# GEF-6 PROJECT IDENTIFICATION FORM (PIF)

**PROJECT TYPE: FULL SIZE PROJECT**
**TYPE OF TRUST FUND: GEF TRUST FUND**

- **PART I: Project Information**

| | | | |
|---|---|---|---|
| Project Title: | **Forest Resources Assessment and Monitoring to Strengthen Forest Policy and Knowledge Framework in Azerbaijan** | | |
| Country(ies): | Azerbaijan | GEF Project ID:[1] | |
| GEF Agency(ies): | FAO (select) (select) | GEF Agency Project ID: | 640651 |
| Other Executing Partner(s): | Ministry of Ecology and Natural Resources | Submission Date: | 24 February 2016 |
| GEF Focal Area(s): | Multi-focal Areas | Project Duration (Months) | 60 |
| Integrated Approach Pilot | IAP-Cities ☐ IAP-Commodities ☐ IAP-Food Security ☐ | Corporate Program: SGP ☐ | |
| Name of parent program: | [if applicable] | Agency Fee ($) | 376,161 |

## A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES[2]

| **Objectives/Programs** (Focal Areas, Integrated Approach Pilot, Corporate Programs) | **Trust Fund** | **(in $)** | |
|---|---|---|---|
| | | **GEF Project Financing** | **Co-financing** |
| LD-2 Program 3 (select) (select) | GEFTF | 879,909 | 1,920,000 |
| (select) CCM-2 Program 4 (select) | GEFTF | 1,759,817 | 3,222,000 |
| (select) (select) SFM-3 | GEFTF | 1,319,863 | 7,307,000 |
| **Total Project Cost** | | 3,959,589 | 12,449,000 |

## B. INDICATIVE PROJECT DESCRIPTION SUMMARY

Project Objective: To introduce SFM into Azerbaijan in order to increase social and economic benefits from forests, to improve quality of existing forest and increase carbon sequestration

| **Project Components** | **Financing Type**[3] | **Project Outcomes** | **Project Outputs** | **Trust Fund** | **(in $)** | |
|---|---|---|---|---|---|---|
| | | | | | **GEF Project Financing** | **Co-financing** |
| Component 1: Forest Resource Information Management System | TA | Outcome 1: A methodological mechanism for data collection, assessment and reporting<br><br>Indicator<br>*Mechanism for data collection, assessement and reporting validated by local stakeholders in at least 4 pilot sites* | Output 1.1 Concept paper and guidelines on the implementation of SFM Criteria and Indicators (C&I) developed and agreed by stakeholders<br><br>Output 1.2 SFM General Coordination Committee (GCC) established<br><br>Output 1.3 National level SFM C&I set identified and agreed by stakeholders<br><br>Output 2.1 Trained cadres for the | GEFTF | 840,000 | 1,900,000 |

[1] Project ID number will be assigned by GEFSEC and to be entered by Agency in subsequent document submissions.
[2] When completing Table A, refer to the excerpts on *GEF 6 Results Frameworks for GETF, LDCF and SCCF*.
[3] Financing type can be either investment or technical assistance.

| | | | | | | |
|---|---|---|---|---|---|---|
| | | Outcome 2: An Operational National Forest Assessment and Monitoring System (NFAMS) providing reliable and up to date information on forest resources<br><br>Indicator<br>*Number of hectares covered by NFAMS* | operationalization of the National Forest Assessment and Monitoring System<br><br>Output 2.2 GIS Laboratory in Department of Forest Development (DFD) equipped and fully operational<br><br>Output 2.3 Specific open-source software tools developed<br><br>Output 2.4 A web-GIS portal developed<br><br>Output 2.5 Guidelines for ground sampling and data verification prepared and disseminated<br><br>Output 2.6 Soil laboratory under the National Monitoring Department on Environment of MENR modernized | | | |
| Component 2: Ensuring sustainability and upscaling sustainable forest management | TA | Outcome 3: Enabled policy and institutional environment to ensure sustainability and upscale SFM through provision of up to date information on forest resources and their trend<br><br>Indicator<br>*SFM practices for carbon stock enhancement and improved flows of ecosystem services mainstreamed and upscaled in the policy, planning and regulatory framework* | Output 3.1 Revised National Forestry Program<br><br>Output 3.2 Revised forest normative framework<br><br>Output 3.3 An awareness-raising program on the role of forests in supporting terrestrial life, stabilizing climate and providing sustainable and renewable material and energy | GEFTF | 420,000 | 1,567,500 |
| Component 3: Multifunctional forest management leading to carbon sequestration, improvement in forest and tree resources and their contribution to local livelihoods | Inv | Outcome 4: Improved forest management planning in 4 pilot areas<br><br>Indicator<br>*No. of stakeholders trained* | Output 4.1 Training of four (4) forest management planning teams<br><br>Output 4.2 Development of guidelines for multifunctional | GEFTF | 2,310,000 | 7,125,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | *Number ha under improved Sustainable Forest management practices, with a target of 191,750 ha*<br><br>Outcome 5: Local small farm holders economy improved<br><br><u>Indicator</u><br>*No of farmers with diversificated and improved livelihood strategies*<br><br>Outcome 6: Carbon stocks enhanced in degraded and deforested Forest Fund land<br><br><u>Indicators</u><br><br>*GHG emission avoided, with a target of 2 million tonnes $CO_2$-eq*<br><br>*Number of ha of degraded forest rehabilitated, with a target of 1000*<br><br>*Number of ha of deforested forest restored, with a target of 500* | management planning<br><br>Output 4.3 Multifunctional forest management plans for Qax, Goykoy, Lerik and Agdas Rayons developed and under implementation<br><br>Output 5.1: A facility for processing pomegranate established<br><br>Output 5.2: Pastures in 4 selected sites are planned and rehabilitated<br><br>Output 6.1 Cemsir Nursery production capacity increased<br><br>Output 6.2 1000 ha of degraded forest land is rehabilitated (50 ha per 4 selected Rayons)<br><br>Output 6.3 500 ha of deforested forest fund land is restored (Qax Rayon 200 ha, Goygol Rayon 50 ha and Agdas Rayon 250 ha) | | | |
| Component 4: Monitoring, evaluation and knowledge-sharing | TA | Outcome 7: Project implementation based on RBM and lessons learned/good practices documented and disseminated<br><br><u>Indicator</u><br>*M&E system ensuring* | Output 7.1 A set of manuals or guidelines for forestry managers and technicians, that capture and describe the improved practices, measures and technologies; | GEFTF | 201,037 | 1,234,015 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | *timely delivery of project benefits and guidelines disseminated* | Output 7.2 A gender-sensitive Project Monitoring & Evaluation Plan and system, in place;<br><br>Output 7.3 Project Mid-term and Final Evaluations | | | |
| | | | | Subtotal | 3,771,037 | 11,826,515 |
| | | | | Project Management Cost (PMC)[4] GEFTF | 188,552 | 622,485 |
| | | | | **Total Project Cost** | 3,959,589 | 12,449,000 |

For multi-trust fund projects, provide the total amount of PMC in Table B, and indicate the split of PMC among the different trust funds here: ( )

**C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE**

| Sources of Co-financing | Name of Co-financier | Type of Co-financing | Amount ($) |
|---|---|---|---|
| Recipient Government | Ministry of Ecology and Natural Resources (MENR) | Grant | 7,900,000 |
| Recipient Government | Ministry of Ecology and Natural Resources (MENR) | In Kind | 4,249,000 |
| GEFAgency | FAO | In kind | 200,000 |
| NGO | Sustainable Development Azerbaijan | Grant | 100,000 |
| **Total Co-financing** | | | 12,449,000 |

**D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS** [a)]

| GEF Agency | Trust Fund | Country/ Regional/ Global | Focal Area | Programming of Funds | (in $) | | |
|---|---|---|---|---|---|---|---|
| | | | | | GEF Project Financing (a) | Agency Fee (b)[b)] | Total (c)=a+b |
| FAO | GEFTF | Azerbaijan | Land Degradation | (select as applicable) | 879,909 | 83,591 | 963,500 |
| FAO | GEFTF | Azerbaijan | Climate Change | (select as applicable) | 1,759,817 | 167,183 | 1,927,000 |
| FAO | GEFTF | Azerbaijan | Multi-focal Areas | SFM | 1,319,863 | 125,387 | 1,445,250 |
| **Total GEF Resources** | | | | | 3,959,589 | 376,161 | 4,335,750 |

a) Refer to the Fee Policy for GEF Partner Agencies.

[4] For GEF Project Financing up to $2 million, PMC could be up to10% of the subtotal; above $2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

## E. PROJECT PREPARATION GRANT (PPG)[5]

Is Project Preparation Grant requested? Yes ☒ No ☐ If no, skip item E.

### PPG AMOUNT REQUESTED BY AGENCY(IES), TRUST FUND, COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

| Project Preparation Grant amount requested: $150,000 | | | | | PPG Agency Fee: 14,250 | | |
|---|---|---|---|---|---|---|---|
| GEF Agency | Trust Fund | Country/ Regional/Global | Focal Area | Programming of Funds | (in $) | | |
| | | | | | PPG (a) | Agency Fee[6] (b) | Total c = a + b |
| FAO | GEF TF | Azerbaijan | Land Degradation | (select as applicable) | 33,333 | 3,167 | 36,500 |
| FAO | GEF TF | Azerbaijan | Climate Change | (select as applicable) | 66,667 | 6,333 | 73,000 |
| FAO | GEF TF | Azerbaijan | Multi-focal Areas | SFM | 50,000 | 4,750 | 54,750 |
| **Total PPG Amount** | | | | | **150,000** | **14,250** | **164,250** |

## F. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS[7]

Provide the expected project targets as appropriate.

| Corporate Results | Replenishment Targets | Project Targets |
|---|---|---|
| 1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society | Improved management of landscapes and seascapes covering 300 million hectares | *Hectares* |
| 2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes) | 120 million hectares under sustainable land management | *191,750 Hectares* |
| 4. Support to transformational shifts towards a low-emission and resilient development path | 750 million tons of $CO_{2e}$ mitigated (include both direct and indirect) | *2,040,689 tCO2eq* |
| 4. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern | Disposal of 80,000 tons of POPs (PCB, obsolete pesticides) | *metric tons* |
| | Reduction of 1000 tons of Mercury | *metric tons* |
| | Phase-out of 303.44 tons of ODP (HCFC) | *ODP tons* |
| 6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks | Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries | *Number of Countries:* |
| | Functional environmental information systems are established to support decision-making in at least 10 countries | *Number of Countries:* |

[5] PPG requested amount is determined by the size of the GEF Project Financing (PF) as follows: Up to $50k for PF up to$2m (for MSP); up to $100k for PF up to $3m; $150k for PF up to $6m; $200k for PF up to $10m; and $300k for PF above $10m. On an exceptional basis, PPG amount may differ upon detailed discussion and justification with the GEFSEC.

[6] PPG fee percentage follows the percentage of the Agency fee over the GEF Project Financing amount requested.

[7] Provide those indicator values in this table to the extent applicable to your proposed project. Progress in programming against these targets for the projects per the *Corporate Results Framework* in the *GEF-6 Programming Directions*, will be aggregated and reported during mid-term and at the conclusion of the replenishment period. There is no need to complete this table for climate adaptation projects financed solely through LDCF and/or SCCF.

## PART II: PROJECT JUSTIFICATION

1. *Project Description.* Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, GEF focal area[8] strategies, with a brief description of expected outcomes and components of the project, 4) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing; 5) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF); and 6) innovation, sustainability and potential for scaling up.

### (1) Global environmental problem, root causes and barriers that need to be addressed

The Republic of Azerbaijan is a Central Asian country located on the western side of Caspian Sea with an area of 86,600 km². It borders Iran in the south, Russia in the north, Georgia in the northwest and Armenia in the west. Mountains occupy more than half of the country and the diverse landscape embraces variety of microclimates, soil and vegetative conditions. The average temperature in July ranges from 5°C in highlands to 27°C in lowlands, and in January it ranges from -10°C in highlands to 4°C in lowlands. Precipitation ranges between 200 mm/year in the foothills of the Caucasus Mountains to 1700 mm/year in the Lankaran lowland area.

As an upper middle-income country and with a population of 9.5 million, Azerbaijan shows a solid rise in income and a reduction in poverty. The GDP has reached 75,2 billion USD with 2 % growth and the inflation is around 1.4 %. Much of the revenue comes from gas and oil and this is the main economic concern of the Azerbaijan. The country is in an effort to stimulate non-oil economic development with a special focus on agriculture. Although the agriculture sector counts for 7 % of GDP, it has a significant potential for export revenues and it is still a key source of employment.

Azerbaijan's HDI value for 2013 is 0.747— which is in the high human development category—positioning the country at 76 out of 187 countries. Azerbaijan has a Gender Inequality Index value of 0.340, ranking it 62 out of 149 countries in the 2013 index. In Azerbaijan, 93.7 percent of adult women have reached at least a secondary level of education compared to the 97.4 percent of their male counterparts. Female participation in the labour market is 62.5 percent compared to 68.9 for men[9].

Currently, women do not play a major role in forest management in Azerbaijan. Yet women play an important role in agriculture, nursery activities and in non-wood forest products. However, they face gender-related inequalities and couldn't access to knowledge and new technology in agriculture and forestry sector.

*State of Forests and Forestry*

Azerbaijan is a low-forest cover country. The total forest land, called the Forest Fund, is 1,213,700 ha and 1,021,000 ha of this land covered with forests, which is 11.8 % of the total country area. The total standing volume is 148.8 million m³ with annual increment of 1.5 million m³ (2011). The Forest Fund consists of mountainous and lowland forests. The country's forest resources rated as *first group forests,*[10] and in terms of protection they are divided into the following categories:

1. forest reserves
2. resort forests

[8] For biodiversity projects, in addition to explaining the project's consistency with the biodiversity focal area strategy, objectives and programs, please also describe which Aichi Target(s) the project will directly contribute to achieving.

[9] http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/AZE.pdf

[10] Forests managed for their protective functions. See FAO for definition.

3. particularly valuable forest areas
4. forest green areas in cities and other populated areas
5. wild fruit forests
6. state protective forest belts
7. other forests.

There are over 450 species of trees and bushes. But the vast majority of the forests (88 %) consists of broadleaved species (hardwood). Oriental beech (*Fagus orientalis*) accounts for 31.68 % of the forests, then comes Hornbeam (*Carpinus sp.*) with 26.04 % and Oak species (*Quercus sp.*) with 23.4 %. The other important species are birch, ash, poplar, alder, juniper, walnut, chestnut, lime tree and iron tree. The coniferous forests dominated by hamate pine (*Pinus hamata*).

Forests in Azerbaijan are owned by the state and are managed according to the Forest Code and to the Law on Environmental Protection. Forest legislation is old and focuses mainly on the conservation and protection aspects of forestry. According to the Forest Code, land under the Forest Fund must be used mainly for the development and expansion of forests. This land can be leased for restoration purposes. Forests and forest lands are not subject to privatization. Natural persons and legal entities are the only users of forests which can be granted with certain rights such as the right to the utilization of lands under the forest fund[11]. There is no effective participatory mechanism: NGOs and other civil society organizations have had limited access to planning and decision making processes.

Many incentive schemes such as short term leases for the recovery of forests have not been effective. For example 10-year lease system is an innovative approach that could stimulate agro-forestry activities by gradually reforesting the open spaces in forest fund. But deficiencies in the current arrangement do not make it attractive for rural people. Also, there is no political will to enhance and diversify such schemes that would highly contribute to climate change mitigation and adaptation .

The Department of Forest Development (DFD) under the Ministry of Ecology and Natural Resources (MENR) is the primary responsible unit for the management of the forests.[12] The main task of the DFD is the protection of forests. DFD is also in charge of forest rehabilitation, planting, seed and nurseries, forest inventory and registration of forests. DFD has 5 divisions at the headquarters and 35 Forest Conservation and Reforestation Directorates (FCRD), 6 forest nurseries and 2 regional afforestation directorates at the field level. While DFD employs a total of 25 staff, the whole forestry organization employs 480 forest engineers and 230 forest technicians. The organization is both technically and financially weak both at central and field level. Hence the forestry activities are limited to about 10.000 hectares of rehabilitation per year, and 2,500 to 3,000 ha afforestation per year. In addition, the nurseries are under primitive conditions, as there is no potted seedling production. Two other important bodies are (i) the Forestry Scientific Research Institute, an associated unit of DFD under MENR; and (ii) the State Land and Mapping Committee, which is the central executive body on land cadastre, land monitoring, geodesy, topography, cartography, land reform, definition of land uses and other land related tasks. The role of the State Land Committee in forest policy is advisory in nature. The committee provides recommendations or proposals to the Cabinet of Ministers of the Republic of Azerbaijan on land and forest land issues.

*Global environmental problem, including drivers of forest degradation*

It is estimated that by mid 19-th century, forests covered 30 % of Azerbaijan (2.6 millon hectares). The country suffered two large waves of deforestation that have reduced its forest area to less than half if its

[11] Forest servitude can be either "massive" (i.e. all natural persons are free to enter the forest fund) or "special" (i.e. the rights of natural persons and legal entities is limited in favor or other interested parties).
[12] The annual budget of the MENR is about 55 million USD and the Budget of the DFD is about 11 million USD. DFD has also a fund financed from wood and NWFP sales, penalties and leases. This budget is about 1 million USD per year and is used for main forestry activities

original extent. First, the oil age led to mass destructions in forests in the plains of the Country between 1861-1921 as wood was needed to build oil wells. The second important wave of forest destruction came after the collapse of Soviet Union. The cut in the flow of subsidized natural gas, coal and wood from Russia led to the mass destruction and degradation that started in 1991 since most of the rural population had to meet their energy needs from forests. The root causes of both waves of deforestation have been removed today, since iron replaced wood in oil well constructions and natural gas has been provided to most of the villages and current government programs aim to reach 80 % of the villages in the short term. In addition, government-led measures, mainly protective provisions in the forestry legislation that prohibit harvesting from forests except for sanitary cuts, left no space for substantial deforestations.

Currently, the main drivers of forest degradation and small scale deforestations within the heights and pockets of the forests are over-grazing, livestock raising and illegal cuttings.[13] The real extent is unknown due to the lack of inventories.Various gaps in current management practices contribute to forest degradation and partly to deforestation. While the increase in oil and gas production reduced the demand for fuelwood, this led to a widespread belief among that the policy of *"not doing anything other than sanitary cuts"* would protect forests. This policy confined the forestry activities to plantations in non-forested areas and only allowed sanitary cuts in forests. Forest management planning has been suspended for the last two years, and as a result, forests were left unattended. At the same time, the Forest Fund was deprived of revenues that would come from wood sales. This weakened the capacity of FCRDs and they became unable to enforce the forest legislation in terms of protection. The situation was aggravated by overgrazing and illegal cuts that have led to further forest degradation and partly to deforestation.

Table 1: Azerbaijan Illegal Cuts

| YEAR | NUMBER OF TREES | VOLUME (m3) | VALUE (USD) |
|---|---|---|---|
| 2004 | 80,327 | 46,432 | 161,764 |
| 2005 | 65,753 | 38,493 | 303,610 |
| 2006 | 69,987 | 36,842 | 285,067 |
| 2007 | 50,657 | 31,430 | 233,083 |
| 2008 | 53,143 | 30,404 | 233,168 |
| 2009 | 55,778 | 34,242 | 240,359 |
| 2010 | 63,637 | 34,483 | 245,813 |
| 2011 | 38,587 | 24,300 | 172,922 |
| 2012 | 52,563 | 24,066 | 157,437 |
| 2013 | 56,958 | 32,623 | 222,348 |

Past experiences of vast destructions have had deep impact on the perceptions of forest policy makers and was the main driver for prohibitive and protective policy. Although the root causes of past deforestation and degradation have been removed, this policy is still dominating among decision-makers. Nowadays, except for some small scale rehabilitation and afforestation activity and sanitary cuts, there is no sustainable forest management activity in the forests and this downgrades the forestry organization and diminishes revenue from forests which would otherwise strengthen the Forest Conservation and Rehabilitation Directorates and provide diversified income to local dwellers.

[13] See Table 1 for annual data. Illegal cuttings are usually estimated to be in the range of 30,000 to 40,000 $m^3$. While illegal cuts decreased significantly between 2004 and 2012, there was a sharp increase in illegal logging in 2013. The latest year for which data are available is 2013, where 32,623 $m^3$ of wood were illegally cut at an estimated value of $222,348.

With a highly centralized and hierarchical structure, the forestry organization has partly attempted to reverse the situation. The priority has been given to afforestation, but the total afforested area between 2001-2014 was only 46.796 hectares due to lack of resources and appropriate nurseries. The second priority was rehabilitation and restoration of the degraded and deforested land. Because of the same reasons no effective rehabilitation and restoration programs have been applied.

*Remaining barriers to SFM and increased carbon sequestration*

Although there are no exact figures because of the lack of forest inventories since 1988, it is clear that there is a high potential for rehabilitation, restoration and sustainable use of forests in Azerbaijan. Forest destruction of 1991 and subsequent years, points out to the high potential of restoration in the openings scattered in the forests, and high potential of degraded forests to be rehabilitated. The remaining barriers are:

a) **Inadequate data on forests and forest cover**. The data on forest cover is inconsistent, unreliable, incomplete and out of date. The last inventory was made in 1988. The forestry organization has no reliable figure on forest resources, they are not able to report to virtually any of the IEAs and other mechanisms. The figures for forests is calculated according to the management plan inventories, and recently, from the reports of rehabilitation, restoration and afforestation activities. Therefore, data for forests, trees and other land uses from different sources is considerably inconsistent In addition, there is no reliable data on forests outside the Forest Fund.

   Data on the current and potential carbon stocks in Azerbaijan's forests is very incomplete and inconsistent. According to the Global Forest Resources Assessment 2010, forest biomass carbon stock in Azerbaijan is 58 million tons (58 ton per hectare). According to the report prepared by Azerbaijan UNFCC focal point, net CO2 absorb by forests reached -3.923 Gg in 2010 which approximately equals to1.069,81 ton Carbon.

   This is a major barrier to effective national level planning and management, as well as to local level planning and management. This also strongly undermines the ability to report to the International Environmental Agreements (IEAs).

b) **Outdated forest management plans.** Forest management plans are old and out of date. Five forest management teams used to plan around 175.000 ha per year, but for the last 2 years forest management planning activities have been suspended due to insufficient funding. Plans only address protection and afforestation they do not address many related issues such as carbon, biodiversity, NWFP harvesting, participation, and innovative financing, among others. As a result, forest management does not aim to generate the full ecological, economic and social potential of forests. Moreover, the management planning process does not draw on international best practices, including stakeholder participation.

   In addition, a significant part of forests has poor stand structure with very low productivity and this is attributed to the unsustainable forestry practices in the past.

c) **Inadequate monitoring capacity.** National and local forest agencies lack the knowledge and equipment to undertake forest monitoring. They have almost no ability to monitor factors such as carbon, biodiversity and socio-economics. This is a barrier to local planning and management;

d) **Limited land tenure.** Currently, forest users are limited to a ten-year lease. This acts as a barrier to non-state investors investing in any forest activity that requires more than ten years to be profitable. It notably makes any private investment in carbon sequestration on forest land very unprofitable;

e) **Administrative attitudes.** Forest managers and decision-makers are conservative and generally unwilling to test and adopt new practices and measures;

f) **Lack of awareness.** Rural and urban populations and decision making mechanisms do not consider the forestry issues as a matter of concern. The cities are far from the forests. Baku, where more than half of the Azerbaijan population live, is 200 km from the nearest forest. So the forests and their state is not visible to many.

g) **Lack of resources.** It is important to highlight that while the sector suffers from "lack of resources", this merely reflects the lack of priority given by the Government of Azerbaijan to the forestry sector. But the government is capable and willing to increase the resources devoted to forestry if it understands the merits of sustainable forest management. A self-financing forest fund is possible if the sector is modernized and adequate capacity is built both within the government and at the local level. In this regard, the project intends to encourage the government to do so by demonstrating the latest SFM techniques, by improving the enabling environment, and by increasing the technical capacity of the organization and have it act as a catalyst for change.

h) Finally, there is a specific set of barriers facing private sector farmers who manage agricultural land that is contiguous to forests and suitable for forestry and could lead to significant carbon sequestration. In general, these farmers have very little site specific data regarding alternative crops and they do not have access to technology and information on alternative forestry practices. Moreover, the current extension system is not able to provide them with information and access to technology, and they face high entry costs and an associated high risk. Already struggling for their livelihood with limited resources, local dwellers around forested areas have been deprived of the resources around them and pushed to unsustainable and illegal practices which degrade forests.

The result of these barriers is (i) much less carbon sequestration, (ii) less sustainable production of wood and non-wood resources, (iii) less environmental and economic benefits than Azerbaijan's forests can provide.

**(2) Baseline scenario and any associated baseline projects**

The principal activities in the baseline are implemented through the government structure and mostly by the MENR and its agencies. The government financed baseline activities focus almost exclusively on protection; there is no investment in production. In 2015, the State budget for the MENR is $55 million, of which $11 million were assigned to DFD.

In terms of forest assessments and monitoring, the government is unable to devote adequate resources. Accordingly, in the baseline, data on forests, both at national and local level, will remain inconsistent, incomplete and out of date. As discussed above, and regarding forest management planning, activities have been stopped for the last two years and existing teams are idle at the moment. In the baseline the forest management planning system will be abolished the existing capacity will be lost, the teams will disappear.

In terms of forest policy, government technical staff, with support from international partners, have prepared a draft National Forest Program. This Program supports improvements in the technical approach and sets out several important reform measures. The draft Program has been submitted for approval. But even if it was approved, in the current scenario the required capacity and financial resources for its implementation are unlikely to be available.

The baseline also includes a range of forest management activities, financed by the State. The majority of these forestry activities are implemented through DFD. These activities are limited in scope, due to limited state budget and alternative resources. The major focus is on rehabilitation/restoration and afforestation. The total area of rehabilitation and restoration is around 10.000 hectares and the total afforestation is 2-3.000 hectares per year. The time series data shows a constant decrease in the programs. The total afforestation was close to 4,000 ha per year between 2005-2008 then it dropped to 3,500 ha per year in 2009 and 2010, to

3,000 ha per year in 2011 and 2012, finally it was 2,746 ha per year in 2013 and 2,640 ha per year in 2014. This trend is likely to continue.

Under the GCP/TUR/002 project,[14] FAO supported, the training of 4 Azerbaijan foresters on the rehabilitation of watershed and developed a handbook for the planning of micro-catchments. In the baseline the trained foresters are working in different Rayons and they will not be effective without a broader support at national level.

The Forest Fund revenues, on the other hand, reached a little over $1 million in 2014. There is a high potential to increase the Forest Fund revenues—these revenues consisting of income from wood sales, leases and penalties. The project aims to diversify sustainable forest management activities which will increase wood and non-wood production and encourage revenue-making lease systems.

**(3) Proposed alternative scenario, with a brief description of expected outcomes and components of the project**

As described in the above sections, Azerbaijan's rich forests are currently managed for protection purposes. They represent a vast untapped potential in terms of production, including in terms of carbon sequestration. Moreover, there are vast areas of land in Azerbaijan that currently have little or no forest cover yet are suitable for forestry. If brought under sustainable forest management this land could make a major contribution to carbon sequestration as well as to the local economy. Finally, much of the existing forest is currently being degraded, thereby losing both its production and protection values.

The alternative proposed through this project is to contribute to the reversal of this situation, to help switch forestry in Azerbaijan onto a path of increased forests, increased social and economic benefits from forests, increased carbon sequestration from forests and an improved quality of existing forest. To achieve this, the proposed project has four components and seven outcomes, as described in the following sections.

*Component 1: Forest Resource Information Management System.*

Under this Component, the project will support the development of a system to provide country-wide reliable, up to date information on forest resources, forestry related elements and their participatory assessment under seven globally accepted criteria. The system will also support related processes to report to the UNFCCC and the UNCCD, and notably to the preparation of the UNFCCC national communications. The system will also contribute to to report to other international initiatives, such as the Future Sustainable Development Goals (2015-30) and Global Forest Resources Assessment (FRA) 2020. There are two outcomes and nine outputs under this Component:

- **Outcome 1: A methodological mechanism for data collection, assessment and reporting**

  The system for identification, description, collection, assessment and reporting of quantitative and qualitative data and information will be based on Sustainable Forest Management Criteria and Indicators (SFM C&I) mechanism. Outputs include:

  **Output 1.1.** A concept paper on the elements of SFM and background of the SFM C&I will be prepared, including guidelines that lay out the methodology to identify the indicators under seven (7) criteria. The concept note will focus on the participatory nature of the SFM C&I.

[14] Financed by the Turkish Cooperation and Coordination Agency (TIKA)

**Output 1.2.** A participatory panel style workshop at project inception phase will set up a General Coordination Committee to organize, coordinate, guide, control and report SFM related data and activities.

**Output 1.3.** The inception workshop under the guidance of GCC will identify and elaborate all quantitative, qualitative and sex-disaggregated data and gender sensitive information needed to achieve national SFM objective in general and project objective in particular. The data will be structured under C&I. The national SFM C&I set will be approved by MENR and announced officially. A working group will be set up to identify the technology, tools and means of national inventory, software and hardware needs and identification of appropriate guidelines for aerial data interpretation and other necessary technical works.

- **Outcome 2: An Operational National Forest Assessment and Monitoring System**

The system will be shaped according to the results of Outcome 1, but is expected it will include the following outputs:

**Output 2.1.** Trained cadres for the operationalization of the National Forest Assessment and Monitoring System.
The cartography and geodesy division of the abolished Ministry of Soil is idle. MENR will include this division into its structure and staff of this division will be trained. Otherwise a team of 10 experts from DFD human resources will be trained on aerial data interpretation and GIS applications.
Also, a team of 10 experts will be set up and trained to design sample plots on ground and analyze data at that sample plots to verify the information gathered from aerial images and collect the data that cannot be obtained from aerial data. The team will also create a geo-referenced database and maintain it.

**Output 2.2.** An equipped and fully operational GIS Laboratory in DFD will be established.

**Output 2.3.** Specific open-source software tools will be obtained under the guidance of FAO experts.

**Output 2.4.** A web-GIS portal will be prepared and announced.

**Output 2.5.** Guidelines for ground sampling and data verification will be tailored from appropriate guidelines.

**Output 2.6.** The existing soil laboratory under the National Monitoring Department on Environment of MENR will be modernized to be able to analyze soil samples taken from ground sample plots for soil carbon calculations.

*Component 2: Ensuring sustainability and upscaling sustainable forest management*

As discussed above, the deliberate policy decision of "*not doing anything other than sanitary cuts*" has determined that forest resources remain largely used in Azerbaijan. In particular, the enabling environment has not integrated sustainable forest management (SFM) into the governance structures that shape markets and would allow private sector investements. The goal of this component is to create the conditions for the country to take full advantage of its forest resources in a sustainable manner. In addition, The lack of a long-term and integrated vision for a country's forests, including an understanding of the impacts of these decisions on socioeconomic and ecological stability, has exacerbated the problem. There is potential in

Azerbaijan to channel the support of the private sector through responsible business practices, but conditions must be set to allow for this catalytic change to happen.
In addition, this component will help to raise awareness towards environmental concerns and the role of forests in coping with this problems particularly mitigating climate change and will help to improve the capacity of the forestry organizations by obtaining civil and private support that would be effective at political level.

- **Outcome 3: Enabled policy and institutional environment to ensure sustainability and upscale SFM through provision of up to date information on forest resources and their trend.**

**Output 3.1** The project will produce a policy document: forestry sector interaction with other sectors, cross cutting issues, forest industry, trade issues, forestry organization, socio-economic and gender issues, human and financial capacities, legal, institutional and policy framework will be analyzed through gender equality perspectives; strengths, weaknesses, threats and opportunities will be identified for women, men, youth and elderly and thus recommendations to the government will be submitted. Based on these reccomendations, the National Forest program will be revised.

**Output 3.2** Unsustainable use of forest resources in the past have led to the prohibition of wood from forest areas by a ministerial decree (law has no an article to ban harvesting except for the areas with a slope of 30% or more). In addition, the current forest fund lease system is not attractive.
The project will facilitate an amendement to the forest legislation to provide incentives for both women and men for the 10 year lease system to increase the effectiveness and a change in the ministerial decree to allow appropriate silvicultural treatments and pilot harvesting implementations in project sites where multi-functional forest management plans are operational.

**Output 3.3** Knowledge will be shared and public informed about development and environmental benefits of forests. A questionnaire will be prepared and a public survey together with a set of interviews will be conducted to identify the perceptions of different stakeholders about forestry and forestry organization in Azerbaijan (through a Letter of Agreement). Based on this report, DFD in cooperation with FAO will design a gender sensitive communication strategy for Azerbaijan Forestry and an action plan. Subsequently, communication material will be prepared, disseminated, televised, events organized, contents and format of public announcements or declarations drafted.

*Component 3: Multifunctional forest management leading to carbon sequestration, improvement in forest and tree resources and their contribution to local livelihoods.*

Under this component the project will revitalize the forest management planning system. It will provide updated maps and state of art tools for systematic sampling. It will pave the road for carbon sequestering implementations as well as an appropriate environment for improving the economy of local livelihoods and small farm holders. The component will focus on participatory approach by organizing local level SFM C&I evaluation workshops at the inception phase of the forest management planning process. The component has three outcomes and eight outputs.

- **Outcome 4: Improved forest management planning in 4 pilot areas**

Sustainable forest management will be operationalized in four pilot locations across Azerbaijan (Rayons of Qax, Lerik Goygol and Agdas) generating sustainable benefits such as carbon sequestration and other forest products. This outcome will be achieved via the following outputs:

**Output 4.1.** Members of the currently idle forest management teams (4 team chiefs, 8 taxators, and 4 topographers) will be trained. The existing forest management planning teams used to plan 175.000 ha

of forest per year. Normally each year one-tenth of the total forest area should be planned, this translates to around 120.000 ha per year. The existing forest management teams will be sufficient to cover the country.

**Output 4.2.** Guidelines on multifunctional forest management planning will be developed or an appropriate guideline will be tailored according to the national conditions and following a gender sensitive approach.
SFM C&I will be evaluated at local level with the participation of local level stakeholders and forest management planning team members. SFM C&I workshop may expand the national indicators set to reflect the specific conditions of the Rayon, as well gender specific needs and priorities of the community. The workshop will produce trade-offs, collaborations between stakeholders and advice on the arrangements such as pasture planning, income generating activities, recreational facilities, planning of sites for ecotourism etc.

**Output 4.4.** Forest management planning teams will prepare the Forest Management Plans for the Rayons of Qax, Goykoy, Lerik and Agdas. The Plans will include watershed rehabilitation, erosion control activities, restoration of forests, new areas for planting (road sides, wind breaks, green belts, open spaces) and will identify the locations for rehabilitation and restoration. The manual for the planning of micro-catchments rehabilitation was developed under the FAO project GCP/TUR/002 discussed above, and will be tailored to Azerbaijan conditions.

- **Outcome 5: Local small farm holders economy improved**

**Output 5.1.** The government will provide a location and will employ local peoples, women in particular for a facility to process pomegranate. The project will supply the necessary equipment and train the employees. Such a facility will encourage farmers to establish pomegranate- based agroforestry systems in suitable environments, contributing to carbon sequestration, landscape regeneration and small farm holders livelihoods.

**Output 5.2.** Pastures in 4 selected sites will be planned and rehabilitated in order to reduce the grazing pressure in forest landscapes. Planning and rehabilitation will be carried out in accordance with the new regulation developed by the GEF UNDP project in Great Caucasus and submitted for approval.

- **Outcome 6: Carbon stocks enhanced in degraded and deforested forest fund land**

**Output 6.1.** The Project will support the modernization of the Cemsir Nursery (5 hectares) which will be able to produce 5 million potted seedlings per year and will provide an employment opportunity for 50-60 local women and men. This will include training on modern nursery practices for nursery staff and women workers. 5 staff and 5 women workers will participate to a study tour to Minsk.The model will draw on the nursery located in Minsk-Belarus.

**Output 6.2.** In each of the four selected Rayons, 50 hectares of degraded forest land which was identified by the forest management teams will be rehabilitated each year (Total 1000 ha at project cycle)

**Output 6.3.**, Each year 100 hectares (40 in Qax rayon, 10 in Goygol Rayon and 50 in Agdas Rayon) of deforested land identified by each forest management team will be restored (Total 500 ha at project cycle)

*Component 4: Monitoring, evaluation and knowledge-sharing*

The Project implementation and M&E systems will be supported under this Component. In addition, activities in this component will develop guidelines and extension material to be used by technicians and forestry extension workers in Azerbaijan. Some of the knowledge generated will be of use across the Central Asia region and in other regions. There is one outcome and three outputs under this Component:

Outcome 7: Project implementation based on RBM and lessons learned/good practices documented and disseminated

Output 7.1 A set of manuals or guidelines for forestry managers and technicians, that captures and describe the improved practices, measures and technologies.

Output 7.2 Gender sensitive Project Monitoring & Evaluation Plan and system, in place;

Output 7.3 Project Mid-term and Final Evaluations;

**(4) Incremental cost reasoning and expected contributions from the baseline, from the GEF, and co-financing**

Regarding Component 1,GEF incremental financing of USD 840,000 will be invested in the creation of a reliable nation-wide information and monitoring system that will provide updated and complete data on forest cover. The Project will build on and complement government baseline activities, notably the ongoing work of DFD to collect data on forestry and to prepare reports to national government as well as international conventions. The estimated value of the work that will be carried out by the government is USD 1.9 million, including images interpretation, ground sampling, logistics, maps, printings, publications, field trips, meetings, for a total component cost of USD 2.74 million.

Project Component 2 will build on the normative and policy framework and on the Governement agencies efforts in awareness raising and communication. The GEF incremental resources will be invested in strengthening the enabling environment for SFM, in order to to ensure sustainability and in particularly upscaling, thereby achieving far greater global benefits, notably in terms of increased carbon sequestration, decreased land degradation, and as a basis for sustainable forest management. Cofinancing is estimated at USD 1,567,500 and GEF overall contribution is USD 420,000, totaling USD 1,987,500 for this component.

Baseline activities under Component 3 focus on protection and tree plantation. The work is all implemented by the concerned FCRDs and budget for the next 5 years is estimated at $7.5 million. The GEF incremental funds will be invested in piloting SFM activities in 4 pilot Rayons, in order to demonstrate their impacts on carbon secuestration, decreased land degradation, as well as improving local communities livelihoods.
GEF overall contribution to this Component is USD 2,310,000. Baseline and incremental financing totals USD 9.4 million.

Component 4 will build in government agencies knowledge management and monitoring activities. GEF support will ensure that the achievement of project outcomes is monitored, the project is implementd with a RBM approach and lessons learned are systematized and sharted at national and regional level.
The GEF contribution to this Component is USD 201,037. Baseline and incremental financing total USD 1.5 million.

**(5) Global environmental benefits**

The proposed project will deliver global environmental benefits in terms of mitigating climate change, reversing land degradation and introducing sustainable forest management, in line with the related GEF 6 focal areas and programmes, as explained in the following sections:

Climate Change Objective 2 (CCM-2): Demonstrate systemic impacts of mitigation options/ Program 4: Promote conservation and enhancement of carbon stocks in forest, and other land use, and support climate smart agriculture. The proposed Project will introduce improved forest management over 191,750 hectares and will invest in the restoration of 500 ha and the rehabilitation of 1,000 ha, with direct benefits in terms of carbon sequestration. The project will also create the conditions for upscaling, leading to direct and indirect benefits in terms of carbon sequestrated and avoided carbon emission

Carbon calculations: improved SFM will be carried out over the targeted 191,750 ha, to increase the forest cover by at least 5% (9,587 ha , possibly more - to be confirmed after assessments using the EXACT tool during the PPG phase- including direct restoration and rehabilitation of 1,500 ha). With conservative estimate of at least 58 tC/ha in the forests of Azerbaijan (Global Forest Resources Assessment, 2010), we can estimate that the project will lead to 556,075 tonnes of Carbon savings (9,587 ha x 58 tC/ha), equivalent to 2,040,689 tCO2eq. More accurate carbon benefit calculations will be conducted during project preparation.

Land Degradation Objective 2: Generate sustainable flows of ecosystem services from forests, including in drylands (LD-2)/Program 3: Landscape Management and Restoration. The proposed Project will address trees and forests mostly in production landscapes, making the linkages with carbon sequestration. Notably it will include: landscape regeneration through use of locally adaptive species, including agroforestry and farmer-managed natural regeneration; and SLM approaches to avoid deforestation and forest degradation in production landscapes - including practices for sustainable supply of wood.

Sustainable Forest Management Objective (SFM-3): Restored Forest Ecosystems: Reverse the loss of ecosystem services within degraded. The proposed Project will use the restoration of forest lands as a way to support the maintenance and rehabilitation of forest ecosystem services. It will also build technical and institutional capacities to identify degraded forest landscapes and monitor forest restoration, helping to build a foundation for forest landscape restoration at a large scale. Finally, it will include the integration of SFM into landscape restoration.

**6) innovation, sustainability and potential for scaling up**

*Innovativeness*

This is the first large-scale forestry project in Azerbaijan with the Main Forestry Department and supported by GEF. It occurs at a time that the Forest sector is both ripe for reform, and when there is considerable support for reform. Hence the Project it is likely to have significant leverage.

Moreover, many of the individual practices and forestry practices to be demonstrated and supported by the Project are innovative for Azerbaijan, in particular participatory approach to planning and management is innovative in the country and the region. Also the improved assessing and inventorying, the emphasis on carbon sequestration and the combined protection/production approaches to forestry management, are all innovative in the country and region.

*Sustainability and scaling-up*

As mentioned above, as a very first order estimate, the proportion of forest land that is actually covered with forest is less than half. Hence, in general terms, there is excellent potential for scaling-up across Azerbaijan, over the coming decade. The approach is to build support, to raise awareness, to provide convincing technical and economic data, to demonstrate success, and then to lobby for the institutional and legal changes that are necessary to unleash a sustainable forest management approach that reverses ongoing land degradation and increases carbon sequestration.

Most of the project activities are one-time investments that are essential for the long term sustainability of the sector. During the project cycle, a GIS laboratory will be established, database for information

management will be set up, the necessary equipment will be provided, and GIS experts, ground sampling experts, forest management planning experts will be trained. The nursery and soil laboratory will be modernized and a fruit processing facility will be established. The established capacity will be able to sustain the activities beyond the project time. National inventory is expected to be updated at every 10 years. As the obtainment of satellite data is getting cheaper and given the already established capacities, this will not be difficult to be done by national sources, particularly if the economic importance of the sector is validated during the project lifetime.

Regarding scalability, forest management plans for other Rayons will be done with the same experts and already provided tools in its usual course. Rehabilitation and restoration activities will be carried out with almost the same budget that is regularly provided from DFD budget. SFM C&I national workshop is expected to be done in every 2-3 years, which involves only a cost of workshop, since there will be no need for additional concept notes, guidelines etc. The communication strategy will be in place and the necessary communication material will already be prepared.

On the other hand project will increase the forest fund revenues from wood sales and improved leasing system. These activities are expected to provide at least triple the current levels revenue. The nursery, when fully implemented, will produce 5 million potted seedlings per year (currently it produces 500.000 bare rooted seedlings each year). The nursery will not only provide the necessary seedlings for restoration and plantations it will also sell them to private entities which will have access to forests under improved conditions. And fruit processing facility (pomegranate) will also create revenue.

2. *Stakeholders*. Will project design include the participation of relevant stakeholders from civil society and indigenous people? (yes ☒ /no☐ ) If yes, identify key stakeholders and briefly describe how they will be engaged in project design/preparation.

The main stakeholder is the Department of Forest Development (DFD) and its subordinates, notably the locally based Forest Conservation and Reforestation Directorates (FCRD) which are responsible for managing the Forest Fund. The able below lists the main stakeholders and stakeholder groups, introduces their relevant mandate and how they may be involved in the Project.

| Stakeholder | Mandate | Role/responsibility in Project |
|---|---|---|
| The Department of Forest Development (DFD) of the Ministry of Ecology and Natural Resources (MENR) | DFD is responsible for policy formulation in the forestry sector.<br><br>DFD is responsible for forest assessments and inventory. It controls and supervises all forests and all forestry activity in forest fund (Excluding protected areas).<br><br>The DFD reports to the Ministry of Ecology and natural Resources. | Will be responsible for overall project coordination and for project success on behalf of the Government of Azerbaijan.<br><br>During project preparation, DFD will Provide technical and logistical support and and will be the main project co-financier. In addition, it will contribute to assessing impact of the project and benefit from capacity building activities. |
| Ministry of Ecology and Natural Resources (MENR) | MENR is the national body that oversees DFD and so takes ultimate responsibility for Azeri forests and forestry. | Responsible for institutional guidance of the Project;<br><br>During project preparation, MENR will be included as a member of the project's steering committee, ensuring country ownership.<br><br>MENR will benefit from awareness raising and capacity building. |
| State Registration and Cadastre Section (SRCS) | A key unit in DFD that supports all FO in the planning and implementation and | A technical partner, will be involved during project preparation and implementation in the |

| | | |
|---|---|---|
| of DFD | activities. Notably, SRCS supports the preparation of Forest Management Plans and related inventory work at the FO level. | development of the national forest assessment. SRCS will benefit from capacity building, notably related to forest planning and forest monitoring and carbon. |
| Forestation and Reforestation Sector of DFD | A key unit in DFD in charge of rehabilitation, restoration and afforestation activities. | A technical partner in the development and implementation of many Project activities at the site level. During project preparation, this Sector will be involved in the selection of pilot sites and analysis of alternatives. |
| Forest Nursery and Seed Production Sector (DFD) | A key unit in DFD in charge of nurseries, seed and seedling production. | A technical partner in the development and implementation of nursery modernization |
| Forest conservation and reforestation Directorates (FCRD) | | Four of the FCRDs will be operational partners at the site level;<br>The same FCRDs will benefit greatly from capacity building and from Project outputs;<br>All FCRDs will benefit from some capacity building, and possibly from upscaling. |
| Qax, Lerik, Agdas, Goygol Municipalities | | During project preparation, representatives from the municipalities will be involved in the selection of pilot sites to ensure their impact is maximized and local communities truly own the project interventions.<br>As with all FCRDs, these will benefit from some capacity building, and possibly from upscaling. |
| Scientific Research Institute of Forestry | | A technical partner in the identification of SFM indicators and resource assessment.<br>Will benefit from related capacity building, (including on financial, socio-economic and carbon related issues). |
| Division of Ecology and Nature Protection Policy, MENR | | Will benefit from knowledge and data generated from Project on sustainable forest management, including data on forest biodiversity;<br>Will benefit from some capacity building. |
| Department of Protection of Biodiversity and Development of Especially Protected Nature Reserves, MENR | | Will benefit from data generated from Project on forest inventories. Will also benefit from some capacity building. |
| National Monitoring Department on Environment | | May benefit from data generated by the Project. May also benefit from some capacity building |
| Academia and Universities | | May provide scientific support and knowledge towards the development of new approaches and technologies;<br>May be a beneficiary of improved information and some capacity building. |
| The Committee on Cartography and Land | Responsible for the rational use and protection of land, preservation and enhancement of soil fertility and land cadaster. | May benefit from data generated by the Project. May also benefit from some capacity building |
| "Eco-Renaissance" Public Union | NGO | Will support SFM C&I implementation, therefore will be included during project design in the technical groups developing the relevant components. |

| | | |
|---|---|---|
| | | Will benefit from capacity building<br>Potential Co-financer |
| Society "Sustainable Development" | NGO | Will support SFM C&I implementation, therefore will be involved in the project design in the technical groups that will develop the relevant components.<br>Will benefit from capacity building<br>Potential Co-financer |
| Farmer Councils and Local Self-government communities | | A potential co-financier;<br>A potential technical and operational partner. |
| Azerbaijan TV | State Television company | Will support the communication strategy.<br>Potential co-financer |

Although many different ethnic groups live in Azerbaijan, the population is highly homogeneous. Azerbaijani constitutes 91.6 % of the population. The ethnic minorities are Lezgian 2.02%, Armenian 1.35%, Russian 1.34%, Talys 1.26%. In 1996, the group known as Uzbeks constituted 80 percent of the population. The full socio-economic assessment to be undertaken during the PPG phase will provide all related data and analysis.

*3. Gender Considerations.* Are gender considerations taken into account? (yes ☒ /no☐ ). If yes, briefly describe how gender considerations will be mainstreamed into project preparation, taken into account the differences, needs, roles and priorities of men and women.

The project will identify and acknowledge gender differences, it will assess and comprehensively understand them. In line with the FAO gender goal and mimimum standards and the GEF Policy on Gender Mainstreaming and the GEF-6 approach on gender mainstreaming and women's empowerment, gender considerations are important to this project. The project will be designed, to the extent possible, to contribute to gender sensitive sustainable forest management which then will pave the way for gender mainstreaming via policy dialogue and strengthened planning capacities at the national level. The project envisages that C&I is gender sensitive and sex-disaggrageted data will be collected and processed to the extent possible. Likewise, the project ensures that differing needs and priorities of women and men are duly taken into consideration.The project proposal also considers that gender awareness is raised at each possible level/mechanisms of planning, governance, and monitoring and evaluation. In addition, the public reach-out will be through design of a gender sensitive communication strategy and dissemination materials. All in all, gender mainstreaming in the forestry sector will positively contribute to social sustainability of the expected results. More specifically, all these will be achieved through the following:

- *Awareness raising and capacity development:*
  An FAO facilitator/consultant will contribute to the Inception workshop in order to support the identification of methodology and indicators from gender perspective via raising awareness on the general gender issues in the sector (Outputs 1.1, 1.2, 1.3). In addition, the project team will support increasing awareness at the 3 stage NFP governance system (NAC, GCC, and Rayon Level forest management team, particularly with the latter one as the identification of data needs will be up-streamed by them (Output 4.3). So that this team is aware of the gender needs and priorities and can sustain their contributions in a dynamic way. Furthermore, the communication strategy which is foreseen in Output 7.2 is envisaged to be entirely designed with a gender sensitive approach to effectively reach out the public reflecting on most likely varying perceptions of men and women vis a vis forests and forestry matters through materials produced addressing the specific needs and priorities of men and women.

- *Gender sensitive forest management planning and governance:*

A socio – economic survey and gender analysis will be entry points to collect baseline information about local people and identify main issues such as their socio-economic situation, access to knowledge gaps, needs and division of labour. The findings of this analysis will then provide feedback to the preperation of a Concept Paper on the elements of SFM and background of the SFM C&I (Output 1.1.) and Forest sector report (Output 3.1), This will be achieved through an increased awareness on sex-disaggregated data collection and gender-sensitive trainings at all levels. So the analysis of the sector and SFM C&I will be addressing gender issues via the needed information and related indicators to be proposed. This then will ensure a gender sensitive NFP. Not only this, but as mentioned in the above section, the strenthened governance system will function in gender sensitive manner. This coupled with the findings of Rayon level gender needs, priorities and data will contribute that the whole planning process will be interactively gender sensitive. In all stages of planning and governance and project-related meetings, women's active participation will be ensured individually, as community and through NGOs.

- *Women and men empowerment through income generation activities and capacity development:*
  It is expected that women will play a key role in the development and implementation of rehabilitation plans (Output 4.4), pomegranate facilities (Output 5.1), nursery management (Output 6.1) via developed capacities. The results will be used to increase employment opportunities for rural women by providing trainings and building new marketing channels. During project preparation FAO will explore the possibilities to co-finance activities aimed at reducing the domestic workload of women in order to facilitate their full participation. In addition, it is expected that at least 5 women workers in nurseries will be taken to study tour to enrich their experiences and vision for work. Finally, participatory processes through close interaction between the different stakeholderswill directly serve for the purpose of empowerment of women.

- *Gender sensitive monitoring evaluation and knowledge sharing:*
  Project logframe and thus monitoring will be gender sensitive indicating not only progress made to reduce gender inequalities and empoverment of women particularly but also progress made in gender mainstreaming in sustainable forest management. Similarly, progress reports, terminal reports will be prapared reflecting the gender related achievements with sex-disaggragated data to the extent possible. Gender sensitive knowledge production and dissemination ensuring access of women to this knowledge products will be one of objectives of the communication plan.

*4 Risks.* Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable).

The initial risk assessment has tentatively identified the risks and the concerned risk management strategies. These are set out in the following table. These will be validated during full Project preparation. If necessary, risk management strategies will be elaborated in line with the FAO Environmental and Social Standards. Further, additional assessments will be undertaken to identify any additional risks. During Project implementation, all risks will be monitored in a continuous manner by the Government and FAO, and strategic changes to the Project approach will be determined if necessary.

| Risk/Assumptions | Level | Management strategy |
|---|---|---|

| Risk/Assumptions | Level | Management strategy |
|---|---|---|
| Government engagement in the Project at the highest level is insufficient to ensure mainstreaming, upscaling and replication. As a result, the enabling and institutional measures to be proposed by the Project will not be adopted. | Medium | The Project will have several strategies to mitigate this risk: (i) most of the work in the early years will be undertaken at the local level, so during this period time will be taken to advocate and build partnerships at high level government; (ii) the project will demonstrate the advantages of SFM in economic terms, which should attract high level government interest; (iii) the project will establish partners with many stakeholders and will create joint approaches to fostering high-level commitment. |
| The enabling legal and institutional framework is not sufficiently conducive to the Project Objectives, and is not modified/adopted in a timely way.<br><br>The policy, legal and regulatory framework for forestry in Azerbaijan has changed in recent years, however, it still has several weaknesses, which may hinder achieving some of the Project Objectives. | Medium | The Project is designed so that most objectives can be reached through the site level, demonstration and pilot activities.<br><br>However, some objectives (notably replication and upscaling) will require ultimately changes in the enabling framework. This situation will be monitored in a continuous manner by the Government and FAO, and strategic changes to the Project approach will be determined if necessary. |
| Financially sustainable models of forest management have not been identified/developed yet for Azerbaijan. | Medium | To a great extent, the forests cover can only be conserved and expanded if there are financial benefits. If mechanisms to generate the financial benefits are not established, forests in Azerbaijan will continue to be under threat, during and after the project is finished.<br>In response, the Project will develop activities and strategies to foster financial sustainability – this is a main strategy of the Project. |
| Climate change may lead to increased threats to forest, through fire, pests, diseases and changing climatic conditions (temperature, precipitation).<br><br>Many of the forests are currently vulnerable to pests and diseases – these are two vectors that are likely to be exacerbated by the impacts of climate change. | Low | The time scale for climate change should mean that it does not significantly impact forests during the Project implementation. Further, the Project, by greatly increasing overall forest management capacity, should greatly contribute to climate change resilience in Azerbaijan. |

5. *Coordination.* Outline the coordination with other relevant GEF-financed and other initiatives.

The project will coordinate with the following GEF projects in Azerbaijan: (i) Sustainable Land and Forest Management in the Greater Caucasus Landscape, (ii) Conservation and Sustainable Use of Globally Important Agro-biodiversity, and (iii) Development and Alignment of National Action Programme to the UNCCD 10 Year Strategy and Preparation of the Reporting and Review Process. Projects (i) and (ii) have UNDP as implementing agency, and project (iii) has UNEP as IA.

The management team of the ongoing GEF UNDP project will be invited to the SFM C&I workshop where, at the beginning of the project, all data requirements, indicators, the ways and methods of data collection will be handled, coordination between stakeholders will be established and possible cooperation areas will be identified. In that way, the project will avoid duplication of work and benefit from the UNDP project in

terms of lessons learned. GEF UNDP will be also asked to participate to the GCC as a member (in an observer status).

*6. Consistency with National Priorities.* Is the project consistent with the National strategies and plans or reports and assessements under relevant conventions? (yes ☒ /no☐ ). If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.

The project is consistent with the Second National Communication to the UNFCCC, which recognizes that forests play an important role in the improvement of the quality of soil, air and water, being the first carbon sink together with the agriculture sector.

The project is fully consistent with national priorities. The Azerbaijan National Forestry Program (NFP) states that *"The government of Azerbaijan wishes to conserve and improve country's forest resources and strengthen the functions of forests with an increased importance over the country. The state forestry service seeks to ways on how the national forest management practices to harmonize easily and adaptable with the global forestry agenda towards the efforts for sustainable development of the country."* The project directly addresses this issue and aims to improve forest structure through rehabilitation and restoration activities. Multi-functional forest management planning will strengthen the functions of forests and national forest resource assessment will provide a platform towards adaptation to global forestry agenda.

Second paragraph of the NFP points out to insufficient stakeholder participation and intersectoral collaboration. The project will overcome this challenge through SFM C&I mechanism. Under the chapter 3.4 "Development of Forestry Planning and Monitoring" it is underlined that forest based inventory and data for the management and planning of forest resources is out of date. Under the chapter 3.6 "Improvement and expansion of forests areas" it is underlined that improvement and expansion of forest areas is prime objectives of Azerbaijan forestry. Under the title 4.1 "Policy Statement": The 4th priority objective is "Forest areas and tree cover are significantly expanded through afforestation on suitable lands and restoration of degraded forest areas". The 5th priority objective is "Forests are managed in line with integrated multipurpose management plans, elaborated based on reliable information and modern methodologies for forest resource inventory, and assessment". The 6th priority objective "People of Azerbaijan are aware of the benefits of forests and actively involved in sustainable forest management". (The project addresses this with SFM C&I and Communication Strategy). The 7th priority objective "Institutional capacity, financial mechanisms and regulatory (legal) framework for sustainable forest management are improved and strengthened."

The "State Program on Poverty Reduction and Sustainable Development in the Republic of Azerbaijan for 2008-2015" is the principal instrument for addressing the main development challenges of the government of Azerbaijan. It aims to diversify revenue sources for the population, improve the ecological situation and ensure sustainable management of the natural resources.

The Order of the President of the Azerbaijan Republic (№ 1152, 2003), establishes the "National Program for Sustainable Socio-Economic Development in the Republic of Azerbaijan, 18 February 2003"" on environmental matters. The program underlines the restoration and protection of forests, planting of new forests and sustainable management of forests.

The National Energy Action Plan/Azerbaijan and State Program on Renewable and Alternative Sources of Energy for 2008–2015 addresses the utilization of renewable energy sources and energy savings techniques and, enhance co-operation on environmental issues.

*7. Knowledge Management.* Outline the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.

Given the innovative nature of the Project in Azerbaijan and in the Central Asia region, knowledge management is a key part of the Project strategy. The knowledge management activities are planned from the onset and are to start early in the Project life. The knowledge management activities will support the replication and upscaling in Azerbaijan. Knowledge management will also feed into planning and decision making in neighbouring countries in Central Asia.

Under Outcome 1 and 2 the proposed Project helps to establish the SFM C&I mechanism and forest resource assessment and monitoring system that would be the basis for knowledge and knowledge management related to forestry. This will systematically generate knowledge related mostly to GHG emissions and factors, but also contribute to knowledge and data bases related to biodiversity and land management.

Under Outcome 7, the proposed Project will establish tools and mechanisms to systematically collect data, to document lessons learnt, to validate technical options, and to share lessons to national, regional and international partners. This will be done in close connection to Project monitoring and evaluation and to the Project communications strategy. This will lead to an increase in the concerned knowledge base of the country.
The Project's participatory process (SFM C&I), involving relevant policy making, research, and operational institutions, will ensure that knowledge is shared efficiently within the country. Internationally, FAO will play a leading role in lesson sharing and knowledge management.

## PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

### A. RECORD OF ENDORSEMENT[15] OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

(Please attach the Operational Focal Point endorsement letter(s) with this template. For SGP, use this SGP OFP endorsement letter).

| NAME | POSITION | MINISTRY | DATE *(MM/dd/yyyy)* |
|---|---|---|---|
| Mr. Hussein Baghirov | Minister | MINISTRY OF ECOLOGY AND NATURAL RESOURCES | **21-12-2015** |
| | | | |

### B. GEF AGENCY(IES) CERTIFICATION

**This request has been prepared in accordance with GEF policies[16] and procedures and meets the GEF criteria for project identification and preparation under GEF-6.**

| Agency Coordinator, Agency name | Signature | Date *(MM/dd/yyyy)* | Project Contact Person | Telephone | Email |
|---|---|---|---|---|---|
| Gustavo Merino<br>Director<br>Investment Center Division<br>Technical Cooperation Department<br>FAO<br>Via delle terme di Caracalla(00153)<br>Rome, Italy | 24 February 2016 | 02/25/2016 | Ekrem Yazici<br>Forestry Officer | +39-5705-5382 | ekrem.yazici@fao.org |
| Jeffrey Griffin<br>Senior GEF Coordinator<br>FAO | | | | | |

### C. ADDITIONAL GEF PROJECT AGENCY CERTIFICATION (APPLICABLE ONLY TO NEWLY ACCREDITED GEF PROJECT AGENCIES)

For newly accredited GEF Project Agencies, please download and fill up the required **GEF Project Agency Certification of Ceiling Information Template** to be attached as an annex to the PIF.

[15] For regional and/or global projects in which participating countries are identified, OFP endorsement letters from these countries are required even though there may not be a STAR allocation associated with the project.

[16] GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, and SCCF