



2025
ANNUAL
REPORT



LETTER FROM EXECUTIVE DIRECTOR



I am pleased to report that last year, even in the context of the polarized political climate that prevails in the Caucasus as in much of the rest of the world, CNF was able to continue the successful pursuit of its nature conservation mission. Thankfully -- at least so far -- all political sides in Armenia and Georgia, the two countries where CNF's work is currently focused, have remained committed to their countries' national parks and other protected areas as the first line of defense against biodiversity loss. This means that our efforts continue to be carried out in a supportive environment.

Armenia is facing elections in June, but whatever the outcome the government will stay busy this year preparing to host the UN Biodiversity COP in October – an event that will showcase the region's astounding nature to the world. CNF plans to be an active participant at the COP and provide strong support to both countries in demonstrating their progress in advancing the world's commitment to the 30X30 nature protection agenda.

And speaking of showcasing the region's nature, in anticipation of the COP CNF has produced a new five-minute film which has been widely praised. If you have not yet seen it, I recommend that you have a look as an introduction to this report.

CNF Film – Choosing Nature Every Day

CNF's many donors continue to add financial firepower to the generous base funding provided over the years by the German government. On behalf of CNF's board, allow me to express our deep gratitude to you all, as well as to CNF's devoted staff, who are responsible for the many achievements in 2025 described in these pages.

David Morrison
CNF Executive Director
March 2026



Vashlovani National Park, Photo by Davit Ayyvazyan

PROTECTING NATURE WHERE IT MATTERS - CNF AT A GLANCE

Home to some of the world's most diverse ecosystems, the Caucasus is a global biodiversity hotspot where ancient forests, high mountain landscapes, wetlands, semi-deserts and endemic species coexist in a fragile balance in a relatively small region. Protecting this natural treasure is essential, not only in the world's fight against biodiversity loss, but also for people who live there and whose well-being depends on it.

CNF's core mission is to ensure that the national parks and other protected areas (PAs) in the region are not only designated on paper, but are actively managed, staffed and equipped to protect nature every day. We focus on strengthening the foundations of PA management—people, presence, and systems—so that conservation efforts can endure beyond individual projects and political cycles. CNF's distinctive contribution lies in providing stable, long-term financing for the region's PA systems in the form of both additional funding for governmental budgets and targeted technical assistance or direct investments.

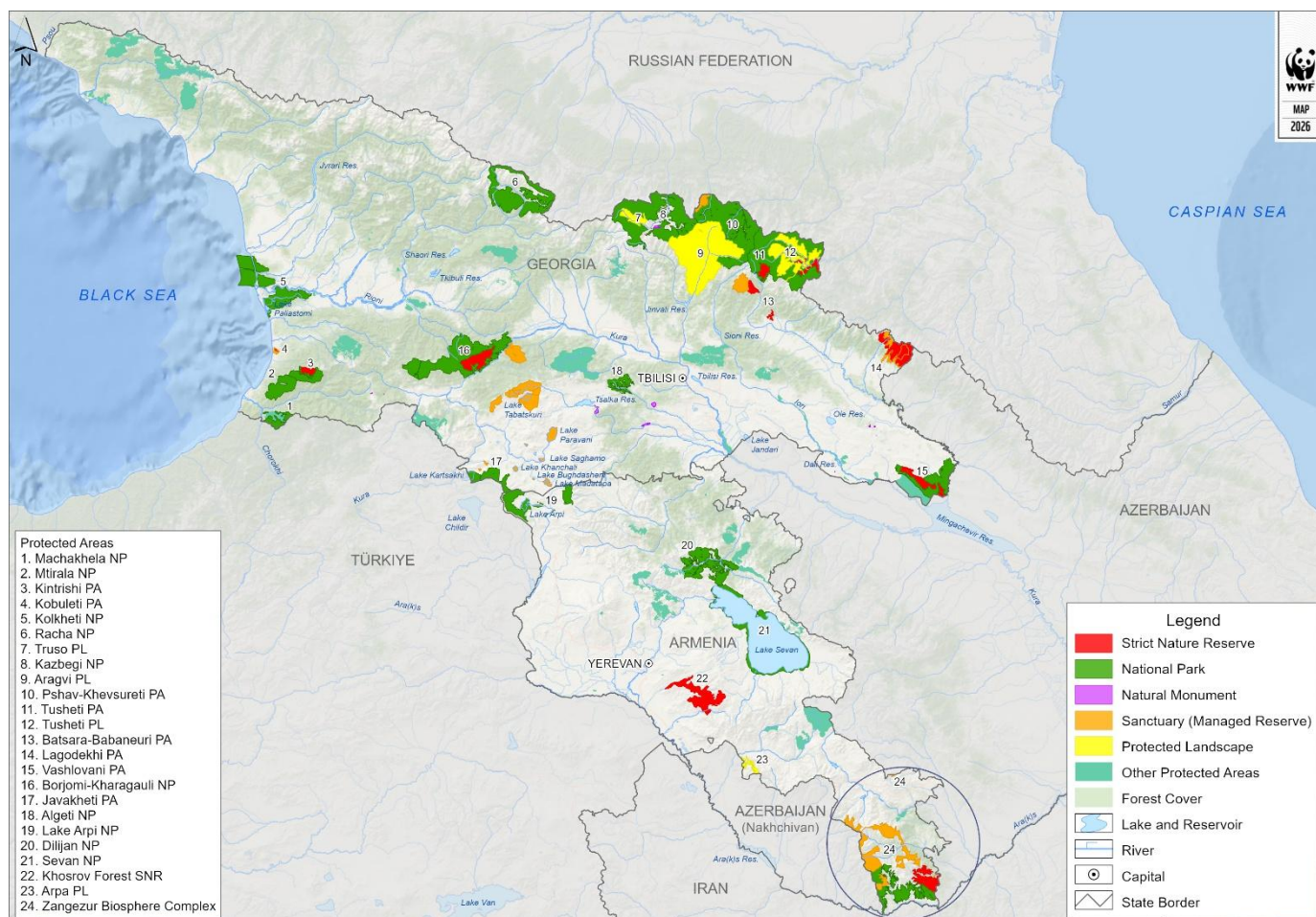
CNF at a glance in 2025:

- **Protected areas supported:** 24
- **Total area covered:** more than 1,046,441.33 hectares
- **Countries:** Armenia and Georgia
- **Direct operational funding:** over **EUR 1.6 million**
- **Complementary technical assistance and related support:** over **EUR 1.4 million**
- **Cumulative Program Investment since founding in 2008:** **EUR 36 million**

In recent years CNF has focused its work on Armenia and Georgia, and in 2025 CNF's support reached 24 PAs covering almost 1,050,000 hectares. This included two new protected areas in Georgia — Kolkheti National Park and Kobuleti Protected Area — both of which include coastal ecosystems and form part of the UNESCO World Heritage Site Colchic Rainforests and Wetlands. And an important pilot was initiated in Armenia with a project in Sevan National Park, protecting one of the largest high-altitude lakes in the world.

Of the 24 PAs where CNF works, 6 are in Armenia, covering over 307,750 hectares, and 18 are in Georgia, covering about 738,691 hectares, as shown in the map below.

CNF Supported Protected Areas in Armenia & Georgia, 2025



A LIVING CONSERVATION PROGRAM

CNF does not operate through isolated projects. Our work forms one integrated conservation program operating at three levels:

- First, we work at the individual PA level seeking to ensure that each park we support can do its job—protecting the exceptional natural values while benefitting the local community through essential ecosystem services.
- Second, we work at the national/regional level seeking to strengthen the protected area systems for the future.
- Third, with more limited funding, we support sustainable economic and community development projects in and around PAs where we see a gap and an opportunity to make a difference.

Making protected areas work

At the heart of CNF's work lies a simple but decisive principle: PAs cannot deliver conservation outcomes unless they are adequately and predictably financed. Effective protection requires people on the ground, operational capacity, and the ability to plan beyond short-term budget cycles. CNF's priority is to provide this stability.

As noted above, in 2025 CNF provided core operational support to 24 protected areas across Armenia and Georgia. That support translated into concrete, on-the-ground results:

- ***A functioning and motivated workforce:***

Since government budgets remained insufficient, CNF funding helped bridge critical gaps through salary supplements and field support for rangers and key staff often working in remote areas and difficult conditions. In Georgia, this support was key in helping to retain experienced staff, while in Armenia it ensured continuity of protected area operations during the transition to the centralized Eco-Patrol Service (see below on page 15).

- ***Consistent patrolling and enforcement:***

Core financing ensured that patrols could operate reliably throughout the year. In Armenia, operational support ensured uninterrupted field presence during a period when ranger responsibilities were being reorganized under the new institutional framework. In both countries, vehicles (many of which were acquired with CNF funding) operate and are kept in good condition largely on the back of funding for fuel and maintenance services financed by CNF, enabling rangers to maintain regular patrol routes across large and logistically challenging landscapes, which in turn strengthens efforts to restrict illegal activities.



- **Operating conditions and staff safety:**

CNF support improves working conditions across its PA portfolio. In Truso Protected Landscape (PL) in Georgia, for example, CNF funding established a fully equipped administrative office and provided life and health insurance for PL employees—measures that directly affect staff effectiveness and retention.

- **Maintenance of essential infrastructure:**

CNF investments target the upkeep and improvement of critical infrastructure, including ranger stations, administrative offices, trails, and visitor facilities. In 2025, one of the main trails in Khosrov Forest State Reserve was fully renovated, with new signage installed, significantly improving visitor safety.



- **Delivery of visitor and educational services:**

By ensuring that visitor infrastructure is functional and staffed, CNF enabled protected areas to deliver environmental education and sustainable tourism services. In Lagodekhi Protected Areas, for example, CNF support ensured that upgraded visitor facilities could provide high-quality interpretation of natural and cultural values, strengthening public engagement and awareness.



STORY 1

Leading on the Ground: Two
Women, Two Protected
Landscapes

Leading a protected area in the South Caucasus is rarely about sitting behind a desk. It means early mornings in the field, long conversations with local communities, and constant decisions made with limited resources and high expectations. In this demanding environment, leadership is tested every day, often far from public view.

In Armenia and Georgia, protected areas have traditionally been led by men. Today, only two protected landscapes are directed by women: Nato Tskaruashvili, Director of Aragvi Protected Landscape, and Arus Nersisyan, Director of Arpa Protected Landscape.



Aragvi, Nato Tskaruashvili

When Nato Tskaruashvili took over Aragvi Protected Landscape in 2023, the administration was small and still taking shape. With only three rangers and limited systems in place, the protected landscape had little presence on the ground. One of her first priorities was to build a team and make the institution visible in the field. Under her leadership, the ranger force expanded to eighteen, strengthening patrolling and day-to-day management. Nato is often seen in the field with her staff, joining patrols, showing through action how the protected landscape should function. Equally important has been her work with local communities. Under Nato's leadership, community engagement has become an integral part of management practice rather than a peripheral activity.

"For me, leadership means being present — in the office, in the field, and alongside rangers during patrols. I also see it as my responsibility to build trust with local communities and to demonstrate that inclusive leadership strengthens protected area management. I hope my role shows other women that protected area management is a place where they belong."
Nato Tskaruashvili



Arpa, Arus Nersisyan

Arpa Protected Landscape tells a different story — not just of place, but of personal transformation. Unlike many who step into protected area leadership with formal sector experience, Arus Nersisyan came from outside the world of conservation administration. She did not start her career knowing Protected Area specifics. What she brought instead was curiosity, creativity, and a deep belief in the possibility of community-based conservation. Today, Arus leads Arpa Protected Landscape as a director who has earned trust and recognition in the region. The landscape she manages stretches across arid, rocky terrain in southern Armenia, shaped by strong connections between nature and the people who live there. In a landscape known for its wildlife, from bezoar goats to the returning Caucasian leopard, maintaining stable operations and strong relationships with local communities is a daily task.

CNF's experience is that this kind of leadership develops over time. Long-term cooperation, stable support, and trust between partners create the conditions in which leaders can grow. Aragvi and Arpa show how this combination makes a real difference to conservation on the ground.

Strategic Direct Investments to Address Critical Gaps

Complementing our long-term operational financing, CNF provides strategic direct support where specific constraints risk undermining effective protected area management. This flexible, problem-solving role allows CNF to respond quickly to operational bottlenecks, institutional transitions, and emerging conservation needs—ensuring that protection on the ground is not delayed by procedural or structural barriers and that PAs remain functional and resilient.

Key areas of strategic direct support in 2025 included:

- **Mobility and field operations:**

In Georgia CNF directly procured and supplied high-clearance vehicles and essential ranger equipment, including high-quality boots, to ensure uninterrupted patrolling. These investments strengthened ranger presence in remote and high-pressure areas and improved staff safety and effectiveness. In Armenia, high-quality binoculars were provided to the Eco-Patrol Service, strengthening their field operations capacity.



- **Surveillance, monitoring, and enforcement:**

CNF expanded high-tech remote surveillance systems in Armenia, installing advanced online cameras with thermal sensors along the sensitive borders of Khosrov Forest State Reserve and Zangezur Sanctuary. These systems support biodiversity protection, fire prevention, and rapid response to violations. CNF also provided UAVs and laptops to the State Environmental Inspectorate to enhance environmental monitoring and enforcement capacity.



In Georgia, CNF continued to support the equipping of all CNF-supported protected areas with SMART devices to enable effective monitoring and enforcement activities (see SMART discussion below, page 10).

- **Targeted conservation interventions:**

In Armenia, we launched a pilot program on forest transformation in Lake Sevan National Park and completed the wetland restoration project in the Khor Virap sanctuary. See the story below.

- **Infrastructure and facility improvements:**

In Vashlovani Protected Areas, CNF continued addressing water scarcity by securing sustainable water supply at key ranger and visitor locations and constructing an additional artesian well. In one of Georgia's driest landscapes, this significantly improved ranger working conditions and enhanced ecotourism potential.

STORY 2

When water comes back: Khor
Virap, Armenia



In the Ararat Plain of Armenia, holding water has never been simple. Over many years, drainage canals and water supply systems—mostly built during the Soviet period—changed how water moved across the land. Floodplains dried out, and wetlands slowly lost their function. Climate change has added to this pressure.

The wetlands around the Khor Virap monastery were no exception. Seasonal water no longer stayed for long. Vegetation weakened. Fires from nearby agricultural fields, often started after harvest, sometimes spread into the remaining wet areas. Still, Khor Virap Sanctuary remained important. Small and surrounded by farmland, it continued to be a Ramsar Site, a candidate Emerald Site, and a stopover for migratory birds along the African–Eurasian flyway.

In 2019, CNF began support for a pilot wetland restoration project together with local wetland and bird experts. From the beginning, the idea was to stay realistic. Rather than aiming for a large intervention, the team decided to start small and see what would happen. An experimental pond was created to keep water from the nearby canal system inside the wetland. In total, 1.6 hectares were restored. The design was simple, but modular.

The change was visible sooner than expected. Monitoring before and after the intervention showed a clear rise in bird diversity. The project was continued and over the years that followed, ending in 2025, additional points were added, and the size of the restored area expanded to four hectares. The number of breeding species increased from 38 to 55, and migratory species from 31 to 61. More species of conservation concern began to appear, giving clear signals that the wetland was recovering.

Not everything returned. Wading birds are still rare, most likely because there are not enough mudflat areas. This remains a lesson for future work. Even so, the pilot showed what targeted restoration can do.

Building on these first results, the World Bank is now working with CNF and the Ministry of Environment to explore how water levels could be increased across a much larger area—up to 70–80 hectares.

The saying goes that water is life, and at Khor Virap, CNF's pilot has again proved that maxim's truth.

Building Knowledge, Skills and Systems

Effective conservation depends not only on presence on the ground, but on knowledge, skilled people, and systems that enable informed decision-making. In 2025, CNF continued strengthening these foundations across Armenia and Georgia, focusing on biodiversity monitoring, SMART-based management, and long-term capacity building for protected area institutions.

Biodiversity Monitoring

We further institutionalized biodiversity monitoring as a core function of protected area systems.

Key progress included:

Georgia: CNF continued its support to the National Coordination Council for Biodiversity Monitoring and advanced the update of the 10-year biodiversity monitoring plan, expanding its coverage to three additional protected areas and protected landscapes (Batsara–Babaneuri PA, Kolkheti National Park, Kobuleti PA, Aragvi and Truso PLs). Monitoring activities in 2025 covered a wide range of taxa and ecosystems, and the results increasingly indicate that, for certain species and contexts, routine monitoring needs to be complemented by targeted research—an insight that will be taken into account when shaping future programme priorities.

Armenia: Continued cooperation with the Biodiversity Monitoring Unit of the Hydrometeorology and Monitoring Center, research institutions, and NGOs. Indicator species monitoring was carried out across multiple taxonomic groups, supported by staff training, standardized methodologies, and the introduction of ArcGIS-based survey tools. Particular attention was given to a fish inventory in Lake Arpi, informing future management decisions.

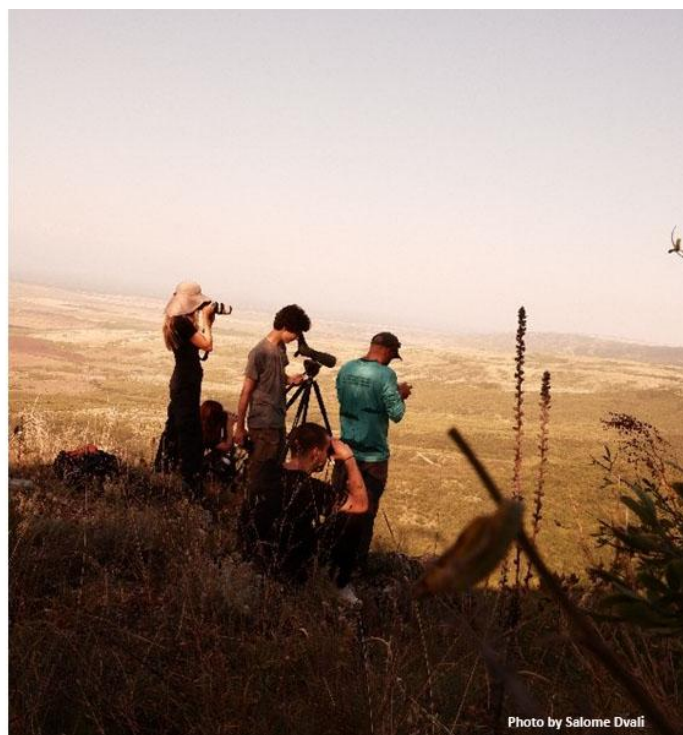


Photo by Salome Dvali

Species Snapshot 2025:
Velvet Scoter



Photo by Nika Paposhvili

High on Georgia's Javakheti plateau, Lake Tabatskuri holds a unique secret: a tiny island that is the last known breeding site of the Velvet Scoter in Georgia — and possibly the entire Caucasus. A shy and highly site-faithful species, this rare diving duck depends on the lake's fragile balance, where even small changes can make a big difference. Elsewhere, Velvet Scoters breed mainly in northern Europe and Asia and spend the winter along cold sea coasts, making this high-altitude breeding site especially unusual.

In 2025, CNF supported continued monitoring of the Velvet Scoter at Tabatskuri, helping track breeding success and emerging threats. The results show that while human pressures have been reduced, natural challenges remain — highlighting how vulnerable this population is and how important long-term monitoring and targeted conservation efforts are for keeping this species in the Caucasus.



Photo by Nika Paposhvili

SMART Patrolling and Adaptive Management

SMART (Spatial Monitoring and Reporting Tool) remains a cornerstone of CNF's system-level support in Georgia. In 2025, the Agency of Protected Areas initiated system-wide SMART implementation, building on results from CNF-supported sites.

CNF supported both newly integrated PAs and system-level deployment. SMART data is increasingly used not only to document patrol activities, but to support adaptive management, helping managers identify pressure points, refine patrol routes, and allocate resources more effectively.

In parallel, CNF conducted trainings to introduce “SMART Survey” as a complementary biodiversity monitoring tool. Pilot implementation in Machakhela and Algeti National Parks is planned for 2026.

We also supported international knowledge exchange on SMART, financing Georgia's participation in the ACT CON 2025 conference in Hanoi, Vietnam. Our approach to SMART implementation has been recognized internationally and was featured in the 2025 “SMART Guidelines”.

In Armenia, CNF participated in an initial SMART demonstration workshop to support the country's consideration of whether to adopt SMART as a PA management tool.



Capacity Building and Training

Strengthening human capacity, especially at the PA level, remains one of CNF's most important long-term investments.

In 2025, CNF focused on:

- **Armenia: Strengthening Eco-Patrol Service capacity**

CNF piloted a project to train the Eco-Patrol Service ranger staff in Khosrov Forest State Reserve in first aid. We expect to roll out the successful pilot to other PAs in 2026 and beyond.



- **Georgia: Professionalising ranger training and field-based learning**

CNF initiated support for developing a national continuing education and certification program to professionalise the ranger profession. The program would be delivered through vocational education institutions. If approved by the government, it could be piloted as early as 2027–2028. CNF also supported hands-on field learning, including a joint camera-trap installation and data analysis training for staff of Truso and Aragvi Protected Landscapes, strengthening their ability to collect and interpret wildlife data for management and monitoring.

- **Across the program: Building practical skills and a culture of safety**

CNF supported practical training for protected area and protected landscape staff across its portfolio, including financial literacy, budgeting, MS Excel, English language skills, and conflict resolution. In Georgia, CNF also developed and piloted a dedicated health and safety training program for rangers, addressing risks such as movement in difficult terrain, emergency response, wildlife encounters, and field safety.



Together, these investments in knowledge, skills, and systems strengthen the institutional backbone of protected area management—ensuring that conservation efforts are informed by data, delivered by skilled professionals, and sustained over time.

PEOPLE AT THE CENTER OF CONSERVATION

PAs are ultimately protected by people. In 2025, CNF continued to place rangers and local communities at the centre of its conservation approach.

Recognising and Motivating Rangers

In 2025, CNF continued its well-established Ranger Award schemes in both countries, reinforcing professionalism, pride, and public recognition of the ranger profession.

In Georgia, CNF honoured rangers through two complementary award mechanisms: recognition on World Ranger Day for outstanding contributions to the development of the protected area system, and a separate performance-based annual award for rangers and key staff in CNF-supported PAs. Assessments are conducted through a transparent process, drawing on SMART patrolling data and clearly defined performance indicators.



In Armenia, the Ranger Awards again followed a competitive format, combining assessments of knowledge, physical fitness, and communication skills. In 2025, 41 applicants from protected areas and the Eco-Patrol Service participated, with 15 advancing to the final round. The award ceremony was held during the Sevan Startup Summit as part of the Greenovate Youth Summit, deliberately linking conservation with innovation and entrepreneurship.



Engaging Communities and Building Trust

In 2025, CNF focused this program on a small number of targeted initiatives where timely, well-designed interventions could deliver tangible benefits for both conservation and local communities.

- ***Nature-compatible communities and livelihoods***

In Armenia, CNF was pleased to join a Tufenkian Foundation initiative to support displaced families from Nagorno-Karabakh in the Svarants community near Zangezur Sanctuary, CNF's funding provided thermal insulation for the new houses constructed by the project and beekeeping support, reducing pressure on the forest from cuttings for firewood and promoting nature-compatible livelihoods. CNF also initiated a pilot mushroom production project in Dilijan, designed to provide supplementary income while reducing pressure on forest resources. Local support for newly created Racha National Park in Georgia continues to be fragile, and to address that we procured some equipment for the community (notably a tractor) and financed measures to maintain dialogue with local communities.



- ***Piloting Alternative PA Revenue Mechanisms in Truso***

In Truso Protected Landscape, CNF supported the development of an entrance fee concept and action plan as part of efforts to introduce alternative income sources that can support protected area management while strengthening local acceptance and visitor services.



- ***Responsible conservation through risk management***

CNF strengthened its Environmental and Social Management System (ESMS).

In Georgia, E&S Risk Assessments were conducted for seven protected areas, each resulting in an E&S Management Plan. In Armenia, CNF financed a system-wide technical assessment of PA buildings to identify maintenance, repair and replacement needs. Investments to address these needs will be coordinated over the coming years in cooperation with KfW's BSLD project and will improve staff safety and working conditions. We also re-initiated the ESMS assessments, starting with Sevan National Park.

STORY 3

Weaving Nature and
Community: Supporting
Pesvebi, Georgia

For nearly twenty years, Pesvebi has worked quietly in the Kiziki region of eastern Georgia, preserving the tradition of local wool weaving. Run largely by women, the workshop produces handmade carpets, bags, and textiles using locally sourced wool and natural dyes inspired by the landscapes of Vashlovani. What might otherwise be considered waste wool is transformed into unique craft objects, rooted in place and tradition.

Supporting a community craft organization is not typical for the Caucasus Nature Fund. Yet over time it has become increasingly clear that healthy communities, cultural continuity, and local livelihoods are closely linked to conservation outcomes. When people in surrounding communities can sustain themselves in balance with nature, with dignity and pride, support for protected areas grows naturally.

In 2025, CNF supported Pesvebi to strengthen nature-based themes in its product portfolio as well as its outreach and marketing, helping the workshop enter the digital space more effectively. This included the development of a structured website and more active use of social media—tools that had previously been out of reach. As a result, demand for Pesvebi's products increased, production expanded, and the workshop began hosting more Georgian and international visitors interested in traditional textiles and nature-inspired craft. For more information, please visit [Pesvebi's website](#).



The idea and half of the funding to support Pesvebi came from Eva-Maria Melchers, CNF's long-standing advisor and close friend. Eva-Maria, who sadly passed away last year, believed deeply in the power of craft, storytelling, and local enterprise to strengthen conservation. She has left a legacy demonstrating that conservation is not only about protecting species and landscapes, but also about supporting the people whose lives and traditions are woven into those landscapes.

CNF and Pesvebi will be forever grateful.



COUNTRY CONTEXTS AND ADAPTATION

CNF operates in complex and evolving political, legal, and institutional environments. In 2025, both Armenia and Georgia experienced significant changes affecting protected area governance and conservation operations. We adapted our support accordingly, seeking to ensure continuity of conservation outcomes while remaining aligned to the extent we judge appropriate with the changing national frameworks.

Armenia

In 2025, the Armenian PA system was still in transition following the structural reforms introduced in 2024, which included the establishment of the centralized Eco-Patrol Service (EPS) responsible for ranger services in both national protected areas and forests. CNF adapted its operational and financial support accordingly. In light of the State's commitment to adequately fund EPS ranger salaries, CNF limited its cooperation with the EPS in 2025 to the activities described on page 3 above.

While CNF continued some salary support for the remaining PAs staff, we were able to adjust budget allocations to increase support for other protected area operational costs. Support focused on equipment, vehicles, small infrastructure construction projects, and infrastructure maintenance.

In the context of institutional uncertainty, CNF was prudent with its funding allocations to Armenia's PAs, but as described earlier took the occasion to pilot support for a project in cooperation with the new management team at Sevan National Park.

Georgia

In Georgia, 2025 was shaped by continuing polarized politics, legal reforms, and institutional restructuring. The introduction of a new Foreign Agents Registration Act (FARA) and Grants Law increased administrative and compliance demands.

Leadership changes within the Ministry and the Agency of Protected Areas led to reorganization and staff turnover, requiring CNF to adapt coordination mechanisms. Despite these challenges, CNF maintained uninterrupted support to PAs, and state funding for PAs remained unaffected.

CNF closely monitored the evolving legal environment, adjusting procedures where necessary while maintaining full compliance. As regulatory clarity improved over the year, cooperation with partners stabilized. However, new changes in early 2026 are again requiring CNF to adapt.

LOOKING AHEAD: 2026 AND BEYOND

CNF enters 2026 with a strengthened portfolio and deeper institutional partnerships.

The key pillar of CNF's work in 2026 will continue to be strengthening protected area management through support for operating costs and direct interventions. In Armenia, CNF will expand its engagement through the inclusion of Sevan National Park in its core support portfolio – and we will maintain a flexible approach amid ongoing institutional reforms. In both countries, if we succeed in our efforts to encourage the governments to expand their PA systems, we are planning that newly created PAs will be entering the portfolio.

We will also continue our support for system-level interventions, with particular emphasis on biodiversity monitoring and supporting its institutionalization at both the PA and central levels. We will further embed various SMART tools at least in Georgia.

With CNF's 2021-2026 strategy having run its course, we will be re-thinking our strategy in 2026. Entering the next strategic cycle, we expect that CNF's priorities will reflect both continuity and ambition: strengthening systems, expanding coverage, and ensuring that protected areas across the Caucasus are equipped to deliver lasting conservation outcomes in a changing regional context. We will be consulting our partners as part of our strategy review and plan to discuss with them whether and when it may be time for us to reduce or exit the operational support for PAs we have been supporting for many years – perhaps at the end of the next five to ten-year cycle. We will also be considering the place for local community engagement within our programs.

GOVERNANCE

David Morrison continued his position as Executive Director (sole Management Board member) during 2025 and agreed to extend his engagement through at least 2026. As in 2025, he is acting on a volunteer basis and seeking to empower national staff. The Supervisory Board continues under the Chairmanship of Ronald Kent and is otherwise unchanged. Its members maintain their active oversight of CNF's conservation mission as well as strategic, legal, and financial advice and support throughout the year.



FINANCES



Dilijan, Photo by Davit Ayvazyan

The following should be read in conjunction with the 2025 unaudited financial statements and notes, until publication of the audited financial statements (expected by June 2026) which will replace them.

All figures in this section are derived from the unaudited accounts.

SUMMARY BALANCE SHEET

ASSETS		EUR IN 000S, DECEMBER 31		LIABILITIES	
	2025	2024		2025	2024
Fixed Assets			Equity		
Intangibles & Property, Plant & Equipment	65	38	Endowment Capital	30,422	30,422
Financial Assets	73,350	74,035	Reserves		
Current Assets			Capital Reserves	45,696	46,682
Receivables and Other assets	2,974	219	Earnings Reserves	6,341	4,619
Bank Balances	8,201	8,356	Funds carried forward	1,970	663
			Total Equity:	84,429	82,386
			Provisions & Liabilities	160	262
TOTAL ASSETS:	84,589	82,648	TOTAL LIABILITIES & EQUITY	84,589	82,648

Total assets at year-end amounted to €84.5 million, an increase of €1.9 million. CNF's revenue exceeded its spending for the first time in its history on the back of the strong investment income realization discussed below, which resulted in an unrealized gain not previously shown in the balance sheet contributing to increased assets and total equity. Financial Assets were flat at about €73 million at December 31. Receivables and other assets reflect a receivable from the sale of a long-standing investment as discussed below. Bank balances stayed in line with the previous year. As part of our investment strategy, CNF intentionally maintains some cash to allow us to take advantage of new investment opportunities on an ongoing basis.

The €1.9 million increase in the total equity in 2025 reflects mainly the use of the realized investment income to increase the earnings reserve and the funds carryforward, partially offset by the use of the capital reserves.

Provisions and liabilities reflect mainly outstanding invoices for fees or provisions for various services rendered or related to the 2024 fiscal exercise such as investment advisors, audit, bookkeeping, etc.

INCOME STATEMENT

As background for the discussion of CNF's Income Statement, it is important to keep in mind the different sources of our funds. CNF's spending sources include current use income in the form of (i) the interest and dividend income on our investments and (ii) current use donations.

However, as it was recognized that these two sources would not be sufficient to finance CNF's operations for some time, the capital reserve we call the "funding capacity reserve" or "FCR" was created to support CNF's expenditures as its other financing sources develop. Substantially all of the FCR was donated by the Federal Republic of Germany through KfW in four separate contributions totaling €68.4 million from 2010 to 2021.

2025 marked the first year in the 16 years since the creation of the funding capacity reserve that CNF's investment income and donations exceeded its expenditures so as to show net income. In 2025, CNF nonetheless used (spent) €1.0 million from the FCR. After deducting that utilization in 2025 and prior years, a balance of €45.7 million remains in the FCR on December 31, 2025. Since the investment gain in 2025 was unusual, and utilization of the FCR is reflected "below the line", CNF expects that in the future it may revert to showing a loss from its operations as the reserve is utilized and other financing sources are further developed.

REVENUE AND EXPENSES (amounts in EUR)

REVENUE	2025	2024
Net Investment Income	5,871,770	1,013,517
Donations and other income	69,353	192,259
NET REVENUE	5,941,123	1,205,777
GRANT AND OTHER EXPENSES		
Projects & Other Expenses	-3,467,918	- 3,232,135
Administrative & Fundraising Expenses	- 429,839	- 455,511
TOTAL GRANT AND OTHER EXPENSES	- 3,897,758	- 3,687,646
NET INCOME (LOSS)	2,043,366	- 2,481,870
RESERVES TRANSFERS AND CARRY FORWARDS		
Transfer from Reserves	1,228,031	2,983,690
Transfer (to) Reserves	- 1,964,192	- 353,947
Transfer of Realized Capital loss to reserves	0	0
Funds Carried Forward from Prior Year	662,974	515,101
FUNDS CARRY FORWARD	1,970,179	662,974

REVENUE

CNF's revenue is composed of our Net Investment Income/Loss and our Donations and other income. The following table shows the development of Net Investment Income in 2025.

NET INVESTMENT INCOME

(amounts in EURO except %)

	2025	2024	% Increase/Decrease
Interest, Dividends, and similar income	1,650,794	1,312,156	26 %
Capital Gains net	3,636,975	566,924	655 %
Currency Exchange Gain Net	997,503	0	NM
TOTAL INVESTMENT INCOME	6,285,272	1,879,079	269 %
Currency Exchange Loss Net	0	- 392,478	NM
Less Investment Expenses	- 413,502	- 473,084	-13 %
NET INVESTMENT INCOME	5,871,770	1,013,517	543 %

The increase in earnings from interest and dividends reflects principally continuing but lower interest earnings in the period as interest rates declined, together with higher distributions on the portion of CNF investments that are allocated to longer-term fund type investments which distribute later in the cycle and have less regular distribution patterns, bond investments and bank deposits. The dramatic increase in capital gains in 2025 was driven by the sale of our long-standing investment in a US-based fund that had appreciated dramatically in value over the many years we held it. The gain was partially offset by smaller impairments of the value of two of our other fund investments.

Currency gains and losses will typically fluctuate year to year, as they are driven by exchange rate changes which can be volatile. CNF hedges a portion of its dollar exposure in its investment portfolio -- accordingly, a weakening or strengthening of the value of the dollar against the Euro will cause a currency gain or loss. In addition, the foundation maintains bank balances in foreign currencies the Euro value of which is affected by exchange rate movements. In 2025, we increased the portion of our US dollar exposure that we hedge. With the weakening dollar, this produced the bulk of the currency gain. Investment expenses decreased as the absence of the one-off extra fee to our investment consultant in 2024 more than compensated the increased assets under management resulting from the unrealized gain reflected in the portfolio.

REVENUE

The development in revenue from Donations & Grants is shown in the following table.

DONATIONS & GRANTS	Amount EURO		
	2025	2024	%
Private Donations	69,353	148,119	- 53 %
Public Donations	- 0	44,141	- 100 %
TOTAL CURRENT USE DONATIONS	69,353	192,259	- 64 %

In 2024, CNF's revenues from Donations and Grants include donations from private donors (corporate and individual), as well as funding over a multi-year period from the Global Environment Facility (GEF) through UNDP, a public sector multi-lateral institution. The UNDP/GEF grant in 2024 was the last contribution under that project which came to an end.

Private donors are a significant source of flexible funding for CNF, although these donations fluctuate significantly from year to year, especially in a relatively small organization like ours. In 2025 they decreased partly due to timing differences. The most recent significant donation was a \$1.5 million grant in 2023 from the Wyss Foundation which was taken into a project reserve that is being released over several years as discussed below.



Vashlovani National Park, Photo by Davit Ayyazyan

EXPENSES

Of the total CNF expenses in 2025 (€3.5 Mio) almost 90% are Program Grants & Expenses which have been used for our core mission; the rest cover administrative, fundraising and communications costs.

The following table shows the development of CNF's program grants and expenses.

PROGRAM GRANTS & EXPENSES	Amount EURO, except %		
	2025	2024	% Increase/ Decrease
Grants to Protected Areas	1,616,485	1,613,462	0 %
Technical Assistance and Other support	679,085	401,929	69 %
System Level Grants and Projects	611,892	679,767	-10 %
Other Grants and Projects	126,471	39,775	218 %
Total Program Grants and Projects	3,033,933	2,734,932	11 %
Project Development, Technical Assistance & Monitoring – Internal	420,146	480,740	-13 %
Project Monitoring – External	13,840	16,463	-16 %
Total Direct Program Support	433,985	497,203	- 13 %
TOTAL PROGRAM GRANTS & EXPENSES	3,467,918	3,232,135	7 %

In 2025, the volume of CNF program grants and projects increased by 11% on the back of a largely flat program of grants to protected areas and substantially increased TA and Other Support to PAs. The latter reflects mainly the agreement with government authorities that it would be more efficient for CNF (instead of the government) to purchase various items for use in the PAs (mainly vehicles and boots for rangers in Georgia). The relatively small decline in System Level Grants and Projects reflects slightly lower spending in Georgia as CNF adjusted to new legal requirements in the country. The increase in other grants is attributable to a large one-time grant for the refugee resettlement project in a community surrounding Zangezur PAs in Armenia described earlier in this Report.

Internal project development, technical assistance and monitoring expenses reflect mainly our staff costs in developing and managing our program and include our engagement in strategic planning with the responsible government agencies and the protected areas themselves. They declined mainly due to the departure of the previous Executive Director in late 2024 who was replaced by the current unpaid volunteer. In addition, the strengthening Euro resulted in reduced salary costs for regional staff (as salaries are fixed in local currencies).

External project monitoring reflects the relatively small amounts we spend on project audits and quality reviews by external service providers. The increase reflects the delay in some payments from the prior year and increased project audit fees in 2024.

EXPENSES

ADMINISTRATIVE AND FUNDRAISING EXPENSES

Our administrative and fundraising expenses mostly reflect part of the salary of our key staff employees in the Caucasus, audit and bookkeeping services as well as the CNF portion of the partnership (with Prespa Ohrid Nature Trust, Blue Action Fund and the Legacy Landscapes Fund) in the costs of our shared services support organization in Germany, Nature Trust Alliance. NTA supports us with the back-office services in Germany necessary to run our foundation as well as certain services in support of our investment program.

Administrative expenses in 2024 had also included a portion of the salary of our then Executive Director which do not recur in 2025 for our volunteer Executive Director. The resulting reduction in administrative expenses was partially offset by increased costs as a portion of certain regional staff costs were reallocated to administration. Other offsetting changes included: decreases in travel (also related to the departure of the ED); and increases in (i) audit service fees as a result of a new and recurring audit requirement from our donor KfW; (ii) an increase in CNF's share of NTA's expense due to costs associated with the departure of an employee; and (iii) increased IT services costs. The net end effect is only a small (2%) cost savings.

The reduction in Fundraising and Communication expenses reflects mainly a reduction in external expenditure on web and social media services and the decision to begin allocating the costs of creating program-related film content to program rather than communication expense.

ADMINISTRATIVE & FUNDRAISING EXPENSES

Amount EURO, except %

	2025	2024	% Increase/ Decrease
Administrative Expenses	405,167	413,874	- 2 %
Fundraising & Communication Expenses	24,672	41,637	- 41 %
TOTAL ADMINISTRATIVE & FUNDRAISING EXPENSES	429,839	455,511	- 6 %



NET INCOME

NET INCOME, RESERVES AND FUNDS CARRIED FORWARD

In 2025, CNF's Net Income, Revenue and total expenses, as discussed above, reflect positive net income for the first time in many years. This reduced the amount of the transfer from the funding capacity reserve shown "below the line" in the Income Statement. Until the FCR is fully utilized, rather than its net income or loss, CNF's overall financial health is best reflected in its funds carried forward and their relationship to the developments in its Balance Sheet, including additions to its endowment and transfers to and from reserves.

NET INCOME, RESERVES AND FUNDS CARRIED FORWARD		
	2025	2024
Net Income	2,043,366	- 2,481,870
Transfer for Free Reserves	- 1,964,191	- 353,947
Transfer to Project Reserves	0	0
Transfer of Realized Capital Loss to Reserves	0	0
Transfer from Funding Capacity Reserve	985,430	2,591,717
Transfer from Project Reserve	242,602	391,974
Funds Carried Forward from Prior Year	662,974	515,101
FUNDS CARRIED FORWARD	1,970,179	662,974

For as long as we have the funding capacity reserve, especially in years where capital markets underperform, CNF's program expenses are expected to be covered by the combination of current use donations and FCR transfers that compensate for shortfalls in realized investment income. In 2025, we were able to make the largest transfer ever to our free reserves as a result of the significantly realized capital gain described above. The reduced draw on the FCR reflects our use of a portion of the investment income not transferred to the free reserve to cover expenses. The draw on the Project Reserve reflects the use of the grant from the Wyss Foundation which is being deployed to cover our funding for Racha NP in Georgia through 2028. The net result is a healthy € 1.9 million carrying forward into 2026, comprised mainly of investment earnings from 2025.

EFFICIENCY MEASUREMENTS

It is difficult to compare efficiency levels across different organizations in the charitable world. We believe there are two main reasons for this. First, there are a number of different and difficult to compare operating models and second, there is no clear consensus on cost categories underlying various cost items such as administrative expenses. We think the best we can do is to be clear and transparent about how we account for expenses and the operating ratios that we use. For a full explanation, please visit our [website](#).

EXPENSES

Our administrative expense to total expenses ratio decreased markedly in 2025 to around 11.0% due to the decreases in both the administrative and fundraising expenses combined with increased program spending described above. The ratio thus fell further below our target maximum of 15%.

We are primarily a grant-making organization - and for the most part are not direct implementers of our programs. As such, we seek to control the cost of delivering our program, while at the same time keeping in mind the capacities of our grantees, their need for our support in developing their grants and the important monitoring necessary to ensure our funds are properly spent and making an impact. We follow our “program delivery ratio” to do this, tracking the costs we incur in delivering the program (i.e. in developing and monitoring our grants) in relation to our overall program costs. That ratio also decreased dramatically in 2024 with the double effect of the decline in direct program support costs and the increase in the total program.

RATIOS:	2025	2024
Administrative Expense Ratio (1)	11.0%	12.4%
Program Delivery Ratio (2)	12.5%	15.8%

[1] Operating Expense Ratio = Administrative Expenses + Fundraising Expenses / Total Expenses

[2] Program Delivery Ratio = Program Development and Management / Total Program

INVESTMENT RETURNS

CNF's Income Statement reflects earned investment income in the form of dividend and interest income, realized capital gain or loss and currency gains or losses, as discussed at “Income Statement”, above. These figures do not reflect the underlying increase or decrease in the value of the investment portfolio (unrealized capital gain or loss). Accordingly, from an investment perspective, CNF follows the total return on its investment portfolio (the combination of earned investment income and unrealized gain or loss).

While 2025 was another strong year in the capital markets, with equity markets climbing steadily and substantially through a highly volatile year, the value of CNF's financial assets increased overall by a somewhat disappointing 2.9%. The muted result is explained mainly by the investment committee's decision to reduce equity exposure in the volatile period following US President Trump's announcement of his “liberation day” tariffs and the concentration of positive returns in defense, AI and the “Magnificent 7” technology stocks in which for environmental and social governance or investment concentration related reasons CNF is either not permitted to make investments (defense) or faces restrictions. Nonetheless, CNF's performance since the inception of its investment program remains positive with an accumulated performance over the years of 113% and an on-target annual average return over the years of 4.5%.

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THANKS TO OUR PARTNERS:



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THEY ARE CRUCIAL TO ENABLE OUR CRITICAL WORK FOR THE REGION’S NATURE TO CONTINUE”



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