



UNOPS 

UNDP/GEF Kura Aras Project
***Reducing Transboundary Degradation of
the Kura Aras River Basin***

Full Size Project

PIMS 2272

Project Inception Report

July 2011

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Acronyms

| | |
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| AWP | Annual Work Plan |
| EC | European Commission |
| EU | European Union |
| CCA | Causal Chain Analysis |
| CEP | Caspian Environment Programme |
| CTA | Chief Technical Advisor |
| EBRD | European Bank for Reconstruction and Development |
| ENVSEC | Environmental Security Initiative with UNDP, OSCE and other donors |
| FoP | Friends of the Project Group of International Donors |
| GEF | Global Environmental Facility |
| GDP | Gross Domestic Product |
| GIWA | Global International Waters Assessment |
| IA | Implementing Agency |
| ICA | Individual Contract Agreement |
| IR | Islamic Republic of Iran |
| IW | International Water |
| IWC | International Waters Cluster |
| IW:LEARN | International Waters: Learning, Education and Resource Network |
| IWRM | Integrated Water Resource Management |
| IWRM IC | Integrated Water Resource Management International Coordinator |
| M&E | Monitoring and Evaluation |
| NAP | National Action Plans |
| NCs | National Coordinators |
| NSHCs | National Stakeholder Consultants |
| NATO | North Atlantic Treaty Organization |
| NFP | National Focal Point for Represented Ministry |
| NGO | Non Governmental Organization |
| OSCE | Organization for Security and Cooperation in Europe |
| PAA | Project Administrator Associate |
| PC | Project Coordinator |
| PCU | Project Coordinating Unit |
| PDF-A | Project Development Fund – Phase A |
| PDF-B | Project Development Fund – Phase B |
| PIR | Project Implementation Review |
| POP | Persistent Organic Pollutant |
| Q&A | Question and Answer |
| SHA | Stakeholder Analysis |
| SAP | Strategic Action Plan |
| SIDA | Swedish International Development Cooperation Agency |
| SOIC | Scientific Officer International Coordinator |
| SRF | Strategic Results Framework/Logistical Framework |
| TTT | Technical Task Team |
| TDA | Transboundary Diagnostic Analysis |
| ToR | Terms of Reference |
| UNDP | United Nations Development Programme |
| UNDP CO | United Nations Development Programme Country Officer |
| UNECE | United Nations Economic Commission for Europe |
| UNEP | United Nations Environment Programme |
| UNOPS | United Nations Office of Project Services |
| USAID | United States Agency for International Development |
| WFD | Water Framework Directive of the European Union |
| WRMA | Water Resources Management Agency |

1. INTRODUCTION AND BACKGROUND

This document reports on the UNDP/GEF Kura Aras project inception phase and provides the plan for the first year of the project execution phase. A brief introduction of the UNDP/GEF Kura Aras project (background, objectives, involved countries and organisations) is given in continuation of this chapter. This chapter also contains an overview of activities carried out in the project preparation phase. The changes in project activities applied during the project inception phase are reported in the chapter 2 and provided in detail in Chapter 3. The workshop purpose, activities and conclusions are presented in the chapter 3. Project updates from the inception phase and the workshops recommendations are included in the Annual Work Plan for June 2011 – June 2012 (chapter 4). Chapter 5 contains the project Strategic Results Framework (SRF) and the Chapter 6 the main conclusions of the Inception Report.

The annexes contain UNDP ATLAS Budget and Risk Management Strategy, ToRs for International Consultants/Project Staff, Project Inception Workshop: Agenda and Participant List, Cooperation arrangements between UNDP Georgia, Armenia, Azerbaijan and UNOPS, List of Anticipated Short-term National Consultants, and Key Stakeholders Consulted following Inception Workshop June – July 2011

1.1. The UNDP/GEF Kura Aras River Basin Project

The UNDP/GEF Project “Reducing Transboundary Degradation of the Kura Aras River Basin” hereinafter referred to as the “UNDP/GEF Kura Aras Project” will assist the Kura-Aras riparian states to 1) identify the principal threats and root causes of the trans-boundary water resources of the Kura Aras-River Transboundary Basin and 2) develop and implement a sustainable programme of policy, legal and institutional reforms and investments to address these threats. Balancing overuse and conflicting uses of water resources in transboundary surface and groundwater basins is seen as the critical issue in the basin and will be a principal focus of project attention from the very outset of project related activities. The Project will create synergies with and build upon a range of initiatives being undertaken by the countries themselves and those of bi-lateral and multi-lateral donors that have given priority to the Basin.

The long-term development/environmental goal of the project is enhancement of sustainable development of the Kura-Aras River Basin through ecosystem-based Integrated Water Resource Management approaches. The project objective is to improve the management of the Kura-Aras River Transboundary Basin through the implementation of a sustainable programme of policy, legal and institutional reforms and investment options using the Trans-boundary Diagnostic Analysis (TDA) and Strategic Action Programme (SAP) process. In order to achieve this objective, the project will update the TDA, support National IWRM plans which will be the base of the SAP, undertake a range of public involvement and awareness activities focusing on trans-boundary activities, and undertake demonstration projects that implement key aspects of the SAP.

During the development of the preliminary TDA, four priority transboundary problems were identified as affecting the Kura-Aras River Basin: 1. variation and reduction of hydrological flow; 2. deterioration of water quality; 3. ecosystem degradation in the river basin; and, 4. increased flooding and bank erosion. The TDA will be revised taking into account key gap filling activities to be undertaken as part of this project and the ongoing activities of the EU funded Kura-Aras Regional Project. The final

TDA and National Integrated Water Resource Management planning approaches throughout the basin will serve as the basis for development of the Strategic Action Programme (SAP) as an agreed programme of interventions for region. The TDA will review the potential impacts of climate change on the priority transboundary issues. The SAP will be underpinned by the development of national Kura-Aras Basin IWRM plans in Armenia, Azerbaijan and Georgia. The SAP will incorporate a basin vision, water resource quality objectives, targets and interventions in the short and medium term to meet the targets. Key activities that will inform the TDA, National IWRM Plans and the SAP will be the demonstration projects on the establishment of ecological flows and rapid river ecology assessments at key locations in the basin.

This project has been designed in close collaboration with the Kura-Aras Basin countries. It has been developed in coordination with the other major donors, *inter alia*, European Union, EBRD and USAID, to ensure maximum synergy and minimum overlap between supporting projects.

1.2. The Project Preparatory Phase

The rather extended period of project preparation begins with the PDF-A in 2003 and extends through the Full Sized Project approval by the countries in 2011. In the interim, PDF-B phase that spanned between 2005-2008, the countries prepared a Preliminary Transboundary Diagnostic Analysis (TDA) outlined above; conducted an institutional assessment and gender studies in a companion UNDP/SIDA components; and with UNDP Water implemented a Transboundary Water Governance Project that established a region wide NGO Forum, and Stakeholder Advisory Group in conjunction with OSCE, USAID and ENVSEC. In the PDF-B Ministry of Energy of the Islamic Republic of Iran participated fully, however elected not to participate in subsequent project activity at this point. From 2008–2011 the Full Sized Project GEF Project Document was drafted and then revised in line with country requests to focus on national issues in support of transboundary issues. The 2010 version of the Project Document was fully agreed by the governments of Armenia, Azerbaijan and Georgia. All project countries provided written commitments for co-financing contributions to the project.

2. PROJECT INCEPTION PHASE

The period between endorsement of the project by the GEF and all three participating countries, finalized and in January 2011, and the official start of implementation of project activities is considered as the project Inception Phase. The project inception phase ends with the organization of the project Inception Workshop that is carried out with contribution of the project team, relevant government counterparts, and representatives from both Implementing Agency (UNDP) and Executing Agency (UNOPS).

In the case of the UNDP/GEF Kura Aras Project the Inception Phase was reasonably short and no major changes influencing the planned implementation of project activities were identified. In this period:

- Administrative arrangements between GEF and Implementing Agency were finalized;
- Delegation of Authority from Implementing Agency (UNDP) to Executing Agency (UNOPS) was provided finalized;
- Cooperation arrangement between Implementing Agency and Executing Agencies established;

- Delegation of Authority from Implementing Agency (UNDP/GEF) to UNDP Country Offices for project support was finalized;
- Nomination of the UNDP/GEF Kura Aras national focal points for the Full Size Project by each government was completed (Armenia: Mr. Volodya Narimanyan, Deputy Head of the Water Resources Management Agency, Ministry of Nature Protection of Armenia; Azerbaijan: Mr. Mutallim Abdulhasanov, Head of Division, Ministry of Ecology and Natural Resources of Azerbaijan; Georgia: Ms. Mariam Makarova, Head of Water Resource Management Division, Ministry of Environment Protection of Georgia);
- Following the international recruitment processes and approval from project countries received, the Project Coordinator, Dr. Mary Matthews was appointed;
- Following recruitment processes and approval from each country, the National Coordinators were appointed (Armenia: Dr. Vahagn Tonoyan, Azerbaijan: Prof. Doctor Farda Imanov, Georgia: Dr. Nino Kizikurashvili);
- Coordination with the existing European Union Kura Aras River Basin Project was confirmed, and consultation between European Commission Programme Manager for Environmental Project in the Caucasus Region and the UNDP/GEF Project Coordinator was held to ensure continued coordination and linkages with future EU/European Commission Regional Projects and to avoid overlap.
- Confirmation was made that pending completion of Georgian Ministry of Environment facility renovations, the UNDP/GEF Kura Aras Project will be offered space to house the Project Coordinating Unit (PCU), and Satellite Offices for the Distributed PCU will be made available in Baku and Yerevan as part of in-kind contribution from the countries.

The main project activity of the inception phase was the project inception workshop. The purpose, activities and the outcomes of the workshop are presented in next chapter.

3. INCEPTION WORKSHOP

The Inception Workshop was held in Tbilisi, Georgia, from 21-22 June 2011. The Agenda of the Workshop is given in Annex 1. As is customary for GEF Project, the workshop took place in the country hosting the PCU. There were eighteen participants to the workshop, plus translators. The participants included the Government Ministry National Focal Points, UN Staff, and National Coordinators for each country. Additionally representatives from the European Commission and EU Kura Aras Project joined the meeting. The list of participants is provided in Annex 3.

3.1 The purpose and the expectations

The objectives of the Inception Workshop are described in the Project Document (under Monitoring and Reporting, p) and in the UNDP Guidelines for Inception Workshop.

The workshop was organised and conducted according to the guidelines provided by UNDP. At the same time, the changes and activities occurred during the project inception phase (see previous chapter) were also taken in account while conducting the workshop. This approach has provided the workshop conclusions and recommendations a broader perspective and validity.

A fundamental objective of Inception Workshop is to assist the project team to understand and take ownership of the project's goals and objectives, as well as finalize preparation of the project's first annual work plan on the basis of the project's logframe matrix or Strategic Results Framework. This includes reviewing the SRF (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise, finalizing the Annual Work Plan (AWP) with precise and measurable performance indicators and in a manner consistent with the expected outcomes for the project.

Additionally, the purpose and objective of the Inception Workshop (IW) are to: (i) introduce project staff with the UNDP/GEF and UNOPS team which will support the project during its implementation, (ii) detail the roles, support services and complementary responsibilities of UNDP/GEF and UNOPS staff vis-à-vis the project team; (iii) provide a detailed overview of UNDP/GEF reporting and Monitoring and Evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, as well as mid-term and final evaluations.

The IW is also aimed at all parties understanding their roles, functions, and responsibilities within the project's decision-making structures, including management arrangements and finalize staffing plans. The terms of reference for remaining project staff were discussed, for both international coordinators and for national consultants, in order to clarify each party's responsibilities during the project's implementation phase. When the time passed since the signature of the project document is significant, the Inception Workshop is used to rebuild the commitment and momentum and ensures that the project team and other stakeholders have a clear understanding of what the project seeks to achieve and their own roles in achieving the objectives. Finally, the Inception Workshop is an important step towards establishing of the project team, support structures (e.g. Steering Committee) and procedures (monitoring, reporting, etc).

In the next section the workshop activities are presented, including their role/purpose with respect to the workshop objectives.

3.2 Workshop Activities

The workshop activities were carried out over one and a half days, and followed by the First Project Steering Committee Meeting (see the workshop agenda, Annex 3). The main workshop elements were: a) the opening, b) presentation of the project, its preliminary results and the plans, c) presentation of the role of the implementing and executing agency, and d) development of the annual project plan. After the closing of the Inception Workshop the First Steering Committee Meeting was held. These activities will be briefly described below. (All workshop presentations will be made available on the Kura Aras Project Webpage to be launched shortly through the IW:LEARN Portal)

a. Opening and Welcoming Addresses

The inception meeting was opened with the remarks of the UNDP Georgia Resident Representative Mr. Jamie McGoldrick. He welcomed all participants of the workshop, and stressed the importance of finally launching the UNDP/GEF project. Mr. McGoldrick expressed a hope that the inception workshop will ensure the smooth implementation of the project, and stressed the regional aspects of long-term development goals of the project. He stressed that the overuse and conflicting use of water resources is a critical issue. UNDP will closely work with all parties and with international donors to achieve the gradual improvement of the Kura-Aras basin management. The project will help to build confidence among countries and stakeholders. He noted that the presence of all parties at the workshop proves positive potential of the project and its ultimate success.

On behalf of the Ministry of Environment Protection of the Republic of Georgia Deputy Minister, Mr. George Zedginidze, welcomed the participants and highlighted the importance of regional activities in the South Caucasus. He mentioned that environment does not have boundaries, and the cooperation at regional level can enable better environmental management. On behalf of the Executing Agency of the project Mr. Fredrik Lindhe, UNOPS Portfolio Associate/Procurement Officer, expressed the readiness of UNOPS to ensure the management controls and reliability of financial performance. Mr. Vladimir Mamaev, Regional Technical Advisor of UNDP/GEF at UNDP Bratislava Regional Centre, thanked all speakers for their opening remarks, the Government of Georgia for hosting the inception workshop, and all countries that signed the project document and actively participate in the implementation of the project. Mr. Mamaev stressed that given the obligation to implement the project, the inception workshop is very important in terms of understanding the main approaches to be applied in implementing the project. He then congratulated Ms. Mary Matthews, who was selected as the Kura-Aras project coordinator as a result of highly competitive process and wished her success in managing the project.

Nicola Di-Pietrantonio, Regional Programme Manager of the European Commission, also greeted the participants of the inception workshop. He indicated the EU project "Transboundary River Management Phase II for the Kura River basin - Armenia, Georgia, Azerbaijan" will finish by December 2011, but there will be 2 more upcoming projects in early 2012. Mr. Di-Pietrantonio expressed a hope that the UNDP/GEF project will successfully cooperate with the upcoming EU project.

On behalf of the Ministry of Nature Protection of the Republic of Armenia Mr. Volodya Narimanyan, Deputy Head of Water Resources Management Agency and UNDP/GEF project national focal point for Armenia, welcome the launching of the project. In that regard Mr. Narimanyan expressed a hope that the UNDP/GEF project will support the implementation of the second generation reforms in Armenia.

On behalf of the Ministry of Nature Protection of the Republic of Azerbaijan Mr. Mutallim Abdulhasanov, UNDP/GEF project national focal point for Azerbaijan stated that by signing the UNDP/GEF project document Azerbaijan has shown its interest in implementation of the project. Mr. Abdulhasanov also expressed a hope that the UNDP/GEF project will ensure its support for sustainable development of water resources of Azerbaijan.

Ms. Mariam Makarova from the Ministry of Environment Protection of Georgia and UNDP/GEF project national focal point for Georgia stressed the particular importance of the project for Georgia. She recognized that many interesting issues are raised in the project document and expressed her satisfaction with strong project team, which according to her can ensure good project results.

After the introductory remarks all participants of the inception workshop introduced themselves.

b. Presentation of Project Goals and Objectives: Overview of the project history, motivation, structure, schedule, and role in the region

In the *second session* of the workshop Ms. Mary Matthews made a presentation on the *"Outline of goals and objectives of Project Inception Workshop: Role of workshop, structure, schedule and introduction of participants"*. In her presentation Ms. Matthews presented the goals and objectives of the UNDP/GEF project, and the role, structure and schedule of the inception workshop. The next presentation was

also made by Ms. Mary Matthews and was titled: *"Project Goals and Objectives: Overview of the project history, motivation, structure, schedule, and role in the region"*. In her presentation Ms. Matthews went through the project history, motivation, management structure, and role of the project in the Kura-Aras region. The presentations were followed with a Q&A session. These included questions about the inclusion of Iran and Turkey, which was agreed to address in the subsequent Steering Committee Meeting; a question about the option of continued joint monitoring started in the current EU Kura Aras Project which was to be addressed in later presentations; a question about the role of existing UNECE efforts between Azerbaijan and Georgia, which will be included in forthcoming EU projects, which was agreed to be an important opportunity for organizational cooperation at the regional and national levels as Ms. Matthews talked about the friends of the project, which will include representatives of all on-going projects and related initiatives in the region; there was strong support for the planned electronic database for regional projects and establishing of both electronic linkages to ongoing activities and practical linkages between ongoing efforts across the region.

c. The Role of the Implementing and Executing Agencies

Afterwards, Mr. Fredrik Lindhe made a presentation on *"The Role of the Implementing and Executing Agencies - UNOPS"*. In his presentation Mr. Lindhe talked about the mission and vision of UNOPS, new strategic plan for 2010-2013, the team of UNOPS, main values and principles employed, and the mandate of UNOPS. Subsequently, Mr. Lindhe spoke more specifically how UNOPS would support the Kura Aras project in terms of HR services; Procurement; Travel organization; Workshop management; Processing of payments; financial management; General training; and Project monitoring. Following to presentation from UNOPS, Mr. Mamaev presented *"The Role of the Implementing and Executing Agencies"* from UNDP perspective. He presented a table summarizing the project support services and monitoring and evaluation for UNDP/GEF international water projects, categorized according types of activities, responsible parties and timeframe. Discussions between participants regarding the roles of UNOPS with the County Offices with regards to hiring of national consultants, and discussion of new procurement processes for UNOPS which increases the role of UNOPS as the driver of the processes, through the PCUs, in coordination with the National UNDP Country Offices with NFPs as observers. It was agreed that these arrangements would be finalized in the forthcoming Steering Committee Meeting.

d. Presentation of the results of the EU Kura project and plans for the next phase

Mr. Roncak, monitoring expert for the EU Kura Project, made a presentation on *"The results of the EU Kura project and plans for the next phase"*. He presented the purpose and objectives of the project, project partners, as well as described in detail key activities of the project, including pilot projects, joint transboundary river monitoring programme, improvements in the data structures and information flows, training and technical guidelines and public awareness activities on the priority transboundary water issues. In the following Q&A session participants asked the opinion of Mr. Roncak whether Armenia and Azerbaijan have capacity to start the biological monitoring process in their respective countries. In reply Mr. Roncak stated that the basic equipment is there, but capacity will need to be built at all levels. The countries expressed gratitude for the success of the EU Kura Project and hope that the UNDP/GEF will continue in this way. Mary Matthews agreed that the project document has been revised to be complimentary and mutually supportive to the successes of the EU Project, especially focusing on capacity building. Mr. Di-Pietrantonio elaborated more about the forthcoming EU projects on environmental protection of international river basins and environmental protection of the Black Sea

project, including contacts with the EC who may be able to provide support to Iran's involvement in the future EU Projects.

e. Overview of Project Components, Outcomes and Outputs

Ms. Matthews, who presented the "Overview of Project Components, Outcomes and Outputs", made the next presentation. In her presentation she presented the main components of the project, namely: completion of the Transboundary Diagnostic Analysis (TDA); Preparation of the national IWRM plans and Strategic Action Programme (SAP); conducting basin wide stakeholder involvement activities; and conducting demonstration projects assessing the river health and ecological flows. For each component she presented recommended adjustments based on the updated project document, cost and benefits of the proposed adjustments, timeframe and fit with other components, and expected deliverables. Follow up discussion focus on the SAP being based on the National Action Plans (NAPs) developed in the countries and the NAPs initiated under the PDF-B, and if within the project three national IWRM plans will be developed or one regional plan, to which Ms. Mathews replied that both of them will be developed through a multiple iteration process. Further discussion continued regarding the method and approach for the Capacity Needs Assessment to include other government stakeholders in IWRM capacity building measures. Mr. Imanov asked about the reason of eliminating the strategic study on floodplain forests within the project, since it is important for Azerbaijan. It was later decided that this issue will be studied with in the National IWRM plans and demonstration projects. All countries expressed a strong desire to use the UNDP/GEF Project to build on the success of the EU Kura Project in order to move towards approximation of EU legislation.

f. GEF Monitoring and Evaluation Requirements: Review of process, stages and requirements of the GEF M&E Process

The last presentation of the first day of the inception workshop was made by Mr. Mamaev on "*GEF Monitoring and Evaluation Requirements: Review of process, stages and requirements of the GEF M&E Process*". In his presentation he talked about GEF and UNDP/GEF projects implementation responsibilities. Regarding monitoring and evaluation requirements Mr. Mamaev described in detail the adaptive management, monitoring programs, reports on progress and mid-term and final evaluations.

During the *day 2* of the inception workshop the participants discussed the details of project implementation in the first year, as well as management arrangements.

g. Review of the Strategic Results Framework for Year 1, with updated targets, indicator clarification and discussion

Ms. Matthews presented the full timeline of the project, as well as updated targets and indicators for the following components of the project: TDA; IWRM/SAP; stakeholder activities; demonstration projects; and project management. *These are detailed in the subsequent chapter of this Inception Report.* The presentation was followed by a *Q&A session*. There was discussion of biological monitoring and equipment that will be provided to countries for that purpose. It is envisaged to measure the impact of change on river ecology, including fauna and flora, within a two year period, and assess how the flow change impacts the river ecology. In terms of equipment, in total 40,000 USD worth equipment will be allocated to the three countries, but before that an expert will be hired who will travel to countries, to identify the equipment needs. This will be part of capacity needs assessment, which, among other things, will also identify what is needed for biomonitoring. The importance of conducting needs assessment before providing the equipment, since within the EU Kura project the South Caucasus countries have already received

certain equipment for conducting biological monitoring. When asked whether the demonstration projects will be implemented in transboundary rivers, it was agreed that the details of the demonstration project will be decided within the methodology, but eventually it is up to the countries to decide the location of the pilot projects.

A further discussion regarding the use of educational modules and programs stressed the importance of getting younger generation interested in water ecology health issues. Mr. Mamaev informed that participants that there is a partnership established within the UNDP and Coca-Cola and suggested to look at the website <http://www.everydropmatters.com>. In the website already some education tools are developed for the Black Sea and now UNDP works on replicating some of the developed tools for the Caspian basin. Mr. Mamaev also informed the participants that recently the new global UNDP-Coca-Cola partnership has been approved for the next 5 years, so there is a possibility to submit a proposal and get additional funds for education purposes for the Kura-Aras project. It was also agreed that university curriculum should be highlighted to improve long term capacity building. Participants discussed of types of stakeholders and the International Organization based Friends of the Project.

h. Review of the Annual Work Plan and Budget with key milestones for Year 1 and discussion

Ms. Matthews presented the detailed work plan of the first year of the project, as well as the budget and key milestones of the first year. The presentation was followed by a discussion. The participants for the demonstration project workshop will probably be expanded to include representatives from monitoring organizations. Discussion of budget amounts were outlined and details negotiated and later refined. These are presented in later sections of this document.

Ms. Matthews also made a presentation on *Management Arrangements of Project and Roles for Distributed PCUs*. In her presentation she described the roles, responsibilities, staffing and proposed logistical arrangements for the UNDP/GEF project. With regards to distributed PCU office space requirements it was agreed enough for 3 people in Baku and Yerevan offices and 6 or more in the Tbilisi PCU, with preference that the office is close to the Environmental Ministries. The project will cover cost of furnishing and computer equipment plus high speed internet if needed to facilitate project activities and inter-office communications. It was agreed a letter would be sent to each represented Ministry from UNDP Bratislava requesting allocation of space.

Summarizing the discussions on management arrangements Ms. Matthews mentioned that the UNDP/GEF project will be hiring a lot of national consultants and the budget of the international consultations will be cut, to add the budget of national consultants. In order to involve the Ministries in the process, they will be involved in the review of the TOR. Afterwards, and if required, the positions will be advertised at least for 10 days, and an interview panel will be established according to UNOPS rules, consisting of 2 UNOPS representatives, 1 representative of UNDP, and the UNDP/GEF project National Focal Points (NFP) have the option to be observers without voting rights throughout the entire process. Adding to that Mr. Lindhe emphasized that the threshold limit of open competition is 50,000 USD, so any hiring for consultants whose entire contract during the project will be below that amount can be done through a desk review, a so-called limited competition. It was however emphasized that limited competition should only be applied in cases where the delay or cost incurred by posting an advertisement may have negative implications on the UNOPS operations, and when the speed of selection is of the essence. Others will require an interview process with UNOPS Copenhagen involvement. A list of

potential national level consultants and estimated inputs and rates is provided in Annex 5.

The last agenda point of the inception workshop was *workshop conclusions*. The UNDP/GEF project coordinator Ms. Mary Matthews made a review of key discussion points and presentations. This was followed by a brief on next steps, Ms. Matthews mentioned that she will be visiting the South Caucasus countries to have detailed discussions on project components and to meet some of the project stakeholders. After the country visits, within 3 week time from the inception workshop, the inception report will be prepared, which will be sent to countries for approval. Also, the project will start the works on setting up hiring positions for the project. She informed that she will be back to the region on a full-time basis since August 2011. At the end of her speech Ms. Matthews thanked all participants of the inception workshop for their enthusiastic support of getting the project moving. Mr. Mamaev closed the inception workshop, and on behalf of UNDP and UNOPS expresses his appreciation for the constructive discussions and thanked all participants of the workshop.

Upon the closure of the Inception Workshop, the First Steering Committee of the UNDP/GEF Full Sized Project "Reducing Transboundary Degradation of the Kura Aras River Basin" commenced.

MINUTES OF THE FIRST STEERING COMMITTEE MEETING

The Steering Committee meeting of the UNDP/GEF "Reducing Transboundary Degradation of the Kura-Aras River Basin" Project took place on June 21, 2011 in Tbilisi, Georgia.

Opening the meeting, Mr. Vladimir Mamaev mentioned that the Steering Committee is the governing body of the UNDP/GEF project that takes decisions, gives clear guidance to project management, assesses the work of the project team, identifies problems and risks, and provides guidance to the project team on possible solution. He then elaborated on several topics on which the Steering Committee adopted decisions.

Decisions adopted by the Steering Committee are summarized below:

1. The Steering Committee approved the summary of the inception workshop presented by Ms. Matthews and requested Ms. Matthews to provide the draft proceedings of the inception report within 3 weeks. The national focal points will review the draft and provide comments within 10 days after receiving the draft.
2. The Steering Committee approved the project budget for the period June 2011-July 2012, and requested Ms. Matthews to provide a detailed breakdown of budget for the period June-December 2011 together with the proceedings of the inception workshop.
3. The Steering Committee approved the interview panel for the recruitment of project experts as follows: project coordinator, project national coordinators, UNDP country office representatives and project national focal points (without voting right).
4. The Steering Committee approved the proposed management arrangements with one central office in Tbilisi and two satellite offices in Baku and Yerevan. The Baku and Yerevan offices will have administrative/finance assistant (full-time or part-time - depending on budget availability). The Steering Committee requested the governments to explore the possibility of providing office space for the project as in-kind contribution.

5. The Steering Committee requested the project team and UNDP, as the implementing agency, to re-establish contacts with Turkey and I.R. Iran, and identify their possible involvement and explore the interests from these countries to participate in the project activities as observers.
6. The Steering Committee invited representatives of the NGO Forum and/or selected private sector representatives to be observers in the Steering Committee.
7. Given the later start of the project, the Steering Committee recognized that no cost extension might be necessary given the need to work for 36 months.
8. The Steering Committee requested countries to nominate 1 government representative to attend the GEF global conference to be held in Dubrovnik, Croatia on October 18-30, 2011. UNDP New York office will send corresponding invitation letters in that regard.
9. The Steering Committee decided to hold the next Steering Committee meeting in May 2012.

4. ANNUAL WORK PLAN

4.1 Rationale

The Annual Work Plan for July 2011 – June 2012 is based on the Strategic Results Framework as specified in the Section II of the UNDP/GEF Kura Aras Project Document. The Annual Work plan is fully in line with the project main activities described in the Project Document (Project Goal, Outcomes and Outputs/activities, p. 19), without any substantial change. Nevertheless, minor alterations and further specification of the activities (as described in the Project Document) have been applied and therefore addressed below. The changes are almost entirely a result of new activities in the region since the Project Document was revised in June 2010, and have been discussed extensively during the Inception Workshop.

The time schedule adopted in the Annual Work Plan is an elaboration of the Indicative Quarterly Work Plan (Project Document, p. 53). The main changes as presented in the following are due to delay in starting the implementation of project activities, thus postponing all activities by approximately 9 months. The extension of the project implementation period by 6 months is foreseen and was discussed during the first Steering Committee meeting.

The Annual Work Plan for the first year of project implementation, July 2011 – June 2012, is presented in the text further in this chapter and summarised in the table “Annual Work Plan”. Activities that will occur before January 2012 will be specified for budget management reasons. The table includes an overview of main activities, their relation with project outcomes and outputs and remarks on responsibilities and deadlines. The activities not planned to start until after July 2012 or later are just mentioned in the table or (if relevant for the understanding of 2011 activities) very briefly described in the text.

The project management modalities, inclusive the monitoring and reporting, are discussed in the last section of this chapter.

4.2 Activities July 2011 – June 2012

The activities are presented in the same way as in the Project Document in order to preserve consistency of project document presentation and allow for direct comparison. The July 2011 – June 2012 Work Plan at the end of this chapter outlines the output, target activity, indicators, person with primary responsibility, expected completion date of output, and monthly calendar. The sub-deliverables are outlined beneath the deliverables they support.

COMPONENT 1: Completion of Transboundary Diagnostic Analysis

Within the preparatory phase of the project, a preliminary TDA was conducted to identify and assess the status of the priority trans-boundary issues. The preliminary TDA identified the key information gaps to be addressed in order to better understand and improve the knowledge of the trans-boundary issues. A revised TDA taking into account findings from the UNECE and EU regional projects will be prepared and will provide a mechanism for supporting the National IWRM plans and reaching consensus on common priority SAP interventions. The TDA will be supplemented by with baseline studies of the Aras and Kura Rivers to be carried out in close coordination with EU and other donor projects. The revised TDA will include a revised causal chain analysis and pre-feasibility studies of the priority interventions and, where applicable, economic evaluations of possible options.

Activities:

Inception Report for UNDP/GEF Project
Reducing Transboundary Degradation in the Kura Aras River Basin
July 2011

- 1.1 Information gaps filled for the TDA (water quantity, hydrological flow data, land-based source of pollution, etc.)
- 1.2 Environmental and Water Resources Status baseline established to inform National IWRM Planning, the TDA process and long-term SAP M&E.
- 1.3 *Final Common transboundary issues prioritized, and immediate and root causes identified in line with IWRM Best Practices (after June 2012)*
- 1.4 *Final TDA revised and updated (after June 2012)*
- 1.5 *Final TDA widely disseminated (after June 2012)*

The project document suggests strategic studies on flood plain forests and landfill and contaminated land sites that were to be undertaken and incorporated into the revised TDA. In the Inception Workshop it was recommended that these study topics be included in the national IWRM plans and the demonstration project activities due to other recent national and regional projects that have examined related issues at the national and regional levels, including the EU Waste Governance - ENPI East Project addressing landfills and contaminated lands. The study of floodplain forest is especially important in Azerbaijan, and therefore support will be made available for a national level floodplain forest study for inclusion in the National IWRM Plan.

By the early 2013 The TDA will be revised and updated, including a thorough revision of the Causal Chain Analyses in line with IWRM Best Practices, and identification of a range of short, medium and long term interventions for inclusion in the Strategic Action Program. Priority short-medium term interventions will be subject to pre-feasibility desk studies.

National and regional Stakeholder Advisory Groups as part of Component 3 will also review the TDA revisions and those inputs will be included into the finalization of the document. These activities will take place through March of 2013, and afterwards to serve to guide the SAP formation.

The completion of the TDA before April 2013 will provide time for presentation of the final draft of the TDA to the Steering Committee in May/June 2013. It is anticipated that if the Steering Committee will approve the TDA Final Draft it can be distributed and used as a key foundation for SAP development.

This Project Coordinator will assume primary responsibility for this component with full support from the project team.

Deliverables for June 2012:

- Gap-filling studies on filling gaps regarding transboundary degradation including:
 - Gap Assessment by November 2011
 - Gap filling data gathering and related studies initiated by July 2012
- *Revised/updated Causal Chain Analysis in line with IWRM best practices – June 2013*
 - *At least 4 topical linkages between IWRM Studies and 3 between demonstration project with TDA included in component plans by July 2012*
- *Listing of potential SAP interventions- June 2013*
- *Pre-feasibility studies for key interventions – June 2013*
- *Final TDA June 2013*

Component 2: Preparation of the National IWRM Plans/ and Strategic Action Programme (SAP)

The project will provide support to Kura-Aras basin countries in the development of National Integrated Water Resource Management Plans for the Kura Basin. This will enable the countries in the basin to harmonize their IWRM plans into a Strategic Action Programme supporting common IWRM concerns. The culmination of these efforts will be a donors' conference to mobilize commitments to implement activities in the SAP. Where the National IWRM plans do not yet exist the project will assist the countries in their development as a parallel activity, where IWRM plans are being made, additional support will be offered. The development of the SAP will be undertaken in close coordination with the other regional activities.

Activities:

- 2.0 Capacity needs assessment for IWRM and capacity building trainings
- 2.1. Institutions established to support the national process for the IWRM Plan development (or enhanced where institutions already exist)
- 2.2. *IWRM Plans formulated and endorsed with linkages to SAP (2014)*
- 2.3. *Donor conference held to mobilize resources for SAP and IWRM implementation (2014)*

Each of the countries have an interest in developing and enhancing National Integrated Water Resource Management Plans in line with EU Practices, and the EU WFD that will bring together multiple sectors to examine, prioritize and harmonize water resource use throughout the national portion of the Kura Aras Basin. National IWRM Plans that support the SAP is at the heart of this project and will assist the countries to harmonize and unite their national policies and strategies in the Kura-Aras River Basin to serve a common good.

It was recommended during the Inception Workshop that in order to most effectively build National IWRM Plans, it will be important to assess the capacity in each country to develop and successfully implement these plans. Once capacity needs are identified a set of trainings for rising staff of related ministries will be developed specific to the needs of the region that address the existing institutional and physical conditions in within the region. The Capacity Needs Assessment and regionally based trainings were added as additional activity in order to more effectively support sustainable regional management of water resources. This will also enable all countries to identify top priority concerns using an IWRM based approach, which will serve as the foundation for the regional SAP where there are commonalities in national and regional priorities. Resources that were to go to land based source pollution and regional flood plain forest studies will be diverted to support the capacity needs assessment and the development of training modules for project stakeholders.

The SAP will be under-pinned by the priorities of the National IWRM Plans and will take into account both national and basin wide priorities. The National IRWM Plans will be developed in parallel to ensure consistency and correlation as appropriate; the process is an iterative one beginning with the development of a preliminary SAP and involving a number of revision stages while the countries finalise and endorse their National IWRM Plans through national planning procedures including establishing financing arrangements. SAP development will begin in late 2012 or early 2013.

This Component will be the primary responsibility of the IWRM International Coordinator, who will be supported by the Project Team and guided by the Senior International IWRM Expert, who will provide a mentoring role.

Deliverables for June 2012

- Capacity needs assessment and regional needs specific training modules – by October 2012
 - Assessment Report in each country and regionally with empirical measures of current capacity status and 3 priority needs identified in each country by end of October 2011
 - 3 regional needs specific training modules in IWRM developed and first group training sessions/workshop held by July 2012
- Assisted IWRM plan development in Azerbaijan, Georgia and Armenia by January 2014
 - 5 nominated IWRM training participants from government agencies, departments and ministries by December 2011
 - 3 National Legal and Institutional reviews for IWRM Reports by June 2012
- *Endorsed National IWRM Plans - within 5 years based on planning cycles*
- *Strategic Action Programme supported by the governments – by May 2014*
- *Operational GEF M&E framework for SAP implementation – by March 2014*
- *Financial support leveraged for SAP and IWRM Plans implementation – by May 2014*

COMPONENT 3: Basin wide stakeholder involvement activities

This component will revitalize the stakeholder and public involvement work initiated under the preparatory phase and the UNDP Environmental Governance Component implemented in support of the PDF-B. The activities will include support of the Stakeholder Advisory Group and Kura-Aras NGO forum. The Stakeholder Advisory Group will provide input, through reviews, comments and recommendations into the final TDA and SAP development activities within Components 1 and 2, respectively. Additionally, external funding will be sought to support the involvement of stakeholders in the demonstration projects.

Within budgetary constraints, the component will support a range of public involvement activities, including awareness raising through social marketing and environmental education. The public involvement activities will be in line with the objectives and targets of the public involvement and communication strategy developed during the preparatory phase (see section IV, part IV of the Project Document)

Activities

- 3.1 Support to the Kura-Aras NGO and Stakeholder forums
- 3.2 Targeted awareness raising and education activities
- 3.3 University IWRM Curriculum developed and supported

Since being established the Kura-Aras NGO Forum has developed a mechanism for collaboration among nationally and regionally active NGOs emphasizing cooperative action and improved civil society involvement in water resource governance. In

collaboration with other multi-lateral and bilateral donors, the capacity of the Kura-Aras NGO Forum will be strengthened and it is envisaged that it will be functioning independently by the end of the project.

Key stakeholders will be fully involved in project implementation through the Stakeholder Advisory Group. It is recognized that unless a wide array of stakeholders is included in project activities, there is a risk of the project becoming focused on governmental concerns, without taking into account those directly impacted by conditions. The component will support the Stakeholder Advisory Group in reviewing and commenting on all project materials and major products, including the TDA, SAP and as appropriate, National IWRM Plans.

The component will support specific activities demonstrating how the public can be increasingly involved in water resource management issues. These activities will demonstrate the empowerment of communities to take steps to address water related environmental problems through low cost, high impact activities. These activities will stress replicability and sustainability. These projects will be closely documented and monitored for impacts and lessons learned.

A series of stakeholder specific training activities will be implemented, intended to raise awareness of the importance of river system health and the impacts of certain stakeholder groups on the environment. The activities will be implemented through the NGO Forum and may include, inter alia:

- Outreach support for public health care providers through development and distribution of information on water borne illnesses, proper methods for potable water treatment, sanitation, and malaria prevention where appropriate;
- Training for farmers and pastoralists on impacts of their activities on the river system, including grazing in floodplains and cultivation of river banks, linked to improved farming methods;
- Improved gender mainstreaming in water management activities at local, national, and regional levels;
- Use of social media as a tool for environmental management;
- Including local schools and NGOs in rapid river ecosystem assessment demonstration projects; and
- Outreach to river communities for cleanup of local river banks of solid wastes and to increase awareness of the problems with unregulated dumping.

These activities will be highlighted on the project webpage, which will be launched by September 2012, and will include a digital library of related project documents, GIS information, IWRM training materials, videos of workshops, links to other key stakeholders and resources, social media linkages and guidance for involvement for all project stakeholders in improved river basin management strategies. This webpage will use IW:LEARN Servers and templates and be archived so that it will continue to be accessible long after the project has been completed.

During follow up visits to the countries, in meetings with key project stakeholders there was strong support for the recommendation that capacity building for improved water management should include university level involvement. Therefore the portion of the resources made available through changes to Component 1 will be used to develop curriculum for undergraduate and graduate studies in IWRM to be incorporated into existing university programs. The development of these education materials will start in March 2012.

The Project Coordinator will carry primary responsibility for this component with the full support of the Administrative Associate, and National Coordinators.

Deliverables for June 2012:

- Reports from NGO Forum activities
 - First meeting reports after March 2012
- Reports on inputs and recommendations for the stakeholder advisory group
 - Roster for Stakeholder Advisory Groups by June 2012 for first meeting in August 2012
- Lessons learned from public involvement activities
 - First set of quarterly reports by May 2012
- Stakeholder training exercises conducted and results measured
 - Documentation by May 2012
- University IWRM Curriculum
 - Initial university curriculum developed by March 2012

COMPONENT 4: *Conflicting water use demonstrations*

In order to catalyze activities for the SAP and implement the concept of IWRM regionally, the project will implement a demonstration project in the basin. The project will be designed to be replicable throughout the basin and beyond and will be accompanied by a strong results dissemination programme. The project was selected and developed during the preliminary TDA development and correspond to priority activities identified by the basin countries. The demonstration project is summarized below and the full draft project documents are given in Section IV.

Activities

- 4.1: Pilot demonstrations setting of ecological flows and rapid river ecosystem assessment at key locations in the Kura-Aras basin to establish bounds for water resource development for each country

The demonstration projects of ecological flows and rapid river ecology assessment in the Kura-Aras basin will be undertaken to establish baseline again for setting environmental limits of water resource utilization. Increasing demand on water resources due to accelerated economic activities in the basin is predicted to arise in the next twenty years as the basin countries emerge from economic transition. In addition, extensive deforestation and conflicting water use has affected the hydrological flow regime with significant transboundary consequences. The determination of seasonal ecological flows and overview of river ecology is important for preservation of ecological services in the basin and prevention of further deterioration of water dependant ecosystems. A more complete accounting of the river ecosystem is needed throughout the basin, in order to preserve and protect ecological activities, and to establish a baseline for areas impacted by economic development scenarios and climatic changes. The information from this will also support the National IWRM Planning.

At least two sites will be selected in each country. Selection of the sites will depend upon the monitoring record, area sensitivity to variation in flow rates, and biological diversity, and will be the choice of the countries. The project design will be finalized in the first three months in an inception report, which will include a review of state-of-the-art methodologies for using environmental flows, rapid river ecosystem assessment and an appropriate methodology for testing and selection of the pilot

sites, based on an agreed set of criteria. The focus will be on charting ecological status of pilot sites in different seasonal flow regimes. The study will undertake a baseline data collection programme; assess the flow variation and anthropogenic related impacts on the river ecosystems; and, design of a long-term bio-monitoring programme to assess the efficacy of any environmental flow and/or other management interventions that have been implemented

In each country a publication will be drafted that explain the impacts of variation of flows, identification of taxonomy and biodiversity of the river ecology, and explanation of ecosystem functions, including threats from climate change, human impacts and flow regime disruptions. These publications will be in both English and translated into local languages.

The demonstration projects will be subject to regularly monitoring and in the final year of project implementation a series of workshops to disseminate the findings from all three demonstration projects will be held at the basin-wide level. Intermediate and final findings from the pilots will be fed into the IWRM/TDA/SAP process.

During the Project Inception Workshop and in subsequent country visits, key project stakeholders have expressed an interest building on the successes of the current EU Kura Project, and have requested that this component be linked to those activities both in terms of sub-river basins selection for possible sampling sites, and adherence to EU WFD methodologies for biomonitoring. These strong suggestions provide important continuity with these projects, and are very welcome. They will be incorporated into the demonstration project methodology that will be finalized in the Demonstration Project Inception Workshop planned for October 2011 in Tbilisi, Georgia.

This Component will be the primary responsibility of the Scientific Officer International Coordinator, who will be supported by the Project Team and guided by the Senior International Bio-monitoring and Ecological Flow Expert, who will provide a mentoring role.

Deliverables for June 2012:

- Agreed methodological framework for setting Ecological Flows and Rapid River Ecosystem Assessments in the Kura-Aras basin by end of November 2011
- Baseline datasets of river ecosystem function, taxonomy and biodiversity at selected sites
 - Sampling initiated by March 2012 dependent conducive conditions
- *Publication of findings in local languages and English for wide distribution nationally, regionally and internationally by March 2014*

4.3 Execution Modalities

The central PCU will be based in Tbilisi Georgia staffed by the Project Coordinator, Scientific Officer International Coordinator, IWRM International Coordinator, Administrative Associate, National Coordinator for Georgia. In Baku and Yerevan, the National Coordinators and Administrative Assistants will staff the Distributed PCUs, with regular visits from the other project staff. The International Experts, and National Consultants will use PCUs as needed and appropriate. The

Project Coordinator has overall responsibility for the project, in her absence the Administrative Associate will have the responsibility and authority to ensure project functioning in coordination with the IWRM International Coordinator and Scientific Officer International Coordinator. Close coordination will be maintained throughout the project life with UNDP Country Offices, and UNDP

The UNDP/GEF Project Team will execute the Annual Work Plan. The Project Team consists of the Project Coordinator, Scientific Officer International Coordinator, IWRM International Coordinator, Administrative Associate, National Coordinators for Armenia, Azerbaijan, and Georgia, Administrative Assistants in Armenia and Azerbaijan. In addition a Senior International IWRM Expert, and a Senior Biomonitoring Expert will provide ongoing guidance in best practices throughout the project time span. Other support members to the Project Team will include national consultants, hired on task specific contracts. (See Annex 5 for draft list of anticipated consultants needed.) An International TDA Expert will be hired to support the final drafting of the TDA.

Within the Project Team, Working Groups will be organised around main components to carry out respective activities. For the execution of Annual Work Plan, four Working Groups will be organised concerning each of the components.

Each group will have a coordinator. The Project Coordinator (supported by NFPs) will coordinate the cooperation among the groups. The cooperation among the groups will intensify in the second year of project implementation (2012). For the synthesis and finalisation of the TDA, a new Working Group might be set up in 2012, composed of the coordinators of four Working Groups set up in 2011.

The staffing of the Project Team needs to be completed as soon as possible preferably not later than end of September 2011. The NFPs have already approved the ToRs for the International Consultants to be hired (See ToRs in ANNEX 2) These positions will be widely recruited through UNOPS, UNDP Regional Offices, IW:LEARN, and other appropriate job sites. The shortlisted candidates will be interviewed and selected with NFP non-objections. The National Consultant positions will be filled in a similar way, with ToRs for each position hired in all three countries. The NFPs will serve as observers to the selection panels consisting of the Project Coordinator, National Coordinator, and UNDP Country Officer.

The Project Coordinator will link with other donor based projects, through the Friends of the Project Group, and will also represent the Project within the wider regional and international community. In an effort to ensure Government interests are being considered within the project the Project Coordinator will work closely with the NFPs including visits to Baku and Yerevan approximately once in every 3 months, in coordination with other project activities as possible.

With respect to the necessary project equipment, basic computers and communication software needs to be purchased and installed at the PCU office.

The Project Steering Committee (SC) will provide key guidance and support to the Project, and the Project Coordinator will provide regular reports as per GEF M&E and Reporting Criteria. The content of the project SRF (or project logframe) as defined in the UNDP/GEF Kura Aras project document (Section II) remains unchanged, only some target dates are adjusted.

The Annual Work Plan will be provided together with the Inception Phase/Workshop report (this document) in third week of July 2011. Quarterly operational reports and PIR/APR report will be provided in due time as well.