



Global Environment Facility

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July 9, 2009

Dear GEF Council Member,

I am writing to notify you that we have today posted on the GEF's website at www.TheGEF.org, a medium-sized project proposal from UNDP entitled *Armenia: Developing the Protected Area System*, to be funded under the GEF Trust Fund.

This project aims to catalyze the expansion of the nature reserves to provide better representation of ecosystems within Armenia's current protected area system and enable active conservation of biodiversity.

The project proposal is being posted for your review. We would welcome any comments you may wish to provide by July 23, 2008 in accordance with the new procedures approved by the Council. You may send your comments to gcoordination@TheGEF.org.

If you do not have access to the Web, you may request the local field office of the World Bank or UNDP to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barbut', enclosed within a hand-drawn rectangular box.

Copy: Alternates, GEF Agencies, STAP, Trustee



GEF

**REQUEST FOR CEO ENDORSEMENT/APPROVAL
PROJECT TYPE: MEDIUM SIZED PROJECT
THE GEF TRUST FUND**

Submission Date: May 20, 2009

PART I: PROJECT INFORMATION

GEFSEC PROJECT ID: 3762

GEF AGENCY PROJECT ID: 3986

COUNTRY(IES): Republic of Armenia

PROJECT TITLE: Developing the Protected Area System of Armenia

GEF AGENCY(IES): UNDP

OTHER EXECUTING PARTNER(S): Ministry of Nature Protection

GEF FOCAL AREA(s): Biodiversity

GEF-4 STRATEGIC PROGRAM(s): BP-SP3

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: N/A

Expected Calendar	
Milestones	Dates
Work Program (for FSPs only)	n/a
Agency Approval date	Aug 2009
Implementation Start	Sept 2009
Mid-term Evaluation	Sept 2011
Project Closing Date	Sept 2013

A. PROJECT FRAMEWORK

Project Objective: To catalyse the expansion of the nature reserves to provide better representation of ecosystems within Armenia's current protected area system and enable active conservation of biodiversity.

Project Components	Type	Expected Outcomes	Expected Outputs	GEF		Co-financing		Total
				(\$)	%	(\$)	%	
1. Rationalization of protected area system	TA	<p>Enabling environment for expansion of sanctuaries (IUCN cat IV) established.</p> <p>48,000 ha of underrepresented <u>low mountain dry steppes, mountain meadow steppes, high mountain subalpine ecosystems, and high mountain alpine ecosystems</u> included under protection, and setting foundations for long-term operational sustainability of sanctuaries at 137,000 ha. Through this, the sanctuary estate is increased by 53% corresponding to a 16% increase in the overall country PA estate.</p> <p>Increased protection for habitat of threatened species: Caucasian leopard (by 46,000 ha); Armenian mouflon (by 30,000 ha); Bezoar goat (by 39,000 ha).</p>	<p>(i) <u>Set of by-laws to operationalize the 2006 Protected Area Law</u>: comprehensive legal review; draft policy papers on (i) multiple-use purpose of sanctuaries; (ii) content, purpose and design of sanctuary Charters; (iii) financing of sanctuaries; (iv) management units at sanctuaries, community participation in sanctuary management, (v) model for management and business plans and protocols for their development; (vi) biodiversity conservation approaches at sanctuaries. Policy papers discussed across ministries and at community level, finalized as a package of by-laws to support <i>2006 Law on Specially Protected Natural Areas</i>; submitted to Government for approval.</p> <p>(ii) <u>Institutional links re-configured to clarify roles and responsibilities for governance and management of sanctuaries</u>: institutional challenges illuminated through a series of cross-government and community forums, solutions discussed and agreed; roles of Academy of Sciences, academic institutions, Ministries, development agencies, communities, and NGO's streamlined and document for better efficiency; by-law on the institutional roles and responsibilities in sanctuary management prepared by lawyers, discussed, finalized and submitted to Government.</p> <p>(iii) <u>Three new sanctuaries (Zangezour, Gnishik and Khustup 48,000 ha) established at underrepresented habitats</u>: biodiversity inventories finalized; zonation proposed for each site; community discussions held on the proposed zonation and boundaries; management units and models for engagement of communities set; charters developed for each site; sites officially gazetted, boundaries marked; management units equipped for effective site management, law enforcement and biodiversity monitoring.</p> <p>(iv) <u>New PA management model developed for sanctuaries and put into policy</u>: data obtained from PoWPA project and updated; detailed governance option assessment for sanctuaries completed; series of seminars held on benefits and shortcomings of various international models for community participation and management; policy paper on governance models for sanctuaries developed resulting from these discussion; community management and co-management models tested at three sites, the policy paper on the sanctuary management models finalized integrating lessons learnt at the demonstration sites, and adopted.</p>	470,000	32	1,000,000	68	1,470,000

Project Objective: To catalyse the expansion of the nature reserves to provide better representation of ecosystems within Armenia's current protected area system and enable active conservation of biodiversity.

Project Components	Type	Expected Outcomes	Expected Outputs	GEF		Co-financing		Total
				(\$)	%	(\$)	%	
2. Institutional capacity building for protected area management	TA	Operational competence, knowledge levels and standards of PA governance at sanctuaries re sufficient to effectively tackle biodiversity pressures (resource overexploitation, unregulated tourism, habitat loss due to unsustainable grazing and infrastructure placement, poaching) at 48,000 ha of the PAs: capacity assessment scores up as per Annex A 'Logframe'. Management effectiveness & conservation tenure of IUCN Cat.IV is secured: METT scores up 10 points compared to baseline (as per Annex A 'Logframe'). The three new sanctuaries are used as model for the formal designation and establishment of responsible administration bodies for all sanctuaries in Armenia.	<p>(i) <u>National and local training programs for sanctuary managers and local communities:</u> agreement with host institution finalized; training materials developed; the training host agency equipped with tuition means, agreement signed on supporting the training course beyond the project; at least 60 sanctuary managers/community leaders trained in: (i) designing multiple-use PA plans; (ii) management and business planning; (iii) sustainable tourism; (iv) conflict management; (v) biodiversity monitoring; (vi) law enforcement, (vii) public awareness.</p> <p>At the local level - three PA information and education centers established at the demonstration sanctuaries; guiding materials and training courses launched; communities engaged by centers in biodiversity monitoring and sanctuary co-management; at least 200 community representatives attend educational events organized by the centers; at least 5 local entrepreneurs are engaged in sanctuary co-management; centers support the Caucasian leopard campaign, school conservation programs.</p> <p>(ii) <u>Management and business plans at three sanctuaries developed:</u> draft elements of the management plans in place, including physical and biological characteristics of the site, threats, site vision and conservation priorities, staffing tables, infrastructure requirements, 4-year conservation management and monitoring plan; law enforcement protocols and processes (including anti-poaching measures); workshops to solicit opinions from stakeholders; learning exchanges with Georgia; business plans drafted: operational and capital needs costed, mechanisms for local income-generation developed, staffing tables and management plans adapted to scenario in which revenues are optimally matched with the cost needs; final round of consultations, integrated management-and-business plans finalized and submitted for approval.</p> <p>(iii) <u>Management and business plan implementation supported on the ground:</u> (a) tools for anti-poaching developed and launched exploring traditional tools such as limiting access to prime habitat of threatened species, improved signage, and patrol systems; (b) habitat monitoring programs launched, engaging community members, focusing on non-invasive survey techniques for indicator species such as leopards as well as finer scale monitoring of agro-biodiversity; (c) community members and protected area managers provided with the support necessary to develop a comprehensive livestock-grazing program lowering the total impacts on biodiversity resources and improving livestock profitability; (d) sustainable tourism piloted at the three sites; market surveys and investment plans in place; communities trained, infrastructure in place to support marketing of tourism (i.e., hiking trails), low cost infrastructure (i.e., garbage collection sites, picnic areas), use fees/permits systems installed, interpretative materials created, necessary certificates obtained, businesses started and monitored throughout the project.</p> <p>(iv) <u>Lessons learned documented and experience set to replication:</u> two national level workshops to disseminate findings and activities; publication collated summarizing results and disseminated among communities and PA stakeholders.</p>	385,000	32	800,000	68	1,185,000
Project management				95,000	32	200,000	68	295,000
Total				950,000		2,000,000		2,950,000

B. SOURCES OF CONFIRMED CO-FINANCING FOR THE PROJECT

<i>Name of Co-financier (source)</i>	<i>Classification</i>	<i>Type</i>	<i>Project</i>	<i>%*</i>
Ministry of Nature Protection	National Government	Grant	1,500,000	75
WWF Armenia	NGO	Grant	500,000	25
Total Co-financing			2,000,000	100%

* Percentage of each co-financier's contribution at CEO endorsement to total co-financing.

C. FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	<i>Project Preparation a</i>	<i>Project b</i>	<i>Total c = a + b</i>	<i>Agency Fee</i>	<i>For comparison: GEF and Co- financing at PIF</i>
GEF financing	50,000	950,000	1,000,000	100,000	1,100,000
Co-financing	50,000	2,000,000	2,050,000		2,050,000
Total	100,000	2,950,000	3,050,000	100,000	3,150,000

D. GEF RESOURCES REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)

NA

E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS

<i>Component</i>	<i>Estimated person weeks</i>	<i>GEF amount (\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
<i>Local consultants*</i>	608	204,000	240,000	444,000
<i>International consultants*</i>	32	96,000	120,000	216,000
Total	640	300,000	360,000	660,000

* Details are provided in Annex C.

F. PROJECT MANAGEMENT BUDGET/COST

<i>Cost Items</i>	<i>Total person weeks/months</i>	<i>GEF (\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
<i>Local consultants*</i>	234	91,800	85,000	176,800
<i>International consultants*</i>	0	0	0	0
<i>Office facilities, equipment and communications*</i>		0	90,000	90,000
<i>Travel*</i>		3,200	25,000	28,200
Total	234	95,000	200,000	295,000

* Details are provided in Annex C.

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT?

NA.

H. THE BUDGETED MONITORING & EVALUATION PLAN:

1. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit in Bratislava. The Logical Framework Matrix provides performance and impact indicators for project implementation along with their corresponding means of verification. The METT tool, Financial Scorecard and Capacity Assessment Scorecard will all be used as instruments to monitor progress in PA management effectiveness. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, and a mid-term and final evaluations.

2. A Project Inception Workshop will be conducted with the full project team, relevant government counterparts, co-financing partners, the UNDP-CO and representation from the UNDP-GEF Regional Coordinating Unit, as well as UNDP-GEF (HQs) as appropriate. A fundamental objective of this Inception Workshop will be to assist the project team to understand and take ownership of the project's goal and objective, as well as finalize preparation of the project's first annual work plan on the basis of the log-frame matrix. This will include reviewing the log-frame (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise, finalizing the Annual Work Plan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the

project. Additionally, the purpose and objective of the Inception Workshop (IW) will be to: (i) introduce project staff with the UNDP-GEF team which will support the project during its implementation, namely the CO and responsible Regional Coordinating Unit staff; (ii) detail the roles, support services and complementary responsibilities of UNDP-CO and RCU staff vis-à-vis the project team; (iii) provide a detailed overview of UNDP-GEF reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, the Annual Review Report (ARR), as well as mid-term and final evaluations. Equally, the workshop will provide an opportunity to inform the project team on UNDP project related budgetary planning, budget reviews, and mandatory budget alignment. The workshop will provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify for all, each party's responsibilities during the project's implementation phase.

3. Monitoring responsibilities and events: A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Steering Committee Meetings and (ii) project-related monitoring and evaluation activities. Day-to-day monitoring of implementation progress will be the responsibility of the Project Manager based on the project's Annual Work Plan and its indicators. The Project Manager will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The Project Manager will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop with support from UNDP-CO and assisted by the UNDP-GEF Regional Coordinating Unit. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the Annual Work Plan. Targets and indicators for subsequent years would be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

4. Measurement of impact indicators related to global biodiversity benefits will occur according to the schedules defined in the Inception Workshop, using METT scores. The measurement of these will be undertaken through subcontracts or retainers with relevant institutions. Periodic monitoring of implementation progress will be undertaken by the UNDP-CO through quarterly meetings with the Implementing Partner, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.

5. Annual Monitoring will occur through the Project Steering Committee meetings. This is the highest policy-level meeting of the parties directly involved in the implementation of a project. The first such meeting will be held within the first six months of the start of full implementation.

6. The Project Manager in consultations with UNDP-CO and UNDP-GEF RCU will prepare a UNDP/GEF PIR/ARR and submit it to Steering Committee members at least two weeks prior to the Steering Committee for review and comments. The PIR/ARR will be used as one of the basic documents for discussions in the Steering Committee meeting. The Project Manager will present the PIR/ARR to the Steering Committee, highlighting policy issues and recommendations for the decision of the Steering Committee participants. The Project Manager also informs the participants of any agreement reached by stakeholders during the PIR/ARR preparation on how to resolve operational issues. Separate reviews of each project component may also be conducted if necessary. Benchmarks will be developed at the Inception Workshop, based on delivery rates, and qualitative assessments of achievements of outputs.

7. The terminal Steering Committee meeting is held in the last month of project operations. The Project Manager is responsible for preparing the Terminal Report and submitting it to UNDP-CO and UNDP-GEF RCU. It shall be prepared in draft at least two months in advance of the terminal Steering Committee in order to allow review, and will serve as the basis for discussions in the Steering Committee. The terminal meeting considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured to feed into other projects under implementation of formulation.

8. UNDP Country Offices and UNDP-GEF RCU as appropriate, will conduct yearly visits to project sites based on an agreed upon schedule to be detailed in the project's Inception Report/Annual Work Plan to assess first hand project progress. Any other member of the Project Steering Committee can also accompany. A Field Visit Report/BTOR will be prepared by the CO and UNDP-GEF RCU and circulated no less than one month after the visit to the project team, all Project Steering Committee members, and UNDP-GEF.

9. **Project Reporting:** The Project Manager in conjunction with the UNDP-GEF extended team will be responsible for the preparation and submission of the following reports that form part of the monitoring process. The first six reports are mandatory and strictly related to monitoring, while the last two have a broader function and the frequency and nature is project specific to be defined throughout implementation.

10. A **Project Inception Report** will be prepared immediately following the Inception Workshop. It will include a detailed First Year/ Annual Work Plan divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan will include the dates of specific field visits, support missions from the UNDP-CO or the Regional Coordinating Unit (RCU) or consultants, as well as time-frames for meetings of the project's decision making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months time-frame. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may effect project implementation. When finalized, the report will be circulated to project counterparts who will be given a period of one calendar month in which to respond with comments or queries. Prior to this circulation of the IR, the UNDP Country Office and UNDP-GEF's Regional Coordinating Unit will review the document.

11. An **Annual Review Report** shall be prepared by the Project Manager and shared with the Steering Committee. As a self-assessment by the project management, it does not require a cumbersome preparatory process. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the Project Progress Report (PPR) covering the whole year with updated information for each element of the PPR as well as a summary of results achieved against pre-defined annual targets at the project level. As such, it can be readily used to spur dialogue with the Project Steering Committee and partners. An ARR will be prepared on an annual basis prior to the Project Steering Committee meeting to reflect progress achieved in meeting the project's Annual Work Plan and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The ARR should consist of the following sections: (i) project risks and issues; (ii) project progress against pre-defined indicators and targets and (iii) outcome performance.

12. The **Project Implementation Review (PIR)** is an annual monitoring process mandated by the GEF. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects. Once the project has been under implementation for a year, the CO together with the project team will complete a Project Implementation Report. The PIR should be prepared in July and discussed with the CO and the UNDP/GEF Regional Coordination Unit during August with the final submission to the UNDP/GEF Headquarters in the first week of September.

13. **Quarterly progress reports:** Short reports outlining main updates in project progress will be provided quarterly to the local UNDP Country Office and the UNDP-GEF RCU by the project team.

14. **UNDP ATLAS Monitoring Reports:** A Combined Delivery Report (CDR) summarizing all project expenditures, is mandatory and should be issued quarterly. The Project Manager should send it to the Project Steering Committee for review and the Implementing Partner should certify it. The following logs should be prepared: (i) The Issues Log is used to capture and track the status of all project issues throughout the implementation of the project. It will be the responsibility of the Project Manager to track, capture and assign issues, and to ensure that all project issues are appropriately addressed; (ii) the Risk Log is maintained throughout the project to capture potential risks to the project and associated measures to manage risks. It will be the responsibility of the Project Manager to maintain and update the Risk Log, using Atlas; and (iii) the Lessons Learned Log is maintained throughout the project to capture insights and lessons based on good and bad experiences and behaviours. It is the responsibility of the Project Manager to maintain and update the Lessons Learned Log.

15. **Project Terminal Report:** During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the Project, lessons learnt, objectives met, or not achieved, structures and systems implemented, etc. and will be the definitive statement of the Project's activities during its lifetime. It will also describe recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the Project's activities.

16. **Periodic Thematic Reports:** As and when called for by UNDP, UNDP-GEF or the Implementing Partner, the project team will prepare Specific Thematic Reports, focusing on specific issues or areas of activity. The request for a Thematic Report will be provided to the project team in written form by UNDP and will clearly state the issue or activities that need to be reported on. These reports can be used as a form of lessons learnt exercise, specific oversight in key areas, or as troubleshooting exercises to evaluate and overcome obstacles and difficulties encountered. UNDP is requested to minimize

its requests for Thematic Reports, and when such are necessary will allow reasonable timeframes for their preparation by the project team.

17. **Technical Reports** are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. Technical Reports may also be prepared by external consultants and should be comprehensive, specialized analyses of clearly defined areas of research within the framework of the project and its sites. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.

18. **Project Publications** will form a key method of crystallizing and disseminating the results and achievements of the Project. These publications may be scientific or informational texts on the activities and achievements of the Project, in the form of journal articles, multimedia publications, etc. These publications can be based on Technical Reports, depending upon the relevance, scientific worth, etc. of these Reports, or may be summaries or compilations of a series of Technical Reports and other research. The project team will determine if any of the Technical Reports merit formal publication, and will also (in consultation with UNDP, the government and other relevant stakeholder groups) plan and produce these Publications in a consistent and recognizable format. Project resources will need to be defined and allocated for these activities as appropriate and in a manner commensurate with the project's budget.

19. **Independent evaluations:** The project will be subjected to at least two independent external evaluations as follows: A **Mid-Term Evaluation** will be undertaken at exactly the mid-point of the project lifetime. The Mid-Term valuation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

20. An independent **Final Evaluation** will take place three months prior to the terminal Project Steering Committee meeting, and will focus on the same issues as the mid-term evaluation. The final evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

21. **Learning and knowledge sharing:** Results from the project will be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and forums. In addition, the project will participate, as relevant and appropriate, in UNDP/GEF sponsored networks, organized for Senior Personnel working on projects that share common characteristics. The Caucusus have several existing and emerging mechanisms for sharing of biodiversity conservation information. This project will make use of and augment these tools to make certain project results are successfully amplified through-out the region. UNDP/GEF Regional Unit has established an electronic platform for sharing lessons between the project coordinators. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identify and analyzing lessons learned is an on- going process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every 12 months. UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned.

22. **Audit Clause:** The Government will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted by the legally recognized auditor of the Government, or by a commercial auditor engaged by the Government.

23. **Monitoring and Evaluation Table and Budget:** The following table outlines the principle components of the Monitoring and Evaluation Plan and indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized in the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Table 1: Project Monitoring and Evaluation Plan and Budget

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team Staff time</i>	Time frame
Inception Workshop	<ul style="list-style-type: none"> ▪ Project Coordinator ▪ UNDP CO ▪ UNDP GEF 	5,000	Within two months of project start
Inception Report	<ul style="list-style-type: none"> ▪ Project Team ▪ UNDP CO 	None	Two-weeks after IW
Measurement of Means of Verification for Project Purpose Indicators	<ul style="list-style-type: none"> ▪ Project Manager 	To be finalized in Inception Phase and Workshop. Cost to be covered by targeted survey funds.	Project start, mid-term and close
Measurement of Means of Verification for Project Progress and Performance (measured on an annual basis)	<ul style="list-style-type: none"> ▪ Oversight by Project Manager ▪ Project team 	TBD as part of the Annual Work Plan's preparation. Cost to be covered by field survey budget.	Annually prior to ARR/PIR and completion of annual work plans
ARR and PIR	<ul style="list-style-type: none"> ▪ Project Team ▪ UNDP-CO ▪ UNDP-GEF 	None	Annually
Quarterly progress reports	<ul style="list-style-type: none"> ▪ Project team 	None	Quarterly
CDRs	<ul style="list-style-type: none"> ▪ Project Manager 	None	Quarterly
Issues Log	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO Programme Staff 	None	Quarterly
Risks Log	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO Programme Staff 	None	Quarterly
Lessons Learned Log	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO Programme Staff 	None	Quarterly
Mid-term evaluation	<ul style="list-style-type: none"> ▪ Project team ▪ UNDP- CO ▪ UNDP-GEF RCU ▪ External Consultants 	\$ 25,000	Project Mid-Term
Final Evaluation	<ul style="list-style-type: none"> ▪ Project team, ▪ UNDP-CO ▪ UNDP-GEF RCU ▪ External Consultants 	\$ 25,000	Two months prior to project close
Terminal Report	<ul style="list-style-type: none"> ▪ Project team ▪ UNDP-CO 	0	One month prior to project close
Lessons learned	<ul style="list-style-type: none"> ▪ Project team ▪ UNDP-GEF RCU 	\$ 8,000 (average \$ 2,000 per year)	Yearly
Audit	<ul style="list-style-type: none"> ▪ UNDP-CO ▪ Project team 	\$ 8,000 (average \$ 2,000 per year)	Yearly
Visits to field sites	<ul style="list-style-type: none"> ▪ UNDP Country Office ▪ UNDP-GEF RCU (as appropriate) ▪ Government representatives 	None. Paid from IA fees and operational budget	Yearly
TOTAL indicative COST Excluding project team staff time and UNDP staff and travel expenses		US\$ 71,000	

PART II: PROJECT JUSTIFICATION:**A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:****Background**

24. The Republic of Armenia is a mountainous country located in the Transcaucasia region. Armenia's total territory is 29,740 km². The landlocked nation borders Georgia, Azerbaijan, Iran, and Turkey. Armenia's current human population is estimated at 3.2 million (July 2008). Population is in decline (-0.08%) primarily as a result of high emigration rates. Armenia has undergone a dramatic social transition since independence from the Soviet Union in 1991. Substantial industrial and agricultural development occurred during the Soviet era. The political transition coupled with regional conflict stymied economic gains. Many industries no longer operate. Agriculture is largely small-scale. Rural poverty is high, with an estimated 26.5% people below the poverty line in 2006. The per capita GDP is US\$4,942 (IMF 2007 est.),

104th in the world. Despite strong economic growth (est. GDP growth 13.7%; 2007), Armenia's unemployment rate remains high (7.1%; 2007 est.) and inflation significant (est. 6.6%; 2007). The country ranked 83rd in the 2005 Human Development Report with an HDI value of 0.755 (cf. an HDI of 0.698 in 1995).

25. Armenia is part of WWF's "Global 200" and Conservation International's "Caucasus Hotspot". The country rests at the juncture of three biogeographic provinces (Central/Northern Europe, Central Asia, and the Middle East/North Africa). Two major biogeographic zones have their converge in Armenia - the Eastern Anatolian Mountain Steppe and the Caucasus Mixed Forests. Armenian landscapes include deserts, semi-desert, subalpine and alpine meadow, mountains steppes and forest. The nation's average altitude is 1,850 m with over 90% of the land lying above 1,000 m. The highest point in the country is 4,095m (Mount Ararat). The lowest is 375 m (the Debed River).

26. The combination of altitudinal variation and bio-geographical convergence promotes a wide range of climates, adapted habitats and commensurate biodiversity. Resident large mammal species include the Caucasian leopard (*Panthera pardus ciscaucasica*), Brown bear (*Ursus arctos*), Bezoar goat (*Capra aegagrus*), Armenian mouflan (*Ovis orientalis gmelinii*), and Striped hyena (*Hyaena hyaena*). Armenia has a high level of endemism and is a center of agricultural plant genetic diversity. Food crops such as soft and hard wheat, peas, pulses, pears, grapes astragal, and cornflower originated and were domesticated in this region. Armenia still supports many wild relatives of these original crop plants including three of the world's four wild relatives of wheat. There are 2,519 species of wild relatives of cultivated plants representing 113 families and 429 genera. 97 species of them are endemic and 266 are registered in the Red Data Book of Armenia. Some 2,000 species of plants are used for nutritive and curative properties, fodder or oil, honey, and resin production. Centuries of selection by farmers have resulted in diversity of local varieties of grapes, apricots, and peaches.

Table 2. Estimated number of species in Armenia

Category	Total	Endemics	Percentage
Plants	3,555	106	3%
Invertebrates	17,000	316	1.8%
Fish	30	9	30%
Reptiles	8	1	12%
Birds	356	0	0%
Mammals	83	0	0%

Source: WWF Armenia

Pressures on PAs

27. There are **four primary threats** to biodiversity within and around protected areas in Armenia: (1) *Overexploitation of biodiversity resources*: beyond the boundaries of a few better-managed protected areas, the current use of most biodiversity resources is defined by open access; (2) *Unregulated tourism activities*: as Armenians become more mobile, certain areas of natural beauty have become increasingly popular local tourism destinations. (3) *Habitat loss*: though-out Armenia, habitat loss caused by grazing, unsustainable forestry, pollution, and poorly conceived infrastructure development threatens biodiversity; (4) *Climate Change*: Climate aridization is already evidenced in Armenia resulting in altitudinal shifts of forests. The semi-desert and steppe vegetation belts have expanded and the alpine vegetation belt has reduced. It is expected that the desert and semi-desert zone area will expand by 33%, a new desert zone will form, and semi-desert will move over the bottom border of the forest in the south-eastern part.

28. The cumulative impacts include the accelerated loss of vulnerable habitats and associated species, the reduction of ecological functionality and the growing insecurity of ecosystem services. Opportunities for communities to realize the potential social and economic benefits accruing from biodiversity are lost. As links are broken between remaining natural areas, Armenia's landscape is becoming ever more fragmented. For instance, to migrate between important habitat "islands" scattered within Armenia and surrounding countries the highly endangered Caucasian leopard relies on ever narrowing corridors. If overexploitation, habitat conversion, and climate change continue to erode the leopard's few remaining corridors, individual cats will become increasingly isolated and the species' survival prospects decreased significantly.

Baseline

29. Armenia's current system of protected areas covers 311,000 ha or approximately 10% of the territory. If Lake Sevan (125,200 ha) is excluded, the total percentage drops to 6%. However most of the protected areas are targeting forests and many important habitat types – desert, semi-desert, steppe, meadow, and steppe-meadow habitats are not represented, or are under-represented, in this network. The Law on Specially Protected Natural Areas (2006) creates four broad categories of protected areas: State Reserves, National Parks, Sanctuaries, and Natural Monuments. Similar to IUCN Category 1, State Reserves are afforded the highest level of protection. These strictly protected areas allow human incursions for only non-

consumptive purposes. Tourists may visit State Reserves but must follow designated routes. Armenian National Parks compare to IUCN Category 2. Natural Monuments in Armenia are “objects of scientific, historical, cultural and aesthetic value”. They correspond to IUCN Category 3.

Table 3: Armenia’s Current Protected Area System

Area Type	Number	Total Area (ha)	Percent of Territory Represented
State Reserves	3	36,104	1.21 %
National Parks	2	181,221	6.09 %
State Sanctuaries	25	89,506	3.01 %
Natural Monuments	230	N/A	-
Total		306,831	10.31 %

Source: WWF Armenia

30. The Ministry of Nature Protection (MNP) is principally responsible for natural resource management and biodiversity conservation. The MNP houses the focal points for the UNCBD, UNFCCC, and UNCCD and oversees the implementation of biodiversity and protected area policies. The MNP’s “Bioresources Management Agency” (BMA) is charged with managing all State Reserves, National Parks, and Natural Monuments. Several “State Non Commercial Organizations” (SNCO) fulfill the role of protected area administrations and are responsible for on-the-ground protected area operations. An SNCO may manage a single protected area or a complex of several protected areas. Each SNCO reports to the BMA.

31. Armenian law gives the MNP ultimate management authority over all four Protected Areas types (Reserves, National Parks, Natural Monuments and Sanctuaries). The MNP currently manages eight Sanctuaries. However, seventeen Sanctuaries remain in a state of limbo awaiting designation of SNCO’s, completion of management plans, etc. As a result, entities other than the MNP hold prescriptive management rights over these seventeen Sanctuaries. These include the Ministry of Agriculture (14 sanctuaries), Ministry of Territorial Administration (2 Sanctuaries) and Institute of Physics (1 Sanctuary). These seventeen sanctuaries are mostly located within forest areas. The Ministry of Agriculture manages all forested lands in Armenia through The Hayantar enterprise (Armenian Forestry). The Hayantar currently takes responsibility for thirteen MOA Sanctuaries. One MOA Sanctuary is actively managed and financed by a private entity, Armenian Safari International, through an open-ended agreement.

32. Armenia’s Sanctuaries are multiple use landscapes. These protected areas correspond to IUCN Category IV. The legal description of Sanctuaries is quite broad. The law specifies only that activity within Sanctuaries not threaten “ecosystem sustainability”. Further use restrictions and management regimes are to be defined in a government approved charter and regulatory frameworks. Several Sanctuaries have charters (legal instruments drafted and approved by Government to describe the Sanctuary’s geographic area, conservation and use). However, existing charters do not offer adequate guidance for the establishment of comprehensive conservation regimes. Regulations clarifying the form, function and management of Sanctuaries do not exist.

33. Although environmental issues are gradually becoming integrated within the policy frameworks for socio-economic development, and the link between biodiversity conservation and human sustainable development is recognised, the protected area system still suffers from lack of technical, management, and material capacity and chronic under-funding, e.g. the *Strategy on Developing Specially Protected Areas and National Action Plan (2003)* estimates that the “*the number of staff currently performing conservation and control duties is 2-2.5 times less than the needed workforce, and even these inadequate personnel carry out their duties with inferior equipment*”. Although most donor projects to date have directed their efforts at Lake Sevan and Dilijan National Parks, the benefits of these are limited since these are the only IUCN category II (national parks) in the country. There are more Sanctuaries/nature reserves (Category IV) than any other category of protected area in Armenia, but they are at best nothing more than “paper parks” without properly defined boundaries, no management authorities, no staff, and no resources to undertake conservation management. However, because these protected areas are smaller than the State Reserves and National Parks, they offer the best mechanism for expanding Armenia’s protected area system and crucially in incorporating under-represented habitats since: (i) such habitats are already highly fragmented; (ii) the country is small and large areas of land necessary for new State Reserves and National Parks are largely hard to identify, and (iii) active management intervention will most likely be necessary to conserve the key habitats – something not possible in the State Reserves.

The desired scenario

34. The **long-term solution** sought by the Government is to alleviating habitat fragmentation in Armenia through a functional ecologically representative protected area network. The protected area network should reflect landscape ecology principles, including the conservation of core habitats and their linkages. This protected area system should include adequate examples of all biomes present in Armenia. The system should promote the long-term health of ecosystems and

the globally threatened species that rely upon these systems. The network should be resilient and reflect the pre-cautionary principle, incorporating sufficient ecological elasticity so that the system is more likely to withstand catastrophic threats such as disease and climate change.

35. The network should be well managed and sustainably financed. Protected area staff should have the capacity and support necessary to execute their jobs professionally. Management should be defined by informed decision-making and benefit from an increasingly sophisticated supply of sound data. This should include active monitoring of biodiversity and the use of findings to guide daily and long-term supervision. The system should have the full support of local communities and government. Productive sector activities beyond the boundaries of protected areas should be operating sustainably, without substantially degrading biodiversity integrity. Protected areas should be contributors to improving the nation’s quality of life, including providing ecosystem services, low-impact economic opportunities, recreational opportunities, and centers for science and education.

Barriers to achieving the desired scenario

36. As a party to the CBD, Armenia is committed to implement the Programme of Work on Protected Areas (POWPA). During the preparation of this proposal the country, with support from NGOs, analyzed where the major gaps or in terms of PoWPA implementation. Several PoWPA Goals stood out as current urgent gaps: Goal 1.1 (Ecological representation of the PA estate), Goal 3.2 (Building capacities for establishing and managing PAs), Goal 2.1 (Diversity of PA Governance Models), and Goal 3.4 (Financial sustainability). Some of these goals are being supported by diverse projects (including a small PoWPA grant from the GEF PoWPA Country Action Grants programme). However, **two barriers** stand out as requiring major attention, over and above the current national and international assistance. They currently impede the ability of the protected area system to conserve biodiversity effectively, and mostly relate to PoWPA Goals 1.1 and 3.2:

Barrier (i): PA policy instruments are inadequate to develop and support an ecologically representative PAS

37. During the development of this project, and with assistance from the PoWPA Country Action Grant, a rapid gap analysis was conducted using data collected by government and NGO scientists over the past twenty years. The analysis revealed that two habitat types (forests and Lake Sevan) represent ninety-one percent of the lands included within Armenia’s current protected area network. Important habitat types such as desert-semi desert, wetlands, steppe, meadow, steppe-meadow and high mountainous ecosystems represent approximately 80 percent of Armenia’s total landmass. However, these ecosystems important for most of Armenia’s critically endangered flora/fauna are absent or under-represented within the current protected area system. Using GIS overlays to identify known habitat types and ranges of endangered wide-ranging mammals revealed several gaps within the existing protected area system. For instance, slightly less than 10% of the current home range of Armenia’s Caucasian leopard and Bezoar goat is afforded protected status. None of the current protected areas include habitat for Armenian mouflan. This is a species commonly targeted by poachers.

Table 4: Major Habitat Types and Protected Area Gaps

Armenia Biomes	Total (ha) Nationally	Percent of Landmass	Hectares in PA’s	Percent in P/A’s
Forest (800-2300 m)	318,536	10.72 %	115,759	36.3 %
Juniper Open Woodlands (400-1300 m)	120,151	4.04 %	23,249	19.35 %
High Mountain Alpine (2800-3400 m)	198,769	6.70 %	300	0.15 %
High mountain subalpine (2400-2800 m)	442,395	14.88 %	33,949	7.67 %
Azonal (3400 >)	19,686	0.66 %	-	-
Low and Middle Mountain Steppe (800-2300 m)	853,044	28.70 %	7,199	0.84 %
Low Mountain Dry Steppe (1000-1600 m)	226,667	7.63 %	-	-
Mountain Meadows Steppe (2200-2600 m)	493,104	16.59 %	-	-
Semidesert (500-1000 m)	161,709	5.44 %	385	0.24 %
Wetlands	5,983	0.20 %	50	0.84 %
Lakes/ Reservoirs	131,876	4.44 %	125,440	95 %
Total	2,971,920	100 %	306,831	10.32 %

Source: WWF Armenia; red color marks under-represented habitats.

Table 5: Habitats of Globally Threatened Large Mammals Species

Species	Known Habitat in Armenia (ha)	Habitat included in Protected Areas (ha)	Percentage of Total Habitat Protected
Caucasian Leopard (<i>Panthera pardus saxicolor</i>)	749,720	70,947	9.5%
Armenian mouflon (<i>Ovis ammon gmelini</i>)	395,345	0	0
Bezoar Goat (<i>Capra aegagrus aegagrus</i>)	856,396	70,947	8.2%

38. Armenia has established and continues to create “traditional” protected areas. These tend to be relatively small, stridently conserved landscapes such as State Reserves and National Parks. Although very important, these areas are ecologically isolated and fail to incorporate a wide variety of habitats. Expanding State Reserves and National Parks to include more habitat varieties, protect vulnerable landscapes and secure ecological links is quite challenging, and in fact hardly economically possible, as most underrepresented landscapes requiring heightened protective measures are community areas with traditional economic uses such as grazing, hunting, and the collection of wild plants. The land use designations “State Reserve” and “National Park” are poorly suited for such places. Sanctuaries on the other hand (Category IV IUCN) would be best suited, but several major policy shortcomings in Armenia’s current situation result in an inability of Sanctuaries to serve as a meaningful land use management category that protects key habitats and allows for reasonable economic use. This element missing from Armenia’s protected area network is vital to securing higher representation of habitats and species in a sustainable PA system. While there are four main policy instruments that provide an opportunity to direct the form and function of Sanctuaries (legislation, regulations, charters, and management plans), none of these to date adequately clarified the form and function of Sanctuaries either as a group or individual protected area. There are no national operational guidelines or norms/standards to guide the process of establishment, planning and management of Sanctuaries. There are no clear mechanisms or examples for decision-making and management that alleviates potential conflicts between various national, regional and local interests. There is no local community participation in Sanctuary management. In the current scenario, the institutional structure for management of Sanctuaries is muddled on both national and local levels. The Government is committed to finding a solution, but requires a catalyst to motivate action. So long as this capacity barrier exists, finding creative opportunities to protect Armenia’s complex landscapes will be extremely limited.

39. Legislation: The Law on Specially Protected Natural Areas (2006) is certainly a step forward. However, this legislation still requires refinement particularly regarding landscape level conservation. The law refers to concepts such as “corridor” and “biosphere reserve” while providing little legal guidance regarding their form and functions. Most professional Armenian conservationists insist that the parliament intended that Sanctuaries were to fit within the IUCN Category IV (Habitat/Species Management). However, the legislation contains only two lines specific to the function of “Sanctuaries” and these simply state that a Sanctuary is to be managed in compliance with the environmental purpose for which it is established. The legislation does not clearly specify how Sanctuaries are to be used to advance landscape level conservation. The law implies but does not clearly allow for community-based management of specially protected natural areas. This vague legislative language is problematic in a country such as Armenia with a tradition of strictly interpreting legislation. Regulations: There are no regulations or “normative acts” designed to guide the establishment and management of Sanctuaries as multiple use protected areas. Charters: The Law on Specially Protected Areas (2006) defers nearly all details regarding the form and function of individual Sanctuaries to a “Charter”. These are separately negotiated legal document. They are relatively brief (2 – 3 pages) and describe the general location, form and function of all protected areas, including Sanctuaries. Each protected area’s charter is to be completed and approved by the Government prior to legal establishment. To date, eight Sanctuaries have approved simple charters that do not reflect complex conservation and multiple-use functions. Charters offer perhaps the best opportunity to improve and define the management of Sanctuaries so that they become active contributors to landscape level biodiversity conservation.

40. Management Plans: The capacity to develop detailed management plans is particularly weak in both the central and local authorities. To date, no Sanctuary has a completed and approved a management plan. There is no instrument to ensure the strategic deployment of financial and human resources. Many Sanctuaries are not even mapped. The completed World Bank/GEF Natural Resource Management project demonstrated the concepts of modern management planning in two National Parks (Dilijan and Lake Sevan). WWF Armenia and global partners worked with Shikahogh State Reserve to draft a not-yet-approved management plan and with the MNP to create a preliminary plan for the Gnishik region. Lessons learned to date are being disseminated only slowly through the system. There are still no tangible examples of process required to generate and implement an organic management plan for a complex habitat conservation landscape with a strong community participation component. National, regional and local authorities – although expressing a keen interest in commencing active conservation management in Sanctuaries - have no precedent within the country to follow. Without the strong capacity to gain the traction necessary to complete management plans for complex landscapes, the ability of Sanctuaries to serve their functional role within the protected area system will continue to be stymied.

Barrier (ii): Limited institutional capacities and experience with the creation and management of complex protected areas

41. A major barrier to landscape level conservation is the absence of a reference point for complex protected areas. Authorities and communities recognize the need to expand the protected network to include greater habitat diversity and

linkages between isolated conservation areas. However, national and local government agencies, site managers and communities have very limited experience with the establishment and management of protected landscapes that allow for creative “multiple-use” approaches. Establishing new and/or improving existing Sanctuaries will generally require the commitment and inclusion of local communities. There are no good national examples of community-based/participatory management, sustainable tourism management, information-based decision-making, sustainable financing, and other concepts key to successful management of multiple use protection categories. Within Armenia, there are not any professional conservationists trained and qualified to deal with these complex issues.

42. Capacities in community-based / participatory management: If Armenia hopes to expand and improve their protected area network to generate comprehensive landscape conservation for global biodiversity, the nation must work more closely with local communities. There are three primary types of land-ownership in Armenia: state land, private land, and community lands. To date, nearly all State Reserves and National Parks are established exclusively upon state-owned lands. Most vulnerable habitats now remain within community lands. For instance, the majority of agro-biodiversity is found within community lands. Communities now hold the keys to protecting landscapes vital to the protected area system. Many community leaders have expressed an eagerness to better conserve biodiversity resources within their region of concern. However, Armenian professionals do not have the capacity, experience, and/or national model for the design of a protected area that includes meaningful community-based management and/or participation.

43. Business and management planning capacities: Environmental issues are gradually becoming integrated within the policy frameworks for socio-economic development. The link between biodiversity conservation and human sustainable development is recognized. However, the protected area system still suffers from a lack of technical, management, and material capacity and chronic under-funding. For example, the Strategy on Developing Specially Protected Areas and National Action Plan (2003) estimates that the “the number of staff currently performing conservation and control duties is 2-2.5 times less than the needed workforce, and even these inadequate personnel carry out their duties with inferior equipment”. The limited knowledge and experience of stakeholders at all levels to generate and implement sound business planning is a barrier to protected area expansion and improvement. Expanding and improving protected areas will likely require assisting community members to amend their current livelihood practices to be more supportive of biodiversity conservation. In addition, the establishment and management of protected areas in community lands will be more warmly received if there is a perception that such designation is accompanied by improved revenue generation possibilities. Finally, protected area managers – particularly those tasked with managing potentially more expensive and complex landscapes such as Sanctuaries – must have the business acumen necessary to identify creative funding mechanisms and efficiently allocate income. Because these skills are currently missing from the protected area toolbox, decision-makers have been slow to pursue expansion into areas with existing community activity. Until this barrier is removed, the protected area network will be slow to mature.

44. Capacities in tourism management: Tourism activity is both a threat and opportunity for biodiversity conservation in Armenia. Properly managed, tourism could be providing valuable social benefits while contributing to the over-all interest and support for biodiversity conservation. However, the limited capacity of communities, protected area managers, tourism professionals and others to embark on conservation oriented tourism continues to be a barrier contributing to the poor state of Armenia’s Sanctuaries. There is no national corpus of knowledge capable of leading the way towards designing and managing tourism operations that become an asset rather than a liability to PA management and community development. Tangible examples, guidelines and other templates showing stakeholders how to establish and sustainably manage sustainable tourism, particularly with community participation, are nearly non-existent. Until this barrier is removed, tourism will continue to be a biodiversity threat rather than benefit.

45. Biodiversity monitoring capacities: Without strategic biodiversity monitoring, management decision-making occurs within an information vacuum. Rigorous monitoring of biodiversity resources is particularly important in Sanctuaries where continued resource use by community members must be balanced with long-term biodiversity conservation objectives. The depth of knowledge and activity regarding biodiversity monitoring is quite shallow. The deficiency of up-to-date information on biodiversity both within and outside of protected areas creates obstacles to effective conservation management and purpose-oriented implementation of protection measures. Survey work over the past six years by WWF professionals provided the basis for understanding the current protected area gaps in southern Armenia, including the need to protect key habitats for leopards, mouflan, striped hyena, wild goats, and other globally important biodiversity. WWF has developed a monitoring program of large mammals for Shikahogh reserve that can be duplicated in other protected areas. However, the application of scientific information remains weak. There are a few Armenian professionals with contemporary biodiversity survey experience. National and local capacity regarding non-invasive survey techniques and agro-biodiversity assessment is quite limited. The number actively working within Sanctuaries is almost zero. There are few examples of community members contributing to biodiversity monitoring activities, particularly activities designed to

improve the ecological integrity and social well being of community oriented protected areas. Again, this creates a major barrier to protected area expansion and improvement.

46. Capacities in law enforcement: Many professionals identify “poaching” as a major threat to biodiversity in Armenia. Several factors, including poverty, contribute to this problem. There are also issues of enforcement financing. Armenian protected area managers frequently do not have simple materials or transport necessary to actively enforce laws. There are few financial incentives for law enforcement. Pay is low relative to required efforts required and high risks. Outside of State Reserves, the enforcement of conservation law is very erratic. A major contributing factor is the limited capacity of protected area managers to mobilize community support. A direct correlation generally exists between a high level of community support for protected areas and savings in protected area management costs. In other words, the more communities understand and support biodiversity conservation efforts, the less time and money is required for law enforcement. Most Armenian anti-poaching measures focus upon “command and control”. Stakeholders have almost no experience and/or access to creative examples for alleviating poaching. There is limited capacity for anti-poaching measures that focus upon integrating communities and building community support for biodiversity conservation. Often communities and even conservation professionals do not fully understand conservation legislation. Community-based management models where non-consumptive tourism, limited sport hunting, alternative income generation, poacher recruitment, and/or collection and marketing of non-timber forest products serve as incentives for careful community stewardship and participation are not known. Of course there will always be a need for traditional “command and control” enforcement. However, in a financially challenged country such as Armenia, the effectiveness of Sanctuaries will continue to be deficient unless capacities are built to design and implement anti-poaching tools that are creative and premised upon positive incentives to alleviate illegal activity.

47. Capacities in public awareness and outreach: A major barrier is the absence of sound public awareness and outreach examples that create knowledgeable community conservation advocates. There is low awareness on protected area functions, activities and objectives among the population and unsatisfactory level of ecological education, particularly in the communities adjacent to protected areas. Without a public with adequate exposure to contemporary biodiversity conservation concepts, there is little hope of achieving informed, community-based decision-making. Successful incorporation of community lands and community members into the protected area network will require significant public awareness and outreach. To date, protected area managers have very limited experience in conducting community outreach and educational programming. There are no tangible examples of working with community members to design a comprehensive management plan that is community inclusive. This form of management is still not operational due to low awareness of local communities about its importance and benefit for the communities.

Project strategy: objective, components, outputs

48. To address the named barriers the project has **the objective** to catalyse the expansion of the nature reserves to provide better representation of ecosystems within Armenia’s current protected area system and enable active conservation of biodiversity. The objective will be achieved through two components: (1) Rationalization of the protected area system, and (2) Institutional capacity building for protected area management.

Component 1: Rationalization of the protected areas system

Output 1.1 Set of by-laws developed to operationalize the 2006 Protected Area Law. Under this output, financial and technical support will be provided to improve the existing laws, regulations, and charters that define the form and function of sanctuaries, with the purpose of promoting their creation at underrepresented habitats. The project will support a comprehensive legal review, drafting of regulations, their participatory discussion across ministries and at the community level. National operational guidelines and norms to guide the process of establishment, management and business planning of sanctuaries will be developed. The guidelines will clearly stipulate: (i) the multiple-use purpose of sanctuaries; (ii) extensive content, purpose and design process for Charters of sanctuaries; (iii) financing of sanctuaries, distributed by national and local sources; (iv) establishment of management units at sanctuaries, community participation in sanctuary management (integrating products of Output 1.4), clauses on alleviation of potential conflicts between various national, regional and local interests engaged in sanctuary management, (v) model for management and business plans and protocols for their development (to be validated on the ground through Component II); (vi) biodiversity conservation models to be adopted at sanctuaries. Ultimately, these documents will be formulated as a package of by-laws for 2006 Law on Specially Protected Natural Areas. The project will support their wide discussion across governments and NGOs, as well as at the community level. Once validated by all stakeholders, the amendments will be presented to the Government for approval. Validation of the management and business planning models proposed here will occur through Outputs 2.2 and 2.3.

49. Through this output, the project will expose Armenian PA decision-makers to best international principles and practices. Legal ambiguities regarding the establishment, management and financing of Sanctuaries as IUCN Category IV

protected areas will be eliminated. The improved legal framework will reflect and incorporate lessons learned from activities undertaken under the PoWPA country action grants program (especially its first Outcome which deals with the comprehensive ecological gap analysis in Armenia), as well as through other outputs of this project (i.e. institutional reconfiguration, establishment of model Sanctuaries, piloting approaches to community participation, etc).

Output 1.2 Institutional links re-configured to clarify roles and responsibilities for governance and management of sanctuaries. Under Output 1.2, the project will eliminate sources of institutional inefficiencies by clarifying decision-making, management, and financing responsibilities. Firstly, diverse government authorities and communities will be brought together through a series of dedicated round-tables and forums, with a professional facilitator to illuminate challenges, discuss management options, and agree to solutions. The project will be charged with bringing together disparate national and local institutions to detail responsibilities while making certain avenues exist for cooperative, inclusive decision-making. This includes specifying how to coordinate, develop and capitalize upon existing institutional expertise (i.e., Academy of Sciences, academic institutions, Ministries, development agencies, and NGO's) in order to promote efficient, cost-effective and strategic Sanctuary management. On the basis of those discussion, a by-law will be finalized on the institutional roles and responsibilities in sanctuary management. The by-law will detailize mechanisms for the participation of communities in sanctuary management. A second iteration of discussions across ministries and local communities will follow on the draft by-laws once those are prepared by lawyers. Ultimately, the by-law will be finalized and integrated in the policy package to be adopted by the Government under Output 1.1.

Output 1.3 Three new sanctuaries established at underrepresented habitats. Activities under this output will result in the creation of three new Sanctuaries that will serve as national models for improving biodiversity conservation within sanctuaries. **One** will be in the Gnishik area and cover approximately 20,000 hectares. The proposed sanctuary is located in Vayots Dzor Marz. Two habitat types define Gnishik, each is poorly represented in the current protected area network: low mountain dry steppe, and mountain meadows steppe. The sanctuary will provide connectivity between the Jermunk Sanctuaries to the northeast, Khosrov Reserve to the north and to the southeast the Azerbaijan's Bichenek Sanctuary and Ordubad National Park. Gnishik will be an example of community-based management in a multiple use ecosystem. The **second** will be in the Khustup Mountain area. When completed, the protected area will include approximately 12,000 hectares. Khustup is defined primarily by three biomes (Mountain Meadows Steppe, High mountain subalpine, High Mountain Alpine) that are under-represented in Armenia's current protected area network. There are no people living within the proposed sanctuary. There is almost no livestock grazing in this area. Nearby residents periodically venture into the area primarily to collect plants. The location has potential for tourism, including hiking, bird watching, alpinism, and opportunities for viewing large mammals. This is an area inhabited by Bezoar goat, Persian leopard, Armenian mouflon, Brown bear, Caucasian Black Grouse, Caspian snow-cock, and many other important species. This unique floristic area of Armenia contains many endemic species of plants. This protected area will be an example of State Management (Shikahogh Reserve) with heightened community participation and use. The **third** area is Zangezur, which covers about 16,000 ha linked ecologically with Kiamaky Wildlife Refuge in Iran as well as Shikahogh Reserve and Arevik National Park (planned) in Armenia. Three biomes (Mountain Meadows Steppe, High mountain subalpine, High Mountain Alpine) define Zangezur. Each is highly under-represented in Armenia's current protected area network. The area provides critical habitat for both resident and migratory leopards and their prey. This is a region rich in globally important agro-biodiversity species. [Please see Annex H for further details on the three demonstration sites].

50. Activities to be undertaken to create these protected areas and improve their management will include: (i) finalizing biodiversity inventories; (ii) zonation of the proposed areas and proposing boundaries for each zone, (iii) community discussions on the proposed zonation and boundaries of the sites, (iv) defining the management unit and model for engagement of communities in the management of the sanctuaries, taking models developed under Output 1.4; (v) charters developed for each site, discussed with communities and approved by local governments; (vi) having the sites officially gazetted, and boundaries marked; (v) setting up the management units and reaching collaborating management agreements for each sites; equipping management units for effective site management, law enforcement and biodiversity monitoring. From here Component II will take on work on the demonstration sites, developing comprehensive participatory management and business plans for each sites and testing business opportunities on the ground. Generally, the process, supported by this output, is important to test the viability of sanctuaries to conserve under-represented biodiversity, but also to build trust among communities and protected area professionals.

Output 1.4 A new PA management model developed for sanctuaries and put into policy. The purpose of this output is to propose support the previous 3 outputs in Component I with a model of sanctuary governance and management that would ensure maximum conservation efficacy on the background of wide community engagement. On this output the project will interact closely with and build on the results of the PoWPA Country Action grant Outcome II *Recognizing and promoting new PA governance types*, which is making a wide review of all PA governance types in Armenia, with a focus on Nature

Monuments (Category V). This project will build on the studies of the PoWPA grant and elaborate them in more detail with respect to sanctuaries (Category IV). The project will organize seminars where professionals and lay community members will be given the opportunity to learn in detail the benefits and shortcomings of various international models for community participation and management. These gatherings will bring together protected area management professionals, local community leaders, community members and interested third parties to openly discuss international approaches to community participation and determine best solutions for the Armenian context. The policy paper on governance models for sanctuaries, resulting from these discussion, will propose two particular models (full community management and co-management) that will then be tested in the three project demonstration areas respectively. From here it will be taken on by Component II which will develop and launch management and business plan at each site. In year 4, once the three new sanctuaries are operational, the policy paper on the sanctuary management models will be finalized integrating lessons learnt at the demonstration sites, and adopted as a by-law to support the 2006 Protected Area Law. The output should result in legitimate avenues for community participation in Sanctuary management being modeled in the pilot sites, and replicated widely at all sanctuaries after project completion. Results and lessons learned from this output will be collated into a policy document used to inform Output 1.1, strengthening of the legal framework.

Component II. Institutional capacity building for PA management

Output 2.1 National and local training programs for sanctuary managers and local communities. The project will invest in capacity-building of the IUCN Category IV PAs at two levels: national and local. At the national level, the PoWPA Country Action grant is currently developing a regular PA national vocational training course. The PoWPA grant, however, is limited to the elaboration of the educational curriculum and implementation of 4-5 first training sessions. This project will support the national vocational training course, by focusing on IUCN Category IV capacity building needs, developing corresponding training materials, equipping the training host agency with necessary educational means, and reaching an agreement with the Ministry of Natural Resources on sustainable funding of the course beyond the project. The training topics to be included correspond to the major capacity gaps relevant for sanctuaries: (i) designing a multiple-use protected area spatial plan; (ii) designing a meaningful management plan and a realistic business plan with a view to make use of local income-generation activities, accounting principles, budgeting and grant writing; (iii) developing and launching sustainable tourism activities; (iv) conflict management; (v) biodiversity monitoring techniques; (vi) law enforcement, (vii) public awareness and outreach.

51. At the local level, the project will invest in establishment of three PA information and education centers at the demonstration sanctuaries. The project will develop guiding materials and training courses and support their implementation during each of the 4 years of operation. The centers will be capacitated to undertake public awareness and outreach programs that will provide communities with knowledge of biodiversity and tools for engaging in sanctuary co-management. It is expected that during the life of the project at least 200 community representatives will attend educational events organized by the centers, and at least 5 local entrepreneurs / community groups will be engaged in sanctuary co-management. The 2 information centers will further support mobile community training programs, the Caucasian leopard campaign, school conservation programs with outdoor education components, and will building the capacity of local community members to actively participate in biodiversity monitoring.

52. Output 2.2 Management and business plans at three sanctuaries developed: To date, no sanctuary in Armenia benefits from a complete and operational management and business plan. This project will design and put in implementation combined management and business plans for each of the three pilot area. This output is an important capacity building exercise, but it will also set an institutionalized process for systematically improving site and business management plans based upon a continuing learning cycle. Activities will include: (i) once the three sanctuaries are established, their management units and collaborative agreements are in place – working groups will be set comprising site managers, community leaders, and project experts. The working groups will, based on the site Charters and declaration papers, develop draft elements of the management plans, including physical and biological characteristics of the site, threats, site vision and conservation priorities, staffing tables, infrastructure requirements, 4-year conservation management and monitoring plan; law enforcement protocols and processes (including anti-poaching measures); (ii) a series of workshops within and proximate to each pilot site to solicit opinions from stakeholders regarding conservation management challenges and potential responses; (iii) learning exchanges with Georgia where protected area management planning for multiple use areas commenced in earnest earlier than in Armenia; (iv) development of the business plans: costing operational and capital needs, identifying the revenue sources from the central budget, development of mechanisms for local income-generation and business opportunities related to rational use of resources, adapting the staffing tables and management plans to the scenario in which revenues are optimally matched with the cost needs; (v) final round of consultations, finalizing integrated management and business plans and submitting them for adoption to local authorities.

53. The production of the combined sanctuary management-and-business plans will be based upon best international experience and provide realistic guidance for small business entrepreneurs. The plans will help with identifying potential economic opportunities, breakdown investment costs, examine potential markets, and provide instructions on how to develop and maintain a sustainable business by the sanctuary management unit or engaging local entrepreneurs and communities. The plans will be used as a basis for sustainable resource use, including as appropriate tourism, sustainable grazing (launching of these two, which have high potential and important biodiversity value, will specifically be supported through Output 2.3), regulated sport hunting and collection of marketable flora. By project end, each pilot site will have an operational model for sustained and consistent management and financing required for securing biodiversity values. This output benefits from Output 2.1 which will invest in training for local communities and sanctuary managers in business planning, accounting practices, budgeting, and grant writing.

54. Output 2.3 Management and business plan implementation supported on the ground: In order to build confidence of the local PA stakeholders and demonstrate replicable experience, the project will support launching of key management and income-generation activities at the three sanctuaries. Firstly, as part of the management planning process, communities and Sanctuary managers will develop and implement tools for anti-poaching. This includes monitoring of poaching activity and identification of poaching sources. The project will explore traditional tools such as limiting access to prime habitat of threatened species, improved signage, and patrol systems. The project will emphasize the creation of innovative programs that create incentives for community member support and participation. Protected area managers will be trained in and provided technical support for community outreach that encourages community members to engage in the monitoring and reporting of poaching activity. Partnerships with regional nature protection inspection, police and representatives of mass media will be established. In at least one pilot site, government protected area managers will be provided with support and expertise to enforce anti-poaching activities along with the Armenian military. This incentive and education based program will serve as a model for other Armenian protected areas.

55. Secondly, the project will support the implementation of habitat monitoring programs. These targeted research programs will be used to inform and improve the management process. Monitoring will engage community members. Activity will include non-invasive survey techniques for indicator species such as leopards as well as finer scale monitoring of agro-biodiversity. Activities will build capacities for both data collection and management for priority species and habitats. This will include strengthening capacities for the development of survey protocols and the application of GPS and GIS technologies.

56. Thirdly, community members and protected area managers will be provided with the support necessary to develop a comprehensive livestock-grazing program in at least one of the pilot areas as an important extension of the management planning process. This program will shift current open-grazing management within the pilot area to community-based management. The established management regime will respect traditional grazing patterns while lowering the total impacts on biodiversity resources and improving livestock profitability. This will be achieved through linkages with both the biodiversity monitoring and business development activities. Livestock grazers will learn how to improve grazing activity and business acumen. The activity will result in an enforced grazing management plan suitable for integration within the broader protected area management plan

57. Lastly, tourism represents both a conservation challenge and opportunity. The project will work with stakeholders in the Gnishik area to create a comprehensive model for tourism management within sanctuaries. The model will be appropriately scaled to protect biodiversity integrity. Tourism will be used as a tool to promote conservation education and ethics. Investments will only support tourism that is low impact, does not require significant infrastructure development, increases management financing, and improves the community's quality of life. Training will be provided to both community members and entrepreneurs in best international tourism practices and experiences. Practical training will include how to provide guest services, implement destination marketing, and complete realistic business plans. Community members and business interests will work together to determine and implement best tourism development schemes. Additional project investments may support model tourism routes (i.e., hiking trails), low cost infrastructure (i.e., garbage collection sites, picnic areas), installing use fees/permits, certification programs, and the creation of interpretative materials. Important aspects of tourism development will be monitored throughout the project life cycle. The project will monitor the relationship between management improvements and viewable wildlife to determine if a correlation exists between increased tourism revenue and increased opportunities for wildlife viewing. The project will conduct attitudinal surveys of visitors to determine if the purpose of visitation, biodiversity knowledge, and level of conservation advocacy change during the period of project implementation.

Output 2.4 Lessons learned documented and experience set to replication. This project is based upon the premise that Sanctuaries are failing in Armenia because there is no capacity and no model to stimulate success. All previous outputs have been constructed to remove regulatory barriers and create a critical mass of demonstration effect to reverse the failure

of sanctuaries to effectively conserve biodiversity. In order to capture project successes for national replication, the project will sponsor two national level workshops to disseminate findings and activities. One purpose of this activity is to make certain project investments result in sustained activity within each pilot site and promote national level improvements. These workshops should serve as a forum for inter-active learning, question and thought regarding the successes and failures of project activity in achieving discreet outcomes and outputs. Local and national project managers, community members, government representatives, and protected area staff will be expected to make individual presentations explaining their personal project related activities and the conservation results of those activities, i.e., legal framework improvements, biodiversity monitoring, community management, tourism development, management planning, poaching alleviation, etc. The workshop results/presentations will be collated into a brief document (less than 40 pages) summarizing what the project has done, why and what the results. These documents, one developed at project mid-term and a second developed at project close, will serve as teaching guides for protected area managers, community members and others to assist with replication of project results. The summary will be presented in a form suitable for incorporation within national strategies and action plans related to protected areas management.

Sustainability

58. Environmental sustainability: The project's concept is based on the premise that sanctuaries (IUCN IV Cat.) can serve as a main vehicle to bring the currently under-represented habitats under protection. The project will validate this concept by creating and equipping three new sanctuaries [through outputs 1.3, 2.2 and 2.3] which jointly will enlarge the sanctuary estate by 53%, adding 48,000 ha of underrepresented habitats under protection. Output 2.4 will ensure that the project experience with using sanctuaries as vehicles for raising ecological representativity are documented and imbedded in a replication strategy, achieving, within a 5-years period beyond the project, full capacitating of sanctuaries at 137,000 ha of sanctuaries [their area after expansion]. Outputs 1.1 and 1.4 will put the necessary legal framework to translate this experience into law.

59. Financial sustainability: The financial solvency and independence of the three sanctuaries piloted under this project (which is 53% of the expanded sanctuaries estate by area) will be determined by the quality of business plans developed under Output 2.3. Key to successful business plans will be the optimization of PA costs (operational including staff costs, as well as capital) vs. realistic revenue streams for each sanctuary from national and local sources. Costs for the sanctuaries have been assessed by the preparatory work of the Caucasus Protected Area Trust Fund, and refined through the Financial Scorecard preparation process during the preparation of this project. For the three sanctuaries, the annual basic cost needs are assessed to be in the range of USD 43,000 and 80,000 per year¹, although under the desired "ideal" scenario (assessed by the WWF based on high staff salaries and 24-hour protection) the baseline cost needs are assessed to be 2 – 2.5 times higher². The optimal annual "consensus" cost needs per site are thus within the range of USD 65,000 – 90,000 per year per site. The "consensus" costs are lower than the idea costs defined by the WWF, with this amount the site managers will be able to ensure stable biodiversity protection, engage in economic activities and do basic ecological monitoring. Currently, the Ministry of Nature Protection is currently providing about 55% coverage of the "consensus" costs, and has committed, through this project, to support 70-75% of these costs. It is considered highly realistic to cover the remaining annual deficits of optimal [but not "ideal"] costs (USD 15,000-25,000) from revenue generated by the local business initiatives which will be promoted by this project. When drafting the business plans, developing and launching green small-business models at the three sanctuaries, the project team will benefit from the in-kind contribution of the UNDP Biodiversity Economist group which has established experience in protected area business planning in Europe, as well as globally.

60. Of the 25 sanctuaries expected to be operationalized in Armenia, the three project sites are the largest. The financial sustainability of the remaining 47% of the area of sanctuaries will depend on much less cost needs. The Caucasus Trust Fund Feasibility Study indicated that for small sanctuaries annual optimal costs range from USD 30,000 to 35,000. With the commitment of the Government to cover the 70-75% of those costs, the project will, through replication (Output 2.4) and legislation work (Component I) ensure that all possible avenues are opened, models validated and disseminated at the level of sanctuary managers and community leaders to enable them make use of local business opportunities piloted by the project, to cover their outstanding 25-30% annual budget needs [which is USD 8,200 – 10,000 per year per sanctuary on average].

¹ Exact figures will only be available when Output 2.3 (management and business planning) is implemented. The approximate optimal running cost structure for sanctuaries in Armenia is as follows: 44% staff costs, 20% purchase and maintenance of equipment, vehicles and infrastructure; 21% conservation and visitor programs, 7% travel costs; 8% administrative overhead and miscellaneous costs. A more detailed breakdown is presented in the Caucasus Protected Area Trust Fund Feasibility Study, Annex C.

² As per individual financial scorecards for each of the three sites prepared by WWF at the PPG stage.

61. The financial sustainability of other categories of protected areas (primarily Category I and II) is dealt by the sister project – PIMS 4258 Catalyzing Financial Sustainability of the Armenia’s Protected Area System. This project relies on the support from the Caucasus Trust Fund, which is expected to be capitalized with GEF support. The two projects, if funded by the GEF, together will systemically cover the majority of financial needs of all IUCN categories of protected areas in Armenia.

62. Social sustainability: This project is targeting IUCN Category IV, which is THE category where ecological values are best juxtaposed with social well-being and sustainable livelihoods of local communities. Through Component II, community members will be provided on the ground with better options for seeking out and realizing alternative livelihoods. Existing livelihoods will be improved through advanced capacities and access to knowledge resources. The experience gained will then be fixed in law through Component I. Community members will receive greater inclusion in decision-making processes.

63. Institutional sustainability: Building the ability of institutions to sustainably support the long-term health of Armenia’s protected area system is the paramount objective of Component II. Through this component, the project will positively impact institutions on the community, regional, and national level. Direct capacity-building will take place through training programs. In-direct capacity building will result from implementation of various project activities. Much of the project’s efforts are focused upon providing institutions with the tools required for long-term institutional integrity. Strengthening the country’s legal framework in Component I will alleviate current institutional inconsistencies and conflicts.

Replicability

64. The potential for replication is substantial. As has been noted in the background, there are significant areas in Armenia and the region where biodiversity is currently vulnerable due to the absence of the creative, multiple use, landscape level protection measures that this project will model. The premise for this project is the need for replicable models for the creation and management of Sanctuaries as a vehicle to cover the ecological under-representativity of the PA estate. The project will stimulate within Armenia and the region the exchange of ideas for improving biodiversity conservation. Each pilot and all associated activity is designed specifically to serve as a replicable model. Each site will serve as a forum and classroom for national level discussion and learning. Training programs, improvements to the legal framework, and institutional strengthening activities will each create a solid base for the construction of new protected areas based upon lessons learned from this project. There are two specific elements built within the project to trigger replicability: firstly, Output 2 is all about documenting lessons learnt, presenting them, discussing them in forums and using for fine-tuning of legislation pursued through Component I. Secondly, the project envisages exchanges with the Georgian counterparts on the issues of management and business planning for sanctuaries. This will have a spill-over effect, whereby the good experience possessed by Georgians will be integrated into the Armenia work, but on the other hand the lesson generated by the Armenian project will be made available for the Georgian counterparts. At close, the project will leave behind operating models for future replication as well as tangible products such as training guides, management plans, and a lessons learned documents each of which will leave a record to guide future replication and improvement on project outcomes.

Expected global benefits

65. By forwarding the conservation of Armenia’s biodiversity through IUCN Category IV of protected areas (sanctuaries), the project will be helping to protect part of WWF’s “Global 200” and Conservation International’s “Caucasus Hotspot” at an area of 137,000 ha. The project will remove pressures on a number of endangered species [Bezoar goat (*Capra Aegagrus*), Armenian mouflon (*Ovis ammon Gmelin*), Eurasian lynx (*Lynx lynx*), and Caucasian leopard (*Panthera pardus sicaucasica*), Lesser Kestrel (*Falco naumanni*), Imperial Eagle (*Aquila heliaca*), and Greater Spotted Eagle (*Aquila clanga*)], endemic flora. Importantly, the project will include 48,000 ha of under-presented habitats under protection. Example habitat types to be included are low-mountain dry steppe, low and middle mountain steppe, high mountain subalpine and high-mountain alpine. The project also addressed the three major gaps in the countries commitments under the CBD PoWPA, namely Goal 1.1 (ecological representativity), Goal 3.2 (capacity building), and Goal 2.1 (diversity of PA governance models).

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL AND/OR REGIONAL PRIORITIES/PLANS:

66. This project is in full compliance and alignment with Armenia’s Biodiversity Strategy and Action Plan submitted in 1999. The project also supports a variety of additional government policy documents including the “Strategy on Developing Specially Protected Areas and National Action Plan” adopted in 2002. The Strategy was updated in 2008 and lays out four blocks of concern and action. Each matches the parameters of the proposed project: Improvement of the legislative base for protected areas; PAs network clarification and establishment of new PAs, as well as monitoring; Improvement of the financial mechanisms for PA’s; and, National PA staff training.

67. The Republic of Armenia has ratified the Convention on Biological Diversity in 1993 and continually participates in its processes, including the PoWPA. Armenia adopted the Law on Specially Protected Natural Areas in 2006. The law recognizes new models for PA management (including management by local communities), but it needs further support to put in place implementation mechanisms. The project is also consistent with the spatial priorities and PA targets identified in the Millennium Development Goals: Nationalization and Progress – National Report 2005, the Strategy on Developing Specially Protected Areas and National Action Plan (2003), the National Biodiversity Strategy and Action Plan (1999), the Eco-regional Conservation Plan for the Caucasus 2nd edition (2006), the National Environmental Action Programme (1998), the National Poverty Reduction Strategy Paper 2003-2015, and the National Forest Policy and Strategy of the Republic of Armenia (2005).

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:

68. The project is fully congruent with GEF's Strategic Objective (SO) 1 of the Biodiversity focal area, "*Catalyzing Sustainability of Protected Areas Systems*". In compliance with the SO1, the project at hand will focus upon including the broader landscape, specifically community areas, to improve management of productive landscapes while helping to promote connectivity and alleviate poverty. This project will concentrate effort on supporting the creation and improvement of protected areas to include currently under-represented ecosystems. These ecosystems currently outside the shelter of Armenia's protected areas are critical to the long-term conservation of several globally significant species, including several endemic agro-biodiversity resources.

69. The proposed project is consistent with Strategic Programme (SP) 3 "*Strengthening Terrestrial Protected Area Networks*". The project's concept is based on the premise that sanctuaries (IUCN IV Cat.) should be the main vehicle to bring the currently under-represented habitats under protection. The project will validate this concept by creating and equipping new sanctuaries [through outputs 1.3, 2.2 and 2.3] which jointly will cover 53% of the underrepresented habitats (48,000 ha out of 137,000 ha of the expanded sanctuary estate). Output 2.4 will ensure that the project experience with using sanctuaries as vehicles for raising ecological representativity are documented and imbedded in a replication strategy, achieving, within a 5-years period beyond the project, full capacitating of sanctuaries at 137,000 ha. Outputs 1.1 and 1.4 will put the necessary legal framework to translate this experience into law. By piloting the establishment of three, fully functioning Sanctuaries with full community involvement, the project aims to catalyse the functioning and relevance of this part of Armenia's protected area system by clarifying, and where needs be creating, the enabling environment for the establishment of Sanctuaries, and by strengthening the capacities at the systemic, institutional, and individual levels to establish and manage a protected area system more representative in terms of both management type and ecosystem. In conformity with SP-3, the end of project situation will result in human and financial resources supporting project areas at levels at least equal to those enjoyed by most other protected areas within the network.

D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES.

70. The project is requesting financing support from the GEF for technical assistance to facilitate expansion of the national protected area system and improve its management effectiveness. No financial instruments will be established by the project.

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

71. This project is well coordinated with the PoWPA country action grant implemented by Armenia. This is a grant under the global UNDP GEF project; GEF is contributing US\$ 129,000 with an additional US\$ 123,800 in co-financing, primarily by the Government (US\$78,700) and WWF (\$34,100). The PoWPA project will: (1) complete a comprehensive ecological gap analysis, (2) Pilot PA governance models (focusing on Category V Natural Monuments), and (3) put in place a framework for a comprehensive PA training course. The two project teams will share supervisors from UNDP Armenia and Ministry of Nature Resources and will have regular informal exchange of information. Specifically, Component I of the proposed project (Legal framework) will reflect and incorporate lessons learned from activities undertaken under the PoWPA country action grants program's first Outcome which deals with the comprehensive ecological gap analysis. Output I.4 (new governance models for sanctuaries) will interact closely with and build on the results of the PoWPA Country Action grant Outcome II *Recognizing and promoting new PA governance types*, which is making a wide review of all PA governance types in Armenia, with a focus on Nature Monuments (Category V). This project will build on the studies of the PoWPA grant and detailize them with respect to sanctuaries (Category IV). On the training programme, the PoWPA grant, however, is limited to the elaboration of the educational curriculum and implementation of 4-5 first training sessions. This project's Output 2.1 will support the national vocational training course, by focusing on IUCN Category IV capacity building needs, developing corresponding training materials, equipping the training host agency with necessary educational means, and reaching an agreement with the Ministry of Natural Resources on sustainable funding of the course beyond the project.

72. Secondly, the project is linked to a “sister” project PIMS 4258 Catalyzing Financial Sustainability of the Armenia’s Protected Area System. This project relies on the support from the Caucasus Trust Fund, which is expected to be capitalized with GEF support. This project is currently at the project preparation stage, with GEF CEO request expected by October 2009. The aforementioned project is focusing on mobilizing revenue streams at the macro-level for Category I and II protected areas. The two projects together, if funded by the GEF, together will systemically cover the majority of financial needs of all IUCN categories of protected areas in Armenia. As a means of coordination, the project managers will sit on each other’s project steering committees.

73. The project will build upon and integrate lessons learned from Component 3 *Protected Areas management and Biodiversity Conservation of the Natural Resources Management and Poverty Reduction Project* funded by World Bank-GEF. Further, the project will ensure active coordination, exchange of experience and complementarity with the following projects: *Development of the Second National Environmental Action Programme* implemented through UNDP; *Biodiversity Protection and Community Development: Implementing Ecoregional Conservation Plan Targets in South Armenia* funded by Norwegian Government (MFA) and implemented by WWF; *Development of an IBA Caretaker Network in the Priority Corridors projects*, also both funded by CEPF and coordinated by WWF and implemented by BirdLife International. Coordination with this projects will set through informal communication on the day-to-day basis.

F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING

74. Under the **baseline scenario**, the focus within the protected area system will remain on National Parks and State Reserves where management intervention is limited to people-management and guard duties. Advances made in some areas (notably Lake Sevan, Dilijan National Parks and Arpi Lake National Parks) by recent donor projects including the GEF, particularly in developing management plans, show clear signs of being disseminated through the rest of the system albeit slowly. However, these improvements will not be valid to the third tier of protected areas, Sanctuaries. Under the baseline, these will likely continue to exist purely on paper. With the support of WWF and others, the Government will continue to be working towards expanding the country’s protected areas. Under the baseline, the proposed expansions remain focused on the creation of new National Parks and State Reserves. The PoWPA grant might improve the situation for Category V, Nature Monuments. Sanctuaries will remain to be neglected, pervaded by lack of technical knowledge and models showing best international principles and practices regarding the establishment of protected areas on community-owned land. The result of not being able to include these community areas of high biodiversity value within the protected area system will be fragmentation and under-representation. Sanctuaries will remain largely isolated. Important ecosystems between reserves will remain vulnerable and under increasing pressure from unsustainable activities.

75. The Government of Armenia will continue to implement legislative and policy reform. However, financial, technical, and professional resources will remain limited thereby curbing the development necessary to significantly improve protected area effectiveness and representation. Without this project, Armenia will likely never be able to finance and access the tools required to surmount these barriers. Meanwhile, threats to Armenia’s biodiversity would continue to expand and barriers grow.

76. The **GEF alternative**, on the other hand, will signify a vast improvement in the national legal and institutional framework needed to support protected area management and demonstrate improved management approaches. By the end of the project, there will be efficient models of management authority; management, business, and financial plans for sanctuaries; and research and monitoring programs will be congruent with the IUCN category IV concept of “active intervention for management purposes so as to ensure the maintenance of habitats and/or to meet the requirements of specific species”. The project will result in demonstration effect, higher capacities, replicable experience and research necessary to identify and hone management interventions at under-represented habitats. Armenia’s Sanctuaries will become the focus of a systemic capacity-building program to manage protected areas effectively and to demonstrate clearly the efficacy of community participatory approaches. Links between successful conservation of biodiversity and economic benefits accruing to the local communities will be demonstrated, and where available and appropriate, links to private sector financing will be developed.

77. Three sanctuaries covering 48,000 ha (53% of the expanded sanctuaries estate by area) will be operational by the end of the project, with ensured financial sustainability. The likelihood of the financial sustainability of the whole group of sanctuaries (28 by number, covering 137,000 ha after expansion) will be substantially raised. Several currently under-represented habitats and biodiversity resources within the protected area network will be brought under protection. Each of the three sanctuaries represents an important piece of the same large landscape puzzle. Together, they will help secure connectivity between reserves in Armenia, Azerbaijan and Iran.

78. The **GEF incremental value** is significant: (1) pressured on a number of globally threatened species will be removed [Bezoar goat (*Capra Aegagrus*), Armenian mouflon (*Ovis ammon Gmelin*), Eurasian lynx (*Lynx lynx*), and Caucasian leopard (*Panthera pardus sicaucasica*), Lesser Kestrel (*Falco naumanni*), Imperial Eagle (*Aquila heliaca*), and Greater Spotted Eagle (*Aquila clanga*)], endemic flora. (2) 48,000 ha of underrepresentative habitats of low-mountain dry steppe, low and middle mountain steppe, high mountain subalpine and high-mountain alpine will be brought under protection. (3) long term sustainability of IUCN Category IV (total area of 137,000 ha after expansion) will be ensured. (4) lasting skills, business models and conservation approaches will be developed, tested and set to replication; the human capacity will be built on both community and government levels required for sustainable operation of complex protected areas. (5) The legal framework required to guide establishment and sustainable operation of sanctuaries will be improved. The lessons learned and the mechanisms developed in these establishment processes will then be made available so that they can be replicated elsewhere in the country.

79. With GEF inputs, Armenia’s protected area network will move significantly closer to conserving biodiversity on a landscape level that is ecologically meaningful. The project will immediately result in an improved legislative framework upon which to base this model; new and improved protected areas for habitats and species currently under-represented; examples of protected area management that are much more community inclusive and supportive; and, prototypes of a suite of management improvement tools to prepare protected area managers, including opportunities to link protected areas with the country’s socio-economic development priorities. None of these elements critical to effective landscape level conservation would likely be realized without GEF inputs.

80. The total cost of the project, including co-funding and GEF funds, amounts to USD 2,950,000. Of this total, co-funding constitutes nearly 66% or USD 2,000,000 (including 1,500,000 from the Ministry of Natural Protection, and 500,000 from WWF Armenia). The GEF financing comprises the remaining 34% of the total, or USD 950,000. The incremental cost matrix below provides a summary breakdown of baseline costs, co-funded and GEF-funded alternative costs.

Table 6. Summary of baseline and incremental costs

Result	Business-as-Usual and costs	Project incremental value and costs
Domestic Benefits summary	Residents suffer from deteriorating ecological situation with limited sustainable development options.	Better quality of life for Armenian residents, including benefits of ecosystem services from protected natural areas and greater access to wider variety of economic alternatives.
Global Benefits	Existing threats continue to expand unabated. Globally significant biodiversity lost and/or left highly vulnerable due to fragmented landscapes and a failure of protected area system to include adequate representation of key biomes.	Strengthened protected area network means a higher ecological representativity, greatly increased likelihood of long-term conservation of globally significant biodiversity. Existing threats addressed and conservation community strengthened to solve future arising threats. Lessons learned contribute to regional knowledge base.
Component 1. Rationalization of protected area system.	MNP: \$560,549 UNDP: \$39,000 WWF: \$1,100 Total: \$600,649	MNP: \$700,000 WWF: \$300,000 GEF: \$470,000 Total: \$1,470,000
(i) Set of by-laws to operationalize the 2006 Protected Area Law	Management of sanctuaries suffers from weak legal framework. MNP: \$243,249 UNDP: \$10,000 WWF: \$1,100 Total: \$254,349	Strong legal framework for guiding Sanctuary establishment and management, including model charters. MNP: \$265,763 WWF: \$30,000 GEF: \$110,000 Total: \$405,763
(ii) Institutional links re-configured to clarify roles and responsibilities for governance and management of sanctuaries:	Institutional coordination lacking and conflicting. MNP: \$317,300 Total: \$317,300	Institutional conflicts liquidated and effectiveness raised. MNP: \$79,729 GEF: \$23,500 Total: \$103,229
(iii) Three new sanctuaries (Gnishik and Khustup 34,000 ha) established at underrepresented habitats:	A number of important habitats and species not represented in protected area system. Total: \$0	48,000 ha of underrepresented habitats benefit from protected area status. MNP: \$106,305 WWF: \$270,000 GEF: \$313,000 Total: \$689,305

Result	Business-as-Usual and costs	Project incremental value and costs
(iv) New PA management model developed for sanctuaries and put into policy:	Communities disenfranchised from protected area management. UNDP: \$29,000 Total: \$29,000	Communities participating in model sanctuary management programs. MNP: \$248,203 GEF: \$23,500 Total: \$271,703
Component 2. Institutional capacity building for protected area management	MNP: \$95,148 WWF: \$65,360 Total: \$150,508	MNP: \$600,000 WWF: \$200,000 GEF: \$385,000 Total: \$1,185,000
(i) National and local training programs for sanctuary managers and local communities:	Local residents have limited access to information regarding contemporary conservation biology making informed decision-making difficult. Capacities of PA managers are limited. MNP: \$17,300 WWF: \$2,000 Total: \$19,300	An informed constituency has access to conservation biology information and is better equipped to participate in Sanctuary management decisions. MNP: \$53,153 GEF: \$6,000 WWF: \$5,000 Total: \$64,153
(ii) Management and business plans at three sanctuaries developed:	Management plans continue to be developed, albeit at a slow pace. Limited monitoring of some species. Management of Sanctuaries not informed by on-going, rigorous monitoring of globally significant species. Open access grazing regimes continue to threaten biodiversity. Poaching of globally significant species such as mouflon and wild goat continue resulting in lower prey densities for leopard. MNP: \$34,599 WWF: \$10,400 Total: \$44,999	Model sanctuaries benefit from effective management plans designed to be functional, responsive, and adaptive. Three model sanctuaries practicing adaptive management informed by solid biodiversity monitoring program that serves as national and regional model. Community members show link between conservation and improved quality of life. MNP: \$201,980 GEF: \$35,000 WWF: \$23,400 Total: \$260,380
(iii) Management and business plan implementation supported on the ground:	Sanctuaries continue to be paper parks with almost no management financing. Community-based initiatives for economic development do not reflect best international small-business and/or conservation practices. Tourism development is opportunistic and potentially antagonistic to conservation objectives. Local residents do not reach income generation potential. MNP: \$43,249 WWF: \$1,960 Total: \$45,209	Sanctuaries benefit from long-term, sustainable revenue streams. Community managed grazing piloted in model sanctuaries increases production value while lowering adverse biological impacts. Poaching is alleviated. As prey species recover, the long-term survival chances of leopard and associated habitat is enhanced. Community members running small businesses that benefit them financially, create incentives for biodiversity conservation, and directly assist with the protection of model Sanctuaries. Sanctuaries benefit from well-planned and regulated low impact tourism activity. MNP: \$334,236 GEF: \$339,000 WWF: \$171,600 Total: \$844,836
(iv) Lessons learned documented and experience set to replication:	Very limited resources available to provide protected area managers and other interested stakeholders with models for strengthening effectiveness of sanctuaries. WWF: \$51,000 Total: \$51,000	Project successes and lessons learned taken up and amplified nationally to help create a more effective protected area system that is able to employ more landscape level approaches. MNP: \$10,631 GEF: \$5,000 Total: \$15,631

G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED AND OUTLINE RISK MANAGEMENT MEASURES:

Risk/Assumption	Rating	Alleviation Steps
Strategic: There is a history of inadequate cross-sectoral coordination between key	Medium	Project coordination will be facilitated through the offices of the Ministry of Nature Protection and the UNDP CO. The design of the project is focussed heavily within the remit of just one Ministry (MoNP) making the need for inter-

Risk/Assumption	Rating	Alleviation Steps
stakeholder groups in Armenia both at policy and project implementation levels, which may disrupt project implementation.		Ministerial cooperation low. To facilitate coordination where necessary at this level, the project will establish a Project Steering Committee involving all affected organizations.
Political: As a result of recent elections, governmental changes may cause a re-evaluation of priorities and funding so that the Government fails to commit sufficient financial support to the protected area system	Low	Recent elections have not led to wholesale government changes and environmental concerns are likely to remain high on the agenda. Even if radical changes occur, the project will most likely be supported since it will diversify funding sources and lessen government's financial burden. The project's potential for providing economic benefits nationally and to local communities will likely be favourable even if national political changes are drastic.
Political: Legal framework improvements will be resisted and not changed.	Low	During project design, stakeholders unanimously agreed that the legal framework (law, regulations, and charters) concerning Sanctuaries must be improved. However, there are always risks on the Parliamentary level if amendments are proposed. If Parliament resists proposed changes, creative lawyering should generate fixes through regulations and/or the charter, both are controlled by Government.
Financial: The international financial crisis coupled with moderate inflation may require reconsideration of the project budget and approaches.	Medium	The international financial crisis may impact this project in two obvious ways. First, the project may experience large and unforeseen fluctuations in both currency levels and commodity prices. The US dollar is now stronger and commodity prices levelling. However, the spikes seen during the summer of 2008 may return. Second, any downturn in international tourism and remittances/investments by the diaspora will strongly impact Armenia and this project. The success of various protected area financing schemes are somewhat dependent upon both of these sectors. The project designers are well aware of both. Expectations and budgets have been pegged with elasticity in both. More clarity should be available at the time of the project implementation workshop and necessary adjustments made to both the budget and framework.
Climate change: Climate change is evidenced in Armenia resulting in altitudinal shifts of forests. The semi-desert and steppe vegetation belts have expanded and the alpine vegetation belt has reduced. It is expected that the desert and semi-desert zone area will expand by 33%, a new desert zone will form, and semi-desert will move over the bottom border of the southeastern forests.	Low	The project will coordinate with the UNDP/GEF project on "Adaptation to Climate Change Impacts in Mountain Forest Ecosystems of Armenia" which is under preparation stage so as to design measures aimed at increasing the resilience and adaptability of the ecosystems. The predicted impact of climate change is likely to exacerbate the impact of existing human pressures on natural areas. There is a need to reduce human pressures on vulnerable habitats. This will be catered for by expanding the PA estate, and ensuring that adaptive management measures and capacities are in place to buttress ecosystem resilience to anticipated climate risks. The project will put in place a mechanism for active participation of local communities in the identification and implementation of adaptation measures.

H. EXPLAIN HOW COST-EFFECTIVENESS IS REFLECTED IN THE PROJECT DESIGN

81. During project design, several alternative scenarios were considered from the point of view of cost-effectiveness. These included the selection of different pilot sites, purchasing of hardware and other tactical equipment, construction of major facilities for administration and tourism, expensive international training programs, etc. Each option was eventually abandoned by stakeholders after they carefully considered the question, "If you needed to strengthen Armenia's protected areas to insure the long-term survival of globally significant biodiversity, how would you spend a limited budget?" In the end, the most strategic and, therefore, cost-effective investments rested on a number of principles, each integrated within the activities and expenditures of this proposed project:

82. Investment in protected area management represents a pro-active expenditure that usually pays significant down-stream dividends. The immediate strengthening of a protected area mosaic will create a more secure future for a great number of species and landscapes currently vulnerable to the threats identified during project. This one-time timely and pro-active investment will alleviate the need for later and much more costly conservation expenditures such as habitat restoration and species re-introduction, which generally entail greater economic conflicts and costs.

83. Building institutional and policy improvements represents the most very cost-effective conservation approach. Done properly, the long-term policy and management direction of an entire country can be improved for decades as a result of a relatively small capital investment in technical assistance and associated capacity building. Ideally, this investment results in both institutions and communities given the fundamental policy tools required to actively engage in conservation and development initiatives leading to even greater conservation returns.

84. The project is designed to create working examples of conservation tools currently not available in Armenia. The project will improve the enabling systemic and institutional environment for protected area expansion, and enhance the capacities of the protected areas management bodies to manage this expanded protected area estate. Again, these are cost-effective design approaches. As lessons learned are disseminated throughout Armenia and the region, the project's impacts will be amplified further increasing the overall cost-effectiveness.

85. Project activities were designed to work with proposed and on-going conservation initiatives. The project is designed to achieve the proposed outcomes while only incurring essential incremental expenses. To accomplish this, the project will build upon the existing baseline activities and national and local capacities, as well as available infrastructure, and will target increased co-financing commitments during project design and implementation. The project will seek to contribute to the existing government efforts to expand and strengthen the national protected area system, and will establish the capacity of new protected area institutions to meet biodiversity conservation priorities in a more ecologically holistic way, more in compliance with international standards. This increases the project's cost-effectiveness by leveraging and extending the buying power of project funds. Technical assistance, both national and international, is designed to be strategic and efficient. This means that properly selected individuals can provide support for several project outputs, alleviating the need to recruit, transport, and otherwise support a large team of experts to support project implementation.

86. The project is designed to support Government and community priorities that will translate into more efficient implementation as the project works in concert with these key stakeholders. The project outcome and outputs have been appropriately scaled to match local capacity and needs. The framework allows for the gradual ramping up of activities as local capacities are built and allows for a significant period of time for project implementation. UNDP, the Ministry of Nature Protection, local government and other stakeholders will each be dedicating large amounts of staff time to see that the project is properly executed.

87. Pilot sites were selected for their ability to conserve a maximum area of under-represented habitats and species. Project designers also considered the costs of transport and other support associated with distances from the academic, professional, and business support center of Yerevan. Sites were selected based upon practical considerations such the desire to limit project expenses by choosing a single geographic region that supports several diverse sites representing a wide spectrum of conservation challenges and opportunities. The cost-effectiveness of GEF investing approximately US\$1 million to catalyze the conservation of nearly 48,000 hectares of prime wildlife habitat in perpetuity is difficult to quantify, and paving the way to conservation of as much as 137,000 ha of sanctuaries in the long-term.

PART III: INSTITUTIONAL COORDINATION AND SUPPORT

A. INSTITUTIONAL ARRANGEMENT:

88. UNDP is the implementing agency for this project. The UNDP Country Office Armenia will support the project's implementation by maintaining the project budget and project expenditures, contracting project personnel, experts and subcontractors, carrying out procurement, and providing other assistance upon request of the National Executing Agency. The UNDP Country Office will also monitor the project's implementation and achievement of the project outputs and ensure the proper use of UNDP/GEF funds. Financial transactions, reporting and auditing will be carried out in compliance with the national regulations and UNDP rules and procedures for national execution (NEX). The UNDP Country Office will ensure the implementation of the day-to-day management and monitoring of the project operations through the appointed official in the UNDP Environment Unit.

B. PROJECT IMPLEMENTATION ARRANGEMENT:

89. The project will be executed under the National execution modality (NEX). The Ministry of Nature Protection is the government authority responsible for environmental policy and management. The MNP will serve as the Executing Agency/Implementing Partner. The Ministry will be responsible for: (i) directly overseeing project implementation, (ii) attainment of the planned project Activities/Outputs as per the Project Results and Resources Framework. The MNP's National Portfolio Director (NPD) will oversee the project on behalf of the Ministry. The Ministry may also appoint a Project Responsible Person to liaise with UNDP and be in charge of project implementation ensuring its conformity and synergy with the directions of national environmental policy. The Ministry will promote inclusive, transparent and

accountable management. These efforts will include the meaningful participation of the Project Steering Committee in the decision-making process.

90. The UNDP Country Office is will serve as the project's GEF Implementing Agency. The project fully complies with the comparative advantages matrix approved by the GEF Council. The Government of Armenia has requested UNDP assistance in designing and implementing this project, since it is strongly linked with the portfolio of environmental projects currently being implemented by UNDP Armenia and will benefit from their experience. It is also fully within the scope of the agreed areas of activities between the UNDP and the Government. UNDP has developed global expertise in supporting the development of an enabling environment for protected area establishment and management, and currently is supporting a number of projects in 22 countries in Europe and CIS, focused on catalyzing the sustainability of protected areas, with an impact on more than 60 protected areas in the region covering more than 16 million hectares.

91. The UNDP CO will support project implementation activities in accordance with UNDP rules and procedures. The UNDP CO will insure project accountability, transparency, effectiveness and efficiency. UNDP will be responsible for and provide the Implementing Partners with the following execution and implementation services: Project supervision, monitoring and evaluation; Financial oversight and management; Drafting of terms of reference and specifications for equipment; Procurement of goods, including approval of expenditures; Procurement of services, including and the identification, selection, procurement and contracting of project consultants and sub-contractors; and, Assistance with public advocacy, communication with national partners and coordination of co-funding activity.

92. The UNDP Project Manager will coordinate project activities and serve as the financial authorizing officer. Management of project funds including budget revisions, disbursements, record keeping, accounting, reporting, and auditing will follow UNDP rules and procedures.

93. The Project Steering Committee will monitor project progress, provide political oversight, and offer general advice for project implementation to make certain the project is consistent with national development processes. The Project Steering Committee will include representatives of both MNP and UNDP as well as key ministries and agencies such as the Ministry of Agriculture, National Statistical Service, Ministry of Territorial Administration, critical academic institutions and CSOs. The Project Manager will serve as the Project Steering Committee's as Secretary. The Committee will meet quarterly to discuss project status and future direction.

94. The Project Manager (PM) will be responsible for project operations. The PM will report to UNDP Environmental Governance Portfolio Analyst and act in consultation with the MNP's Project Responsible Person. S/he will ensure the proper use of funds and that project activities are implemented in accordance with the agreed project document and project work plans. The PM will be responsible for the project daily planning, implementation quality, reporting, timeliness and effectiveness of the activities carried out. The PM will be supported by part-time local and international experts as well as by local support staff.

95. A small Project Management Unit (PMU) headed by Project Manager will be established and placed at the MNP. The PMU personnel, including Team leader will be selected jointly by the MNP and UNDP on competitive basis and according to UNDP rules and procedures.

96. The Ministry will extend all necessary support to the project team. As part of Government's in-kind contribution, the Ministry will provide the PMU with required facilities such as adequate office space, communication services, and other utilities. The PMU will carry out all project activities under the guidance of the PM and in coordination with the Project Responsible Person. PMU responsibilities will include: (i) preparation/updates of project work plans; (ii) record keeping, accounting, reporting; (iii) drafting of terms of reference, technical specifications and other documents as necessary; (iv) identification, pre-screening of consultants/sub-contractors; (v) coordination and supervision of consultants/sub-contractors/suppliers; (vi) organization of duty travel, seminars, public outreach activities and other project events; and, (vii) working contacts with project partners at the central and local levels.

97. The PMU will produce quarterly and annual work plans. These work plans will be the basis to allocate resources to planned activities. It will be generated in close collaboration with the relevant Stakeholders and be presented to the SC for its endorsement before it is sent to UNDP-GEF.

98. The PMU will also produce annual progress reports. These progress reports will summarize the progress made by the project versus the expected results, explain any significant variances, detail the necessary adjustments and be the main reporting mechanism for monitoring project activities.

99. Based on the current design of the project a detailed-design phase will be conducted at the beginning of the project. This phase will start with the set-up of the PMU and continue with the review of the overall design, the identification of partners, the establishment of a baseline using the set of indicators identified in this proposal, the development of a monitoring plan

and the first annual work plan to guide the implementation. This phase will be concluded with a Stakeholder workshop where the project detailed design will be presented.

PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL PIF:

100. The project design is aligned with the approved PIF. Project design did not deviate substantively from the anticipated structure. Based on additional reports commissioned, and stakeholder consultation undertaken, during the project preparation phase, additional information has been added. The project framework has been updated to reflect the agreements reached with institutional stakeholders during the preparation stage. All co-financing expected at PIF stage was confirmed for the estimated amounts.

PART V: AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for CEO Endorsement.

Agency Coordinator, Agency name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
<ul style="list-style-type: none">Yannick Glemarec UNDP/GEF Executive Coordinator	<i>Y. Glemarec</i>	May 20, 2009	Maxim Vergeichik	+421-905-42- 8152	Maxim.vergeichik@undp.org

ANNEX A: PROJECT RESULTS FRAMEWORK

Project strategy	Indicators	Baseline	End of Project Target	Sources of verification	Risks and Assumptions
<p>Objective: To catalyse the expansion of the nature reserves to provide better representation of ecosystems within Armenia’s current protected area system and enable active conservation of biodiversity.</p>	Coverage (ha) of sustainably operating sanctuaries	89,506 ha designated “on paper”, app. 30,000 ha operational	137,000 ha sustainably operational	METT scorecards, government reports, project reports, site visits	<p>Government support for protected area financing remains consistent and/or grows</p>
	Representation levels of habitats in the PA estate: (a) low mountain dry steppe (b) mountain meadow steppes (c) high mountain subalpine ecosystems (d) high mountain alpine ecosystems	(a) –% (b) –% (c) 7.67% (d) 0.15%	At least: (a) 3% (b) 4% (c) 10% (d) 4%	Biodiversity monitoring reports	
	METT scores for sanctuaries	<ul style="list-style-type: none"> ➤ “Plane Grove”: 17 ➤ “Ararat Vordan Karmir” 14 ➤ “Khor Virap” 16 ➤ “Gilan” 17 ➤ “Akhnabat Yew Grove” 14 ➤ “Juniper Woodlands of Sevan” 14 ➤ “Goravan Sands” 17 ➤ “Sev Lich” 13 ➤ “Boghakar” 9 ➤ “Goris” 9 ➤ “Gyulagarak Pine” 9 ➤ “Caucasian Rose-Bay” 9 ➤ “Arzakan and Meghradzor” 9 ➤ “Bank’s Pine” 9 ➤ “Margahovit” 9 ➤ “Ijevan” 9 ➤ “Arjatkhlendi Hazel-Nut” 9 ➤ “Gandzakar – Upper Aghdan” 9 ➤ “Herher Open Woodland” 9 ➤ “Getik” 9 ➤ “Jermuk” 9 ➤ “Yeghegis” 9 ➤ “Aragats Alpine” 6 ➤ “Hankavan Hydrological” 6 ➤ “Jermuk Hydrological” 6 	At least +10 points METT score improvement for each of the existing sanctuaries. <u>Project pilot areas:</u> Gnishik 40 Khustup 45 Zangezur 45	Annual METT reviews	
	% of habitat of (a) Caucasian leopard, (b) Armenian mouflon, and (c) Bezoar goat included in protected area system	(a) 70,947 ha; (b) 0 ha; (c) 70,000.	(a) 117,000 ha; (b) 30,000 ha; (c) 109,000 ha.	On-going species monitoring programs	
Component 1.	# of by laws rationalizing operation	0	At least one (1) set of	Project reports	Government support for

Project strategy	Indicators	Baseline	End of Project Target	Sources of verification	Risks and Assumptions
Rationalization of protected area system	of sanctuaries		by-law s clarifying community participation, institutional responsibilities, financing mechanisms.	Government gazette	improved enabling environment remains consistent and/or grows.
	# of sanctuaries with Government-endorsed charters and management/business plans	8	11	Project reports	
	Number of sanctuaries with formally designated management bodies	22	25	Project reports	
Component 2. Institutional capacity building for protected area management	Capacity scores for three demonstration sanctuaries	Zangezur: Systemic: 10 out of 30 Institutional: 16 out of 45 Individual: 7 out of 21 Gnishik: Systemic: 8 out of 30 Institutional: 10 out of 45 Individual: 4 out of 21 Khustup: Systemic: 10 out of 30 Institutional: 15 out of 45 Individual: 7 out of 21	Zangezur: Systemic: 16 out of 30 Institutional: 25 out of 45 Individual: 13 out of 21 Gnishik: Systemic: 16 out of 30 Institutional: 25 of 45 Individual: 11 of 21 Khustup: Systemic: 17 out of 30 Institutional: 27 out of 45 Individual: 13 out of 21	Annual capacity review and scorecards	Project will be able to stimulate pan-protected area interest in replicating successful model programming.
	Number of sanctuaries with active community engagement	0	3	Project reports, MNP reports, sanctuary reports, site visits	
	Number of local entrepreneurs involved in businesses supporting sanctuaries	0	5	Project reports, MNP reports, sanctuary reports, site visits	

ANNEX B: RESPONSES TO PROJECT REVIEWS

NA at this stage.

ANNEX C: CONSULTANTS TO BE HIRED FOR THE PROJECT USING GEF RESOURCES

<i>Position Titles</i>	<i>\$ / person week</i>	<i>Estimated person weeks</i>	<i>Tasks to be performed</i>
For Project Management			
Local			
Project Manager	450	144	Deliver results and manage funds in line with the work plan approved by PSC; Analyze and evaluate achieved results regularly to ensure that the project is meeting the target beneficiaries' needs, and communicating them to all PSC members; Record and resolve project issues occurring during the implementation within the tolerance level initially defined by PSC; Report issues to PSC with recommendations for solutions to project issues that exceed the defined tolerance level; Discuss and deal with local and national authorities on matters pertaining to activities described in the project document; Ensure timely preparation and submission of yearly/quarterly project work plans and reports; Lead the recruitment process of the necessary local experts in the areas identified in the project document in accordance with UNDP rules and regulations; Collect, register and maintain information on project activities by reviewing reports and through firsthand sources; Advise all project counterparts on applicable administrative procedures and ensures their proper implementation.
Project Admin Assistant	300	90	Collect, register and maintain all information on project activities; Contribute to the preparation and implementation of progress reports; Monitor project activities, budgets and financial expenditures; Advise all project counterparts on applicable administrative procedures and ensures their proper implementation; Maintain project correspondence and communication; Support the preparations of project work-plans and operational and financial planning processes; Assist in procurement and recruitment processes; Assist in the preparation of payments requests for operational expenses, salaries, insurance, etc. against project budgets and work plans; Follow-up on timely disbursements by UNDP CO; Receive, screen and distribute correspondence and attach necessary background information; Prepare routine correspondence and memoranda for supervisor' signature, check enclosures and addresses; Assist in logistical organization of meetings, training and workshops; Prepare agendas and arrange field visits, appointments and meetings both internal and external related to the project activities and write minutes from the meetings; Maintain project filing system; Maintain records over project equipment inventory; Perform other duties as required.
Justification for travel: Significant travel will be required from the capital of Yerevan to various project sites to monitor and support implementation activity. Some regional travel may be required to participate in activities promoting greater cooperation on landscape level conservation initiatives.			
For Technical Assistance			
Local			
Biodiversity conservation officer	500	50	Responsible for assisting project activities related to conservation planning, species monitoring, landscape ecology and sustainable resource use.
Sustainable business development expert	500	50	Responsible for assisting project activities related to sustainable business training and development, including tourism and grazing management
Pilot site managers (3)	300	300	Community outreach, broad project support, local capacity building, interface with local government.
Biodiversity conservation field specialists	100	100	Broad project field support, including biodiversity and tourism monitoring.

Legal expert	500	50	Provide technical support for legal, financing, institutional and community participation frameworks (Outputs 1.1, 1.2, 1.3, 2.1, and 2.8)
Marketing and outreach expert	500	50	Responsible for providing general support for project activities related to community involvement, education, replication, and training.
Mid-term evaluator	500	4	Support project mid-term evaluation. TOR's to be developed according to M&E plan.
Final evaluator	500	4	Support project final evaluation. TOR's to be developed according to M&E plan.
International			
Legal and community management expert	3,000	8	Responsible for building local capacity to implement anticipated legal, financing, institutional and community participation reforms (Outputs 1.1, 1.2, 1.3, 2.1, 2.8, and 2.9)
Business planning and development expert	3,000	6	Responsible for building local capacity for business planning and tourism development (Outputs 2.3, 2.5, 2.8, and 2.9)
Natural resource conservation, planning and landscape ecology expert	3,000	10	Responsible for building local capacity to support activities related to protected area design, grazing management, management planning, and sustainable resource use (Outputs 2.1, 2.2, 2.4, 2.6, 2.7, and 2.9)
Mid-term evaluator	3,000	4	Conduct project mid-term evaluation. TOR's to be developed according to M&E plan.
Final evaluator	3,000	4	Conduct project final evaluation. TOR's to be developed according to M&E plan.
Justification for travel: significant travel will be required from the capital of Yerevan to various project sites to monitor and support implementation activity. Some regional travel may be required to participate in activities promoting greater cooperation on landscape level conservation initiatives.			

ANNEX D: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS

A. EXPLAIN IF THE PPG OBJECTIVE HAS BEEN ACHIEVED THROUGH THE PPG ACTIVITIES UNDERTAKEN.

134. The PPG’s proposed objectives were met. During the project preparation phase the initial assumptions refined and augmented. Considerable effort was given to gathering detailed information to make certain final project design is based upon best available information. PPG activities involved working very closely with all relevant stakeholders to vet the ultimate project design, including the selection of pilot sites based upon formal criteria of maximizing ecological representativity and demonstration potential. This will be critical to ensuring project implementation success. The PPG funding was used to formally critique the national protected area system using METT, financial and capacity scorecards. This will create a fundamentally important baseline for helping to gage the successes and shortcomings of many future conservation projects. During the PPG period, a rapid protected area habitat and species gap assessment was conducted. This was a very informative exercise and clearly illuminated the deficiencies of the current protected area system. More importantly, this simple process helped to inform the selection of this project’s pilot sites. The PPG was also an important opportunity for local, regional and international experts to discuss and analyze Armenia’s current conservation picture. Ultimately, PPG activities resulted in a well-informed Project Document and GEF endorsement request.

B. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY.

135. Findings during the PPG stage have been incorporated into the design of the project and there are no concerns regarding project implementation.

C. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES AND THEIR IMPLEMENTATION STATUS IN THE TABLE BELOW:

<i>PPG activities approved</i>	<i>implementation status</i>	<i>GEF amount (\$)</i>				<i>Co-financing (\$)</i>
		<i>amount approved</i>	<i>amount spent to date</i>	<i>amount committed</i>	<i>uncommitted Amount*</i>	
Assessment of the protected area system	Completed	-			0	14,000
Analysis of the legislative and sub-legislative framework for Sanctuaries	Completed	9,000	9,000	0	0	12,000
Analysis of the institutional and administrative framework for Sanctuaries	Completed	9,000	9,000	0	0	16,000
Feasibility analysis and budget	Completed	32,000	32,000	0	0	8,000
Total		50,000	50,000	0	0	50,000

ANNEX E: GEF-4 TRACKING TOOL

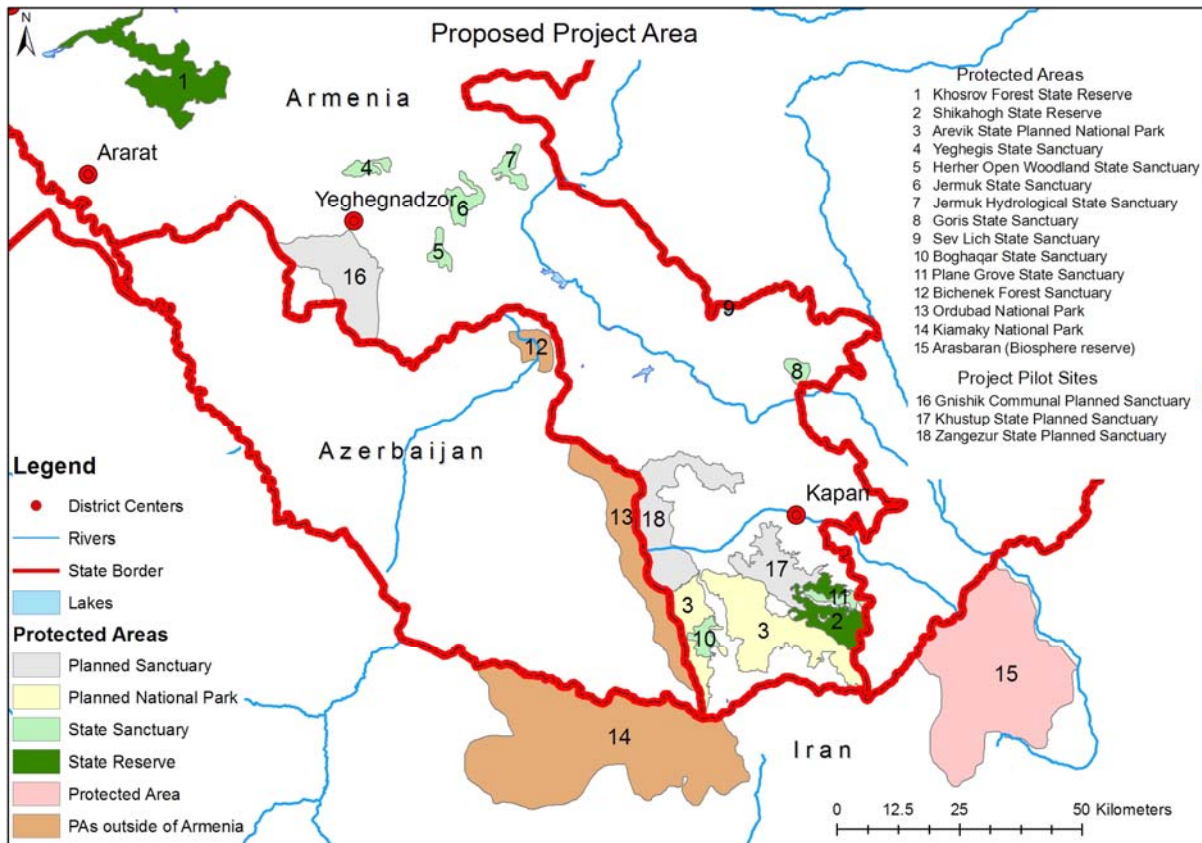
Note: individual METT Scorecards are available separately on request.

N	Protected Area	METT score
	State Sanctuaries	
6	“Plane Grove”	17
7	“Ararat Vordan Karmir”	14
8	“Khor Virap”	16
9	“Gilan”	17
10	“Akhnabat Yew Grove”	14
11	“Juniper Open Woodlands of Sevan”	14
12	“Goravan Sands”	17
13	“Sev Lich”	13
14	“Boghakar”	9
15	“Goris”	9
16	“Gyulagarak Pine”	9
17	“Caucasian Rose-Bay”	9
18	“Arzakan and Meghradzor”	9
19	“Bank’s Pine”	9
20	“Margahovit”	9
21	“Ijevan”	9
22	“Arjatkhlendi Hazel-Nut”	9
23	“Gandzakar – Upper Aghdan”	9
24	“Herher Open Woodland”	9
25	“Getik”	9
26	“Jermuk”	9
27	“Yeghegis”	9
28	“Aragats Alpine”	6
29	“Hankavan Hydrological”	6
30	“Jermuk Hydrological”	6

Project pilot areas – envisaged sanctuaries

	Pilot area	METT score
1	Gnishik envisaged sanctuary	12
2	Zangezour envisaged sanctuary	18
3	Khustup envisaged sanctuary	7

ANNEX F: SELECTION OF PROJECT DEMONSTRATION SITES



During project preparation, a preliminary selection of pilot sites for demonstrating distinct conservation interventions was conducted. Three sites were ultimately chosen. Final site selection was fully vetted with national and local decision-makers. Stakeholders selected the pilot sites based upon several criteria including: (1) suitability to maximize protection of underrepresented habitats, (2) over-all suitability for project implementation success, i.e., logistical feasibility, reasonable co-funding activity, and community support; (3) potential for demonstration effect. Each pilot site will serve to strengthen protected areas linkages and include under-represented ecosystems. This was determined via a rapid habitat gaps analysis, including a review of the biodiversity value and the effectiveness of protection of existing protected areas.

Zangezur Sanctuary: The proposed sanctuary is located in Syunik Marz and will cover approximately 16,000 hectares along Armenia's mountainous western boundary with Azerbaijan. The sanctuary will be adjacent to Azerbaijan's Ordubad National Park (22,000 hectares). The area is also linked ecologically with Kiamaky Wildlife Refuge in Iran as well as Shikahogh Reserve and Arevik National Park (planned) in Armenia. The Government of Armenia anticipates formally approving the Zangezur Sanctuary in 2009, with support from the GEF project. The concept was developed through the joint efforts of Khustup NGO (a local organization), WWF, and local/national Government, UNDP. Zangezur will become Armenia's only protected area that includes mouflon habitat. The area will be managed by the Shikahogh protected area administration. The main threat is poaching of large mammals. There is some suspicion that this is done both by local residents and border guards. Another significant threat is encroachment from regional hard-rock mines. There are no communities within the area. Local residents use this region primarily to collect plants (herbs). Zangezur pilot area will be the focus of the proposed project's "traditional" protected area strengthening activities. This will include development of management planning regimes, improvement of law enforcement activities, and strengthening of biodiversity resource monitoring skills.

Gnishik Sanctuary: The proposed sanctuary is located in Vayots Dzor Marz. The sanctuary will cover at least 21,000 hectares. This represents a 22% increase in the total hectares currently under Sanctuary designation. Four habitat types define Gnishik, each is poorly represented in the current protected area network: low mountain dry steppe, juniper open woodlands, low mountain dry steppe, and mountain meadows steppe. The sanctuary will provide connectivity between the Jermunk Sanctuaries to the northeast, Khosrov Reserve to the north and to the southeast the Azerbaijan's Bichenek Sanctuary and Ordubad National Park. Located only 150 kilometers from the capital city of Yerevan, Gnishik receives significant and unregulated tourism pressure. The area is quite popular among tourists because of many cultural (monasteries, churches) and natural heritage (caves, canyons) sites. There is growing interest in wildlife viewing, particularly raptors and wild goats. Most of Gnishik is situated on community lands. These five communities use the lands for a variety of purposes, including livestock grazing and the collection of plants for food and medicine. The project will work with these communities to establish the sanctuary, making it a model for community participation in protected area management. The region is critical habitat for Bezoar goat (*Capra Aegagrus*), Armenian mouflon (*Ovis ammon Gmelin*), Eurasian lynx (*Lynx lynx*), and Caucasian leopard (*Panthera pardus sicaucasica*). Of about 345 species of birds reported in Armenia, over 190 species (56 %) can be found in Gnishik. Thirty-four are listed in the National Red Data Book, i.e., Caspian Snowcock (*Tetraogallus caspius*), Bearded Vulture (*Gypaetus barbatus*), Eurasian Griffon Vulture (*Gyps fulvus*), and Eurasian Black Vulture (*Aegyptius monachus*). International Red Book species include the Lesser Kestrel (*Falco naumanni*), Imperial Eagle (*Aquila heliaca*), and Greater Spotted Eagle (*Aquila clanga*).

The proposed pilot area is floristically rich. There are about 960 species of vascular plants from 400 genera and 82 families. More than 280 species (more than third of species diversity) are rare and endemic species. 60 species are registered in the Red Book of Armenia. On the territory there are 81 endemics of Armenian Plateau, 7 endemics of the Caucasus, 26 endemics of Transcaucasus, 18 endemics of Southern Transcaucasus (*Artemisia araxina*, *Cousinia daralaghezica*, *Tomanthea daralaghezica*, *Astragalus hajkistanus*, *Alcea sosnovskyi*, *Stelleropsis magakjanii*, etc.), 18 endemics of Armenia out of which 6 are narrow endemics of Vayots Dzor (*Carthamus tamaschianae*, *Scorzonera safievii*, *Sameraria odontophora*, *Gypsophila takhtajanii*, *Minuartia daralaghezica*, *Onobrychis takhtajanii*). Gnishik is renowned habitat for wild relatives of cultivated plants, including ornamental plants. Wild fruit species such as spp. *Pyrus*, *Crataegus*, *Prunus*, *Amygdalus* and others are also widely distributed in the region. Of extraordinary value are the two species of wild relatives of wheat are found here (*Triticum boeoticum* and *T. araraticum*).

Khustup Mountain Sanctuary: The proposed sanctuary will be located in Syunik Marz. When completed, the protected area will include approximately 12,000 hectares. Khustup is defined primarily by three biomes (Mountain Meadows Steppe, High mountain subalpine, High Mountain Alpine) that are under-represented in Armenia's current protected area network. There are no people living within the proposed sanctuary. There is almost no livestock grazing in this area. Nearby residents periodically venture into the area primarily to collect plants. The location has potential for tourism, including hiking, bird watching, alpinism, and opportunities for viewing large mammals. This is an area inhabited by Bezoar goat, Persian leopard, Armenian mouflon, Brown bear, Caucasian Black Grouse, Caspian snow-cock, and many other important species. This unique floristic area of Armenia contains many endemic species of plants. The area is very important bridge bordering both the Shikahogh State Reserve and the proposed Arevik National Park. Khustup Mountain is also used by species moving to and from the planned Zangezour Sanctuary. The project will facilitate the development of the sanctuary. Shikahogh Reserve authorities will manage the sanctuary with the participation of nearby communities. The pilot will provide models for new habitat types, connectivity monitoring, and community – government partnerships.

Pilot sites were chosen based upon their ability to act as models. Each location offers distinct conservation challenges and examples of local community involvement. Tiered levels of community use ranging from almost no use to significant use define each pilot site and will offer an opportunity to demonstrate a spectrum of community management models. All three locations have significantly different ecosystems and management challenges. Gnishik is very rich in endemic plants and agro-biodiversity resources. These are species and habitat types currently absent from the protected areas system. It is an area with heavy community use, including unregulated grazing, collection of plants, and tourism. Khustup Mountain is a prime wildlife corridor and will serve as an example of a Sanctuary whose borders are nearly surrounded by State Reserve and National Park lands. With an elevation gain from 1,800 to 3,300 meters in an area of only 10,000 ha, Khustup is quite diverse and includes many under represented habitat types. Each site is critical habitat for leopards.

Zangezur is identified as critical leopard and Armenian mouflan habitat. Both are poorly represented in the current system. Zangezur rests along an international border and sees little regular community use. Sadly, this region is heavily poached for wild goats and mouflon.

ANNEX G: UNDP ATLAS ANNUAL BUDGET AND WORK-PLAN

Award ID:		00057439									
Award Title:		PIMS 3986 BD MSP: Armenia PAS									
Atlas Project ID		00070966									
Business Unit:		ARM10									
Project Title:		PIMS 3986 BD MSP: Armenia PAS									
Implementing Partner (Executing Agency)		Ministry of Nature Protection (NEX)									
GEF Outcome/Atlas Activity	Responsible Party/ Implementing Agent	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget note
COMPONENT 1: Rationalization of the protected area system	Ministry of nature protection	62000	GEF	71200	International Consultant	32,000	12,000	8,000	8,000	60,000	1
				71300	Local Consultants	60,000	31,000	16,500	16,500	124,000	2
				71600	Travel	5,000	5,000	5,000	5,000	20,000	3
				72300	Materials and goods	2,500	2,500	2,500	2,500	10,000	4
				72400	Equipment	0	0	10,000	50,000	60,000	5
				74100	Professional services	5,000	20,000	60,000	70,000	155,000	6
				72800	Information and Technology Equipment	10,000	0	0	0	10,000	7
				74200	Audio visual and printing costs	5,000	5,000	5,000	10,000	25,000	8
				74500	Miscellaneous	1,500	1,500	1,500	1,500	6,000	9
				Total Outcome 1						121,000	77,000
COMPONENT 2: Institutional capacity building for protected area management	Ministry of nature protection	62000	GEF	71200	International Consultant	14,000	14,000	4,000	4,000	36,000	10
				71300	Local Consultants	40,000	24,000	8,000	8,000	80,000	11
				71600	Travel	5,000	5,000	5,000	5,000	20,000	12
				74100	Professional services	6,000	40,000	70,000	100,000	216,000	13
				74200	Audio visual and printing costs	5,000	5,000	5,000	10,000	25,000	14
				74500	Miscellaneous	2,000	2,000	2,000	2,000	8,000	15
				Total Outcome 2						72,000	90,000
PROJECT MANAGEMENT	Ministry of nature protection	62000	GEF	71300	Local Consultants	22,950	22,950	22,950	22,950	91,800	16
				71600	Travel	800	800	800	800	3,200	17
				Total Project Management						23,750	23,750
PROJECT TOTALS						216,750	190,750	226,250	316,250	950,000	

Budget notes:

- Costs of contractual appointment of Legal and community management expert. *Pro rata* costs of contractual appointment of Natural resource conservation, planning and landscape ecology expert. *Pro rata* costs of contractual appointment of monitoring and evaluation experts for mid-term and final evaluation.
- Costs of contractual appointment of Biodiversity conservation officer; Biodiversity conservation field specialists. *Pro rata* costs of contractual appointment of Pilot site managers. *Pro rata* costs of contractual appointment of monitoring and evaluation experts for mid-term and final evaluation
- Pro rata* travel costs of local and international experts. In-country travel costs for contracted specialists associated with organization of meetings and workshops in two regions (Vayots Dzor and Syunik); planning; surveys on habitats and species and ecological process mapping..

4. *Pro rata* costs of materials and goods for workshops and meetings.
5. Co-financing of office equipment, computer hardware and software and vehicles for the two sanctuaries (Khustup and Gnishik).
6. Service level agreements with mapping organization on clarification and mapping of the boundaries of the two sanctuaries. Co-financing of infrastructure development of Khustup and Gnishik sanctuaries (office, signs, demarcation of the boundaries).
7. Supporting the acquisition of hardware and software to host, maintain and access biodiversity database.
8. Costs associated with designing and developing various communication media and resource materials (e.g. brochures, fact sheets, booklets, interpretation boards, local radio inserts, advertisements, video production).
9. Costs associated with organizing focused specialized stakeholder engagement workshops and hosting issue-based stakeholder workshops (venue, catering, facilitation, printing, translation, etc.)
10. Costs of contractual appointment of Business planning and development expert. *Pro rata* costs of contractual appointment of Natural resource conservation, planning and landscape ecology expert. *Pro rata* costs of contractual appointment of monitoring and evaluation experts for mid-term and final evaluation.
11. Costs of contractual appointment of: Sustainable business development expert. Costs of contractual appointment of Marketing and outreach expert. *Pro rata* costs of contractual appointment of Pilot site managers. *Pro rata* costs of contractual appointment of monitoring and evaluation experts for mid-term and final evaluation
12. *Pro rata* travel costs of local and international experts. In-country travel costs for contracted specialists associated with organization of meetings and workshops in two regions (Vayots Dzor and Syunik); planning; surveys on habitats and species and ecological process mapping..
13. Service level agreements with NGOs/CBOs on organizing of tourism and anti-poaching activities. Co-financing of tourism infrastructure inside of the sanctuaries (visitor centre, signs, trails, camping and picnic areas, shelters). Co-financing of development of small business (B&B, honey production, production of traditional food based on agrobiodiversity etc) in the communities located in support (buffer) zones of the sanctuaries. Co-financing of anti-poaching activities (training on patrolling and monitoring of biodiversity, uniforms for rangers, establishment of rangers shelters, instalment of road blocks and warning and preventive signs)
14. Costs associated with the printing of training materials, the development of web-based learning programs and the preparation of audio-visual training programs.
15. Costs associated with organizing focused specialized stakeholder engagement workshops and hosting issue-based stakeholder workshops (venue, catering, facilitation, printing, translation, etc.)
16. Costs of appointment of Project Manager, and Project Assistant.
17. Travel cost for the Project Manager and the Project Assistant.

Summary of Funds:³

	Year 1	Year 2	Year 3	Year 4	TOTAL
GEF	216,750	190,750	226,250	316,250	950,000
Ministry of Nature Protection	200,000	350,000	400,000	550,000	1,500,00
WWF	150,000	150,000	100,000	100,000	500,000
TOTAL	566,750	690,750	726,250	966,250	2,950,000

³ All co-financing (cash and in-kind) that is not passing through UNDP.



UNDP Project Document

UNDP-GEF Medium-Size Project (MSP)

Government of Republic of Armenia
United Nations Development Programme

PIMS: 3986
Atlas Award 00057439
Atlas Project ID 00070966

Developing the Protected Area System of Armenia

Brief description:

The project's goal is to conserve globally significant biodiversity in Armenia. The project's objective is to catalyze the expansion of the nature reserves to provide better representation of ecosystems within Armenia's current protected area system and enable active conservation of biodiversity.

The project's two components will focus upon: (1) rationalization of the PA system through improving the regulatory and institutional framework relevant to Sanctuary establishment and operation; and (2) institutional capacity building by piloting a suite of Sanctuary management tools largely absent from Armenian's current protected area management regime.

This project's efforts will result in a national protected area system better equipped to include and conserve currently under-represented ecosystems and associated species. Project investment will be in community areas to improve management of productive landscapes while helping to promote connectivity and alleviate poverty. The project will enhance the financial sustainability of Armenia's protected area system. These ecosystems outside the shelter of Armenia's protected areas are critical to the long-term conservation of several globally significant species, including many endemic agro-biodiversity resources.

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Acronyms

AMD	Armenian Dram (national currency)
BMA	Bioresources Management Agency
CBD	The Convention on Biological Diversity
CEPF	Critical Ecosystem Partnership Fund
CPAF	Caucasus Protected Areas Fund
CPAF	Protected Area Trust Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GIS	Geographic Information System
GoA	Government of Armenia
HDI	Human Development Index
IBA	Important Bird Area
IMF	International Monetary Fund
IUCN	International Union for the Conservation of Nature
KfW	Kreditanstalt für Wiederaufbau
METT	Management Effectiveness Tracking Tool
MNP	Ministry for Nature Protection
MoA	Ministry of Agriculture
NGO	Non-Governmental Organization
PA	Protected Area
PIF	Project Identification Form
PIR	Project Implementation Review
PoWPA	Programme of Work on Protected Areas
SNCO	State Non Commercial Organizations
SO	Strategic Objective
SP	Strategic Programme
SPNA	Strictly Protected Natural Area
TJS	Transboundary Joint Secretariat
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNDP-CO	UNDP Country Office
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WWF	World Wide Fund for Nature

SECTION I: ELABORATION OF THE NARRATIVE

PART I: Situation Analysis

1.1 Context and global significance

1. Geographic Location: The Republic of Armenia is a generally mountainous country located in the Transcaucasia region. Armenia's total territory is 29,740 km². The landlocked nation borders Georgia, Azerbaijan, Iran, and Turkey.
2. Social Context: Armenia's current human population is estimated at 3.2 million (July 2008). Population is in decline (-0.08%) primarily as a result of high emigration rates. Armenia has undergone a dramatic social transition since independence from the Soviet Union in 1991. Substantial industrial and agricultural development occurred during the Soviet era. The political transition coupled with regional conflict stymied economic gains. Many industries no longer operate. Agriculture is largely small-scale. Rural poverty is high, with an estimated 26.5% people below the poverty line in 2006. The per capita GDP is US\$4,942 (IMF 2007 est.), 104th in the world. Despite strong economic growth (est. GDP growth 13.7%; 2007), Armenia's unemployment rate remains high (7.1%; 2007 est.) and inflation significant (est. 6.6%; 2007). The country ranked 83rd in the 2005 Human Development Report with an HDI value of 0.755 (cf. an HDI of 0.698 in 1995).
3. Environmental Context: Armenia is part of WWF's "Global 200" and Conservation International's "Caucasus Hotspot". The country rests at the juncture of three biogeographic provinces (Central/Northern Europe, Central Asia, and the Middle East/North Africa). Two major biogeographic zones converge in Armenia - the Eastern Anatolian Mountain Steppe and the Caucasus Mixed Forests. Armenian landscapes include deserts, semi-desert, subalpine and alpine meadow, mountains steppes and forest. The nation's average altitude is 1,850 m with over 90% of the land lying above 1000m. The highest point in the country is 4,095m (Mount Aragats). The lowest is 375m (Debed River).

Table 1: Estimated number of species found in Armenia

Category	Total	Endemics	Percentage
Plants	3,555	106	3%
Invertebrates	17,000	316	1.8%
Fish	30	9	30%
Reptiles	8	1	12%
Birds	356	0	0%
Mammals	83	0	0%

Source: WWF Armenia

4. The combination of altitudinal variation and bio-geographical convergence promotes a wide range of climates, adapted habitats and commensurate biodiversity. Armenia has a high level of endemism and is a center of agricultural plant genetic diversity. Food crops such as soft and hard wheat, peas, pulses, pears, grapes astragal, and cornflower originated and were domesticated in this region. Armenia still supports many wild relatives of these original crop plants including three of the world's four wild relatives of wheat. There are 2519 species of wild relatives of cultivated plants representing 113 families and 429 genera. 97species of them are endemic and 266 are registered in the Red Data Book of Armenia. Some 2,000 species of plants are used for nutritive and curative properties, fodder or oil, honey, and resin production. Centuries of selection by farmers have resulted in diversity of local varieties of grapes, apricots, and peaches. Resident large mammal species include Caucasian leopard (*Panthera pardus ciscaucasica*), Brown bear (*Ursus arctos*), Bezoar goat (*Capra aegagrus*), Armenian mouflan (*Ovis orientalis gmelinii*), and Striped hyena (*Hyaena hyaena*).

1.2 Institutional and Policy Context for Protected Area Management

5. Management of Protected Areas and Biodiversity: The Ministry of Nature Protection (MNP) is principally responsible for natural resource management and biodiversity conservation. The MNP houses the focal points for the UNCBD, UNFCC, and UNCCD and is oversees implementation of related issues. The MNP's "Bioresources Management Agency" (BMA) is charged with managing all State Reserves, National Parks, and Natural Monuments. Several "State Non Commercial Organizations" (SNCO) fulfill the role of protected area administrations and are responsible for on-the-ground protected area operations. An SNCO may manage a single protected area or a complex of several protected areas. Each SNCO reports to the BMA.

6. Armenian law gives the MNP ultimate management authority over all four Protected Areas types (Reserves, National Parks, Natural Monuments and Sanctuaries). The MNP currently manages eight Sanctuaries. However, seventeen Sanctuaries remain in a state of limbo awaiting designation of SNCO's, completion of management plans, etc. As a result, entities other than the MNP hold prescriptive management rights over these seventeen Sanctuaries. These include the Ministry of Agriculture (14 sanctuaries), Ministry of Territorial Administration (2 Sanctuaries) and Institute of Physics (1 Sanctuary). These seventeen sanctuaries are mostly located within forest areas.

7. The Ministry of Agriculture manages all forested lands in Armenia through Hayantar (Armenian Forestry). Hayantar currently takes responsibility for thirteen MOA Sanctuaries. One MOA Sanctuary is actively managed and financed by a private entity, Armenian Safari International, through an open-ended agreement.

8. Law on Specially Protected Natural Areas: The Law on Specially Protected Natural Areas (2006) creates four broad categories of protected areas: State Reserves, National Parks, Sanctuaries, and Natural Monuments. Similar to IUCN Category 1, State Reserves are afforded the highest level of protection. These strictly protected areas allow human incursions for only non-consumptive purposes. Tourists may visit State Reserves but must follow designated routes. Armenian National Parks compare to IUCN Category 2. Five zones define each National Park: “reserve”, “sanctuary”, “recreation”, “buffer” and “economic”. Reserve zones are managed as State Reserves. The law does not specify allowed uses for Sanctuary Zones within National Parks. Recreational zones are established for tourism development. Buffer zones disallow most resource use (i.e., grazing, forestry, agriculture, etc.) but do allow regulated hunting and fishing. Economic zones allow nearly all resource use, i.e., cultivation, grazing and hunting/fishing. However, forestry is not allowed in Economic Zones. Natural Monuments in Armenia are “objects of scientific, historical, cultural and aesthetic value”. They are intended to serve as IUCN Category 3 protected areas. The law is vague on specific purposes, designations, and management requirements.

9. Armenia’s Sanctuaries are multiple use landscapes. These protected areas are best compared to IUCN Category IV. The legal description of Sanctuaries is quite broad. The law specifies only that activity within Sanctuaries not threaten “ecosystem sustainability”. Further use restrictions and management regimes are to be defined in a government approved charter and regulatory framework. Several Sanctuaries have charters (legal instruments drafted and approved by Government to describe the Sanctuary’s geographic area, conservation and use). However, existing charters do not offer adequate guidance for the establishment of comprehensive conservation regimes. Regulations clarifying the form, function and management of Sanctuaries do not exist.

1.3. Protected Area Coverage

10. Armenia’s current system of protected areas covers 311,000 ha or approximately 10% of the territory. If Lake Sevan (125,200 ha) is excluded, the total percentage drops to 6%. During the development of this project, a rapid gap analysis was conducted using data collected by government and NGO scientists over the past twenty years. The analysis revealed that two habitat types (forests and Lake Sevan) represent ninety-one percent of the lands included within Armenia’s current protected area network. Important habitat types such as desert-semi desert, wetlands, steppe, meadow, steppe-meadow and high mountainous ecosystems represent approximately 80 percent of Armenia’s total landmass. However, these ecosystems important for most of Armenia’s critically endangered flora/fauna are absent or under-represented within the current protected area system. Using GIS overlays to identify known habitat types and ranges of endangered wide-ranging mammals revealed several gaps within the existing protected area system. For instance, slightly less than 10% of the current home range of Armenia’s Caucasian leopard and Bezoar goat is afforded protected status. None of the current protected areas include habitat for Armenian mouflan. This is a species commonly targeted by poachers.

Table 2: Armenia’s Current Protected Area System

Area Type	Number	Total Area (ha)	Percent of Territory Represented
State Reserves	3	36,104	1.21 %
National Parks	2	181,221	6.09 %
State Sanctuaries	25	89,506	3.01 %
Natural Monuments	230	N/A	-
Total		306,831	10.31 %

Source: WWF Armenia

Table 3: Major Habitat Types and Protected Area Gaps

Armenia Biomes	Total (ha) Nationally	Percent of Landmass	Hectares in PA's	Percent in P/A's
Forest (800-2300 m)	318,536	10.72 %	115,75 9	36.3 %
Juniper Open Woodlands (400-1300 m)	120,151	4.04 %	23,249	19.35 %
High Mountain Alpine (2800-3400 m)	198,769	6.70 %	300	0.15 %
High mountain subalpine (2400-2800 m)	442,395	14.88 %	33,949	7.67 %
Azonal (3400 >)	19,686	0.66 %	-	-
Low and Middle Mountain Steppe (800-2300 m)	853,044	28.70 %	7,199	0.84 %
Low Mountain Dry Steppe (1000-1600 m)	226,667	7.63 %	-	-
Mountain Meadows Steppe (2200-2600 m)	493,104	16.59 %	-	-
Semidesert (500-1000 m)	161,709	5.44 %	385	0.24 %
Wetlands	5,983	0.20 %	50	0.84 %
Lakes/ Reservoirs	131,876	4.44 %	125,44 0	95 %
Total	2,971,920	100 %	306,83 1	10.31 %

Source: WWF Armenia

Table 4: Habitats of Globally Threatened Large Mammals Species

Species	Known Habitat in Armenia (ha)	Habitat included in Protected Areas (ha)	Percentage of Total Habitat Protected
Caucasian Leopard (<i>Panthera pardus saxicolor</i>)	749,720	70,947	9.5%
Armenian mouflon (<i>Ovis ammon gmelini</i>)	395,345	0	0
Bezoar Goat (<i>Capra aegagrus aegagrus</i>)	856,396	70,947	8.2%

Source: WWF Armenia

I.4. Threats, causes and impacts

11. As summarized below, Armenia's biodiversity is threatened on a variety of fronts. The cumulative impacts include the accelerated loss of vulnerable habitats and associated species, the reduction of ecological functionality and the growing insecurity of ecosystem services. Opportunities for communities to realize the potential social and economic benefits accruing from biodiversity are lost. As links are broken between remaining natural areas, Armenia's landscape is becoming ever more fragmented. For instance, to migrate between important habitat "islands" scattered within Armenia and surrounding countries the highly endangered Caucasian leopard relies on ever narrowing corridors. If overexploitation, habitat conversion, and climate change continue to erode the leopard's few remaining corridors, individual cats will become increasingly isolated and the species' survival prospects decreased significantly.

12. **Threat#1: Overexploitation of biodiversity:** Beyond the boundaries of a few better-managed protected areas, the current use of most biodiversity resources is defined by open access. Enforcement of wildlife laws is lax. Poaching of large mammals such as mouflon and Bezoar goats for both sport and consumption is quite common. Local attitudes towards leopard are reported to be positive. However, incidents of hunters opportunistically killing leopards are well documented. In addition, Armenians have a long and largely positive tradition of using wild plant species for cooking. As socio-economic conditions change, traditional uses are gradually becoming commercialized. Use of protected area resources for domestic fuel-wood is a continuing challenge.

13. **Threat #2: Unregulated tourism activity:** As Armenians become more mobile, certain areas of natural beauty have become increasingly popular local tourism destinations. The impacts of these activities are evident. Tourists regularly leave large amounts of garbage near favorite picnic spots and often ignite wildfires. Trees are unsustainably harvested for fuel wood. These impacts are especially pronounced in Sanctuaries where regulations for tourism management, incentives for proper behavior, and appropriately scaled infrastructure to direct and control tourism services are lacking.

14. **Threat #3: Habitat loss:** Though-out Armenia, habitat loss caused by grazing, unsustainable forestry, pollution, and poorly conceived infrastructure development threatens biodiversity. After the 1990's war between Azerbaijan and Armenia, livestock production in the pilot areas decreased significantly. Azeri's traditionally raise livestock. Armenians traditionally grow crops. However, unsustainable livestock grazing continues to alter habitats within and proximate to existing and proposed protected areas. Traditional transport routes have closed due to the conflict between Azerbaijan and Armenia. The proposed pilot areas are emerging as a major trucking link between Iran and Yerevan. This has caused the Government of Armenia to construct new and widen existing roads through the region. Many of these develops threaten existing and potential protected areas. A legacy of hard-rock mining and the associated impacts to air, water, and soil resources is suspected to be a major threat to biodiversity in the proposed pilot regions. This includes significant pollution from long-existing copper mines and habitat conversion from relatively new gold mining operations.

15. **Threat #4: Climate Change:** Climate change represents a significant and over-arching threat to biodiversity in Armenia and the integrity of its protected area system. Climate change will likely alter the spatial requirements of most species. If these species will be able to access required habitats, elasticity must exist within the landscape managed specifically for biodiversity. Armenia's current network of protected areas does not contain adequate representation and/or quantity of habitat types. The system does not include landscapes that link various conservation areas. As a result, the current protected area system will likely have limited resilience to allow adaption and responses to climate change that will allow for long-term species survival.

1.5. Long-term Solution

16. The **long-term solution** sought by the Government is to alleviating habitat fragmentation in Armenia through a functional ecologically representative protected area network. The protected area network should reflect landscape ecology principles, including the conservation of core habitats and their linkages. This protected area system should include adequate examples of all biomes present in Armenia. The system should promote the long-term health of ecosystems and the globally threatened species that rely upon these systems. The network should be resilient and reflect the pre-cautionary principle, incorporating sufficient ecological elasticity so that the system is more likely to withstand catastrophic threats such as disease and climate change.

17. The network should be well managed and sustainably financed. Protected area staff should have the capacity and support necessary to execute their jobs professionally. Management should be defined by informed decision-making and benefit from an increasingly sophisticated supply of sound data. This should include active monitoring of biodiversity and the use of findings to guide daily and long-term supervision. The system should have the full support of local communities and government. Productive sector activities beyond the boundaries of protected areas should be operating sustainably, without substantially degrading biodiversity integrity. Protected areas should be contributors to improving the nation's quality of life, including providing ecosystem services, low-impact economic opportunities, recreational opportunities, and centers for science and education.

1.6. Barriers To Achieving the Solution

18. As a party to the CBD, Armenia is committed to implement the Programme of Work on Protected Areas (POWPA). During the preparation of this proposal the country, with support from NGOs, analyzed where the major gaps or in terms of PoWPA implementation. Several PoWPA Goals stood out as current urgent gaps: Goal 1.1 (Ecological representation of the PA estate), Goal 3.2 (Building capacities for establishing and managing PAs), Goal 2.1 (Diversity of PA Governance Models), and Goal 3.4 (Financial sustainability). Some of these goals are being supported by diverse projects (including a small PoWPA grant form the GEF PoWPA Country Action Grants programme). However, **two barriers** stand out as requiring major attention, over and above the current national and international assistance. They currently impede the ability of the protected area system to conserve biodiversity effectively, and mostly relate to PoWPA Goals 1.1 and 3.2:

Barrier (i): PA policy instruments are inadequate to develop and support an ecologically representative PAS

19. During the development of this project, and with assistance from the PoWPA Country Action Grant, a rapid gap analysis was conducted using data collected by government and NGO scientists over the past twenty years. The analysis revealed that two habitat types (forests and Lake Sevan) represent ninety-one percent of the lands included within Armenia's current protected area network. Important habitat types such as desert-semi desert, wetlands, steppe, meadow, steppe-meadow and high mountainous ecosystems represent approximately 80 percent of Armenia's total landmass. However, these ecosystems important for most of Armenia's critically endangered flora/fauna are absent or under-

represented within the current protected area system. Using GIS overlays to identify known habitat types and ranges of endangered wide-ranging mammals revealed several gaps within the existing protected area system. For instance, slightly less than 10% of the current home range of Armenia’s Caucasian leopard and Bezoar goat is afforded protected status. None of the current protected areas include habitat for Armenian mouflan. This is a species commonly targeted by poachers.

Table 4: Major Habitat Types and Protected Area Gaps

Armenia Biomes	Total (ha) Nationally	Percent of Landmass	Hectares in PA’s	Percent in P/A’s
Forest (800-2300 m)	318,536	10.72 %	115,759	36.3 %
Juniper Open Woodlands (400-1300 m)	120,151	4.04 %	23,249	19.35 %
High Mountain Alpine (2800-3400 m)	198,769	6.70 %	300	0.15 %
High mountain subalpine (2400-2800 m)	442,395	14.88 %	33,949	7.67 %
Azonal (3400 >)	19,686	0.66 %	-	-
Low and Middle Mountain Steppe (800-2300 m)	853,044	28.70 %	7,199	0.84 %
Low Mountain Dry Steppe (1000-1600 m)	226,667	7.63 %	-	-
Mountain Meadows Steppe (2200-2600 m)	493,104	16.59 %	-	-
Semidesert (500-1000 m)	161,709	5.44 %	385	0.24 %
Wetlands	5,983	0.20 %	50	0.84 %
Lakes/ Reservoirs	131,876	4.44 %	125,440	95 %
Total	2,971,920	100 %	306,831	10.32 %

Source: WWF Armenia; red color marks under-represented habitats.

Table 5: Habitats of Globally Threatened Large Mammals Species

Species	Known Habitat in Armenia (ha)	Habitat included in Protected Areas (ha)	Percentage of Total Habitat Protected
Caucasian Leopard (<i>Panthera pardus saxicolor</i>)	749,720	70,947	9.5%
Armenian mouflon (<i>Ovis ammon gmelini</i>)	395,345	0	0
Bezoar Goat (<i>Capra aegagrus aegagrus</i>)	856,396	70,947	8.2%

Source: WWF Armenia

20. Armenia has established and continues to create “traditional” protected areas. These tend to be relatively small, stridently conserved landscapes such as State Reserves and National Parks. Although very important, these areas are ecologically isolated and fail to incorporate a wide variety of habitats. Expanding State Reserves and National Parks to include more habitat varieties, protect vulnerable landscapes and secure ecological links is quite challenging, and in fact hardly economically possible, as most underrepresented landscapes requiring heightened protective measures are community areas with traditional economic uses such as grazing, hunting, and the collection of wild plants. The land use designations “State Reserve” and “National Park” are poorly suited for such places. Sanctuaries on the other hand (Category IV IUCN) would be best suited, but several major policy shortcomings in Armenia’s current situation result in an inability of Sanctuaries to serve as a meaningful land use management category that protects key habitats and allows for reasonable economic use. This element missing from Armenia’s protected area network is vital to securing higher representation of habitats and species in a sustainable PA system. While there are four main policy instruments that provide an opportunity to direct the form and function of Sanctuaries (legislation, regulations, charters, and management plans), none of these to date adequately clarified the form and function of Sanctuaries either as a group or individual protected area. There are no national operational guidelines or norms/standards to guide the process of establishment, planning and management of Sanctuaries. There are no clear mechanisms or examples for decision-making and management that alleviates potential conflicts between various national, regional and local interests. There is no local community participation in Sanctuary management. In the current scenario, the institutional structure for management of Sanctuaries is muddled on both national and local levels. The Government is committed to finding a solution, but requires a catalyst to motivate action. So long as this capacity barrier exists, finding creative opportunities to protect Armenia’s complex landscapes will be extremely limited.

21. Legislation: The Law on Specially Protected Natural Areas (2006) is certainly a step forward. However, this legislation still requires refinement particularly regarding landscape level conservation. The law refers to concepts such as “corridor” and “biosphere reserve” while providing little legal guidance regarding their form and functions. Most professional Armenian conservationists insist that the parliament intended that Sanctuaries were to fit within the IUCN

Category IV (Habitat/Species Management). However, the legislation contains only two lines specific to the function of “Sanctuaries” and these simply state that a Sanctuary is to be managed in compliance with the environmental purpose for which it is established. The legislation does not clearly specify how Sanctuaries are to be used to advance landscape level conservation. The law implies but does not clearly allow for community-based management of specially protected natural areas. This vague legislative language is problematic in a country such as Armenia with a tradition of strictly interpreting legislation. Regulations: There are no regulations or “normative acts” designed to guide the establishment and management of Sanctuaries as multiple use protected areas. Charters: The Law on Specially Protected Areas (2006) defers nearly all details regarding the form and function of individual Sanctuaries to a “Charter”. These are separately negotiated legal document. They are relatively brief (2 – 3 pages) and describe the general location, form and function of all protected areas, including Sanctuaries. Each protected area’s charter is to be completed and approved by the Government prior to legal establishment. To date, eight Sanctuaries have approved simple charters that do not reflect complex conservation and multiple-use functions. Charters offer perhaps the best opportunity to improve and define the management of Sanctuaries so that they become active contributors to landscape level biodiversity conservation.

22. Management Plans: The capacity to develop detailed management plans is particularly weak in both the central and local authorities. To date, no Sanctuary has a completed and approved a management plan. There is no instrument to ensure the strategic deployment of financial and human resources. Many Sanctuaries are not even mapped. The completed World Bank/GEF Natural Resource Management project demonstrated the concepts of modern management planning in two National Parks (Dilijan and Lake Sevan). WWF Armenia and global partners worked with Shikahogh State Reserve to draft a not-yet-approved management plan and with the MNP to create a preliminary plan for the Gnishik region. Lessons learned to date are being disseminated only slowly through the system. There are still no tangible examples of process required to generate and implement an organic management plan for a complex habitat conservation landscape with a strong community participation component. National, regional and local authorities – although expressing a keen interest in commencing active conservation management in Sanctuaries - have no precedent within the country to follow. Without the strong capacity to gain the traction necessary to complete management plans for complex landscapes, the ability of Sanctuaries to serve their functional role within the protected area system will continue to be stymied.

Barrier (ii): Limited institutional capacities and experience with the creation and management of complex protected areas

23. A major barrier to landscape level conservation is the absence of a reference point for complex protected areas. Authorities and communities recognize the need to expand the protected network to include greater habitat diversity and linkages between isolated conservation areas. However, national and local government agencies, site managers and communities have very limited experience with the establishment and management of protected landscapes that allow for creative “multiple-use” approaches. Establishing new and/or improving existing Sanctuaries will generally require the commitment and inclusion of local communities. There are no good national examples of community-based/participatory management, sustainable tourism management, information-based decision-making, sustainable financing, and other concepts key to successful management of multiple use protection categories. Within Armenia, there are not any professional conservationists trained and qualified to deal with these complex issues.

24. Capacities in community-based / participatory management: If Armenia hopes to expand and improve their protected area network to generate comprehensive landscape conservation for global biodiversity, the nation must work more closely with local communities. There are three primary types of land-ownership in Armenia: state land, private land, and community lands. To date, nearly all State Reserves and National Parks are established exclusively upon state-owned lands. Most vulnerable habitats now remain within community lands. For instance, the majority of agro-biodiversity is found within community lands. Communities now hold the keys to protecting landscapes vital to the protected area system. Many community leaders have expressed an eagerness to better conserve biodiversity resources within their region of concern. However, Armenian professionals do not have the capacity, experience, and/or national model for the design of a protected area that includes meaningful community-based management and/or participation.

25. Business and management planning capacities: Environmental issues are gradually becoming integrated within the policy frameworks for socio-economic development. The link between biodiversity conservation and human sustainable development is recognized. However, the protected area system still suffers from a lack of technical, management, and material capacity and chronic under-funding. For example, the Strategy on Developing Specially Protected Areas and National Action Plan (2003) estimates that the “the number of staff currently performing conservation and control duties is 2-2.5 times less than the needed workforce, and even these inadequate personnel carry out their duties with inferior

equipment”. The limited knowledge and experience of stakeholders at all levels to generate and implement sound business planning is a barrier to protected area expansion and improvement. Expanding and improving protected areas will likely require assisting community members to amend their current livelihood practices to be more supportive of biodiversity conservation. In addition, the establishment and management of protected areas in community lands will be more warmly received if there is a perception that such designation is accompanied by improved revenue generation possibilities. Finally, protected area managers – particularly those tasked with managing potentially more expensive and complex landscapes such as Sanctuaries – must have the business acumen necessary to identify creative funding mechanisms and efficiently allocate income. Because these skills are currently missing from the protected area toolbox, decision-makers have been slow to pursue expansion into areas with existing community activity. Until this barrier is removed, the protected area network will be slow to mature.

26. Capacities in tourism management: Tourism activity is both a threat and opportunity for biodiversity conservation in Armenia. Properly managed, tourism could be providing valuable social benefits while contributing to the over-all interest and support for biodiversity conservation. However, the limited capacity of communities, protected area managers, tourism professionals and others to embark on conservation oriented tourism continues to be a barrier contributing to the poor state of Armenia’s Sanctuaries. There is no national corpus of knowledge capable of leading the way towards designing and managing tourism operations that become an asset rather than a liability to PA management and community development. Tangible examples, guidelines and other templates showing stakeholders how to establish and sustainably manage sustainable tourism, particularly with community participation, are nearly non-existent. Until this barrier is removed, tourism will continue to be a biodiversity threat rather than benefit.

27. Biodiversity monitoring capacities: Without strategic biodiversity monitoring, management decision-making occurs within an information vacuum. Rigorous monitoring of biodiversity resources is particularly important in Sanctuaries where continued resource use by community members must be balanced with long-term biodiversity conservation objectives. The depth of knowledge and activity regarding biodiversity monitoring is quite shallow. The deficiency of up-to-date information on biodiversity both within and outside of protected areas creates obstacles to effective conservation management and purpose-oriented implementation of protection measures. Survey work over the past six years by WWF professionals provided the basis for understanding the current protected area gaps in southern Armenia, including the need to protect key habitats for leopards, mouflan, striped hyena, wild goats, and other globally important biodiversity. WWF has developed a monitoring program of large mammals for Shikahogh reserve that can be duplicated in other protected areas. However, the application of scientific information remains weak. There are a few Armenian professionals with contemporary biodiversity survey experience. National and local capacity regarding non-invasive survey techniques and agro-biodiversity assessment is quite limited. The number actively working within Sanctuaries is almost zero. There are few examples of community members contributing to biodiversity monitoring activities, particularly activities designed to improve the ecological integrity and social well being of community oriented protected areas. Again, this creates a major barrier to protected area expansion and improvement.

28. Capacities in law enforcement: Many professionals identify “poaching” as a major threat to biodiversity in Armenia. Several factors, including poverty, contribute to this problem. There are also issues of enforcement financing. Armenian protected area managers frequently do not have simple materials or transport necessary to actively enforce laws. There are few financial incentives for law enforcement. Pay is low relative to required efforts required and high risks. Outside of State Reserves, the enforcement of conservation law is very erratic. A major contributing factor is the limited capacity of protected area managers to mobilize community support. A direct correlation generally exists between a high level of community support for protected areas and savings in protected area management costs. In other words, the more communities understand and support biodiversity conservation efforts, the less time and money is required for law enforcement. Most Armenian anti-poaching measures focus upon “command and control”. Stakeholders have almost no experience and/or access to creative examples for alleviating poaching. There is limited capacity for anti-poaching measures that focus upon integrating communities and building community support for biodiversity conservation. Often communities and even conservation professionals do not fully understand conservation legislation. Community-based management models where non-consumptive tourism, limited sport hunting, alternative income generation, poacher recruitment, and/or collection and marketing of non-timber forest products serve as incentives for careful community stewardship and participation are not known. Of course there will always be a need for traditional “command and control” enforcement. However, in a financially challenged country such as Armenia, the effectiveness of Sanctuaries will continue to be deficient unless capacities are built to design and implement anti-poaching tools that are creative and premised upon positive incentives to alleviate illegal activity.

29. **Capacities in public awareness and outreach:** A major barrier is the absence of sound public awareness and outreach examples that create knowledgeable community conservation advocates. There is low awareness on protected area functions, activities and objectives among the population and unsatisfactory level of ecological education, particularly in the communities adjacent to protected areas. Without a public with adequate exposure to contemporary biodiversity conservation concepts, there is little hope of achieving informed, community-based decision-making. Successful incorporation of community lands and community members into the protected area network will require significant public awareness and outreach. To date, protected area managers have very limited experience in conducting community outreach and educational programming. There are no tangible examples of working with community members to design a comprehensive management plan that is community inclusive. This form of management is still not operational due to low awareness of local communities about its importance and benefit for the communities.

1.7. Stakeholder Analysis

30. The preparatory phase of the project placed strong emphasis on stakeholder participation. In depth discussions were held with a host of stakeholders, including national and regional government agencies, NGO’s, donors and, most importantly, local stakeholders active in the pilot areas. The project was designed with stakeholders full involvement and key sections of the final document thoroughly vetted.

31. The following table presents all key stakeholders and their roles/responsibilities relevant to protected area management nationally and within the pilot areas. On the national level, key stakeholders include the MNP, MOA and their agencies. Within the two pilot areas, key stakeholders include the Governors, local representatives of the MNP and MOA, NGO’s and important resource use and community organizations.

Stakeholder Organizations	Protected Area Management Role
Ministry of Nature Protection	Overall coordination of SPNA management Develops policy on management of SPNA
<i>Bioresources Agency</i>	Responsible for 3 State Reserves, 2 National Parks, 8 Sanctuaries
<i>SNCO</i>	An SNCO is assigned to manage each PA under Bioresources Agency jurisdiction
<i>State Environmental Inspection</i>	Enforces implementation of environmental legislation
Ministry of Agriculture	
<i>Hayantar (Armenian Forestry)</i>	Responsible for 14 sanctuaries
Ministry of Economy (Institute of Physics)	Responsible for 1 sanctuary
Ministry of Territorial Administration	Responsible for 2 Sanctuaries
National Academy of Sciences	Government institutes conducting scientific research in PA’s
Ministry of Science and Education	Oversees formal environmental education
Marz (Regional Self-Governing Bodies)	Participate in developing PA state programs and management plans; Support PA protection services.
Towns (Local Self-Governing Bodies)	Participate in development and implementation of state programs and management plans for PA’s of international and republican significance located within community lands; Support protection regime of such PA’s; Management of PA’s of local significance.
WWF (Armenia and others)	NGO supporting biodiversity protection and community development; Implementing several conservation programs in Caucasus and Armenia.
Transboundary Joint Secretariat for the Southern Caucasus (financed by KfW)	Conservation project; Creating platform for biodiversity protection in Armenia; Developing national guidelines on PA management planning, awareness raising, information exchange and others;

Stakeholder Organizations	Protected Area Management Role
	Proposing initiative on creation of a biosphere reserve in southern Armenia (including Shikahogh State Reserve)
Caucasus Protected Areas Fund (Trust Fund)	Support to Khosrov Forest State Reserve SNCO (pilot project)
“Ecotourism Association” NGO	Local NGO working to establish Arevik PA
“Khustup” NGO	Local NGO working to establish Zangezur PA
Donor Organizations	UNDP, USAID, World Bank, KfW and others have active natural resource management projects. Those that are specific to protected areas are described in the baseline section of this document.

1.8. Baseline Analysis: Business as Usual

32. Expansion of Protected Areas Network: In 2008, the Government of Armenia generated a “Strategy on Developing Specially Protected Areas and National Action Plan.” This strategy reiterates Government’s commitment to proceeding with the expansion of the protected areas network. The government is moving forward. In 2007, the government established three new State Sanctuaries Khor Virab (50.3 ha), Gilan (118 ha) and Goravan (95.99 ha). The government plans to create Arpi Lake National Park (27,500 ha), Arevik National Park (29,600 ha), and Zangezur Sanctuary (16,000 ha) by mid-2009.

33. Under the current baseline, Arevik National Park will likely enjoy fairly strong management support. Armenia’s capacity with the management of National Parks and Reserves is advancing steadily. Zangezur Sanctuary will be brought under the umbrella of nearby Shikahogh Reserve. Arevik, Zangezur and Shikahogh receive external support from WWF and others.

34. High mountains and alpine meadows define Zangezur. This is a habitat not well represented in the current protected area network. Zangezur is a critical wildlife corridor that straddles Armenia’s border with Azerbaijan. Under the baseline, the newly created Zangezur will have its own charter and a management plan, but will be managed by Shikahogh reserve SNCO. Zangezur’s management will still require significant capacity augmentation if it is to fulfill conservation objectives.

35. Plans to create Gnishik National Park (16,000 ha) are stymied. This new protected area would cover very important habitat for agro-biodiversity, leopards, and other globally important species. The draft management plan is comprehensive and provides very useful guidance for a potential national park. However, Gnishik is “owned” by five local communities. These communities and their leaders are not enthusiastic about highly restrictive national park status that would potentially deny their traditional economic activities. Stakeholders do support the creation of a multiple use sanctuary whose management provides for meaningful community participation. Community members and leaders repeated their support during the design of this project proposal. The continuation of the current baseline situation with weak institutional and policy capacities unfortunately makes creation of a new protected area along this vital corridor very unlikely.

36. A third important natural area in the southern Armenia region is Khustup Mountain. This region nestles between the existing Shikahogh National Park (12,137 ha) and the soon to be created Arevik National Park and Zangezur Sanctuary. Armenian biologists identify Khustup as vital habitat linking these protected areas. Again, this is an area with limited – but important – local activity. During the summer months, community members use Khustup Mountain for grazing and recreation. This is a very suitable location for the creation of a Sanctuary. Under the baseline, the Khustup Mountain linking very important protected areas will likely remain outside the protected area network.

37. Funding: Public funding has increased for protected area management. This will likely face challenges in the near term due to global economic factors. The Government will receive some technical assistance from outside donors. However, all professionals agree that most funds will likely be directed towards “traditional” protected area management and not “multiple use” community areas. Primary capacity needs such as biodiversity monitoring, effective business planning, community awareness and outreach, etc. will continue to receive little funding and attention.

38. Training and capacity building opportunities for protected area staff will continue to be limited. Equipment and infrastructure support for short-term priority activities such as law enforcement and biodiversity monitoring will be challenged. Sustainable financing for protected areas under the baseline scenario will continue to rely upon traditional

government support. The Protected Area Trust Fund (CPAF) will provide limited funding sources. Prioritization, business planning, and alternative revenue generation options will be limited.

39. Management Planning: Two national parks (Dilijan and Lake Sevan) have management plans developed through the World Bank/GEF project. Under the baseline scenario, lessons learned from these efforts will be slow to percolate through the system and will not be readily applicable to Sanctuary management.

40. Draft management plans are underway with WWF support for Shikahogh Reserve (plan to be approved 2009) and the planned protected area expansions of Zangezur Sanctuary and Arevik National Park. These management plans will be approved upon establishment of the individual protected area. Zangezur is a location with significant poaching activity and is a well-used migratory corridor. This makes it an interesting pilot site for the modeling of poaching alleviation and non-invasive survey techniques. However, it is in a border area and distinguishable from most existing and potential Sanctuary areas. Border areas see very little community use and activity. Therefore, the draft management plan will not reflect the needs of a multiple use Sanctuary, i.e., tourism, grazing, alternative livelihoods, etc. Under the baseline, Zangezur's draft management plan will likely do little to fill the existing capacity gap.

41. Even though it is not likely to become a national park, Gnishik has a management plan completed and shelved several years ago. Under the baseline scenario, WWF with funding from the Norwegian Government intends to update this management plan late in 2009.

42. Law and Policy: The existing legal framework for protected area management will grow with the gradual implementation the 2006 Act. Government will continue to invest in the development of regulations to support implementation of the law. Legislative amendments, regulatory improvements, and changes to the charter process will not likely benefit from international best principles and practices. Because investments and management improvements in Sanctuaries will be scarce, chances are slim that these advances will generate improvements necessary to better the management and expansion of Sanctuaries. Charters, the legal instruments that define protected area functions and refine use regimes, will continue to fail to reflect landscape ecology principles, particularly the design and creation of Sanctuaries to serve as creative multiple use zones for landscape level conservation. Policy improvements will not likely secure the future of globally significant biodiversity at least in the next 5 – 10 year period.

43. Other Management Issues: If current trends continue, there will be no planning that supports comprehensive landscape level management of biodiversity. Infrastructure development will progress with little regard for biodiversity values. Although examples will emerge from a few national parks (i.e., visitors center at Khosrov Reserve, information brochures Shikahogh Reserve), tourism management will continue to move slowly forward. There will not be any meaningful activity that supports community-based tourism and/or operations concentrating upon the unique situation of Sanctuaries. Known impacts will likely continue with little abatement.

44. Prior to 1991, research and monitoring of biodiversity was quite active. Since independence, financing and support for biodiversity research has been limited. WWF is sponsoring research in southern Armenia on several large mammals. Under the baseline, agro-biodiversity monitoring will continue to be constrained and will most probably not inform management decision-making. Agro-biodiversity will be particularly exposed and vulnerable since there is no planned activity to address this critical issue.

45. The enforcement of wildlife laws is currently weak both inside and outside of protected areas. Under the baseline, this trend will continue.

Investments in Protected Area Management

46. The main investors in protected area management in Armenia include:

47. Government: GoA investment in protected areas increased dramatically over the past three years from 126.2 mln AMD in 2006 to 440.4 mln AMD in 2009. To date, all of these funds are invested in five existing national parks and state reserves. Although on-going training programs by government are non-existent and monitoring/enforcement are thought to be weak, these areas do have high numbers of staff. Lake Sevan National Park, for instance, has over two hundred employees. Khosrov Forest State Reserve has over seventy-five. The Government makes almost no direct investments into the management of most Sanctuaries, many of which remain paper parks.

48. World Wide Fund for Nature (WWF): WWF is a major contributor to biodiversity conservation in Armenia. Many of this organization's efforts focus upon improving the nation's protected area network. Examples of WWF's recent project activity include the following:

49. "Biodiversity Protection and Community Development: Implementing Ecoregional Conservation Plan Targets in South Armenia". This five-year project financed by Norwegian Government started in 2007. The investment for 2008-2009 are 390,000 € with an estimated additional 300,000 € for 2009-2010. The project's goal is to ensure effective protection of biodiversity and sustainable management of natural resources in southern Armenia and provide an operational model that can contribute to development in the Caucasus region. Project activities are designed to strengthen management of Khosrov and Shikahogh State Reserves.

50. "2012 Protected Areas Project – Caucasus Ecoregion, Armenia". The project envisages 182,700 CHF for 2007-2011 (financed by MAVA Foundation Pour La Nature foundation). The goal of the project is to enable CBD parties from the Caucasus Ecoregion to achieve the 2010/2012 targets of the Programme of Work on Protected Areas, including scientifically based and representative systems of well managed protected areas, sustainable financing and effective participation of local communities. The project completed a gap analysis of the SPNAs legislative (particularly, the Law on SPNAs, 2006), an institutional capacity needs assessment and financial needs assessment. Based upon these, the project is now implementing a communications strategy (events, publications) and intends to complete a financial strengthening activity.

51. "Conservation of Leopard in the Southern Caucasus". The project hopes to have a 72,000 CHF investment for the period of 2008-2010 (financed by WWF Switzerland). The project intends to conserve leopard populations as an indicator for improving nature conservation management and stabilizing the ecosystem processes in the Caucasus. Intended project activities include implementation of field monitoring inside and outside PAs in the Southern Armenia (including camera-trapping), anti-poaching activities with functioning of anti-poaching units in the Southern Armenia as well as development of a national action plan on leopard conservation and communications activities.

52. "Ecoregional Conservation Programme in the Southern Caucasus Region: establishment of PAs in Armenia's Javakhq (Ashotsk) region". The project is running from 2007 – 2010 with an investment of 2,200,000 € for 2007-2010. The German Government (via KfW Development Bank) finances the project. The MNP is the executing agency. Consultant organizations include consortium of WWF Germany, WWF Armenia and WWF Caucasus. The project aims to conserve the biodiversity of the Javakhq (Ashotsk) Plateau, a lake and wetlands region located in northwestern Armenia. Project effort will include establishment of a national park around Lake Arpi. The project will develop a national park management plan, establish infrastructure, provide equipment, generate a national park land use, develop and implement a "support zone" program, and promote transboundary cooperation.

53. Critical Ecosystem Partnership Fund: WWF Armenia is responsible for over-all coordination of Conservation International's Critical Ecosystem Partnership Fund (CEPF) projects in Armenia.

54. "Assistance to establishment of a new PA Arevik in the Southern Armenia": The total investment for the project from 2006 – 2009 will be 156,000 US\$. The "Ecotourism Association" NGO is the implementer. The project is to establish Arevik National Park in Southern Armenia. Project activities include research and inventory, mapping, and development of necessary documents for establishment of NP including draft management plan and charter of the park. The NGO is responsible for stakeholder interface, submitting approval documents to Government, and some infrastructure and staff training support.

55. "Assistance to establishment of a new PA Zangezour in the Southern Armenia": The total investment for the project from 2006 – 2009 will be 174,000 USD. "Khustup" NGO is the implementer. The project will establish Zangezour Sanctuary PA in Southern Armenia. Project activities include research and inventory, mapping, and development of necessary documents for establishment of NP including draft management plan and charter of the park. The NGO is responsible for stakeholder interface, submitting approval documents to Government, and some infrastructure and staff training support.

56. "Feasibility study of establishment of "Arpi/Gnishik" National Park": The Project operated from 2006 to 2007 with the total investment of 17,000 USD. The "Biodiversity and Landscape Conservation Union" NGO implemented the project. The project was to carry out a feasibility study on establishment of "Arpi/Gnishik" as a national park. Project activities included implementation of socio-economic and biodiversity assessments and surveys on natural and cultural

heritage, mapping as well as preparation of a draft management plan. These were each submitted to the MNP but no action occurred due to community issues with “national park” designation.

57. “Strengthening protection regime of Garni/Kaqavaberd tracts of Khosrov Reserve”: The project was implemented in 2005-2006. The NGO “Armenian Touristic Association” was the implementer. The total funding was 20,000 USD. The project intended to strengthen the capacity of the Khosrov Forest Reserve SNCO.

58. “Strengthening protection regime of Shikahogh Reserve”: The NGO “Khustup” implemented this project from 2005-2006. The total funding was 20,000 USD. The project strengthened protection of Shikahogh Reserve SNCO. The activities implemented included provision of technical support to the reserve (vehicles, field equipment, etc.), installation of roadblocks and signs as well as development of a concept management plan.

59. Caucasus Protected Areas Fund (Trust Fund): “Support to Khosrov Forest State Reserve SNCO” (pilot project): In order to support the ongoing operations and maintenance of protected areas in the South Caucasus countries of Armenia, Azerbaijan and Georgia the Caucasus Protected Areas Fund (CPAF) was legally established in 2007. The German government (through the BMZ and KfW), WWF, Critical Ecosystem Partnership Fund and Conservation International have provided the CPAF with initial endowment funding of about €8 million. The CPAF will start co-financing of a pilot protected area in each country from 2010. In Armenia, the project will invest approximately 80,000EU annually over a three-year period. The project will be implemented by the MNP. The project’s aim is to provide financial support for operational costs of Khosrov Reserve, including increasing staff salaries, capacity building, providing limited equipment, etc. This will include activities focused upon improving management of three Sanctuaries under the authority of Khosrov Reserve.

60. Transboundary Joint Secretariat (TJS) for the Southern Caucasus: Financed by KfW Development Bank, the TJS is a non-governmental coordination body established in 2007. TJS will operate through 2010. The organization’s purpose is to facilitate biodiversity conservation cooperation between Armenia, Azerbaijan, and Georgia. TJS intends to facilitate a PA establishment project in Armenia’s Javakhq region. This will include national park management training, regional best practice guidelines for national park management, and some productive land management improvements near the national park. TJS also intends to facilitate the establishment of a Transboundary Coordination Board to help manage transboundary national parks in Armenia and Georgia. TJS will propose an initiative to establish a biosphere reserve in southern Armenia. This activity is not yet designed or funded. TJS hopes to develop this project during the summer of 2009 with implementation in late 2009 or early 2010.

61. United Nations Development Program/Global Environmental Facility: “Supporting Country Action on CBD Programme of Work on Protected Areas” (ITRC Project). This project has a total budget of approximately US\$250,000 (50% GEF/50% co-financing). The project started in 2008 and is to be implanted by the MNP. The planned duration was two years. Although funding is approved, the project has not yet commenced due to management issues. The project as designed has three original Outcomes: I. Completed protected area system gap analyses at national level and next steps agreed to implement its recommendations; II. Models of community managed PAs tested and corresponding legislation developed to further stimulate their uptake; and, III. PAs trained staff, relevant training materials (booklets, guidelines etc) in Armenian.

62. Safari International Armenia: Armenian Safari International has an open-ended agreement to run the Yeghegis Sanctuary with private funds. This Sanctuary is under the jurisdiction of the MOA but actively managed by the private entity. Their efforts to date include hiring of community rangers and establishing wildlife view platforms. Their primary objective is to increase the number of Bezoar goats, wild boar, and other species to allow sustainable harvest by sport hunters. In five years of operation, they have successfully increased the number of wild goats from an estimated 70 individuals to more than 500 individuals. Wildlife now seems to thrive within less than a kilometer of villages.

PART II: Strategy

II.1. Project Rationale and Policy Conformity

Fit with the GEF Focal Area Strategy and Strategic Programme

63. The project is fully congruent with GEF’s Strategic Objective (SO) 1 of the Biodiversity focal area, “*Catalyzing Sustainability of Protected Areas Systems*”. In compliance with the SO1, the project at hand will focus upon including the broader landscape, specifically community areas, to improve management of productive landscapes while helping to

promote connectivity and alleviate poverty. This project will concentrate effort on supporting the creation and improvement of protected areas to include currently under-represented ecosystems. These ecosystems currently outside the shelter of Armenia's protected areas are critical to the long-term conservation of several globally significant species, including several endemic agro-biodiversity resources.

64. The proposed project is consistent with Strategic Programme (SP) 3 “*Strengthening Terrestrial Protected Area Networks*”. The project's concept is based on the premise that sanctuaries (IUCN IV Cat.) should be the main vehicle to bring the currently under-represented habitats under protection. The project will validate this concept by creating and equipping new sanctuaries [through outputs 1.3, 2.2 and 2.3] which jointly will cover 53% of the underrepresented habitats (48,000 ha out of 137,000 ha of the expanded sanctuary estate). Output 2.4 will ensure that the project experience with using sanctuaries as vehicles for raising ecological representativity are documented and imbedded in a replication strategy, achieving, within a 5-years period beyond the project, full capacitating of sanctuaries at 137,000 ha. Outputs 1.1 and 1.4 will put the necessary legal framework to translate this experience into law. By piloting the establishment of three, fully functioning Sanctuaries with full community involvement, the project aims to catalyse the functioning and relevance of this part of Armenia's protected area system by clarifying, and where needs be creating, the enabling environment for the establishment of Sanctuaries, and by strengthening the capacities at the systemic, institutional, and individual levels to establish and manage a protected area system more representative in terms of both management type and ecosystem. In conformity with SP-3, the end of project situation will result in human and financial resources supporting project areas at levels at least equal to those enjoyed by most other protected areas within the network.

Rationale and summary of GEF Alternative

65. The **GEF alternative**, on the other hand, will signify a vast improvement in the national legal and institutional framework needed to support protected area management and demonstrate improved management approaches. By the end of the project, there will be efficient models of management authority; management, business, and financial plans for sanctuaries; and research and monitoring programs will be congruent with the IUCN category IV concept of “active intervention for management purposes so as to ensure the maintenance of habitats and/or to meet the requirements of specific species”. The project will result in demonstration effect, higher capacities, replicable experience and research necessary to identify and hone management interventions at under-represented habitats. Armenia's Sanctuaries will become the focus of a systemic capacity-building program to manage protected areas effectively and to demonstrate clearly the efficacy of community participatory approaches. Links between successful conservation of biodiversity and economic benefits accruing to the local communities will be demonstrated, and where available and appropriate, links to private sector financing will be developed.

66. Three sanctuaries covering 48,000 ha (53% of the expanded sanctuaries estate by area) will be operational by the end of the project, with ensured financial sustainability. The likelihood of the financial sustainability of the whole group of sanctuaries (28 by number, covering 137,000 ha after expansion) will be substantially raised. Several currently under-represented habitats and biodiversity resources within the protected area network will be brought under protection. Each of the three sanctuaries represents an important piece of the same large landscape puzzle. Together, they will help secure connectivity between reserves in Armenia, Azerbaijan and Iran.

67. The **GEF incremental value** is significant: (1) pressured on a number of globally threatened species will be removed [Bezoar goat (*Capra Aegagrus*), Armenian mouflon (*Ovis ammon Gmelin*), Eurasian lynx (*Lynx lynx*), and Caucasian leopard (*Panthera pardus sicaucasica*), Lesser Kestrel (*Falco naumanni*), Imperial Eagle (*Aquila heliaca*), and Greater Spotted Eagle (*Aquila clanga*)], endemic flora. (2) 48,000 ha of underrepresentative habitats of low-mountain dry steppe, low and middle mountain steppe, high mountain subalpine and high-mountain alpine will be brought under protection. (3) long term sustainability of IUCN Category IV (total area of 137,000 ha after expansion) will be ensured. (4) lasting skills, business models and conservation approaches will be developed, tested and set to replication; the human capacity will be built on both community and government levels required for sustainable operation of complex protected areas. (5) The legal framework required to guide establishment and sustainable operation of sanctuaries will be improved. The lessons learned and the mechanisms developed in these establishment processes will then be made available so that they can be replicated elsewhere in the country.

68. With GEF inputs, Armenia's protected area network will move significantly closer to conserving biodiversity on a landscape level that is ecologically meaningful. The project will immediately result in an improved legislative framework

upon which to base this model; new and improved protected areas for habitats and species currently under-represented; examples of protected area management that are much more community inclusive and supportive; and, prototypes of a suite of management improvement tools to prepare protected area managers, including opportunities to link protected areas with the country's socio-economic development priorities. None of these elements critical to effective landscape level conservation would likely be realized without GEF inputs.

II.2. Project Goal, Objective, Components/Outcomes and Outputs/activities

69. Goal: The project's goal is to conserve globally significant biodiversity in Armenia.

70. To address the named barriers the project has **the objective** to catalyse the expansion of the nature reserves to provide better representation of ecosystems within Armenia's current protected area system and enable active conservation of biodiversity. The objective will be achieved through two components: (1) Rationalization of the protected area system, and (2) Institutional capacity building for protected area management.

Component 1: Rationalization of the protected areas system

Output 1.1 Set of by-laws developed to operationalize the 2006 Protected Area Law. Under this output, financial and technical support will be provided to improve the existing laws, regulations, and charters that define the form and function of sanctuaries, with the purpose of promoting their creation at underrepresented habitats. The project will support a comprehensive legal review, drafting of regulations, their participatory discussion across ministries and at the community level. National operational guidelines and norms to guide the process of establishment, management and business planning of sanctuaries will be developed. The guidelines will clearly stipulate: (i) the multiple-use purpose of sanctuaries; (ii) extensive content, purpose and design process for Charters of sanctuaries; (iii) financing of sanctuaries, distributed by national and local sources; (iv) establishment of management units at sanctuaries, community participation in sanctuary management (integrating products of Output 1.4), clauses on alleviation of potential conflicts between various national, regional and local interests engaged in sanctuary management, (v) model for management and business plans and protocols for their development (to be validated on the ground through Component II); (vi) biodiversity conservation models to be adopted at sanctuaries. Ultimately, these documents will be formulated as a package of by-laws for 2006 Law on Specially Protected Natural Areas. The project will support their wide discussion across governments and NGOs, as well as at the community level. Once validated by all stakeholders, the amendments will be presented to the Government for approval. Validation of the management and business planning models proposed here will occur through Outputs 2.2 and 2.3.

Through this output, the project will expose Armenian PA decision-makers to best international principles and practices. Legal ambiguities regarding the establishment, management and financing of Sanctuaries as IUCN Category IV protected areas will be eliminated. The improved legal framework will reflect and incorporate lessons learned from activities undertaken under the PoWPA country action grants program (especially its first Outcome which deals with the comprehensive ecological gap analysis in Armenia), as well as through other outputs of this project (i.e. institutional reconfiguration, establishment of model Sanctuaries, piloting approaches to community participation, etc).

Output 1.2 Institutional links re-configured to clarify roles and responsibilities for governance and management of sanctuaries. Under Output 1.2, the project will eliminate sources of institutional inefficiencies by clarifying decision-making, management, and financing responsibilities. Firstly, diverse government authorities and communities will be brought together through a series of dedicated round-tables and forums, with a professional facilitator to illuminate challenges, discuss management options, and agree to solutions. The project will be charged with bringing together disparate national and local institutions to detail responsibilities while making certain avenues exist for cooperative, inclusive decision-making. This includes specifying how to coordinate, develop and capitalize upon existing institutional expertise (i.e., Academy of Sciences, academic institutions, Ministries, development agencies, and NGO's) in order to promote efficient, cost-effective and strategic Sanctuary management. On the basis of those discussion, a by-law will be finalized on the institutional roles and responsibilities in sanctuary management. The by-law will detailize mechanisms for the participation of communities in sanctuary management. A second iteration of discussions across ministries and local communities will follow on the draft by-laws once those are prepared by lawyers. Ultimately, the by-law will be finalized and integrated in the policy package to be adopted by the Government under Output 1.1.

Output 1.3 Three new sanctuaries established at underrepresented habitats. Activities under this output will result in the creation of three new Sanctuaries that will serve as national models for improving biodiversity conservation within sanctuaries. **One** will be in the Gnishik area and cover approximately 20,000 hectares. The proposed sanctuary is located

in Vayots Dzor Marz. Two habitat types define Gnishik, each is poorly represented in the current protected area network: low mountain dry steppe, and mountain meadows steppe. The sanctuary will provide connectivity between the Jermunk Sanctuaries to the northeast, Khosrov Reserve to the north and to the southeast the Azerbaijan's Bichenek Sanctuary and Ordubad National Park. Gnishik will be an example of community-based management in a multiple use ecosystem. The **second** will be in the Khustup Mountain area. When completed, the protected area will include approximately 12,000 hectares. Khustup is defined primarily by three biomes (Mountain Meadows Steppe, High mountain subalpine, High Mountain Alpine) that are under-represented in Armenia's current protected area network. There are no people living within the proposed sanctuary. There is almost no livestock grazing in this area. Nearby residents periodically venture into the area primarily to collect plants. The location has potential for tourism, including hiking, bird watching, alpinism, and opportunities for viewing large mammals. This is an area inhabited by Bezoar goat, Persian leopard, Armenian mouflon, Brown bear, Caucasian Black Grouse, Caspian snow-cock, and many other important species. This unique floristic area of Armenia contains many endemic species of plants. This protected area will be an example of State Management (Shikahogh Reserve) with heightened community participation and use. The **third** area is Zangezur, which covers about 16,000 ha linked ecologically with Kiamaky Wildlife Refuge in Iran as well as Shikahogh Reserve and Arevik National Park (planned) in Armenia. Three biomes (Mountain Meadows Steppe, High mountain subalpine, High Mountain Alpine) define Zangezur. Each is highly under-represented in Armenia's current protected area network. The area provides critical habitat for both resident and migratory leopards and their prey. This is a region rich in globally important agro-biodiversity species. [Please see Annex H for further details on the three demonstration sites].

Activities to be undertaken to create these protected areas and improve their management will include: (i) finalizing biodiversity inventories; (ii) zonation of the proposed areas and proposing boundaries for each zone, (iii) community discussions on the proposed zonation and boundaries of the sites, (iv) defining the management unit and model for engagement of communities in the management of the sanctuaries, taking models developed under Output 1.4; (v) charters developed for each site, discussed with communities and approved by local governments; (vi) having the sites officially gazetted, and boundaries marked; (v) setting up the management units and reaching collaborating management agreements for each sites; equipping management units for effective site management, law enforcement and biodiversity monitoring. From here Component II will take on work on the demonstration sites, developing comprehensive participatory management and business plans for each sites and testing business opportunities on the ground. Generally, the process, supported by this output, is important to test the viability of sanctuaries to conserve under-represented biodiversity, but also to build trust among communities and protected area professionals.

Output 1.4 A new PA management model developed for sanctuaries and put into policy. The purpose of this output is to propose support the previous 3 outputs in Component I with a model of sanctuary governance and management that would ensure maximum conservation efficacy on the background of wide community engagement. On this output the project will interact closely with and build on the results of the PoWPA Country Action grant Outcome II *Recognizing and promoting new PA governance types*, which is making a wide review of all PA governance types in Armenia, with a focus on Nature Monuments (Category V). This project will build on the studies of the PoWPA grant and elaborate them in more detail with respect to sanctuaries (Category IV). The project will organize seminars where professionals and lay community members will be given the opportunity to learn in detail the benefits and shortcomings of various international models for community participation and management. These gatherings will bring together protected area management professionals, local community leaders, community members and interested third parties to openly discuss international approaches to community participation and determine best solutions for the Armenian context. The policy paper on governance models for sanctuaries, resulting from these discussion, will propose two particular models (full community management and co-management) that will then be tested in the three project demonstration areas respectively. From here it will be taken on by Component II which will develop and launch management and business plan at each site. In year 4, once the three new sanctuaries are operational, the policy paper on the sanctuary management models will be finalized integrating lessons learnt at the demonstration sites, and adopted as a by-law to support the 2006 Protected Area Law. The output should result in legitimate avenues for community participation in Sanctuary management being modeled in the pilot sites, and replicated widely at all sanctuaries after project completion. Results and lessons learned from this output will be collated into a policy document used to inform Output 1.1, strengthening of the legal framework.

Component II. Institutional capacity building for PA management

Output 2.1 National and local training programs for sanctuary managers and local communities. The project will invest in capacity-building of the IUCN Category IV PAs at two levels: national and local. At the national level, the PoWPA Country Action grant is currently developing a regular PA national vocational training course. The PoWPA grant,

however, is limited to the elaboration of the educational curriculum and implementation of 4-5 first training sessions. This project will support the national vocational training course, by focusing on IUCN Category IV capacity building needs, developing corresponding training materials, equipping the training host agency with necessary educational means, and reaching an agreement with the Ministry of Natural Resources on sustainable funding of the course beyond the project. The training topics to be included correspond to the major capacity gaps relevant for sanctuaries: (i) designing a multiple-use protected area spatial plan; (ii) designing a meaningful management plan and a realistic business plan with a view to make use of local income-generation activities, accounting principles, budgeting and grant writing; (iii) developing and launching sustainable tourism activities; (iv) conflict management; (v) biodiversity monitoring techniques; (vi) law enforcement, (vii) public awareness and outreach.

At the local level, the project will invest in establishment of three PA information and education centers at the demonstration sanctuaries. The project will develop guiding materials and training courses and support their implementation during each of the 4 years of operation. The centers will be capacitated to undertake public awareness and outreach programs that will provide communities with knowledge of biodiversity and tools for engaging in sanctuary co-management. It is expected that during the life of the project at least 200 community representatives will attend educational events organized by the centers, and at least 5 local entrepreneurs / community groups will be engaged in sanctuary co-management. The 2 information centers will further support mobile community training programs, the Caucasian leopard campaign, school conservation programs with outdoor education components, and will building the capacity of local community members to actively participate in biodiversity monitoring.

Output 2.2 Management and business plans at three sanctuaries developed: To date, no sanctuary in Armenia benefits from a complete and operational management and business plan. This project will design and put in implementation combined management and business plans for each of the three pilot area. This output is an important capacity building exercise, but it will also set an institutionalized process for systematically improving site and business management plans based upon a continuing learning cycle. Activities will include: (i) once the three sanctuaries are established, their management units and collaborative agreements are in place – working groups will be set comprising site managers, community leaders, and project experts. The working groups will, based on the site Charters and declaration papers, develop draft elements of the management plans, including physical and biological characteristics of the site, threats, site vision and conservation priorities, staffing tables, infrastructure requirements, 4-year conservation management and monitoring plan; law enforcement protocols and processes (including anti-poaching measures); (ii) a series of workshops within and proximate to each pilot site to solicit opinions from stakeholders regarding conservation management challenges and potential responses; (iii) learning exchanges with Georgia where protected area management planning for multiple use areas commenced in earnest earlier than in Armenia; (iv) development of the business plans: costing operational and capital needs, identifying the revenue sources from the central budget, development of mechanisms for local income-generation and business opportunities related to rational use of resources, adapting the staffing tables and management plans to the scenario in which revenues are optimally matched with the cost needs; (v) final round of consultations, finalizing integrated management and business plans and submitting them for adoption to local authorities.

The production of the combined sanctuary management-and-business plans will be based upon best international experience and provide realistic guidance for small business entrepreneurs. The plans will help with identifying potential economic opportunities, breakdown investment costs, examine potential markets, and provide instructions on how to develop and maintain a sustainable business by the sanctuary management unit or engaging local entrepreneurs and communities. The plans will be used as a basis for sustainable resource use, including as appropriate tourism, sustainable grazing (launching of these two, which have high potential and important biodiversity value, will specifically be supported through Output 2.3), regulated sport hunting and collection of marketable flora. By project end, each pilot site will have an operational model for sustained and consistent management and financing required for securing biodiversity values. This output benefits from Output 2.1 which will invest in training for local communities and sanctuary managers in business planning, accounting practices, budgeting, and grant writing.

Output 2.3 Management and business plan implementation supported on the ground: In order to build confidence of the local PA stakeholders and demonstrate replicable experience, the project will support launching of key management and income-generation activities at the three sanctuaries. Firstly, as part of the management planning process, communities and Sanctuary managers will develop and implement tools for anti-poaching. This includes monitoring of poaching activity and identification of poaching sources. The project will explore traditional tools such as limiting access to prime habitat of threatened species, improved signage, and patrol systems. The project will emphasize the creation of innovative programs that create incentives for community member support and participation. Protected area managers will be trained

in and provided technical support for community outreach that encourages community members to engage in the monitoring and reporting of poaching activity. Partnerships with regional nature protection inspection, police and representatives of mass media will be established. In at least one pilot site, government protected area managers will be provided with support and expertise to enforce anti-poaching activities along with the Armenian military. This incentive and education based program will serve as a model for other Armenian protected areas.

Secondly, the project will support the implementation of habitat monitoring programs. These targeted research programs will be used to inform and improve the management process. Monitoring will engage community members. Activity will include non-invasive survey techniques for indicator species such as leopards as well as finer scale monitoring of agrobiodiversity. Activities will build capacities for both data collection and management for priority species and habitats. This will include strengthening capacities for the development of survey protocols and the application of GPS and GIS technologies.

Thirdly, community members and protected area managers will be provided with the support necessary to develop a comprehensive livestock-grazing program in at least one of the pilot areas as an important extension of the management planning process. This program will shift current open-grazing management within the pilot area to community-based management. The established management regime will respect traditional grazing patterns while lowering the total impacts on biodiversity resources and improving livestock profitability. This will be achieved through linkages with both the biodiversity monitoring and business development activities. Livestock grazers will learn how to improve grazing activity and business acumen. The activity will result in an enforced grazing management plan suitable for integration within the broader protected area management plan

Lastly, tourism represents both a conservation challenge and opportunity. The project will work with stakeholders in the Gnishik area to create a comprehensive model for tourism management within sanctuaries. The model will be appropriately scaled to protect biodiversity integrity. Tourism will be used as a tool to promote conservation education and ethics. Investments will only support tourism that is low impact, does not require significant infrastructure development, increases management financing, and improves the community's quality of life. Training will be provided to both community members and entrepreneurs in best international tourism practices and experiences. Practical training will include how to provide guest services, implement destination marketing, and complete realistic business plans. Community members and business interests will work together to determine and implement best tourism development schemes. Additional project investments may support model tourism routes (i.e., hiking trails), low cost infrastructure (i.e., garbage collection sites, picnic areas), installing use fees/permits, certification programs, and the creation of interpretative materials. Important aspects of tourism development will be monitored throughout the project life cycle. The project will monitor the relationship between management improvements and viewable wildlife to determine if a correlation exists between increased tourism revenue and increased opportunities for wildlife viewing. The project will conduct attitudinal surveys of visitors to determine if the purpose of visitation, biodiversity knowledge, and level of conservation advocacy change during the period of project implementation.

Output 2.4 Lessons learned documented and experience set to replication. This project is based upon the premise that Sanctuaries are failing in Armenia because there is no capacity and no model to stimulate success. All previous outputs have been constructed to remove regulatory barriers and create a critical mass of demonstration effect to reverse the failure of sanctuaries to effectively conserve biodiversity. In order to capture project successes for national replication, the project will sponsor two national level workshops to disseminate findings and activities. One purpose of this activity is to make certain project investments result in sustained activity within each pilot site and promote national level improvements. These workshops should serve as a forum for inter-active learning, question and thought regarding the successes and failures of project activity in achieving discreet outcomes and outputs. Local and national project managers, community members, government representatives, and protected area staff will be expected to make individual presentations explaining their personal project related activities and the conservation results of those activities, i.e., legal framework improvements, biodiversity monitoring, community management, tourism development, management planning, poaching alleviation, etc. The workshop results/presentations will be collated into a brief document (less than 40 pages) summarizing what the project has done, why and what the results. These documents, one developed at project mid-term and a second developed at project close, will serve as teaching guides for protected area managers, community members and others to assist with replication of project results. The summary will be presented in a form suitable for incorporation within national strategies and action plans related to protected areas management.

II.3. Project Indicators

71. The project indicators are detailed in the results framework attached in Section II of this document.

II.4. Risks and Assumptions

Risk/Assumption	Rating	Alleviation Steps
Strategic: There is a history of inadequate cross-sectoral coordination between key stakeholder groups in Armenia both at policy and project implementation levels, which may disrupt project implementation.	Medium	Project coordination will be facilitated through the offices of the Ministry of Nature Protection and the UNDP CO. The design of the project is focussed heavily within the remit of just one Ministry (MoNP) making the need for inter-Ministerial cooperation low. To facilitate coordination where necessary at this level, the project will establish a Project Steering Committee involving all affected organizations.
Political: As a result of recent elections, governmental changes may cause a re-evaluation of priorities and funding so that the Government fails to commit sufficient financial support to the protected area system	Low	Recent elections have not led to wholesale government changes and environmental concerns are likely to remain high on the agenda. Even if radical changes occur, the project will most likely be supported since it will diversify funding sources and lessen government's financial burden. The project's potential for providing economic benefits nationally and to local communities will likely be favourable even if national political changes are drastic.
Political: Legal framework improvements will be resisted and not changed.	Low	During project design, stakeholders unanimously agreed that the legal framework (law, regulations, and charters) concerning Sanctuaries must be improved. However, there are always risks on the Parliamentary level if amendments are proposed. If Parliament resists proposed changes, creative lawyering should generate fixes through regulations and/or the charter, both are controlled by Government.
Financial: The international financial crisis coupled with moderate inflation may require reconsideration of the project budget and approaches.	Medium	The international financial crisis may impact this project in two obvious ways. First, the project may experience large and unforeseen fluctuations in both currency levels and commodity prices. The US dollar is now stronger and commodity prices levelling. However, the spikes seen during the summer of 2008 may return. Second, any downturn in international tourism and remittances/investments by the diaspora will strongly impact Armenia and this project. The success of various protected area financing schemes are somewhat dependent upon both of these sectors. The project designers are well aware of both. Expectations and budgets have been pegged with elasticity in both. More clarity should be available at the time of the project implementation workshop and necessary adjustments made to both the budget and framework.
Climate change: Climate change is evidenced in Armenia resulting in altitudinal shifts of forests. The semi-desert and steppe vegetation belts have expanded and the alpine vegetation belt has reduced. It is expected that the desert and semi-desert zone area will expand by 33%, a new desert zone will form, and semi-desert will move over the bottom border of the southeastern forests.	Low	The project will coordinate with the UNDP/GEF project on "Adaptation to Climate Change Impacts in Mountain Forest Ecosystems of Armenia" which is under preparation stage so as to design measures aimed at increasing the resilience and adaptability of the ecosystems. The predicted impact of climate change is likely to exacerbate the impact of existing human pressures on natural areas. There is a need to reduce human pressures on vulnerable habitats. This will be catered for by expanding the PA estate, and ensuring that adaptive management measures and capacities are in place to buttress ecosystem resilience to anticipated climate risks. The project will put in place a mechanism for active participation of local communities in the identification and implementation of adaptation measures.

II.5. Incremental Reasoning and expected global, national and local benefits

72. Under the **baseline scenario**, the focus within the protected area system will remain on National Parks and State Reserves where management intervention is limited to people-management and guard duties. Advances made in some areas (notably Lake Sevan, Dilijan National Parks and Arpi Lake National Parks) by recent donor projects including the GEF, particularly in developing management plans, show clear signs of being disseminated through the rest of the system

albeit slowly. However, these improvements will not be valid to the third tier of protected areas, Sanctuaries. Under the baseline, these will likely continue to exist purely on paper. With the support of WWF and others, the Government will continue to be working towards expanding the country's protected areas. Under the baseline, the proposed expansions remain focused on the creation of new National Parks and State Reserves. The PoWPA grant might improve the situation for Category V, Nature Monuments. Sanctuaries will remain to be neglected, pervaded by lack of technical knowledge and models showing best international principles and practices regarding the establishment of protected areas on community-owned land. The result of not being able to include these community areas of high biodiversity value within the protected area system will be fragmentation and under-representation. Sanctuaries will remain largely isolated. Important ecosystems between reserves will remain vulnerable and under increasing pressure from unsustainable activities.

73. The Government of Armenia will continue to implement legislative and policy reform. However, financial, technical, and professional resources will remain limited thereby curbing the development necessary to significantly improve protected area effectiveness and representation. Without this project, Armenia will likely never be able to finance and access the tools required to surmount these barriers. Meanwhile, threats to Armenia's biodiversity would continue to expand and barriers grow.

74. The **GEF alternative**, on the other hand, will signify a vast improvement in the national legal and institutional framework needed to support protected area management and demonstrate improved management approaches. By the end of the project, there will be efficient models of management authority; management, business, and financial plans for sanctuaries; and research and monitoring programs will be congruent with the IUCN category IV concept of "active intervention for management purposes so as to ensure the maintenance of habitats and/or to meet the requirements of specific species". The project will result in demonstration effect, higher capacities, replicable experience and research necessary to identify and hone management interventions at under-represented habitats. Armenia's Sanctuaries will become the focus of a systemic capacity-building program to manage protected areas effectively and to demonstrate clearly the efficacy of community participatory approaches. Links between successful conservation of biodiversity and economic benefits accruing to the local communities will be demonstrated, and where available and appropriate, links to private sector financing will be developed.

75. Three sanctuaries covering 48,000 ha (53% of the expanded sanctuaries estate by area) will be operational by the end of the project, with ensured financial sustainability. The likelihood of the financial sustainability of the whole group of sanctuaries (28 by number, covering 137,000 ha after expansion) will be substantially raised. Several currently under-represented habitats and biodiversity resources within the protected area network will be brought under protection. Each of the three sanctuaries represents an important piece of the same large landscape puzzle. Together, they will help secure connectivity between reserves in Armenia, Azerbaijan and Iran.

76. The **GEF incremental value** is significant: (1) pressured on a number of globally threatened species will be removed [Bezoar goat (*Capra Aegagrus*), Armenian mouflon (*Ovis ammon Gmelin*), Eurasian lynx (*Lynx lynx*), and Caucasian leopard (*Panthera pardus sicaucasica*), Lesser Kestrel (*Falco naumanni*), Imperial Eagle (*Aquila heliaca*), and Greater Spotted Eagle (*Aquila clanga*)], endemic flora. (2) 48,000 ha of underrepresentative habitats of low-mountain dry steppe, low and middle mountain steppe, high mountain subalpine and high-mountain alpine will be brought under protection. (3) long term sustainability of IUCN Category IV (total area of 137,000 ha after expansion) will be ensured. (4) lasting skills, business models and conservation approaches will be developed, tested and set to replication; the human capacity will be built on both community and government levels required for sustainable operation of complex protected areas. (5) The legal framework required to guide establishment and sustainable operation of sanctuaries will be improved. The lessons learned and the mechanisms developed in these establishment processes will then be made available so that they can be replicated elsewhere in the country.

77. With GEF inputs, Armenia's protected area network will move significantly closer to conserving biodiversity on a landscape level that is ecologically meaningful. The project will immediately result in an improved legislative framework upon which to base this model; new and improved protected areas for habitats and species currently under-represented; examples of protected area management that are much more community inclusive and supportive; and, prototypes of a suite of management improvement tools to prepare protected area managers, including opportunities to link protected areas with the country's socio-economic development priorities. None of these elements critical to effective landscape level conservation would likely be realized without GEF inputs.

78. The total cost of the project, including co-funding and GEF funds, amounts to USD 2,950,000. Of this total, co-funding constitutes nearly 66% or USD 2,000,000 (including 1,500,000 from the Ministry of Natural Protection, and 500,000 from WWF Armenia). The GEF financing comprises the remaining 34% of the total, or USD 950,000. The [incremental cost matrix](#) below provides a summary breakdown of baseline costs, co-funded and GEF-funded alternative costs.

Table 6. Summary of baseline and incremental costs

Result	Business-as-Usual and costs	Project incremental value and costs
Domestic Benefits summary	Residents suffer from deteriorating ecological situation with limited sustainable development options.	Better quality of life for Armenian residents, including benefits of ecosystem services from protected natural areas and greater access to wider variety of economic alternatives.
Global Benefits	Existing threats continue to expand unabated. Globally significant biodiversity lost and/or left highly vulnerable due to fragmented landscapes and a failure of protected area system to include adequate representation of key biomes.	Strengthened protected area network means a higher ecological representativity, greatly increased likelihood of long-term conservation of globally significant biodiversity. Existing threats addressed and conservation community strengthened to solve future arising threats. Lessons learned contribute to regional knowledge base.
Component 1. Rationalization of protected area system.	MNP: \$560,549 UNDP: \$39,000 WWF: \$1,100 Total: \$600,649	MNP: \$700,000 WWF: \$300,000 GEF: \$470,000 Total: \$1,470,000
(i) Set of by-laws to operationalize the 2006 Protected Area Law	Management of sanctuaries suffers from weak legal framework. MNP: \$243,249 UNDP: \$10,000 WWF: \$1,100 Total: \$254,349	Strong legal framework for guiding Sanctuary establishment and management, including model charters. MNP: \$265,763 WWF: \$30,000 GEF: \$110,000 Total: \$405,763
(ii) Institutional links re-configured to clarify roles and responsibilities for governance and management of sanctuaries:	Institutional coordination lacking and conflicting. MNP: \$317,300 Total: \$317,300	Institutional conflicts liquidated and effectiveness raised. MNP: \$79,729 GEF: \$23,500 Total: \$103,229
(iii) Three new sanctuaries (Gnishik and Khustup 34,000 ha) established at underrepresented habitats:	A number of important habitats and species not represented in protected area system. Total: \$0	48,000 ha of underrepresented habitats benefit from protected area status. MNP: \$106,305 WWF: \$270,000 GEF: \$313,000 Total: \$689,305
(iv) New PA management model developed for sanctuaries and put into policy:	Communities disenfranchised from protected area management. UNDP: \$29,000 Total: \$29,000	Communities participating in model sanctuary management programs. MNP: \$248,203 GEF: \$23,500 Total: \$271,703
Component 2. Institutional capacity building for protected area management	MNP: \$95,148 WWF: \$65,360 Total: \$150,508	MNP: \$600,000 WWF: \$200,000 GEF: \$385,000 Total: \$1,185,000
(i) National and local training programs for sanctuary managers and local communities:	Local residents have limited access to information regarding contemporary conservation biology making informed decision-making difficult. Capacities of PA managers are limited. MNP: \$17,300	An informed constituency has access to conservation biology information and is better equipped to participate in Sanctuary management decisions. MNP: \$53,153 GEF: \$6,000

Result	Business-as-Usual and costs	Project incremental value and costs
	WWF: \$2,000 Total: \$19,300	WWF: \$5,000 Total: \$64,153
(ii) Management and business plans at three sanctuaries developed:	Management plans continue to be developed, albeit at a slow pace. Limited monitoring of some species. Management of Sanctuaries not informed by on-going, rigorous monitoring of globally significant species. Open access grazing regimes continue to threaten biodiversity. Poaching of globally significant species such as mouflon and wild goat continue resulting in lower prey densities for leopard. MNP: \$34,599 WWF: \$10,400 Total: \$44,999	Model sanctuaries benefit from effective management plans designed to be functional, responsive, and adaptive. Three model sanctuaries practicing adaptive management informed by solid biodiversity monitoring program that serves as national and regional model. Community members show link between conservation and improved quality of life. MNP: \$201,980 GEF: \$35,000 WWF: \$23,400 Total: \$260,380
(iii) Management and business plan implementation supported on the ground:	Sanctuaries continue to be paper parks with almost no management financing. Community-based initiatives for economic development do not reflect best international small-business and/or conservation practices. Tourism development is opportunistic and potentially antagonistic to conservation objectives. Local residents do not reach income generation potential. MNP: \$43,249 WWF: \$1,960 Total: \$45,209	Sanctuaries benefit from long-term, sustainable revenue streams. Community managed grazing piloted in model sanctuaries increases production value while lowering adverse biological impacts. Poaching is alleviated. As prey species recover, the long-term survival chances of leopard and associated habitat is enhanced. Community members running small businesses that benefit them financially, create incentives for biodiversity conservation, and directly assist with the protection of model Sanctuaries. Sanctuaries benefit from well-planned and regulated low impact tourism activity. MNP: \$334,236 GEF: \$339,000 WWF: \$171,600 Total: \$844,836
(iv) Lessons learned documented and experience set to replication:	Very limited resources available to provide protected area managers and other interested stakeholders with models for strengthening effectiveness of sanctuaries. WWF: \$51,000 Total: \$51,000	Project successes and lessons learned taken up and amplified nationally to help create a more effective protected area system that is able to employ more landscape level approaches. MNP: \$10,631 GEF: \$5,000 Total: \$15,631

II.6. Expected Global, National and Local Benefits

79. Armenia will realize a number of benefits from this project. The country's protected area system will be expanded significantly. Standards of living and quality of life will be enhanced nationally as well as locally with improved ecological stability and delivery of ecosystem services. The capacities of several government agents and community members/leaders will be improved. The country will have a model in place for the future development, expansion and improved management of protected areas. Although rarely discussed because it is difficult to quantify, the project will help preserve open spaces and wildlife that are highly valued by many for aesthetic and spiritual reasons. Agro-biodiversity and other biological resources sustainably used and relied upon by many of Armenia's citizens will be better protected. Armenia's obligations under the CBD will be supported.

80. This project will contribute to achieving several global environmental benefits. By forwarding conservation of Armenia's biodiversity, the project will be helping to protect part of WWF's "Global 200" and Conservation International's "Caucasus Hotspot". The project will result in the global conservation and the protection of habitat for numerous endangered species, many of them endemic. Most of these habitats and species are currently not represented or under-represented in the world's current catalogue of protected areas. Example species and habitat types that will be immediately brought under the umbrella of protection include Bezoar goat, Armenian mouflon, leopard, striped hyena,

and more than ten species of agro-biodiversity plants. Example habitat types to be included are low-mountain dry steppe, low and middle mountain steppe, high mountain subalpine and high-mountain alpine.

81. The project will contribute to the global effort to combat climate change by enhancing sustainable land management of vulnerable landscapes and protecting ecosystem services. The project will also support adaptation by providing elasticity in the protected area system that will, ideally, allow for biological communities to adjust behaviors and conditions in response to climate changes.

II.7. Country Ownership: Country Eligibility and Country Drivenness

82. The Republic of Armenia has ratified the Convention on Biological Diversity in 1993 and continually participates in its processes. In 1999 the country submitted its Biodiversity Strategy and Action Plan. Various policy documents frame government policy for biodiversity conservation and the establishment and management of protected areas. In 2002, the Government adopted ““Strategy on Developing Specially Protected Areas and National Action Plan”. The Strategy was updated in 2008 and lays out four blocks of concern and action. Each matches the parameters of the proposed project: Improvement of the legislative base for protected areas; PAs network clarification and establishment of new PAs, as well as monitoring; Improvement of the financial mechanisms for PA’s; and, National PA staff training.

83. Armenia adopted the Law on Specially Protected Natural Areas in 2006. The law recognizes new models for PA management (including management by local communities), but it lacks implementation mechanisms and has not been operational in promoting such. Armenia has ratified the CBD Programme of Work on Protected Areas; UN Convention on Wetlands of International Importance especially as Waterfowl Habitat; and European Landscape Convention.

84. The project is also consistent with the spatial priorities and PA targets identified in the Millennium Development Goals: Nationalization and Progress – National Report 2005, the Strategy on Developing Specially Protected Areas and National Action Plan (2003), the National Biodiversity Strategy and Action Plan (1999), the Eco-regional Conservation Plan for the Caucasus 2nd edition (2006), the National Environmental Action Programme (1998), the National Poverty Reduction Strategy Paper 2003-2015, and the National Forest Policy and Strategy of the Republic of Armenia (2005).

II.8. Sustainability

85. Environmental sustainability: The project’s concept is based on the premise that sanctuaries (IUCN IV Cat.) can serve as a main vehicle to bring the currently under-represented habitats under protection. The project will validate this concept by creating and equipping three new sanctuaries [through outputs 1.3, 2.2 and 2.3] which jointly will enlarge the sanctuary estate by 53%, adding 48,000 ha of underrepresented habitats under protection. Output 2.4 will ensure that the project experience with using sanctuaries as vehicles for raising ecological representativity are documented and imbedded in a replication strategy, achieving, within a 5-years period beyond the project, full capacitating of sanctuaries at 137,000 ha of sanctuaries [their area after expansion]. Outputs 1.1 and 1.4 will put the necessary legal framework to translate this experience into law.

86. Financial sustainability: The financial solvency and independence of the three sanctuaries piloted under this project (which is 53% of the expanded sanctuaries estate by area) will be determined by the quality of business plans developed under Output 2.3. Key to successful business plans will be the optimization of PA costs (operational including staff costs, as well as capital) vs. realistic revenue streams for each sanctuary from national and local sources. Costs for the sanctuaries have been assessed by the preparatory work of the Caucasus Protected Area Trust Fund, and refined through the Financial Scorecard preparation process during the preparation of this project. For the three sanctuaries, the annual basic cost needs are assessed to be in the range of USD 43,000 and 80,000 per year¹, although under the desired “ideal” scenario (assessed by the WWF based on high staff salaries and 24-hour protection) the baseline cost needs are assessed to be 2 – 2.5 times higher². The optimal annual “consensus” cost needs per site are thus within the range of USD 65,000 – 90,000 per year per site. The “consensus” costs are lower than the idea costs defined by the WWF, with this amount the site managers will be able to ensure stable biodiversity protection, engage in economic activities and do basic ecological monitoring. Currently, the Ministry of Nature Protection is currently providing about 55% coverage of the “consensus”

¹ Exact figures will only be available when Output 2.3 (management and business planning) is implemented. The approximate optimal running cost structure for sanctuaries in Armenia is as follows: 44% staff costs, 20% purchase and maintenance of equipment, vehicles and infrastructure; 21% conservation and visitor programs, 7% travel costs; 8% administrative overhead and miscellaneous costs. A more detailed breakdown is presented in the Caucasus Protected Area Trust Fund Feasibility Study, Annex C.

² As per individual financial scorecards for each of the three sites prepared by WWF at the PPG stage.

costs, and has committed, through this project, to support 70-75% of these costs. It is considered highly realistic to cover the remaining annual deficits of optimal [but not “ideal”] costs (USD 15,000-25,000) from revenue generated by the local business initiatives which will be promoted by this project. When drafting the business plans, developing and launching green small-business models at the three sanctuaries, the project team will benefit from the in-kind contribution of the UNDP Biodiversity Economist group which has established experience in protected area business planning in Europe, as well as globally.

87. Of the 25 sanctuaries expected to be operationalized in Armenia, the three project sites are the largest. The financial sustainability of the remaining 47% of the area of sanctuaries will depend on much less cost needs. The Caucasus Trust Fund Feasibility Study indicated that for small sanctuaries annual optimal costs range from USD 30,000 to 35,000. With the commitment of the Government to cover the 70-75% of those costs, the project will, through replication (Output 2.4) and legislation work (Component I) ensure that all possible avenues are opened, models validated and disseminated at the level of sanctuary managers and community leaders to enable them make use of local business opportunities piloted by the project, to cover their outstanding 25-30% annual budget needs [which is USD 8,200 – 10,000 per year per sanctuary on average].

88. The financial sustainability of other categories of protected areas (primarily Category I and II) is dealt by the sister project – PIMS 4258 Catalyzing Financial Sustainability of the Armenia’s Protected Area System. This project relies on the support from the Caucasus Trust Fund, which is expected to be capitalized with GEF support. The two projects, if funded by the GEF, together will systemically cover the majority of financial needs of all IUCN categories of protected areas in Armenia.

89. Social sustainability: This project is targeting IUCN Category IV, which is THE category where ecological values are best juxtaposed with social well-being and sustainable livelihoods of local communities. Through Component II, community members will be provided on the ground with better options for seeking out and realizing alternative livelihoods. Existing livelihoods will be improved through advanced capacities and access to knowledge resources. The experience gained will then be fixed in law through Component I. Community members will receive greater inclusion in decision-making processes.

90. Institutional sustainability: Building the ability of institutions to sustainably support the long-term health of Armenia’s protected area system is the paramount objective of Component II. Through this component, the project will positively impact institutions on the community, regional, and national level. Direct capacity-building will take place through training programs. In-direct capacity building will result from implementation of various project activities. Much of the project’s efforts are focused upon providing institutions with the tools required for long-term institutional integrity. Strengthening the country’s legal framework in Component I will alleviate current institutional inconsistencies and conflicts.

II.9. Replicability

91. The potential for replication is substantial. As has been noted in the background, there are significant areas in Armenia and the region where biodiversity is currently vulnerable due to the absence of the creative, multiple use, landscape level protection measures that this project will model. The premise for this project is the need for replicable models for the creation and management of Sanctuaries as a vehicle to cover the ecological under-representativity of the PA estate. The project will stimulate within Armenia and the region the exchange of ideas for improving biodiversity conservation. Each pilot and all associated activity is designed specifically to serve as a replicable model. Each site will serve as a forum and classroom for national level discussion and learning. Training programs, improvements to the legal framework, and institutional strengthening activities will each create a solid base for the construction of new protected areas based upon lessons learned from this project. There are two specific elements built within the project to trigger replicability: firstly, Output 2 is all about documenting lessons learnt, presenting them, discussing them in forums and using for fine-tuning of legislation pursued through Component I. Secondly, the project envisages exchanges with the Georgian counterparts on the issues of management and business planning for sanctuaries. This will have a spill-over effect, whereby the good experience possessed by Georgians will be integrated into the Armenia work, but on the other hand the lesson generated by the Armenian project will be made available for the Georgian counterparts. At close, the project will leave behind operating models for future replication as well as tangible products such as training guides, management plans, and a lessons learned documents each of which will leave a record to guide future replication and improvement on project outcomes.

PART III : Management Arrangements

III.1. Management Roles and Responsibilities

92. The Ministry of Nature Protection is the government authority responsible for environmental policy and management. The MNP will serve as the Executing Agency/Implementing Partner. The Ministry will be responsible for: (i) directly overseeing project implementation, (ii) attainment of the planned project Activities/Outputs as per the Project Results and Resources Framework. The MNP's National Portfolio Director (NPD) will oversee the project on behalf of the Ministry. The Ministry may also appoint a Project Responsible Person to liaise with UNDP and be in charge of project implementation ensuring its conformity and synergy with the directions of national environmental policy. The Ministry will promote inclusive, transparent and accountable management. These efforts will include the meaningful participation of the Project Steering Committee in the decision-making process.

93. The UNDP Country Office will serve as the project's GEF Implementing Agency. The project fully complies with the comparative advantages matrix approved by the GEF Council. The Government of Armenia has requested UNDP assistance in designing and implementing this project, since it is strongly linked with the portfolio of environmental projects currently being implemented by UNDP Armenia and will benefit from their experience. It is also fully within the scope of the agreed areas of activities between the UNDP and the Government. UNDP has developed global expertise in supporting the development of an enabling environment for protected area establishment and management, and currently is supporting a number of projects in 22 countries in Europe and CIS, focused on catalyzing the sustainability of protected areas, with an impact on more than 60 protected areas in the region covering more than 16 million hectares.

94. The UNDP CO will support project implementation activities in accordance with UNDP rules and procedures. The UNDP CO will insure project accountability, transparency, effectiveness and efficiency. UNDP will be responsible for and provide the Implementing Partners with the following execution and implementation services: Project supervision, monitoring and evaluation; Financial oversight and management; Drafting of terms of reference and specifications for equipment; Procurement of goods, including approval of expenditures; Procurement of services, including and the identification, selection, procurement and contracting of project consultants and sub-contractors; and, Assistance with public advocacy, communication with national partners and coordination of co-funding activity.

95. The UNDP Project Manager will coordinate project activities and serve as the financial authorizing officer. Management of project funds including budget revisions, disbursements, record keeping, accounting, reporting, and auditing will follow UNDP rules and procedures.

96. The Project Steering Committee will monitor project progress, provide political oversight, and offer general advice for project implementation to make certain the project is consistent with national development processes. The Project Steering Committee will include representatives of both MNP and UNDP as well as key ministries and agencies such as the Ministry of Agriculture, National Statistical Service, Ministry of Territorial Administration, critical academic institutions and CSOs. The Project Manager will serve as the Project Steering Committee's Secretary. The Committee will meet quarterly to discuss project status and future direction.

97. The Project Manager (PM) will be responsible for project operations. The PM will report to UNDP Environmental Governance Portfolio Analyst and act in consultation with the MNP's Project Responsible Person. S/he will ensure the proper use of funds and that project activities are implemented in accordance with the agreed project document and project work plans. The PM will be responsible for the project daily planning, implementation quality, reporting, timeliness and effectiveness of the activities carried out. The PM will be supported by part-time local and international experts as well as by local support staff.

98. A small Project Management Unit (PMU) headed by Project Manager will be established and placed at the MNP. The PMU personnel, including Team leader will be selected jointly by the MNP and UNDP on competitive basis and according to UNDP rules and procedures.

99. The Ministry will extend all necessary support to the project team. As part of Government's in-kind contribution, the Ministry will provide the PMU with required facilities such as adequate office space, communication services, and other utilities. The PMU will carry out all project activities under the guidance of the PM and in coordination with the Project Responsible Person. PMU responsibilities will include: (i) preparation/updates of project work plans; (ii) record keeping, accounting, reporting; (iii) drafting of terms of reference, technical specifications and other documents as necessary; (iv) identification, pre-screening of consultants/sub-contractors; (v) coordination and supervision of consultants/sub-

contractors/ suppliers; (vi) organization of duty travel, seminars, public outreach activities and other project events; and, (vii) working contacts with project partners at the central and local levels.

100. The PMU will produce quarterly and annual work plans. These work plans will be the basis to allocate resources to planned activities. It will be generated in close collaboration with the relevant Stakeholders and be presented to the SC for its endorsement before it is sent to UNDP-GEF.

101. The PMU will also produce annual progress reports. These progress reports will summarize the progress made by the project versus the expected results, explain any significant variances, detail the necessary adjustments and be the main reporting mechanism for monitoring project activities.

102. Based on the current design of the project a detailed-design phase will be conducted at the beginning of the project. This phase will start with the set-up of the PMU and continue with the review of the overall design, the identification of partners, the establishment of a baseline using the set of indicators identified in this proposal, the development of a monitoring plan and the first annual work plan to guide the implementation. This phase will be concluded with a Stakeholder workshop where the project detailed design will be presented.

III.2. Collaborative Arrangements with Other Projects

103. Programme of Work on Protected Areas (PoWPA). This project is well coordinated with the PoWPA country action grant implemented by Armenia. This is a grant under the global UNDP GEF project; GEF is contributing US\$ 129,000 with an additional US\$ 123,800 in co-financing, primarily by the Government (US\$78,700) and WWF (\$34,100). The PoWPA project will: (1) complete a comprehensive ecological gap analysis, (2) Pilot PA governance models (focusing on Category V Natural Monuments), and (3) put in place a framework for a comprehensive PA training course. The two project teams will share supervisors from UNDP Armenia and Ministry of Nature Resources and will have regular informal exchange of information. Specifically, Component I of the proposed project (Legal framework) will reflect and incorporate lessons learned from activities undertaken under the PoWPA country action grants program's first Outcome which deals with the comprehensive ecological gap analysis. Output I.4 (new governance models for sanctuaries) will interact closely with and build on the results of the PoWPA Country Action grant Outcome II *Recognizing and promoting new PA governance types*, which is making a wide review of all PA governance types in Armenia, with a focus on Nature Monuments (Category V). This project will build on the studies of the PoWPA grant and detailize them with respect to sanctuaries (Category IV). On the training programme, the PoWPA grant, however, is limited to the elaboration of the educational curriculum and implementation of 4-5 first training sessions. This project's Output 2.1 will support the national vocational training course, by focusing on IUCN Category IV capacity building needs, developing corresponding training materials, equipping the training host agency with necessary educational means, and reaching an agreement with the Ministry of Natural Resources on sustainable funding of the course beyond the project.

Other Programs

104. Secondly, the project is linked to a "sister" project PIMS 4258 Catalyzing Financial Sustainability of the Armenia's Protected Area System. This project relies on the support from the Caucasus Trust Fund, which is expected to be capitalized with GEF support. This project is currently at the project preparation stage, with GEF CEO request expected by October 2009. The aforementioned project is focusing on mobilizing revenue streams at the macro-level for Category I and II protected areas. The two projects together, if funded by the GEF, together will systemically cover the majority of financial needs of all IUCN categories of protected areas in Armenia. As a means of coordination, the project managers will sit on each other's project steering committees.

105. The project will build upon and integrate lessons learned from Component 3 *Protected Areas management and Biodiversity Conservation* of the *Natural Resources Management and Poverty Reduction Project* funded by World Bank-GEF. Further, the project will ensure active coordination, exchange of experience and complementarity with the following projects: *Development of the Second National Environmental Action Programme* implemented through UNDP; *Biodiversity Protection and Community Development: Implementing Ecoregional Conservation Plan Targets in South Armenia* funded by Norwegian Government (MFA) and implemented by WWF; *Development of an IBA Caretaker Network in the Priority Corridors projects*, also both funded by CEPF and coordinated by WWF and implemented by BirdLife International. Coordination with this projects will set through informal communication on the day-to-day basis.

III.3. Prior Obligations and Prerequisites

106. There are no prior obligations and/or prerequisites for this project.

107. In order to accord proper acknowledgement to GEF for providing funding, a GEF should appear on all relevant GEF project publications, including among others, project hardware and vehicles purchased with GEF funds. Any citation on publications regarding projects funded by GEF should also accord proper acknowledgment to GEF. The UNDP logo should be more prominent -- and separated from the GEF logo if possible, as UN visibility is important for security purposes.

PART IV: Monitoring and Evaluation Plan and Budget

108. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit in Bratislava. The Logical Framework Matrix provides performance and impact indicators for project implementation along with their corresponding means of verification. The METT tool, Financial Scorecard and Capacity Assessment Scorecard will all be used as instruments to monitor progress in PA management effectiveness. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, and a mid-term and final evaluations.

109. A Project Inception Workshop will be conducted with the full project team, relevant government counterparts, co-financing partners, the UNDP-CO and representation from the UNDP-GEF Regional Coordinating Unit, as well as UNDP-GEF (HQs) as appropriate. A fundamental objective of this Inception Workshop will be to assist the project team to understand and take ownership of the project's goal and objective, as well as finalize preparation of the project's first annual work plan on the basis of the log-frame matrix. This will include reviewing the log-frame (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise, finalizing the Annual Work Plan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project. Additionally, the purpose and objective of the Inception Workshop (IW) will be to: (i) introduce project staff with the UNDP-GEF team which will support the project during its implementation, namely the CO and responsible Regional Coordinating Unit staff; (ii) detail the roles, support services and complementary responsibilities of UNDP-CO and RCU staff vis-à-vis the project team; (iii) provide a detailed overview of UNDP-GEF reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, the Annual Review Report (ARR), as well as mid-term and final evaluations. Equally, the workshop will provide an opportunity to inform the project team on UNDP project related budgetary planning, budget reviews, and mandatory budget alignment. The workshop will provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify for all, each party's responsibilities during the project's implementation phase.

110. **Monitoring responsibilities and events:** A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Steering Committee Meetings and (ii) project-related monitoring and evaluation activities. Day-to-day monitoring of implementation progress will be the responsibility of the Project Manager based on the project's Annual Work Plan and its indicators. The Project Manager will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The Project Manager will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop with support from UNDP-CO and assisted by the UNDP-GEF Regional Coordinating Unit. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the Annual Work Plan. Targets and indicators for subsequent years would be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

111. Measurement of impact indicators related to global biodiversity benefits will occur according to the schedules defined in the Inception Workshop, using METT scores. The measurement of these will be undertaken through subcontracts or retainers with relevant institutions. Periodic monitoring of implementation progress will be undertaken by

the UNDP-CO through quarterly meetings with the Implementing Partner, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.

112. Annual Monitoring will occur through the Project Steering Committee meetings. This is the highest policy-level meeting of the parties directly involved in the implementation of a project. The first such meeting will be held within the first six months of the start of full implementation.

113. The Project Manager in consultations with UNDP-CO and UNDP-GEF RCU will prepare a UNDP/GEF PIR/ARR and submit it to Steering Committee members at least two weeks prior to the Steering Committee for review and comments. The PIR/ARR will be used as one of the basic documents for discussions in the Steering Committee meeting. The Project Manager will present the PIR/ARR to the Steering Committee, highlighting policy issues and recommendations for the decision of the Steering Committee participants. The Project Manager also informs the participants of any agreement reached by stakeholders during the PIR/ARR preparation on how to resolve operational issues. Separate reviews of each project component may also be conducted if necessary. Benchmarks will be developed at the Inception Workshop, based on delivery rates, and qualitative assessments of achievements of outputs.

114. The terminal Steering Committee meeting is held in the last month of project operations. The Project Manager is responsible for preparing the Terminal Report and submitting it to UNDP-CO and UNDP-GEF RCU. It shall be prepared in draft at least two months in advance of the terminal Steering Committee in order to allow review, and will serve as the basis for discussions in the Steering Committee. The terminal meeting considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured to feed into other projects under implementation of formulation.

115. UNDP Country Offices and UNDP-GEF RCU as appropriate, will conduct yearly visits to project sites based on an agreed upon schedule to be detailed in the project's Inception Report/Annual Work Plan to assess first hand project progress. Any other member of the Project Steering Committee can also accompany. A Field Visit Report/BTOR will be prepared by the CO and UNDP-GEF RCU and circulated no less than one month after the visit to the project team, all Project Steering Committee members, and UNDP-GEF.

116. **Project Reporting:** The Project Manager in conjunction with the UNDP-GEF extended team will be responsible for the preparation and submission of the following reports that form part of the monitoring process. The first six reports are mandatory and strictly related to monitoring, while the last two have a broader function and the frequency and nature is project specific to be defined throughout implementation.

117. A Project Inception Report will be prepared immediately following the Inception Workshop. It will include a detailed First Year/ Annual Work Plan divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan will include the dates of specific field visits, support missions from the UNDP-CO or the Regional Coordinating Unit (RCU) or consultants, as well as time-frames for meetings of the project's decision making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months time-frame. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may effect project implementation. When finalized, the report will be circulated to project counterparts who will be given a period of one calendar month in which to respond with comments or queries. Prior to this circulation of the IR, the UNDP Country Office and UNDP-GEF's Regional Coordinating Unit will review the document.

118. An Annual Review Report shall be prepared by the Project Manager and shared with the Steering Committee. As a self-assessment by the project management, it does not require a cumbersome preparatory process. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the Project Progress Report (PPR) covering the whole year with updated information for each element of the PPR as well as a summary of results achieved against pre-defined annual targets at the project level. As such, it can be readily used to spur dialogue with the Project Steering Committee and partners. An ARR will be prepared on an annual basis prior to the Project Steering Committee

meeting to reflect progress achieved in meeting the project's Annual Work Plan and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The ARR should consist of the following sections: (i) project risks and issues; (ii) project progress against pre-defined indicators and targets and (iii) outcome performance.

119. The Project Implementation Review (PIR) is an annual monitoring process mandated by the GEF. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects. Once the project has been under implementation for a year, the CO together with the project team will complete a Project Implementation Report. The PIR should be prepared in July and discussed with the CO and the UNDP/GEF Regional Coordination Unit during August with the final submission to the UNDP/GEF Headquarters in the first week of September.

120. Quarterly progress reports: Short reports outlining main updates in project progress will be provided quarterly to the local UNDP Country Office and the UNDP-GEF RCU by the project team.

121. UNDP ATLAS Monitoring Reports: A Combined Delivery Report (CDR) summarizing all project expenditures, is mandatory and should be issued quarterly. The Project Manager should send it to the Project Steering Committee for review and the Implementing Partner should certify it. The following logs should be prepared: (i) The Issues Log is used to capture and track the status of all project issues throughout the implementation of the project. It will be the responsibility of the Project Manager to track, capture and assign issues, and to ensure that all project issues are appropriately addressed; (ii) the Risk Log is maintained throughout the project to capture potential risks to the project and associated measures to manage risks. It will be the responsibility of the Project Manager to maintain and update the Risk Log, using Atlas; and (iii) the Lessons Learned Log is maintained throughout the project to capture insights and lessons based on good and bad experiences and behaviours. It is the responsibility of the Project Manager to maintain and update the Lessons Learned Log.

122. Project Terminal Report: During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the Project, lessons learnt, objectives met, or not achieved, structures and systems implemented, etc. and will be the definitive statement of the Project's activities during its lifetime. It will also describe recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the Project's activities.

123. Periodic Thematic Reports: As and when called for by UNDP, UNDP-GEF or the Implementing Partner, the project team will prepare Specific Thematic Reports, focusing on specific issues or areas of activity. The request for a Thematic Report will be provided to the project team in written form by UNDP and will clearly state the issue or activities that need to be reported on. These reports can be used as a form of lessons learnt exercise, specific oversight in key areas, or as troubleshooting exercises to evaluate and overcome obstacles and difficulties encountered. UNDP is requested to minimize its requests for Thematic Reports, and when such are necessary will allow reasonable timeframes for their preparation by the project team.

124. Technical Reports are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. Technical Reports may also be prepared by external consultants and should be comprehensive, specialized analyses of clearly defined areas of research within the framework of the project and its sites. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.

125. Project Publications will form a key method of crystallizing and disseminating the results and achievements of the Project. These publications may be scientific or informational texts on the activities and achievements of the Project, in the form of journal articles, multimedia publications, etc. These publications can be based on Technical Reports, depending upon the relevance, scientific worth, etc. of these Reports, or may be summaries or compilations of a series of Technical Reports and other research. The project team will determine if any of the Technical Reports merit formal publication, and will also (in consultation with UNDP, the government and other relevant stakeholder groups) plan and produce these Publications in a consistent and recognizable format. Project resources will need to be defined and allocated for these activities as appropriate and in a manner commensurate with the project's budget.

126. Independent evaluations: The project will be subjected to at least two independent external evaluations as follows: A Mid-Term Evaluation will be undertaken at exactly the mid-point of the project lifetime. The Mid-Term valuation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project’s term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

127. An independent Final Evaluation will take place three months prior to the terminal Project Steering Committee meeting, and will focus on the same issues as the mid-term evaluation. The final evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

128. Learning and knowledge sharing: Results from the project will be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and forums. In addition, the project will participate, as relevant and appropriate, in UNDP/GEF sponsored networks, organized for Senior Personnel working on projects that share common characteristics. The Caucusus have several existing and emerging mechanisms for sharing of biodiversity conservation information. This project will make use of and augment these tools to make certain project results are successfully amplified through-out the region. UNDP/GEF Regional Unit has established an electronic platform for sharing lessons between the project coordinators. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identify and analyzing lessons learned is an on- going process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every 12 months. UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned.

129. Audit Clause: The Government will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted by the legally recognized auditor of the Government, or by a commercial auditor engaged by the Government.

130. Monitoring and Evaluation Table and Budget: The following table outlines the principle components of the Monitoring and Evaluation Plan and indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized in the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Table 1: Project Monitoring and Evaluation Plan and Budget

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team Staff time</i>	Time frame
Inception Workshop	<ul style="list-style-type: none"> ▪ Project Coordinator ▪ UNDP CO ▪ UNDP GEF 	5,000	Within two months of project start
Inception Report	<ul style="list-style-type: none"> ▪ Project Team ▪ UNDP CO 	None	Two-weeks after IW
Measurement of Means of Verification for Project Purpose Indicators	<ul style="list-style-type: none"> ▪ Project Manager 	To be finalized in Inception Phase and Workshop. Cost to be covered by targeted survey funds.	Project start, mid-term and close
Measurement of Means of Verification for Project Progress and Performance (measured on an annual basis)	<ul style="list-style-type: none"> ▪ Oversight by Project Manager ▪ Project team 	TBD as part of the Annual Work Plan's preparation. Cost to be covered by field survey budget.	Annually prior to ARR/PIR and completion of annual work plans
ARR and PIR	<ul style="list-style-type: none"> ▪ Project Team 	None	Annually

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team Staff time</i>	Time frame
	<ul style="list-style-type: none"> ▪ UNDP-CO ▪ UNDP-GEF 		
Quarterly progress reports	<ul style="list-style-type: none"> ▪ Project team 	None	Quarterly
CDRs	<ul style="list-style-type: none"> ▪ Project Manager 	None	Quarterly
Issues Log	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO Programme Staff 	None	Quarterly
Risks Log	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO Programme Staff 	None	Quarterly
Lessons Learned Log	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO Programme Staff 	None	Quarterly
Mid-term evaluation	<ul style="list-style-type: none"> ▪ Project team ▪ UNDP- CO ▪ UNDP-GEF RCU ▪ External Consultants 	\$ 25,000	Project Mid-Term
Final Evaluation	<ul style="list-style-type: none"> ▪ Project team, ▪ UNDP-CO ▪ UNDP-GEF RCU ▪ External Consultants 	\$ 25,000	Two months prior to project close
Terminal Report	<ul style="list-style-type: none"> ▪ Project team ▪ UNDP-CO 	0	One month prior to project close
Lessons learned	<ul style="list-style-type: none"> ▪ Project team ▪ UNDP-GEF RCU 	\$ 8,000 (average \$ 2,000 per year)	Yearly
Audit	<ul style="list-style-type: none"> ▪ UNDP-CO ▪ Project team 	\$ 8,000 (average \$ 2,000 per year)	Yearly
Visits to field sites	<ul style="list-style-type: none"> ▪ UNDP Country Office ▪ UNDP-GEF RCU (as appropriate) ▪ Government representatives 	None. Paid from IA fees and operational budget	Yearly
TOTAL indicative COST Excluding project team staff time and UNDP staff and travel expenses		US\$ 71,000	

PART V: Legal Context

131. This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Government of Armenia and the United Nations Development Programme. The host country-implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement.

132. The UNDP Resident Representative in Armenia is authorized to effect in writing the following types of revision to this Project Document, provided that he/she has verified the agreement thereto by the UNDP-GEF Unit and is assured that the other signatories to the Project Document have no objection to the proposed changes:

- a) Revision of, or addition to, any of the annexes to the Project Document;
- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;
- c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
- d) Inclusion of additional annexes and attachments only as set out here in this Project Document

SECTION II: STRATEGIC RESULTS FRAMEWORK

Project strategy	Indicators	Baseline	End of Project Target	Sources of verification	Risks and Assumptions
<p>Objective: To catalyse the expansion of the nature reserves to provide better representation of ecosystems within Armenia’s current protected area system and enable active conservation of biodiversity.</p>	Coverage (ha) of sustainably operating sanctuaries	89,506 ha designated “on paper”, app. 30,000 ha operational	137,000 ha sustainably operational	METT scorecards, government reports, project reports, site visits	Government support for protected area financing remains consistent and/or grows
	Representation levels of habitats in the PA estate: (a) low mountain dry steppe (b) mountain meadow steppes (c) high mountain subalpine ecosystems (d) high mountain alpine ecosystems	(a) –% (b) –% (c) 7.67% (d) 0.15%	At least: (a) 3% (b) 4% (c) 10% (d) 4%	Biodiversity monitoring reports	
	METT scores for sanctuaries	<ul style="list-style-type: none"> ➤ “Plane Grove”: 17 ➤ “Ararat Vordan Karmir” 14 ➤ “Khor Virap” 16 ➤ “Gilan” 17 ➤ “Akhnabat Yew Grove” 14 ➤ “Juniper Woodlands of Sevan” 14 ➤ “Goravan Sands” 17 ➤ “Sev Lich” 13 ➤ “Boghakar” 9 ➤ “Goris” 9 ➤ “Gyulagarak Pine” 9 ➤ “Caucasian Rose-Bay” 9 ➤ “Arzakan and Meghradzor” 9 ➤ “Bank’s Pine” 9 ➤ “Margahovit” 9 ➤ “Ijevan” 9 ➤ “Arjatkhlani Hazel-Nut” 9 ➤ “Gandzakar – Upper Aghdan” 9 ➤ “Herher Open Woodland” 9 ➤ “Getik” 9 ➤ “Jermuk” 9 ➤ “Yeghegis” 9 ➤ “Aragats Alpine” 6 ➤ “Hankavan Hydrological” 6 	At least +10 points METT score improvement for each of the existing sanctuaries. <u>Project pilot areas:</u> Gnishik 40 Khustup 45 Zangezur 45	Annual METT reviews	

Project strategy	Indicators	Baseline	End of Project Target	Sources of verification	Risks and Assumptions
		➤ “Jermuk Hydrological” 6			
	% of habitat of (a) Caucasian leopard, (b) Armenian mouflon, and (c) Bezoar goat included in protected area system	(a) 70,947 ha; (b) 0 ha; (c) 70,000.	(a) 117,000 ha; (b) 30,000 ha; (c) 109,000 ha.	On-going species monitoring programs	
Component 1. Rationalization of protected area system	# of by laws rationalizing operation of sanctuaries	0	At least one (1) set of by-law s clarifying community participation, institutional responsibilities, financing mechanisms.	Project reports Government gazette	Government support for improved enabling environment remains consistent and/or grows.
	# of sanctuaries with Government-endorsed charters and management/business plans	8	11	Project reports	
	Number of sanctuaries with formally designated management bodies	22	25	Project reports	
Component 2. Institutional capacity building for protected area management	Capacity scores for three demonstration sanctuaries	Zangezur: Systemic: 10 out of 30 Institutional: 16 out of 45 Individual: 7 out of 21 Gnishik: Systemic: 8 out of 30 Institutional: 10 out of 45 Individual: 4 out of 21 Khustup: Systemic: 10 out of 30 Institutional: 15 out of 45 Individual: 7 out of 21	Zangezur: Systemic: 16 out of 30 Institutional: 25 out of 45 Individual: 13 out of 21 Gnishik: Systemic: 16 out of 30 Institutional: 25 of 45 Individual: 11 of 21 Khustup: Systemic: 17 out of 30 Institutional: 27 out of 45	Annual capacity review and scorecards	Project will be able to stimulate pan-protected area interest in replicating successful model programming.

Project strategy	Indicators	Baseline	End of Project Target	Sources of verification	Risks and Assumptions
			Individual: 13 out of 21		
	Number of sanctuaries with active community engagement	0	3	Project reports, MNP reports, sanctuary reports, site visits	
	Number of local entrepreneurs involved in businesses supporting sanctuaries	0	5	Project reports, MNP reports, sanctuary reports, site visits	

SECTION III: Total Budget and Workplan

Award ID:		00057439									
Award Title:		PIMS 3986 BD MSP: Armenia PAS									
Atlas Project ID		00070966									
Business Unit:		ARM10									
Project Title:		PIMS 3986 BD MSP: Armenia PAS									
Implementing Partner (Executing Agency)		Ministry of Nature Protection (NEX)									
GEF Outcome/Atlas Activity	Responsible Party/Implementing Agent	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget note
COMPONENT 1: Rationalization of the protected area system	Ministry of nature protection	62000	GEF	71200	International Consultant	32,000	12,000	8,000	8,000	60,000	1
				71300	Local Consultants	60,000	31,000	16,500	16,500	124,000	2
				71600	Travel	5,000	5,000	5,000	5,000	20,000	3
				72300	Materials and goods	2,500	2,500	2,500	2,500	10,000	4
				72400	Equipment	0	0	10,000	50,000	60,000	5
				74100	Professional services	5,000	20,000	60,000	70,000	155,000	6
				72800	Information and Technology Equipment	10,000	0	0	0	10,000	7
				74200	Audio visual and printing costs	5,000	5,000	5,000	10,000	25,000	8
				74500	Miscellaneous	1,500	1,500	1,500	1,500	6,000	9
Total Outcome 1						121,000	77,000	108,500	163,500	470,000	
COMPONENT 2: Institutional capacity building for protected area management	Ministry of nature protection	62000	GEF	71200	International Consultant	14,000	14,000	4,000	4,000	36,000	10
				71300	Local Consultants	40,000	24,000	8,000	8,000	80,000	11
				71600	Travel	5,000	5,000	5,000	5,000	20,000	12
				74100	Professional services	6,000	40,000	70,000	100,000	216,000	13
				74200	Audio visual and printing costs	5,000	5,000	5,000	10,000	25,000	14
				74500	Miscellaneous	2,000	2,000	2,000	2,000	8,000	15
				Total Outcome 2						72,000	90,000
PROJECT MANAGEMENT	Ministry of nature protection	62000	GEF	71300	Local Consultants	22,950	22,950	22,950	22,950	91,800	16
				71600	Travel	800	800	800	800	3,200	17
				Total Project Management						23,750	23,750
PROJECT TOTALS						216,750	190,750	226,250	316,250	950,000	

Budget notes:

1. Costs of contractual appointment of Legal and community management expert. *Pro rata* costs of contractual appointment of Natural resource conservation, planning and landscape ecology expert. *Pro rata* costs of contractual appointment of monitoring and evaluation experts for mid-term and final evaluation.
2. Costs of contractual appointment of Biodiversity conservation officer; Biodiversity conservation field specialists. *Pro rata* costs of contractual appointment of Pilot site managers. *Pro rata* costs of contractual appointment of monitoring and evaluation experts for mid-term and final evaluation
3. *Pro rata* travel costs of local and international experts. In-country travel costs for contracted specialists associated with organization of meetings and workshops in two regions (Vayots Dzor and Syunik); planning; surveys on habitats and species and ecological process mapping..
4. *Pro rata* costs of materials and goods for workshops and meetings.
5. Co-financing of office equipment, computer hardware and software and vehicles for the two sanctuaries (Khustup and Gnishik).
6. Service level agreements with mapping organization on clarification and mapping of the boundaries of the two sanctuaries. Co-financing of infrastructure development of Khustup and Gnishik sanctuaries (office, signs, demarcation of the boundaries).
7. Supporting the acquisition of hardware and software to host, maintain and access biodiversity database.
8. Costs associated with designing and developing various communication media and resource materials (e.g. brochures, fact sheets, booklets, interpretation boards, local radio inserts, advertisements, video production).
9. Costs associated with organizing focused specialized stakeholder engagement workshops and hosting issue-based stakeholder workshops (venue, catering, facilitation, printing, translation, etc.)
10. Costs of contractual appointment of Business planning and development expert. *Pro rata* costs of contractual appointment of Natural resource conservation, planning and landscape ecology expert. *Pro rata* costs of contractual appointment of monitoring and evaluation experts for mid-term and final evaluation.
11. Costs of contractual appointment of: Sustainable business development expert. Costs of contractual appointment of Marketing and outreach expert. *Pro rata* costs of contractual appointment of Pilot site managers. *Pro rata* costs of contractual appointment of monitoring and evaluation experts for mid-term and final evaluation
12. *Pro rata* travel costs of local and international experts. In-country travel costs for contracted specialists associated with organization of meetings and workshops in two regions (Vayots Dzor and Syunik); planning; surveys on habitats and species and ecological process mapping..
13. Service level agreements with NGOs/CBOs on organizing of tourism and anti-poaching activities. Co-financing of tourism infrastructure inside of the sanctuaries (visitor centre, signs, trails, camping and picnic areas, shelters). Co-financing of development of small business (B&B, honey production, production of traditional food based on agrobiodiversity etc) in the communities located in support (buffer) zones of the sanctuaries. Co-financing of anti-poaching activities (training on patrolling and monitoring of biodiversity, uniforms for rangers, establishment of rangers shelters, instalment of road blocks and warning and preventive signs)
14. Costs associated with the printing of training materials, the development of web-based learning programs and the preparation of audio-visual training programs.
15. Costs associated with organizing focused specialized stakeholder engagement workshops and hosting issue-based stakeholder workshops (venue, catering, facilitation, printing, translation, etc.)
16. Costs of appointment of Project Manager, and Project Assistant.
17. Travel cost for the Project Manager and the Project Assistant.

Summary of Funds:³

	Year 1	Year 2	Year 3	Year 4	TOTAL
GEF	216,750	190,750	226,250	316,250	950,000
Ministry of Nature Protection	200,000	350,000	400,000	550,000	1,500,00
WWF	150,000	150,000	100,000	100,000	500,000
TOTAL	566,750	690,750	726,250	966,250	2,950,000

³ All co-financing (cash and in-kind) that is not passing through UNDP.

SECTION IV: ADDITIONAL INFORMATION

PART I. Letters of co-financing

[attached separately]

PART II: Terms of References for key project staff and main sub-contracts

Project Manager

The project manager (PM) shall be responsible for providing critical technical input to project implementation and overall management and supervision of the GEF project. He/she will manage and provide overall supervision for all staff in the Project Management and Coordination Unit (PMCU). He/she shall liaise directly with the UNDP-CO, National Project Director and project partners in order to develop the annual work plan for the project. He/she will report to the UNDP-CO Environment Unit and the Project Director located in Yerevan.

Duties:

The PM will have the following specific duties:

Management:

- Provide management leadership of the project - both organizational and substantive – budgeting, planning and general monitoring of the project, PMCU staff and budget.
- Supervise and coordinate the project's work to ensure its results are in accordance with the Project Document and the project's Results Framework and its specific indicators of success.
- Maintain a close working relationship with key stakeholders.
- Make certain project is implemented according to the rules and procedures established in the UNDP Programming Manual.
- Ensure adequate information flow, discussions and feedback among the various stakeholders of the project.
- Prepare annual work plans, ensure adherence to the project's work plans, and implement project activities in full consultation with UNDP-CO and the Project Director. Make certain workplans are linked directly to the project's Results Framework and its specific "Indicators of Success." The work plan will provide guidance on the day-to-day implementation of the project document noting the need for overall coordination with other projects and on the integration of the various donor funded parallel initiatives. As required by UNDP-CO and the Project Director, the Project Manager will prepare revisions of the work plan.
- Catalyze the adaptive management of the project by actively monitoring progress towards achievement of project objectives vis-a-vis the agreed progress indicators and applying the resulting insights to the project's ongoing work. This will include regularly informing the UNDP-CO and Project Director regarding project progress and setbacks and proposed alterations.
- Assume overall responsibility for the proper handling of logistics related to project workshops and events.
- Prepare GEF quarterly project progress reports, as well as any other reports requested by the Executing Agency and UNDP.
- Guide the work of consultants and subcontractors and oversee compliance with the agreed work plan.
- Monitor the expenditures, commitments and balance of funds under the project budget lines, and draft project budget revisions.
- Assume overall responsibility for the meeting financial delivery targets set out in the agreed annual work plans, reporting on project funds and related record keeping.
- Liaise with project partners to ensure their co-financing contributions are provided within the agreed terms.

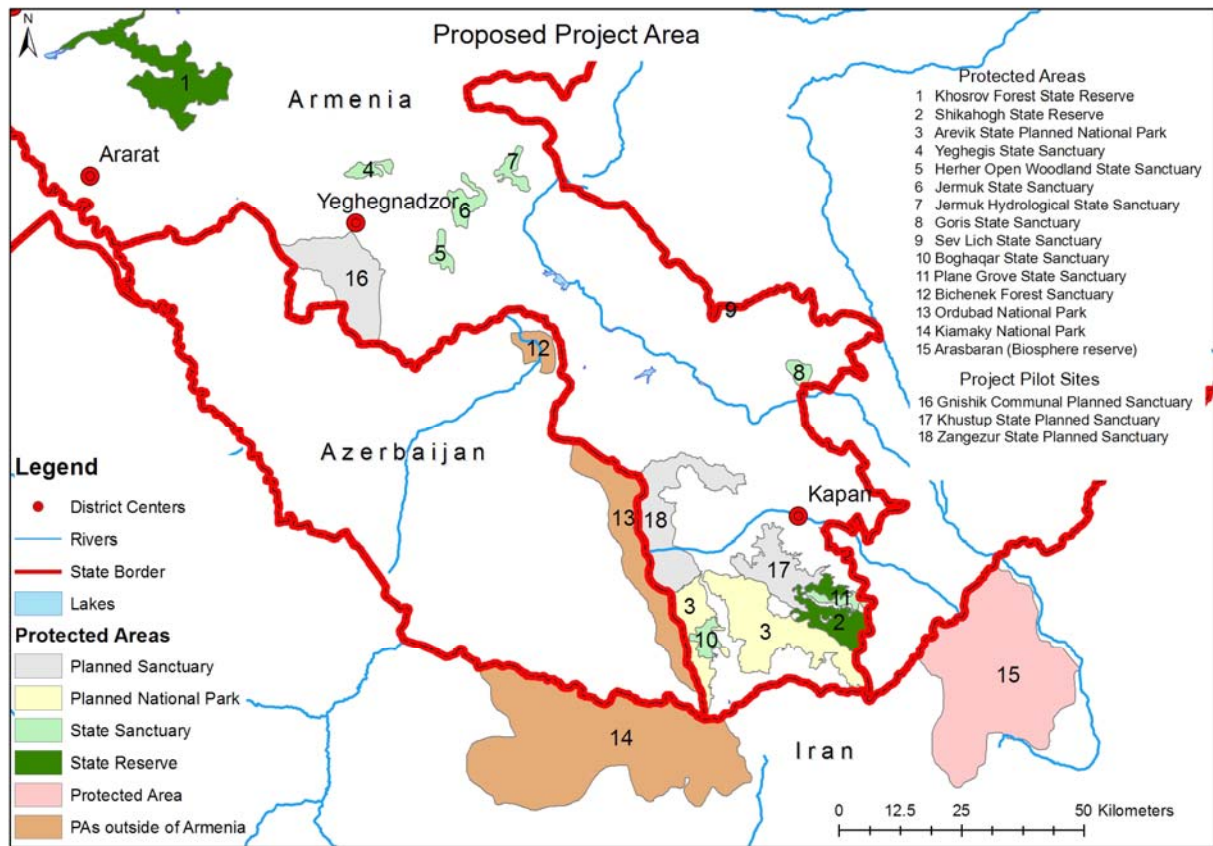
Technical Input:

- Provide critical and significant technical input to project implementation based upon professional background and experience. This technical input to be agreed and detailed with UNDP at project inception.
- Provide overall technical guidance and consistency of vision for project's strategic protected area network expansion and protected area management approach as manifested through the development of related sub-contracting documents.
- Effectively and efficiently implement the project activities towards full achievement of its stated objectives and for all substantive, managerial and financial reports from the Project.
- Engage in a constructive dialogue with the Project Director and project partners both within Armenia and outside of Armenia to maximize consistency and synergy between the various project components.
- Provide technical input to and be responsible for preparation of the development of Terms of Reference for consultants and contractors.
- Arrange for the timely recruitment and procurement of quality services and equipment and for implementation of project activities of in accord with applicable rules, regulation and standards;
- Foster and establish technical best-practice links with other related protected area initiatives.
- Interact on a technical level with other relevant national and regional protected area initiatives, including but not limited to GEF funded projects.
- Catalyze the development system-wide partnerships for the project.
- Provide overall technical guidance to maintain and develop the project web-site seeking and incorporating data and information from all project partners;
- Provide overall technical guidance to development of web-based mechanism for peer-to-peer training and learning of lessons;
- Represent the project at the Steering Committee meetings, technical meetings and other appropriate fora.
- Undertake any other actions related to the project as requested by UNDP.

Required Skills and Experience

- Advanced university degree in environmental management, e.g. conservation biology, environmental law, natural resource economics.
- At least ten years experience in fields related to the assignment including three years at a project management level.
- Able to make significant technical and management contributions to project and be familiar with the goals and procedures of international organizations.
- Working knowledge of Armenian biodiversity conservation challenges/opportunities, including strong vision and leadership skills.
- Fluent in Armenian and excellent written/spoken English skills.

PART III: Proposed Project Area



133. During project preparation, a preliminary selection of pilot sites for demonstrating distinct conservation interventions was conducted. Three sites were ultimately chosen. Final site selection was fully vetted with national and local decision-makers. Stakeholders selected the pilot sites based upon several criteria including: (1) over-all suitability for project implementation success, i.e., logistical feasibility, reasonable co-funding activity, and community support; (2) ability to include filling ecosystem coverage gaps

134. Paramount was the identification of locations essential for. Each pilot site will serve to strengthen protected areas linkages and include under-represented ecosystems. This was determined via a rapid habitat gaps analysis, including a review of the biodiversity value and the effectiveness of protection of existing protected areas.

135. Pilot sites were chosen based upon their ability to act as models. Each location offers distinct conservation challenges and examples of local community involvement. Tiered levels of community use ranging from almost no use to significant use define each pilot site and will offer an opportunity to demonstrate a spectrum of community management models.

136. All three locations have significantly different ecosystems and management challenges. Gnishik is very rich in endemic plants and agro-biodiversity resources. These are species and habitat types currently absent from the protected areas system. It is an area with heavy community use, including unregulated grazing, collection of plants, and tourism. Khustup Mountain is a prime wildlife corridor and will serve as an example of a Sanctuary whose borders are nearly surrounded by State Reserve and National Park lands. With an elevation gain from 1,800 to 3,300 meters in an area of only 10,000 ha, Khustup is quite diverse and includes many under represented habitat

types. Each site is critical habitat for leopards. Zangezur is identified as critical leopard and Armenian mouflon habitat. Both are poorly represented in the current system. Zangezur rests along an international border and sees little regular community use. Sadly, this region is heavily poached for wild goats and mouflon.

137. Armenia's protected areas network provides stable habitats for many species that range freely over several international borders. The sites are all located in the biodiversity rich Vayots Dzor Marz and Syunik Marz of southern Armenia where distances between international borders are especially small. In this region, natural landscapes in Armenia, Azerbaijan, and Iran are ecologically linked and highly symbiotic. This makes habitat conservation in southern Armenia distinctly important on national, regional, and global levels. However, the number of protected areas in southern Armenia and the scope of habitats represented remains quite low. The Caucasian (Persian) leopard illustrates these conservation gaps. This wide-ranging animal depends upon meandering corridors that link key habitats in all three countries. However, 90% of the leopard's known core habitat and associated corridors in Armenia are currently outside the protected area system.

138. Zangezur Sanctuary: The proposed sanctuary is located in Syunik Marz and will cover approximately 16,000 hectares along Armenia's mountainous western boundary with Azerbaijan. The sanctuary will be adjacent to Azerbaijan's Ordubad National Park (22,000 hectares). The area is also linked ecologically with Kiamaky Wildlife Refuge in Iran as well as Shikahogh Reserve and Arevik National Park (planned) in Armenia. The Government of Armenia anticipates formally approving the Zangezur Sanctuary in 2009. The concept was developed through the joint efforts of Khustup NGO (a local organization), WWF, and local/national Government. Three biomes (Mountain Meadows Steppe, High mountain subalpine, High Mountain Alpine) define Zangezur. Each is highly under-represented in Armenia's current protected area network. The area provides critical habitat for both resident and migratory leopards and their prey. This is a region rich in globally important agro-biodiversity species. Zangezur will become Armenia's only protected area that includes mouflon habitat. The area will be managed by the Shikahogh protected area administration. The main threat is poaching of large mammals. There is some suspicion that this is done both by local residents and border guards. Another significant threat is encroachment from regional hard-rock mines. There are no communities within the area. Local residents use this region primarily to collect plants (herbs). Zangezur pilot area will be the focus of the proposed project's "traditional" protected area strengthening activities. This will include development of management planning regimes, improvement of law enforcement activities, and strengthening of biodiversity resource monitoring skills.

139. Gnishik Sanctuary: The proposed sanctuary is located in Vayots Dzor Marz. The sanctuary will cover at least 20,000 hectares. This represents a 22% increase in the total hectares currently under Sanctuary designation. Four habitat types define Gnishik, each is poorly represented in the current protected area network: low mountain dry steppe, juniper open woodlands, low mountain dry steppe, and mountain meadows steppe. The sanctuary will provide connectivity between the Jermunk Sanctuaries to the northeast, Khosrov Reserve to the north and to the southeast the Azerbaijan's Bichenek Sanctuary and Ordubad National Park.

140. Located only 150 kilometers from the capital city of Yerevan, Gnishik receives significant and unregulated tourism pressure. The area is quite popular among tourists because of many cultural (monasteries, churches) and natural heritage (caves, canyons) sites. There is growing interest in wildlife viewing, particularly raptors and wild goats. Most of Gnishik is situated on community lands. These five communities use the lands for a variety of purposes, including livestock grazing and the collection of plants for food and medicine. The project will work with these communities to establish the sanctuary, making it a model for community participation in protected area management.

141. The region is critical habitat for Bezoar goat (*Capra Aegagrus*), Armenian mouflon (*Ovis ammon Gmelin*), Eurasian lynx (*Lynx lynx*), and Caucasian leopard (*Panthera pardus sicaucasica*). Of about 345 species of birds reported in Armenia, over 190 species (56 %) can be found in Gnishik. Thirty-four are listed in the National Red Data Book, i.e., Caspian Snowcock (*Tetraogallus caspius*), Bearded Vulture (*Gypaetus barbatus*), Eurasian Griffon Vulture (*Gyps fulvus*), and Eurasian Black Vulture (*Aegyptius monachus*). International Red Book species include the Lesser Kestrel (*Falco naumanni*), Imperial Eagle (*Aquila heliaca*), and Greater Spotted Eagle (*Aquila clanga*).

142. The proposed pilot area is floristically rich. There are about 960 species of vascular plants from 400 genera and 82 families. More than 280 species (more than third of species diversity) are rare and endemic species. 60 species are registered in the Red Book of Armenia. On the territory there are 81 endemics of Armenian Plateau, 7 endemics of the Caucasus, 26 endemics of Transcaucasus, 18 endemics of Southern Transcaucasus (*Artemisia araxina*, *Cousinia daralaghezica*, *Tomanthea daralaghezica*, *Astragalus hajkastanus*, *Alcea sosnovskyi*, *Stelleropsis magakjanii*, etc.), 18 endemics of Armenia out of which 6 are narrow endemics of Vayots Dzor (*Carthamus tamaschiana*, *Scorzonera safievii*, *Sameraria odontophora*, *Gypsophila takhtajanii*, *Minuartia daralaghezica*, *Onobrychis takhtajanii*). Gnishik is renowned habitat for wild relatives of cultivated plants, including ornamental plants. Wild fruit species such as spp. *Pyrus*, *Crataegus*, *Prunus*, *Amygdalus* and others are also widely distributed in the region. Of extraordinary value are the two species of wild relatives of wheat are found here (*Triticum boeoticum* and *T. araraticum*).

143. **Khustup Mountain Sanctuary:** The proposed sanctuary will be located in Syunik Marz. When completed, the protected area will include approximately 12,000 hectares. Khustup is defined primarily by three biomes (Mountain Meadows Steppe, High mountain subalpine, High Mountain Alpine) that are under-represented in Armenia’s current protected area network. There are no people living within the proposed sanctuary. There is almost no livestock grazing in this area. Nearby residents periodically venture into the area primarily to collect plants. The location has potential for tourism, including hiking, bird watching, alpinism, and opportunities for viewing large mammals. This is an area inhabited by Bezoar goat, Persian leopard, Armenian mouflon, Brown bear, Caucasian Black Grouse, Caspian snow-cock, and many other important species. This unique floristic area of Armenia contains many endemic species of plants. The area is very important bridge bordering both the Shikahogh State Reserve and the proposed Arevik National Park. Khustup Mountain is also used by species moving to and from the planned Zangezur Sanctuary.

144. The project will facilitate the development of the sanctuary. Shikahogh Reserve authorities will manage the sanctuary with the participation of nearby communities. The pilot will provide models for new habitat types, connectivity monitoring, and community – government partnerships.

Armenia Population Density by Marz

Marz	Geographic Size (km2)	Total Population	Density (person/ km2)
Vayots-Dzor	2,308	55,800	24
Syunik	4,506	152,800	34
Tavush	2,704	134,200	50
Aragatsotn	2,753	140,500	51
Gegharkunik	4,070	240,100	59
Lori	3,789	282,000	74
Shirak	2,681	281,000	105
Ararat	2,096	276,500	132
Kotayk	2,089	277,800	133
Armavir	1,242	281,600	227
Yerevan	227	1,107,800	4,880
Total	29,743	3,230,100	109

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Country: ARMENIA

UNDAF Outcome 4: Promoting environmentally sound technologies and effective management of natural resources in accordance with the MDGs and PRSP.

Expected CP Outcome 6: Conservation and sustainable use of natural resources is strengthened.

Expected CP Output 6.1: Regulatory frameworks for strengthening environmental management and ensuring sustainable development are introduced.

Implementing partner: Ministry of Nature Protection

Designated institution/Executing agency: UNDP

Programme Period:	CPD 2005-2009, CPD 2010-2014
Programme Component:	Promoting energy efficiency and Environmental sustainability
Project Title:	Developing the Protected Area System of Armenia
Project ID:	00070966
Project Award:	00057439
PIMS Project ID:	3986
Project Duration:	4 years (2009-2013)
Management Arrangement:	NEX

Total budget:	\$2,950,000.00
Allocated resources:	
• Government	\$1,500,000.00
• Other:	
o GEF	\$950,000.00 (Grant)
o WWF-Armenia	\$500,000.00 (Grant)

Agreed by (Government):
Aram Harutyunyan
Minister of Nature Protection
Republic of Armenia

_____ signature _____ date

Agreed by (Implementing partner/Executing agency):
Aram Harutyunyan
Minister of Nature Protection
Republic of Armenia

_____ signature _____ date

Agreed by (UNDP):
Consuelo Vidal
Resident Representative
UNDP Armenia

_____ signature _____ date