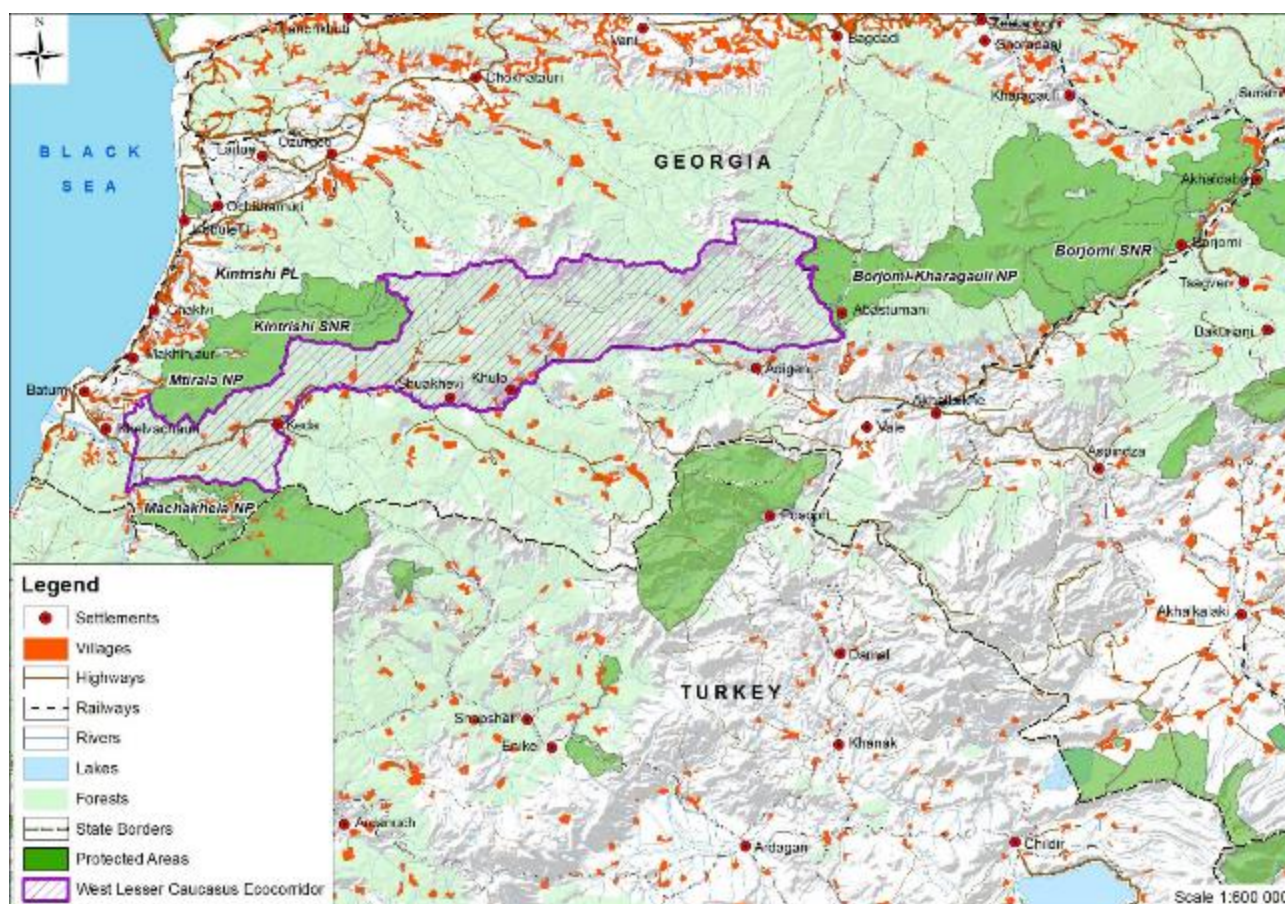
The East Greater Caucasus eco-corridor in Azerbaijan is the eastern part of the Greater Caucasus Mountain Range, which extends from the Black to the Caspian Sea, comprising the mountain regions for about 1.500 km, across territories in the Russian Federation, Georgia and north west part of Azerbaijan. The highest elevation in the Azerbaijanian part of Greater Caucasus is Bazarduzu Mountain which rises 4.466 meters above sea level. In the West, the corridor starts at the Georgian and Russian Border and in the north, east and south it ends in the foothills of Caucasus towards the Caspian. The western section of the corridor includes the southern slopes of Caucasus along the border with Russia, while the eastern section includes both the southern and the northern slopes, as well as the interior valleys of the mountain range.

The East Greater Caucasus eco-corridor connects Zagatala Strict Nature Reserve, Ilisu Strict Nature Reserve and Shakhdagh National Park. It is located in administrative regions of Zagatala, Balaken, Gakh, Sheki, Oghuz, Gabala, Ismailly, Shamakhi, Guba and Gusar.



3.2.4.3 Western Lesser Caucasus Corridor in Georgia

Western Lesser Caucasus Corridor is located in southwest Part of Georgia. The study area of the Corridor starts from the western border of Borjomi-Kharagauli National Park (NP), follows to the Meskheta Range (starting from Likhi Range until the river Chorokhi, 105 km long) covering its northern and southern slopes and borders with eastern and southern part of Kintrishi and Mtskheta Protected Areas (PAs). Southwestern part of the corridor is bordered with Machakhela NP. The study area of the Corridor borders with protected areas of Turkey in Posoph.



3.2.5 Local best practices and lessons learned

3.2.5.1 Community forest management in the Tusheti Protected Landscape, Georgia

One of the interesting outcomes of the “European Neighbourhood and Partnership Instrument (ENPI) East Countries Forest Law Enforcement and Governance (FLEG II) Program” implemented in Georgia was the official transfer of forest management control of the state forests within the Tusheti Protected Landscape (IUCN category V) to the Tusheti people. This was done by authorising the Tusheti Protected Landscape Administration to manage the forests in the PA. At the initial stage the idea was to register Tusheti Protected Landscape as a “Forest of Local Significance” to complete the transition to local control. But later the government amended two laws allowing the Tusheti Landscape to remain within the government controlled forest fund, but under the management of Akhmeta Municipality, which uses the TPLA as a managing agency. This is an interesting precedent case of decentralizing forest management in Georgia. For the first time Forest in Tusheti is now under local control since before the Soviet Period. In case of Tusheti this is considered as providing and economic opportunity to the people traditionally living in the area to sustainable manage the forest.

This example demonstrates that legal framework exists for local management of state forests in Georgia and it has been tested. More or less the same model could be applied to develop community forestry outside protected areas with the state retaining overall administration and control of the forests while delegating the day to day management and use of forests to the local communities.

3.2.5.2 Gnishik Community Conservation Area, Armenia

Gnishik Protected Landscape was established in 2012 by the communities of Areni, Gnishik and Khachik with assistance of an UNDP/ GEF project (Developing the Protected Area System of Armenia, implemented by the Ministry of the Nature Protection and WWF). Gnishik PL is managed by the Gnishik Intercommunity Environmental Foundation NGO which is governed by its board which includes representatives of the 3 communities.

The Vision of Gnishik PL is «to ensure conservation and restoration of natural and traditionally modified cultural landscapes, implementation of scientific researches and monitoring, promotions of regulated tourism and recreation, as well as animals' free movement». The main management objectives of the Gnishik PL are:

1. Conservation of main habitats aimed at protection of populations of inhabiting endangered species;
2. Restoration of interconnectivity of main eco-corridors and habitats for safe movement of animals;
3. Promotion of environmentally friendly agricultural and craftsmanship activities;
4. Promotion of recreation activities by creating alternative income opportunities for households;
5. Promotion of environmental and sustainable development activities by establishing support zone and promoting its socio-economic development;

For 2015 the activities of the Gnishik PL are funded by CNF and WWF. Within another project, WWF plans to establish a shop with packaging and labelling facilities to support local people to market their products (honey, herbal teas, dried fruit, etc.).

In spite of short acting period Gnishik PL can be considered as an effectively operating entity. Gnishik community conservation may serve as a pilot for establishing a long term conservation contract with a local community and as a model for other communities to follow.

3.2.5.3 Privately managed game reserve in Shaki, Azerbaijan

In 2014, new Law on Hunting has been adopted in Azerbaijan. The new law allows the establishment of private game reserves on the territory of Azerbaijan. Despite the fact that the previous law did not allow to have private game reserve, there is a precedent on establishment of a privately managed game reserve in Shaki back in 1993. The Shaki Game Reserve is located on south slopes of the Great Caucasus Mountain range of the Gakh (from Gashgay River), Shaki and Gabala (Fililli village) administrative regions. The administration of the reserve has succeeded in the establishment of infrastructure, management of feeding of wildlife in winter season, provision of wintering locations for wildlife, management, conservation and reproduction of species. The main species in this game reserve are wild boar, eastern tur, bear, fox, quail, pheasants, partridge, rabbit etc.

The operator of the game reserve is an amateur hunter – businessman. With the goal to keep sustainable hunting in Shaki region he leased from the Government 500 ha of land in 1993. During a short period of time from 1993-2001 he managed to increase the population of the wildlife (wild boar, eastern tur, quail, pheasant, partridge, bear etc) on this territory. He established infrastructure such as roads, conducted electrical poles and lighting, planted around a million trees (including fruit trees), constructed wildlife reproduction centre and 7 hunting lodges, established fishing ponds and shaped a hunting landscape, attracting hunters and high level guests from all over the world. The overall resources spent on establishment of infrastructure is estimated around 2 million USD. With this it became the first game reserve established, managed, regulated and controlled by a private person based on his own resources.

In 2001 the Ministry of Ecology and Natural Resources evaluated the progress done in Shaki Game Reserve and were impressed by the results achieved. They agreed to increase the territory of the reserve to 60,000.00ha by leasing forest land to the operator for 15 years and state fund lands for 99 years. The contracting procedures were finalized in 2003. However due to the absence of relevant law, officially the Shaki Game reserve was kept under the balance sheet of the Ministry of Ecology and Natural Resources.

The administration is planning to launch a project on the reintroduction Caucasian mouflon from Nakhichevan or Turkey and to re-produce the Caucasian Chamois. Currently fundraising measures are taking place.

The hunting reserve represents a possible model how to improve wildlife management and thus increase the populations of target species through public private partnership. All three countries currently lack a comprehensive approach to management of wild animal populations outside protected areas. Similar hunting

management schemes could be supported by the ECF in the ecocorridors, but with involvement of local community organisations as managers of the hunting areas.

3.2.6 Feasibility of conservation measures in the ecological corridors

Main threats to biodiversity in all three proposed corridors are poaching, unsustainable use of forests and unsustainable use of pastures. In Azerbaijan and to some extent in Georgia, an additional threat is the urbanisation and fencing of critical corridor sections in river valleys. In order to adequately plan conservation measures, the actual level of these threats needs to be analysed and assessed in more detail (mapping habitats and species, actual use of land and resources as well as social and economic conditions) before proceeding to landscape and land use planning.

For now, it seems that these threats are caused by the following underlying issues:

- Low level of local economic activities, relying largely on subsistence farming and the use of insufficiently regulated natural resources;
- Uncertainties related to land tenure rights and ;
- Limited level of administrative capacity to plan and monitor sustainable natural resource management (forests, pastures, wildlife) or spatial (urban) planning on the ground.

The population in all three corridor regions still largely depends on subsistence farming for their survival, leading to high pressure on common natural resources such as forests and pastures. Since the end of Soviet Union, the breakdown of the system of collective farming and state purchase of farming products has led to rural decline and widespread rural poverty. Young generations are looking for job opportunities in the urban areas, but the population employed in agriculture is still very high compared to developed countries. The modern national rural development programmes and farming support systems are only now being developed for these areas and it is important that nature conservation and environmental concerns are integrated into these policies early on. The local economic development and sustainability of resource use is largely determined by the uncertain land tenure situation.

Uncertain land tenure rights (land ownership and user rights on public land) are a result of different land tenure changes during the last century, from collectivisation and nationalisation of land in the soviet period to various steps of land privatisation since 1990. Land reforms have left most lands (forests, pastures) in public ownership and have released little lands (mainly arable land and orchards) to households in private ownership. On top of that, all these changes have been implemented with limited regard to the traditional land use rights and patterns, which still apply to at least some extent in remote villages.

An example of uncertain regimes and tenure rights are forests/woodlands used as pastures in all three corridors. Local people seem to have always been using forests close to villages as pastures, as witnessed by the widespread “pastures with trees”. According to legal definition of forests and the legal provisions, these lands should not be used for grazing. But due to the fact that families do not own sufficient land near the villages to secure winter, spring and autumn grazing or fodder, they allow their livestock to graze there, knowing very well that such grazing is almost impossible to effectively control and that it is practiced by the entire community. The result is a specific mixed grassland and forest habitat type that used to be well known on common lands in Europe up to the 20th century, which has low productivity both as forest and as meadow, but may actually have high biodiversity and is preferable to pure meadows or pastures due to the protective function of trees, and has higher biodiversity than closed forest. Some European countries now actually subsidise the maintenance of such mixed forest-grassland habitats as part of their nature conservation activities. The challenge in the Caucasus is to formalise the status quo, delineate forests, grasslands and mixed habitats according to their functions, and to legalise land tenure, thereby establishing clear responsibility for protection of sustainable use of such land. Following the experience of BP, providing assistance to current users of land to document and formalise their rights may be an important conservation measure itself, leading to more sustainable management of the land.

The uncertain land tenure is further complicated by the low administrative capacity for resource management at the local level. Since the end of Soviet Union, virtually no forest or pasture inventories have been conducted and the existing management plans seem to be just a continuation and extrapolation of management plans from before 1990. This means that the effective decision making on actual resource use is delegated to local foresters, environmental inspectors and municipal officials, who are underpaid and are at the same time part of the local community. This creates a grey zone where it is hard to distinguish between legal and illegal logging or pasture use, and hard to distinguish between officials trying to meet the needs of the local population (in terms of allowing fuel wood collection and forest grazing) and corruption.

The clarification of land tenure rights may in itself contribute to more sustainable management as it will provide certainty, and thus a more long - term interest for the users. Existing land ownership and resource legislations enable and even require the clarification of land tenure rights, but implementation of documenting land tenure is slow due to the costs of administrative procedure and a large number of cases to be resolved. A significant effort will be required to identify and document the existing user rights on public land (forests and pastures) before being able to negotiate conservation contracts, whether these rights apply to individuals or to communities. But it will be much easier to deal with the community rights compared to individual ones.

Once land tenure rights are clarified, both of ECF's objectives (conservation while not decreasing income level) can be achieved by improving the environmental and economic sustainability of the existing land use. In the European Union current land-use practices are legally defined and well documented through spatial plans and land ownership, it is usually straightforward to determine how direct payments can be made to steer changes. However, such an approach seems very difficult to impossible in the Caucasus, taking into account that the ECF is not supposed to pay for abandoning illegal practices.

Having done extensive field consultations, it is questionable whether it will be possible to conclude meaningful conservation contracts with individual farmers for **not applying land use practices that are not compatible with the principles of ecological corridors**. Farmers do not own most of the land they are using and their user rights on public land (pastures, forests) are often not legally documented. Because of this is difficult to establish the legal and factual baseline of land use before contracting for the changes in land use. The only readily individual support measures identified so far are the protection of livestock, beehives and arable land from animals in order to reduce the human/ wildlife conflict.

An obvious option coming up in discussions with stakeholders in all corridors is to provide support for establishing and maintaining **sustainable land use practices in ecological corridors and ecologically sound use of natural resources** by local communities (e.g. community based conservation areas, forest management, game reserves or pasture management). This would contribute significantly to achieving conservation objectives and is in the interest of most stakeholders.

The best course of action seems to be the establishment of **community-based conservation agreements** which target the sustainable management and improvement of conservation status of key habitats and species. The conservation agreements shall be based on sustainable **resource use plans related to wildlife, forests, pastures and construction sites**. Along this process, technical and capacity building support in economic diversification and productivity will have to be provided to the local communities by the programme. The Gnishik community conservation area provides a good example of such an approach.

For forests, this approach means e. g. the elaboration of local forest management plans for state forests, and ensuring community forest management with the ECF:

- Paying for village foresters and forest wardens as a long term measure, and;
- Supporting the local community to invest in forest roads to secure forest tending and logging according to the management plan (short - term measures), as well as processing and marketing of the sustainably harvested forest products (technical advice and capacity building).

A similar approach to wildlife management would entail establishing local wildlife management/ hunting areas (modelled on examples of Central Europe), where local associations would take responsibility for the protection and management of wildlife populations, eventually be allowed to start commercial hunting of certain species once their population levels allow that. In such cases, ECF would fund guarding and wildlife management measures until wildlife populations have increased and hunting starts generating revenues.

In pasture management, this means developing pasture management plans optimising grazing in time and space, improving quality and quantity of hay production for the winter. ECF would fund the community implementation of the plan and enforcement as well as investments in needed infrastructure, such as access roads and water supply.

3.2.7 Approach to landscape and land use planning

The overall framework of conservation objectives and priorities for Caucasus is provided by the ECP that follows the EU approach by including a plan for each bio-geographical region of Caucasus. It also includes the lists of priority biomes, species and conservation areas, including corridors between protected areas. These corridors correspond to the concept of Green Infrastructure in the EU (<http://ec.europa.eu/environment/nature/ecosystems/>) and to various concepts of spatial connectivity

through low-intensity land use (fallow field strips, stepping-stones of old-growth forests) or rehabilitation measures (rerouting of waterways).

At the level of each corridor, the framework is provided by the different sectoral laws of each country, by the administrative division and institutional setup of the relevant local and national authorities. As the level of implementation of these laws is still low, meaning that most planning documents are not developed yet, it would be beyond the scope and ability of the programme to prepare and get approved a full set of landscape, land use and sectoral plans for the pilot corridors. A cost efficient and effective approach is therefore needed to meet both the ECF objectives and the national legal requirements.

It will be crucial to the programme's overall success to design a landscape/ land-use management planning process within the frame of national planning and legal frameworks that is

- i.) able to put in place adequate measures for the ECP's key habitats and species;
- ii.) well acceptable to land users given the compensations on offer. To achieve this, the process of planning will run in parallel and will communicate with the FPA process described in the chapter 3.3

In planning, two approaches will be combined:

- A landscape plan for the entire ecological corridor setting conservation objectives and priorities, but not requiring a formal approval by authorities; key outcomes of this process will be the conservation objectives linked to habitats and species of the ecological corridor and selection of priority target communities when conservation actions will be initiated first.
- Geographically or thematically limited land use or resource use plans in priority target communities, such as forest management, pasture management, wildlife management, urban development plans. The process of developing these plans will be set in the framework established by the FPA process in order to secure high level of local participation in the development of the plans. Where possible these plans will be formally approved under the relevant legislation, or proposals will be made to relevant authorities how to integrate them in the future legal context.

Table 2. Foreseen steps of landscape and land-use planning.

Phases and steps	Description	How it will be done
Analysis		
Within each corridor, corridor delineation and selection of priority target communities	Priority target communities from point of view of biodiversity identified based on: <ul style="list-style-type: none"> - a landscape conservation plan in GIS format - conservation objectives set for the target habitats and species, - thematic conservation priorities identified for priority target communities (e.g. pasture, forests, wildlife management; habitat restoration...) 	Conducted by the WWF and consulting team involving some needed external experts on direct contracts in 2015
Planning		
Preparation of a landscape plan	Spatial and textual description of conservation objectives, priorities and limits (where to do what) within the corridor	Regional/ National level orientation workshops conducted by the project team end of 2015

	Spatial and textual description of planned conservation measures (based on habitat/ key species profiles and requirements)	Regional/ Consolidation meeting 2016
	Discussion and final agreement with Advisory Groups and ministerial focal points	Local level kick-off workshops conducted by the project team and FPA implementation with NGO facilitation 2015/ 2016
Participatory land use planning in priority target local communities	Selection of themes and area for planning with local stakeholders (in the framework of FPA)	2015/ 2016
	Participatory mapping of current land use rights, patterns and intensity focusing on forests and pastures, other land uses such as hunting, fishing, tourism, human-wildlife conflicts	Subcontracted in 2016 as part of selected resource use plans in
	Preparation of selected local resource use (land use) plans (forest, pasture, hunting, urbanisation)	
	Preparing the menu of measures, including cost norms	National Planning Workshops conducted by the project team 2015/ 2016

3.2.8 Menu of measures

The ECF intends to subsidise less intense (or even the stopping of) agricultural or forestry activities, and other direct conservation measures. Accordingly, a catalogue (“menu”) of eligible measures for nature conservation contracts will be developed taking into account:

- Biodiversity conservation objectives (in this case mainly the preservation and increase of target species populations);
- Maintaining the income level of the local rural population (preferably improving their economic situation through improved resource use);
- The willingness of the local population to engage in long term contract conservation either as individuals or local organisations (including the need to build individual and institutional capacity);
- The feasibility and sustainability of implementation, and;
- The existing and evolving institutional and community context (including addressing the issues of uncertain land tenure).

Based on these criteria and the analysis of the current situation in the pilot corridors, the Menu of Measures may include short-term measures (investments), long-term measures (10 year conservation contracts), capacity building activities and technical support, or a combination of these. These may also include

- direct conservation measures related to management of forests, pastures, wildlife, integrated community conservation and spatial planning, or
- measures related to local economic development (possibly identified by FPA) increasing the revenues that do not require additional extractive use of natural resources.

Funding of short-term and long-term measures should be limited to those measures that are directly dedicated to conservation and cannot be funded from other sources (e.g. local infrastructure or tourism development). In case of local economic activities that will not be funded by the ECF, local communities would be assisted via capacity building and upon request by technical support, even to the level of preparing applications to other funding mechanisms. The community-based process of identification and planning for these measures would then be part of FPA.

The short-term measures above can be divided into two main types: preparation and approval of local land use plans and direct investment measures benefiting the local community. On the other hand, potential direct

investments should be well substantiated and accompanied by a legally binding long term commitment of the beneficiaries to supporting conservation objectives, or preferably in combination with a long term conservation contract.

An important part of the long term measures would entail some sort of ranger service making sure that the land use plans are implemented and providing deterrent to poaching, illegal logging or overgrazing. This provides an opportunity for wider development of ranger service and occupation in Caucasus, including ranger training according to the standards of the International Ranger Federation and exchange of experience among different local communities in the Caucasus.

Community conservation areas such as Gnishik mean a combination of different sectoral measures in one geographic area. However, community conservation areas are in fact category 5 IUCN protected areas as land under this category does not have to have a formal protection status. This could mean, for example, that ECF should not intervene in an area currently or potentially supported by CNF. But given that the scope of ECF supports the establishment of such community based protected areas, they may also qualify for ECF support. However, the scope of intervention of the ECF vis-à-vis category 5 protected areas needs to be clarified by WWF and CNF.

The actual menu of measures will be developed on the basis of the baseline assessments, habitat/ key species profiles and landscape plans providing the substantive and geographic scope of conservation objectives by early 2016. So far only one measure has been readily identified for implementation: this is long-term support to the ranger service of the Gnishik conservation area. It is proposed to negotiate a ten-year conservation contract with Gnishik to manage the area according to a defined set of objectives and criteria. The contract would specify a fixed amount per annum, to release through saving accounts and thus based on the community's performance. The performance would be verified by independent third parties (or WWF). A bonus could be added to the contract that would be paid against an increase in the number of target wildlife populations providing an additional incentive.

3.3 Output 3: Based on the land use plans, concrete measures have been agreed upon and are implemented.

3.3.1 Overview

The table below shows the foreseen steps of setting up long-term and short-term conservation measures. The FPA and coordination/ consultation process will be started in parallel with the planning steps described in the previous chapter in order to prepare the local communities and potential beneficiaries for implementing the conservation measures and entering long term conservation agreements.

Table 3. Foreseen steps of the process leading to conservation agreements

Phases and steps	Description	How it will be done
Empowering Local Communities		
Financial Participatory Approach	Coaching service providers implementing FPA	Local level kick-off workshops conducted by the project team in 2015/ 2016 Subcontract NGOs for the facilitation of financial participatory approach in target communities 2015 – 2017
	Initiating Financial Participatory Approach (FPA) in four municipalities per corridor: <ul style="list-style-type: none"> - conducting rapid rural assessment - establishing regional working groups - conducting priming activities consisting of contests, where communities can provide interesting short stories on human-wildlife interactions, which will emphasise the specifics of the region with this regard and contests on traditionally available knowledge on nature conservation, which can help to identify key values and local knowledge related to nature 	
	FPA Planning contest: Identification of kick-start measures (one off measures for piloting of application procedure): <ul style="list-style-type: none"> - 1st round: call for proposals on how to improve key habitats/ species (seed money) - 2nd round: award for best implementation - 3rd round: to be defined during implementation Identification of short-term (one-off) measures,	Project team & FPA facilitation NGOs
Coordination and consultation	Consolidation of landscape conservation plans and draft menu of measures	National Planning Workshops conducted by the project team 2015/ 2016
	Consolidation of application procedure and launch of implementation phase	Regional consolidation meeting conducted by the project team 2016
Implementation		
Savings book accounts	Concluding framework agreements with banks regarding managing the savings accounts model	Subcontract assessment of banking sector 2016

Implementation of measures	Concluding conservation agreements regarding land use restrictions or resource management	Project team
	Tendering of services and works for short term measures	Project team
Monitoring		
	FPA Monitoring contest: set-up of participatory monitoring schemes	Project team & FPA facilitation NGOs
Monitoring and evaluation	Supporting WWF to monitor contract compliance, review of lessons learned, if necessary adjustment of application procedure, identification of support needs for implementation.	Annual Review/ Training Workshops conducted by project team, involving network of partners
	Monitoring status of target species populations and occurrence	Integrated in long term conservation contracts where possible

3.3.2 Conservation agreements

The Conservation Agreements will be based on the Land Use Plans and the Menu of Measures, which will determine the scope and level of funding for different types of measures, taking into account the specific natural and socio-economic conditions. In order to keep the administrative costs to the minimum, standard agreement will be prepared for each country, taking into account the national legislation.

The scope of the Conservation Agreement should be defined with clear achievable objectives and easily measurable performance indicators. Depending on the type of measure, the performance indicators could be input indicators (e.g. number of work days community rangers spend in the field) or outcome indicators (e.g. population number of target species, surface or standing volume of timber in the forest). From the point of view of the beneficiary, use of input indicators will probably be preferable, as the inputs are fully under their control. But from the point of view of conservation, outcome indicators are what really matters. Maybe the solution could be to have a fixed amount under the contract linked to achieving input indicators and a variable amount (bonus) to the outcome indicators.

3.3.3 Setting up FPA

Financial Participatory Approach will be used to raise the awareness of the local communities, develop their own vision and capacity to participate in the landscape and land use planning process and enter into the conservation agreements.

From the side of the programme team, the National Coordinator of Georgia has been nominated as “FPA Adviser” to supervise and ensure the quality of the overall FPA implementation process. During the preparation phase a training of trainers (national coordinators and WWF team members) will be conducted concerning the use and management of FPA tools.

The first phase of FPA will be initiated in parallel with the landscape planning process, starting in the first year with rapid rural assessments and priming activities to establish initial communication with local communities. The FPA process will be initiated in four municipalities/districts in each corridor. The process will start with the identification and contracting of local NGOs as FPA facilitators for each local community. The NGO will nominate an FPA facilitator as main contact person for the community. The selected NGO will be trained by the programme team in community mobilization.

In each municipality the process will be started through local Kick-off Workshops. Regional Working Groups will be created and trainings for working group members and local community representatives in community mobilization will be conducted. Rapid Rural Appraisal will be done by the NGOs to identify the main problems and potentials for socio-economic development, related to nature protection. Based on the results of the kick-off and the appraisal, a detailed plan for the initial project activities of FPA implementation will be elaborated by the programme team together with the NGOs/FPA facilitators.

It is expected that the priming activities will include a set of FPA contests. These contests may focus on human-wildlife interactions, emphasising the specifics of the region, or on traditional knowledge on nature conservation, which can help to sensitize the local population and to identify key values. The priming activities will also be supported by media coverage of the key conservation values, support to presentation of the values in local and regional events etc.

As the landscape planning process described in section 3.2.7 progresses, it will be linked to FPA using planning contests with a call for proposals on kick-start measures related to the improvement of key habitats/ key species. Based on the results of the landscape planning process, the lower level (villages) priority target communities will be selected in each municipality/district as the focus for the next stages of FPA. At the same time the scope for land use or resource use planning will be determined in these communities.

In the main phases of FPA implementation, special attention will be paid to agriculture-ecological contests in priority target communities. Awards for the best ideas will generate support to implementation of concrete measures, and related to a change in agricultural production and processing, planting and maintain forests for fuel woods. Some of the ideas generated may be eligible for capitalisation through the short term measures.

The FPA implementation plan including detailed budget will be worked out once the results of the initial Rapid Rural Appraisals are available.

3.3.4 Negotiating conservation measures and concluding contracts with local user groups

There are two basic options to select beneficiaries – through a public call for applications, or by inviting individual beneficiaries identified through the participatory process of planning and dialogue. The planned approach of combining baseline survey and landscape planning with consultation workshops and bottom up FPA process allows for direct selection of potential beneficiaries through the process of engagement. The selection criteria agreed by the Steering Committee should be made known to the public and any group or organisation interested to be involved in conservation agreements. Also the ECF's network of partner organisations will be useful in identifying potential beneficiaries. The selection criteria for potential beneficiaries to work with should be proposed by the programme staff and approved by the Steering Committee.

Once the potential beneficiaries have been identified, the National Coordinator or other programme staff will represent the ECF and be responsible for the communication and negotiation with the potential beneficiaries. The negotiation should be based on the standard agreement (agreed by Steering Committee in 2016), which will then be concluded by WWF. This should be a formal decision taken by the management of the WWF, made public and reported to the Steering Committee.

With the signing of Nature Conservation Agreements the WWF/ECF will make a commitment which shall be limited to ten years. It is assumed that the conservation measure supported will lead to permanent change in land use practice or increase in income by the expiry of this period, so that nature conservation agreement not anymore necessary.

3.3.5 Savings accounts

The Savings Account Approach is foreseen to i.) overcome the lack of confidence of the rural population in the reliability of payments under nature conservation funding and ii.) release payments once conservation results are visible. Payments will be made on an annual basis and released to the recipients' local savings bank account once compliance with agreed contractual obligations has been stated. The flow of funds and resources will be fully transparent for the beneficiaries. For the purpose of monitoring, control and possible recovery of funds, WWF will have co-signing rights on these bank accounts.

The first payments in such Savings Accounts are envisaged in three years, the last payments five years after project start, i.e. all financial resources should have been invested or transferred to the beneficiaries' Savings Accounts after five years of ECF operations. After that the Eco-corridors Fund (either via WWF or a different entity) will be responsible for compliance monitoring of the measures - a precondition for the beneficiaries that they can withdraw the full amount from their accounts.

The local banks where savings accounts will be opened will be selected on the basis of the banking sector assessment conducted in 2016. Some of the criteria may include: accessibility of the bank for the rural

population, interest rate offered for the funds deposited, additional financial services offered to the beneficiaries as part of the package.

3.3.6 Capacity building and technical support

For measures and actions that will not be subject to conservation contracts, the programme will provide on-demand capacity building and technical support to local communities. The needs for such support will be identified through the FPA process and the exact scope formulated by the project team in dialogue with the beneficiaries. This support may include:

- specific training and capacity building,
- study tours to examples of good practice in the country or in the region,
- preparation of feasibility studies, business plans etc.,
- preparation of applications for funding to other donors,
- legal services related to land tenure or establishment of legal entities (cooperatives, associations...)

The planning and implementation of both short-term and long-term conservation measures will require specific expertise provided either by short-term experts (national and international) as part of the consulting services or through service contracts under the disposition fund. At present, there is limited capacity in the countries for this kind of work and available specialists mainly work for government institutions, international organisations and their projects, NGOs and universities.

Through contracting out services for FPA facilitation and land use planning, the programme will develop a network and build the capacity of national and especially local experts. These experts will later represent a professional network that will be able to contribute their experience and motivation to development of national policies and instruments for the integration of nature conservation in rural development.

3.3.7 Monitoring performance

Conservation agreements will have to be verified and reported on. In order to strengthen confidence, the basic monitoring mechanism should be based on own reporting by the beneficiary. These reports should be made public, at least at the local level (e.g. by presenting them at annual public meetings), to ensure transparency and mutual control by the beneficiaries and other partner organisations. Finally, verification by independent third party would be conducted on a sample basis and in case of dispute.

There should be a formal, but fast procedure for release of annual payments under the agreements based on the verified reports. This procedure should also include the possibility of corrective action by the beneficiary of under-performance and as a means of dispute resolution in case there is a general disagreement about the performance of the beneficiary. In case of continued non-performance, cancellation of the conservation agreement and withdrawal of remaining funds from the savings bank account will be foreseen. Monitoring procedures have already been suggested in chapter 3.1.4.

3.4 Output 4: Acquisition of additional financial resources for the Ecoregional Corridor Fund

The Ecoregional Corridor Fund will be open to other donors. Its capital base will be strengthened in the long term by further acquisition of funds. The objective is that at least 10% of the financial resources available to the fund in 2017 are from sources beyond BMZ. For that, two activities are foreseen: development and further implementation of a fundraising strategy, and organisation and participation in events on "Financing of Sustainable Land Use" (congresses, workshops, etc.). The main elements of such a fundraising strategy will be:

- Analysis, documentation and presentation of ECF as a mechanism for supporting global ecosystem services through programme documents, scientific articles, presentation at relevant conferences and other events;
- Organising special/ side events at main international events such as meetings of development banks, conferences of the parties of global conventions (e.g. CBD)
- Specifically presenting ECF to donors focusing on the South Caucasus and biodiversity.

The fundraising activities are the principal responsibility of WWF Germany. In order to support this, the programme itself, its activities and successes will be documented and presented to the public in order to attract additional donors. On May 2nd 2015 the ECF was already presented at a side event of the Asian

Development Bank annual meeting in Baku. Nationally, WWF CauPO will apply for funding for ECF to available sources of finance, such as the EU civil society grants.

Other opportunities to promote ECF in donor circles will be used as and when they arise. A more detailed plan of implementation will be developed and implemented after the first year of the project, when initial results and experiences are available.