



INITIATION PLAN
FOR A GEF PROJECT PREPARATION GRANT (PPG)

Country: Armenia

UNDAF Outcome 2: Government at all levels and communities, including individuals, are better able to enhance governance based, rule of law and rights-based approach determined by rights-holders and duty bearers

AGENCY OUTCOME 2.3: Improved national capacities to respond to environmental challenges.

AGENCY OUTPUT 2.3.2: Instruments for enforcing national environmental policy implementation, including fulfilling obligations under international agreements, is updated and introduced.

Programme Period: CDP 2005-2009, CDP 2010-2014	Total budget: 20,000 USD
Programme Component: Promoting energy efficiency and environmental sustainability	Allocated resources:
PPG Title: Catalyzing Financial Sustainability of Armenia's Protected Areas System	• Government 10,000 USD
ATLAS Project ID: _____	• GEF 10,000 USD
PIMS Project ID: 4258	
Duration: 5 months	
Management Arrangement: NEX	

AGREED BY UNDP RESIDENT REPRESENTATIVE / UNDP DIRECTOR:

Consuelo Vidal
UNDP Resident Representative

Signature

Date: (Month, day, year)

Brief Description of Initiation Plan

The **goal** of the project is to secure long-term financial sustainability of the Armenian PA system. The project will achieve this goal and remove barriers through **2 components** as follows..

Component I will be addressing the first barrier (inadequacy and unpredictability of revenue streams for PAs). Addressing the first barrier implies securing sufficient financial resources for the long-term management of PA sites. Under Component I the project would contribute to an Armenia-dedicated, 7-year sinking fund account for the CPAF.

Component II will focus on increasing the PA effectiveness. PAs that are supported by the CPAF will be subject to periodic technical audits that will review performance in relation to stated objectives and assess overall cost effectiveness of PA operations and make recommendations for improving same.

Addressing the barriers will render the PA network more effective in fulfilling its conservation purpose, enabling conservation to take its proper place within Armenia's overall development agenda.

The project will generate important global biodiversity benefits. It will secure long term financial sustainability of at least 300,000 ha of protected areas bearing globally threatened species and habitats within the WWF 200 Caucasus Global Ecoregion. Strengthened capacities of rangers and park personnel will enable better control of threats such as poaching and illegal logging. Dedicated research and monitoring programmes will allow development and implementation of concrete on the ground measures for globally threatened mammals and birds.



REQUEST FOR PROJECT PREPARATION GRANT (PPG)

PROJECT TYPE: MEDIUM-SIZED PROJECT
THE GEF TRUST FUND

Submission date: March 2009

GEF PROJECT ID¹:

GEF AGENCY PROJECT ID: 4258

COUNTRY(IES): Armenia

PROJECT TITLE: Catalyzing Financial Sustainability of Armenia's Protected Areas System

GEF AGENCY(IES): UNDP

OTHER EXECUTING PARTNER(S): Caucasus Protected Areas Fund (CPAF); Ministry of Nature Protection of the Republic of Armenia (MONP)

GEF FOCAL AREA(S): Biodiversity

GEF-4 STRATEGIC PROGRAM(S): BD-SP1-PA Financing

NAME OF PARENT/PROGRAM/UMBRELLA PROJECT (if applicable): NA

A. PROJECT PREPARATION TIMEFRAME

Start date of PPG	May 2009
Completion date of PPG	October 2009

B. PAST PROJECT PREPARATION ACTIVITIES (\$) NA

C. PROPOSED PROJECT PREPARATION ACTIVITIES (\$)

The PPG is requested to finance two components critical for the preparation of the MSP:

Component 1. Updated baseline assessment of the financial gap and cost-effectiveness of the PA system in Armenia. Preparatory activities under this component of the PPG will contribute directly to the design of the Component I and II of the expected MSP and result in the following outputs: (i) information gathered and analyzed on the revenue situation and effectiveness of current PA system, including labor costs, other operating costs, maintenance, investment in conservation, and the like (ii) updated basic PA costing model used in the Feasibility Study to assess optimal/sustainable funding needs of the PAs, (iii) update of the current supply side of the equation with current (2009) budget information on key PAs, including amounts sourced from government, donors, and tourist and other revenues; (iv) detailed picture on the cost-effectiveness of business processes at the site level; (v) UNDP/GEF Financial Scorecard Finalized.

Specific activities:

1. Assess available financing: central budget allocations; regional budgets (if any); external donor funding; income generated and retained by PAs (broken down by source – tourism, entrance fees, concessions, others).
2. Assess needed financing: basic operating and investment costs. Estimated needs for optimal management of PAs and their biodiversity. Identify the financial gap and adjust the strategy for defining the size of the sinking and endowment funds as appropriate.
3. Confirm the current legislative basis for the protected area financing. Present in detail laws and policies to facilitate PA revenue diversification, their strengths and weaknesses.

¹ Project ID number will be assigned by GEFSEC. If PIF has already been submitted, please use the same ID number as PIF.

4. Assess in detail the prerequisites for introduction in Armenia of revenue sources other than the CPAF, particularly PES and ecotourism.
5. Describe the current government budgeting logic and process for allocating funds to protected areas.
6. Describe in detail the situation with business planning: do PAs compile business plans? Are there standard formats that encourage cost-effective management of PAs? Are there site-level accounting and auditing systems? Is there training to enable PA managers to operate more cost-effectively?
7. Update, on the basis of the above, the costing projections in the CPAF Feasibility Study.
8. Compile on the basis of the above the UNDP/GEF Financial Scorecard.

Component 2. Feasibility analysis and budget. In light of the updated financial gap analysis of Component 1, PPG funding will be used to assess the feasibility and to develop the detailed budget for the proposed project strategy. Preparatory activities under this component will cover:

1. Legal and operational procedures for the sinking fund finalized: existing CPAF grant request and grant agreement documentation vetted and fine-tuned with view to ensuring a check on the cost-effectiveness of activities requested for funding; existing CPAF procedures and criteria for release of funds vetted and fine-tuned; CPAF reporting system and report templates by grant-recipients finalized; entire system designed to encourage, over the life-cycle of a project, progress towards an optimized allocation of resources, cost-effectiveness and alternative income-generation projects (e.g. for funding PES).
2. Detailed project time-table developed, projecting cash outlays from the fund predicted.
3. Development of a model for long-term funding of the CPAF.
4. Concept note on the "PA management support group within the CPAF" developed, clarifying staffing settings, and modus operandi.
5. Assessment of the alternatives to the project strategy, establishing the cost effectiveness of the preferred strategy and suite of activities, finalizing the incremental-cost analysis of the project.
6. Development of the replication strategy.
7. Development of the monitoring and evaluation plan and budget.
8. Costing the expected project outcomes and outputs.
9. Identify co-financing sources and secure co-financing commitments; donor (co-financing) agreements in place and signed.

PPG activities	Outputs of the PPG Activities	PPG amount (a)	Co-financing (b)	Total, c = a + b
Component 1. <u>Updated baseline assessment of the financial gap and cost-effectiveness of the PA system in Armenia.</u>	(i) information gathered and analyzed on the revenue situation and effectiveness of current PA system, including labor costs, other operating costs, maintenance, investment in conservation, and the like (ii) updated basic PA costing model used in the Feasibility Study to assess optimal/sustainable funding needs of the PAs, (iii) update of the current supply side of the equation with current (2009) budget information on key PAs, including amounts sourced from government, donors, and tourist and other revenues; (iv) detailed picture on the cost-effectiveness of business processes at the site level; (v) UNDP/GEF Financial Scorecard Finalized.	\$7,500	\$2,500	\$10,000
Component 2. <u>Feasibility analysis and budget.</u>	(i) Project feasibility assessed, (ii) interventions carefully designed and budgeted	\$2,500	\$7,500	\$10,000
Total Project Preparation Financing		\$10,000	\$10,000	\$20,000

D. FINANCING PLAN SUMMARY FOR PROJECT PREPARATION GRANT: (\$)

	Project Preparation	Agency Fee
GEF financing	10,000	1,000
Co-financing	10,000	
Total	20,000	1,000

E. PPG REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)¹ N/A

F. PPG BUDGET REQUEST

Cost Items	Total Estimated Person Weeks for GEF Grant (PW)	GEF (\$)	Co-financing (\$)	Total (\$)
Local consultants *	30	7,500	2,500	10,000
International consultants*	1	2,500	7,500	10,000
Travel				
Miscellaneous**				
Total PPG Budget		10,000	10,000	20,000

* Please see Annex A for Consultant cost details and TOR.

** Miscellaneous costs involve mainly translation and interpretation costs and minor costs for PPG inception workshop

G. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Yannick Glemarec, UNDP			Maxim Vergeichik	+421 905 428 152	Maxim.vergeichik@undp.org

Annex A

Consultants Financed by the Project Preparation Grant (PPG)

Position / Titles	\$/Person Week ¹	Estimated PWs ²	Tasks to be performed
Local			
Consultant on PA revenues	250	10	<ol style="list-style-type: none"> 1. Assess available financing: central budget allocations; regional budgets (if any); external donor funding; income generated and retained by PAs (brokered down by source – tourism, entrance fees, concessions, others). 2. Assess needed financing: basic operating and investment costs. Estimated needs for optimal management of PAs and their biodiversity. Identify the financial gap and adjust the strategy for defining the size of the sinking and endowment funds as appropriate. 3. Describe the current government budgeting logic and process for allocating funds to protected areas. 4. Contribute to updating of the financial gap analysis of the CPAF Feasibility Study. 5. Contribute to compilation of the UNDP/GEF Financial Scorecard.
Expert on site-level capacities and cost-effectiveness	250	10	<ol style="list-style-type: none"> 1. Describe in detail the situation with business planning. 2. Analyze requirements for PAs to compile business plans, and any past experience from demonstration projects. 3. Analyze whether there are formats for business planning that encourage cost effective management of PAs. 4. Assess the current site-level accounting and auditing systems. 5. Analyze training needs to enable PA managers to operate more cost-effectively.
Lawyer	250	10	<ol style="list-style-type: none"> 1. Confirm the current legislative basis for the protected area financing. Present in detail laws and policies to facilitate PA revenue diversification, their strengths and weaknesses. 2. Assess the legal prerequisites for introduction in Armenia of revenue source other than the CPAF, particularly PES and ecotourism. 3. Contribute to finalization of the legal and operational procedures for the sinking fund².
International			
PA Financial Policy Specialist	2,500	1	<p>Assist the project team from a distance on the following issues³:</p> <ol style="list-style-type: none"> 1. Assessment of the alternatives to the project strategy, establishing the cost effectiveness of the preferred strategy and suite of activities, finalizing the incremental-cost analysis of the project. 2. Assistance in UNDP/GEF Financial Scorecard. 3. Development of the replication strategy. 4. Development of the monitoring and evaluation plan and budget. 5. Costing the expected project outcomes and outputs; identify co-financing sources.

¹ Provide dollar amount per person week.

² Provide person weeks needed to carry out the task and corresponds to the dollar amount per person week in the previous column.

² The following PPG activities will be funded from co-finance: existing CPAF grant request and grant agreement documentation vetted and fine-tuned with view to ensuring a check on the cost-effectiveness of activities requested for funding; existing CPAF procedures and criteria for release of funds vetted and fine-tuned; CPAF reporting system and report templates by grant-recipients finalized; entire system designed to encourage, over the life-cycle of a project, progress towards an optimized allocation of resources, cost-effectiveness and alternative income-generation projects (e.g. for funding PES). finalizing donor (co-financing) agreements.

³ The following PPG activities pertaining to PPG Component 2 will be funded from co-finance: Detailed project time-table developed, projecting cash outlays from the fund predicted; development of a model for long-term funding of the CPAF; concept note on the "PA management support group within the CPAF" developed, clarifying staffing settings, and modus operandi; assessment of the alternatives to the project strategy; establishing the cost effectiveness of the preferred strategy and suite of activities, finalizing the incremental-cost analysis of the project; development of the replication strategy; development of the monitoring and evaluation plan and budget; costing the expected project outcomes and outputs, identify co-financing sources and secure co-financing commitments.

Total Budget and Work Plan

Award ID:	tbd
Award Title:	tbd
Business Unit:	ARM10
Project Title:	Armenia: Catalyzing Financial Sustainability of Armenia's Protected Areas System
Project ID: PIMS no 4258	tbd
Implementing Partner (Executing Agency)	NEX - Caucasus Protected Areas Fund (CPAF), Ministry of Nature Protection of Armenia (MNP)

GEF Outcome/Atlas Activity	Responsible Party/Implementing Agent	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Total (USD)
OUTCOME 1: <u>Updated baseline assessment of the financial gap and cost-effectiveness of the PA system in Armenia</u>	Ministry of Nature Protection CPAF	62000	GEF	71300	Local Consultants	1,500
				72100	Contractual services companies	5,500
				74500	Miscellaneous	500
					Total Outcome 1	7,500
OUTCOME 2: <u>Feasibility analysis and budget</u>	Ministry of Nature Protection CPAF	62000	GEF	71200	International Consultants	2,500
					Total Outcome 2	2,500
PROJECT TOTAL						10,000

Summary of Funds:

	Amount (USD)
GEF	10,000
Government (in kind)	10,000
TOTAL	20,000