

Document of
The World Bank

Report No: ICR 00001097

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(TF-23968)

ON A

GRANT FROM THE GLOBAL ENVIRONMENT FACILITY

IN THE AMOUNT OF SDR 6.9 MILLION
(USD 8.7 MILLION EQUIVALENT)

TO

GEORGIA

FOR THE

PROTECTED AREAS DEVELOPMENT PROJECT

June 30, 2009

Sustainable Development Department
South Caucasus Country Unit
Europe and Central Asia

CURRENCY EQUIVALENTS

(Exchange Rate Effective 04/01/2009)

Currency Unit = Georgian Lari (GEL)

GEL 1.00 = USD 0.60

USD 1.00 = GEL 1.65

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

APA	Agency of Protected Areas
CC	Central Caucasus
CPS	Country Partnership Strategy
DPA	Department of Protected Areas
FDP	Forests Development Project
FM	Financial management
GEF	Global Environment Facility
GEO	Global Environment Objective
GPADP	Georgia Protected Areas Development Project
ICMP	Integrated Coastal Management Project
IDA	International Development Association
MEPNR	Ministry of Environment Protection and Natural Resources
MTR	Mid-term review
NEAP	National Environmental Action Plan
NPS	(US) National Park Service
PA	Protected area
PAA	Protected area administration
OPG	Office of the Prosecutor General
PAD	Project Appraisal Document
PADP	Protected Areas Development Project
PDO	Project Development Objective
PIU	Project Implementation Unit
PS	Procurement Specialist
QAG	Quality Assurance Group
RPPF	Resettlement Plan and Process Framework
SDPIA	Sustainable Development Projects Implementation Agency
SFD	State Forest Department
USD	United States Dollars

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GEORGIA
Protected Areas Development Project

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A. Basic Information			
Country:	Georgia	Project Name:	Protected Areas Development Project
Project ID:	P048791	L/C/TF Number(s):	TF-23968
ICR Date:	06/30/2009	ICR Type:	Core ICR
Lending Instrument:	SIL	Borrower:	REPUBLIC OF GEORGIA
Original Total Commitment:	USD 8.7M	Disbursed Amount:	USD 8.5M
Environmental Category: B		Global Focal Area: B	
Implementing Agencies: Ministry of Environment Protection and Natural Resources			
Cofinanciers and Other External Partners:			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	01/09/1998	Effectiveness:	07/01/2001	04/26/2002
Appraisal:	06/28/2000	Restructuring(s):		03/16/2004
Approval:	05/24/2001	Mid-term Review:	05/15/2004	06/09/2005
		Closing:	12/31/2006	12/31/2008

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Moderately Satisfactory
Risk to Global Environment Outcome	Moderate
Bank Performance:	Moderately Satisfactory
Borrower Performance:	Moderately Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately Satisfactory	Government:	Moderately Satisfactory
Quality of Supervision:	Moderately Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
Overall Bank Performance:	Moderately Satisfactory	Overall Borrower Performance:	Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project	No	Quality at Entry	None

at any time (Yes/No):		(QEA):	
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA):	Moderately Satisfactory
GEO rating before Closing/Inactive status	Moderately Satisfactory		

D. Sector and Theme Codes

	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	30	30
Forestry	70	70
Theme Code (as % of total Bank financing)		
Biodiversity	34	34
Environmental policies and institutions	33	33
Participation and civic engagement	33	33

E. Bank Staff

Positions	At ICR	At Approval
Vice President:	Shigeo Katsu	Johannes F. Linn
Country Director:	Asad Alam	Judy M. O'Connor
Sector Manager:	John V. Kellenberg	Marjory-Anne Bromhead
Project Team Leader:	Darejan Kapanadze	Phillip Brylski
ICR Team Leader:	Darejan Kapanadze	
ICR Primary Author:	Tijen Arin	

F. Results Framework Analysis

Global Environment Objectives (GEO) and Key Indicators(as approved)

The project development objective was to conserve Georgian biodiversity through the creation of three ecologically and socially sustainable protected areas, and to build capacity for mainstreaming biodiversity conservation into the production landscapes which connect them.

The project would (i) support protected areas planning in the Central and Eastern Caucasus; (ii) establish protected areas management and build awareness of biodiversity conservation at three sites in the Eastern Caucasus and their ecological corridors; and (iii) reorganize and strengthen the Department of Protected Areas to conserve and manage biodiversity. The project was consistent with the GEF Operational Program for biodiversity conservation.

Revised Global Environment Objectives (as approved by original approving authority) and Key Indicators and reasons/justifications

The Global Environment Objective was not changed.

At Negotiations, the GEO indicators originally selected in agreement with Government counterparts during project preparation and listed in the PAD were refined to better measure achievement of the project objectives. During this exercise, an indicator reflecting the improved management of protected areas in eastern Georgia was added and an indicator considered overly ambitious in terms of the achievements that could realistically be expected at the close of the project (the stable or increased number of Caucasus tur) was removed. These revised indicators were documented in a Supplemental Letter to the Grant Agreement. No further revisions were made to the indicators after project approval.

(a) GEO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Protected Areas (PAs) in eastern Georgia under full protection, with management plans (MPs) under implementation, total 185,000 ha.			
Value (quantitative or Qualitative)	PAs in eastern Georgia total 17,932 ha. No MPs in place.	PAs in eastern Georgia, with MPs under implementation, total 185,000 ha.		PAs in eastern Georgia, with MPs having legal effect and under implementation, total 189,085 ha.
Date achieved	09/15/1999	12/31/2006		12/31/2008
Comments (incl. % achievement)	100% achievement over slightly larger area.			

Indicator 2 :	PA Plan for the Central Caucasus planning region supported by local communities and adopted by Government			
Value (quantitative or Qualitative)	No PA plan exists for the Central Caucasus planning region and no MPs in place.	PAs in the Central Caucasus planning area legally established and MPs approved.		Legislation on establishment of PAs in Central Caucasus planning region drafted and under Government review; draft PA management plans developed with adequate public participation.
Date achieved	09/15/1999	12/31/2006		12/31/2008
Comments (incl. % achievement)	Partial achievement. Legal designation of new PAs on hold. Government prefers to designate PAs only when it can also fund necessary investment, which has not been possible so far due to the August 2008 conflict. Issuance of legal status expected by 2010.			
Indicator 3 :	Improved biodiversity conservation measures under implementation through two corridor plans in eastern Georgia			
Value (quantitative or Qualitative)	No corridor plans exist.	Two corridor plans under implementation.		One corridor plan drafted and guidelines for detailed planning of the other produced.
Date achieved	09/15/1999	12/31/2006		12/31/2008
Comments (incl. % achievement)	Partial achievement. Management planning advanced for Alazani and David Gareji corridors, but adoption is on hold under higher interagency management capacity is in place and border dispute is resolved.			
Indicator 4 :	Recovery, through natural regeneration under improved management systems, of overgrazed alpine and steppe habitats within project protected areas and corridors.			
Value (quantitative or Qualitative)	Heavy degradation of pastures within the project areas threatens habitats of endangered animals.	Alpine meadows and steppe ecosystems restored.		Practical and economical rehabilitation methods for pasture restoration demonstrated in village Jvarboseli in Tusheti PA.
Date achieved	09/15/1999	12/31/2006		12/31/2008
Comments (incl. % achievement)	100% achievement.			
Indicator 5 :	Social indicators monitored at project sites show continued support for protected areas.			
Value (quantitative or Qualitative)	Over 60% of population around the project sites do not understand reasons	No negative trend detected in public attitude to		Up to 80% of population around project sites have

	and purposes for the existence of protected areas.	protected areas.		correct understanding of protected areas.
Date achieved	12/05/2000	12/31/2006		12/31/2008
Comments (incl. % achievement)	100% achievement.			
Indicator 6 :	Revenue from tourism and resource use covers at least 70% of non-salary protected area operating expenses by Year 5.			
Value (quantitative or Qualitative)	Legal status of protected areas does not allow generation, retention, and use of own revenues.	Revenue from tourism and resources use covers at least 70% of non-salary protected area operating expenses.		Legal status of protected areas modified, permitting the earmarking of revenues from tourism and resource use to cover PA expenses. PA revenues cover about 20% of non-salary operating expenses at Lagodekhi PA, but less at Vashlovani and Tusheti PAs.
Date achieved	09/15/1999	12/31/2006		12/31/2008
Comments (incl. % achievement)	30% achievement. Legal status of PAs modified to permit revenue collection closer to project completion. Tourism infrastructure became operational also later than intended. 2008 tourism season had good start, but was interrupted due to the August crisis.			

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Central Caucasus resource plan completed, with proposed gazettelement of 1 new National Park (NP).			
Value (quantitative or Qualitative)	No resource plan in place for the Central Caucasus; no PAs proposed.	Gazettelement of 1 new NP based on the Central Caucasus resource plan		Central Caucasus PA management guidelines produced based on the resource inventory; gazettelement of 2 new NPs and 14 other PAs

				proposed.
Date achieved	09/15/1999	11/17/2006		12/31/2008
Comments (incl. % achievement)	100% achievement with legislation and detailed management plans drafted for all proposed PAs.			
Indicator 2 :	2 NPs legally designated and 1 Nature Reserve (NR) expanded.			
Value (quantitative or Qualitative)	No NPs present and 1 NR comprises 17,932 ha.	Legal designation of Tusheti and Vashlovani NPs; expansion of Lagodekhi NR.		Tusheti and Vashlovani NPs legally established and Lagodekhi NR legally expanded from 17,932 ha to 24,356 ha.
Date achieved	09/15/1999	12/10/2003		04/22/2003
Comments (incl. % achievement)	100% achievement.			
Indicator 3 :	Administrative system for PAs generating and managing their own revenues (user/entrance fees) in place.			
Value (quantitative or Qualitative)	Legislation did not allow generation, retention and reinvestment of revenues by PAs.	Legislation in place for generation, retention and reinvestment of revenues by PAs; PA administrations instructed and trained to manage their revenues.		Legislation modified to permit generation, retention and reinvestment of revenues by PAs. PA administrations instructed and trained to manage revenues.
Date achieved	09/15/1999	07/01/2004		12/31/2008
Comments (incl. % achievement)	100% achievement. User fee collection functioning well. Revenues managed centrally by APA due to administrative centralization; the APA is reviewing the option of decentralization to capable PA administrations.			
Indicator 4 :	Biodiversity-friendly activities successfully completed in PA support zones through the small grants program (SGP).			
Value (quantitative or Qualitative)	No SGP in place.	SGP-financed sub-projects completed, sub-grant agreements closed, and the outcome of at least 60% of sub-projects found successful/highly successful (outputs produced and sustainability ensured).		61 grants awarded under SGP. 92% of the sub-projects funded were successful, with their activities expected to continue beyond sub-project closure.
Date achieved	09/15/1999	12/31/2008		12/31/2008

Comments (incl. % achievement)	100% achievement, with actual value surpassing original target.			
Indicator 5 :	Adequate charter of the Department of Protected Areas (DPA) approved by Government and institutional development plan implemented.			
Value (quantitative or Qualitative)	PA authority exists as a self standing State Department; has insecure user rights to inadequate premises; is not properly staffed & equipped; demonstrates little leadership in modernizing PA network.	DPA is adequately staffed with technical and administrative capacity to manage and further develop PAs.		DPA reestablished under the MEPNR as Agency of Protected Areas - Legal Body of Public Law; new charter approved; full user rights to adequate premises granted; institutional capacity satisfactory.
Date achieved	09/15/1999	12/31/2008		12/31/2008
Comments (incl. % achievement)	100% achievement.			
Indicator 6 :	Inter-agency agreement reached on guidelines for integration of biodiversity conservation into forestry planning and grazing management.			
Value (quantitative or Qualitative)	No inter-agency dialogue and no management tools present for biodiversity management in production landscapes.	Corridor plans linking protected areas of eastern Georgia adopted.		Corridor management plans and draft laws on their establishment produced through inter-agency dialogue, but not yet adopted.
Date achieved	09/15/2007	12/31/2008		12/31/2008
Comments (incl. % achievement)	50% achievement. Management plans developed and laws drafted. Some recommendations implemented during the project, but PAs were not formally designated, as proposed multi-institutional set-up of their management was deemed to carry high risk.			

G. Ratings of Project Performance in ISRs

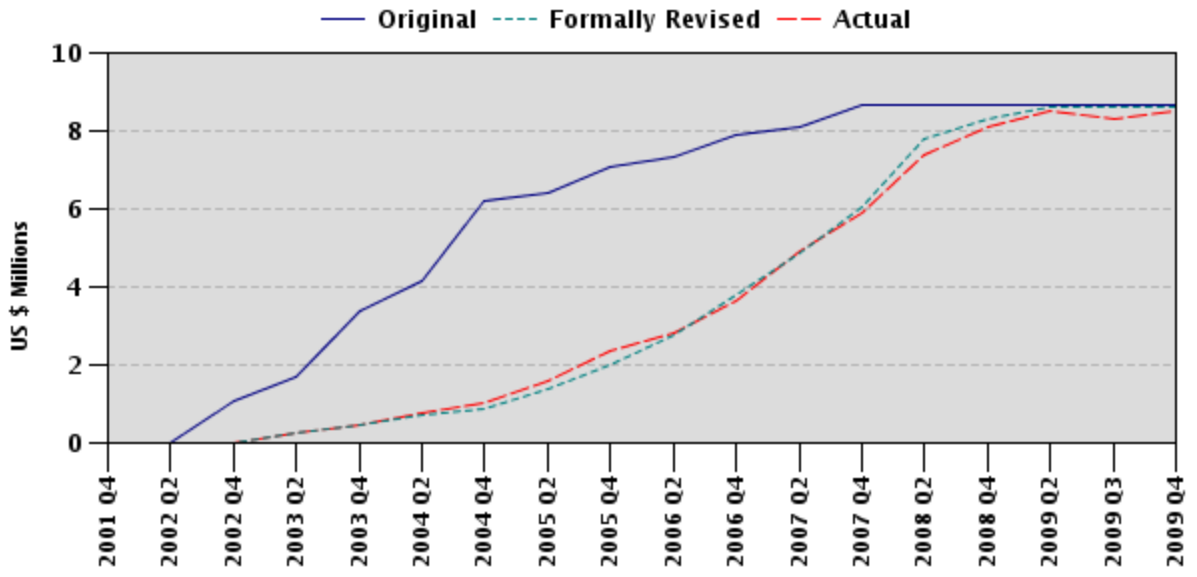
No.	Date ISR Archived	GEO	IP	Actual Disbursements (USD millions)
1	11/26/2001	Satisfactory	Satisfactory	0.00
2	06/26/2002	Satisfactory	Satisfactory	0.00
3	12/18/2002	Satisfactory	Satisfactory	0.25
4	06/27/2003	Satisfactory	Satisfactory	0.48

5	12/30/2003	Satisfactory	Unsatisfactory	0.76
6	02/25/2004	Satisfactory	Unsatisfactory	0.76
7	03/04/2004	Satisfactory	Unsatisfactory	0.76
8	08/19/2004	Satisfactory	Satisfactory	1.24
9	04/23/2005	Moderately Satisfactory	Moderately Satisfactory	1.87
10	09/20/2005	Moderately Unsatisfactory	Moderately Unsatisfactory	2.59
11	03/23/2006	Moderately Satisfactory	Moderately Satisfactory	3.19
12	04/06/2007	Satisfactory	Satisfactory	5.37
13	07/25/2007	Satisfactory	Satisfactory	6.19
14	11/19/2007	Moderately Satisfactory	Moderately Unsatisfactory	6.99
15	02/03/2008	Moderately Satisfactory	Moderately Satisfactory	7.63
16	06/13/2008	Moderately Satisfactory	Moderately Unsatisfactory	8.13
17	01/06/2009	Moderately Satisfactory	Moderately Unsatisfactory	8.30
18	03/29/2009	Moderately Satisfactory	Moderately Unsatisfactory	8.34

H. Restructuring (if any)

Restructuring Date(s)	Board Approved GEO Change	ISR Ratings at Restructuring		Amount Disbursed at Restructuring in USD millions	Reason for Restructuring & Key Changes Made
		GEO	IP		
03/16/2004			MS	0.76	

I. Disbursement Profile



1. Project Context, Development Objectives and Design

1.1 Context at Appraisal

Georgia hosts a large diversity of landscapes and natural ecosystems harboring a large variety of animal and plant species some of which are endemic to Georgia or the Caucasus. In particular, the ecosystems in Central and Eastern Georgia cover foothill and mountain forests and subalpine meadows of the Greater and Lesser Caucasus and arid steppe and deserts. The region is home to animal species typical of Europe (e.g., bear, lynx, wolf, chamois, red deer), Central Asia (e.g., Caucasian tur or mountain goat, leopard) and the Middle East (e.g., hyena, gazelle).

Georgia had a strong tradition of nature protection with the first nature reserve being established in Lagodekhi in 1914. Fourteen additional strict nature reserves were subsequently established during the Soviet era. However, the system focused on protection excluding any uses other than scientific research. Local communities had no say on the management of the nature reserves and did not derive any benefits from them. In the face of dire budget shortfalls and rural poverty, enforcement was no longer possible. The result was degradation of habitats due to widespread poaching for game or fuelwood and overgrazing. The Department of Protected Areas (DPA) which reported directly to the President of the Republic was significantly understaffed, the average age of its staff members was quite advanced, and staff was unfamiliar with modern approaches to nature conservation. DPA premises did not fulfill basic requirements of a professional work environment, such as heating or computers. Protected areas (PA) were severely understaffed and lacked equipment and skills to carry out their protection duties.

On the other hand, Georgia had become party to the Convention on Biological Diversity in 1994 and the 2000 National Environmental Action Plan (NEAP) identified “wildlife and biodiversity” as a key issue highlighting the ineffective PA system. The Ministry of Environment Protection and Natural Resources (MEPNR) championed the overhaul of the system while a strong NGO movement demanded more effective conservation. Reflecting these sentiments, one of the objectives of the 1997 Country Assistance Strategy was to “protect the environment, support sustainable natural resources management, and foster private sector rural development”. The Project would support this objective through the provision of technical assistance to groups and individuals to provide nature-based tourism services and develop alternative conservation-linked income generating activities.

The Project was also designed to closely collaborate with the USD 21.37 million IDA-supported Forests Development Project (FDP) which became effective on October 31, 2002. The FDP aimed to establish sound forest management systems which would maximize the contribution of Georgia's forests to economic development and rural poverty reduction on an environmentally sustainable basis.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

The PDO was to conserve Georgian biodiversity through the creation of three ecologically and socially sustainable protected areas (PAs) in forest ecosystems, and to build capacity for mainstreaming biodiversity conservation into the production landscapes which connect them. Achievement of the PDO would be measured by¹:

¹ PDO indicators which were refined at Negotiations were documented in the legally binding Supplemental Letter to the Grant Agreement and subsequently used during supervision. However, through an administrative error they were not updated in the Board PAD. The key change was to (i) exclude an

- i. Protected Area Plan for the Central Caucasus (CC) supported by local communities and adopted by Government;
- ii. Protected Areas in eastern Georgia under full protection, with management plans under implementation, total 185,000 ha;
- iii. Comprehensive PA management plan for the CC planning region adopted by Government;
- iv. Improved biodiversity conservation measures under implementation through two corridor plans in eastern Georgia;
- v. Recovery, through natural regeneration under improved management systems, of overgrazed alpine and steppe habitats within Project protected areas and corridors;
- vi. Social indicators monitored at Project sites show continued support for protected areas;
- vii. Revenue from tourism and resource use covers at least 70% of non-salary protected area operating expenses by Year 5.

1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

Neither the PDO nor the Key Indicators were revised after project approval.

1.4 Main Beneficiaries

There were three key groups of beneficiaries:

- Communities living in and around PAs who would benefit from more sustainable use of natural resources and from PA related visitor related tourism revenues.
- DPA professional staff whose mandate would be modernized (from a control and command protection orientation to a participatory, multiple use orientation) and management capacity enhanced.
- The Georgian society which derived value from knowing that their country's biodiversity and landscapes are better protected.

1.5 Original Components (as approved)

The Project was designed to have four components along with areas of cooperation with FDP and estimated FDP (IDA) funding that contributed to the Project PDO.

Component 1: Support Protected Areas Planning (USD 6.87m, comprising USD 6.00m IDA, USD 0.72m GEF and USD 0.15m Government funds) aimed at supporting PA planning in Georgia through:

- i. Preparation of a PA plan for the CC Mountains Ecoregion; and
- ii. Preparation and implementation of corridor plans in the Eastern Caucasus Mountains.

Prepared in a consultative manner and in accordance with international standards, these plans would support the PDO by laying out specific socially acceptable and technically sound steps to incorporate biodiversity conservation into production landscapes. PADP and FDP would jointly implement three activities for the 7,430 sq. km CC planning region: (i) inventories and analyses of the landscape diversity, as inputs to the PA planning process. The PADP would finance

indicator on tur populations considered unrealistic since it was highly unlikely that changes in biodiversity would be evident over the relatively short life of the project; (ii) specify the number of corridor plans as two and their location as eastern Georgia; and (iii) introduce a new indicator on protected areas in eastern Georgia given this was a key aspects of the PDO.

biodiversity studies and the FDP would finance forest inventories; (ii) harmonization of policies and classifications for land-use, resource-use and PAs, resulting in a unified classification of PAs for the CC region; and (iii) preparation of a PA plan, with management plan guidelines for each PA category. The PADP and FDP would also collaborate on two activities to promote biodiversity conservation in the production landscape in corridors connecting PAs in two areas of eastern Georgia: (i) the alluvial floodplain forests along the Alazani River, and (ii) the mosaic of grasslands and forests in key corridors connecting PAs in the Caucasus mountains which provide critical habitat for globally threatened species such as the Dagestan tur, Caucasian black grouse and Caucasian snow cock.

Component 2: Establish Protected Areas Management and Build Awareness of Biodiversity Conservation (USD 17.20m, comprising USD 10.00m IDA, USD 6.10m GEF and USD 1.10m Government funds) aimed to develop PAs at three sites in eastern Georgia which are effective in conserving the region's rich biodiversity and also to generate revenue for local communities and park maintenance. The outputs listed below would contribute directly to the achievement of the Project's objective (i.e., creation of three ecologically and socially sustainable PAs in forest ecosystems).

- i. Finalize management plans for three PAs;
- ii. Undertake studies to improve park and resource management;
- iii. Support professional development of PA staff;
- iv. Establish park infrastructure;
- v. Establish nature-based tourism infrastructure;
- vi. Build local awareness;
- vii. Undertake socioeconomic monitoring to inform management plan implementation;
- viii. Integrate PA plans into regional and local plans; and
- ix. Implement a small grants program for biodiversity-friendly activities.

The FDP would revise and update the process for preparing forest management plans (FMPs) to ensure sustainable flows of goods (e.g., timber, non-timber forest products, wildlife) and environmental services (e.g., watershed protection), and implement these over a part of the CC planning region. The FDP would finance technical and social inputs to the updated FMPs which would, in turn, inform the PA management planning process.

Component 3: Reorganize and Strengthen the Department of Protected Areas (USD 4.50m, comprising USD 3.00m IDA, USD 1.25m GEF and USD 0.25m Government funds) aimed at restructuring and strengthening the DPA to update and implement its mandate. The below listed outputs would build institutional capacity essential for the sustainability of the PDO.

- i. Support institutional reorganization;
- ii. Build capacity of the DPA to administer the system of PAs;
- iii. Develop and implement a biodiversity monitoring program for the PAs; and
- iv. Develop informational materials for visitors.

The IDA financed FDP would assist the Department of Forestry (DoF) to implement its new mandate to establish sound forest management systems that would maximize the contribution of Georgia's forests to economic development and rural poverty reduction on an environmentally sustainable basis, through: (i) restructuring of the DoF and consolidation of district offices; (ii) development of national standards for sustainable forestry that would be incorporated into forest management guidelines and implemented in specific areas under the FDP; (iii) establishment of a forest information system and completion of a national forest inventory which included identification of high conservation value forests; and (iv) training and incremental logistical

support. The effective implementation of DoF's new mandate would significantly contribute to biodiversity conservation in PAs and corridor areas.

Component 4. Project Management and Monitoring (USD 1.73m, comprising USD 1.00m IDA, USD 0.63m GEF und USD 0.10m Government funds) would support a Project Implementation Unit (PIU) that would be located within DPA and responsible for contracting providers of goods, works, and consultant services under the direction of a multi-sector steering committee. PIU staff would include a project director, financial management specialist, an additional accountant if required, and one or more procurement specialists. Good technical and fiduciary management would make the achievement of the PDO possible.

1.6 Revised Components

No formal restructuring occurred². Revisions to components agreed during the course of project implementation included (i) dropping from Component 2 the planning of the Eastern Caucasus Alpine Corridor which had not yet been initiated, and channeling funds to management plan development for the David Gareji area which had better prospects for fast completion; (ii) dropping from Component 2, the reintroduction of the gazelle into the Vashlovani PAs as a formerly agreed donation from Azerbaijan did not materialize; and (iii) dropping from Component 2 the development and implementation of grazing management plans to avoid resettlement impacts. None of these revisions required amendment of the Grant Agreement.

1.7 Other significant changes

The Grant Agreement was amended several times, including:

- Changing the disbursement percentages for works (from 80% to 85%), consulting services (80% to 100%) and operating costs (90% to 100%) to reduce Government's counterpart funding burden and speed up disbursement (March 29, 2004).
- Increasing the contract ceilings for various procurement methods (September 19, 2006), and providing for procurement from UN Agencies as an alternative to the International Shopping method instead of linking it to the National Shopping method (February 12, 2007);
- Extending the Project closing date from December 31, 2006 to December 31, 2007, and then to December 31, 2008. The justification for the first extension was that while project implementation had been behind schedule, it was making good progress and additional time would enable the achievement of the PDO. The second extension was granted to provide an additional construction season to complete a small volume of outstanding civil works in the high mountainous Tusheti PAs, which had been stalled by poor meteorological conditions.
- Reallocating funds (i) from "goods", "training", "small grants", "operating costs" and "unallocated" categories of disbursement to "works" and "consultants' services" categories due to higher than originally anticipated cost of civil works (May 17, 2007), and (ii) from "works", "training", and "small grants" categories of disbursement to "consultants' services" and "operating costs" categories to cover consultant costs and incremental operating costs resulting from project extension.

² ISRs No. 9 – 19 indicated that a restructuring had taken place on March 16, 2004 due to an erroneous entry. Information Solutions Group (ISG) removed the entry from the ICR Data Sheet following clearance by the Investment Policy Group (OPCIL).

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

Soundness of the background analysis. Several highly informative *background studies/analyses* were carried out:

- *A Social Assessment* based on a household survey and focal group meetings in the communities surrounding the project-supported PAs emphasized: (i) high level of poverty (the income of more than half of the households constituted the bare minimum of survival), lack of employment opportunities, especially in Tusheti, and heavy reliance on fuelwood; (ii) low awareness of the Vashlovani PA among local residents contrasted with high awareness and pride of the PAs in Lagodekhi and Tusheti; but general support for PAs in all three areas and concern about the poor state of pastures; (iii) somewhat unrealistic expectations in Tusheti about the benefits of the Project regarding resource use (such as the notion that use of natural resources in the PA or livestock production may increase as a result of better/expanded protection) and the potential of tourism, contrasted with low expectations from tourism in Lagodekhi and Dedoplistskaro; and (iii) heavy reliance on land resources for agriculture, grazing, fuel wood, and water (in Vashlovani). The Social Assessment recommended a participatory approach to PA planning from the earliest stages in order to correct unrealistic expectations and prevent losses to resource users.
- *A nature / culture tourism assessment of Georgia* carried out by an international tourism specialist found that the natural and cultural landscapes of the Caucasus Mountains have medium to high potential as an international nature tourism destination. Tusheti, Svaneti, and Lagodekhi were the areas with the highest potential among the project sites. Targeted marketing must be an integral part of a tourism development strategy aimed at creating an image of Georgia as a tourism destination. The Project's investments in facilities for improved park management (e.g., administration offices and information centers) and capacity to provide environmental education and park interpretation services to national and international visitors would also promote ecotourism. A medium case scenario of 5% growth for Georgia's nature tourism at the national level from a current level of 5,000 tourists, would conservatively yield USD 5.5 million to local communities and USD 7.8 million nationally by year 5 of the Project.
- *A survey of willingness to visit Georgian parks and pay for visitor services* was carried out among Georgian city dwellers, short term foreign visitors to Tbilisi, and expatriate residents of the region (Georgia, Azerbaijan, and Armenia). The survey found that the factors most likely to influence PA visitation were accessibility and cost. Expatriates and visitors were the most likely group to visit PAs, with Tbilisi expatriates expressing interest in as many as five PA trips within the next year. Among the six PAs presented in the survey³, the Borjomi National Park was the PA preferred by most respondents, followed by Central Caucasus, Tusheti and Lagodekhi. Vashlovani was the least preferred. The PA visitor service that most respondents were interested in was "guided tour on animal and plant species". Finally, the average willingness to pay daily entrance fee ranged between USD 9 and USD 16 among international respondents.

Incorporation of lessons learned in project design. Three lessons learned from earlier GEF and Bank projects in the region were incorporated in project design:

- i. *Projects should be initiated by building capacity for implementing project activities, and addressing policy changes needed for successful implementation.*

³ Borjomi, Central Caucasus, Kolheti, Lagodekhi, Tusheti, and Vashlovani PAs.

During the first year of implementation, the Project would focus on (i) institutional reform of the DPA; and (ii) building capacity in implementing project activities.

- ii. *Projects should have broad support in the government, civil society, and local communities where the three PAs are proposed to be created or expanded.*

The Project was recognized as a national priority and had the support of central and district government officials, local communities and NGOs. Evidence for this support is threefold: (i) creation / expansion of the three PAs supported under the Project had been approved by the district governments; (ii) the public meetings held during project appraisal were well-attended, and highly supportive of the Project; and (iii) the President and the Speaker of the Parliament publicly expressed support for the Project.

- iii. *GEF projects should develop mechanisms to improve sustainability.*

The Project supported tourism development in the PAs and assisted local communities with income generating activities that are consistent with the PAs' biodiversity conservation priority.

Rationale for the Bank's intervention. The Bank's involvement was justified based on the extensive history of cooperation, including Bank assistance to Georgia with preparation of its National Biodiversity Strategy/Action Plan, National Environmental Action Plan (NEAP), and Forest Sector Review, which together provided a strategic foundation for the Project. The Bank had developed an understanding of Georgia's environment and development issues and gained experience with government and civil society. Through the IDA/GEF financed Integrated Coastal Management Project (ICMP), the Bank was assisting a PA management activity in Kolkheti which would be linked with this Project and benefit from the Project's support to strengthen the central DPA and US National Park Service (NPS) technical assistance in PA management.

Assessment of the project design. The objectives and components of the Project were in line with Georgia's objectives with regard to biodiversity conservation as outlined in the NEAP. The design also took into account the need for social sustainability by promoting sustainable natural resource use by local communities and supporting nature-based tourism in and around PAs. Project implementation arrangements were not overly complicated. The decision at appraisal to shift project implementation responsibility from the MEPNR (which had prepared the Project) to the DPA⁴ was correct and in line with the overall vision of DPA managing the Network of Protected Areas in Georgia. Furthermore, support for restructuring the DPA in the early phase of the Project was highly appropriate to prepare it for its new mandate to manage a network of multi-purpose PAs. Geographic dispersion was not a problem since the country is relatively small and two of the three new PAs are within 2-3 hours from Tbilisi. The link with the IDA-financed FDP was appropriate and provided an opportunity for technical cooperation between DoF and DPA to incorporate biodiversity conservation into forest management using state-of-the-art geographical information systems.

The inclusion of the biological corridor management in the Eastern Caucasus Mountains with the objective of incorporating biodiversity conservation into production landscapes was appropriate given the importance of these corridors for the region's key endangered species and the need to raise stakeholder awareness on this issue. The political climate in Georgia at the time of project preparation was also fully supportive of environmentally sustainable development and biodiversity conservation beyond the boundaries of formal PAs. Nevertheless, in the light of later

⁴ At the time of Appraisal in 2001 the DPA was reporting to the President's Office; it became part of MEPNR in 2005.

knowledge of capacity for management plan implementation (Section 2.2), it would have been more effective to design a less ambitious activity focusing on most critical habitat areas to ensure passage of key species between PA “safe islands” rather than a more ambitious goal to mainstream conservation in productive landscapes.

Project design should have paid more attention to traditional herders who used pastures in the project-supported PAs. Resettlement plans should have been introduced during project preparation, rather than during implementation.

Adequacy of government’s commitment, stakeholder involvement and/or participatory processes. The Project was developed on the basis of Georgia’s commitments to global and regional biodiversity conservation as evidenced by its ratification of the Convention of Biological Diversity, and signing of the Bonn and Bern Conventions, the Bucharest Convention for the Black Sea, and the Convention of International Trade of Endangered Species. Project preparation also benefitted from collaboration between central and district governments, local communities, scientific institutions and NGOs. Project design incorporated the key finding of the Social Assessment that local communities expected these PAs to lead to improvements in their standards of living, mainly through ecotourism services.

Assessment of risks. The overall project risk was appropriately rated *moderate* based on four “from outputs to objective” risks and one “from components to outputs” risk. The recognition of political instability as a *substantial* risk is noteworthy given that the Rose Revolution in late 2003, two and half years after appraisal. However, political instability has also posed a substantial risk for Georgia’s and hence its PAs’ tourism prospects, which was not recognized. While the team noted that cross sectoral planning might face resistance from Government and other stakeholders, the rating should have been *substantial* rather than *moderate* given the importance of maximizing the intensity of agriculture for local stakeholder livelihoods in a predominantly rural country, and lack of an institutional and legal framework for biological corridor management.

2.2 Implementation

The Project did not become effective for 11 months after Board approval due to delay in meeting of effectiveness conditions. This caused a significant break between the preparation and implementation phases. Government’s difficulties in providing counterpart funding affected the implementation of PADP as well as other Bank-financed operations. This situation improved significantly following an overhaul of the national public revenue and expenditure management system after the Rose Revolution and an increase in the disbursement ratios for the Project in 2004. The 2005 transformation of DPA from a department within MEPNR into an autonomous legal body of public law - Agency of Protected Areas (APA) - subordinated to the MEPNR slowed down project implementation resulting in the downgrading of progress towards achievement of PDO and implementation progress to *moderately unsatisfactory*. Particularly impacted were Components 2 and 3 as the transformation process hindered enactment of legislation establishing the three PAs and adoption of their management plans. While project implementation proceeded smoothly following the institutional transformation, time lost during this transition and the reorganization of MEPNR PIUs into one unit, the Sustainable Development Projects Implementation Agency (SDPIA), necessitated the extension of the project closing date.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

The M&E key indicators (Section 1.2) as agreed in the Supplemental Letter at project negotiations adequately cover the breadth of outcomes needed to achieve the PDO. Four of the

six⁵ key indicators fulfilled the requirement of ease of measurement, data availability, and availability of a baseline. Indicators (i), (ii) and (iv) were straightforward to measure as they required only verifying the status of various management plans. For indicator (vii), it was reasonable to expect that the specific PAs would keep records of the fees collected. Indicators (v) and (vi) were more problematic. In particular, it was unrealistic to expect that impact of project activities on natural habitats would be measurable within the life of the Project. An output indicator on measures put in place to halt degradation would have been more appropriate instead. Indicator (vi) did not specify a baseline, stages, and a measurable aspect of community support. Presumably, it was assumed these indicators would be refined with support during project implementation along with the details of an M&E system. Nevertheless, while the key indicators (i), (ii), (iv) along with associated process indicators were monitored from project effectiveness by the PIU and the Bank supervision team, consultants to design biodiversity and social monitoring systems were not engaged until late 2004. It appeared that the PIU and other stakeholders in MEPNR were not fully familiar with the project logframe and all key performance indicators, which was addressed through a stakeholder workshop in early 2004.

The implementing agency tracked PA revenues systematically from 2006 when user fees were instituted. The APA tasked a staff member to collect, analyze and post on the web data obtained from individual PAs as well as Government budget allocations (see Table 1 in Section 4). With regard to community support, a PA community survey instrument was developed under the Project and implemented by the specific PAs in the final two years of the Project. Analysis of the data was not completed within the project life due to shortage of statistical analysis skills at APA. Nevertheless, APA is working to build staff capacity in statistical analysis to gain better understanding of relationships between various variables gauged in the survey. Under the Biodiversity Monitoring Program, implemented mainly by specific PAs, a leopard was spotted in the Vashlovani PA, which was seen as an early indicator of decreasing disturbance of the ecosystem as occurrence of leopards had been extremely rare in Georgia over many decades. Indicator meadow and steppe habitat recovery (v) was monitored in the context of a pilot demonstration activity in Tusheti.

Two of the key indicators from the Supplemental Letter and 6 intermediate outcome indicators from the PAD's Output Indicators were closely monitored by the Bank. The wording of a few indicators changed slightly over time and one intermediate outcome indicator combined two related PAD output indicators.

PA Managers carried out the PA Management Self-Assessment Questionnaire twice during the Project, once at the MTR and a second time a year later to help strengthen the quantitative measurement of capacity gains. The Questionnaire allowed PA Managers to step back from daily management tasks and take a broader view of their performance. The results show an overall improvement for all PAs. Ratings for most of the assessment criteria grew from 2004 to 2005 and 2006. Ratings for a few indicators dropped after the first round of assessment and then rebounded in 2006. Interestingly, the PA administrations explained this by lack of understanding and over-scoring at the baseline, followed by a more informed and realistic self assessment in the subsequent years (see Annex 1).

The project indicators helped the DPA / APA to monitor and evaluate project progress. The use of indicators related to PA system funding was and remains exemplary considering a lack of capacity to do this at the time of Project effectiveness. APA has used PA revenue data to plan short and medium term ecotourism promotion activities and pursue other funding sources when visitor revenues lagged behind projections and PA operational costs. Information on the status of

⁵ Excluding (iii) as it is a duplication of (i).

biological corridor plans was also readily available. Furthermore, APA continues to make efforts to develop the social M&E as they consider the information collected useful in designing awareness campaigns and community-PA cooperation.

2.4 Safeguard and Fiduciary Compliance

Safeguards:

Environmental safeguards

Project preparation triggered Operational Policy (OP) 4.01 Environmental Assessment (EA) only, while relevance of OP 4.04 Natural Habitats, and OP 4.36 Forestry were “to be monitored”. In late 2002, the Bank team determined that the latter OPs were also triggered and began rating compliance. The Project was classified as Category B. The EA identified minor risks of disturbance to flora and fauna associated with (i) small-scale construction and/or renovation of national park infrastructure, including administrative buildings, checkpoints and guard stations, trails and tourism infrastructure; and (ii) increased noise and refuse due to increased recreational use of the three national parks under the Project. An environmental management plan (EMP) laid out mitigation measures. During project implementation, compliance with the EMP was adequate and the Project’s rating for OPs 4.01, 4.04 and 4.36 remained *satisfactory* throughout implementation.

Involuntary Resettlement

At appraisal, the Project did not trigger OP 4.12 Involuntary Resettlement. The Social Assessment identified resource use, notably fuelwood and pastures, as a critical issue in all three project-supported PAs and recommended that the PA administrations “should not restrict access to fuelwood resources within the protected zones without assisting the local populations in finding alternative sustainable sources. In addition, the PA administrations will work with local shepherds and local administrations to ensure that leases for pastureland on lands within the zoned PA will not be altered until and unless leases for equal or better pastureland elsewhere have been allocated.” It appears that the non-triggering of OP4.12 was based on the understanding that the above recommendations would be followed. However, as the process of PA management plan development got underway, it became clear that OP4.12 was triggered and the Bank team began rating compliance in the Bank’s Project Status Reports in mid-2003. In September 2005 and again in June 2006, the task team carried out a comprehensive assessment of resettlement-related issues. The assessment found that the implementation of some components of the PA management plans would lead to restriction of the established patterns of natural resource use and, possibly, to conflicts. Upon the task team’s recommendation, MEPNR commissioned a reputable NGO to prepare a Resettlement Plan and Process Framework (RPPF). Submitted to and approved by the Bank in December 2007, the RPPF covered people who lose access to natural resources.

Project implementation did not cause any resettlement, as APA carefully avoided confrontation with local communities and opted to delay enforcement of those elements of the PA management plans which would discontinue current resource use patterns until transition arrangements and agreements could be reached through negotiations with the local community as laid out in the RPPF. Once the RPPF was developed, Government demonstrated political commitment to addressing the identified issues. Specifically, in Lagodekhi, the current conflicting pasture lease agreements with sheep farmers within PA boundaries will not be renewed when they expire at the end of 2009 and farmers will be offered alternative pastures, as recommended by the RPPF. In Tusheti, current zoning is being revisited to adjust boundaries around various categories inside the PAs to the historically established traditional patterns of land use. The most complex issues are encountered in Vashlovani where shepherds are reluctant to accept the offered terms for moving to the proposed alternative pastures. While use of winter pastures in Vashlovani PAs may

be tolerable in the medium term perspective from the point of view of pasture management, it must be discontinued eventually if a gazelle population is to be reintroduced in this area. The APA is actively searching for a solution to this outstanding matter. Discussions are ongoing with potential donor organizations willing to address the gazelle re-introduction program in a comprehensive manner, including the habitat problem.

Procurement. The procurement performance of the implementing agency was *moderately unsatisfactory*. While the implementing agency's procurement capacity was adequate initially, it weakened due to frequent staff turnover. During the last two years of project implementation, the procurement specialist (PS) was replaced twice and for an extended period of time, SDPIA had no PS at all. During this period, the consultant who carried out procurement functions had no procurement qualification, responses to queries from the Bank were slow, and documentation was poor. Furthermore, the Bank's guidelines on post- and prior-review were misinterpreted.

The City of Tbilisi Prosecutor's Office investigated a contract for PA boundary demarcation and concluded that the quality delivered did not match the technical specifications in the contract and deemed it a misappropriation. The Bank's assessment that the contractor's performance did not violate the Bank's Procurement Guidelines was officially communicated to the Government. Nevertheless, the Government found the contractor guilty and received as a result of a plea bargain an amount deemed misappropriated, USD 231,608.21 which was reimbursed in December 2008 to the Project Account.

Financial Management (FM). While FM was initially considered *satisfactory*, as in the case of procurement, FM arrangements deteriorated significantly due to staff turnover. Budgeting and planning capacity was poor, the internal control system demonstrated deficiencies, and FM risks were rated as *substantial*. Quarterly FM reports were often of inadequate quality and submitted to the Bank with delays. As a result, the FM rating was downgraded to *moderately unsatisfactory* in September 2007. Despite these problems, the financial statements and other supporting documents received unqualified (clean) audit opinions with the exception of FY06. In 2006, a qualification was issued due to insufficient evidence for eligibility of some expenditures. The qualification was later removed, and a clean audit opinion was issued for the FY07 statements. The audits were carried out according to the International Standards of Auditing; however the audit reports for 2007 and 2008 were submitted to the Bank with significant delay.

2.5 Post-completion Operation/Next Phase

Gradual transition of a lead role in management of project activities from SDPIA to the APA occurred during the final two years of the Project, as SDPIA's capacity grew weaker and APA took more control, primarily by strictly supervising investments in project-supported PAs and taking over the awareness raising / tourism promotion function. At this time, APA is a dynamic organization with a vision to expand on the Project's achievements. It has secured Government resources and is working hard to broaden revenue sources for the PAs, from visitors, international donors, and the private sector.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

The PDO is highly relevant to Georgia's present priorities in biodiversity conservation. Having put in place a network of 25 PAs in the past decade and achieved significant institutional strengthening to effectively manage this network, the Government's short and medium term priorities are to strengthen administrative capacity in individual PAs (especially those that have

not benefitted from GEF or other donor support), further improve the financial sustainability of the PA system, outsource some of the visitor services, adjust PA boundaries to better reflect community land use patterns, and further involve communities in PA management. The Project played a large role in laying the institutional and physical groundwork on which this next round of interventions can be built. Furthermore, lessons learned in the project areas will be helpful in managing other PAs.

While the Government strongly supports biodiversity conservation within PAs, the environment is not ripe for managing habitats and biodiversity conservation in production landscapes as they fall outside the authority of APA and would necessitate more complex institutional arrangements involving multiple local government and line agencies.

Neither the present Country Partnership Strategy (CPS) nor the CPS under preparation for Georgia includes any operations focusing on environmental protection. The focus given limited resource constraints is on infrastructure, reflecting the Government's more immediate development agenda. In the longer term, the Bank's experience through this Project and its global experience can support environmental protection, nature-based tourism, and diversification of rural livelihoods.

3.2 Achievement of Project Development Objectives

The PDO has been achieved at a *moderately satisfactory* level.

Component 1: Support Protected Areas Planning was *moderately satisfactory* in supporting the PDO. The component fully achieved its objective of supporting development of a detailed plan for biodiversity conservation and forest conservation. Management plans were produced for two new PAs. Their participatory development ensured community support. MEPNR is fully committed to granting legal designation to these PAs by 2010. The component also achieved the objective of supporting corridor conservation planning in eastern Georgia as well as development of participatory management plans and guidelines for the Alazani flood plain forest and the David Gareji protected landscape. Although the management plan for the Alazani flood plains has not yet been formally adopted, this process has succeeded to raise awareness of key environmental issues. Establishment of the David Gareji protected landscape is on hold due to political sensitivities given proximity to the border with Azerbaijan.

Component 2: Establish Protected Areas Management and Build Awareness of Biodiversity Conservation was *satisfactory* in supporting the PDO by helping establish the Lagodekhi, Vashlovani, Tusheti, and Batsara-Babaneuri and Ilto PAs, covering a total area of 189,000ha. These PAs have legal designation, formally registered boundaries, and approved management plans. The outcome "full protection" is ensured by increased PA staff numbers and skills in managing multiple-zone PAs, and growing coverage of basic operating costs through government budget allocation (see Section 4). The Small Grants Program, which supported 61 environment-friendly local initiatives in PA gateway communities, contributed to raising local public awareness of local PAs.

Component 3. Reorganize and Strengthen the DPA also *satisfactorily* contributed to the PDO. The DPA underwent a dramatic transformation to a dynamic, adequately staffed and highly skilled APA, which has a clear legal mandate to manage the country's PA network and strong ownership of the multiple use PA planning and management approach. APA's legal status allows it to generate, retain and reinvest revenues in the PA system. APA has skills in revenue management, and tourism marketing and development. APA and its branches have fully adequate premises, office and field equipment, and means of transportation and communication. The Project has developed and implemented a Biodiversity Monitoring Program for the PAs. The

Project also supported production of high quality printed information materials, including booklets and leaflets on PAs, Georgia's flora and fauna species, and calendars in the Georgian and English languages. APA also has a highly attractive, functional and informative web site. These outputs are crucial for the sustainability of Project outcomes.

3.3 Efficiency

At the time the Project was designed, economic or financial efficiency analyses were not required for GEF-funded projects; as such net present value/economic rate of return or cost effectiveness was and would be extremely difficult to assess ex-post. However, a GEF incremental cost analysis (ICA) was carried out at appraisal. Review of the implementation of the Baseline and GEF Alternative Scenarios indicates that a significant part of the GEF Alternative Scenario was accomplished. The exception is that management plans for biological corridors in Eastern Georgia have not been implemented although APA has indicated that the management plan for the David Gareji area would be implemented when the border dispute with Azerbaijan is resolved. As a result, the attainment of the PDO and the GEF Alternative Scenario is rated *moderately satisfactory* (see Annex 3).

3.4 Justification of Overall Outcome Rating

Rating: *Moderately satisfactory*

The overall outcome rating is moderately satisfactory because the PDO was achieved to a significant extent. Three ecologically and socially sustainable PAs were created in eastern Georgia and this component is highly relevant to Government's short and medium-term plan; however, capacity necessary to mainstream biodiversity conservation into the production landscape connecting these areas was not fully achieved.

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

The Project has begun to make small differences in the local communities' welfare through PA visitors and private organizations who spend 1-2 days in Lagodekhi and Dedoplistskaro to use the conference facilities within the PAs. Local families that have refurbished their homes to accommodate visitors, cater food services to the conferences, and provide visitor services as guides or by providing horseback rides are able to earn extra income. However, the number of such families is limited and the number of visitors has been below the capacity of the existing facilities. This has been a disappointment to some families who expected large and quick gains (as cautioned against by the Social Assessment). External factors, such as the August 2008 hostilities with Russia or news of other political unrest, have and will continue to limit the extent to which nature-based tourism can contribute to the local communities' welfare. Therefore, it is important for local communities to recognize that a level of nature-based tourism development that can sustain entire families is not feasible in the short term.

Adherence to the Resettlement Plan and Process Framework in the project-supported PAs will prevent negative impact on the livelihoods of herders and other PA resource users. The Government is taking action towards improving rural livelihoods and mediating human-wildlife conflicts around Tusheti and Vashlovani PAs in line with the Process Framework with the assistance of international environmental NGOs, using resources provided by the EU.

(b) Institutional Change/Strengthening

The Project contributed significantly to capacity development in the DPA (and APA), and the three PAs supported under the project. This includes training of PA officials in various aspects of modern protected area management, including financial management, visitor management, public relations, and English language skills; as well as proper equipment and secure user rights to adequate premises. The Project's innovative collaboration with the US NPS was instrumental in achieving higher staff capacity. Under the partnership established between DPA / APA and NPS, Georgian PAs were matched with US national parks of similar natural conditions whose superintendants visited the Georgian PAs and vice versa. A mentoring relationship emerged whereby Georgian PA directors received guidance over several years on the above-mentioned issues and saw US national park management through study tours.

(c) Other Unintended Outcomes and Impacts (positive or negative). Not applicable.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

On July 10, 2008, a stakeholder workshop reviewed the experiences made with the small grant program supported by the project and had the following key findings and conclusions:

- Establishment of new PAs or significant expansion of existing PAs should be accompanied by outreach to communities in buffer zones, aimed at adapting local communities to new natural resource management regimes;
- Community participation in the development and operation of PA financing schemes is critical to ensure that beneficiary interests are duly incorporated and the schemes are operated with transparency and accountability;
- Maintaining tight links between PA administrations and community support financing schemes is important to enhance collaboration between communities in the buffer zone and neighboring PAs.
- While beneficiary communities should have an important role in shaping the support schemes and defining priorities, in most cases they will need significant technical assistance to organize themselves, formulate viable proposals, and manage their activities.

Surveys of the project-supported PA administrations demonstrated a positive trend in their success rate, as detailed in Annex 5.

4. Assessment of Risk to Development Outcome

Rating: *Moderate*

This section examines the factors that might hinder the Project's PDO outcomes from being maintained.

Low local community support to PAs. This risk is *moderate* due to restrictions on natural resource use within the boundaries and lower than initially expected tourism benefits to local communities.

- While the management plans generated under the Project allowed for sustainable use of natural resources in certain locations within PA boundaries, they did not fully accommodate existing land use patterns, which led to leading to conflicts with local communities. These conflicts will be resolved when APA implements the Resettlement Plan and Process Framework and adjusts PA boundaries and zones as it intends in the short term. Consultation with the local communities on PA management issues is an area that needs improvement. The practice of "advisory councils" failed; the dominant pattern of communication appears to be lectures given by park rangers on what local communities *may not* do in the PAs. It would be helpful for PAs to include community relations specialists who can deepen positive relationships with the communities.

- PA visitation is highly dependent on political stability and sense of security. This was evidenced by massive visitor reservation cancellations in response to the August 2008 hostilities which occurred in the vicinity of the project PAs. Even in the best of times, development of an area as an ecotourism destination takes meticulous marketing work and patience. To mitigate the risk of community disillusionment, it is important to encourage a longer term perspective and diversify revenue sources. For example, some project-supported guest houses in Dedoplistkaro have attracted business or religious visitors to the area as well. The PAs' strategy to offer their conference rooms for business conventions to be catered by local businesses also provides revenue opportunities for the local communities. Outsourcing of visitor services (e.g., management of PA guest houses and bungalows) would help generate more business opportunities for the communities.

Table 1: Budget Allocations and Tourism Revenues in Project PAs (USD)

Year	Budget Allocations (USD)			PA Visitors			Self-generated revenues (USD)
	2006	2007	2008	2006	2007	2008	2008
PA							
Tusheti	26,739	68,371	134,680	675	1,244	954	27
Lagodekhi	30,286	55,200	117,051	246	430	2,693	12,362
Vashlovani	34,001	61,187	139,297	122	899	1,406	2,416

Source: APA

Insufficient PA budgets to cover basic expenses. This risk is *low*. Government budget allocations to the PA Network have increased dramatically in recent years. In 2007, Government funding was USD 1.25 million; in 2008, this amount increased by more than 50% to USD 2.77 million. The budget allocation for 2009 is approximately USD 3.65 million, representing another significant increase. Budget allocations to project-supported PAs have also increased by 350% to 500% between 2006 and 2008 (Table 1). These budget increases have allowed the hiring of new rangers and administrators and salary increases, and cover basic management functions. Given Government's commitment to the country's PA network a return to previous insufficient funding levels is not expected. While revenues from project-supported visitor amenities, such as picnic and camping areas, and guesthouses and bungalows, are still modest (Table 1), they are expected to increase in the medium to long term as the PAs become more known locally and internationally. The increasing number of visitors in the past three years bodes well for this prospect (Table 1). However, more comprehensive PA management, including community relations and rangeland management, will require additional specialist staff and hence higher funding levels than now.

Inefficient management of PAs. This risk is *moderate*. Under normal circumstances, the capacity built at both APA and PA administrations and ongoing partnership with the US NPS is sufficient to allow adequate implementation of the modern PA management mandate in the foreseeable future.⁶ However, strict centralization of administration of individual PAs poses a risk for the proper upkeep of project-supported investments. At the present time, even the smallest maintenance contracts are handled by APA in Tbilisi and may take up to six months. The

⁶ Extraordinary circumstances would include a drastic reversal in Government policy towards biodiversity conservation similar to the shift in forest policy that occurred in the aftermath of the Rose Revolution. Government chose to auction long term leases for forest parcels to private operators without putting in place an adequate environmental safeguards system. While official guidelines for forest inventories prescribe coverage of biodiversity resources, such inventories are to be prepared by private lease holders, which represents a clear conflict of interest.

administrations of the project-supported PAs have the capacity to handle such functions with greater efficiency.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: *Moderately Satisfactory*

Project design was overall sound and included novel elements. Preparation activities included input from a prominent international ecotourism operator who advised on facilities that would attract ecotourists. Also noteworthy is the cooperation agreement with US NPS which provided invaluable guidance to project PAs and DPA / APA in all aspects of PA management. This cooperation was later replicated in other Bank-supported projects in the region. Nevertheless, there were three areas where performance could have been stronger. The first area is the failure to prepare a Resettlement Plan and Process Framework at the time of appraisal (see Section 2.4). This document would have guided the PA management plans that were developed during Project implementation. Second, in designing the mainstreaming biodiversity concerns in production landscapes sub-component, the Bank should have carried out a review of the institutional and legal issues as well as different stakeholder interests that might influence biodiversity conservation in biological corridors. Finally, project preparation would have benefitted from greater stakeholder consultations, especially in M&E design.

(b) Quality of Supervision

Rating: *Moderately Satisfactory*

Supervision performance was generally strong. As the 2004 QAG review also noted, the Bank made a significant effort to jumpstart project implementation after the long delay in project effectiveness, although it failed to address M&E design and implementation until early 2004. The team was proactive afterwards in engaging the implementing agency to focus on the M&E framework and triggering the OP on Involuntary Resettlement. The Bank also discussed with counterparts a possible restructuring and setting clear short-term performance targets at MTR when the pace of implementation slowed. At MTR, the Bank agreed with the Government to drop the planning of the eastern Caucasus alpine corridor which had not yet been initiated, thus scaling down the slow-performing Eastern Georgia Corridors sub-component. Furthermore, in an effort to ease the impact of Government's low counterpart financing capacity on disbursements, the Bank agreed to increase disbursement ratios for certain categories. The supervision team included Bank staff with considerable experience in biodiversity conservation as well as international PA management and ecotourism consultants who strongly supported project implementation especially with regard to institutional capacity building. The Bank continued effective cooperation with US NPS. The fact that the TTL was based in Tbilisi during the final two years of the Project was beneficial in resolving day-to-day implementation issues. Similarly, the Procurement and FM specialists were also Tbilisi-based, allowing for closer supervision and more effective communication with the PIU. The supervision team could have also done better in documenting safeguards ratings in mission aide memoires and better filing of project related documents in the Bank's IRIS.

(c) Justification of Rating for Overall Bank Performance

Rating: *Moderately Satisfactory*

The Bank's performance is considered moderately satisfactory.

5.2 Borrower Performance

(a) Government Performance

Rating: *Moderately Satisfactory*

Government commitment to the Project remained strong through major political shifts, including the Rose Revolution in late 2003. Despite its highly de-regulative and liberal approach to economic and natural resources management, the post-Revolution Government supported the expansion of existing PAs, establishment of new PAs, and strengthening of the agency in charge of the PA network. On the other hand, Government did not support incorporation biodiversity conservation into production landscapes. Changes of Minister of Environment (there were six changes during the Project), along with a lower level position changes invariably negatively impacted Project performance by slowing down decision making. Government fulfilled a legally binding commitment to establish and maintain a Project Steering Committee mandated to provide guidance to Project implementation, though the Committee gradually lost its function as (i) an overly high level membership insisted on by the Government would not allow a sufficient number of members to participate in Committee meetings, and (ii) the non-binding recommendations of the Committee did not bring added value as after the Rose Revolution DPA / APA took a strong lead in Project implementation.

(b) Implementing Agency or Agencies Performance

Rating: *Moderately Satisfactory*

Project administration progressed from reasonably satisfactory to moderately unsatisfactory during the life of the Project. The merging of MENPR PIUs under one unit, the SDPIA, created significant disruption in Project implementation as key Project staff left. In the final year of the Project SDPIA lacked key administrative staff, including a Technical Manager, a Financial Manager, and a Procurement Officer. For several months in late 2008, the SDPIA Director position was also vacant, which paralyzed SDPIA. On the other hand, APA stepped in to fill the vacuum by playing an important role in supervising the ongoing contacts signed by SDPIA, which was critical for completing construction works and delivering infrastructure to the PAs supported by the Project.

(c) Justification of Rating for Overall Borrower Performance

Rating: *Moderately Satisfactory*

Overall Borrower commitment to the Project remained high through politically challenging times, which resulted in a well-functioning PA network and administration with much promise that remaining challenges will be overcome gradually. This picture is in striking contrast with that in 1999 when Project preparation started (Section 1.1). On the other hand, lack of borrower commitment to push for institutional reforms required for biodiversity conservation in production landscapes in part prevented the full achievement of the PDO. Administrative bottlenecks caused by institutional re-arrangements throughout the Project slowed down Project implementation.

6. Lessons Learned

- It is important that resource use restrictions are identified during Project preparation and evaluated in the framework of OP/BP 4.12 Involuntary Resettlement. Preparation of a Resettlement Plan and Process Framework during Project preparation may have reduced delays and complications during implementation.
- In a country with no precedent for incorporating biodiversity conservation in spatial planning, it is unrealistic to expect that it can be achieved within the relatively short lifetime of a project. It is advisable to limit such activities to a pilot level to demonstrate their benefits.

- Establishing consultative bodies for PA is not a guarantee that they will operate in a meaningful way. It takes substantial work and effort to develop adequate and country-specific tools for successful stakeholder representation in PA management.
- Top quality technical assistance from peer organizations coupled with adequate resources can significantly improve national standards and practice of PA interpretation and visitor management, by raising awareness about expectations of foreign visitors and modern international good practice.
- Competitive Grant Schemes (CGS) inevitably produce winners and losers. Full transparency of the decision-making process, a good public information system and appropriate community participation in the CGS cycle can help avoid the risk of turning losers into enemies of PAs and their administrations.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies. A draft of the ICR was shared with APA for comments. In its response, APA indicated that it considered the ICR's analysis of the project's results fair and agreed on the ICR ratings of various evaluation criteria. APA's formal letter is reproduced in Annex 7.

(b) Cofinanciers

(c) Other partners and stakeholders. The International Union for Conservation of Nature in its comments on the ICR highlighted its concurrence with the ICR findings on issues concerning conflicts of resources use and the lesson learned on PA consultative bodies (Annex 8).

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent)

Components	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Support Protected Areas Planning	6.87	4.15	60%
Establish Protected Areas Management & Build Awareness of Biodiversity Conservation	17.20	12.10	70%
Reorganize & Strengthen the Department of Protected Areas	4.50	2.86	64%
Project Management	1.73	1.86	108%
Total Baseline Cost	30.30	20.97	69%
Physical Contingencies	0.00	0.00	0.00
Price Contingencies	0.00	0.00	0.00
Total Project Costs	30.30	20.97	69%
Front-end fee PPF	0.00	0.00	0.00
Front-end fee IBRD	0.00	0.00	0.00
Total Financing Required	30.30	20.97	69%

(b) Financing

Source of Funds	Type of Cofinancing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Borrower	Cash and in kind	1.45	0.94	65
Global Environmental Facility	Grant	8.70	8.54	98
Government of the United States	In kind	0.15	0.15	100
Global Environment – Associated IDA Fund & Borrower Financing	Credit	20.00	11.35	57
	Total	30.30	20.97	69

Annex 2. Outputs by Component

Envisaged at Appraisal	Actually Achieved (as of closing date 12/31/2008)
Component 1. Support Protected Areas Planning	
<p>1.i Prepare protected area plan for the Central Caucasus Mountains Ecoregion</p> <p>Output: Forest resource and conservation plan for Central Caucasus Region adopted.</p> <p>Indicator: Central Caucasus Resources Plan completed, with proposed gazettement of one new national park</p> <p>ISR Indicator: PA plan for the Central Caucasus planning region supported by local communities and adopted by Government.</p>	<p>Detailed forest inventories were carried out in the Central Caucasus region under the FDP. Under the FDP, forest management plans were also developed and approved for the Oni and Ambrolauri Districts. Additional baseline data on ecosystems and habitats were obtained through joint efforts of this Project and the IDA-financed FDP. Two new PA were identified and planned in Racha and Svaneti regions, and management plans and draft laws on their establishment were completed in 2008. However, the draft laws were not submitted to the Parliament after the August 2008 hostilities.</p>
<p>1.ii. Prepare and implement corridor plans in the Eastern Caucasus Mountains.</p> <p>Output: Corridor plan linking protected areas adopted for Eastern Georgia.</p> <p>Indicator: Agreement reached with Department of Forestry and Ministry of Agriculture, local and regional government on guidelines for integration of biodiversity conservation into forestry planning and grazing management process.</p>	<p>Integration of biodiversity conservation into forestry planning and grazing management was to be achieved through the establishment of protected landscapes which are multiple use PAs. Management plans were developed and laws drafted for such PAs in the alluvial floodplain forests along the Alazani river and the arid ecosystem of David Gareji, an important wildlife habitat and a remarkable monument of cultural heritage bordering Azerbaijan. While some recommendations of these management plans were implemented during the Project, the PAs were not formally designated. Reluctance to formally establish these PAs stemmed from the fact that the multiple use category of PAs are not governed by a PA administration, but would be co-managed by APA, local governments and other stakeholders. This multi-institutional set-up was deemed to carry a high risk of failure. With the David Gareji site, there are also some persisting political issues over the delineation of the State border between Georgia and Azerbaijan.</p>
Component 2. Establish Protected Areas Management and Build Awareness of Biodiversity Conservation	
<p>2.i. Finalization of management plans</p> <p>Output: Management plans under implementation at three protected areas.</p> <p>Indicator: Legal designation of 2 national parks and expansion of 1 nature reserve</p> <p>Indicator: At least 90% of each management plan is implemented after 6 years of project implementation.</p> <p>ISR Indicator: Protected areas in eastern Georgia under full protection, with management plans under implementation, total 185,000ha. 2 NPs legally designated and 1 Nature Reserve expanded.</p> <p>Output: Sustainable resource use in support zone.</p> <p>Indicator: Resource user groups established and operational within protected area and support zone.</p>	<p>Project-supported PAs of Lagodekhi (with an expanded Nature Reserve), Vashlovani, Tusheti, and Batsara-Babaneuri-Ilto were established in full legal capacity, management plans were approved and adopted, PA administrations were staffed and equipped. Management plans are largely implemented.</p> <p>Resource user groups were identified through the resettlement study after the MTR. However, there is no formal designation of such groups since there is no legal basis in Georgia for the establishment of such groups.</p>

Envisaged at Appraisal	Actually Achieved (as of closing date 12/31/2008)
2.ii. Undertake studies to improve park and resource management	A study on biodiversity in the project-supported PAs was carried out by a Georgian NGO. The study provided information about the numbers and densities of key indicator flora and fauna species, mapped their habitats, and developed thematic maps based on the information collected. The study also developed a biodiversity monitoring scheme in the PAs, including pocket guidebooks for PA staff to monitor key species.
2.iii. Support professional development on protected areas	All three project-supported PAs are now fully functioning: PA administrations have modern premises and are properly staffed and equipped; rangers have been provided with adequate uniforms and means of transportation; professional staff has been trained and motivated for good performance; public funding of PAs on an increasing trend (including salaries) and PAs enabled to generate own revenues.
<p>2.iv. Establish park infrastructure; and 2.v. Establish nature-based tourism infrastructure</p> <p>Output: Revenue generation and reinvestment system (governance and legal) in place for three protected areas.</p> <p>Indicator: The amount of funds collected increases 20% by the end of the 6th year relative to the end of the 3rd year.) Indicator: Resource user groups established and operational within protected area and support zone.</p>	<p>PA Interpretation for Visitors. Tusheti, Lagodekhi, and Vashlovani PAs have satisfactory visitor centers with interactive exhibits of local crafts and specimens of endemic flora and fauna. The visitor centers also have conference centers. Field guides and maps are available for tourists at the entrance of each visitor center. Outdoor trail signs were also put in place, although the quality of the materials used for the signs could be improved.</p> <p>PA Infrastructure. Construction of the main infrastructure for PA administrations and visitor centers was completed for all project-supported PAs. Field infrastructure comprising tourist trails, shelters, bungalows, camping sites, and observation platforms is provided. Road side signage and PA interpretation panels are mounted along the trails.</p> <p>Tourism Accommodation within PAs. PA guesthouses and bungalows are well built and comfortable. Bungalows in Vashlovani have photovoltaic panels to generate electricity and running water. Maintenance of the bungalows, especially of sanitation facilities in the remote side of the PA, poses a challenge for limited PA capacity.</p> <p>Tourist Visitation. The summer months (June-August) are the peak season for tourist visitation to the Eastern Georgian parks. Tourists travel there for hiking, horse riding, and bird-watching. Georgian tourists tend to visit the Parks in greater numbers than international visitors, but foreign tourism is increasing as well. The main income generating services include: tour guide services; renting of tourist equipment (i.e., binoculars, tents; picnic area), and renting of conference rooms at the visitor centers for hosting various events.</p>
2.vi. Build local awareness	A number of public awareness programs aimed both at local populations as well as national audiences were produced, including TV video clips; postcards; a directory of bird species of East Georgia; newspaper stories; lecture series in local schools and press briefings; calendars for 2006 and 2007 with attractive pictures from the PAs; and booklets and leaflets with pictures, maps and factual information. The small grants program was an additional effective vehicle for raising awareness in local communities.
2.vii. Undertake socioeconomic monitoring to inform management plan implementation	Social Monitoring. Program for socio-economic monitoring in buffer zone communities was developed under the Project and implemented by PA administrations on a regular basis. APA intends to continue the program beyond the Project and is partnering with a local university for technical assistance in data analysis.

Envisaged at Appraisal	Actually Achieved (as of closing date 12/31/2008)
2.viii. Integrate protected area plans into regional and local plans	There is no spatial planning in Georgia, hence the PA plans could have not be incorporated. Though legal gazettelement of PAs actually identified a specific pattern of development for the areas within PA boundaries and is having a tangible impact on the economic development around them.
<p>2.ix. Implement small grants program for biodiversity-friendly activities</p> <p>Indicator: Completion of successful biodiversity-friendly activities in support zone under the small grants program.</p> <p>ISR Indicator: Biodiversity-friendly activities successfully completed in PA support zones through the small grants program.</p>	<p>Small Grants Program (SGP). 61 sub-projects supported a variety of activities in buffer zones of PAs, including bed and breakfast establishment, support to traditional crafts, nursery, restoration of traditional agricultural products, micro hydropower stations, and dissemination of locally adopted animal species. The Program enhanced the public perception of the PAs. Further discussion on the SGP and a list of sub-projects funded under SGP is provided at the end of this table.</p>
Component 3. Reorganize and Strengthen the Department of Protected Areas	
3.i. Support to institutional reorganization	The DPA was reorganized from an organization exclusively focused on strict protection (but unable to prevent poaching due to lacking community involvement) into an agency capable of managing a PA network with a full range of protection categories and cooperating with local communities to further conservation efforts.
<p>3.ii. Build capacity of the DPA to administer the system of protected areas</p> <p>Output: DPA reorganized and strengthened.</p> <p>Indicator: statute for the new structure of the department of Protected Areas is approved by the GoG by the end of the 1st year of the Project.</p> <p>Indicator: Institutional development plan of the DPA has been implemented at least 60% by the end of the 3rd year and 90% by the end of the 5th year.</p> <p>ISR Indicators: Adequate charter of the Department of Protected Areas approved by Government and institutional development plan implemented. Administrative system for PAs generating and managing their own revenues (user/entrance fees) in place.</p>	<p>The DPA made outstanding progress in terms of gaining capacity to run the national network of PAs, strengthening oversight of the management of individual PAs, and advocating for the interests of the PA network within the MEPNR and beyond. Later, the DPA was reorganized as the APA with a new status of a Legal Body of Public Law under the control of the MEPNR. APA's mandate is clearly shaped; its institutional set-up and human resource capacity significantly improved, premises renovated, furnished, and equipped. On the other hand, with the establishment of APA, individual PA administrations ceased to exist as discrete legal bodies and were attached to APA. This high level of administrative centralization can harm the efficiency of PA level operations and stifle PA administrations' creative thinking and initiatives.</p> <p>PA entrance fees have not been introduced yet, although APA's legal status allows to collect entrance fees and the plan is to have them in place in future. Currently fees are collected for services rendered to visitors of PAs.</p>
3.iii Develop and implement a biodiversity monitoring program for the protected areas	The Project supported the development of a biodiversity monitoring program. PA staff have been provided with guidebooks for biodiversity monitoring and received training. APA plans to mainstream biodiversity monitoring inside and outside PAs as part of a participatory national biodiversity monitoring plan that will be supported by GTZ. As a first step GTZ will help to compile a list of habitats found in Georgia following the guidelines of the EU directive on flora, fauna, and habitats. Indicators and key species will then be identified and monitored over time.
3.iv. Develop informational materials for visitors	A set of high quality visitor guides on the PAs were prepared in Georgian and English.

SMALL GRANTS PROGRAM

Under the Georgia Protected Areas Development Project

The Small Grants Program (SGP) was implemented in the buffer zones of Vashlovani, Lagodekhi and Tusheti protected areas. The overall objective of the SGP was to facilitate community participation in biodiversity conservation in and around PAs. More specifically, SGP promoted environmental protection and biodiversity conservation awareness among local communities; helped poor and vulnerable communities living in and around PAs to identify and implement sub-projects to provide for their livelihood needs and improve their living conditions in an environmentally sound manner; disseminated knowledge and skills for traditional methods of resource use; and established partnership between the local communities, NGOs, and PA administrations.

SGP was administered in accordance with an Operational Manual by a non-governmental organization (NGO) contracted under the Project. The NGO maintained a database of the sub-projects funded, received progress reports from sub-grant recipients, and authorized payments to recipients based on the interim deliverables. The NGO had a strong field presence throughout SGP implementation. A Board was established to review and approve grant proposals, resolve issues emerging in the course of sub-projects implementation and provide professional advice on technical matters. The Board was comprised of representatives of governmental and non-governmental organizations, academia, and the Church.

A Total of 732,800 USD equivalent was disbursed under SGP during three grant award cycles, which were held in April-August 2004, October-December 2004, and July-September 2005. Approximately 600 initial grant applications were received. After the initial screening, some of them were developed into full grant applications and eventually 63 were approved for financing, out of which two were canceled at the early stage and 61 entered into implementation. The amount of individual grants was ranging between 4,000 and 25,000 USD equivalent.

The main types of sub-projects supported from SGP are as follows:

- Rehabilitation of village water supply systems;
- Revival of technologies and support to folk arts and crafts;
- Ecological summer camps for youth;
- Family-owned bread-and-breakfast facilities;
- Development/management of simple nature tourism infrastructure;
- *In-situ* conservation of agro-biodiversity;
- Production of seedlings for windbreaks; and
- Restoration and conservation of cultural heritage.

The success rate of SGP was 92%, meaning that 58 out of 63 projects fully achieved their objectives as set out in the initial grant applications, or as revised with the SGP Board's endorsement. Two projects had problems with start-up and did not materialize. The grant resources were therefore cancelled. Three sub-projects failed to produce the planned outputs due to poor budgeting and weak management.

Sub-projects Implemented Under the SGP (list of original titles)

Tusheti Region

1. Restoration of the Shenako church
2. Rehabilitation of the church and the fortress wall on Natakhtari hill
3. Construction of a light bridge over the stream in Parsma village
4. Construction of light bridges over rivers/streams
5. Water supply for Omalo village

6. No-waste production for cleaner environment
7. Construction of a micro power plant Kekhmori
8. Shenako hydro power plant
9. Support to horseback tourism
10. Touristic guesthouse center in Verkhovani
11. Setting up family-run tourist hotels
12. Establishing network of family-run guesthouses
13. Establishing family-run hotels in the support zone Tusheti National Park
14. Network of bed & breakfast facilities in Pirikita Tusheti
15. Development of family-run hotel network in Dartlo village
16. Network of family-run hotels Kruiskari
17. Support to tourism in Dartlo
18. Establishing a network of tourist hotels
19. Family-run hotels in Kvemo Alvani
20. Tourist servicing with horses
21. Water supply for villages Dzibakhevi and Birkiani next to Batsara protected area
22. Water supply in Ole gorge
23. Summer ecological camp Khikhi in village of Khakhabo
24. Man and nature: co-existence in harmony
25. Guidebook for tourists on local traditions and building relations with the people of Tusheti
26. Carpet and kylim making in Mziti
27. Restoration of wool processing workshop and establishing handicraft classes
28. Reviving traditional handicrafts of Tush women
29. Passing crafting traditions to future generations
30. Arrangement of a stationary nursery
31. Restoration and dissemination of Georgian aboriginal variety of vine Kisi in Akhmeta rayon
32. Establishing vineyard of unique Georgian variety of Khikhvi
33. Breeding of Caucasian shepherd dogs
34. Farming of local traditional breed of Kahetian pigs
35. Conservation and popularization of traditional production of Tushetian cheese
36. Small facility for processing fruits, vegetables, soybeans, and berries
37. Restoration of Tushetian tradition of beer brewing.

Dedoplistskaro region

38. Restoration of a historical church on St. Elia Mount
39. Facilitation of tourist visitation to historical and natural site of Khornabuji
40. Development of a network of family-owned guesthouses
41. Development of family-owned guesthouses
42. Establishment of a family-owned guesthouse
43. Development of nature tourism in Iori plain
44. Eagle Gorge – support to nature tourism in Dedoplistskaro rayon
45. Landscape restoration and rehabilitation of a pasture
46. Development of a sourcebook for tourists on traditions of the local population and on building relations with locals
47. Production of ecologically clean food items
48. Innovative technology for production of a natural honeycombing
49. Inclusion of marginalized groups into education programs
50. Development of ecologically clean beekeeping
51. Model low-input beekeeping
52. Production of saplings for greening
53. Restoration and dissemination of black plum trees in Alazani Valley

54. Restoration of water buffalo farming in Kamechovani
55. Support to traditional handicrafts
56. Supply of well water to district communities.

Lagodekhi region

57. Establishment of a family-owned hotel in Lagodekhi
58. Family-owned guesthouse
59. Development of tourism in Lagodekhi
60. Ecological camp Sunshine-2
61. Summer camp for ecological education of youth.

Annex 3. Economic and Financial Analysis

No economic or financial efficiency analyses were required at the time of GEF approval, so no net present value/economic rate of return, cost effectiveness or financial rate of return were calculated. This would be extremely difficult to assess ex-post.

An incremental cost analysis (ICA) was prepared during Project preparation. The cost of the Project Baseline Scenario was estimated at USD26.47 million. The Forests Development Project (FDP) under preparation was assumed to cost USD20.00 million of which USD18.00 million would contribute to the baseline and USD2.00 million to the GEF Alternative Scenario. Specifically, FDP was expected to have considerable direct biodiversity conservation benefits, addressing the root causes of forest biodiversity loss by promoting forest policy reform; preparing and implementing model sustainable forest management plans (FMPs);, and building the capacity to plan, better regulate, and monitor forest harvesting and sustainable use. Other portions of the Baseline Scenario included support from the ICMP, World Wildlife Foundation, UNDP Environmental Capacity Building Project, the WWF and KfW-funded Borjomi-Kharagauli National Park, and the UNDP Arid and Semi-Arid Ecosystem Conservation in the Caucasus Medium Size Project.

The cost of the GEF Alternative was estimated at USD 38.77 million. The difference with the Baseline Scenario, USD12.30million, represented the incremental cost of achieving sustainable global environmental benefits. Of this amount, the GEF would finance USD8.70 million, the Government USD1.45 million, and FDP USD2.00. Additionally, USD0.15 million was leveraged from USAID for technical assistance from the US National Park Service (NPS). FDP would support forestry planning in the Central Caucasus and inclusion of biodiversity objectives in forest management plans in production forests.

The cost of the Project was estimated at USD30.30 million. The Project Appraisal Document (PAD) stipulated that the GEF grant of USD8.70 million leveraged USD20.00 million co-funding from the FTP, USD 1.45 million from the Government, and USD 0.15 million from the US NPS.⁷ Table 1 below lays out the activities on which FDP and PADP would collaborate and the corresponding FDP co-funding amounts, by PADP component.

The FDP delivered some but not all of the activities identified in the Protected Areas Development PAD. In fact, FDP was suspended and later cancelled in 2008 as a result of the Government's determination to lease forests to commercial operators in the absence of adequate institutional measures to ensure the environmental sustainability of the leased forests. Of the approximately USD20.63 million IDA credit, roughly USD10.97 million was cancelled. Total project costs, including Government counterpart financing were USD11.35 million.

⁷ There was inconsistency between the ICA in Annex 4 and Section C of the PAD in terms of the FTP funds presented as leveraged by the GEF grant. For example, while according to ICA, in the GEF Alternative Scenario, activities supporting the "Establish Protected Areas Management and Build Awareness of Biodiversity Conservation" component were estimated to cost USD 10.37 million with GEF financing of USD 6.20 million and USD 4.17 million of cofinancing leveraged; in section C the total cost of the component was presented as USD 17.20 million with the same amount of GEF funding and USD 10.00 million in co-funding from the FTP.

Table 1: Planned and Realized FDP Contribution to PADP

Component	Areas of Collaboration	FDP Co-funding Leveraged	Status of Planned FDP Outputs	Cost of realized FDP contributions
Component 1: Support Protected Areas Planning	<p>PADP and FDP would jointly implement three activities for the 7,430 sq. km Central Caucasus planning region: (i) inventories and analyses of the landscape diversity, as inputs to the protected area planning process. The PADP would finance biodiversity studies and the FDP would finance inventories of forest resources; (ii) harmonization of the policies and classifications for land-use, resource-use and protected areas, resulting in a unified classification of protected areas for the Central Caucasus region, and (iii) preparation of a PA plan, with management plan guidelines for each PA category.</p> <p>The PADP and FDP would also collaborate on two activities to promote biodiversity conservation in the production landscape in corridors connecting PAs in two areas of eastern Georgia (i) the alluvial floodplain forests along the Alazani River, and (ii) the mosaic of grasslands and forests in key corridors connecting protected areas in the Caucasus mountains which provide critical habitat for globally threatened species such as the Dagestan tur, Caucasian black grouse and Caucasian snow cock.</p>	USD6.00m	<p>FDP Component 2 “Improve Forest Planning and Management in Central Caucasus Pilot Area (CCPA)”:</p> <ul style="list-style-type: none"> • Prepared landscape-ecological composition zoning maps, completed inventories on 550,000 ha or 22 percent of Georgia’s forests: Level 1&2 inventories in Oni, Ambrolauri, Borjomi-Bakuriani, Tsageri, Lentekhi and Mestia Districts, and Level 1 inventory in Ajara. (Oni and Ambrolauri are in Central Caucasus, the rest in parts of the country). • Prepared forest management plans (FMPs) for Oni and Ambrolauri. • Completed PA classification of the Central Caucasus region and PA plan. <p>Additionally DoF participated in multi-stakeholder participatory development of management plans for two eastern Georgia corridor areas.</p>	USD3.28m (Amount disbursed under FDP Component 2)
Component 2: Establish Protected Areas Management and Build Awareness of Biodiversity Conservation	<p>The FDP would revise and update the process for preparing forest management plans to ensure sustainable flows of goods (timber, non-timber forest products, and wildlife) and environmental services (e.g., watershed protection), and implement these over a part of the Central Caucasus planning region. The FDP would finance the technical (including biodiversity) and social inputs to the updated forest management plans, and implementation of the plans.</p>	USD10.00 m	<p>FDP Component 1 Improve Forest Sector Governance through National Regulatory, Financial and Institutional Reforms. developed guidelines for preparing biodiversity sensitive FMPs. But they are not being implemented.</p> <p>Biodiversity sensitive FMPs developed for Oni and Ambrolauri under FDP Component 2 are not being implemented.</p>	-
Component 3: Reorganize and Strengthen the Department of Protected Areas	<p>The FDP would assist the DoF to implement its new mandate to establish sound forest management systems that would maximize the contribution of Georgia’s forests to economic development and rural poverty reduction on an environmentally sustainable basis, through: (i) restructuring of the DoF and consolidation of district offices; (ii) development of national standards for sustainable forestry that would be incorporated into forest management guidelines and implemented in specific areas under component 2 of the FDP; (iii) establishment of forest information system and completion of a national forest inventory; and (iv) training and</p>	USD3.00m	<p>FDP Component 1 was to fund DoF staff training on improved / environmentally sustainable forest management and participatory techniques, but it did not occur. The same component prepared a forest sector rationalization / institutional development plan but it was never implemented.</p> <p>FDP component 2 was to establish a Forest</p>	USD0.5m

	incremental logistical support (office and transport).		<p>Management Information System, but it did not occur. However the Project did provide MEPNR Spatial Information Center with hardware and software, important building blocks for FMIS development.</p> <p>FDP Component 3. Forest Protection and Reforestation in Selected Priority Areas</p> <ul style="list-style-type: none"> • Established a State Environmental Inspectorate (GDI) within the MEPNR; • Procured 1,000 uniforms, 36 four-wheel drive vehicles, 60 global positioning systems (GPS), and office equipment for the Forest Department, 24 four-wheel drive vehicles for GDI; 	
Component 4. Project Management and Monitoring		USD1.00m		USD0.5m
Total				USD4.28m

FDP's key contribution to the Project's PDO was the preparation of landscape-ecological composition zoning maps and level 1&2 inventories in Oni and Ambrolauri in Central Caucasus which was an important building block in the preparation of the management plans for two PAs in the Central Caucasus region. Had it not been for the close cooperation between this GEF-financed project and the IDA-financed FDP, these outputs may not have been possible. On the other hand, some FDP outputs that would have contributed to this Project were not accomplished, as detailed in Table 1. The total amount in FDP funds that the Project leveraged are thus estimated at USD4.28million.

Other co-financing that the Project leveraged include USD0.94 million of Government counterpart funds and USD0.15 million in USAID funded technical assistance from the US NPS. The value of the latter was likely much higher if in-kind support provided by US NPS staff, US national park superintendants and the ongoing training program were to be monetized. The total amount of co-funding realized is thus estimated at USD13.90 million.

A significant part of the GEF Alternative Scenario was accomplished. One exception includes management plans (MPs) for biological corridors in Eastern Georgia which have not been put in place although APA has indicated that the MP for the David Gareji area would be implemented when the border dispute with Azerbaijan is resolved. As a result the attainment of the PDO and the GEF Alternative Scenario is rated *moderately satisfactory*.

Table 2. Planned and actual funding sources

	GEF Grant (mill USD)		Bank: IBRD/IDA (mill USD)		Government (mill USD)		Other* (mill USD)		Total (mill USD)	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Grants	8.70	8.54							8.70	8.54
Loans										
Credits			20.00	4.28					20.00	4.28
Equity investments					1.45	0.94			1.45	0.93
In-kind support							0.15	0.15	0.15	0.15
- Other										
Totals	8.70	8.54	20.00	4.28	1.45	0.94	0.15	0.15	30.30	13.90

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit
Preparation		
Phillip Brylski	Senior Biodiversity Specialist, TTL	ECSSD
John A. Hayward	Sector Manager	ECSSD
Marjory-Anne Bromhead	Sector Manager	ECSSD
Charis Wuerffel	Operations Analyst	ECSSD
Kerstin Canby	Environmental Specialist (Consultant)	ECSSD
Darejan Kapanadze	Projects Officer	ECSSD
Tijen Arin	Natural Resources Economist	ECSSD
Anthony Whitten	Biodiversity Specialist	ECSSD
Andrey Kushlin	Forestry Specialist	ECSSD
Jose Martinez	Procurement Specialist	ECSSD
Gurdev Singh	Procurement Specialist	ECSSD
Anna Staszewicz	Financial Management Officer	ECSSD
Ranjan Ganguli	Financial Management Specialist	ECSSD
Karin Shepardson	Program Team Leader / ECA GEF Coordinator	ECSSD
Elly Gudmundsdottir	Legal Specialist	ECSSD
Nicholay Chistyakov	Sr. Disbursement Officer	LOAFC
Janis Bernstein	Social Scientist	ECSSD
Tjaart Schillhorn Van Veen	Biodiversity Specialist	ECSSD
Andrew Bond	Biodiversity Specialist	ECSSD
Supervision/ICR		
Philip Brylski	Sr. Biodiversity Specialist, TTL	ECSSD
Shahridan Faiez	Sr. Social Development Specialist, TTL	ECSSD
Darejan Kapanadze	Environmental Specialist, TTL	ECSSD
Maria L. Amelina	Sr. Social Development Spec	ECSSD
David A. Bontempo	Operations Analyst	ECSSD
Robert Kirmse	Sr. Forestry Specialist	ECSSD
Plamen Stoyanov Kirov	Procurement Specialist	ECSPS
Ilia Kvitaishvili	Rural Development Specialist	ECSSD
Jesus Renzoli	Senior Procurement Specialist	ECSPS
Karl Skansing	Procurement Specialist (Consultant)	ECSPS
Guranda Elashvili	Procurement Assistant	ECCGE
Arman Vatyán	Sr. Financial Management Spec	ECSPS
Irakli Zakareishvili	Financial Management Spec (Consultant)	ECSPS
Olaf Malver	Ecotourism Specialist (Consultant)	ECSSD
Christian Goenner	Natural Resource Management Specialist (Consultant)	ECSSD
Emanuela Montanrai Stephens	Ecotourism and Interpretation Development Specialist (Consultant)	ECSSD
Kathy MacKinnon	Lead Biodiversity Specialist	ENV
Agnes Kiss	Lead Ecologist	ECSSD

Marjory-Anne Bromhead	Sector Manager	ECSSD
Juergen Voegele	Sector Manager	ECSSD
Tijen Arin	Sr. Environmental Economist	ECSSD
John Kellenberg	Sector Manager	ECSSD

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY98		105,104.03
FY99		47,242.00
FY00		106,942.59
FY01		98,581.12
	Total:	
	29.35 (Annual breakdown not available)	357,869.74
Supervision/ICR		
FY02	13.52	37,869.78
FY03	21.64	66,611.66
FY04	16.54	81,714.28
FY05	19.79	102,898.99
FY06	20.66	85,565.37
FY07	9.55	52,181.56
FY08	10.83	71,937.79
FY09	16.56	76,576.61
	Total:	
	129.09	575,356.04

Annex 5. Beneficiary Survey Results

Lagodekhi, Tusheti, and Vashlovani PAs were periodically surveyed using a simple site-level tracking tool developed for the World Bank and WWF and intended for reporting progress at protected area sites. The first time this tool was used in 2004 to document the baseline in terms of legal and institutional status of the project-supported PAs as well as their functionality and effectiveness of management. Based on the scores, Lagodekhi PAs were found 42.39% successful in 2004, Tusheti – 38.04% successful, and Vashlovani – 43.48% successful. In 2005 the evaluation outcomes were: Lagodekhi – 46.74%, Tusheti – 40.22%, and Vashlovani – 51.09%. The last evaluation was carried out in 2006, which found Lagodekhi 69.57% successful, Tusheti - 65.22 %, and Vashlovani – 63.04%.

The summary evaluation sheet below demonstrates a positive trend in the assessment results from all project-supported PAs. According to the instruction on the use of this tracking tool, the evaluation was done by the PA administrators under the professional guidance provided by the Bank consultant.

#	Field	Lagodekhi			Tusheti			Vashlovani		
		2004	2005	2006	2004	2005	2006	2004	2005	2006
1	Legal status	3	3	3	3	3	3	3	3	3
2	PA regulations	1	1	2	1	1	1	1	1	2
3	Law enforcement	1	1	3	0	0	1	1	2	2
4	PA objectives	2	2	3	1	1	2	2	2	2
5	PA design	1	1	3	2	2	2	2	2	2
6	PA boundary demarcation	1	2	3	1	2	3	2	2	3
7	Management plan	1	2	3	1	1	3	1	2	2
<i>Bonus additional points</i>			<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
8	Regular work plan	0	2	3	0	1	3	0	2	2
9	Resource inventory	2	2	2	2	2	3	2	2	2
10	Research	1	1	2	1	1	3	1	1	1
11	Resource management	1	1	2	1	1	2	1	2	2
12	Staff numbers	2	2	2	1	1	3	1	2	2

		Lagodekhi			Tusheti			Vashlovani		
13	Personnel management	2	2	2	1	1	2	2	2	2
14	Staff training	2	1	2	1	0	1	2	1	2
15	State budget	1	1	2	0	1	2	1	1	2
16	Security of state budget	1	1	2	1	1	1	1	1	1
17	Management of budget	2	1	2	2	1	2	2	1	2
18	Equipment	2	2	2	1	1	2	2	2	2
19	Maintenance of equipment	1	1	1	1	1	2	1	1	2
20	Education and awareness	1	1	3	1	1	3	1	1	1
21	State and commercial	2	2	2	2	2	2	2	2	2
22	Local communities	1	1	1	1	1	2	1	1	2
<i>Bonus additional points</i>			<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	2	<i>1</i>	<i>1</i>	<i>1</i>
23	Visitor facilities	0	1	1	1	1	1	0	1	1
24	Commercial tourism	0	1	1	1	1	0	0	1	1
25	Fees	0	0	0	0	0	0	0	0	3
26	Condition assessment	2	2	3	2	2	3	2	2	2
27	Access assessment	1	1	3	1	1	2	1	2	2
28	Economic benefit assessment	2	2	2	2	2	2	2	2	2
29	Monitoring and evaluation	1	1	2	1	1	2	1	1	2
Total		39	43	64	35	37	60	40	47	58
Percentage		42.39	46.74	69.57	38.04	40.22	65.22	43.48	51.09	63.04

Annex 6. Stakeholder Workshop Report and Results

A Small Grants Program (SGP) beneficiary workshop was held at the Ministry of Environment Protection and Natural Resources (MEPNR) on July 10, 2008 to summarize outcomes of two grant schemes aimed at diversifying sources of income and improving livelihood of gateway communities residing in proximity to the PAs of Kolkheti, Tusheti, Dedoplistskaro, and Lagodekhi. Kolkheti was covered by a grant scheme operated in parallel with the World Bank and GEF financed Integrated Coastal Management Project, while the SGP under PADP covered other protected areas. The workshop was attended by the representatives of gateway communities, grant recipients, NGOs, and academia – all involved in SGP implementation as either direct beneficiaries, technical supporters and administrators of grant-funded activities, or members of the SGP Board. The management of the MEPNR and the Agency of Protected Areas were also present and took part in discussions. The workshop helped to analyze outcomes of the grant schemes, compare different modalities of running these schemes, issues associated with community mobilization and benefit-sharing.

Following are the key findings and conclusions of the workshop:

- Establishment of new PAs or significant expansion of existing PAs should be accompanied by outreach to communities in buffer zones, aimed at adapting local communities to new natural resource management regimes;
- Community participation in the development and operation of PA financing schemes is critical to ensure that beneficiary interests are duly incorporated and the schemes are operated with transparency and accountability;
- Maintaining tight links between PA administrations and community support financing schemes is important to enhance collaboration between communities in the buffer zone and neighboring PAs.
- While beneficiary communities should have an important role in shaping the support schemes and defining priorities, in most cases they will need significant technical assistance to organize themselves, formulate viable proposals, and manage their activities.

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

Sustainable Development Projects Implementation Agency, acting as a PIU for the Georgia Protected Areas Development Project, submitted Recipient's ICR on behalf of the MEPNR to the Bank. Below is the summary of this document:

Introduction

GEF Grant Agreement for the financing of Georgia Protected Areas Development Project (GPADP) was signed by the Government of Georgia and the International Bank for Reconstruction and Development on October 4, 2001. In April 2002 the Project became effective. The total amount of the grant financing made 8.700.000 USD. Implementing agency for this Project was the Agency of Protected Areas of Georgia (APA) under the Ministry of Environment Protection and Natural Resources (MEPNR), along with administrations of Lagodekhi, Vashlovani, Tusheti, and Batsara-Babaneuri and Ilto protected areas, which are the branch offices of the APA.

Project Goal and Objectives

The goal of the GPADP was to conserve Georgian biodiversity through the creation of three ecologically and socially sustainable protected areas in forest ecosystems, and to build capacity for mainstreaming biodiversity conservation into the production landscapes which connect them. The Project would (i) support protected areas planning in the Central and Eastern Caucasus; (ii) establish protected areas management and build awareness of biodiversity conservation at three sites in the Eastern Caucasus; and (iii) reorganize and strengthen the Department of Protected Areas to conserve and manage biodiversity. The Project was consistent with the GEF Operational Program for biodiversity conservation.

Project Components

Component 1. Support Protected Areas)Planning.

Support to the development of the detailed plans of biodiversity and ecosystem conservation in the Central Caucasus region and management plans for ecological corridors in the East Caucasus.

Component 2. Establish Protected Areas management and Build Awareness of Biodiversity Conservation.

Development of four protected areas in East Georgia (Vashlovani, Lagodekhi, Tusheti, and Batsara-Babaneuri and Ilto) with the purpose of conserving rich regional biodiversity, which would also support income generation by protected areas administrations and the gateway communities and stimulate sustainable development in the surroundings of protected areas.

Component 3. Reorganize and Strengthen the Department of Protected Areas

Restructuring and institutional strengthening of the Department of Protected Areas to enable this institution protection and management of Georgia's landscapes and biodiversity.

Expected Result of the Project

1. Improved planning of natural resource conservation and management in the Central Caucasus;

2. Approval of the biodiversity corridor management plans; Improved protection of biodiversity in East Georgia following recommendations of IUCN and requirements of Georgian legislation through establishment of two national parks and expansion of one nature reserve;
4. Protected areas contribute to the local economic growth and poverty alleviation; Sustainable use of natural resources is introduced in the support zones of protected areas; Revenues generated by protected area administrations cover considerable part of their operating costs; Restructuring of the protected areas authority is completed and it functions with a new, expanded mandate.

Activities Implemented Under the Project

Component 1

1.1 Preparation of the Central Caucasus Protected Areas Management Plans

- In 2004 GPADP, in cooperation with Georgia Forests Development Project, carried out studies on biodiversity conservation in Ambrolauri, Lentekhi, and Tsageri administrative rayons, based on which a group of biodiversity and forestry experts developed recommendations on target areas for the establishment of protected areas. Biodiversity specialists carried out training for forestry specialists on the methodology of identifying biodiversity hotspots and areas of high conservation value;
- Outputs of Central Caucasus studies used to develop plans of new protected areas in this region, which propose multiple categories defined by IUCN, which are also recognized by Georgian legislation;
- For the purposes of developing detailed management plans for the proposed protected areas, a consortium of NGOs comprising Georgia Protected Areas Programme, Dzelkva, Georgia ICOMOS, and Geophysical Society of Georgia commissioned;
- Report on the desk review of literature, report on the outcomes of field studies, report on the synthesis of baseline information, guidelines for management planning, draft management plans and draft laws on the establishment of Central Caucasus protected areas were produced.

1.2 Development and implementation of biodiversity corridors in the East Caucasus

- NGO Georgia Protected Areas Programme was commissioned for management planning in biodiversity corridors;
- Following documents were produced: (i) Management planning guidelines for David Gareji landscape conservation, and (ii) Management plan for Alazani river flood plain forest ecosystem.

Component 2

2.1 Establishment and development of Vashlovani, Tusheti, Batsara-Babaneuri, and Lagodekhi protected areas

- Parliament of Georgia passed laws on the establishment and management of Tusheti, Batsara-Babaneuri, Lagodekhi, and Vashlovani protected areas. This law established Tusheti National Park and protected landscape, Vashlovani National Park, Lagodekhi and Ilto sanctuaries, nature monuments of Takhti-Tepa, and Eagle Gorge. Nature reserves of Vashlovani and Lagodekhi were expanded.
- Statues of newly established protected area administrations adopted;
- Protected area administrations supplied with essentials for carrying out their duties, including the means of transportation, communication, uniforms, and field equipment;

- Protected area administration buildings and visitor centers provided adequate premises along with office furniture and IT equipment.

2.2 Upgrading and adoption of management plans

- Management plans were drafted at the early stage of the Project preparation. Upgrading of these plans continued during project implementation, through a participatory process. In 2004 and 2005 stakeholder workshops were held to upgrade draft management plans;
- Revised management plans for the beneficiary protected areas formally approved and entered into operation;

2.3 Professional development for protected areas management

- Protected area rangers received basic training in patrolling, law enforcement, search and rescue skills, delivered by US Park Service. Selected training sessions were attended by administration and staff of the Protected areas Department and administrations of protected areas which had been direct beneficiaries of the Project;
- Staff of the Protected Areas Department and protected area administrations received training in keeping management plans up-to-date and developing annual working plans for their implementation;
- Staff of Tusheti, Batsara-Babaneuri, Vashlovani, and Lagodekhi protected areas received training in biodiversity monitoring delivered by environmental NGO NACRES;
- Representatives of protected area administrations participated in the World congress of national parks held in 2003 in the South African Republic.

2.4 Increasing public awareness of biodiversity

- Series of postcards with protected area photos designed and printed;
- 2006 and 2007 calendars with illustrations and textual information on protected areas of Georgia designed and produced;
- Field guidebooks on raptors of Georgia and birds of East Georgia published;
- Sets of guidebooks, leaflets, and pocket maps of the project beneficiary protected areas published in Georgian and English languages;
- Scientific-popular papers on protected areas and issues related to their management developed and published in the national and South Caucasus printed media;
- Several meetings and field trips for journalists and other representatives of media held with the purpose of facilitating dissemination of information on the protected areas;
- Lectures supported with video material held at several schools and summer camps for youth.

2.5 Studies for the improvement of protected areas and natural resource management

- Applied research of biodiversity in the beneficiary protected areas carried out to close gaps in the existing information on species and populations of flora and fauna in protected areas and to improve management of wildlife in these protected areas;
- A stakeholder meeting on pasture management held in September 2004 in Dedoplistskaro region, with the purpose of drafting work plan for conservation and sustainable use of meadows and pastures in East Georgia. The meeting was attended by the representatives of academia, local government, MEPNR, Ministry of Agriculture, and NGOs. A work plan with some 40 proposed actions was drafted, and methodology for assessing carrying capacity of pastures and for monitoring pastures agreed upon.

2.6 Development of protected areas infrastructure

- Boundaries of protected areas physically demarcated;
- Administrative buildings for all beneficiary protected areas constructed or rehabilitated;
- Visitor centers and developed for all beneficiary protected areas.

2.7 Development of tourist infrastructure

- Tourist trails, shelters, and bungalows put in place for all beneficiary protected areas;
- Ranger stations and shelters provided;
- Roadside signage and information panels installed along tourist trails.

2.8 Ensuring sustainability of protected areas and supporting tourist visitation

- Expedition of the US travel periodical *Outside* organized to Georgia with the purpose of raising awareness of Georgia's natural heritage. Expedition was followed by an excellent publication in this magazine;
- Protected Areas Development Center (PIU) participated in the international tourist exhibition in 2003, delivering information on the developing potential for nature tourism in Georgia protected areas;
- Project beneficiary protected areas were represented several times in annual Tourist Fair held each spring by Tbilisi, Georgia;
- Upon request of the US Embassy in Georgia, a photo exhibition on the protected areas of Georgia was organized in the US Embassy;
- Several workshops of protected areas administrations were held to discuss strategic approaches to marketing nature tourism to protected areas and options for improving tourist servicing.

2.9 Social monitoring in support to implementation of protected area management plans

- A social study of gateway communities carried out through a commissioned consultant. A social monitoring tool is developed for carrying on the process on permanent basis.

2.10 Implementation of the Small Grants Program

- 63 grants approved, out of which two got cancelled and 61 sub-projects were implemented successfully: 37 sub-projects in Tusheti, 19 in Dedoplistskaro, and 5 in Lagodekhi.

2.11 Suggesting alternative livelihoods for

- Acta Consultants Georgia Ltd. commissioned to develop Resettlement Framework and Action Plan to address the need of removing sheep farms from and discontinuing natural resource use in some parts of protected areas, status of which is not compatible with current pattern of their exploitation by local communities. These documents provide policy approach to the resettlement and provide recommendations for the provision of alternative sources of income and livelihood for the target population and farms.

Component 3.

3.1 Support to institutional reorganization

- Advice on the optimal institutional set-up and staff structure of the protected areas authority provided through technical assistance from the US Park Service;

- Former State Department of Protected Areas, Nature Reserves, and Hunting Farms first had been transformed into a department unit of the MEPNR, and later, in 2008, became the Agency of Protected Areas – a legal body of public law under the MEPNR;
- Charter of APA developed and approved by the Government;
- Staff structure developed and specific TORs for all staff units worked out.

3.2 Building adequate capacity and qualification of APA

- Incremental operating costs provided to APA in the early and challenging period of its existence;
- Information Technologies and GIS systems procured and used by PIU during the project life transferred to APA after the project closure;
- Premises of APA within MEPNR rehabilitated, furnished and equipped.

Evaluation of the Project Outcome

The main goal of the Project is achieved. Recipient appreciates high professionalism and constructive cooperation on behalf of the Project Task Team, the World Bank consultants engaged with project implementation (Mr. Christian Gonner, Ms. Emanuela Montanari Stephens, and others), and the Environmental Specialist of the World Bank Office Tbilisi (Darejan Kapanadze). Project supervision by the World Bank had always been constructive and highly sensitive to the needs, priorities, and preferences of the Recipient. Discussions held and the decision made through meaningful exchange between the World Bank's Task Team and the Recipient were instrumental in achieving final results of the Project.

Comments on the Bank ICR Report from the Recipient's implementing agency

საქართველოს გარემოს დაცვისა და
პუნჯების
რესურსების სამინისტრო
საჯარო სამართლის იურიდიული პირი
დაცული ტერიტორიების
სააგენტო



MINISTRY OF ENVIRONMENT PROTECTION
AND NATURAL
RESOURCES OF GEORGIA
Legal Entity under Public Law
AGENCY OF PROTECTED AREAS

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„26“ „06“ 2009წ
№ 25-03/682

თქვენი 2009 წლის „ „
№ _____ წერილის პასუხად

To Mr. Asad Alam
Country Director
South Caucasus Country Unit
Europe and Central Asia

Dear Mr. Alam,

Thank you very much for sharing the draft Implementation Completion and Results (ICR) Report for Georgia Protected Areas Development (GPAD) Project, financed based on the Global Environment Facility Grant Agreement between Georgia and the International Bank for Reconstruction and Development.

The Agency of Protected Areas of Georgia is pleased to inform you that the draft report is acknowledged to be a comprehensive and fair reflection of the activities, output, and results of the completed GPAD Project. We agree to the positive evaluation of the achievement of the Project's Global Environmental Objective, as well as of the performance of parties involved in project implementation and supervision.

We would like to assure you that several expected results of the Project, which have not been fully achieved due to the factors external to our Agency and administrations of its protected areas, will be followed up on and targeted beyond the Project closure with the hope of their soonest realization, provided the enabling environment.

The Agency of Protected Areas thanks the World Bank for fruitful cooperation in the years of GPAD Project preparation and implementation and counts on the extended support from your institution in future.

Sincerely,

Giorgi Shönvazde
Chairman of the Agency

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

A letter from Mr. Ramaz Gokhelashvili, Director, Programme Office of the Southern Caucasus of IUCN

Programme Office for the Southern Caucasus

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June 26, 2009

Darejan Kapanadze
Environmental Specialist
World Bank Office Tbilisi
Tbilisi, Georgia

Dear Darejan,

Below is provided my opinion on The Implementation Completion and Results (ICR) Report on Protected Areas Development Project. The Report provides good analysis of the Project from its early stage of preparation through implementation and also contains some outlook beyond the project completion.

It is correctly noted that more comprehensive work at the preparation stage may have allowed a smoother implementation. The earlier are protected areas management plans adopted a project cycle, the longer period of project lifetime is left for implementation of these plans with the help of a project. The same is true for the issues pertaining land and resource use in the proposed protected areas. Overlooking or neglecting any possible conflicts over the land and natural resources are likely to hinder project implementation at a later stage.

The ICR Report correctly notes (in the section on the lesson learned) that the formal establishment of consultative boards of protected area administrations did not turn out sufficient for achieving their meaningful operation. This issue has to be addressed in future. We believe that the approach to the composition of consultative boards has to be re-visited and, possibly, some elements of public-private partnership be applied, so that such boards become viable fora for discussing acute issues related to protected areas and their interaction with the world outside protected area boundaries.

Overall, the Georgia Protected Areas Development Project contributed much to the development of the national network of protected areas and the selected beneficiary protected areas of East Georgia, and the ECR Report adequately reflects achievement of these results, while also noting a few shortcomings and explaining their reasons.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'R. Gokhelashvili', with a stylized flourish at the end.

Ramaz Gokhelashvili
Director,
IUCN Programme Office for the Southern Caucasus

World Headquarters IUCN, Rue Mauverney 28, CH-1196 Gland, Switzerland

Tel: ++ 41 22 999 0001; Fax: ++ 41 22 999 0002

A summary of feedback received on the ICR Report from Ms. Mariam Shotadze, Environment and Energy Team Leader, UNDP Georgia

Overall opinion on the Implementation, Completion and Results (ICR) Report for Georgia Protected Areas Development Project (GPADP) is positive.

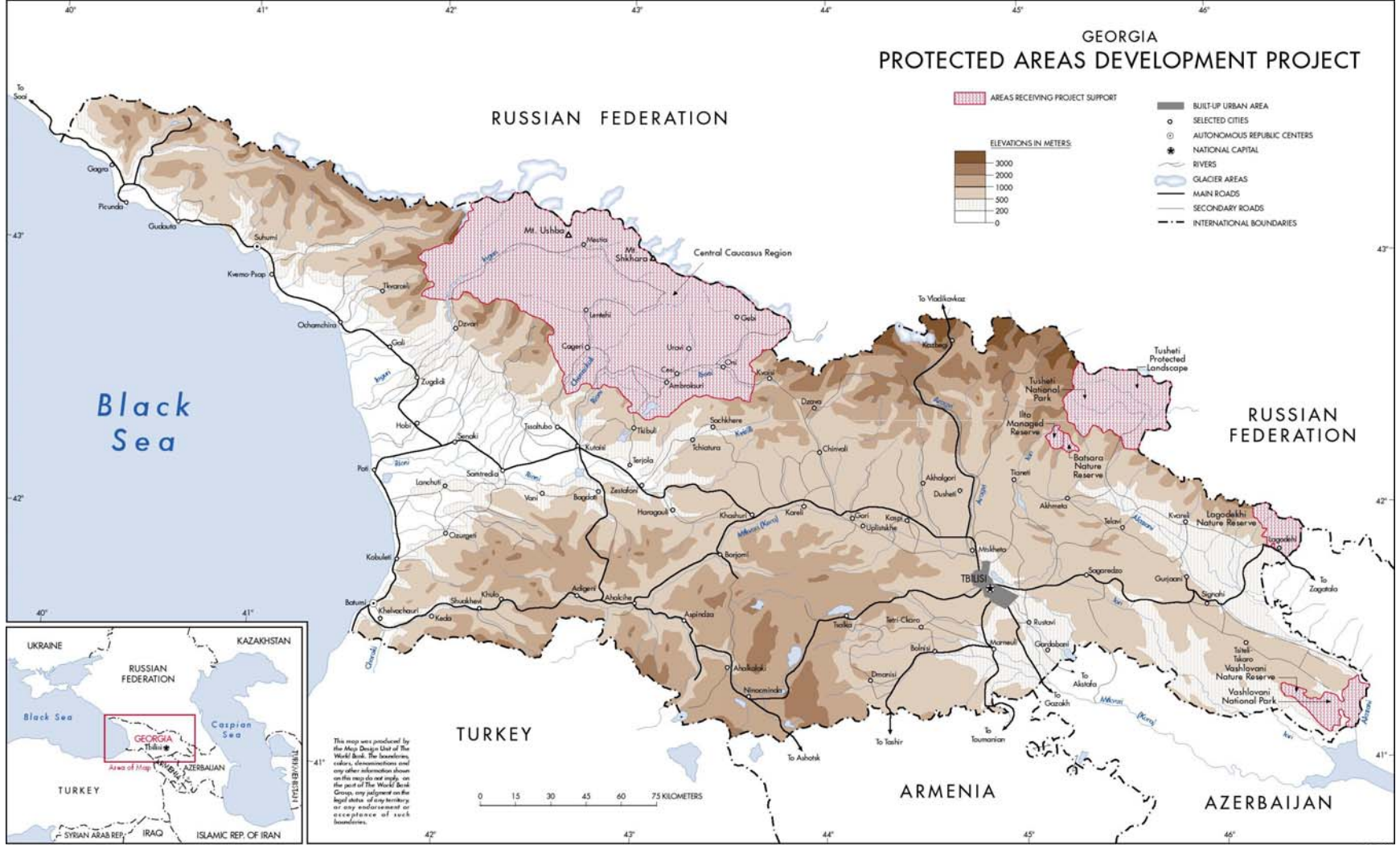
In general, evaluation of the project design and the achievement of DOs and as well as of the specific outcomes is made objectively in a consistent way, and the ratings are fair. Indeed, the GPADP objectives were relevant to the country's context at the stage of the project design and continue to be such to present. Development of protected areas (PAs) and their expansion is one of the major environment priorities of the country and the Project may be considered as a catalyst for creating an enabling environment for PA development, introducing international standards to PA management in Georgia, and raising the profile of biodiversity conservation within PA boundaries and beyond. Moreover, almost all later projects targeting PAs are built upon the experience and knowledge gained by through the GPADP. However, the ICR Report could have elaborated more on its contribution to the institutional strengthening of the Department of Protected Areas, flashing out the exact role of the Project in turning this Department into the Agency of Protected Areas and further developing capacities of this institution. The ICR Report is explicit in describing its contribution to the institutional strengthening of the administrations of individual PAs.

A few shortcomings of the GPADP design and implementation are well articulated in ICR Report. For instance, it is correctly mentioned that the Project could have aimed at having not too ambitious objective for mainstreaming the biodiversity into production landscapes country-wide and could have chosen a piloting this initiative at a more modest scale. It is also correctly noted, that any project associated with introduction of the new patterns of regulation within PAs and delivering infrastructure to PAs needs to scrutinize the established patterns of natural resource use in the project sites and analyze a potential of involuntary resettlement. ICR Report could have provided a better coverage of the reasons for less than expected success of the beneficiary PAs in marketing their services and business planning. It would have been interesting to lean more about lessons learned from this experience. In UNDP's opinion, the GPADP should have invested more in the achievement of financial sustainability of PAs. Seeing this as a persisting weakness of PAs, UNDP, with GEF funding, has recently launched a project aimed at addressing financial sustainability of Georgia's PAs. A couple of other areas, of which ICR Report could have provided a deeper analysis, include: (i) project risks - for instance, possibility of changes in the political context and government's vision should have been mentioned as one of the major risks/challenges for the Project; and (ii) risk management in the course of the project implementation. Also, the ICR Report would have benefited from the description and discussion of any innovations introduced through the GPADP, e.g., new approaches, tools, and technologies.

Annex 9. List of Supporting Documents

1. Environmental Assessment, E367, July 2000
2. Project Appraisal Document, Report No. 22166-GE, May 2001
3. Project Information Document, PID6578, June 2001
4. GEF TF Grant Agreement, GEF TF023968 GE, October 2001
5. ISRs filed, along with the attached Aide Memoires, in the World Bank Project Portal
6. GORBI, "Social Assessment," May 2000
7. Malver, Olaf. "Tourism Assessment and Work Plan for Inbound Nature / Culture Tourism to the Republic of Georgia," March 2000. Prepared for the World Bank
8. Small Grant Guidelines for Implementation of the Small Grants Program under the Protected Areas Development Project, 2004
9. GORBI, "Exploring Local Governance and Natural Resource Management Issues in Tusheti," March 2007
10. Acta Consultants, "Process Framework Document and Resettlement Plan," July 2007. Prepared for the MEPNR

GEORGIA PROTECTED AREAS DEVELOPMENT PROJECT



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