

Caucasus Nature Fund (CNF) Grants Manual



As adopted by CNF Supervisory Board (March 2025)

Explanatory Note

This Grants Manual stipulates the procedure to apply for financial support from CNF. Various requirements derived from the CNF's charter, by-laws, board decisions, framework agreements, Memorandum of Understanding with national governments, agreements with donors, operating practices and grants provisions are put into this Grants Manual intended to be used by potential grantees to prepare for their applications and by existing grantees in understanding and managing their relationship with CNF. The procedures for applying for and managing grants collected in this document have been tested and adapted through the experience of CNF over the first 15 years of its operations.

This Grants Manual is subject to modification at any time by the CNF Supervisory Board (SB).

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ACRONYMS:

BMZ - Federal Ministry of Economic Cooperation and Development (Germany)
CBO – Community-Based Organization
CNF – Caucasus Nature Fund
CNF PO – Caucasus Nature Fund Program Office
ECP – Ecoregional Conservation Plan
ESMS- Environmental and Social Management System
IUCN – International Union for Conservation Nature
KFW– KFW Development Bank (Germany)
MP-Management Plan
NGO – Non-Government Organization
PAs – Protected Areas
SA – Separate Agreement between CNF and KFW
SMART – Spatial Monitoring and Reporting Tool
ToR -Terms of Reference

RESOURCES

Publicly Available

1. [CNF Charter](#)
2. CNF Operations Manual
LINK when approved
3. [Ecoregional Conservation Plan for the Caucasus](#) (2020 Edition)
4. [ESMS Manual](#)

Available from CNF on Request

5. Initial Grant Application
6. PA Grant Agreement
7. Technical Monitoring Template
8. Operational Plan/Budget Template
9. Other Grants Application and Budget Template
10. PA Grant Annual Reporting Outline Template

INTRODUCTION

CNF is a not for profit, private German foundation created in 2007 focused on nature conservation in Armenia, Azerbaijan and Georgia. For its history, mission, vision and other details visit [web site](#).

CNF is represented in Georgia by CNF Program Office (CNF PO) in Georgia and in Armenia by its Representative Office.

[Address](#)

CNF's main funding partner acting on behalf of the German Federal Government, and primarily the Federal Ministry for Economic Cooperation and Development (BMZ) is KfW. CNF's grants financed by KfW/BMZ funds are governed by the so-called "Separate Agreement" (SA) between CNF and KfW which was first agreed in 2011 and most recently re-signed in 2021. Throughout the years CNF gained many other corporate, private, and individual donors.

The combined funds from BMZ/KfW together with all the other funds from donors as well as the investments earned on CNF's investments form the CNF financing pool for grants. While almost all of CNF's grants are made in line with the requirements of the SA, certain of CNF's other donors impose their own requirements and CNF can make grants financed with non-KfW funds in line with its charter (see "Resources" on page (iv)).

CNF Purpose & Program

The Caucasus is one of the most biologically rich regions on earth. Home to an unusually high number of endemic plant and animal species, it ranks as one of the world's biodiversity "hotspots" according to both Conservation International and WWF.

Under its charter, CNF's purpose is to promote environmental protection for the lasting conservation, advancement and defense of the globally unique diversity of nature and species found in the Caucasus region—with a focus on the three South Caucasus countries of Armenia, Azerbaijan and Georgia. CNF may also pursue development cooperation in local communities surrounding nature protection areas where the actions undertaken respect and promote environmental concerns. The charter offers the following examples of how CNF meets its purpose (always with a focus on the three core countries):

- providing financial support for the management, and in some cases the development, of nature protection areas, including national parks, nature reserves and wildlife sanctuaries;
- promoting activities designed to conserve and sustainably develop nature, landscape and natural resources;
- providing financial support to charitable institutions or public-sector entities whose activities promote the foundation's purpose;

- promoting activities designed to benefit local communities and at the same time increase societal acceptance of nature protection areas in local communities;
- collaborating with state offices and other institutions on questions of conservation management including the issues of development cooperation in local communities;
- providing financial support to charitable institutions or public-sector entities whose activities promote the foundation's purpose;

In practice, CNF is a grant-making institution dedicated to nature conservation in the most important national parks and similar important areas for nature conservation ("protected areas" or "PAs") in the three South Caucasus countries as outlined in the Ecoregional Conservation Plan for the Caucasus (see "Resources" on page (iv)). The Ecoregional Conservation Plan for the Caucasus serves as the guide for selecting the PAs for CNF and other partners with which CNF works.

CNF's first program priority focuses on providing sustainable, long-term funding to selected PAs designed to improve park management permanently. Working in partnership with the national governments, CNF provides matching grants for operating costs and development projects, including salary supplements and insurance, cars and other essential equipment, maintenance and technical support.

The key objective here is to provide direct long-term funding to support the operating, management and development costs of the PAs and their partner organizations. These are the costs of "keeping the lights on" – e.g. ensuring that the staff is adequately compensated, and equipped, and that the park's infrastructure, equipment and similar assets have the power and fuel to operate and are maintained. CNF is currently supporting about 21 such places and will consider increasing that number as its resources permit and needs in the region evolve.

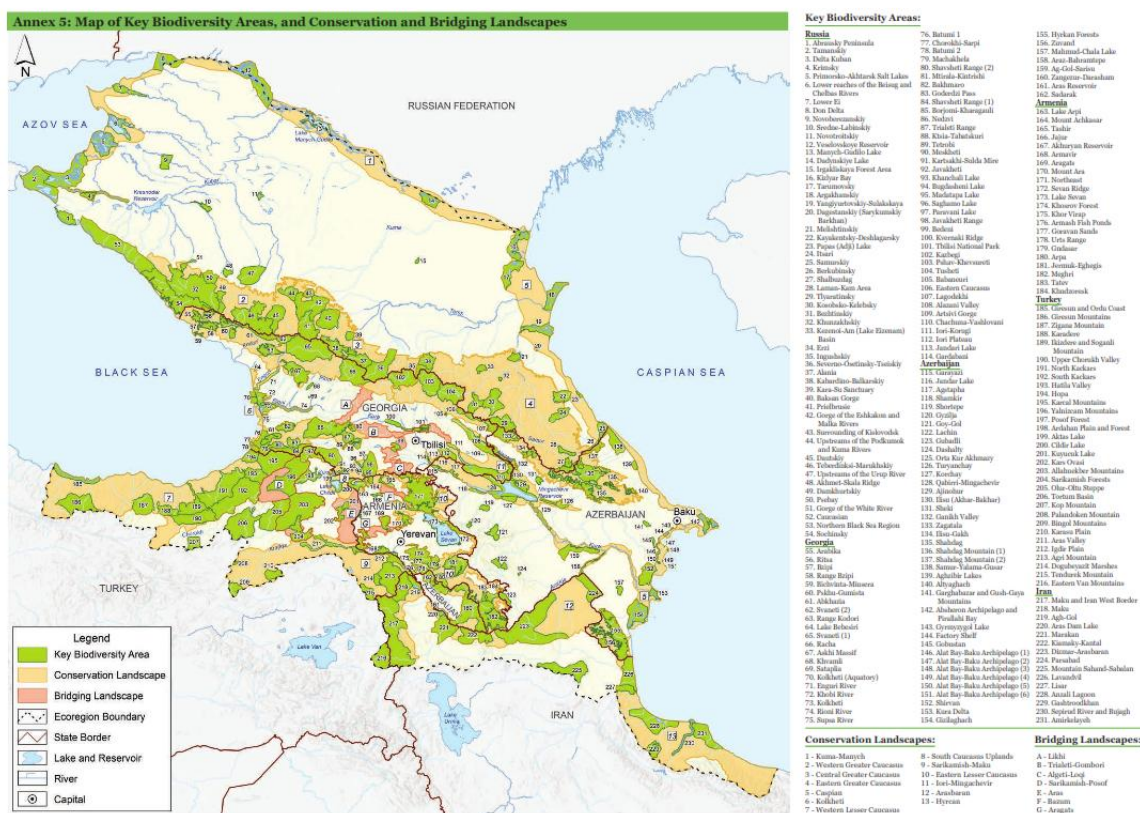
A secondary focus of the CNF program is indirect support to the protected areas with technical support (which may take the form of grant or consultancy agreements to government agencies or NGOs, or services contracts with service providers, including individual experts) which cover crucial areas such as staff training, monitoring of biodiversity and community development projects. In this part of its program, CNF supports, for example, the development of management plans, biodiversity monitoring systems, ecotourism programs and community development projects that support sustainable development and livelihoods in the local communities.

For its grants with KfW funds in particular, two of the program outcomes and outputs specified in the Separate Agreement are relevant to our grantees:

Program Outcome: *CNF contributes to the conservation of biodiversity in the southern Caucasus through supporting effective and efficient protected areas management.*

Output 1: *Protected areas management in CNF supported PAs is improved.*

Output 2: *CNF contributes to systemic improvements/changes in national PA systems biodiversity monitoring.*



1. ACTIVITIES ELIGIBLE FOR CNF FUNDING

This Section outlines CNF’s four program areas and the activities eligible for CNF funding. Annex 1 on page 11 depicts the four program areas graphically.

1.1 CNF Protected Area Grant Program

In CNF's PA Support Program, CNF funding can be in an amount that is up to the amount of budget funding for the PA from the government or community or other non-CNF sources. In other words, CNF can provide up to a 1:1 match for non-CNF sourced funding. An important provision here is that the government or relevant funding partner must maintain its funding level so that CNF's funds are additional to, not substitutions for, other funding. Non-CNF funding must also increase over time to take account of inflation.

In practice, CNF's share of a PA's budget may be less than the 50% implied by the "up to" matching principle and based on CNF's assessment of the funding it has available and the PA's needs, so that the 1:1 matching principle functions as a cap on CNF funding.

CNF generally assesses the funding cap over the life of its grant, so that in exceptional circumstances an overrun of the match in one year can be compensated by spending below the cap in other years.

CNF PA Grant Program can cover the PAs in any of Armenia, Azerbaijan or Georgia in a priority conservation area as defined in the Ecoregional Conservation Plan for the Caucasus (2020 Edition).

The selection criteria for the PAs eligibility:

- The PA must:
 - have the status under local law equivalent to IUCN category 6 or better (i.e. a lower, more strictly defined IUCN category). Hunting farms are generally not considered to be eligible under current legislation in the three countries.
 - be legally established. To be eligible for funding from CNF funds it must have basic staff in place.
 - have a management plan (“MP”) in place (or officially proposed and in the process of approval under local legislative procedures) that meets international standards (e.g. IUCN or equivalent).
- The relevant applicant government authority or the PA management entity, in case of community-based organizations (CBO) (national, regional, local) must satisfy CNF in writing that the above requirements are met through an application or otherwise and must request support for the PA in writing (either through the application, the grant agreement or both). This application must include the written confirmation of at least 50% of the minimum required PA budget (the ‘co-funding requirement’) and that the existing co-funding is to be maintained.

In certain circumstances, with the approval of the CNF’s Supervisory Board and (if required) its donors, CNF may support a different government body in its work that directly affects the protected areas supported by CNF (and in limited circumstances, PAs more generally and at PA system level). Existing examples include: a grant to central government authorities to support health and life insurance arrangements for protected area employees, salary supplement grants for non-CNF PAs, emergency support (COVID 19 Grant), and grants to provide equipment to PAs.

CNF’s PA Grant Program covers:

- a) Operating costs, including salary top-ups, health insurance, utilities, fuel, electricity, telecommunication and internet, office supplies and consumables, and infrastructure and equipment maintenance (defined as regular repair to maintain the functionality and purpose of existing “capital items” such as vehicles, infrastructure, equipment).
- b) Training of staff (including some limited central unit staff).
- c) Furniture, equipment (binoculars, computers, desks, SMART gadgets etc.), uniforms and vehicles.
- d) New infrastructure or infrastructure rehabilitation/refurbishment up to EUR 50,000 per contract. Infrastructure rehabilitation/refurbishment for these purposes is fundamental repair of run-down or old infrastructure as opposed to its regular maintenance as above.

In connection with permitted new infrastructure or rehabilitation projects, the respective PA or PA authority must demonstrate to CNF that other donor funds are not available for the project.

CNF can consider exceptions/additions to the above spending categories in special circumstances.

Under its PA Grant Program, CNF may also support the PA or the responsible government authority with planning grants such as protected area management plan, eco-tourism development and maintenance plans. Planning grants typically also include relevant environmental and social risk analyses and E&S risk mitigation measures as provided in CNF's ESMS Manual (see "Resources" on page (iv)).

1.2 Consultancies for Technical Assistance Program

CNF may also arrange technical assistance – as opposed to direct financial support – to the PAs it funds under the "PA Grant Program" described above. The assistance can take the form of activities such as: capacity building, including but not limited to trainings, management plans and other planning documents; institutional development and strengthening; biodiversity-monitoring, including fieldwork; ecosystem restoration; and to a lesser extent community support initiatives.

Such activities are typically organized and supervised by CNF but carried out by independent consultants/technical assistance providers (individuals, companies or by NGOs). The main focus is to provide assistance at the PA level (i.e., the local PA administration); to a lesser extent, however, activities can cover also assistance at the level of the central PA authority in the country. The Technical Assistance Program of CNF is planned on an annual basis and corresponds to the needs of the PA system identified in the strategic and operational documents of the PAs, such as Management Plans, and in close coordination with the main beneficiaries.

The CNF Technical Assistance Program is conducted in accordance with the requirements of the ESMS Manual and the CNF Procurement Policy, as described in its Operations Manual (see "Resources" on page (iv)).

1.3 Procurement of Equipment, Goods and Services

CNF can also conduct direct procurement of equipment, goods or services for its grantees (e.g. a PA or state authority). Such procurements are typically conducted at the request of a grantee with the purchased item(s) delivered to the grantee by CNF or its contracting party.

Purchases of equipment, goods or services for specific, eligible PAs are made in line with CNF's Procurement Policy. CNF prepares technical specifications detailing the deliverables from potential providers. Selected providers are contracted directly by CNF. Except in unusual cases,

the equipment purchases are added to the CNF budget agreed with the PA under the PA Grant Program to determine whether the non-CNF match funding requirement is met.

1.4 Other Grants Program

Protected areas management and related aspects of environmental protection are organized differently in different countries around the world and the three South Caucasus countries are no exception – each has its own laws and administrative structures that impact protected areas in different ways.

Accordingly, based on needs identified by PA management authorities and other partners as well as by our monitoring findings, CNF can make grants responsive to PAs’ needs outside our main PA grants program under our Other Grants Program. Other Grants, for example, may be issued to NGOs or other state or non-state actors that support CNF’s mission to improve of PA management effectiveness, or to support community development projects in territories neighboring the PAs.

Other Grants to NGOs are made pursuant to procedures analogous to CNF Procurement Policy involving, for larger projects, a “call for proposals” that is adequately publicized, including evaluation criteria and other requirements such as competences of the applicant, methodology, timeline, financial proposal etc.¹ CNF creates an evaluation committee and may invite external experts to take part. CNF ESMS requirements may apply to Other Grants in accordance with the CNF ESMS Manual. Match funding (which can be in-kind or similar support) from the grantee or a third party is also typically required for CNF Other Grants, but not necessarily on a 1:1 basis, especially for grants to NGOs.

2. FUNDING PRIORITIZATION CRITERIA FOR PAs

CNF’s funding is currently unable to cover all demands on its resources and selection and prioritization of available funding is required. In this process, CNF’s first principle is to seek to maintain an ongoing dialogue with national, regional and community PA authorities.

As part of its process, CNF considers such factors as track record and prior experience of working with the PA. In general, PAs that exist within a supportive local and regional context, i.e. that can demonstrate local community support, are favored. Under its ESMS obligations, CNF will also screen and assess the PA from an environmental and social risks point of view based on the ESMS Manual before making a final decision regarding the financing of its activities.

¹ A call for proposals is required for all projects in excess of EUR 50,000. CNF documents the basis for its award even in the case of smaller grants.

Generally, CNF prioritizes larger protected areas due to the administrative burden for CNF of managing smaller grants and the burden to the PAs of compliance with CNF's requirements.² CNF also considers whether over time self-generated financial resources, increased resources from other sources or the longer-term impact of previous CNF support can allow CNF to reduce its support for a particular PA.

From a biodiversity perspective, CNF focusses on PAs which offer the following characteristics:

- ***Irreplaceability*** - PAs that contain globally threatened and restricted-range species. The most irreplaceable PAs are those that contain the single most viable population and/or greatest genetic diversity of a target species (i.e., a species classified as Near- Threatened or Threatened by IUCN's Red List)
- ***Representativity*** - PAs that serve to ensure there is representation of the full spectrum of endemic species and habitats across the protected areas system of the ecoregion.
- ***Urgency*** - PAs that represent an immediate conservation opportunity and/or are experiencing severe threats to endemic and/or threatened species and their habitats.
- ***Regional importance*** - PAs that promote and enhance overall implementation and effectiveness of the Ecoregional Conservation Plan.

Finally, for its KFW funding, CNF prioritizes PAs which are being or have in the past been funded by financial cooperation projects of the German Government. For PAs that are part of the national protected areas system, CNF enters into a Framework Agreement with the relevant governments describing the basic mechanisms for its support (https://www.caucasus-naturefund.org/about_us/#documents).

3. PROJECT PROPOSAL/APPROVAL PROCESS

CNF has four different award procedures, one for each program described in Section 1. ESMS requirements will apply to the different award procedures according to CNF ESMS Manual.

3.1 Applications for CNF Protected Area Grant Program

Applications for PA Support Program grants are typically submitted on invitation by CNF following the process outlined in Section 1.

Grant applications are completed in the English and local language on a form (see "Resources" on page (iv)) which provides basic data about the PA and confirms its eligibility under the standards set in Section 1. CNF typically waives the requirement for an application for renewal grants, as it will already be in possession of the key information.

CNF evaluates the application and notifies the applicant of its decision. Successful candidates enter into a Grant Agreement in the form provided by CNF. For national protected areas, the

² There are, however, important exceptions to this rule in the portfolio of PAs currently supported by CNF.

Grant Agreement is endorsed by the relevant Ministry or municipality which is the relevant local government authority or other entity managing the PA. The Grant Agreement is signed in the English and relevant local language. The Grant Agreement sets forth the planned funding levels by all parties, reporting requirements and various other terms. The agreement includes customary provisions allowing for termination or suspension in certain events, including failure by the PA to achieve defined milestones and indicators in the PA's management or operational plans.

The Grant Agreement term may vary by protected area from one year to multiple years (but not more than six years).

3.2 Awards of Consultancies for Technical Assistance Program

On an annual cycle, based on the criteria and conditions described in Section 1, CNF develops its program for technical assistance for the coming year. Following internal approval of its annual program, CNF begins the process of developing ToRs and conducting tenders for the approved projects pursuant to its Procurement Policy. Information on the ongoing tenders can be found not only on [CNF's web](#) and [Facebook](#) pages but also on different platforms available in Georgia and Armenia³.

Upon completion of the procurement process, an appropriated contract is developed and awarded and technical assistance service provider implements the contracted activities based on the terms of their contract, with emphasis on stakeholder engagement (commensurate with the activities/services) and reporting to CNF on the outcomes. Activities are typically planned over a period of less than one year.

3.3 Direct Procurement of Equipment, Goods and Services by CNF

Also, on an annual cycle and based on its assessment of needs for the coming year and requests of its grantees, CNF develops its program for direct procurement for the coming year. In some circumstances, funds budgeted for its PA Support program may be re-directed to the direct procurement program if the grantee encounters difficulties in making a procurement directly.

When direct procurement is agreed, CNF, in communication with the grantee, develops the specification of the equipment, goods or services. The procurement is conducted in line with the Procurement Policy.

³ In case of Georgia: www.jobs.ge; www.tenders.ge

In case of Armenia: www.careercenter.am, www.hr.am, www.jobs.am

3.4 Other Grants Program Awards

CNF's Other Grants program is also planned on an annual cycle. Following internal approval, CNF develops a concept for the proposed action and then makes a call for proposals or direct award (for smaller projects) following procedures analogous those in the Procurement Policy. A grant agreement is then developed and agreed taking account of the Environmental and Social Policy described in CNF's Operations Manual and ESMS Manual.

4. MONITORING, REPORTING & FINANCIAL POLICY

4.1 CNF Protected Area Grant Program

When a PA grant application is approved, CNF, its grantee and the relevant governmental ministries/agencies enter into a grant agreement based on CNF's standard form (see "Resources" on page (iv)).

CNF PA Grant Program agreements require annual reporting on grant progress. CNF receives intermediate and annual financial reports. In connection with any renewal grant, CNF will review the PAs performance against the milestones and indicators in its management and operational plans. Reporting is designed both to enable CNF to monitor the progress of the Grantee in achieving the agreed milestones and performance indicators and to enable CNF to report to its donors against its own reporting requirements. CNF also uses reporting to assess and share good protected areas management practices, conservation/biodiversity outcomes and examples of effective community engagement and co-benefit.

As part of its monitoring process CNF conducts technical and financial monitoring. Each PA should be audited technically and financially at least every third year by:

- Independent auditors to verify the PA's annual financial accounts, and
- Technical auditors (which may consist of CNF personnel) to monitor operational performance.

The costs for the verification are covered by CNF. The results of the verification are the property of CNF. While it is CNF's intention to share a summary of verification results with its beneficiaries so that beneficiaries benefit from verification findings, CNF is not obligated to do so.

In addition, CNF national teams conduct regular monitoring of the grant program by visiting beneficiary parks and interacting with PA staff working on the ground. They also interact with external experts, other donors, and relevant state authorities at the Ministries and the agencies to ensure transparency and effective implementation of the CNF PA Grant Program.

In case the grant requires ESMS, a risk assessment is elaborated which includes an environmental and social management plan. Implementation of the plan is the part of the overall monitoring and reporting process.

4.2 Consultancies, Procurement and Other Grants Program

CNF monitors the consultancies, procurement and other grants based on conditions and deliverables defined under individual contracts/agreements.

Recipient typically provide progress and final reports to CNF which typically include intermediary, final narrative and financial reports linked with the deliverables as defined in the specific contracts/agreements.

CNF's national teams may conduct the site visits for monitoring, evaluation and reporting purposes.

4.3 CNF Financial Policy

According to the local laws and regulations, all registered organizations are required to maintain a system for recording and submitting all types of financial transactions made by them for the purposes of implementing projects and running their organization. CNF requires budgeting and financial reporting from its beneficiaries as specified in its Grant Agreements. CNF State beneficiaries must conduct procurements according to the requirements of the national legislation. Procurement by private beneficiaries must be carried out in accordance with CNF's Procurement Policy and national legislation.

CNF's grant payments to PAs are typically made in the local currency. Payments made to consultants or other grantees may be made in Euro or local currency (using the official exchange rate of the day of disbursement of the grant and/or date of exchange of currency). All expenditures must be supported by a legally acceptable document (invoice & proof of payment or receipt).

Annex 1 – The CNF Program presented Graphically

