Financial Participatory Approach for Socio-economic Development
Catalysing local Initiatives for Protected Areas

Implementation Manual & Toolbox
January 2015

TJS is financed by the German Ministry of Economic Cooperation and Development through KfW.
The Transboundary Joint Secretariat – a programme of the German Financial Cooperation (FC) - has tested the “Financial Participatory Approach (FPA)” in the Southern Caucasus on the request of the Ministries of Environment of Armenia and Georgia. Target groups are families and communities which are adjacent to Protected Areas and whose livelihoods are closely related to these areas. The objective of the pilot tests were to mainstream the FPA for socio-economic development activities in projects for Protected Areas in the Southern Caucasus, financed through the KfW Development Bank, Germany. The results of the pilot tests, together with the imminent start of FC funded support projects in the Protected Areas has led to the development of the present Implementation Manual for future FPA practitioners in the Southern Caucasus.

The opinions expressed in this FPA concept document do not necessarily reflect the opinions of KfW, any ministries and/or institutions in Armenia, Georgia and/or Azerbaijan nor any of the mentioned institutions and/or organisations.

All given opinions are based on observations by the authors only and on information obtained from quoted documents and as provided by stakeholders during the pilot implementation and its evaluation. The conclusions and recommendations are formulated for the specific purpose and objectives of the project.

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<td>AHT</td>
<td>AHT Group AG</td>
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<td>BMZ</td>
<td>Bundesministerium Für Wirtschaftliche Zusammenarbeit (German Federal Ministry for Economic Development Cooperation)</td>
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<td>CNF</td>
<td>Caucasus Nature Fund</td>
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<td>ECDP</td>
<td>Eco-corridor Development Programme</td>
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<td>ENP</td>
<td>Ecoregional Nature Protection Programme</td>
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<td>FST</td>
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<td>KfW</td>
<td>Kreditanstalt Für Wiederaufbau (German Development Bank)</td>
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<td>PA</td>
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<td>Rotating Savings and Credit Association</td>
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<td>Regional Working Group</td>
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<td>SPPA</td>
<td>Support Programme for Protected Areas</td>
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<td>VWG</td>
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1 Introduction

1.1 The Context of the Financial Participatory Approach

The protection of nature and the promotion of bio-diversity can only be sustainable if the people who are geographically, economically and culturally close to the areas involved are at ease and happy with the protection of nature. Bearing this in mind the support of the German Financial Cooperation (FC) to the three Southern Caucasus countries to develop and manage their national Protected Areas (PA) explicitly includes socio-economic development in adjacent communities. This strategy of integration intends to contribute to poverty alleviation in full synergy with the promotion of sustainable biodiversity protection. Nature protection and human development must take place in harmony.

The Transboundary Joint Secretariat (TJS) for Nature Conservation in the Southern Caucasus, in collaboration with the Ministries of Environment of Armenia and Georgia and the Financial Cooperation of Germany, was mandated to test an approach to socio-economic development with communities whose livelihoods are closely related to the Protected Areas supported by the FC. This approach, - called the Financial Participatory Approach (FPA) - uses direct financial resources for mobilizing local populations to take charge of their own development. It is designed to generate autonomous development dynamics which are constructive, inclusive and very participatory at family, community and at regional levels. Consequently, “ownership” of local development is high and complete. Linked to nature protection, it generates creative win-win solutions that do justice to both the objectives of nature protection and socio-economic development for local communities.

The FPA associates the identification of development related themes to the existing situation and setting where this development has to take place. Wherever this context is related to existing and intended efforts at nature protection the FPA creates a strong platform for discussing, encouraging and generating development ideas which seriously take into account these efforts. It allows for the identification of activities which serve at the same time the development interests of local populations, while respecting and strengthening the impact of nature protection. For example alternative range management methods together with adapted animal husbandry, tourism development activities
together with regulated and reduced hunting practices, regulated extraction of plant resources together with new agriculture production options, and so on.

TJS carried out pilot tests in communities close to the Shikahogh State Reserve in Armenia and the Kazbegi National Park in Georgia from 2011 to 2014. **Early in 2014 a preliminary assessment of these tests revealed that the FPA fully lived up to expectations, in terms of generating creative development initiatives, local ownership, medium term financial impact, as well as attracting additional development funding from local sources**\(^1\). These results, together with the imminent start of FC funded comprehensive support projects in the Protected Areas, as well as the fact that the FPA is quite new to the Southern Caucasus and has only a limited number of practitioners has led to the development of the present “FPA Implementation Manual & Toolbox”, further referred to as ‘manual’.

The FPA, as part of the TJS activities, sits at the heart of the German Financial Cooperation (FC) efforts in nature protection in the Southern Caucasus. The FC supports the three Southern Caucasus countries to develop and manage their national Protected Areas according to international standards. This effort is implemented through the Ecoregional Nature Protection Programme (ENP), which has 4 major synergetic components:

1. **The Support Programme for Protected Areas (SPPA)** for investment in and improvement of Protected Areas together with socio-economic development in adjoining communities;
2. **The co-financing of operational costs of Protected Areas through the Caucasus Nature Fund (CNF)**;
3. **The Eco-corridor Development Programme (ECDP)** for sustainable land use planning in priority eco-corridors between PAs and operation of an eco-corridor fund;
4. **The Transboundary Joint Secretariat for Nature Conservation in the Southern Caucasus (TJS)**, to support the implementation and further development of an ecoregional conservation strategy through cross-border harmonisation of the sector, technical support to the implementation of sector strategies, and technical support to the financing of Protected Areas.

As such TJS supports and helps coordinate the implementation of the first three components of the ENP. It operates as a synergetic hub between them. The FPA activities

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\(^1\) “Assessment of the first two pilots of the Financial Participatory Approach in the Southern Caucasus”, TJS August 2014
Financial Participatory Approach - Implementation Manual and Toolbox | TJS

deployed by TJS are very much part of this synergy effort, as they are in direct support of the Special Programmes for Protected Areas which the German FC finances in Armenia and in Georgia. It is in this context that TJS tested and further refined the FPA concept for its application and use in the Southern Caucasus, so that the SPPAs will have a tool to enhance socio-economic development of the areas directly adjacent to the Protected Areas in a way which is compatible with and at the same time in harmony with nature protection. This Manual has been developed first of all to provide a practical tool for the SPPAs.

Consequently, the Manual is intended for future FPA practitioners in the SPPAs, as well as for other interested parties. It presents in a coherent way the basic development concepts which underlie the FPA, and reviews how the FPA differs from classical participatory approaches. Subsequently the Manual outlines the different tools which the FPA applies, and it provides guidelines to the practitioners on how to set-up an operational FPA programme. Based on the experiences acquired during the tests in Armenia and in Georgia, the Manual gives details on many useful “dos and don’ts”, practical techniques and “tricks”.

Though the FPA’s underlying principles and guidelines are anchored in general comprehensive socio-psychological, pedagogical and sociological concepts the tools presented in this manual are specifically intended to guide SPPAs in the Southern Caucasus to plan and implement FPA activities.

1.2 Set-up of the Manual and how to Use it

After the Introduction, the next two chapters summarize the theory and the principles that underlie the functioning of the FPA. Chapter 2 is very much about the general theoretical background of the FPA, grounded in social psychology and sociology relevant to the mechanisms of societal change and development. Chapter 3 then elaborates the implementation principles for guiding FPA implementation. Chapter 4 deals with the institutional - organisational aspects of the implementation of the FPA, which is followed in the 5th chapter by detailed descriptions of the main FPA implementation tools. Chapter 6 concludes the Manual with a description of the different stages of a FPA implementation process.

The FPA, as a tool for triggering a development process at the level of a community, is quite particular. Its implementation principles and tools are profoundly grounded in theoretical concepts developed in social science. The mechanisms that underlie the effects and impacts that the FPA brings about, especially in terms of implementation are quite different
from what at present appears to be standard procedure among development practitioners, especially in terms of process facilitation and cognitive development learning. These cannot be understood and mastered without a basic grasp of the theoretical background. It is for this reason that this Manual first presents the rather theoretical grounding of the FPA in cognitive learning theory. Especially those users and future practitioners of the Manual who do not have an explicit background in social science, and who are not familiar with its assertions may find chapter 2 difficult to understand during a first reading. In that case it may be useful to start with chapter 3, which deals with the principles, and get back to chapter 2 only after all the other chapters have been read. A (new) reading of chapter 2 will then be helped by an acquired frame of reference of the FPA which will facilitate and underline the cognitive learning and assimilation of the theory\(^2\).

\(^2\) Those who, after having read the Manual, understand the “wink” on this page will have understood the FPA also.
2 Financial Participatory Approach: Theoretical Background

The FPA is based on the notion that development is about new behaviour that people adopt and accept. For this new behaviour to emerge and evolve, people who engage in it must first of all recognize it as such, then identify it as useful for them within the context of their lives and their ambitions, and then mould this behaviour in such a way that it becomes acceptable as a norm, an internalized standard which is applied. This three tier process never takes place in a vacuum, on a clean slate. In society there never is a tabula rasa. The emergence of new development related behaviour takes place in communities and groups that already have an existing base of relevant, useful experiences and knowledge, rooted in their history and established in their “common sense” values that are considered to be normal, obvious, and natural to them. These are notions about good and bad, about desirable and objectionable, about dos and don’ts. This “cognitive structure”, this collective frame of reference of what is considered common knowledge of a group of people, is shaped during the lives of individuals. Much of it is tacit knowledge, not very explicit, yet very active at the level of mental reflexes that precede explicit education. New developments must find and take their place within this existing system of cultural references of a group. If there are contradictions, implicit or explicit, between the new and the existing, then the new behaviour is considered “strange”, “undesirable”, “not normal”. It doesn’t make sense to people. It is “non-sense”. Most often people will simply discard the “non-sense” as useless, as wrong. They may fight it as undesirable, to be avoided. Or they just forget about it, because they cannot make it fit in their social-cultural categories, in their cognitive structure. Successful development therefore is all about new ideas that people can relate to and that they can adapt, amend if necessary to make it fit. This fitting exercise of the new into the existing takes place through “assimilation” and “accommodation” (see box 1).

This dynamic process of social-cultural change and development is often called “collective cognitive learning” and takes place through the following stages:

Box 1: Assimilation and accommodation

About “assimilation” and “accommodation.”

Assimilation happens when people encounter new or unfamiliar information and experiences and mentally associate these with previously learned information in order to make sense of it all.

Accommodation occurs when new information and experiences are taken into one’s existing environment, and when pre-existing schemes of thought are adjusted in order to fit in the new information.

Usually both processes take place simultaneously and this provides the groundwork for societal change and development to occur.
Externalisation
People in a community may recognise something new for the first time. Until then they were accustomed to using the mountains and their forests to hunt for meat, to chop timber for home heating, to herd their cattle on the pastures for fodder. Now, rapidly or slowly, people from the outside come to walk in the mountains to see the wild animals, to sleep under the trees, and admire the flowers in the pastures. Now, the community members get confused. If tourists want to see animals, it becomes difficult to hunt. If they want the trees to remain standing, then how will the community get energy for winter? Gradually, however, they may start recognising something like tourism, when outsiders start spending the nights in villages, paying for their stay, for food, for guides. At first it may not be fully conscious to the villagers; it may remain tacit awareness, tacit knowledge, but at some point there will be a clear recognition of something new, without the notion of “tourism” as a word being explicitly present or known. Often people are as yet not able to give it a name. They are just aware of something new related to nature alongside the existing concepts. This vague, murky, emerging awareness is called externalisation.

Assimilation and accommodation
Over time, through “mental rumination and digestion”, associations develop with concepts that people know already, their experiences, their knowledge and their skills. This may concern notions about helping strangers to ride some of the horses that are in the village to get up into the mountains, providing lodging to strangers in an existing shack in the backyard, preparing traditional meals for strangers which people would have prepared for themselves anyway. All this newness starts to fit into things, into thinking, into notions that are already there. This is called assimilation.

At the same time accommodation takes place, when people realise that if they want to cater for “tourists” they have to take care of the animal health in a way which is different from what they are used to. For example, in terms of cleaning and brushing, feeding, horseshoeing, etc. They also may need to assign a different use to the shack in the backyard, bring in sanitation facilities, and start charging fees to tourists instead of being simply traditionally hospitable. They may need to stop using the shack for hay, and start stacking it elsewhere. Because tourists speak different languages it becomes interesting to send children to school to learn English, in addition to Russian as a foreign language. At the same time “hunting” may become less important than it was. People make money and can afford to go to the butcher. They hunt only during weekends, and then again, not every weekend.
It becomes a pastime, rather than a prime economic survival activity. In this manner people accommodate their existing behaviour to help fit in the new ideas and practices.

Through assimilation and accommodation the new concepts, notions, phenomena are fitted into the existing situation by the people themselves.

Objectivation
Over time the new phenomena that come about through assimilation and accommodation, become so concrete that people start giving names to these complex concepts. “Tourism”, “guest-houses”, “tour guides” as concepts originate together with the behaviour that goes along with it, as defined and accepted by the people. These concepts now exist in their minds. By giving accepted names people start to communicate actively with and about them. These concepts, which were a mere hunch at first, find their place in the mental frame of reference, the cognitive structure of a group and then become linguistically concrete. It formally exists from that moment onwards. It has been conceptually delineated and has become part of society. It has become a social, cultural, economic “object”. In our example people start talking about tourism and all the socio-economic arrangements that come with it. At the same time, hunting as an existing concept, an economic “object”, gradually changes its contents, from a survival activity to a fun and leisure activity. It becomes recreational.

Internalisation, the settling in of norms
In a last stage the new behaviour arrangements become routine, regular behaviour. They become part of the collective “reflexes” of the group. They turn into habits and settle in the value system of the group. People start to feel strong positive commitment towards “tourism” as their behaviour and reinforce each other in this commitment. It is expressed in terms of “this is the way we do things over here”, and it is accepted as “good behaviour”. They may also start to consider it in terms of economic development opportunities. These values, acted out, translate into norms. Things become “normal”. The previous behaviour is referred to as a thing of the past, “the way our (grand) parents acted”, “we don’t hunt for a living anymore”, “the old ways are not good for our livelihoods”, “we are modern”. The norm has been changed and has become a new standard for behaviour, which is now part and parcel of the cognitive structure of society. The process has reached a new level.

Attitudes and concrete behaviour, also those that are related to development thinking and economic development opportunities, are continuously moulded, shaped and changed in
these cyclical steps which spiral themselves through time and cause society to change all the time. This process concerns the evolution of the structure of accepted knowledge and collective experience in society. This evolution of accepted knowledge and experience is basically a learning process. This also applies to the development of related knowledge and behaviour. Then we call it **cognitive development learning**. For new development related behaviour to emerge, to stand a chance and to become sustainable, it is essential that it positively and constructively passes through the assimilation and accommodation process. It is clear that people themselves are the principal operators of assimilation and accommodation. People themselves are the best architects, creators of the development knowledge and of the development behaviour that suits them best, which has the best chance of success. In addition, the fact that people have thought things out themselves creates high psychological “ownership” of ideas, activities, and attitudes. It is the ultimate motivator to start, to persevere and to continue even further. Cognitive fit and ownership combined are the best guarantee for building development capacity.

This piecemeal social engineering of local development capacity and its related behaviour is extremely difficult to steer from the outside. The road of development aid is littered with non-operational and abandoned remnants of well-intended efforts. Innumerable are the concrete and abstract leftovers and loose ends of development support, planned with the best of intentions by some of the very best technical experts, accompanied by elaborate, comprehensive training programs that just didn’t work.

![Figure 1: Externalisation, objectivation and internalisation](image-url)
or last, simply because the connection was insufficiently made with the aspirations, real potentials and limitations of the people who have to deal with it and have to live with it.

**FPA = facilitation of discovery and learning**

The Financial Participatory Approach to socio-economic development is based on the principles of cognitive development learning, as outlined above. It applies these principles with a specific operational tool-set. People themselves are stimulated and encouraged to acquire new experiences, **to learn from the best** and to generate development capacity that is tailor-made by themselves to best fit their situation. The FPA therefore is all about **facilitating** discovery and recognition (the feeling of “ah ha...!”), about adaptation, about acquiring meaningful experiences that can propel into sustained development.

**Box 2: Theoretical references to the FPA principles**

- There is a wide body of literature in the study of organisation development on knowledge management and organisational learning, which also concerns social processes, and which is increasingly being applied to international development contexts (See e.g. Argyris, C. (1992): Overcoming Organizational Defences: Facilitating Organizational Learning; Schein, E. (1992): The Learning Leader as Culture Manager; Hovland, L. (2003): Knowledge Management and Organisational Learning: An International Development Perspective; An Annotated Bibliography).
- Several schools in modern sociology (e.g. symbolic interactionism, social constructionism) have elaborated concepts that explain collective behaviour of groups, with their norms and values based on ever changing interpretations and adaptations of collective experiences. (See e.g. the classic work of Berger, P. and Luckmann, Th. (1966): The Social Construction of Reality).
- The use of the FPA elsewhere has also produced an important body of literature. In English the following work is of interest. (See e.g.: Immerzeel, W.H.M. van (2006) Poverty, How to Accelerate Change; Experience, results and focus of and innovative methodology from Latin America).
3 Implementation Principles of the FPA

“The FPA is all about the facilitation of discovery and learning from it.”

From the theoretical concepts of cognitive development learning the FPA derives several key principles that serve as rules of conduct, that guide both the development and the use of the FPA implementation tools. In order to ensure the maximum impact of the approach in generating development capacity, these principles are to be completely and entirely applied and upheld while implementing the FPA. Depending on the reality on the ground the implementation of the principles may differ depending on the practical application of the tools (see next chapter). Yet, the FPA can only be successful if the intrinsic value of the principles is not compromised. These principles are as much as possible all together applied in any FPA tool (see chapter 5). There is no notion of timely sequence or order attached to them. The FPA implementation principles are:

**Principle 1: All initiatives come from the people**

Cognitive development learning can only work if the people have the full opportunities to discover themselves their development solutions, and to find the best fit within their existing set of accepted and known ideas. This can only happen without outside interference in the assimilation and accommodation. Consequently, the FPA and its facilitators ensure that all development ideas and initiatives emanate from the people themselves. The FPA in that matter is devoid of any expert initiated technical impulses and orientations. The FPA goes more than the extra mile to ensure that this principle is upheld.

**Principle 2: The role of the FPA and its project staff is limited to facilitation**

The first, previous principle implies that the FPA coordinates and facilitates activities. It may orientate in terms of the general themes such as community development, create links with environment and nature protection, promote business development, etc. Yet, FPA facilitation should refrain as much as possible from to suggesting thematic issues such as agriculture, health, irrigation, but rather will entice the people themselves to come up with these specifics if they find them appropriate. Consequently, the FPA just sets the general framework within which the project activities are being conducted. Everything else is people-driven. The project merely facilitates this drive. The project can, however, provide training and guidance to the people involved on their request. Adopting the role of the facilitator, the FPA explicitly shies away from any technical expert role in orienting and
conducting the project. The expert role is considered contradictory to cognitive development learning.

About experts and facilitators: the fundamental differences

An expert is a person with specific knowledge in a particular field, often “technical”, based on study and research, experience or profession. It is significant that most other people do not have the specific expertise of the expert, by virtue of which the expert has “technical authority”. Within the context of development projects the role of the expert is to bring in his or her expertise to diagnose problems, propose solutions, plan and implement activities. Participatory consultations by the expert often do take place, yet the final authority and the position taken by the expert regarding the solutions proposed and implemented is not questioned. The expert engages in technical contents and as such is directive.

A facilitator is a person who creates and supports the preconditions for initiating and maintaining collective change processes, by helping people to understand common objectives and by helping them to plan how to achieve these themselves without claiming technical authority or taking a particular position. Even though facilitators may have specific technical expertise while facilitating, they do not engage in technical contents. The facilitator is content neutral and as such non-directive. The specific skills set of facilitators concerns the understanding of group dynamics, including the functions of building consensus and using tension constructively. A facilitator considers that there is power and potential in not telling people what to do, but to help them think it through themselves. The facilitator fosters supportive relationships to help people understand the need and opportunity for change.

Box 3: Experts and facilitators

Principle 3: Cooperative competition generates best ideas and practices

Mild competition between people tickles them into being more creative than usual. It helps them to think further about their own situation, about what causes their situation, what resources they may need to mobilise in order to improve their situation, what knowledge they need to help themselves. Mild competition stimulates them to make new mental associations and assimilate and accommodate new ideas into development initiatives that they themselves fully initiate, understand, acknowledge and accept. For this fundamental principle of cognitive learning FPA projects organise cooperative contests in communities to help people discover specific local contents, new development opportunities and solutions to specific problems as perceived. The best results of these contests receive prizes, often financially in a very visible and public way. Often these prizes are called “awards”, because they also bestow prestige and esteem among their peers. People “go the extra mile” because of the prizes, because of the awards and look for the
best fit. FPA contests focus on determining – usually by local juries - who has the best ideas and best practices in applying development solutions which will then be awarded with prize money. Sometimes the award serves as a co-funding from the project for the further development of their winning ideas.

Usually, the sense of competition and the esteem and prestige that may be drawn from awards and prizes is strengthened by local media coverage, which helps to disseminate best ideas and best practices. It also triggers intense local debate, which is a perfect tool for assimilation and accommodation. The FPA in this way is all about learning from the best, who are fully recognized and rewarded as such. The wide attention given to them is generally also a source of intense pride which, again, further facilitates the assimilation and accommodation process. People think out things themselves in a way that they are comfortable with and are proud of. This gives them confidence to take charge of their own development.

**Principle 4: Direct financing supports successful generation and implementation of ideas**

In addition to the above described prize money which is awarded for those ideas considered by the local jury to be the best, supplementary funding and mobilisation of capital is very important in the process of FPA for further developing these new ideas and implementing them:

- Initially, funds are made available by the project almost immediately as “**seeding money**”, in small amounts in order to help people to cover small expenses for the development and presentation of their ideas. This provides people with a margin of freedom to be creative without fear of financial burdens. It also serves as a motivator, a stimulus, a token of trust that it is up to the people themselves to take charge of their development. These funds are important for acquiring valuable “real time” experience to test and perfect experiences, to provide mainstreaming of best solutions, and to help identify the best implementations of solutions found.
For winning ideas prize-money may be considered as “co-funding” by the FPA for the further implementation of these good ideas, in order to bring them to a new and higher level. This “co-funding” triggers a multiplier effect as it turns out that most participants then also significantly invest their own resources in cash and in kind, because they are proud of their ideas, in which they believe, because they are proud to be winners who show that their ideas and implementations are the best. The project's input capital through the specifics of the FPA does not only provide an immediate economic impact for the communities: It also mobilises considerable own funds from people and their strong motivations for continued and efficient implementation.

The FPA may also encourage and contribute to collective saving arrangements by topping up investment savings that groups may have. Through mechanisms similar to classical rotating savings and credit schemes this may contribute to sustained funding of winning initiatives of individuals who participate in the collective saving.

These different ways and levels of “FPA capitalisation” take place within a context of full trust, with no strings attached, and no questions asked. At first sight this appears to be odd to many none-practitioners or new practitioners, as it isn’t common practice in classic development projects. Yet, this trust is key to success, as it enhances confidence, respect and “ownership”. In actual practice, abuse of funds in the context of the FPA is considered well below abuse figures in most classic credit schemes. The FPA principles ensure that community mechanisms of pride and social control kick-in deeply and do take away the sting of temptation.

Capitalisation in the context of the FPA allows for the distribution and injection of funds directly into the local economy either through awards, seeding money, co-funding or saving subsidies. The funds will obviously serve an autonomous economic multiplier function, yet also allow for and boost the generation and implementation of specific socio-economic development activities as conceived through the FPA process. The fact that the distribution of funds and their use, based on the FPA principles, is process driven rather than externally

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3 In the FPA prizes or awards may be considered “capitalisation”; experience has shown that winners mostly re-invest their prizes into their activities, although the FPA does not explicitly require this. Prize money is also often used for additional activities. In this manner the amounts granted contribute to increase locally available capital and therefore they may be considered a form of capitalisation.
imposed, reinforces trust and ownership and consequently medium to long term sustainability.

**Principle 5: Mobilization of learning, knowledge and experience**

External knowledge, expertise, competence is brought into the FPA-triggered development process through dynamic exchanges in and between communities concerning local and regional ideas, existing experiences and new best practices by individual families and communities. The exchanges trigger the assimilation and accommodation of new ideas from which new knowledge develops, just as new attitudes and behaviour, as described above. The FPA strongly encourages and facilitates locally driven exchange visits and locally driven requests for the mobilisation of external expertise when needed by the people. FPA experiences have shown that at some point the people themselves will acknowledge that they have arrived at a crucial point where they need additional inputs, additional skills and know-how. The first “itching urge”, the first impulse to want and learn more emanates from the people themselves. The FPA facilitator merely recognises it, picks it up and suggests some form of mobilisation and exchanging of knowledge, and in this way facilitates the resetting of the gears and cogwheels of the minds. This also applies to trainings. People usually will identify themselves their needs. The FPA provides the resources to organise and implement tailor-made programmes for “knowledge management” in any format, including the mobilisation

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**The Facilitator’s Gaffe**

“The road to failure is paved with good intentions.”

For facilitators who are not experienced with the FPA and its group process facilitation requirements, it appears always to be difficult to let go of their instinctive urge to suggest their wisdom to the participants in any minor or major way: “to just add a few useful things”, “to be of help”, to explain the “obvious”. In fact, when they do, it always frustrates the outcome. “Obeying” other people does not at all motivate, does not create ownership. Their outside “wisdom” comes from a different background and context and as such may not be recognised as useful, is not at all obvious, and / or simply doesn’t work. Misfits, frustration and (partial) abandon of externally introduced developments are most likely to be the result. As with “beauty”, “Common Sense” is in the eye of the beholder. The biggest misstep any FPA facilitator may commit is to interfere (even a little bit, and with the best of intentions) in the contents of the process. However well-meant, it totally spoils the benefits of cognitive development learning.
of external expert-knowledge. People may conclude, in their own time, on their own terms, that for example they know enough about production, but now have trouble managing market relations. The essence is that not the project, but its beneficiaries are identifying these requirements and pulling the strings to fulfil them. Advantages of this principle are quite obvious: “Knowledge management” in this way is to a high degree context and demand driven. Mobilisation of new knowledge and experiences then is “fitting”, provides a match. In addition, the fact that people have identified these needs makes for strong ownership. Finally, sharing information and experiences with other communities is again a source of immense pride, and makes an important contribution to continued efforts and sustainability. The FPA is heavily involved in geographical exchanges of experiences, the mobilisation of expert knowledge on demand and in “à la carte” trainings, in a targeted, people-driven manner.

**Principle 6: The FPA makes constructive use of tensions**

Classical development approaches are generally based on the “harmony” or “consensus” model. Participation is technically tuned to create consensus. There is an inherent fear of unrest, strife or social turmoil of any kind that may disturb the implementation of expertise driven, planned, linear development. Intervention tools are geared to undo and resolve as fast as possible differences of opinion, sentiments of unease, by generously applying consensus tools. The FPA, however, makes abundant use of cooperative competition (principle 3) as a lever for triggering development. Consequently, the FPA in the facilitation of development is not overly focused on creating consensus and maintaining harmony. The FPA considers mild rivalry, challenges, and gentle tensions to be creative and constructive for development. Sociologically speaking, tensions are part and parcel of every society. Every group permanently experiences underlying tensions, which are solved, only to be replaced by new ones emerging. Tension is endemic in society and is an important vector of change. The dialectical process which kicks in to either “solve” or “settle” tension creates new options, attitudes and behaviour. A rigid search for harmony, to avoid discontent, stifles these opportunities. Without mild conflict human society would not have developed at all. The FPA fully recognises this reality when facilitating the process of socio-economic development.
development. The very nature of “contests” implies that people will try to do better than their neighbours. It also implies that there are winners and then there are those who do not win. The purpose is to identify best and winning ideas, and to flag them up and have people relate to them and learn from them. A reflection on “why did my neighbour win and why did I not win”, with all the embedded emotions which then emerge, triggers an important learning process, and should not be avoided. It is a powerful trajectory for development change. The FPA facilitation observes and recognises these tensions and does not shy away from them. The FPA uses them to their full potential, simply by not trying to reduce them, but simply letting them be. This does require from the facilitator restraint, based on experience and special facilitation skills.

**Principle 7: Media exposure reinforces the impact of FPA**

The FPA facilitates the maximum use of the media when launching the contests and in awarding the prizes, whenever possible. Media exposure is important for several reasons which are interrelated:

- The fact that people’s activities are being noticed and exposed by radio, television, and newspapers is a source of intense pride and motivates people. It provides them with a strong sense of ownership and self-confidence.
- The attention drawn to the communities by media exposure triggers a vigorous dynamics at community level in terms of debate, collective creative thinking and sentiments of wanting to live up to expectations. It enhances quality and is a strong activity booster.
- Media exposure strengthens and contributes to exchanges of lessons learned at the regional level at least.

**Principle 8: The FPA progresses through cumulative cycles**

The FPA activities are conducted in successive cumulative “learning cycles” that progressively build on each other and often have a specific thematic topic, identified by the people throughout the process. As the FPA is often implemented in a more or less rural context, its cycles usually take into account the yearly agricultural rhythm of the area concerned. Although this may often be convenient in terms of production and financing
phases, availability of time and labour, taking into account the hardships of winter, it is not at all a fixed rule. The FPA “learning cycles” (in)-tend to assess the general outcomes after each cycle, and then design the next cycle trying to further improve on the perceived results. This way, as an example, activities may move from production in one cycle to marketing in the next, then to business development, and so on. The tendencies that emerge are not readily predictable, but experience has learned that people themselves will indicate to what extent their ambitions and related development potentials and needs have changed. The role of the project is then to facilitate these next steps in a new cycle, while upholding the FPA principles.

**Benefits from adhering to these principles**

Applying these FPA principles will lead to development programmes which have the following characteristics:

- Opening-up **new development horizons and opportunities**;
- Above all, focusing on the **“potentials to be unleashed”** rather than on the « problems to be solved »;
- Combining **learning and financing of development actions**;
- Enabling **dynamic learning by doing together**, which entails that the focus is more on those who want to learn something rather than on the teacher who wants to “transmit” his solutions;
- **Transferring decision-making, responsibility and budget management to local actors**, providing them with opportunities and resources to learn and undertake.

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**The FPA is NOT about:**

- Nature protection by fencing people out from national parks
- Classical participatory consultation (e.g. PRA)
- A central role for outside expertise to disseminate wisdom
- Project driven and dictated activity planning
- Socio-economic development as seen by the experts
- Harmony and consensus

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**Box 5: What the FPA is NOT about**

**The FPA is ALL about:**

- Active discovery by the people themselves of **“development actions” and their integration into people’s lives** in order to be successful.
- Triggering locally developed **acceptance and adaptation of new behaviour, new technologies, and investments** for the local situation.
- Acquiring new skills by **actively associating new issues**.
- **Embedding** new technologies and new skills into **existing practices and adapting them locally** to local situations.

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**Box 6: What the FPA is ALL about**
Origins of the FPA

As an approach to socio-economic development, the FPA originated in Latin America at around 1986/7. The original name for the FPA is “Raymi”, which in the Quecha language means “fiesta”, because the competition tools it uses create a literally “festive” environment in the communities which take part. Its theoretical base adapts the key concepts of Piaget’s cognitive learning and knowledge management as originated in organisation development theory, and of applied phenomenological sociology of knowledge. In a way, the FPA / Raymi is itself a result of cognitive development learning of assimilation and accommodation. Over the years it proven to be so successful in triggering sustainable socio-economic development that it has become the main stay of socio-economic development in Latin America for major donors as the EU and IFAD. KfW has also worked extensively with it in Latin America. Over the years FPA / Raymi attracted different names, such as “Learning from the best”, “Contests and Awards”, and now “Financial Participatory Approach”. Gradually the FPA is being applied also outside Latin America, because its principles are not bound by cultural or socio-economic contexts, but are universally human. Recent case examples may be found in Bangladesh, Laos, Tanzania, and now the Southern Caucasus.

Box 7: Origins of the FPA
4 Institutional Considerations of the FPA

4.1 Introduction

The implementation of the FPA is initiated and supported by a project. The FPA limits the role of the project to the facilitation of a process. The local population, the target groups, determine through the process the objectives, the activities and the results. Facilitating the process can very well be compared to seriously playing a game with a set of accepted goals, with accepted rules, a clear feedback system to all and voluntary participation. The facilitator helps the target population identify the game, helps to set-up the rules by which the process of the game is “played out”, and provides assistance while the game is being played. Once the game is being played, the project helps ensure that the rules of the game are upheld. The facilitator does not interfere in the outcome of the game and remains at all times content-neutral.

The fact that in the FPA the project facilitates, rather than implements, makes it “light” with limited transaction costs. However, the FPA requires some limited, yet clear organisational and institutional arrangements. These are outlined in the following paragraphs.

4.2 The FPA Support Team

General management of the FPA implementation resides with a FPA Support Team (FST), basically composed of a facilitator and a local NGO as its nucleus for process facilitation of the FPA and the management of logistics and finance.

- The FPA facilitator ensures that all provisions are in place for the FPA process to run its course. The facilitator is the guardian of the integrity of the FPA and consequently of its success. Consequently, the facilitator is someone with explicitly...
proven facilitation skills and who has a track record of process facilitation. The quality and neutrality of the facilitator is the hinge pin to success.

- The facilitation process is supported by a local NGO for managing funds and logistics, such as transportation, reservation of meeting places, and mobilising the media. Decisions on funds and logistics are made by the Regional Working Group of stakeholders (see next paragraph), where required supported by the facilitator. The NGO merely implements these decisions and reports back to the Regional Working Group and the project. The NGO is also content neutral. The skills and capacities required of the NGO concern accounting, finance and logistics.

In the case of the “SPPA projects” (see §1.1), this FST will also be managed by a Team Leader, who oversees the general process, possibly seconded by a FPA specialist, an advisor who provides guidance on the process. The organisation chart of the FPA Support Team resembles the organigram in figure 4.

![Organigram](image.png)

**Figure 4: The Support Team**
4.3 The Regional Working Group

The **Regional Working Group** (RWG) is at the heart of the FPA. With conceptual and operational assistance from the Support Team, the RWG, representing as many stakeholder groups as possible (including the target population), will de-facto take all relevant management decisions for the implementation of the FPA programme (the competitions, exchange and learning, media activities, ...). The members of the RWG are all based in the area. Typical tasks that the RWG may be responsible for include deciding the activities, allocating the budget, set up juries, monitor the implementation of activities, implement jury decisions, and so on. (A more detailed list of RWG tasks is in § 6.1).

The members of the RWG also have an active role in disseminating information to the communities involved in the Programme and back to the RWG.

In some countries local regulations or other requirements stipulate that the RWG is officially established and registered as a legal entity. In principle there is no problem with that. Yet, formal institutions have a tendency to outlive the cause that brought them into existence in the first place. Care should therefore be taken to avoid that as a consequence of this formalisation the functioning of the RWG will become an end in itself. The RWG serves the purpose of implementing the FPA in a participatory and inclusive way. Beyond this it has no formal or informal “raison d’être” and thus should not be continued to live past its purpose.

A typical RWG is composed of the following members:

- Representative(s) of the local authorities
- Representative(s) of religious organisations (if appropriate)
- Representatives of each community involved in the FPA
- Representative(s) of (a) locally active NGO(s)
- Representative(s) of the Protected Area
- If required, representative(s) of (a) Village Working Group(s) (see next page)

An efficient RWG should have at least 5 and not more than 15 members.

Usually the local FPA support NGO provides secretarial and logistical assistance, whereas facilitation for the beneficiaries (RWG and local participants) is provided by the facilitator who is part of the Support Team.
At the beginning of its assignment the RWG receives a basic FPA training from the FPA facilitator in the Support Team.

### 4.4 The Village Working Group

Often the FPA concerns more than one village. When individual participating communities have more than about 400 permanently residing members, it may be good to set-up Village Working Groups (VWG) in order to facilitate decision making and coordination at the village level. One member, usually the chairperson, then also represents the village at the RWG. Usually the VWGs do not have more than 7 members. As the main function of the VWG is to make internal village decision making easier, its structure is relatively simple. There are members and a chairperson. The VWGs also receive training from the FPA facilitator in the Support Team at their inception and may receive further facilitation support from the FPA facilitator throughout the whole approach, if needed.

For both, RWG and VWG, it is important that all major relevant categories of society find adequate representation, including women and the young. The FPA is all about the “grassroots”. Consequently, it is to be avoided that “local politics” takes over the FPA. For that reason it is not advisable that representatives of political groups or parties have seats on the RWG or VWG.
4.5 The Local Jury

A key institutional element of the cooperative competition principle of the FPA is the Local Jury who assesses the ideas and the activities which have been generated and implemented in the contests, and who decides to whom the different prizes will be awarded. Each contest activity will have its own individual jury. Often the jury is composed of 5 members, usually from the area where the FPA is being conducted. The members may be well known dignitaries, notabilities, or other “somebodies”. If the contests concern themes which have a specific technical aspect, technical specialists may be invited also. In general they are then added to the existing membership of five, to the extent that the final number is uneven. The quality of the jury is essential to the final result of the FPA. It is important that the jury is accepted by all. Participants who did not win may sometimes tend to challenge the quality, neutrality or integrity of the jury and its work. It is important to prevent this, taking great care in appointing the jury by being transparent and meticulous when the jury is active. Experience has shown that with good care and with a few good rules of thumb, problems may be avoided and overcome:

- Usually the composition of the jury is decided and publicly announced before the contest has been launched. This may be done in the following way. During a public announcement and launch session of the contest, in the presence of all participants, the RWG proposes several members of the jury, and explains why the RWG thinks that these potential members may be very suitable. As a next step, the RWG invites the participants to propose additional members and, if considered desirable, propose alternatives. The final jury composition is decided by all present. The
RWG then makes clear that these members will make up the jury, that this has been decided in common agreement and that people should either “speak now, or forever hold their peace”. When all questions and issues have been resolved, the jury has a publicly recognised mandate, which is difficult to challenge.

- The presentation of the outcome of the contest activities should be done publicly, and the jury deliberation and assessment should take place immediately afterwards during that same session. Also during that same session, the jury will announce its findings publicly and justify and explain its considerations and how it came to its conclusions.

The jury (but sometimes also the RWG and the project) may be held accountable and therefore all efforts should be made to avoid any secrecy, and to work transparently and diligently towards understandable and justified jury decisions when awarding prizes.

![Figure 7: The institutional set-up of the FPA](image-url)
5 The Tools of the FPA

5.1 Introduction

The FPA uses several tools to apply the principles of cognitive development learning. These tools may differ from one context to the other, but they always refer to the principles outlined in chapter 3. There are 4 main types of tools, each of which is represented in every FPA cycle:

- Contests and Awards
- Capitalisation
- Exchange and Learning
- Media Involvement

Before using these tools, a rapid assessment is made of the general overall socio-economic situation in the area, the main development constraints and potentials. This is done while using RRA tools (which is described in more detail in chapter 6).

In actual practice, in any FPA cycle several tools are often used simultaneously or in a mixed way.

5.2 Contests and Awards

The FPA organises all kinds of contests between people on issues which may help them improve their livelihoods. They can range from identifying best traditional knowledge, to new ideas, to solutions for problems, to new activities, to short stories about their situation. Anything imaginable may go if one way or the other it is linked to improving livelihoods. Juries assess the results from the contests, and award prizes and bonuses to those who have shown exceptional outcomes. The best results are exposed to the public, as is the awarding. The purpose is not the competition or the “winning” per se, but the exposure of the best and the dynamic chitter-chatter in the community that takes place as a result. The “best” that comes from the people themselves is all of a sudden in the midst of the attention. People vividly debate why “this is a winner”, and they are proud that they themselves have generated such excellent ideas, or have achieved such excellent results. They contemplate why other submissions to the competition were considered not as good.
As a result, the full cognitive learning process as described in chapter 2 picks up speed and intensity. All the mechanisms of assimilating and accommodating the new into “internalised”, accepted new thinking and behaviour get into swing. It is learning from the best “par excellence”.

The FPA uses the cycles over several years to carefully build this up around a general theme, new thinking, new behaviour and new skills for people to take charge of their own development and to improve their livelihoods.

At the start of a first FPA cycle a priming phase is introduced. “Priming” of the community triggers members into preparing themselves for their own ideas and creativity. In a way, it is about warming up the “mental musculature”, and preparing for the main phases. The priming preparations mainly serve several purposes:

**Community level**
- Through priming the communities carefully, cautiously and playfully explore the orientation that the development solutions may take place based on their own ideas, thinking, and aspirations.
- Priming prepares and familiarizes the participants in a playful way for the FPA tools and the “rules of the games”. It helps them to open-up.

**Project and RWG level**
- Priming helps the Support Team and the Regional Working Group to identify particular or sensitive previously undetected issues to take into account.
- The facilitating NGO can settle in this way it’s financial and logistical systems and make changes if necessary.

**Individual and household level**
- Priming prepares and familiarizes the participants in a playful way for the FPA tools and the “rules of the games”.
- Priming also helps to use small capitalisation funds for households and (women groups) to build trust/confidence in the programme and in themselves.

Typical priming contests examples are:
- Identifying useful traditionally available knowledge that may be used to help solve general problems.
✅ Writing short stories about general issues, which relate to existing values, to collective memories, and which have a local connotation and discourse; these may also be traditional short stories, which are slowly being forgotten, or regional short stories, which emphasize a particular regional theme.

✅ Identifying a development orientation for the future of the community (basic village planning), based on an assessment of the past of a community, and of its present situation: “our village, its past, present and future”.

Usually priming activities take place at regional and village levels. Also, priming usually takes place at the beginning of the programme only. It is after the priming that general FPA main themes are determined.

The priming at the beginning of the programme is followed by the main FPA activities, which occur in cycles. During priming people have learned to participate, get involved, and have explored potential development avenues. They will use this basis to continue contests and awards at a more comprehensive level, with more funds involved, with concrete development boosting activities in mind. Contests may take place between families, between communities, between specific groups (for example women’s groups), and between individuals. A contest can, but need not, take place in several stages. As an example, a first stage is about generating good ideas, at a second stage several interesting and feasible ideas can compete for best business plans, while at a third stage competition for best implementation may take place. All may happen
during one or even several FPA cycles. At the end of each cycle, an evaluation takes place at the level of the RWG and the Support Team, and a new cycle is proposed, which builds on the results of the previous one. As a result of the evaluation, the main FPA themes may be amended and adjusted.

Sometimes the question is asked whether participants in the FPA do not need any guidance on how to generate development ideas. Taking into consideration its principles, the FPA is very reluctant with guidance that influences contents of development ideas and activities. If participants themselves request specific support on specific topics, then this can be arranged through exchange and learning tools (§5.4). The key issue is that the need and request emanates from the participants themselves. The FPA facilitator may provide guidance on neutral techniques such as brainstorming, “problem tree techniques”, and so on, but must remain far removed from suggesting contents beyond the general and very broad topics identified and agreed during the RRA during the initial scoping activities (see chapter 6).

It should be kept in mind that the competition tool specifically seeks to incite participants to generate innovative ideas and show excellent implementation as examples for making best use of local development potentials. The best ideas and the best performances will be rewarded. The purposes is not equitable distribution of project funds. Facilitation should create understanding and acceptance of this concept, to create a conducive environment for fair competition.

5.3 Capitalisation Tools

Contests and awards are often accompanied by some kind of direct funding support to the local economy, which functions as an economic and financial support tool. This “capitalisation” may take several forms:

- **Seed money** provided by the project to participants at the start of a contest in order to help them cover local expenditures needed to generate initial ideas and first activities, and to present them. These generally are small amounts.

- **Co-funding** by the project to further develop initial ideas into more concrete plans, or the implementation of activities which already have been recognised as winners. Usually co-funding by the project represents a “minority stake" in the overall capital requirements of a development activity.
The FPA can contribute to setting-up and running local saving and investment schemes, which may develop into revolving and rotating loan funds. This usually takes place when some development activity is picking up. Participants may suggest or be asked to organise themselves in groups to manage own funds, prize awards or benefits from activities into seed money, or savings funds; this is to be decided by the winners or by the owners of the savings and investment fund. The group establishes its own rules for managing the savings and for issuing savings to group members for new activities. When the savings account(s) reach certain saving levels, the FPA can add a savings bonus. At some point in time, a part of the accumulated savings is reinvested. The FPA may also participate in contributing to a revolving loan fund, in which participants rotate to access loans or compete with activities to obtain loans. The reimbursements flow back into the revolving loan fund. The running of a revolving loan fund can itself be operated as a contest.

Prize awards that are won in competitions (§5.2) also channel funds in the communities and therefore also represent a kind of capitalisation. Experience has shown that winners mostly invest the prize funds in their winning ideas and activities.

Capitalisation serves to provide direct capital to the local economy and to stimulate the emergence and implementation of development activities. The FPA does not impose conditions on the spending of seed money, prize awards, or savings funds; this is to be decided by the winners or by the owners of the savings and investment fund. Sometimes people themselves require assistance with keeping the books and the FPA may encourage this. Though the FPA will then provide training, bookkeeping is not a FPA requirement per se. The trust factor is extremely important in the FPA and basically a tool in itself. Experience has shown, that people are worthy of this trust, and abuse is inexistent or extremely rare. The very transparent character of the FPA strengthens important social control mechanisms in support of appropriate use of funds made available by the FPA. These have proven to function extremely well.

Bookkeeping by participants is not the same thing as financial monitoring by the FPA itself. For transparency and project monitoring purposes the FPA keeps track in a detailed way of

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4 A revolving loan allows the borrower to draw down, repay and re-draw the loan funds agreed. Rotating saving and credit is money saved by a group of individuals, through fixed regular individual deposits, allowing individual members to take turns in accessing and reimbursing as credit the total combined savings deposits. A group which organises itself this way is a ROSCA (Rotating Savings and Credit Association).
where the FPA funds are going. Yet, no judgment or value is attached to the nature of the expenditures, as this is to be decided by the participants themselves. Assessments by the FPA in terms of good expenditures and bad expenditures would again direct the activities towards what “others” consider to be “good” or “bad”. As long as funds are spent in line with the rules of the FPA anything is good.

In similar terms, the FPA will not issue financial advice on how to best spend the available funds. However, within the context of exchange and learning, the FPA on the request of the participants and / or the RWG may provide training on “financing techniques”, “funding possibilities”, “business planning”, and so, as long as this advice stays away from suggesting what the funds should be spent on in terms of contents.

5.4 Exchange and Learning

Cognitive learning is the essence of the FPA. It is all about identifying the best and then learning from it, from each other and from their experiences. Consequently, an additional support tool of the FPA consists in explicitly promoting the exchange of important experiences and learning. Exchange and learning takes different shapes:

- The FPA programme reserves funds for exchange trips between participating communities and, if possible, between different FPA projects and other FPA programmes. This explicitly stimulates people to show to others the lessons that they themselves have learned. The exchanges between communities trigger again intense debate and help people with the assimilation and accommodation of new issues and experiences which they integrate into their attitudes, thinking, and lives. It is important that those who go on an exchange trip share their experiences as soon as possible with the other members of the community when they return home. It is also important that this “debriefing”-session must lead to conclusions on how the contents of what was learned from the other communities can be used in the home community, accompanied with an action plan. Therefore, not only the exchange visit is to be organised, but also the follow-up afterwards.

- At some point in time, participants will discover themselves that they will need to know more about a particular subject if they want to progress. As examples, they could state that they know how to produce, but they need marketing skills in order to sell their
products. They now understand that they need to know more about animal healthcare in order to make the use of riding horses more attractive to visitors. They want to expand their activities and need to set up officially registered and licensed organisations and consequently, they want to know more about how to register, licence and keep administration for tax purposes or other legal requirements. It is a matter of time, and **people will discover their own training needs.** Often training needs are also expressed after exchange visits and having witnessed how people elsewhere implement interesting activities. The FPA will make funds available to provide tailor-made trainings that are tuned to the particular needs of the participants. Ideally the pedagogic approach of the trainings will focus on “experiential” learning rather than “teacher” driven trainings. FPA trainings are not teacher centred. The communities, the RWG and the FPA facilitator identify together the trainers. Competent local, regional trainers are preferred as they are usually better able to express themselves in concepts which are locally understood. A training programme and curriculum will be submitted to the RWG beforehand, and will be based on the principle of cognitive learning, thus avoiding as much as possible the rather classical “teacher-to-trainee” methods.

Sometimes it will be necessary to call for **outside expertise** in order to improve the quality of the ideas and support the implementation. For this, the FPA holds funds available and the people themselves will identify their needs. The program always takes care, though, to avoid an expert driven learning orientation.

This "demand-driven" approach to training and use of experts will ensure genuine interest, ownership and better learning of the participants.

### 5.5 Media Involvement

The FPA strongly supports media exposure of the programme in all stages, from the launch of FPA activities to the presentation of outcomes and the awarding of prizes. The NGO and the RWG may be very instrumental in mobilising media coverage. This can take place at all levels: local regional and national. It ranges from written press (newspapers) to audio-visual coverage (local, regional and national radio and television). Often the media organisations themselves are quite eager to provide coverage. For the FPA the media involvement serves several purposes:

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5 There should be some caution with internet based media, such as Facebook, Twitter, etc., as in many rural areas internet is less widely available or internet media are less commonly used.
a. The fact that articles are written about a community, that people can hear and see themselves and their neighbours on radio and TV concerning their development initiatives, is itself an intense source of local pride. Consequently, people claim strong ownership of the ideas and activities that they have initiated, contributing to sustainability, perseverance and motivation.

b. Within the communities the media coverage itself is the object of, again, intense internal debate, consolidates the assimilation and accommodation, and helps the internalisation. It is very much part of the cognitive learning.

c. Media coverage, especially the local and regional coverage, may play an important role in facilitating the exchange of experiences and lessons learned and disseminating best practice to a wider audience.
6 FPA Process Stages

The FPA is implemented in 4 main stages:

i. Set-up of the institutions

ii. Setting up of the first FPA cycle

iii. Implementation of the activities

iv. Evaluation and identification of the next cycle

6.1 Getting Started: Setting up the FPA Institutions

As a first step, to get started with the FPA it is important that the main institutions are being set-up put and put in place, so that the programme can be designed and implemented. There is a specific sequence to developing the basic institutional framework that will run the programme as a process.

![Figure 10: Setting up the FPA institutions](image)

1. As a first step it is important that the **FPA Support Team** is being established. Those who are in charge of the programme, usually the chief project officer, the Team Leader and his or her staff, identify an experienced *technical FPA advisor*, who supervises and coordinates the general implementation of the programme from the point of view of cognitive development learning and facilitation, and who helps in identifying the FPA project cycle (see 6.2). Usually, the FPA advisor is a rather senior consultant, with excellent experience in the FPA or similar approaches, and who explicitly has process consultation and facilitation skills to help create supportive relationships to help target groups understand the needs for change and create themselves opportunities to trigger that change. This entails skills that are derived from organisation development, social psychology, sociology, pedagogy and the like. The role of the FPA advisor is to supervise the process and provide technical assistance to the Support Team. He specifically guides the FPA facilitator, regarding the general approach, the programme planning process, implementation of the process, process progress and the evaluation. The FPA advisor intervenes intermittently, as well as on demand from the team and the FPA facilitator. For the daily implementation support to the implementation of the FPA programme, a FPA facilitator is identified, who usually is a local consultant with skills and experience
in rural development and process facilitation\textsuperscript{6}. It is essential that both, the advisor and the facilitator, have proven group process facilitation skills. It is not unusual for projects which have no experience with the FPA to suppose that anyone who has dealt with people, who has led meetings, who has been involved in farmers’ issues, etc. will be sufficiently skilled to act as a FPA group process facilitator. In practice this turns out to be a major fallacy and mistake which jeopardises the outcome of the FPA. The facilitators must understand and master the dialectical nature of group dynamics, the constructive role of “social tensions” and the mechanisms involved in internalisation of social values and norms. These specific requirements regarding the skills and competencies of the facilitators is a critical factor to the general applicability of the FPA\textsuperscript{7}.

2. An organisation will have to be identified which deals with the logistics and the finances of the FPA on behalf of the RWG. Most often this is an NGO. For transparency reasons, as well as for the purpose of perceived neutrality and independence it is important to keep the NGO separate from the project implementing organisation (e.g. consulting company). It is for this reason that the NGO is embedded in the FST. The NGO has a contract with the organisation implementing the FPA, but acts on the instructions from the RWG, assisted by the FPA facilitator according to a clear set of Terms of Reference (ToR). Through the NGO support, budgets of the FPA tools are managed (“contests and awards”, “capitalisation”, “exchange and learning” and “media involvement”). The NGO provides capitalisation funds, pays out awards, hires meeting venues, mobilises the Press, organises transportation, prints information materials, and deals with the logistics regarding trainings and outside expertise. It is important that the NGO has adequate and appropriate administrative capacity and is considered to be neutral. Its track record is positive and does not cause any debate. After the final budget and the activity programme have been finalised a comprehensive service contract may be established between the NGO and the programme\textsuperscript{8}. At this stage, it is important that the FST checks the existing regulations on taxes and ensures that awards and subsidies are considered to be non-taxable gifts\textsuperscript{9}.

\textsuperscript{6} An example of ToR for the FPA facilitator can be found in annex 4. See e.g.:

\textsuperscript{8} An example of ToR may be found in annex 5.

\textsuperscript{9} In some countries financial awards and prizes are taxed under laws on gambling.
3. The **Regional Working Group** coordinates the activities of the FPA cycle(s) and as such works closely together with the FPA facilitator and with the NGO. The RWG is composed of representatives of various local such as local authorities, the Protected Area involved, religious organisations, Civil Society and representatives the participating communities. The RWG is in charge of the following tasks:

   a. Decide the activities for each “learning cycle”, assisted by the FPA Support Team;
   b. Consider and deliberate with the Support Team on the use of the allocated budget made available by the project for the implementation of the FPA;
   c. Initiate and manage all FPA activities which are logistically and financially implemented through the NGO and facilitated with the help of the Support Team;
   d. Monitor and support the implementation of the actions laid down in the programme;
   e. Set-up appropriate juries for the different contests;
   f. Develop assessment criteria for the contests;
   g. Receive the results from the jury assessment and formally award prizes;
   h. Organize media coverage of the different activities, in particular the contests, and together with the Support Team capitalise and disseminate the results of the FPA;
   i. At the end of each learning cycle assess the outcome of the activities and based on this, design the new programme for the following cycle;
   j. Issue at the end of each cycle a financial report.

Beyond these rather operational tasks, the role of the RWG is also essential for establishing trust and motivation for participation in the communities. The selection of RWG members must take into account this wide representative function. This also means that women and younger people should be represented in a balanced way. The composition of the RWG is the result of discussions between the Support Team, local authorities, key stakeholders and resource persons.

The RWG receives a kick-off training from the FPA facilitator in the principles of the FPA and in facilitation. The facilitator helps the RWG to set-up its internal organisation and functioning. The RWG through its activities has the opportunity to “learn by doing” and as

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10 An example of a RWG organisation chart may be found in figure 5, page 22.
such create regional capacity for future similar activities. For this purpose it is desirable to set-up large RWGs that will have small Executive Committees. The RWG will have its own budget for its internal functioning, such as meetings, travel support, some office supplies, stationary, etc. This budget is managed by the NGO as instructed by the RWG and with support from the FPA facilitator. The NGO may assume secretarial and financial administrative functions on behalf of the RWG. All meetings of the RWG will be recorded, including all decisions and their justifications, and the way they are (have been) implemented.

### 6.2 Setting-up the first FPA Cycle Contents

The implementation of the FPA always takes place within a specific context. In the current case of the Southern Caucasus, this context is directly related to nature protection and the promotion of bio-diversity, as the FPA is used for socio-economic development with KfW-financed Protected Areas programmes, such as the SPPAs (see § 1.1). The fact that the FPA is being applied is a full recognition of the fact that nature protection cannot take place if the people who live with and near Protected Areas are not at ease with both the Protected Area programme and their own socio-economic development. Within the FPA this context of socio-economic development in harmony with nature protection needs to be recognised while being fully participatory and promoting cognitive development learning at the level of the communities concerned. This is very much reflected in the way the FPA activities are identified and in fact lead to constructive synergies in the FPA cycle(s). Three main steps are to be taken to set up a first FPA cycle:

- Rapid Rural Appraisal;
- Identify themes, main activities and budget;
- Develop detailed implementation guidelines per activity: the fiches (see sample in annex 3).

![Figure 11: Identification of FPA programme cycle](image-url)
6.2.1 Step 1: Rapid Rural Appraisal

The activity programme of the FPA must bring together both, the specific context in which the FPA takes place and the genuine development aspirations and interests of the local communities involved. For this purpose, the FPA, as a very first step, identifies general livelihood related themes which are important to the people allowing them to develop their own ideas, activities and priorities. The method applied to identify those general themes often is “Rapid Rural Appraisal (RRA)”. The RRA is a typical tool for rapidly assessing bottlenecks and potentials in livelihoods and economic resources in a specific area (see text box). The FPA Support Team and key members of the RWG, including the representative(s) of the Protected Area, visit individual communities in the FPA intervention zone, conduct interviews with local households, with key stakeholders, meet with local authorities, leaders and representatives of Civil Society to discuss main development issues. The team may consult secondary documentation, look at maps, etc. The objective is to obtain a general idea about the issues at stake regarding development in the area, which may be addressed through the specific FPA activities. The area to be subjected to a RRA should be clearly delineated allowing the RRA to be implemented in about 1 to 2 days. If the size of the area does not allow the RRA to be completed within this limited time, it is best to carve up the area in several zones with a RRA for each. If between different RRA areas there is a high differentiation of development problems it will be advisable to organise different FPA programmes. If problems are similar the areas may be joined in one FPA programme.

**Rapid Rural Appraisal (RRA)** is a systematic half structured, localised activity, implemented by a small, multi-disciplinary team, which aims to rapidly and efficiently develop assumptions about rural livelihoods and rural resources. RRA emphasises the importance and relevance of situational, local knowledge, and the importance of getting the big things broadly right. It is more about good first impressions and does not so much focus on detailed quantitative analyses. It embraces “listening research”, and a creative combination of iterative methods and verification, including “triangulation” of data from different sources. Its chief techniques may include:

- Review of secondary sources, including aerial photos;
- Direct observation, foot transects, familiarization, participation in activities;
- Interviews with key informants, group interviews;
- Rapid report writing in the field by the multidisciplinary team.

(See also: Carruthers, I. and Chambers, R., 1981)
Some RRA conclusions can be cited from the Southern Caucasus to serve as examples:

- A strong migratory pull from the urban areas drains the economically active away from the area, leaving behind the elderly and the economically inactive. As a result, opportunities dwindle and communities suffer from economic anaemia.
- Winter conditions are so difficult in some remote communities that many people spend winter with relatives elsewhere, leaving entire villages nearly deserted and abandoned, while other communities, closer to main roads, are bigger and have different economic opportunities.
- People feel that a Protected Area may restrict their access to economic resources which they have used for centuries.

The purpose of the RRA is not to obtain a detailed analysis and development plan, but to get a basic idea of what “is going on”, what are the issues that are on people’s minds related to development, what are the challenges that people are facing in terms of their livelihoods. The Support Team and the RWG use this information as a very general picture to make sure that the FPA activities, to be designed afterwards, will be able to take the issues on board and to open up for the participants the space to develop and implement ideas that will help them improve their livelihoods. The RRA is to the Support Team and the RWG like a compass that provides the FPA with its main bearings, in a way which is sufficiently specific to provide an orientation, while remaining sufficiently unspecific to allow people to fully explore and develop their own ideas.

With the result of the RRA in mind, the Support Team and the RWG will identify the main themes, the activities and the budget. For this they fit the general orientations identified with the RRA into the grid provided by the FPA tools: contests and awards, blended and

![Figure 12: Rapid Rural Appraisal themes](image-url)
assorted with the other tools of the FPA, which are capitalisation, exchange and learning, and media involvement. Unless the FPA has a very specific set of issues and problems at hand, the activity program follows a particular structure, as outlined below.

6.2.2 Step 2: Identify Themes, Main Activities and Budget

Priming activities

Priming serves to open-up both the issues and the participants for mainstreaming FPA, and helps the Support Team and the RWG to test and fine-tune their systems. Activities during priming are of a general nature, non-controversial, and mainly identify the issues which may be further explored during the main FPA phase. As a concrete example, the following priming activities often take place:

- **Contests and awards to identify local knowledge**, possibly under-utilised, potentially close to being forgotten, which may be useful to improve the socio-economic situation of families in the area. This is a contest open to everybody in the FPA area. Usually there are no capitalisation or exchange and learning components attached. Media involvement may be strong, at the level of the announcement of the contest, as well as during the presentation of the results, the assessment and the awarding of the prizes. This first activity also serves to draw attention to the FPA. The contest subject may be formulated in very general terms: “Can you give examples of relevant local knowledge, both traditional and regional or other, that may be useful to people to improve their financial situation? Can you also provide elaborate and detailed examples of how this knowledge can be used today?” Depending on the situation, the outcome of the RRA and the FPA context, the formulations may refer to specifics such as agriculture, nature, health, sanitation, surviving winter time in remote villages, etc., but always in a very general way. These specifics are by no means required, though.

- **Short story writing** about special subjects is another excellent priming activity which opens up the minds and the issues. Short stories may bring attention and prominence to special values in society, which often remain implicit. In one of the FPA pilot tests in the Southern Caucasus, which served as the basis for this Manual, a contest was held

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11 In the concrete case of the Shikahogh area in Armenia full priming activities have taken place during the FPA tests in the 5 communities immediately adjacent to the State Reserve. In a continued FPA in that area \ new priming activities would not be necessary for those communities. It would be good though if new communities would go through a priming phase. In the case of Kazbegi the FPA pilot was limited and full priming did not take place. If the SPPA would continue with the FPA in Kazbegi it would be good to start again with new priming.
requesting participants to submit tales, old and new, about the special relationship between the nature and the people of their area. The result was an avalanche of more than 100 short stories about the constructive relations between man and its natural environment. Within the context of the pilot tests, it highlighted important social values about nature, not yet forgotten, and brought them to the foreground in a way that people recognised and appreciated. The publication of short stories has enormous potential through the written press and audio-visual media, which will strengthen the messages retained and conveyed, and will enhance local ownership of the embedded values (see text box).

A case example from the pilot tests: Short story contest

Objectives:
- To collect stories, both old and modern, that tell about man and nature and its positive constructive relationships that implicitly embrace the need to protect nature, also as part of the cultural identity and heritage of the area.
- To bring the stories and the values that they hold to the public conscience and awareness as sources of inspiration for modern behaviour and strengthen the relationship between man and the nature in the area.
- To create a potential source for media distribution (written, audio, visual).

Steps to be taken:
1. The RWG announces the short story contest during the month of September in 5 villages, and requests that by October short stories will be presented to a jury. The stories will tell in not more than 10 minutes, or a maximum of 1200 words, a tale of the positive, constructive relationship between humans and nature in the area. They may be old or modern.
2. Stories will be submitted by October in written form. If there are more than 15 submissions, a pre-selection will take place by the jury.
3. The (pre-selected) submissions will be presented, read out loud, preferably by a trained speaker, such as a school master or teacher, at a public session and in a central location in the presence of those who have submitted, and preferably of invited media representatives. The session will be announced in all villages and are open for all to attend.
4. From the twenty submissions, five first prizes of € 100,- each will be awarded, five second prizes of € 65,- each and five third prizes of € 35,- each. (The total prize money is € 1000,-)

Box 9: FPA priming activity example: short story contest

- A powerful priming tool is a planning contest between villages, which opens up clogged social pores to fresh development thinking. This may take place in three stages.
  - The community attempts to describe the socio-economic situation of the past as they know it.
• With this historical perspective in mind the community describes its present socio-economic situation, the livelihoods of its members.
• With knowledge of the past and a local analysis of the present the community proceeds to think about its future and how to get there.

During the FPA pilot tests the planning contest between villages was called: “Our community, its past, its presence, its future”. The results of the planning were presented by the communities in a public session. This was done through a poster session. Sometimes the communities used PowerPoint presentations, whereas others preferred to perform a drama on stage. Any presentation form was allowed. People love doing this, it brings them together in a playful cheerful setting, and helps them start thinking about development. The sharing of a presentation in a public session exposes the participants to many different ideas that stimulates further new thinking. The media love this as well. Communities may receive a small amount of money at the beginning of the contest for covering expenditures for the presentations. The prize money is often invested in community purposes.

**Main activities**

The experiences of the priming activities often help determine the tone of the **main phase activities**. There are no strict rules for identifying the themes of the activities in the main phase. As with the priming phase, however, general guidelines are taken into account (see text box below). While considering the outcome of the RRA, the context of the project and the experiences during the priming phase, the identification of the themes is the outcome of a debate between the Support Team and the RWG. Especially when the FPA is being applied for a first time, the Support Team, having more experienced members, may propose to the RWG themes for discussion. The themes are fitted in the specific FPA tools (contests and awards, capitalisation, exchange and learning, media support, as outlined in chapter 5). The following could serve as examples:

- **Contests between families in a specific area with capitalisation fund**, for example: Families are invited to submit proposals to develop valuable and profitable local economic activities. Depending on the outcome of the RRA, the theme may be more specific in one direction or the other (e.g. agriculture, business, etc.). The contest can take place in two rounds during the first cycle. In the first round, participating families who
register receive a small amount of seed money to help develop and present good ideas. These ideas are then judged and a significant yet limited number of winners receive an award and can participate in a second round to compete on best implementation of the ideas. There is no large differentiation between prizes. Winners can use the prize according to their own ideas and priorities, but experience has shown that they mostly use it for implementing their winning ideas. In this second round of competition the implementation is judged and the best performers will win additional awards that show larger differences. The entire contest is subject to media coverage. This can be brought to a third level, where winners from different communities compete with each other for the award of the best activity to develop valuable and profitable local economic activities. Depending on the outcome it is up to the RWG, assisted by the Support Team, to organise exchange visits.

- Community contest on the improvement of village community conditions, for example: Communities are invited to submit proposals for the improvement of village infrastructure, village sanitation or village greens, and to compete on best implementation of these during a second round. All communities receive seed money to develop and present their ideas, and the award money is invested in the project which the community developed\textsuperscript{12}. In such a situation it may be considered to award prizes to all communities, but to make sure that there is a noticeable difference in prize money between the best and those who are not the best. The entire contest is covered by the media, and the RWG and Support Team will decide whether an exchange trip will take place concerning interesting activities that are implemented.

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\textsuperscript{12} There is no fundamental difference between an award and a prize. Some prefer to use the word award, because it expresses something more than just financial benefits. Others prefer prizes, because it reflects more the “winning”. In this text both words are used to express the same without any distinction.
- **Individual business contest with capitalisation fund**, for example: Individuals are invited to develop and submit proposals to develop business activities. All participants will receive a base seed fund to get started, and the winning ideas will be awarded prizes which they may use in order to further develop their proposals into business plans in a second round. The winners of a second round may then be awarded a co-funding of their business activity. Funds may be made available in the second round to finance special expertise which the contenders need in order to bring their business proposals to a higher level. These funds are separate from the award/investment funds.

- **Group contests with capitalisation funds**, for example: Women in communities are invited to organise themselves in (several) groups, so that they can receive start-up funds to be used for starting new economic activities, with awards then being given to those groups that will show the best performance. Prizes are awarded at community or at village level or at a regional level. Though other social categories may also be invited to organise themselves in groups, women have a particular potential. They often are good custodians of the family resources, and often have a good overview of realistic opportunities. In groups they tend to be more stable than men. In the FPA pilot tests implemented in the Southern Caucasus, which served as the basis for this Manual, the women’s groups have performed very well and at times served as spring boards for more elaborate business activities. Media often adore these activities, and the results and outcomes more than often lend themselves for exchange and learning trips.

- In the practice of the FPA, **special awards or prizes** are at times granted to activities which, to the opinion of the FPA programme, are outstanding, but which have not received prizes through the mechanism of the regular FPA. Usually it is the project which grants these special awards based on the judgment of a special outside jury. The award, which may be called the “Special SPPA Award” could, as an example, recognise outstanding activities or proposals that have a positive impact on nature protection. Special awards could have special juries appointed by the FST, which can include high profile members, such as a Governor, Deputy Minister, and other individuals who are nationally well known and appreciated. Special Awards are usually planned in advance for budgetary reasons, and agreed with the RWG, and may, but need not, be announced specifically ahead of the competitions.
Budget

As a next step, the activities are budgeted. A concrete example of a budget in Armenia is provided in the following box. The example concerns total costs of a first cycle activity for an area with 5 communities and a total of about 1500 inhabitants, using the case examples mentioned above. The budget includes costs for the functioning of the RWG. The budget mentions for the record the positions of the FPA advisor and facilitator, without indicating any sums, as they depend on the rates which Project Implementation Units (PIU) apply.

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Box 11: Budget example in EUR

Legal and tax aspects of FPA grants

FPA grants, either as seed money or as prize awards can be considered as “income”, or prize money from lotteries and games. For both sources of revenue there are tax regulations in the countries of implementation. In one particular case the prize-money that was handed over was specifically named “grant” as smaller grants are non-taxable. When planning the seed amounts and the prize grants critical levels for tax-free grants should be considered and it is recommended to solicit advice from a local tax consultant.
6.2.3 Step 3: Activity Guidelines

With the activities planned and a budget established, the Support Team proceeds to elaborate guidelines per activity. These individual activity guidelines describe in detail how each activity is implemented and provide detailed budgets per activity. The guidelines are discussed with the RWG. An example of a guideline is in annex 3.

In the box below is a list of items which should be covered in the activity guidelines document. The box items can also be used as a checklist for the technical FPA advisor who will establish and draft guidelines, or by the facilitator to check if the guidelines are complete, or to amend them.

![Activity Guidelines Diagram]

Figure 13: Activity guidelines
6.3 Implementation of the Activity Plan

With the institutions in place and the guidelines for each activity developed, the implementation is relatively simple. The FPA facilitator, together with the RWG simply implements the steps identified in the guidelines for each activity, supported by the NGO. For each contest a jury is set-up, assessment criteria are agreed, to be finalised during a formal announcement session, which is the start of the competition. Funds are distributed if so prescribed, media are invited to cover the events, exchanges are organised. After the competition has run, the results are presented to all in a public session during which the jury assesses the outcome, and publicly announces and justifies its decisions, after which prizes are awarded. All in the presence of the media. That’s all. There is nothing more to it.

There are a few things to keep in mind though:

– The facilitator and the NGO stay in regular close contact with the RWG during the entire implementation. This will allow for emergency decisions if so required, although it is very unlikely that there will be a need for this, if the “game is played” correctly.

– Participants, eager to become winners, or afraid not to be winners, sometimes express themselves in ways that lead to tensions. These may be incidental cases of dissatisfaction, expressions of discontent or disagreement. Sometimes they may be strongly worded. Most of the times, these small tensions will in fact be quite constructive, and should not be interfered with. Yet, the facilitator should keep a close eye on these situations. Often it will be just good to simply let them be. There may be very rare occasions when things tend to get out of hand, especially when situations become politicised or polarised and clear “factions” emerge\(^\text{13}\). Then the facilitator should consider intervening in the process in consultation with the RWG. Interventions range from simple process steps, such as just calming a situation by describing that situation as it is emerging and referring back to the objectives and the agreed rules, to mediations, to making amendments, or in the most extreme case cancelling the event. This latter intervention will indeed be an extreme case, as there are no known cancellations in situations where the basic FPA facilitation principles have been applied correctly. Most of the times undesirable tensions, those that are difficult to control, are a result of inadequate facilitation or lack of transparency, sometimes combined with an poor assessment of the local political situation during the RRA.

\(^\text{13}\) Polarisation often is the result of an underlying political condition. Under normal circumstances the RRA would have picked-up signs of existing social tensions during the RRA and taken this into account while putting together the participating groups.
6.4 Evaluation

At the end of each FPA cycle an evaluation of the entire process is carried out by the RWG and the FPA facilitator, with support from the FPA advisor. This evaluation is independent from any evaluation which the Donor of the project or the Government or any other contractual partner may wish to conduct. The evaluation discussed here is very much part of the FPA process and cycle management itself. The purpose of the evaluation is twofold:

1. To use the conclusions of the evaluation to design and propose a new cycle, building on the results of the previous one. Consequently the themes, the contest format, the budget allocations and the process steps may be amended in the next cycle. In a way, the evaluation substitutes the RRA as used at the start of the FPA. The end result is a new activity plan, a new budget and amended guidelines.

2. To assess performance of the process, in terms of how and where the process can be improved; as a checklist the activity guideline can be used (Fig.13).

Each evaluation will be designed individually. However, because of the particular nature of the FPA and its principles it will be good to take into account the following rules of thumb:

! The FPA evaluation does not focus on measuring performance against pre-established, classical, often quantitative indicators. People have the right to try, to fail and to improve. It is all about learning from the best, yet without pre-established learning goals. It comes about through conducting the process, of which nobody knows in advance how it will play-out. The FPA evaluation does look at the process and at typical process indicators; and it does want to know whether learning has taken place and if so what learning. It does not say whether this specific learning should or should not have taken place.

! The FPA does want to know where the money went and whether it helped open up development potential. It does not judge participants on how successful they have been while spending the money. After all it is all about learning, assimilation and accommodation (see box 1).

! The FPA does keep records of what happened and what has been funded. It does not say, however, whether the money was well spent or not, whether it could have been spent better. The evaluation wants to find out, together with those involved, what useful development avenues should be explored in a next cycle through contests and awards, capitalisation, and exchange learning. Because of its very nature it is much more inclined to be forward looking, rather than looking behind.

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14 Examples are given below.
The local NGO will have kept detailed records of activities, financial allocations, participants and their activities and proposals, and awards, as well as minutes of meetings and proceedings of announcements and awarding sessions. All these records should be made available to the Support Team, the RWG and the project (as donor).

The evaluation will be implemented while using the NGO records, and conducting semi-structured, qualitative interviews with selected participants, and possibly though group-interviews, focus group discussions (at least with the RWG). The participants are not selected randomly, but stratified. The survey interview selection should draw in people who have participated intensely and not so intensely, participants who consider themselves successful, and those who have not been so successful. The FPA evaluation is implemented by the Support Team, assisted by one or two key members from the RWG.

Issues and “process indicators” which the FPA evaluation takes into consideration:

a. The FPA evaluation looks into the process and how it has taken its course, considering several parameters for each activity. These parameters are:
   - Transparency of the rules and the different steps;
   - Clarity of the process, before, during and after;
   - Equanimity of the process;
   - Access of the process to all members of the community involved;
   - Satisfaction of the way the activity was conducted;
   - Learning that took place among participants, RWG and jury members (without passing judgement);
   - Role of the media, the jury, the RWG and the Support Team;
   - Capacity of the activity to produce creative results.
   - The way in which the activity guidelines were implemented (see figure 13)

b. The FPA wants to collect financial (business) data from the participants, in particular:
   - FPA investment input;
   - Participant funding and inputs;
   - Co-funding which was attracted (from family, friends, migrants institutional finance, other funding);
   - Immediate and anticipated intermediate returns;
   - Medium to long term opportunities, risks, challenges in terms of finance, skills, markets, and others;
✓ Assessment of the potential of the activity for vertical (higher technical level) or horizontal (more people involved) upgrading or both.

c. **Context** of general socio-economic situation and project
   ✓ To what extent did the themes identified in the RRA prove to be sufficiently relevant to the people involved?
   ✓ Did the process contribute to general SPPA objectives, and why so or why not?

The information collected will provide the Support Team and the RWG with adequate material to establish:

φ To what extent and in which way the process has to be amended or fine-tuned;
φ Which activity to continue, to upgrade or to leave;
φ The additional measures to be taken in terms of training and expertise development;
φ The detailed program and budget for the next cycle\(^{15}\).

The evaluation is carried out by the Support Team and the RWG. The evaluation themes that concern administrative and financial aspects may be carried out as a desktop exercise by the NGO. The other issues can be covered by a mixed use of questionnaires and focus group discussions with participants and partners. For transparency reasons the results of the evaluation will be submitted to a public session of the RWG where all participants are invited to attend and will be able to respond to the conclusions and proposals presented.

### 6.5 Next Cycles

As already indicated above, the procedure basically describes the identification of themes during a first cycle. In many ways a first FPA cycle may be considered a stepping stone to a multi-year program. The next cycles should logically, recognisably and effortlessly build on the outcome of the previous rounds. The design of next cycles is in many ways like the design of the first one, with the contents logically evolving. There is no need for a RRA, though. The Support Team, the RWG and the participants have in the meantime, while implementing the FPA activities, experienced themselves the development issues which are at stake in the area, taking into account the context of the project. The evaluation at the end of the first cycle serves in a way as a kind of RRA. Based on the results of the different activities people will have obtained a certain experience. Some issues reveal

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\(^{15}\) Beyond the evaluation items mentioned here, the FST may find additional inspiration in the supplementary indicators listed in annex 6.
strong potential for continuation and upscaling. Some don’t. Some participants, individuals or groups will have progressed and their performance and appreciation are indicators that they want to scale up their activities, other may express the need for more of the same, with more exchange and learning. The FPA could pick-up these issues and bring these experiences to new levels through amended activities, possibly with amended capitalisation, and revised and new learning and training components. The procedure is basically the same as for the first cycle. The Support Team e.g. proposes, based on the outcome of the evaluation, a new activity plan for the next cycle to the RWG. It is also conceivable that the RWG proposes an activity plan to the Support Team. After the first cycle there usually is no further need for priming activities. The outcome of the discussion between RWG and Support Team, then leads to budgeting and development of concrete guidelines.
## Annexes

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Annex 1: Executive Summary of the FPA Pilot Evaluations in the Southern Caucasus

(Source: “Assessment of the first two pilots of the Financial Participatory Approach in the Southern Caucasus”, TJS-report August 2014)

The Ministry of Nature Protection of Armenia (MoNP) and the Agency of Protected Areas of Georgia (APA) asked the Transboundary Joint Secretariat (TJS) for solutions to overcome conflicts between communities adjacent to Protected Areas and PA authorities. In response to the request, TJS suggested to pilot the suitability of a “process-approach”, called Financial Participatory Approach (FPA), that had proven effective in promoting socio-economic development "with the people" in communities in Latin America and in other places worldwide. When the pilot locations were selected, it was decided to implement the tests in villages closely associated with PAs that will in future receive support from the KfW funded Support Programmes for Protected Areas.

1) The FPA is geared towards experiential development learning in a way which generates intense and constructive development dynamics, together with high local ownership. The main tools of the FPA include capitalisation, contests and awards, exchange for learning and mobilisation of expertise, as well as the use of the media. FPA tends to mobilise additional local and at times external development funds. The high ownership, the local compatibility of development initiatives as well as the additional funding contribute to a significant sustainability potential of the socio-economic development activities.

2) The main purpose of the tests in the field was to see whether the FPA could support socio-economic development in communities directly adjacent to the PAs of Shikahogh (Armenia) and Kazbegi (Georgia). It was assumed that the FPA could contribute to the strengthening and the consolidation of nature protection by ensuring socio-economic development in the surrounding areas, and acceptance from the local population. It was also expected that the FPA would contribute to a reduction of the pressure on natural resources and biodiversity. Another assumption was that the FPA could generate synergies between nature protection and socioeconomic development.

3) The FPA test-implementation was done in pilot villages adjacent to Protected Areas in Armenia in 2012 and 2013, and in Georgia since 2013. The Armenian test is completed. The Georgian test will be completed in the summer of 2014.

4) Though the tests have been limited in scope and the test in Georgia is still on-going, TJS has carried through an evaluation in March 2014 in order to establish lessons learned.
and to formulate recommendations which may be of use for the SPPAs which will be
launched in the Shikahogh and in the Kazbegi areas in 2014 / 2015.

5) The evaluation found that the FPA test activities fully lived-up to all the anticipated
effects mentioned, and this to a degree which by far surpassed the initial expectations.
The tests were embraced more than enthusiastically by the local populations involved.

6) In both tests the evaluation found that where relationships between local communities
and nature protection agencies had been tense, these relationships have been
considerably improved as a result of the FPA. In both cases local populations embraced
project goals and saw clear common interests between their socio-economic
development aspirations and the purpose of biodiversity protection in nearby PAs.

7) The FPA generated in the local communities a very significant level of awareness among
the participants about their present livelihoods situation and the potentials for
improving them. The results of the evaluation are unambiguous about this.

8) The evaluation estimates that at the time of the evaluation 8 out of every 10
participants continued with the activities they had started previously with FPA
facilitation, and for which support had now ended. This applies to the Armenian
situation. In Georgia activities had just started and it was too early to assess the longer
term trends. Yet the enthusiasm in Georgia was very high as well.

9) The Armenian situation also revealed that significant additional funds were mobilised
by participants themselves and by partners for the implementation of business
initiatives which had received support from the FPA. Also several initiatives that could
not receive direct support from the FPA were being implemented. People were so
excited about their own ideas, that they mobilised own resources and implemented
them anyway.

10) Communities which went through more than one FPA “test round” revealed an
evolution in their approach to development. Whereas they would generally start-out
enthusiastically simply generating ideas about development activities, they requested
different activities during the next round, moving from initial simple production to
marketing and sales related interests, setting up synergetic networks, etc. The trend
was towards more economic differentiation and market integration.

11) The main FPA tools (see Nr. 1 above and details in chapter 2 of the evaluation report)
were all well applied. Only the exchange and mobilisation of expertise remained
underutilised.

12) Because of the surprisingly high funding which was generated by the individual
participants in addition to the available project funds the financial and economic impact
turned out to be complex to assess. It would be good in the near future to specifically assess the socio-economic impact of the activities launched as a result of the FPA.

13) The impact in Armenia was influenced by the fact that the national project Support Team did not have the specific process facilitation skills needed to implement the FPA. In itself this is not surprising, because it was the first time that such an approach was implemented in the Southern Caucasus. This led at times to interventions that in a limited way generated “discussions and arguments” among participants as well as between participants and the national project Support Team. In Georgia the required facilitation skills were adequately present in the national project Support Team. Consequently, the FPA in Georgia was implemented as intended and so far produced the anticipated results.

14) Though the result in Armenia must anyway be considered as “quite good”, this fact points to a potential limiting condition of the approach in a specific national context. It is clear from the evaluation that the FPA requires specialists with appropriate skills in group dynamics, group facilitation and process oriented development approaches. The implementation of the FPA will be at risk if these skills are not adequately present in a national context. At present they are not easily found in the Caucasus.

15) The FPA in the Shikahogh and Kazbegi areas have created an important momentum both in favour of the coming SPPAs and in terms of local development dynamics. It is important that this momentum will be maintained in the near future. It is intended that the SPPAs will fulfil this role. It is hoped that the SPPAs will be able to live up to the principles of the FPA and its operational requirements.
Annex 2: Summary of FPA Lessons Learned from the Southern Caucasus Pilot Activities.

(Source: “Assessment of the first two pilots of the Financial Participatory Approach in the Southern Caucasus”, TJS-report August 2014)

1) Apply the FPA activities to the intended target communities only. An exception may be the media coverage which very well may cover a wider area. The target communities derive important motivation from the fact that “their information” is disseminated widely and receives a large audience. It also triggers a keen interest from a wider area in terms of “what is going on”.

2) A characteristic of classical approaches of development projects is that they tend to look for harmony and balance, and avoid tensions. The FPA has a more nuanced and realistic view on this. Sociologically speaking tensions are part and parcel of every society. Every group permanently experiences underlying tensions, which are solved, only to be replaced by new ones emerging. These tensions are generally important vectors of change. The dialectical process which kicks in to either “solve” or “settle” them, or to come to grasps with them creates new options, attitudes and behaviour. A rigid search for harmony, to avoid all discontent, stifles these opportunities. The FPA fully recognises this reality. The very nature of “contests” implies that there are winners and there are those who do not win. The purpose is to identify “winning ideas”, and to flag them up and have people relate to them and learn from them. A reflection on “why did my neighbour win and why did I not win”, with all the embedded emotions which then emerge, is part of a learning process, and should not be avoided. It carries a strong potential advantage and is indeed a trajectory for development change. The evaluation of the FPA test in Armenia shows that facilitators of the FPA approach must underline strongly the purpose of the FPA in terms of generating ideas and people being able to learn from them and rewarding the implementation of good solutions to perceived problems, and avoid or counter any suggestions about the project objective being the balanced redistribution of available funds to the communities. This requires special facilitation skills.

3) Depending on the situation it may be useful to include in the set of criteria, which juries apply to assess the proposals that participants submit, explicit limitations on proposals that may trigger religious and / or political connotations. At all times this should be an item for discussion in the RWG when setting the criteria. Another criteria that should be discussed at all times concerns a limitation on proposals that may obstruct the main
global objective of the project and possible rewards for proposals that are in line with the global objective. In the case of the FPA test in Armenia such a theme concerns the protection of nature and bio-diversity.

4) The fact that when women are organized in groups, turns out to be a considerable advantage, as this provides them with an active platform for exchange and decision-making. With very simple training in group facilitation and limited coaching, they will be able to increase performance in terms of generating productive ideas, planning, organization of operations, elementary business planning, etc.

5) Facilitators or project teams which support the FPA process are best advised to avoid making decisions on behalf of the potential participants regarding the direction of their creativity, beyond identifying the general context and the general conditions of the contests. They facilitate the process.

6) While village working groups can be useful, attention should be paid to ensure a balanced representation of the communities. This includes the young and the women.

7) Just like the communities taking part in the FPA, the national Support Teams also have their own social frame of reference (See the theoretical concept of the FPA in chapter 2). Especially in the context of the new independent former soviet republics the social frame of reference of many actors involved in development still carries with it strong associations related to central, expert driven planning which do not align easily with the principles of the FPA. In the FPA this could become a problem if the actors in the national Support Team do not have any significant experience with or knowledge of process facilitation and the underlying principles. The national Support Team, logically also passes through a learning process. This is not necessarily disastrous, but does require strong and very regular coaching from international experts together with close monitoring. It requires intense and regular communication.

8) It is important that the jury should announce not only the results of its deliberations, but also explain on what grounds it came to its conclusions. This has several advantages:
   a. The jury is pushed to additional diligence and care in coming to their decisions, as they know that they will be held accountable;
   b. Explaining why someone has won and is better, and why somebody else did not make the grade and is not as good, is fully part and parcel of the learning process;
   c. Justification will help people understand and avoid criticism and discontentment caused by lack of information.

9) The trainings topics were identified according to the principles of the FPA: participants in Armenia, because of their previous experience, had understood that they needed to learn and experience more about business skills and marketing, and discussed these
needs with the RWG and the national project Support Team. The training contents and pedagogic methodology was developed by the national Support Team according to a rather classically expert driven class-room concept in relative isolation from the target group. The question raised about business skills was not addressed, whereas the need was expressed as high. It is recommended that the final objectives, the contents of the training, and the training methods will be fine-tuned with at least the RWG and the VWGs.

10) The jury in Armenia was composed of the heads of the village working groups. They had an interest in making sure that their villages would receive prizes. Consequently, they tacitly agreed on organising “a fair deal” for all. This was very well noticed by the participants. It is recommended that juries will include outside referees in sufficient numbers to avoid (at least the appearance) of organised bias.

11) In order to boost the transparency of the jury process all criteria should be known to the contenders and publicly announced for all to know before the start of the contests. The jury, when announcing its results, should explain publicly the reasons that underlie its decisions in a clear and understandable way and preferably in the presence of media representatives. This will encourage jury diligence and transparency. As much as possible jurors should come from outside the area and be knowledgeable. The overhead budget of the FPA should take this into account.

12) There should always be room to deviate from the guidelines which were provided for the FPA. It is recommended that any major deviation from the suggested format be discussed and agreed in the wider teams that provide support, and care must be taken that they remain in line with the general principles of the FPA (see chapter 3 of the manual).

13) The potential of the FPA to attract media attention and coverage is enormous and diverse, and has a tremendous impact on the potential for cognitive development learning. It is important that the media coverage is mainstreamed for each and every FPA activity.

14) The initial proposal at the beginning of the contest should be presented orally by the contender to the jury and judged on contents only, not on form. At the further stages any form of presentation will be allowed, but the submission must be presented in person by the contender allowing the jury to pose challenging questions to the contender. The assessment should be based on contents only. A jury procedure which consists merely of receiving files and desktop processing behind closed doors should be avoided. The result of the jury should be presented publicly by the jury chair person.
15) The RWG which have representatives of the participating communities appear to be functioning well. Where communities are small there is no immediate need to set-up VWGs, provided that the communities are represented in the RWG. For large communities the need to set-up representative VWGs should be considered.

16) The jury composition should be proposed and discussed publicly during the public announcement of the contests / activities. This significantly helps generate jury acceptance among the participants, and tends to avoid unnecessary disagreements and challenges of the outcomes.

17) It is important that the selection criteria that will be applied by the jury will be announced very early in the process and preferably at the moment of the public announcement of the contest.

18) It is important that the jury will themselves announce the result of their deliberations as well as the considerations that have motivated their decisions. This helps on the one hand to avoid post-fact discussions among the participants, while on the other hand encouraging the jury to come to a thorough decision-making process (as they know that they will be held accountable).

19) Media involvement is generally very useful and a main source of pride, encouragement and motivation in the case of the written press, radio and television. Social media and other internet based coverage is not very effective, especially in remote rural areas with populations that have limited internet access and / or computer literacy.
Annex 3: Activity Guideline Example: “Tourism Package Development Contest”

Activity guideline: “Tourism package development in 2 rounds”

1) Theme and purpose
   a. **Theme**
   Economic and social development depends on the diversification of economic activities and entrepreneurial capacity building. Tourism development is a particular niche providing opportunities for local populations, which they would like to develop in harmony with nature protection. The aim is to encourage people to develop themselves viable packages and put them to their own “entrepreneurial action” without necessarily waiting for initiatives to be developed from outside.

   b. **Purpose**
   - Stimulate people’s imagination regarding the types of integrated tourism packages which may be developed viably, preferably in harmony with objectives of nature protection.
   - Offer opportunities and resources for capacity building in developing tourism activities
   - Provide additional financial support to some proposed tourism businesses which may be profitable.

2) General description of activity
   In a first round participants are invited to develop viable proposals for tourism package development. From the submissions 5 qualifying proposals will be selected. The qualifiers will receive a seed fund to start implementing their proposal.

   During the second round the qualifying proposals are implemented. After six months the implementation efforts will be assessed on business consistency, entrepreneurial skills, capacity to attract additional sources of financing, etc. Prizes will be awarded to the 2 best implementation efforts, to encourage continuation.

3) Steps
   a. **Set-up of the jury**
   Jury for Round 1:
   The RWG will propose a jury of 5 individuals who have following characteristics:
- Profound knowledge of the local area and its inhabitants.
- Widely respected as opinion leaders, with a reputation of fairness, without controversy.
- Outward oriented, more than average comprehension of what is going on elsewhere.
- At least one member should also have experience with nature conservation and at least one member should have experience with tourism development.
- One member will be from the RWG.

Jury for Round 2:
For round 2 the 5 member jury will have representatives who have experience with the tourism business, as well as local entrepreneurs who have a personal, very concrete experience of the opportunities and challenges of developing a business under local / regional conditions. There will be at least one member from the local communities, and one member from the RWG.

The jury proposals will be presented during the plenary public announcement and launch of the competition. The RWG will ask the participants to approve or amend the jury proposal and publicly announce the final outcome as the result of public approval by both RWG and the participants.

b. Identify criteria
Round 1:
The RWG will propose to the jury and the participants a set of criteria to assess and judge the results of the proposal competition. These will take into account (at least, but not only) the following aspects:
- Integration in local customs, local products and local facilities
- Package integration (not only mountain walks, but also local catering, handicrafts, local guidance, overnight stays, nature interpretation, local guidance, and so on.
- The relationship with the national park
- Realistic applicability potential
- Potential to improve local livelihoods
- Compatibility with environmental friendliness
- Not contradictory to nature protection objectives
- ...
Round 2:
- Business consistency
- Entrepreneurial skills
- Market realism
The RWG may, but need not, propose a weight to each criterion. If the RWG does not propose weighing, the juries shall determine in which way the criteria will be applied during the assessments. The final assessment criteria, the weighing, and the procedure by which the assessment will take place leading to a result, will be presented in detail to the participants during the first public plenary announcement session as well as in the participating media.

The criteria should be unambiguously known to all participants before they start the competition activities.

c. **Announcements and public sessions**
On several occasions announcements of the start of the competition will be made.

i. The RWG will first announce the competition in each target communities by means of a public meeting. The theme, the purpose, and the intentions will be outlined as well as a general overview of the procedure of the competition and the conditions (jury, criteria, funds, presentations, registration of participants, etc.). Based on the discussions that will take place the format can be amended. Any intended amendment will be publicly stated.

ii. The RWG will announce the competition in the local media, such as written press, local radio, regional television, if possible. A summary poster will be hung on public notice boards.

iii. A full public announcement session will take place in a very public and central place, preferably with a positive symbolic value. The RWG, registered participants, local notables and the media will be invited. Other participants are welcome as well. During the plenary announcement the registration of participants will be closed. Participants can be given a brief information leaflet on the competition, informing about: theme, purpose, general description, judging criteria and time schedule. The announcement will elaborate the theme and purpose of the competition, the procedure and the steps of the competition, the jury proposal, the proposal for the assessment criteria. A question and answer session will be allowed. At the end the chairperson of the RWG or his or her representative will formally declare the start of the competition. The media will be asked to cover all the steps of the announcement.

d. **Run activity (part 1)**
The activity will be run in the following sequence:

1. Once the announcements have been made and the competition has been launched, participants will start developing their business proposals. They have one month to finalize this.
2. The RWG may provide a training on business planning and proposal development, possibly also on special aspects of tourism markets and tourism development. This will happen about 10 days after the launch of the competition.
3. The participants prepare a presentation of their tourism package development proposal.

**e. Presentation of results (part 1)**

At the end of the first round of the competition the participants will be invited to present their proposals in a public presentation session. The presentation will be in public before the jury, the other participants, the RWG, the representatives of the media and any other local people who wish to attend. Before the presentation the chairman of the jury will remind the audience of the purpose of the competition, the conditions, the criteria and the prizes. The presentation can be made in any way with audio and visuals as the participants wish (posters, PowerPoint, and so on), and will be supported by a full write-up which will be submitted to the jury. A fixed time will be available for each presentation. At the end of the presentation the jury may pose questions to the presenters.

**f. Assessment (part 1)**

After the presentation the jury will convene in private in order to assess the results of the competition and draw its conclusions, based on the criteria and assessment procedure to which it has agreed and which have been announced. The jury will take great care in justifying its decision to identify the 5 qualifying presentations.

**g. Award / outcome session (part 1)**

The results of the jury considerations will be publicly announced by the chairman of the jury, indicating not only the result of the assessment, but also the considerations that have led to the jury decisions. Finally, the qualification grants will be awarded to the winners. The media are requested to cover the entire process.

**h. Run activity (part 2)**

The qualifiers will use their grant money and additional resources which they mobilise to start implementing their ideas. They may use specific additional funds available to hire the expertise they want. For this they will make a proposal to the RWG, who grant the funds...
and ensure that they are being used for the mobilisation of expertise or for training purposes. The RWG will not assess or judge the contents of the request.

**i. Assessment (part 2)**

Approximately 6 months after the start of part 2 the jury (for round 2) will visit all qualifiers and assess the outcome of their efforts. The outcome of the assessment, and the considerations which have led the jury to draw its conclusions will be presented in a public session with media present.

**j. Award / outcome session (part 2)**

In the same session the results of the jury considerations will be publicly announced by the chairman of the jury, indicating not only the result of the assessment, but also the considerations that have led to the jury decisions. The 2 prizes will be awarded to the winners.

4) Financial aspects

   a. **Capitalisation**

   Registered participants will receive a development grant of € 100,- each, up to a maximum of 12 participants. (If required a pre-selection will have to be built in in the procedure, based on FPA principles.)

   The five qualifiers will receive a seed fund € 500,- each to start implementing their proposals.

   The total capitalisation fund is € 3700,-.

   b. **Awards**

   The first prize after round 2 will be € 3000,-. The second prize will be € 2500,-. It is anticipated that the prize money will serve to support total investments.

   Total prize money is € 5500,-

5) Exchange and learning

   a. Exchange

   As an appetiser or catalyst the RWG can organise an exchange visit for all 12 registered participants to an area where local tourism development is under way.

   b. Trainings

   A training will be conducted in business development, proposal writing and tourism development as suggested by the participants. The training will not take more than 2 days.

   c. Expertise
A lump sum of € 150, - is available for each qualifier for the recruitment of expertise which he or she considers useful or necessary. The fund may not be used for any other purpose, and will remain with the project if unused.

The total budget available for exchange and learning is € 800, -.

6) Media and Communication
The RWG and Facilitator will prepare a brief information leaflet for the participants and for the announcement. The competition will be announced in local press and through local structures (such as RWG members, contact persons in villages etc.) to inform all illegible potential participants and give them the chance to participate.

The RWG will invite local written press, radio and television at every public step in the process. Depending on anticipated results it may be considered to also invite national media at the qualification (round 1) and at the award session of round 2.
Annex 4: Example of Terms of Reference for the national FPA Facilitator

**TERMS OF REFERENCE**

**Implementing organizations:**

**Post / Contract Title:** Financial Participatory Approach Facilitator / Kazbegi NP

**Contract type:** Individual Expert Services Contract

**Starting Date:** dd-mmm-yyyy

**Duration:** dd-mmm-yyyy until dd-mmm-yyyy

**Duty Station:** Tbilisi / head office with field work in <project area name> region

**Background**

The German Federal Ministry for Economic Cooperation and Development (BMZ) supports economic, social and political development in the Southern Caucasus through the “Caucasus Initiative” and by means of these efforts aims to foster cooperation and harmonization between Armenia, Azerbaijan and Georgia. A significant part of BMZ’s Caucasus Initiative is the Ecoregional Nature Protection Programme (ENP) for the Southern Caucasus. The ENP aims to:

- Promote biodiversity conservation in the region, and by doing so, at the same time support the sustainable socio-economic development of the local population in harmony with nature and biodiversity conservation;
- Reduce the pressure on land-use at the selected locations;
- Support and further develop an eco-regional model for conserving biodiversity in the Southern Caucasus region;
- Contribute to the sustainable financing of the conservation area system of the three partner countries.
BMZ finances the Financial Cooperation (FC) through KfW supporting four components: (1) Support Programme for Protected Area projects (SPPA), (2) Financing Contributions to the Caucasus Nature Fund (CNF), (3) “Transboundary Joint Secretariat” (TJS), and (4) Eco-Corridor Development Programme (ECDP). In April 2014 the SPPA started with the overall objective to........

Financial Participatory Approach for socio-economic development
Support for socio-economic development of adjacent communities to Protected Areas fosters better harmony between the conservation of biodiversity and nature, and the adjoining populations. These Populations live in remote areas with limited opportunities for income and livelihood and often have traditional use rights on the natural resources. Protection regimes of protected zones often reduce this traditional access. Support for socio-economic development intends to mitigate loss of such income sources, to contribute to overall poverty alleviation objectives, and to craft better acceptance for the Protected Area and its objectives.

From 2012 until 2014 the financial participatory approach (FPA) has been successfully piloted in the Southern Caucasus. The FPA uses four tools to mobilise local communities to take charge of their own development: i) contest and award, ii) capitalisation, iii) training/learning and exchange visits, and iv) media. The FPA stimulates autonomous development at family, community and regional level. It entrusts the responsibility for planning and implementation to the local communities.

Based on these experiences the present SPPA will implement FPA activities among communities adjacent to the following PAs: <names of the PAs>; a full list is attached in the attached work plan.

In <mmm yyyy> RRAs were undertaken in the areas adjacent to the PAs by the SPPA Team Leader, the FPA advisor and a national expert to assess together with local authorities and local communities the core socio-economic problems which are at the heart of the development issues of the area(s) and to plan FPA activities in <project name> area. The planned activities are documented in the general FPA Work plan <yyyy>, prepared by the FPA advisor and the assessment team. This report and the planned activities are the basis for the FPA facilitator's services. The plan foresees a total budget of EUR ###,####, including EUR ###,#### EUR (total approximately ###,#### GEL) for activities to be performed locally with families and villages and EUR ### EUR (approximately ###,#### GEL) for the operation of a Regional Working Group and handling the prize funds; additional expenses for logistics, financial and administrative management; expenses for the evaluation and audit; and incidentals.
Key Actors for implementing the FPA pilot include the International FPA Expert, the national FPA facilitator, the Regional Working Group, Village Organisations, and Families. A local or regional NGO will be engaged by SPPA to handle the payment of the awarded prize money and to organise the logistics involved in the FPA (e.g. transport for exchange visits, hire of meeting halls, training activities, and so on.)

The programme comprises:
1. Planned FPA activity 1
2. Planned FPA activity 2
3. Planned FPA activity 3
4. ...

Objectives of the Participatory Financial Approach in Kazbegi NP
The objective of the FPA in <project area name> is to stimulate the local population to take charge of their own socio-economic development in harmony with nature protection and the envisaged Protected Area in particular applying the specific FPA principles, as for instance laid out in the FPA Implementation Manual.

Scope of the Services of the FPA Facilitator
The services to be provided concern the facilitation of activities that will lead to the establishment of a Regional Working Group and thereafter guide and facilitate the activities of this Regional Working Group, Village Organisations, and participating Families and communities as a process to implement the different FPA activities with the key FPA tools. This also entails, that the facilitator will refrain from “contents” interventions and will guide the RWG to uphold this principle also. The FPA process is to be documented and thereafter analysed in order to gain insight in the experiences and to draw lessons learned for future FPA activities for the Kazbegi area and for the Southern Caucasus in general.

Main Duties and Deliverables - Outcomes of the services
The national FPA facilitator will:
- Take part in the essential, RRAs for setting up the FPA as a development process in Kazbegi;
- Lead and direct the facilitation of the overall FPA process in Kazbegi;
- Support the setting up and management of a Regional Working Group in Kazbegi, including training and coaching and guidance;
- Support the Regional Working Group in performing the FPA activities Attend all main meetings of the Regional Working Group and support as a contents neutral facilitator the implementation of the different FPA activities;
- Lead the final process of evaluation, conclusion and developing lessons learned from the experience in Kazbegi;
• Document activities also visually with still (digital) camera;
• Prepare monthly summary reports on activities, achievements, constraints and participation of actors on the project activities;
• ...

**Time Period**
The activities are to be implemented during the period <mmm-yyyy until mmmm-yyyy>
At the start of the assignment the Regional Working Group is to be established and the tasks and working mode of the working group is to be agreed upon. The Expert input is estimated with a total of up to ## working days.

**Personnel**
**National FPA Facilitator**
**Qualifications:** academic degree in rural development, sociology, pedagogy, natural resources, agriculture, or similar.
**Experience:** at least 10 years’ experience with participatory rural development in the areas of general rural development, agriculture, rural economic development and natural resource management. Excellent proven process facilitation and communication skills with local communities in rural areas, demonstrated by successful projects. Experience with process consultation and experience in internationally financed projects will be considered an advantage.
Excellent knowledge of Georgian language in word and writing, basic knowledge of English.

**Major results and outputs**
• Established Local Working Group with agreed rules for meeting, decision making and keeping records of meetings and decisions with representation of key stakeholders
• Minutes of Working Group meetings
• Successful implementation of different pilot competition activities
• Summary monthly reports
• Contribution to the Kazbegi FPA Evaluation, identifying FPA process results lessons learned, conclusions and recommendations
• Support for circulation of the evaluation results and the experiences gained.

**Attachments**
Participatory financial approach pilot scheme for Kazbegi (Georgia) - Work plan YYYY. Prepared by (name), International PFA Expert of TJS
Annex 5: Example of ToR for the NGO involved in the FPA Implementation

Terms of Reference

Implementing organizations:
Post Title:

Contract type:
Starting Date:
Duration:
Duty Station:

Background
The German Federal Ministry for Economic Cooperation and Development (BMZ) supports economic, social and political development in the Southern Caucasus through the “Caucasus Initiative” and by means of these efforts aims to foster cooperation and harmonization between Armenia, Azerbaijan and Georgia. A significant part of BMZ’s Caucasus Initiative is the Ecoregional Nature Protection Programme (ENP) for the Southern Caucasus. The ENP aims to:

- Promote biodiversity conservation in the region, and by doing so, at the same time support the sustainable socio-economic development of the local population in harmony with nature and biodiversity conservation;
- Reduce the pressure on land-use at the selected locations;
- Support and further develop an eco-regional model for conserving biodiversity in the Southern Caucasus region;
- Contribute to the sustainable financing of the conservation area system of the three partner countries.

BMZ finances the Financial Cooperation (FC) through KfW supporting four components: (1) Support Programme for Protected Area projects (SPPA), (2) Financing Contributions to the Caucasus Nature Fund (CNF), (3) “Transboundary Joint Secretariat” (TJS), and (4) Eco-Corridor Development Programme (ECDP). In April 2014 the SPPA started with the overall objective to.........
Financial Participatory Approach for socio-economic development

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From 2012 until 2014 the financial participatory approach (FPA) has been successfully piloted in the Southern Caucasus. The FPA uses four tools to mobilise local communities to take charge of their own development: i) contest and award, ii) capitalisation, iii) training/learning and exchange visits, and iv) media. The FPA stimulates autonomous development at family, community and regional level. It entrusts the responsibility for planning and implementation to the local communities.

Based on these experiences the present SPPA will implement FPA activities among communities adjacent to the following PAs: <names of the PAs>; a full list is attached in the attached work plan.

In <mmm yyyy> RRAs were undertaken in the areas adjacent to the PAs by the SPPA Team Leader, the FPA advisor and a national expert to assess together with local authorities and local communities the core socio-economic problems which are at the heart of the development issues of the area(s) and to plan FPA activities in <project name> area. The planned activities are documented in the general FPA Work plan <yyyy>, prepared by the FPA advisor and the assessment team. This report and the planned activities are the basis for the FPA facilitator's services. The plan foresees a total budget of EUR #,###, including EUR #,### EUR (total approximately #,### GEL) for activities to be performed locally with families and villages and EUR #,### EUR (approximately #,### GEL) for the operation of a Regional Working Group and handling the prize funds; additional expenses for logistics, financial and administrative management; expenses for the evaluation and audit; and incidentals.

Key Actors for implementing the FPA pilot include the International FPA Expert, the national FPA facilitator, the Regional Working Group, Village Organisations, and Families. A local or regional NGO will be engaged by SPPA to handle the payment of the awarded prize money and to organise the logistics involved in the FPA (e.g. transport for exchange visits, hire of meeting halls, training activities, and so on.)
The programme comprises:
1. Planned FPA activity 1
2. Planned FPA activity 2
3. Planned FPA activity 3
4. ...

Objectives of the Financial Participatory Approach in ...
The objective of the FPA in <project area name> is to stimulate the local population to take charge of their own socio-economic development in harmony with nature protection and the envisaged Protected Area in particular applying the specific FPA principles, as for instance laid out in the FPA Implementation Manual.

Scope of the Services of the NGO
The FPA seeks a relevant local NGO for conducting support activities for the implementation of its programme in xxx. The scope of the NGO’s work will consist of but not limited to the following:
1. Support to the establishment of Regional and Village Working Groups;
2. Provide technical and financial intermediation services within the FPA programme;
3. Ensure sufficient premises, i.e. meeting hall, necessary furniture and equipment, transportation means, and other;
4. Support the selection of juries according to logistic provisions made by RWG and FPA Support Team;
5. Organize and implement regular meetings of Regional and Village Working Groups;
6. Keep records and taking minutes of all meetings;
7. Provide organizational support for the organization and implementation of different contests, awarding ceremonies, and other events;
8. Open special bank accounts for the implementation of FPA fund and capitalization provisions;
9. With the FPA facilitator activate targeted populations for the participation in local/community level contests;
10. Provide technical and logistical services for experience exchange measures as per request of the RWG and FTS;
11. Prepare and submit regular (monthly and other specified additionally) financial reports to the RWG and the FTS.

Specific tasks and implementation schedule
Phase 1. Specific activities will be implemented in a period of xxx and include following steps:
<table>
<thead>
<tr>
<th>N</th>
<th>Activities</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Support for establishment of the Regional Group, including:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Informing invited participants about the kick-off meeting, place and</td>
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<td></td>
<td>topic of the discussion;</td>
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<tr>
<td></td>
<td>- Provision of necessary facilities – room, furniture, equipment,</td>
<td></td>
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<tr>
<td></td>
<td>stationery;</td>
<td></td>
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<tr>
<td></td>
<td>- Preparation of the list of participants, taking minutes of discussions</td>
<td></td>
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<tr>
<td></td>
<td>at the kick-off meeting, preparation of technical report.</td>
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<tr>
<td>2.</td>
<td>Support for the announcement of the Knowledge Contest via active</td>
<td></td>
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<td></td>
<td>involvement of xxx region mass media, including:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Identification of relevant mass media – TVs and newspapers in xxx</td>
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<tr>
<td></td>
<td>region;</td>
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<tr>
<td></td>
<td>- Placement of the announcement in mass media;</td>
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<td></td>
<td>- Dissemination of printed version of the announcement in communities of</td>
<td></td>
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<td></td>
<td>xxx region with support of the Governorate;</td>
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<tr>
<td></td>
<td>- Payment of expenses related to the placement of the announcement.</td>
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<tr>
<td>3.</td>
<td>Support for the announcement of the Participatory Planning Contest among</td>
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<td></td>
<td>five targeted communities, including:</td>
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<td></td>
<td>- Organization of a preparatory workshop: provision of necessary</td>
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<td></td>
<td>facilities - room, furniture, equipment, stationery;</td>
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<tr>
<td></td>
<td>- Preparation of the list of participants from 5 communities, taking</td>
<td></td>
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<td></td>
<td>minutes of discussions, preparation of technical report;</td>
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<td></td>
<td>- Provision of necessary financial means to communities for getting</td>
<td></td>
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<td></td>
<td>prepared for the contest in accordance with the budget provided by</td>
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<td></td>
<td>the FTS.</td>
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<td>4.</td>
<td>Support to selection of Juries for the conclusion of results of 2</td>
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<td></td>
<td>abovementioned contests, including:</td>
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<td></td>
<td>- Suggestion of Juries members’ candidates;</td>
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<td></td>
<td>- Informing candidates about their nomination;</td>
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<td></td>
<td>- Ensuring their participation in the pilot project.</td>
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<td>5.</td>
<td>Collection of applications for the Knowledge Contest, including:</td>
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<td></td>
<td>- Receiving applications by ordinary mail, e-mail, via xxx Governorate</td>
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<td>and other;</td>
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<td></td>
<td>- Classification of applications and submission to the jury;</td>
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<td></td>
<td>- Preparation of a short technical report on the process of the</td>
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<td></td>
<td>collection of applications.</td>
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<td>6.</td>
<td>Support in selection of winners of the Knowledge Contest, including:</td>
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<td></td>
<td>- Provision of necessary facilities - room, furniture, equipment,</td>
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<td></td>
<td>stationery;</td>
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<td></td>
<td>- Preparation of the list of participants from x communities, taking</td>
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<td></td>
<td>minutes of discussions and decisions, preparation of technical report;</td>
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<td></td>
<td>- Informing of winners and invitation for the celebration events;</td>
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<td></td>
<td>- Provision of necessary financial means for being awarded to winners</td>
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<td>in accordance with the budget provided by FTS.</td>
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</table>
7. Support in public presentation of the results of communities’ Participatory Planning Contest, including:
   - Provision of the Regional Working Group, Jury, and participants with facilities - hall, furniture, equipment, stationery;
   - Ensuring the transportation of presentation participants and their respective materials;
   - Ensuring all the other logistics;
   - Registration of participants and general organization of the event;
   - Allocating necessary financial means for the implementation of the presentation in accordance with the budget provided by FTS.

8. Organization of experience exchange event between participating communities, including:
   - Ensuring the transportation, hosting, and workshops of local inhabitants.

**FTS inputs and project coordination**
The FTS will provide to the NGO all existing reports and materials related with the assignment. The overall coordination of the work will be provided by the FTS. Logistic and operational coordination of the work will be made by the FPA facilitator.

**Qualification requirements**
The NGO has at least 5 years of proven experience in applying participatory methodologies to socio-economic development in support zone development in relation with Protected Area management. Experience with applying participatory approaches is essential, contest and awards approach will be appreciated as a considerable additional asset. Regional experience in the xxx area and the NGO’s experience working with the International organizations and or Donors is an asset. The NGO has office facilities, proficiency in the usage of computers and accounting software packages.

**Major Outputs**
In addition to the main outputs as described and identifiable above the NGO will submit:

1. Initial introductory report on Phase 1 (Activities x – x);
2. Report on implementation of Phase 2 (Activities x- x);
3. Final report concluding Phase 3 (Activities x-x) project’s findings.

**Appendix 1. Pilot project budget**
Annex 6: Example of Additional Evaluation Indicators

**Evaluation indicators**
Indicators are necessary to help determine what data needs to be collected to assist in assessing the progress of the program and if it is on track to achieving its goals and objectives. For example, an objective may be to improve socio-economic development in a context of nature protection. Indicators used to monitor the progress in terms of achieving this objective could include participants’ ability to consistently and rationally increase their access to general economic activities which improve their situation, while respecting principles of bio-diversity promotion.

**Process indicators**
Process indicators monitor the implementation of the program as well as program inputs. Program input indicators are related to:

- Financial resources, related to the FPA programme activities funded, as well as the overhead cost for RWG, NGO and FST staff functioning
- Human resources used by FST, and intensity of RWG work
- Administrative resources
- Equipment required.

Process indicators for the program itself monitor how well the program is implemented, if it is reaching the intended target and if it is of an acceptable quality. Program reach indicators include:

- Number of participants taking part in the FPA activities
- Proportion of the target population participating in the program
- The proportion of participants taking part in individual activities
- Dropout rates

**Participant satisfaction** can be assessed using the following indicators:

- Do participants feel comfortable, listened to and understood?
- Are RWG and FST (and other participants) and considered to be approachable?
- Are the venues and set-ups appropriate to the participants and for group activities?
- Is the program affordable and run at convenient times?
- Do the topics themes covered meet the program’s purposes, and are they interesting and relevant?
- Are the topics adequately covered, or are they possibly confronting or too complex?
- Do people claim ownership over the outcome of the activities?
- Number of proposed activities
- Number of activities conducted to full achievement
- Number of activities that were considered appropriate by the target population
- Number of media items produced per activity

**Impact and outcome indicators**

Impact indicators monitor the progress of achieving the program’s objectives, which usually relate to some type of short-term changes. In particular, impact indicators will usually relate to changes in knowledge, attitudes and intended behaviour. Outcome indicators are used to assess if the program goal has been achieved and are therefore more likely to include actual economic behaviours, and longer term changes or changes in economic behaviour sustained over time.

Impact indicators may include:

- Changes in awareness, knowledge and skills
- Changes in intended behaviour
- Increased remunerating economic activities
- Increased autonomous funding
- Changes in individual capacity, i.e. confidence, self-esteem, problem solving skills, increased help-seeking behaviour, coping skills and optimism
- Increased confidence and ownership
- Increased social networks
- Improved relationships
- Increase community collaboration and understanding