



**United Nations Development Programme**  
**Country: Azerbaijan**



**PROJECT DOCUMENT**

**Project Title:** Increasing representation of effectively managed marine ecosystems in the protected area system (Azerbaijan)


**UNDAF Outcome(s):** Outcome 1: Economic Development  
 By 2015, non-oil development policies result in better economic status, decent work opportunities and a healthier environment in all regions and across all social groups

**UNDP Strategic Plan Environment and Sustainable Development Primary Outcome:**  
 Outcome 1.3 Relevant national strategies, policies, and capacities strengthened to address environmental degradation, promote the green economy, and reduce vulnerability to climate change.


**UNDP Strategic Plan Secondary Outcome:**  
 Outcome 1.3.8 Management of Protected Areas including marine ecosystems is improved.

**Executing Entity/Implementing Partner:** Ministry of Ecology and Natural Resources (MENR)

Programme Period:	2011-2015	Total budget	USD 7,782,569
Atlas Award ID:	00072166	GEF	USD 1,291,500
Project ID:	00085349	Government	USD 6,341,069
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Start date:	1 July 2014		
End Date	30 June 2018		
Management Arrangements	NIM		
PAC Meeting Date	30 August 2013		

Agreed by (Government):   
 \_\_\_\_\_  
 Date/Month/Year

Agreed by (Executing Entity/Implementing Partner):  
 \_\_\_\_\_  
 Date/Month/Year

Agreed by (UNDP):   
 \_\_\_\_\_  
 Date/Month/Year

### Brief Description

The Government of Azerbaijan has established a network of six protected areas (3 National Parks, 2 State Nature Reserves and 2 State Nature Sanctuaries) located within the coastal zone of the Caspian Sea, covering an area of 175,575ha. A lack of adequate investment in sustaining a professional staff complement; modernizing the planning and management systems; and developing and maintaining infrastructure and equipment in these coastal and marine protected areas is however compromising the Government's capacity to effectively secure the conservation values of these protected areas. The largest of these marine and coastal protected areas - the Gizil-Agaj State Nature Reserve (88,360 ha) and adjacent Lesser Gizil-Agaj State Nature Sanctuary (10,700 ha) - is considered one of the most important wetlands for wintering and breeding waterbirds in the Western Palearctic and thus forms the spatial focus for project interventions.

The project has been organised into *two components* and will be implemented over a period of four years.

The first component of the project is focused on improving the management capacity of Gizil-Agaj to address the external threats to, and pressures on, the conservation values of the reserve complex, including *inter alia*: pressures from building/agricultural encroachments; environmental impacts of livestock grazing/browsing; effects of illegal bird hunting; threats from inflows of pollutants; and effects of illegal fishing activities. The outputs under this component will be specifically directed towards: (i) the expansion and consolidation of the Gizil-Agaj State Nature Reserve, the Lesser Gizil-Agaj State Nature Sanctuary and other adjacent unprotected areas of high biodiversity (and/or strategic) significance into a single new national park; (ii) the preparation of an integrated management plan for the newly established national park; (iii) demarcation of the boundary of, and renovation/construction of access control infrastructure in, the national park; and (iv) the procurement of critical equipment for improving the enforcement and compliance capacities of the national park staff.

The second component of the project is focused on: (i) creating the enabling conditions for increasing, diversifying and stabilising the financial flows to all coastal and marine protected areas; and (ii) developing and implementing a long term monitoring system to ensure that the integrity of ecosystems are not pushed over critical thresholds in the commercialisation of, and natural resource use in, marine and coastal protected areas. The outputs under this component will be specifically directed towards: (i) the preparation of a sustainable financing plan for the network of coastal and marine protected areas; (ii) strengthening the capacities of the Department of Protection of Biodiversity and Development of Specially Protected Nature Areas to pilot priority activities identified in the financing plan; and (iii) the design and implementation of a long-term monitoring system to track the health of ecosystems in coastal and marine protected areas.

The total costs of investment in the project is estimated at US\$7,782,569, of which US\$1,291,500 constitutes grant funding from GEF and US\$6,491,069 comprises co-financing (MENR and UNDP).

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## ACRONYMS

ACG	Azerbaijan Coast Guard
AFRSI	Azerbaijan Fishery Scientific Research Institute
ANAS	Azerbaijan National Academy of Sciences
APR	Annual Progress Report
APW	Annual Plan of Work
AWP	Annual Work Plan
BMU	German Federal Ministry for Environment and Nuclear Safety
BMZ	German Federal Ministry for Economic Cooperation and Development
BTC	Baku-Tbilisi-Ceyhan (pipeline)
CASPECO	'Caspian Sea: restoring depleted fisheries and consolidation of a permanent regional environmental governance framework' project
CASPCOM	Coordinating Committee on Hydrometeorology and Pollution Monitoring of the Caspian Sea
CBD	Convention on Biological Diversity/ Caucasus Biodiversity Council
CCEMA	Caspian Complex Environmental Monitoring Administration
CEP	Caspian Environment Programme
CEPF	Critical Ecosystem Partnership Fund
CITES	Convention on International Trade in Endangered Species
CNF	Caucasus Nature Fund
CO	(UNDP) Country Office
COP	Conference of Parties
CPAP	Country Programme Action Plan
EBA	Endemic Bird Area
EIA	Environmental Impact Assessment
EMP	Ecosystem Monitoring Programme
ENTRP	Environment and Sustainable Management of Natural Resources Programme (of the EU)
EU	European Union
EU/Tacis	European Union/Technical Assistance to the Commonwealth of Independent States
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIS	Geographical Information System
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>
HDI	Human Development Index
IBA	Important Bird Area
IBZ	Institutes of Botany and Zoology
ICARCS	International Commission on Aquatic Resources of the Caspian Sea
IDP	Internal Displaced Person

IUCN	International Union for the Conservation of Nature
KfW	KfW Entwicklungsbank
M&E	Monitoring and Evaluation
MA	Ministry of Agriculture
MCT	Ministry of Culture and Tourism
MDG	Millennium Development Goal
MED	Ministry of Economic Development
MENR	Ministry of Ecology and Natural Resources
METT	Management Effectiveness Tracking Tool
MF	Ministry of Finance
MJ	Ministry of Justice
NBSAP	National Biodiversity Strategy and Action Plan
NCAP	National Caspian Action Plan
NGO	Non-Government Organisation
NIM	National Implementation (Modality)
NP	National Park
NPD	National Project Director
PAWG	(Marine and Coastal) Protected Area Working Group
PB	Project Board
PD	Park Director
PM	Project Manager
PIR	Project Implementation Report
PMCU	Project Management and Coordination Unit (of the CEP)
PPR	Project Progress Report
PoWPA	(CBD) Programme of Work on Protected Areas
RCU	(UNDP) Regional Coordinating Unit
REC-Caucasus	Regional Environmental Centre for the Caucasus
RTA	(UNDP) Regional Technical Adviser
SBAA	Standard Basic Assistance Agreement
SBS	State Border Service
SLCC	State Land and Cartography Committee
SMA	State Maritime Administration
SNR	State Nature Reserve
SNS	State Nature Sanctuary
SO	Strategic Objective
SOCAR	State Oil Company of Azerbaijan Republic
SOE	State of Environment
SP	Strategic Programme (GEF)/ Strategic Plan (individual protected areas)
SPNA	Specially Protected Natural Area
SPPRS	State Programme for Poverty Reduction and Sustainable Development in the Azerbaijan Republic

TBW	Total Budget and Work plan
TC	Tehran Convention
TJS	(Caucasus) Trans-boundary Joint Secretariat
TWG	Technical Working Group (Gizil-Agaj National Park)
UNEP	United Nations Environment Programme
UNESCO	United Nations Environment, Scientific and Cultural Organisation
UNOPS	United Nations Office for Projects services
WB	World Bank
WBS	Work Breakdown Structure
WWF	World Wide Fund for Nature

## SECTION I: ELABORATION OF THE NARRATIVE

### Executive summary

1. Azerbaijan is the largest (with a total land surface area of ~86,600 km<sup>2</sup>) and most populous country (with a population of ~9.3 million) in the Southern Caucasus. The greatest concentration of the population are found in the coastal areas, with more than 4 million people located in and around the capital, Baku. Azerbaijan has a special administrative sub-division - the *Nakhchivan Autonomous Republic* - separated from the rest of Azerbaijan by a strip of Armenian territory. In addition, *Daghlig -Garabakh* has been occupied by Armenia, along with 7 adjacent districts (*Rayons*) in Azerbaijan's southwest, for more than 20 years. The occupied area constitutes ~20% of the total territory of Azerbaijan.

2. Azerbaijan is bordered by Georgia to the north-west, Russia to the north, Iran to the south, and Armenia to the south-west and west (see Map 1 below). A small part of Nakhchivan also borders Turkey to the north-west.

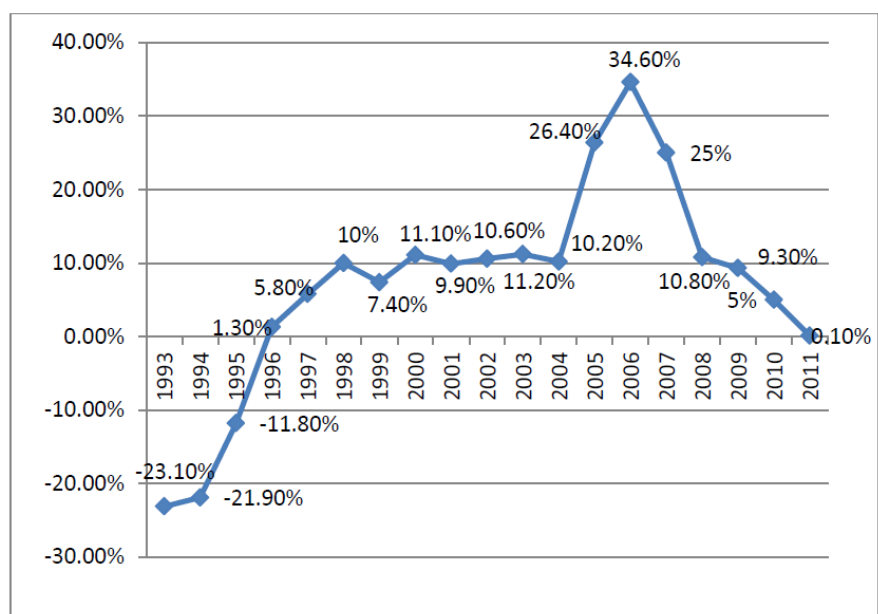
Map 1: Contextual map of Azerbaijan



3. The country declared its independence from the Soviet Union in October 1991. Except for the first few years of independence (1992-1995), the level of unemployment and inflation have consistently decreased and large amounts of foreign investment have flowed into the country, all of which have contributed to the rapid growth and development of the economy (see Figure 1 below). Though, oil and gas still account for a significant share of the country's economy, recent measures taken by the Government

have seen the contribution of the non-oil sector to GDP increasing from 50.3% in 2010 to 56.6% in 2012. Foreign Direct Investments (FDI) into the non-oil sector has increased by 27%, reaching US\$1 billion in 2012. The volume of non-oil product exports reached US\$1.28 billion in 2012 (a 9,5% increase from 2011). However, the country’s economy still remains dependant on oil and gas and therefore, vulnerable to world market price fluctuations. In 2012 the Government has prepared a strategic development programme for the country, titled “Azerbaijan 2020”, which envisages increased diversification of the economy, and significant progress in social-economic development during coming years.

**Figure 1: Growth rates (1993-2011) in the economy of Azerbaijan**



4. These high levels of economic growth have resulted in significantly improved human development in the country. Azerbaijan’s HDI global ranking was elevated from 98 in 2005 to 82 in 2012 (with a HDI of 0.734). According to the State Committee on Statistics, 49% of Azerbaijanis were living on less than a dollar a day in 2001. This number has dropped to 7% in 2012. Inequality in the country has declined, with the Gini co-efficient falling by nearly 8% since 2001 to 33.7 in 2008. Azerbaijan is very likely to achieve the UN’s Millennium Development Goal (MDG) of eradicating extreme poverty and hunger in the country by 2015.

5. Azerbaijan is situated at the juncture of several bio-geographical areas (the Eastern Palaearctic, Turan, the Mediterranean, Asia Minor, and the Middle East) and contains species of European, Central Asian and Mediterranean origin. The country forms an integral part of the *Caucasus Ecoregion*, a region with exceptional levels of biodiversity (WWF’s Global 200). Azerbaijan also shares the largest inland body of water in the world, the Caspian Sea, with four other countries (Russia, Iran, Turkmenistan and Kazakhstan). The biological diversity of the Caspian Sea and its coastal zone makes the region particularly significant. One of the most important characteristics of the Caspian Sea’s biodiversity is the relatively high level of endemic species among its fauna. However, due to various human activities, plus threats from invasive species, climate change and fluctuations in the water levels of the Caspian Sea, the coastal habitats of the Caspian Sea are constantly changing and biodiversity is declining.

6. The coastal region of Azerbaijan is the most intensely used and densely populated area of the country, and is under severe pressure due to the current construction boom. The Government of Azerbaijan



thus seeks to give high priority and attention to the conservation of the coastal and adjacent marine habitats of the country.

7. One of the regional strategies adopted to better secure the conservation of the biodiversity of the coastal zone of the Caspian Sea is the establishment and management of a representative network of protected areas. In Azerbaijan, the Government has established a network of seven protected areas (3 National Parks, 2 State Nature Reserves and 2 State Nature Sanctuaries) located within the coastal zone of the Caspian Sea, covering an area of 175,575 ha. The largest of these protected areas - the Gizil-Agaj State Nature Reserve (88,360 ha) and adjacent Lesser Gizil-Agaj State Nature Sanctuary (10,700 ha) - is located on the south-western coast of the Caspian Sea. Gizil-Agaj is considered one of the most important wetlands for wintering and breeding waterbirds in the Western Palearctic. It was included on the Ramsar list in 1975.

8. A significant barrier to the effective management of the coastal and marine protected area network in Azerbaijan is the limited institutional capacity to source adequate funding for their basic planning, development, operational management and maintenance needs. This barrier is further exacerbated by the generally inadequate skills and competency levels of the existing protected area staff complement. The lack of investment in developing and maintaining the necessary planning systems, infrastructure and equipment required to secure the conservation values of these protected areas is particularly prevalent in the Gizil-Agaj State Nature Reserve and State Nature Sanctuary, and this area hence forms a spatial focus for project interventions.

9. The total costs of investment in the project is estimated at US\$7,782,569, of which US\$1,291,500 constitutes grant funding from GEF and US\$6,491,069 comprises co-financing (MENR and UNDP). The project has been organised into *two components* and will be implemented over a period of four years.

10. The first component of the project is focused on improving the management capacity of Gizil-Agaj to address the external threats to, and pressures on, the conservation values of the reserve complex, including *inter alia*: pressures from building/agricultural encroachments; environmental impacts of livestock grazing/browsing; effects of illegal bird hunting; threats from inflows of pollutants; and effects of illegal fishing activities. The outputs under this component will be specifically directed towards: (i) the expansion and consolidation of the Gizil-Agaj State Nature Reserve, the Lesser Gizil-Agaj State Nature Sanctuary and other adjacent unprotected areas of high biodiversity (and/or strategic) significance into a single new national park; (ii) the preparation of an integrated management plan for the newly established national park; (iii) demarcation of the boundary of, and renovation/construction of access control infrastructure in, the national park; and (iv) the procurement of critical equipment for improving the enforcement and compliance function in the national park.

11. The second component of the project is focused on: (i) creating the enabling conditions for increasing, diversifying and stabilising the financial flows to coastal and marine protected areas; and (ii) developing and implementing a long term monitoring system to ensure that the integrity of ecosystems are not pushed over critical thresholds in the commercialisation of, and natural resource use in, marine protected areas. The outputs under this component will be specifically directed towards: (i) the preparation of a sustainable financing plan for the network of coastal and marine protected areas; (ii) strengthening the capacities of the Department of Protection of Biodiversity and Development of Specially Protected Nature Areas to pilot priority activities identified in the financing plan; and (iii) the design and implementation of a long-term monitoring system to track the health of ecosystems in coastal and marine protected areas.

## PART I: Situation Analysis

### CONTEXT AND GLOBAL SIGNIFICANCE

#### *Environmental context - Azerbaijan*

12. Geographically, Azerbaijan is dominated by the Caspian Sea forming its eastern border, the Greater Caucasus mountain range to the north, the Lesser Caucasus in the southwest, the Talish Mountains to the south and the extensive flatlands in the centre of the country. About 60 percent of the country consists of mountains and their foothills; the elevation changes over a relatively short distance from lowlands to highlands. Except for its eastern Caspian shoreline and some areas bordering Georgia and Iran, Azerbaijan is surrounded by mountains. The highest elevations occur in the Greater Caucasus, where Mount Bazardüzü rises to 4,466 metres above sea level.

13. Eight large rivers flow from the Greater and Lesser Caucasus Ranges into the central Kura-Araz lowlands, named after Azerbaijan's longest river, the Kura, and its main tributary, the Araz. The Kura drains into the Caspian, forming a delta a short distance downstream from the junction with the Araz.

14. The climate varies from subtropical and dry in central and eastern Azerbaijan to subtropical and humid in the southeast, temperate along the shores of the Caspian Sea, and cold at higher elevations. Most of Azerbaijan receives limited rainfall – on average 152 to 254 mm annually. Consequently, large parts of the country are covered by semi-desert and dry steppe. High precipitation - with more than 1,000 mm annually - occurs at high elevations of the Caucasus and in the Lenkaran lowlands in the southeast.

15. Azerbaijan is situated at the juncture of several bio-geographical areas (the Eastern Palaearctic, Turan, the Mediterranean, Asia Minor, and the Middle East) and contains species of European, Central Asian and Mediterranean origin. The country forms an integral part of the *Caucasus Ecoregion*<sup>1</sup>, a region with exceptional levels of biodiversity (WWF's Global 200).

16. Approximately 4,500 species of vascular plants have been recorded in the country, of which 210 are considered endemic to Azerbaijan. This represents around 65% of the floral diversity of the Caucasus region. Azerbaijan is considered to be a center of origin for a number of globally important food crops. It is especially noted for fruit and nut trees, and the forests of the Greater and Lesser Caucasus Mountains and the Talish Mountains contain wild ancestors of apples, persimmons, walnuts, chestnuts, pistachios and many other species that have been widely domesticated into many different varieties and strains.

17. Approximately 25,000 species of invertebrates have been recorded from the country, of which 90% are within the phylum Arthropoda. Azerbaijan also hosts 667 species of vertebrates, across the following taxonomic groups:

<b>Class</b>	<b>Number of species<sup>2</sup></b>
Fishes	102
Amphibians	10
Reptiles	54
Birds	394

<sup>1</sup> The Caucasus Ecoregion is shared by six countries: Armenia, Azerbaijan, Georgia, Iran, the Russian Federation and Turkey. It covers an area of ~580,000 km<sup>2</sup>, between the Black Sea and the Caspian Sea.

<sup>2</sup> Excluding those species recorded in Nakhchivan.

The diverse and threatened large mammal fauna includes wild goat, chamois, red and roe deer and their predators, such as lynx, wildcat and leopard. Azerbaijan is an important migratory path for many bird species travelling from Europe and Russia and south to Africa and Asia. The lakes and wetlands of Azerbaijan support high numbers of waterfowl species that migrate through or winter here, including the White-Headed duck (*Oxyura leucocephala*) and the globally threatened Lesser White-fronted Goose. Fifty one Important Bird Areas (IBAs) – hosting 31 globally threatened species, 9 biome-restricted species and 15 congregator species - and one Endemic Bird Area (EBA) have been identified (Birdlife International).

### *Environmental context - Caspian Sea*

18. Together with four other countries (Russia, Iran, Turkmenistan and Kazakhstan), Azerbaijan<sup>3</sup> shares the largest inland body of water in the world, the Caspian Sea, covering a total surface area of 371,000 km<sup>2</sup> (not including Garabogazköl Aylagy). The Caspian Sea is landlocked with limited flow-through. There are almost 130 rivers discharging into the Caspian Sea, but the majority have low discharge rates (only eight have a developed delta, the Volga, Terek, Sulak, Samur, Kura, Ural, Atrek, and Sefidrud rivers). The largest inflows of freshwater comes from the Volga, which accounts for nearly 80% of the mean river discharge per year. The river catchment is extremely large, with an area of approximately 3.6 million km<sup>2</sup> (see Map 2 below), of which the Volga catchment accounts for 1.4 million km<sup>2</sup>.

**Map 2: Caspian Sea drainage basin**



19. One of the Caspian Sea's unique features is the relative instability of its sea level. Sea levels in the Caspian Sea have been fluctuating since the Sea became a closed basin about 5.5 millions years ago. The

<sup>3</sup> Azerbaijan accounts for approximately ~8% (871km) of the coastline of the Caspian Sea.

Sea is now between -26 and -27 m below oceanic sea levels. The Sea is known to have had peaks and lows ranging from +50 m to -80 m over the last 100,000 years – a fluctuation in levels of some 130 meters during this period. The northern part of the sea is relatively flat, with a maximum depth of about 10 m, while the southern region - which is part of an active tectonic zone - reaches a maximum depth of 1 025 m (the Lenkaran hollow). The average depth of the Caspian Sea is ~187 m. Generally the shallow northern third of the sea freezes in winter. Sea level is cyclical, generally reaching its lowest value in winter and rising during May–July, following the spring floods. The inflow of freshwater (compensated by evaporation over the sea) results in the formation of a north-south salinity gradient ranging from 1-2 parts per thousand (ppt) in the north to 13.5 ppt in the north<sup>4</sup>.

20. The biological diversity of the Caspian Sea and its coastal zone makes the region particularly significant. One of the most important characteristics of the Caspian Sea’s biodiversity is the relatively high level of endemic species among its fauna. The highest number of endemic species across the various taxa is found in the mid-Caspian Sea region, while the greatest diversity is found in the northern section of the Caspian Basin. The coastal region is characterized by a wide range of habitats; these include habitats in vast river systems and extensive wetlands such as the deltas of the Volga, Ural and Kura rivers, the wetland systems along the Iranian coast and the exceptionally saline bay of the Kara-Bogaz- Gol Gulf. At the other extreme, habitats are also found in the sandy and rocky deserts on the Caspian Sea’s eastern coast. The wetlands in the region play a significant role as a feeding and resting area for migratory birds.

21. The total number of species in the Caspian Sea Region is estimated to be between 1,800 and 2,000, incorporating different groups of plants and animals. This may be broken down as follows (figures shown here are approximate, as there are some inconsistencies across the literature):

<b>Biotic group</b>	<b>Total species</b>	<b>Endemic species</b>	<b>Red Book species</b>
Phytoplankton	441	17	Unknown
Zooplankton	315	64+	10
Zoobenthos	380	190	20
Fish	133	54	27
Marine and land mammals	125	1	41
Birds	466	Unknown	63

The number of endemic fish species is very high, and includes one lamprey species, 11 herring species, 24 species of Caspian gobies and five anadromous sturgeon species, all of which are fished commercially. The Caspian seal is the only resident endemic mammal.

22. Due to various human activities, plus threats from invasive species, climate change and fluctuations in the water levels of the Caspian Sea, the coastal habitats of the Caspian Sea are constantly changing and biodiversity is declining. As a result, 112 plant species and 240 species of animals in the Caspian Sea coastal zone have been noted by the Caspian Coastal Site Inventory (CCSI) and included in the IUCN Red List (2006) or National Red Books. One species of fungi, one species of lichen, one species of moss, and 109 species of vascular plants make up the list of rare and endangered plant species. Red Book animals are represented by 77 invertebrate species, one species of cyclostomes, 18 species of fish, 7 species of amphibians, 26 species of reptiles, 79 species of birds and 32 species of mammals.

23. The proportion of the various vulnerable and endangered species in the littoral states, as compared to the entire List of Red Book species recorded in the Caspian Sea coastal zone, is summarised as follows:

<sup>4</sup> Average ocean salinity is 35ppt.

Country	% of plants	% of animals
Azerbaijan	44	33
Iran	6	13
Kazakhstan	10	32
Russia	64	65
Turkmenistan	8	15

***Azerbaijan’s protected area system: current status and coverage***

24. The ‘Law on Specially Protected Natural Areas and Objects’ (2000) defines *inter alia* the following categories of formal protected nature areas<sup>5</sup> in Azerbaijan:

Category	IUCN Classification	Purpose
State Nature Reserve (SNR)	Ib	To preserve sites and areas that represent important ecosystems and ecosystem processes. Access is limited/restricted to scientific, monitoring and educational uses.
National Park (NP)	II	To conserve and restore representative areas of natural ecosystems and/or preserve sites important sites of heritage, cultural and aesthetic value. Access is open to the public for tourism, recreation and education purposes.
State Nature Sanctuary (SNS)	IV	To conserve and restore natural ecosystems on land that is under different forms of ownership. To regulate the impacts of land use on natural ecosystems. Access controls vary and may be determined by the individual landowners.

25. Azerbaijan’s current protected area system totals 892,546ha ha (~10.3% of the country) and comprises nine National Parks (322,306 ha); eleven State Nature Reserves (209,083 ha); and twenty four State Nature Sanctuaries (361,157 ha). The distribution of these protected areas is shown in Map 1 in [Section IV, Part II](#). Two of the National Parks and four of the Nature Sanctuaries (covering an area of 44,300 ha) are presently occupied by Armenia.

26. Two wetlands – *Agh-Gol* (4500 ha) and *Gizil-Agaj* (99,060 ha) - are listed on the Ramsar List of Wetlands of International Importance. There are currently two cultural properties in Azerbaijan that are inscribed in the list of UNESCO World Heritage Sites– the Neolithic rock engravings of Gobustan (in *Gobustan* Historical-Cultural Reserve) and the old city of Baku (*Icheri Sheher* Historical-Cultural Reserve).

27. Of the formal protected areas in Azerbaijan, seven (3 National Parks, 2 State Nature Reserves and 2 Nature Sanctuaries) are located in and around the coastal zone of the Caspian Sea, as follows (refer to Map B in [Section IV, Part II](#))<sup>6</sup>:

<sup>5</sup> The other listed categories - Nature Park; Ecological Park; Nature Monument; Zoological Park; Botanical Garden; Medical Resorts; and Hunting Reserves – do not specifically conform to the IUCN definition of ‘protected area’.

<sup>6</sup> The map shows the Samur-Yalama National Park as a proposed NP. It has however subsequently been formally proclaimed in 2012.

Region	Protected Area	Size	Biodiversity significance
Lenkaran, Masalli and Neftchala Regions	Gizil-Agaj State Nature Reserve	88,360 ha	Semi-desert, grassland, permanent freshwater marshes and pools, permanent brackish and saline lakes, marshes and coastal saline lagoons. A large area of the gulf of Greater Gizil-Agaj is covered with seagrass meadows. An important spawning and nursery ground for fish (e.g. herring, Zander, kutum, bream, carp, catfish, and striped mullet), and an important wintering and dry season habitat for birds (e.g. Black Francolin, Sultan Hen, Flamingoes, Little Bustard, and Bald Coot).
	Lesser Gizil-Agaj State Nature Sanctuary	10,700 ha	Over 20 bird species occurring in the area have been listed in the Red Data Book for Azerbaijan. The area has been listed on the Ramsar List of Wetlands of International Importance
Salyan and Neftchala Regions, Baku City (Garadag district)	Shirvan National Park	54,373 ha	Saline semi-desert hills and plains located in the south-eastern Kura-Araz lowlands. Surrounded by the Caspian Sea to the east and a number of lakes (e.g. Lake Flamingo) to the north
	Shirvan State Nature Reserve	4,657 ha	Important habitat for Goitered Gazelle, listed in the Red Data Book of Azerbaijan. Sixty five bird species inhabit the shores of the adjacent Caspian Sea and lakes.
	Bandovan Nature Sanctuary	4,930 ha	
Baku City ((Azizbeyov district)	Absheron National Park	783 ha	Coastal shores, saline semi-desert and dry steppe. Habitat for rare and endangered flora and fauna species, including the Caspian Seal, Goitered Gazelle, Tufted Duck, Herring Gull and Mallard.
Khachmaz region	Samur-Yalama National Park	11,772ha	Last remaining fragments of oakwood forest in the Khudat Lowland Forest ecosystem. Important coastal wetland habitats along the Caspian Sea for endangered species of fish and migratory birds
TOTAL (ha)		175,575 ha	

28. A recent gap analysis (Michael Succow Foundation, 2009) targeted the following priority areas for expansion of the protected area system in Azerbaijan: (i) establishing a protected area in the greater Gobustan region; (ii) expanding Zuvand SNS to connect with Hirkan National Park; (iii) establishing a protected area around the alluvial gravel fans of Gakh or Oguz (and adjacent forests); (iv) consolidating the existing protected areas around Mingächevir Reservoir into a single protected area to include the floodplain forests of Ganikh, Iori and the Kura mouth; and (v) establishing new coastal protected areas that would include the Kura River mouth on the Caspian Sea, the adjacent coastal waters and several islands.

***Profile of the project's focus area: the Gizil-Agaj complex (Gizil-Agaj SNR and Lesser Gizil-Agaj SNS)***

29. The Gizil-Agaj Complex (see Map 3 below) - comprising Gizil-Agaj SNR (88,360 ha) and the adjacent Lesser (*Kichik*) Gizil-Agaj SNS (10,700 ha) - is located on the southwestern coast of the Caspian Sea within the administrative regions of Lenkaran, Masalli and Neftchala. The topographic relief of the



complex is characterized by the alternation of low (up to 1 m) ridges and open hollows and old silted riverbeds.

**Map 3: Contextual map of the Gizil-Agaj complex**



30. The Gizil-Agaj SNR was established in 1929 for the purpose of protecting the habitats of large populations of wintering and migratory waterfowl, wader and steppe birds. The reserve is widely recognised as a wetland area of international significance and was included on the Ramsar list in 1975. The adjacent Lesser Gizil-Agaj SMS was established in 1978, and subsequently also included into the Ramsar designated site. The reserve complex is now one of the most important places for wintering and breeding waterbirds in the Western Palearctic.

31. Fluctuations of the sea level have had a strong effect on the complex. At the time of the establishment of the Gizil-Agaj SNR, the Caspian Sea level was 26.2 m lower than the level of the world's oceans, and the reserve then included an area of some 180,000 ha. However, after the fall in sea level of the Caspian Sea (during the period 1930-1939), considerable areas in the north and west of the reserve complex dried out. Part of these areas were then converted to state farms, and the reserve area diminished in size to its current extent of 88,360 ha. During this period the water surface area of the Gizil-Agaj bay changed from 77,000 ha in 1937 to 40,500 ha in the late 1960's. The quick rise of the sea level started again in 1978 (the time of the establishment of the Lesser Gizil-Agaj), and by 1994 it had reached a level

of -26.5 m. Since 1995, the sea level has again fallen, reaching a level of approximately -27 m in 2011<sup>7</sup>. The water surface area of the Gizil-Agaj bay is currently about 62,000ha in extent.

32. The change in the level of the Caspian Sea has resulted in the formation of vast shallow gulfs with rich feeding grounds, creating suitable habitat for significant numbers of wintering waterfowl. Ducks and swans are attracted by the shallow waters that are rich in submerged vegetation and mollusks, while flocks of geese and little bustard feed in the semi-desert areas of the complex. The complex lies on the migration route along the western coast of the Caspian, and large flocks of migratory birds feed and rest in the area. In previous years, up to 10 million birds have wintered in the complex and surrounds. Waterbird numbers (ducks and the Eurasian Coot) have however fallen dramatically from 10 million in the 1930's, to 5-7 million in the late 1950s, to 1,500,000 by the end of the 1960s, to 338,000-715,000 in the 1970s, to 200,000-400,000 at the beginning of the 1980s, to 180,000-362,000 in the 1990's.

33. The saline Gizil-Agaj bay, with a maximum depth of 3.5m, is directly connected to the Caspian sea. The bottom of the bay is comprised of silt and sand or silt and shells. The northern part of the bay is suffering from gradual encroachment by reeds.

34. The lesser Gizil-Agaj bay is however a freshwater bay, fed by the Velishchay, Gumbashichay and Bolgarchay rivers. The bay has a maximum depth of 2.5 m, with the water level decreasing in the dry summer months and increasing in the wet winter months. The lesser Gizil-Agaj bay is separated from the Gizil-Agaj bay (and Caspian Sea) by the Narimanabad-Port separating dam. Three artificial channels have however been constructed to link the bay with the Gizil-Agaj bay to allow for fish movement and flood management. Water flow through these channels is regulated by a series of sluices.

35. The distribution of vegetation types in the complex is determined by the proximity to the coast and fluctuations in the water levels. Reed beds occupy about a quarter of the complex, mainly in the southern portion of the reserve, and form dense thickets along the canals. In the central part of the reserve, vegetation consists of sagebrush communities. Tamarisk and Blackberry form large thickets in the southern and central parts of the reserve. Salt marshes are common along the coast. A semi-desert and grassland zone is located in the northern part of the reserve, furthest from the coast. Marine grass fulfils an important ecological function and forms large thickets in the Gizil-Agaj bay. *Zostera* covers the seabed and forms large patches. Floating plants (*Salvinia* and duckweed) are becoming increasingly problematic with the increasing nutrient loads of the freshwater inflows.

36. Three hundred and sixty plant species (3 of which are Red Book species), 26 species of mammals (4 Red Book species), 273 bird species (41 Red Book species), 15 species of reptiles (2 of which are Red Book species), 5 species of amphibians (5 Red Book species) and 47 species of fish (7 Red Book species) have been recorded from the complex.

### ***Institutional context***

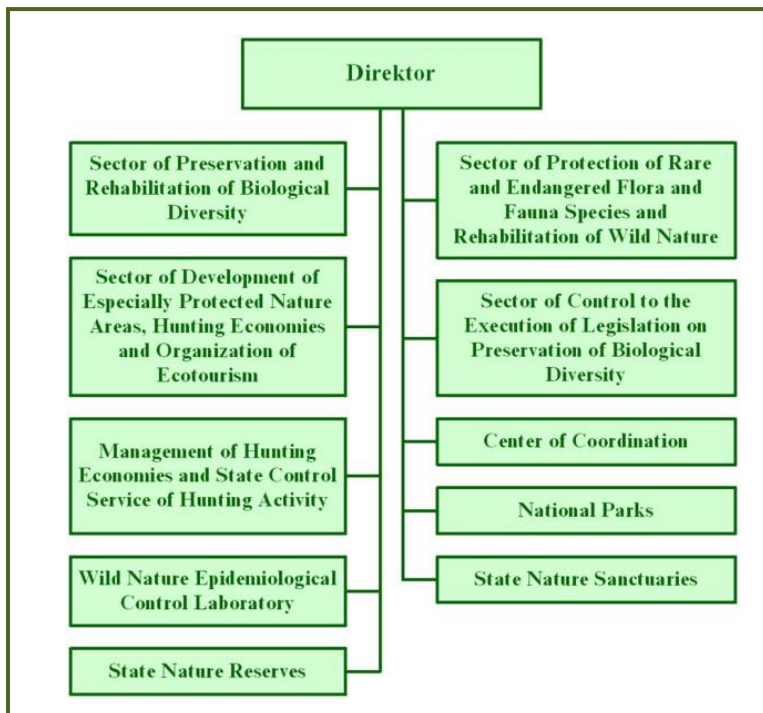
37. The Ministry of Ecology and Natural Resources (MENR) remains the primary government agency responsible for biodiversity conservation and the sustainable use of natural resources (i.e. forestry, wildlife, and fish) in Azerbaijan. The key responsibilities of MENR cover six broad areas: (i) environmental policy development; (ii) environmental protection; (iii) water monitoring; (iv) water management; (iv) protection of marine natural resources; (v) forest management; and (vi) protected areas.

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<sup>7</sup> The maximum height above sea level is in the *Kulagin* area in the centre of the complex, at – 24.5 m below sea-level, while the minimum height depends on the prevailing level of the Caspian Sea.



38. The *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas* in the MENR is responsible for drafting biodiversity-related national policies and strategies (jointly with the *Division of Ecology and Nature Protection Policy*), legal revisions, biodiversity monitoring (together with the *National Department for Monitoring of Environment*), species conservation, use of wildlife resources, strategy, policy and management of all protected areas. This department also acts as a focal point for biodiversity related international conventions. The organisation of the Department is shown as follows:



39. The *Department of Forest Development* in the MENR is responsible for developing forest strategy and policy, and for management of forest resources.

40. The *Department of Reproduction and Protection of Biological Resources of Water Bodies* in the MENR is responsible for protection of freshwater and marine resources, and the administration of fish aquaculture. The department represents Azerbaijan in the Commission on Aquatic Resources of the Caspian Sea (see below), and prepares and approves quotas for sturgeon fish and other marine resources. The department, in cooperation with border troops and police, coordinates the protection of marine natural resources in the country and has its own fleet division and seven regional offices. Scientific support is provided by the *Azerbaijan Fishery Scientific Research Institute*.

41. The *Department of Environmental Protection* is responsible for pollution control, including the monitoring of solid and liquid wastes.

42. The laboratory of the *Caspian Complex Environmental Monitoring Administration (CCEMA)* is responsible for monitoring the environmental status of the Caspian marine environment.

43. The Azerbaijan National Academy of Sciences (ANAS) (Institutes of Zoology, Botany, and Genetics and Selection) and Azerbaijan universities (such as Baku State University, Nasreddin Tusi Azerbaijan Pedagogical University, Nakhchivan State University, Lankaran University, and Ganja State

Agriculture Academy) are also important government organizations with indirect roles and functions in environmental management, including biodiversity conservation.

44. Although there are more than 100 national and international non-governmental environmental organizations in Azerbaijan, only a handful focus their work on biodiversity conservation and research. The major issue for all of the national NGOs is budgetary constraints. Most NGOs depend fully on donor funding, and the level of unrestricted funds in their budgets is very low. *WWF* and the *Regional Environmental Centre for the Caucasus* (REC-Caucasus) are the only international/regional NGOs that maintain a presence in Azerbaijan, while *Birdlife International* works with local national NGO partners (i.e. *Azerbaijan Ornithological Society*).

45. There are currently a limited number of bilateral/multilateral donors and special funding vehicles supporting biodiversity conservation initiatives in Azerbaijan. Donor agencies still actively involved in funding biodiversity conservation programs in protected areas include: the *Government of Germany* (through KfW Entwicklungsbank - KfW); *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ); the *Caucasus Nature Fund* (CNF); and the *European Union's* (EU) Environment and Sustainable Management of Natural Resources Programme (ENTRP). The *Critical Ecosystem Partnership Fund* (CEPF) has also provided grant funding to environmental NGOs for conservation projects in the Caucasus ecoregion, including Azerbaijan.

46. The Caspian Environment Programme (CEP) is a regional umbrella organization whose aim is to reverse the environmental deterioration of the Caspian Sea and promote the sustainable development and use of its natural resources. It is governed by a Steering Committee composed of representatives - typically at the Ministerial or Deputy-Ministerial level - from each of the five Caspian littoral states. In addition, the United Nations Environment Programme (UNEP), the World Bank (WB), the European Union/Technical Assistance to the Commonwealth of Independent States (EU/Tacis) and the United Nations Development Programme (UNDP) are members of the Steering Committee. The Steering Committee is the governing and policy-making body of the CEP and meets at least once a year. A staffed *Project Management and Coordination Unit* (PMCU) – based in Astana, Kazakhstan - acts as the central coordination unit of the CEP.

47. The International Commission on Aquatic Resources of the Caspian Sea (ICARCS) regulates fisheries in the Caspian Sea region by defining the Total Allowable Catch (TAC) and distributing the catch quota regarding major commercial fish species (sturgeon, kilka, seals) between Iran, Kazakhstan, Russia, Azerbaijan and Turkmenistan. It meets twice a year and works under a two-year rotating chairmanship of each country. The Commission also coordinates conservation activities related to the sustainable use of Caspian aquatic bioresources, supports scientific cooperation and data exchange, and coordinates scientific research.

48. A regional committee of the national agencies aimed at dealing with hydrometeorological activities - the Coordinating Committee on Hydrometeorology and Pollution Monitoring of the Caspian Sea (CASPCOM) - encourages regional cooperation on meteorological issues relating to the Caspian Sea region. While CASPCOM still meets regularly, its achievements have been fairly limited, mostly because its activities lack a formal legal and institutional framework.

### ***Policy and Legislative context***

49. The *State Programme for Poverty Reduction and Sustainable Development in the Azerbaijan Republic* (SPPRSD) covering the period 2008-2015, has a strong environmental component. It aims to *inter alia*: increase the coverage of protected areas to 12% of the country; reduce greenhouse emissions in the power sector by 20%; and achieve 100% treatment of all sewerage and wastewater.

50. The *State Programme for the Socio-Economic Development of the Regions of the Azerbaijan Republic* (2009-2013) provides for specific measures related to the treatment of wastewater, the construction of water supplies and the rehabilitation of the Caspian Sea environment and its coastal territories.

51. The *National Biodiversity Strategy and Action Plan* (NBSAP, 2006-2010)<sup>8</sup> provides for a suite of activities linked to the expansion of the protected area system in Azerbaijan, focusing on the creation of: coastal protection zones around rivers; improving the representation of priority ecoregions in the protected area system; and establishing National Parks in Samur-Yalama, Shahdag, Goygol, and Kurdil. The NBSAP however makes no explicit mention of any activities required to improve the management of the current protected area estate.

52. The *National Action Plan on Strengthening Capacity to Respond to Challenges of Biodiversity Conservation, Climate Change and Desertification / Land Degradation* (2006-2015) directs its priority activities into two areas of intervention: (i) the ‘enhancement of public environmental awareness-raising’ and (ii) ‘enhancement of forest management mechanisms’. No clear measures are however identified for the implementation and review of the action plan.

53. The *National Caspian Action Plan* (NCAP) lists a number of priority programs and projects targeting the conservation of biodiversity in the Azerbaijan sector of the Caspian Sea. It identifies a suite of strategic interventions for coastal State Protected Nature Areas (SPNAs) including *inter alia*: (i) establishing protected areas at the Kura and Araks rivers to protect sturgeon spawning areas; (ii) improving the management of Shirvan, Gizil-Agaj and Samur-Yalama SPNAs; (iii) improving the skills and capacities of coastal protected area staff; (iv) establishment of two national parks – Shirvan and Samur-Yalama; and (v) facilitating the sustainable use of Ghizil-Agaj SNS.

54. While not binding on the Government of Azerbaijan, the *Ecoregion Conservation Plan for the Caucasus* (2012) establishes medium-term targets for the coastal and marine habitats (see D 1.1) of: ‘At least 50,000ha of new protected areas are created in the Caspian Sea basin.’ and ‘Management of at least 80,000ha of existing reserves are strengthened’. This includes activities linked to five marine and coastal protected areas in Azerbaijan – establishment of Samur-Yalama NP (see D1.1.1); establishment of protected areas in the Kura river delta and islands in the Baku estuary and Absheron archipelagos (see D1.1.2); establishment of protected areas in the Aghzibir lake and on Yashma island (see D1.1.3); improving the management of Gizil-Agaj complex (see D1.1.4); and improve the management of Absheron NP (see D1.1.5). The plan also has a medium term target for restoring ‘three degraded freshwater habitats’ (see C6.1), of which one is in the marine and coastal region of Azerbaijan: restoration of wetlands during the process of establishing the Gizil-Agaj NP (see C6.1.2).

55. The following major laws provide the legal framework for the conservation of biodiversity, and establishment and management of protected areas, in Azerbaijan:

- The Law on Environmental Protection (1999);
- The Law on Specially Protected Nature Areas and Objects (2000);
- The Law on Fauna (1999);
- The Law on Phytosanitary Control (2006);
- The Forest Code (1997)
- The Law on Hunting (2004); and
- The Law on Fishing (1998)

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<sup>8</sup> Azerbaijan is currently in the process of reviewing and updating the NBSAP.

56. The *Law on Environmental Protection* provides the broad legal framework for protection of the environment and its natural resources. The law describes, in general terms, the rights and duties of the state, local authorities, individuals and public organisations; acceptable uses of nature and natural resources; the system of regulation of natural resource use; the development of inventories and monitoring of environment and natural resources; the regulation of the degree of overall environmental protection and activities that damage the environment; the assessment of enterprise and activities for compliance with environmental norms and standards and impact on the environment; and research, public education and data management.

57. The *Law on Specially Protected Nature Areas and Objects* provides the legal framework for the classification, establishment and expansion of ‘Specially Protected Nature Areas’ (SPNAs) in Azerbaijan. The law requires that the funding of SPNAs must be allocated from the state budget, the environmental protection fund, and any other funds as envisaged by the legislation. Further, a set of regulations, “*On Creation and Usage of Special Funds and Means to Appropriately Manage and Protect SPNAs*” detail the protection, conservation, restoration, development and any other related activities that are allowed in SPNAs. Other relevant secondary legislation includes the *Decree of the President of Republic of Azerbaijan on Approval of the General Statute of the State Nature and State Nature Sanctuary Reserves of the Republic of Azerbaijan* and the *General Statute of National Parks of the Republic of Azerbaijan*.

58. As a rule, SPNAs must be established by the state agencies in compliance with the national legislative acts “On Special Protected Natural Areas and Objects” and on the “Land Code”. According to legislation, the creation of any new SPNA (state natural reserves, national parks, zoological parks, bioserves) can only be done by decree of the President, while the expansion of existing SPNAs or the establishment of a new protected area is possible by the decision of the Cabinet of Ministers.

59. The protection and utilization of forests are regulated by the *Forest Code of Azerbaijan Republic*. The Code establishes the legal basis for the regulation of forests and their funding, use, protection, preservation, reintroduction and expansion. The Forestry Code also makes provision for a number of regulations that more specifically define the general rules laid down in the Code.

60. The *Law on Fauna* and the *Law on Protection of Flora* establishes the legislative framework for the protection and sustainable use of fauna and flora.

61. The “*Regulations for hunting on the territory of the Republic of Azerbaijan*” (2005) define the rules for hunting in Azerbaijan in accordance with the *Law on Hunting*. They provide for general hunting provisions; rules and period of hunting; rights and duties of hunters; prohibitions and restrictions for hunting; and enforcement of, and compliance with, the regulations.

62. The *Law on Fishing* establishes legislative provisions for: the organisation and management of fishing operations; and the breeding, use and protection of fish stocks.

63. Azerbaijan has also ratified the *Framework Convention for the Protection of the Marine Environment of the Caspian Sea* (the ‘Tehran Convention’) which entered into force in 2006. The primary objective of the Convention is the protection of the Caspian environment from all sources of pollution. The Tehran Convention serves as a legal umbrella, specifying general requirements and institutional mechanisms. Four ancillary Protocols to the Convention have been concluded, or are still under negotiation. The Protocols cover four priority areas of concern: (1) Protocol on the Conservation of Biological Diversity (TC/COP3/5 - draft); (2) Protocol on the Protection of the Caspian Sea against Pollution from Land-based Sources and Activities (TC/COP3/6 - draft); (3) Protocol concerning Regional

Preparedness, Response and Cooperation in Combatting Oil Pollution Incidents (signed in 2011); and (4) Protocol on Environmental Impact Assessments in a Trans-boundary Context (TC/COP3/4 - draft).

## **THREATS, ROOT CAUSES AND IMPACTS**

64. The country of Azerbaijan has had a tumultuous history, extending even into modern times. With this context in mind, the **root causes** of environmental degradation in Azerbaijan lie in four main areas. First, while the collapse of Soviet rule in 1991 was liberating, it also left much of the population poorer than before and without the free basic services (e.g. housing, electricity, water, gas) that were previously provided under the Soviet regime. Second, the continuing hostile conflict between Azerbaijan and Armenia over the Armenian occupation of the territory of Dahglig-Garabagh and surrounding areas, has resulted in hundreds of thousands of refugees living as internally displaced persons. Third, while Azerbaijan's petrochemical resources provide a driving force for its economy and is a major source of worldwide oil reserves, the environment has suffered from contamination as a result of oil production and transport. Fourth, following Soviet rule, markets (that were previously available in the Soviet Union) for agricultural and other service products diminished, driving more people into poverty. Individual species, habitats, ecosystems and ecosystem processes have thus suffered as a result of a combination of these various factors. It is only over the last few years that the Azerbaijan Government has successfully initiated efforts to redress these socio-environmental legacies.

65. Based on the information contained in the *Fourth National Report to the CBD* (2010), the following are considered the key **threats** to, and **impacts** on, biodiversity:

### ***Land Degradation***

66. Extensive areas of Azerbaijan are being severely impacted by soil erosion and salinisation. It is estimated that 3.6m ha (~42% of the territory of Azerbaijan) is subject to the damaging effects of erosion, while 0.6m ha (~7% of the territory of Azerbaijan) is adversely affected by salinisation, to the extent that it is now no longer suitable for agriculture. The salinisation and erosion of soils tend to be a result of poor irrigation and drainage systems, overstocking of livestock, unsustainable levels of ground water extraction and ongoing deforestation.

67. Land degradation is being further exacerbated by the weak regulation of building and construction activities in Azerbaijan, as well as the limited capacity for effective controls on mitigating the environmental impacts of industrial developments.

68. Large-scale use of fertilizers, pesticides, and herbicides has also degraded arable lands. This has been mainly caused by uncontrolled imports of these chemicals into the country, as well as the poorly-informed use of these chemicals by local farmers.

### ***Habitat fragmentation***

69. The alteration and depletion of forest resources has had severe ecological impacts in Azerbaijan. Owing to inadequate energy supplies during the late 1990's and early 2000's, local residents and refugees historically cut wood from forests to provide their households with firewood, resulting in the fragmentation of many forests. In other parts of the country (e.g. on the slopes of the Talish mountains) forests are being still further fragmented as economically valuable timber species (such as nut and oak) are being illegally harvested.

70. The conversion of the lowland grasslands into agricultural land, through ploughing and scrub removal, is fragmenting many remaining areas of natural steppes. A number of steppe ecosystems are also

being further fragmented by the extensive network of irrigation channels, particularly in the Kura-Araz plain.

71. The construction of dams and reservoirs on the major rivers flowing into the Caspian Sea has created obstacles that are effectively fragmenting riverine habitats for some key species. For example, the construction of the Mingechevir and Bahramtapa reservoirs on the Kura and Araz rivers has reduced the breeding areas for anadromous sturgeon species because they are now unable to pass the dams to reach upstream breeding areas.

### ***Unsustainable levels of natural resource use***

72. Land degradation in the grasslands and semi-arid areas of Azerbaijan is increasing at a rapid rate, largely as a result of overgrazing. Livestock husbandry in Azerbaijan is very profitable, so there is continual pressure to increase the size of herds of livestock (mainly sheep, goats and cattle) well beyond the carrying capacity of the vegetation. This is reflected in the incremental increase in both the extent of the areas under grazing pressure, and the intensity of the grazing pressure. The intensive use of pastures in many areas - such as in the Absheron and Gobustan area – is resulting in accelerated soil erosion, and the increasing desertification of land. Further, additional herds have also been brought in by refugees and ‘Internal Displaced Persons’ (IDP) from the occupied districts around the Dahlig-Garabagh region. Many of the animals owned by these communities are now concentrated in areas that are largely unsuitable for livestock, for a variety of reasons, including competition for water and food near settlements and exclusion from summer grazing areas due to conflicts in some mountainous areas.

73. In theory, while all hunting is strictly regulated in Azerbaijan, in reality illegal hunting - for both subsistence and commercial purposes - of wildbirds and game species is still widespread and poorly controlled.

74. Overfishing - driven by subsistence uses, the demand of local consumers and international demand for black caviar - is widespread in the Caspian Sea and spawning rivers. In spring, spawning sturgeon in the shallow warmer waters often become the victims of illegal poachers. Indiscriminate methods – such as the use of explosives, electric shocking and poisoning - are threatening stocks of sturgeon and other fish species. The Convention on International Trade in Endangered Species (CITES) has now listed all sturgeon species as threatened, including all commercial Caspian varieties. The regulation of fishing licenses and quotas are also not always effectively administered by some of the Caspian littoral states.

75. Of the approximately 1 billion m<sup>3</sup> of fresh water used each year, just under 300 million m<sup>3</sup> is lost due to the poor state and management of the water distribution systems in Azerbaijan. Of the water used, 70% is sourced from neighbouring countries, and there is currently an annual water deficit in the country of ~400 million m<sup>3</sup>.

### ***Pollution***

76. Although several actions have recently been taken to clean up the country - particularly in Baku and the Absheron peninsula - severe pollution can still be found in many areas of the country. Of particular concern is the limited infrastructure and capacity for effective waste management , particularly in many rural areas and smaller towns.

77. In previous years, Caspian petroleum and petrochemical industries have contributed significantly to the air and water pollution problems in Azerbaijan. It is estimated that 14,000ha of land in Azerbaijan is still contaminated by oil. While considerably better managed today, oil pollution from active wells, platforms and pipelines are still an occasional problem.

78. The Caspian Sea not only suffers from oil pollution, but also from a massive inflow of other pollutants originating from the industries in the river basins of its tributaries, mainly the Volga and Kura-Araz basin. Even today, untreated municipal, industrial and agricultural wastes from some neighboring countries still adds to the flow of the Kura river (which is an important source of water for Azerbaijan) - via the Mingechevir Reservoir (which fortunately acts as a settlement area for some of the pollutants) - through Azerbaijan to the Caspian Sea.

79. Soils throughout the region were also previously contaminated by DDT and toxic defoliants used in the cotton production during the Soviet era.

### ***Invasive species***

80. There are several species that are considered to be invasive in Azerbaijan. One of the most notable is the comb jelly *Mnemiopsis leidyi* - an introduced species that invaded the Caspian Sea through the Volga Don channel. Its population has now multiplied to the extent that the biomass of the population has exceeded the general productive biomass of the sea. It has no natural predators, and climatic conditions favour its growth and reproduction. It feeds on animal plankton, including the planktonic larvae of fish, and as such, is capable of seriously undermining economically and biologically important fish (e.g. sturgeon) and mammal (e.g. Caspian Seal) populations.

81. Invasive plant species include the widely distributed common ragweed (*Ambrosia artemisiifolia*), buffalobur nightshade (*Solanum rostratum*) and the Russian knapweed (*Acroptilon repens*).

82. The introduced American racoon (*Procyon lotor*) has now successfully spread into most of the forests of Azerbaijan. The invasive fall webworm (*Hyphantria cunea*) is also known to cause substantial damage to commercially grown ornamental trees and shrubs and to several agricultural crops.

### ***Climate change***

83. The biodiversity of the marine and coastal environment in Azerbaijan may be particularly vulnerable to the effects of climate change. At present, most scientists seem to agree that climate change plays a significant role in sea level fluctuations in the Caspian Sea, since temperature increases and changes in precipitation directly impact the overall water balance. It is forecast that mean annual temperatures in the Caspian Sea will increase by between 3.7 and 4.9<sup>0</sup> C by the middle of next century, while annual precipitation will increase by an average of 52mm (GFDL, CCC and UKMO models) or decrease by between 4-8mm (GISS model). There is however still a lack of reliable data, information and analysis of climate change on water level fluctuations and the concomitant social, environmental and economic impacts<sup>9</sup>.

## **LONG-TERM SOLUTION AND BARRIERS TO ACHIEVING THE SOLUTION**

84. The establishment, and effective management, of a representative system of protected areas is an integral part of the country's overall strategy to address the threats and root causes of biodiversity loss. The long-term solution sought by the Government of Azerbaijan is characterised by: (i) securing and improving the boundaries and conservation tenure of existing protected areas, with an emphasis on the establishment of more National Parks; (ii) the adequate resourcing and rehabilitation of protected areas to ensure that they achieve their management objectives; (iii) the improvement of the skills, knowledge and capacity of protected area management staff; (iv) the implementation of management strategies in protected areas that

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<sup>9</sup> Various studies carried out by the Caspian Sea littoral states vary greatly in their analysis of the impacts of climate change.

harmonises conservation, sustainable use and tourism with the interests of local communities; and (v) the creation of new protected areas to ensure that priority ecosystems, ecological corridors, habitats and species are more effectively conserved (NCAP, 2002; NBSAP, 2006-2010).

85. The coastal region of Azerbaijan is the most intensely used and densely populated area, and is under severe pressure due to the current construction boom. In the short-term, the Government of Azerbaijan thus seeks to give high priority and attention to the conservation of the coastal and adjacent marine habitats of the country.

86. Recognizing that the overall system of protected areas in Azerbaijan is still in the early stages of its rationalisation and rehabilitation, there are two fundamental barriers (with a spatial focus on the Gizil-Agaj complex) to improving the management effectiveness of the coastal and marine protected areas in Azerbaijan:

***Barrier 1 Inadequate planning, funding, staff, infrastructure and equipment to effectively manage the consolidated Gizil-Agaj reserve complex***

87. *Reserve planning:* The Gizil-Agaj reserve complex currently does not have an overarching management plan to strategically guide and direct its resourcing, development and operations. Outdated soviet-era reserve management approaches in the complex have not kept pace with the rapid socio-economic and developmental changes taking place in the surrounding region, and best practices in the conservation sector. The reserve management's response to the threats and pressures on the integrity of the reserve complex is increasingly limited to being primarily reactive and opportunistic. While the reserve prepares basic annual work plans, these work plans only identify the few management activities that can practically be implemented in the context of the limited annual budget allocations for reserve operations. The basic baseline information required to assist critical management planning and decision-making is still incomplete. By example, there is currently no comprehensive and reliable map for the reserve complex indicating the location of the reserve boundaries, key infrastructure, physical features and biodiversity elements.

88. *Reserve budget:* The actual human resource, operational and capital budget needs for the reserve have, to date, not yet been objectively estimated. Funding for annual operational expenditure is typically determined by the previous year's budget allocation, and consistently has little reference to the actual operational needs of the reserve complex. In recent years no funds have been allocated by the government for any capital expenditure in the reserve, leaving the management unable to replace ageing infrastructure and large equipment/vehicles. Annual funding allocations for the operational budget are currently inadequate to meet even basic levels of reserve management, or to adequately maintain the reserve's rundown infrastructure and equipment. The salaries of reserve staff are presently all paid from the state budget, with salary scales based on a very low public service rate of remuneration (average of 120-140 manats/month). Currently the only mechanism to generate revenue for the reserve complex is the income accrued from fines. Of this income, ~60% is returned to the reserve, subject to the approval of the Ministry of Finance, to fund priority management activities. Because state nature reserves in Azerbaijan are closed to all visitors - except for scientists with a personal letter of permission from the Minister of the MENR - there are very few other options to improve revenue generation from the sustainable use of the reserve complex and its natural resources. Also, because of the severely restricted access control, no tourism or recreation activities are permitted in the reserve.

89. *Enforcement and compliance:* During the Soviet era, the reserve was demarcated by shallow canals along most of its inland boundaries. However, during the last 20 years many of these canals have now filled up, due to a lack of adequate maintenance (this is particularly problematic along the reserve perimeter between Ag-Gusha and Khazar), resulting in the uncontrolled movement of sheep and cattle into



and through the reserve complex. A network of ranger outposts was also established during the Soviet era to improve the enforcement and compliance coverage of the reserve. However, limited resources to man and equip these outposts, and the poor maintenance of the physical infrastructure at the outposts, have incrementally reduced their coverage and efficacy. While the intention of reserve management is to establish a comprehensive system of lookout towers covering the entire surface area of the park, there are currently insufficient funds to construct and maintain a sufficient number of these towers. There is presently only one manned entry point to the reserve, but even at this entry point the buildings (and attendant equipment) are in dire need of renovation and upgrading to make them more habitable. This situation is further exacerbated by the poor local coverage of mobile phone communications, and the absence of an internal park radio communications system for enforcement and compliance staff.

90. Communities living in villages immediately adjacent to the reserve have, for many years, traditionally engaged in fishing and bird hunting. With limited alternative sources of revenue for these communities - combined with a weak reserve enforcement capability and the strict protected area classification - illegal fishing and hunting activities are prevalent within the reserve complex and increasingly difficult to regulate/control. Because of the poor salaries of reserve staff, some staff have reportedly even been supplementing their salaries by colluding with poachers. This thus further reduces the capacity of the reserve management to contain illegal hunting and fishing activities.

91. Ranger staff are generally ill-equipped (i.e. uniforms, communications, weapons, protective equipment), poorly paid, inadequately trained and have limited specialist knowledge and skills to fulfil the enforcement and compliance function.

92. *Infrastructure and equipment:* The majority of the reserve infrastructure (i.e. roads, viewing towers, gates, buildings, bulk services) was constructed some 30-40 years ago. While the reserve's main administrative offices (located outside the park boundaries) were recently renovated, inadequate budget allocation for general maintenance has resulted in the current state of disrepair of most of the infrastructure in the reserve. The reserve has no computerised facilities and no communications network. Most of the reserve's limited fleet of vehicles are either not functional or are constantly breaking down and in dire need of replacement. The few existing boats are too slow and unreliable to act as an effective deterrent for the well-equipped poachers.

93. *Water flow management:* A series of canals and sluices were previously installed in the reserve to *inter alia*: manage water levels; regulate impacts of flood events; establish waterways; improve conditions for fish movements; and provide habitat for migratory bird species. However most of the sluices in the reserve are not operational anymore and a number of the channels are silting up. Further, the initial conceptual design of the system of sluices and canals is no longer appropriate as the sea levels of the Caspian Sea have fallen (since 1995) and the flow regimes and water quality of the freshwater feeder rivers (notably the Veleshchay River) have changed. The reserve management does not currently have an overarching strategy for maintaining a healthy estuarine ecosystem in the reserve and securing the safety of neighbouring villages from flood events.

***Barrier 2 Limited capacities for the coordinated planning, resourcing and administration of the network of marine and coastal protected areas***

94. *Staffing and resourcing:* The current staffing complement in the MENR is currently still inadequate to meet the optimal *in situ* operational requirements of the marine and coastal protected areas. Almost 90% of the recurrent expenditure in these protected areas comprise human resource costs, with insufficient financing allocated to operational and maintenance costs. Capital expenditures constitutes a very low (0-3%) proportion of total expenditure, implying an ongoing severe under-capitalization of these protected areas. Key high level management, technical and professional skills are not well represented in

the staff complement of the marine and coastal protected areas. Competent and skilled staff are often difficult to retain in these protected areas, as salaries are low and benefits negligible. The staff are also not yet properly resourced to effectively administer the marine and coastal protected areas. Enforcement capability is still weak as a result of inadequate numbers, training and equipment, with illegal activities in and around a number of marine and coastal protected areas consequently poorly regulated. The scientific expertise to support the planning and management of marine and coastal protected areas is limited to a very small number of staff within the supporting units of the MENR and in ANAS, many of whom are approaching retirement age. The use of external expertise and capacity to assist in the development of the marine and coastal protected areas has not yet been optimally developed.

95. *Strategic and management planning systems:* There is a need to develop a consolidated strategic/business plan and sustainable financing plan to proactively guide the future development, administration and funding of the protected area system. There are currently no formal monitoring and evaluation systems that objectively assess the performance of MENR in achieving the conservation (and other) objectives of the protected area system. While some NPs have initiated management planning processes, there is to date no standardised format for, and approach to, the development of management plans for protected areas. There is also no standardised monitoring or performance management system yet in place to assess the efficacy of the management of the individual protected areas.

96. *Collaboration and cooperation with NGO and donor agency partners:* The extent of the involvement of NGOs and donor agencies in supporting the planning and management of coastal and marine protected areas is currently limited to the efforts of only a handful of NGOs (i.e. WWF, REC-Caucasus and Azerbaijan Ornithological Society) and donor agencies (e.g. German Government and EU). This is, in part, due to the low levels of cooperation between NGOs/donors and the MENR, the strict restrictions on access to protected areas, and a general lack of an institutional culture in MENR of actively involving NGOs and donors in the planning and management of protected areas. A number of donor-funded protected area projects have not always been fully or successfully implemented due to ongoing difficulties in sustaining functional working relationships with the MENR. The slow decision-making procedures and processes in MENR sometimes result in delaying the implementation of projects, leading to a loss of momentum, with the accompanying frustrations for all project partners. There is hence a need for better cooperation between the MENR, donors and NGOs in developing and implementing collaborative partner initiatives in marine and coastal protected areas.

97. *Protected area expansion:* While the ‘State Programme for Poverty Reduction and Sustainable Development’ sets a national target of increasing the coverage of protected areas to 12% of the country, the detailed spatial information on how this is to be achieved, and where, is still not yet fully developed. Although some recent reports, such as the ‘Potential Analysis for Further Nature Conservation in Azerbaijan: A Spatial and Political Investment Strategy’ (Michael Succow Foundation, 2009) do propose some areas for the expansion of existing, and establishment of a number of new PAs in the marine and coastal areas of Azerbaijan, the criteria for the systematic identification and prioritization of these areas (i.e. irreplaceability levels, minimum size requirements, ecosystem integrity, ecological process requirements, etc.) is not yet agreed. The benefits of the protected area system design in mitigating or adapting to the impacts of climate change have also not yet been identified.

98. *Knowledge management systems:* The existing baseline information for defining areas of biodiversity significance in the coastal and marine areas of Azerbaijan is generally difficult to source and, where it does exist, is not regularly maintained and updated by the MENR. There is currently no consolidated and accessible database for the protected area system, including the coastal and marine protected areas. Some of the key baseline information - such as the spatial distribution of vegetation types and red data plant species, distribution and population profiles of fish species or ecological processes in the terrestrial and marine environments - is not readily available. For example, at the habitat or species

representation level it is difficult to assess gaps in the current network of coastal and marine protected areas as there are not adequate biodiversity datasets - such as complete vegetation/habitat maps or species distribution databases - with which to conduct such assessments. The monitoring data for marine and coastal protected areas - such as water quality data or seasonal bird counts – is still fragmented and needs to be consolidated into a database to guide ongoing decision-making processes. The research in marine and coastal protected areas is often implemented in an *ad hoc*, opportunistic manner, and there is seemingly a disjuncture between the research needs/priorities of the protected area management and those of the academic institutions undertaking the research.

99. *Public awareness* - The conservation challenges for the administration of a network of coastal and marine protected areas is further compounded by the fact that the levels of public awareness of the values of these protected areas is generally low. A perception still exists that protected areas are not readily accessible to the public for recreation and natural resource use and that their existence typically precludes all other options for economic development. This attitude is perpetuated by the current approach to the management of all SNRs in Azerbaijan, which prohibit any economic activity from taking place within the reserve. There is seemingly no ‘sense of ownership’ in local communities of the marine and coastal protected areas, leading to the ongoing exploitation of the natural resources (illegal fishing, illegal hunting, etc) in these areas with little inherent sense of responsibility for the well-being of these protected areas. While there have been some communication, education and awareness campaigns implemented by the MENR and some NGOs (notably WWF) in the coastal region of Azerbaijan, the extent and reach of these programs is still limited. There are many opportunities for ‘experiential learning’ by school and university learners within the marine and coastal protected area network that remain undeveloped. There are also few structural mechanisms for integrating the wider public interests into the management of the marine and coastal protected areas.

## STAKEHOLDER ANALYSIS

100. During the project preparation stage, a stakeholder analysis was undertaken in order to identify key stakeholders and assess their roles and responsibilities in the context of the proposed project. The table below list the key stakeholder organisations; provides a brief summary of the responsibilities of each of these stakeholder organisations (specifically as it applies to nature protection); and describes the anticipated role of each of the stakeholder organisations in supporting or facilitating the implementation of project activities in marine and coastal protected areas.

Organisation	Mandate of the organisation	Anticipated roles and responsibilities in the project
<p><b>Ministry of Ecology and Natural Resources (MENR):</b></p> <ul style="list-style-type: none"> <li>- Department of Protection of Biodiversity and Development of Specially Protected Nature Areas</li> <li>- Department of Reproduction and Protection of Biological Resources of Water Bodies (Azerbaijan Fishery Scientific Research</li> </ul>	<p>MENR is the central executive authority responsible the protection of the environment; sustainable use and management of water, air, soil and biological resources; waste management; environmental impact management; meteorological forecasting; and environmental and hydrological surveying and monitoring.</p>	<p>MENR is the GEF and CBD (Convention on Biological Divercity) focal point. MENR will thus have overall responsibility for the implementation of the project.</p> <p>The Department of Protection of Biodiversity and Development of Specially Protected Nature Areas will coordinate all project activities and will be responsible for the direct implementation of a number activities.</p> <p>AFSRI will provide scientific support on maritime information to the project.</p>

Organisation	Mandate of the organisation	Anticipated roles and responsibilities in the project
<p><i>Institute(AFSRI)</i></p> <p><b>Azerbaijan National Academy of Sciences (ANAS):</b></p> <p>- Institutes of Botany and Zoology (IBZ)</p>	<p>ANAS is the state institution responsible for developing basic and applied research in the social, natural, humanitarian and technical sciences.</p> <p>ANAS coordinates and manages the activities of all research institutions and higher educational establishments.</p>	<p>IBZ will prepare a scientific basis for determining the boundaries of protected area.</p> <p>Scientists will be recruited to undertake the necessary research activities in support of project activities.</p> <p>IBZ will prepare scientific justification for the government of any necessary changes in the system of protected areas.</p>
<p><b>Ministry of Agriculture (MA)</b></p>	<p>MA is the central executive body responsible for regulating and controlling the means of agricultural production and processing.</p> <p>It develops and implements state policy in land reclamation and irrigation.</p> <p>It also provides agricultural planning; veterinary; horticultural; plant protection; and quarantine support services to the agricultural industry.</p>	<p>MA will provide agriculture sector inputs into decisions about the protected area classification for any new protected areas established under the project.</p>
<p><b>State Land and Cartography Committee (SLCC)</b></p>	<p>SLCC is the central executive power body responsible for land surveying; land demarcation; registration of land ownership and rights; land mapping; land use planning; land reform; and land use monitoring.</p>	<p>SLCC will survey the boundaries of any protected areas expanded or newly established under the project.</p> <p>SLCC will prepare all documentation in support of the allocation of land for any protected areas expanded or established under the project.</p> <p>SLCC will prepare maps for any protected areas expanded or established under the project.</p>
<p><b>Ministry of Culture and Tourism (MCT)</b></p>	<p>MCT is an executive for culture, arts, heritage monuments, publishing and cinematography.</p> <p>MCT is also responsible for the planning, marketing and development of tourism.</p>	<p>MCT will provide assistance and support in the planning, development and marketing of tourism enterprises in marine and coastal protected areas.</p>
<p><b>Ministry of Justice (MJ)</b></p>	<p>MJ is central executive authority responsible for preparing and gazetting national legislation and regulations.</p>	<p>MJ will support the preparation of any legislation or regulations that may be required during implementation of the project.</p>
<p><b>Ministry of Economic Development (MED)</b></p>	<p>MED is the central executive authority responsible for socio-economic development and international cooperation, including <i>inter alia</i>: macroeconomics, trade, investment, and business development.</p>	<p>MED will provide technical assistance in the financial planning for the network of marine and coastal protected areas.</p>

<b>Organisation</b>	<b>Mandate of the organisation</b>	<b>Anticipated roles and responsibilities in the project</b>
<b>Ministry of Finance (MF)</b>	<p>MF is the central organ of executive power for national financial policy and the management of state finances.</p> <p>The MF prepares, administers and monitors the state budget.</p>	<p>MF will approve funds to be allocated as co-financing for the project.</p> <p>MF will approve the annual and medium-term operational and HR budget allocations for existing marine and coastal protected areas.</p> <p>MF will approve a capital, operational and HR budget allocations for any new/expanded protected area established by the project.</p>
<b>Coastal rayons (notably the Neftchala, Masally and Lenkaran rayons traversing Gizil-Agaj reserve complex)</b>	The Chief Executive of each of the rayons are responsible for local implementation of the President of Azerbaijan's executive powers.	The rayon administrations will approve the proposed extent of any new/expanded protected area, and issue orders on the allocation of any new lands to that protected area.
<b>State Maritime Administration (SMA)</b>	SMA is the administration responsible for the regulation and administration of: maritime navigation and safety; registration of ships; hydrographic services; marine port facilities; and protection of the marine environment.	<p>SMA will prepare opinions regarding navigation routes affecting marine protected areas.</p> <p>SMA will provide assistance in the prevention of ship-based pollution in and adjacent to marine and coastal protected area</p>
<b>State Border Service (SBS):</b>  The Azerbaijan Coast Guard (ACG)	The SBS is a state law enforcement agency responsible for protecting and securing the country's borders.	SBS will advise on, and support implementation of, measures that may be required to secure the country's marine or coastal borders, and control illegal activities (e.g. drug or gun trafficking), in marine and coastal protected areas.
<b>Local municipalities</b>	<p>Municipalities are responsible for resolving a range of social, economic and ecological problems within the territories of municipalities that are outside the control of the relevant State programs.</p> <p>These may include programs to address issues in the areas of education, health, culture, local infrastructure and roads, communication services, cultural facilities, and assistance to old, poor and sick people and children without parents.</p>	<p>The Municipality will participate in the organization of project-based awareness-raising programs in coastal and marine protected areas.</p> <p>The Municipality will support the project in works with local groups (fishermen, hunters, students, etc.).</p> <p>The Municipality will collaborate with the project in identifying and developing alternative livelihoods opportunities for local people.</p>
<b>Donor agencies and conservation trusts</b>	The donor agencies (e.g. GIZ, BMZ, EU and BMU) and conservation trusts (e.g. CNF) financing protected area activities in Azerbaijan will be important project partners. They will share, coordinate and collaborate with the project as and where relevant.	
<b>NGOs</b>	NGOs - most notably REC-Caucasus, WWF and Azerbaijan Ornithological Society - are important project partners. They will share, coordinate and collaborate with the project as and where relevant.	

## BASELINE ANALYSIS

101. Under the ‘business-as-usual’ scenario, the policies and strategies for nature protection in the marine and coastal areas of Azerbaijan will not be fully aligned with the country’s socio-economic development and poverty alleviation policies and strategies. MENR will continue to sustain a bureaucratic, centralised management style in the planning and administration of protected areas. The relationship between the MENR, donors and NGOs will remain under-developed, potentially compromising the effectiveness of collaborative conservation initiatives in protected areas. The establishment of new, and expansion of existing, marine and coastal protected areas will be constrained by lack of public support for these protected areas, limited funding for expansion in the marine and coastal domain and resistance from other economic production sectors (forestry, fisheries, oil, tourism, etc.). The approach to the planning and management of marine and coastal protected areas will be focused on short-term priorities, with a predominantly reactive management response to threats and pressures. The resourcing and financing of the marine and coastal protected areas will at best remain constant, from a modest expenditure base (see below). While there may be some improvements in the resourcing and funding of National Parks, this may be counteracted by an incremental neglect in funding of the remaining State Nature Reserves and State Nature Sanctuaries. A limited investment in improving and adequately maintaining the facilities, infrastructure and equipment of the marine coastal protected areas will continue to undermine the efforts of protected area staff. Poor salaries, inadequate safety equipment and poor living conditions may result in many of the remaining experienced and well trained staff in marine and coastal protected areas leaving the service. The professional and technical skills and capacities of protected area staff to plan and manage marine and coastal protected areas will continue to be limited, with staff capacities focused on more utilitarian and functional skills and knowledge. Populations of the targeted species for poaching and fishing may come under increasing pressure as a result of the weak enforcement capabilities, while pressure from illegal browsing and grazing by livestock will continue as a result of poor boundary and access control mechanisms. Nature-based tourism developments will be developed in an *ad hoc* manner and the eco-tourism potential of the protected areas will not always be fully realised. Public and business support for protected areas will remain static, and coastal protected areas may increasingly come under pressure from other more productive land uses.

102. Resources, capacity and financing have however been committed by the Government of Azerbaijan, with the support of donor agencies, to address some of the barriers to the effective planning and management of protected areas – specifically marine and coastal protected areas - in Azerbaijan. These commitments are briefly described in the text below:

### ***Biodiversity conservation support in the Caucasus Ecoregion (Azerbaijan, Georgia and Armenia)***

103. With seed funding from the German Federal Ministry for Economic Cooperation and Development (BMZ) through KfW Development Bank, the Critical Ecosystem Partnership Fund (CEPF) and the MacArthur Foundation, WWF have coordinated a series of assessments of the biological significance and state of biodiversity of the Caucasus Ecoregion, and developed long-term goals for the conservation of its biodiversity (*An Ecoregional Conservation Plan for the Caucasus*, 2006). In 2010, the Caucasus Biodiversity Council<sup>10</sup> requested the revision of the 2006 Ecoregion Conservation Plan to take account of recent progress made in the Caucasus countries. The revised and updated edition, *Ecoregion Conservation Plan for the Caucasus*, was subsequently completed in 2012. The Plan seeks to assist conservation actors working in the region to plan and better coordinate their activities. While not legally binding, the Plan provides a supporting tools for the respective governments to implement their obligations under multilateral environmental agreements.

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<sup>10</sup> The Caucasus Biodiversity Council, consisting of members of governmental and private institutions of all Caucasus range states, is the steering committee for the implementation of the Caucasus Ecoregion Conservation Plan.

104. The Caucasus Biodiversity Council (CBC), in turn, supports the efforts of the government of Azerbaijan (and other conservation actors) to implement the revised Ecoregion Conservation Plan. The CBC will also monitor progress towards the targets set out in the Plan, and initiate a full review of the Plan in 2016.

105. The Caucasus Nature Fund (CNF) was established as a conservation trust fund on the initiative of the German Government, KfW Entwicklungsbank, WWF and Conservation International (CI). The CNF has attracted additional funding from the GEF and private corporations. The fund provides financing to help pay the running costs (e.g. buying vehicles and equipment, maintaining facilities and infrastructure, implementing species introduction programmes, paying staff salaries) of protected areas in the Caucasus Ecoregion. It provides matching grants, management assistance and local capacity building to targeted national parks and reserves. Initially focused in the first phase on protected areas in the southern Caucasus (Georgia and Armenia), the CNF will now expand its funding support in the second phase to include protected areas in Azerbaijan, focusing initially on assisting Shirvan NP (~AZN100,000 for bulk services infrastructure, visitor infrastructure and fencing).

106. The Caucasus Cooperation Centre, based in Georgia, offers services under two programme areas: (i) Biodiversity Conservation; and (ii) Natural Resources Management. These services include: enabling access to conservation knowledge; promotion of synergies across ongoing and planned activities; assistance in identifying gaps and trends in specific sectors; and multi-stakeholder facilitation services.

107. KfW also provides financing for the operation of the Caucasus Trans-boundary Joint Secretariat (TJS) which provides support to the Ministries of Environment of Azerbaijan, Georgia and Armenia to increase regional harmonisation in the nature conservation sector, and to further develop the sector.

### ***Government funding and staffing of protected areas***

108. The government of Azerbaijan allocates a moderate level of financial support for administration of the protected area system. For the 2012 financial year, it has provisionally allocated a total annual budget (operational, capital and human resource) of US\$ 3,056,572<sup>11</sup> for the management of the national system of protected areas (880,774 ha). This equates to approximately US\$3.47/ha, somewhat below the global average of ~US\$5/ha. Of this allocation, 89.5% is apportioned to the cost-to-company expenses of protected area staff (i.e. an approved organogram of 858 staff) and 10.5% for the recurrent operating costs (compared to an optimal ratio of 60% for HR: 40% for operating costs).

109. The government provisional total budget allocation for the 2012 financial year for the management of the network of marine and coastal protected areas (165,378ha) is US\$501,331. This equates to approximately US\$3.03/ha, somewhat below the average for the national protected area system. The marine and coastal protected areas have a total approved staff complement of 148. The ratio of human resource to operating costs for the coastal and marine protected areas is similar to the national norm (90:10).

110. The table below summarises the combined government budget allocations for the last three years for the management of the Gizil-Agaj complex (Gizil-Agaj SNR and Gizil-Agaj SNS):

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<sup>11</sup> Based on an exchange rate of 1 Azerbaijani Manat = US\$1.28

Description of costs		Budget (AZN Manat)		
		2010	2011	2012 (provisional)
<i>Human resource expenditure</i>	Salaries	103 164	115 584	128 796
	Payments to the State Social Protection Fund	26 479	29 667	32 585
	Sickness Benefits	400	500	500
	Other Benefits	-	-	300
<i>Operational expenditure (recurrent costs)</i>	Operating costs	17 194	19 264	19 319
	Office costs	1 000	1 000	1 000
	Local travel	2 000	2 000	4 000
	Fuel and lubricants	2 000	2 200	1 500
	Other transport services	1 000	1 200	1 200
	Electricity	650	1 000	1 000
	Water	600	-	-
	Heating (fuel)	1 400	1 500	1 500
	Sewage utilization	-	-	100
	Additional expenses	350	700	200
	Local telephone calls	450	500	500
	Mail services	30	40	35
	Internet services	150	-	-
	Food purchase	4 000	3 650	3 500
Bank charges	450	500	500	
<i>Capital expenditure</i>		0	0	0
<b>Total</b>		<b>161 317</b>	<b>179 305</b>	<b>196 535</b>

106. The government provisional budget allocation for the 2012 financial year for the Ghizil Agaj complex (99,060 ha) of US\$251,564 thus equates to approximately US\$2.53/ha, well below the average for the network of marine and coastal protected areas and the national system of protected areas. The Gizil-Agaj complex has a staff complement of 77.

106. A resolution of the Cabinet of Ministers in 2005 provides for each National Park and State Nature Reserve to establish a 'Special Fund' administered by the MENR. The primary source of income for this 'Special Fund' is currently from fines imposed for illegal hunting, tree cutting and illegal fishing. As the national parks are further developed for tourism, it is anticipated that income from tourism activities will supplement the funds income streams. Theoretically the fund may also be used to receive ring-fenced donations. At the end of each financial year, money accumulated in the Special Fund is disbursed to address priority needs of the respective NPs or SNRs. As an example, the Special Fund for the Gizil-Agaj complex accumulates an income of ~18,000-20,000 Manat (US\$17,920)/annum from fines levied.

#### ***Additional donor and NGO support to the conservation of biodiversity in Azerbaijan***

111. The *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)* is implementing the second phase of the Sustainable Management of Biodiversity programme for the Caucasus Ecoregion, financed by BMZ (~EUR 13.5m for the second phase - 2011-2015 – distributed equitably across the three beneficiary countries). Of this funding, approximately EUR 220,000 is committed to support the protected area system in Azerbaijan. Activities under the broader programme will include: technical assistance in preparing new biodiversity conservation strategies and action plans; developing national biodiversity monitoring systems; and developing environmental education programmes and materials.

112. The German Federal Ministry for Environment and Nuclear Safety (BMU) is financing climate change adaptation and landscape restoration projects in Azerbaijan (~EUR 2m).



113. The European Union (EU) is funding projects in Azerbaijan that specifically support the goals of the Ecoregion Conservation Plan. WWF is implementing a project financed by the EU's Environment and Sustainable Management of Natural Resources Programme (ENRTP) to pilot measures to make forests more resilient to the impacts of climate change. WWF is also implementing EU-funded projects to reintroduce goitered gazelle to three target areas in northern Azerbaijan (~EUR 300,000), to conserve brown bear in Turyanchay SNR (EUR 11,000) and to monitor Caucasian leopard populations (EUR 10,000).

114. REC-Caucasus is currently facilitating the implementation of a suite of projects in the fields of biodiversity conservation and sustainable use of natural resources, financed by both the EU and by the Norwegian Government.

### ***Expanding the system of protected areas***

115. In the last 10 years Azerbaijan has effectively doubled the size of its protected area system. New protected areas include: 9 National Parks (Shirvan, Zangezur, Hirkan, Ag-gol, Altiagaj, Absheron, Shahdag, Goy-gol and Samur-Yalama), 3 State Nature Reserves (Eldar shami (pine), Korchay, Mud volcanos), 6 State Nature Sanctuaries (Gakh, Arazboyu, Hirkan, Zagatala, Arpachay, Rvarud); and extensions to 4 State Nature Reserves (Turyanchay, Garayazi, Zagatala and Ilisu) and 3 National Parks (Zangezur, Hirkan and Shahdag). The strategic focus for the MENR is now directed towards improving the management effectiveness of these new protected areas, rather than further expanding the protected area estate.

116. A project, co-financed by KfW (EUR2.5m) and implemented by GFA consulting, is currently underway to establish and support the management of the new coastal National Park – *Samur-Yalama National Park* - in the north-eastern Khachmaz District of Azerbaijan, bordering Russia..

117. KfW has financed a feasibility assessment for the proposed establishment of a trans-frontier biosphere reserve between Azerbaijan, Georgia and Dagestan (Russia), in the region of Zakatala SNR and Balaken forest district. According to the preliminary financial agreement between the Government and the KfW Development Bank, KfW will provide financial support of EUR 4 million. This funding will be used to support: (i) the administration of the Zakatala NP and; (ii) the establishment of a micro loan facility for livelihood enterprise development, focused on local communities living around the park.

118. The regional GEF-funded 'Caspian Sea: restoring depleted fisheries and consolidation of a permanent regional environmental governance framework' project (CASPECO) - executed by the United Nations Office for Projects services (UNOPS) – has prepared a document *Towards a Kura River Delta Protected Area and its Management Plan* (2012), in support of the proposed establishment of a protected area in the Kura River Delta.

### ***Tourism development in National Parks***

119. In 2009, the Government (under the Ministry of Culture and Tourism) initiated the construction of a 'Winter and Summer Tourism Complex' adjacent to the Shahdag National Park (Regulation of the Cabinet of Ministers of the Azerbaijan Republic №116 dated May, 19th, 2008). The construction phase is divided into four stages, extending over a period of 8-10 years. The first stage – comprising road construction, installation of bulk services infrastructure, establishment of ski facilities and construction of a hotel – has recently been completed, and investment proposals for the second phase announced.

### ***Mitigation of the effects of water and oil pollution on the coastal region and Caspian Sea***

120. Azerbaijan currently invests approximately \$94 million annually in mitigating the impacts of water pollution. This investment is largely used for: (i) the development of wastewater treatment plants; (ii) construction of sanitation systems; and (iii) rehabilitation of the Caspian Sea environment and coastal areas. Initial efforts were focussed on the Absheron Peninsula, where the majority of the population lives, but has now expanded to other parts of the country.

121. More environmentally friendly technologies are being adopted for oil and gas exploration activities. Polluted oil wrecks are being actively removed from the Caspian seabed. There are also a number of activities linked to the identification and clean-up of oil-contaminated areas, in particular by the State Oil Company of Azerbaijan Republic (SOCAR).

122. The monitoring of pollution levels in the Caspian Sea is taking place through the Caspian Complex Environmental Monitoring Administration (CCEMA). The Government, through the MENR, has spent US\$ 1 million on water pollution control and mitigation measures in the Caspian Sea during 2011, mainly on mitigating the effects of oil spills. The expenditure on water pollution control and mitigation measures in the Caspian Sea is expected to exceed US\$4 million over the next four years.

### *Caspian Sea fish stocks*

123. The Fisheries Institute annually assesses the status of fish stocks (US\$0.5 million/annum), notably sturgeon, on which basis annual catch quotas are allocated and enforced.

124. The Government of Azerbaijan government commits approximately US\$2.4 million per annum to restock the dwindling native fish stocks in the Caspian Sea. Of this amount, US\$585,000 per annum is allocated to support the management and maintenance of two fish hatcheries - the Khilli sturgeon fish hatchery and the Gizil-Agaj hatchery.

125. The privately owned (Caspian Fish Company) Mingechevir fish farm includes facilities for the incubation, cultivation and farming of sturgeon fry.

## PART II: Strategy

### PROJECT RATIONALE AND POLICY CONFORMITY

#### *Fit with the GEF Focal Area Strategy and Strategic Programme*

126. The project is aligned with the goal of the GEF's Biodiversity Focal Area Strategy, 'conservation and sustainable use of biodiversity and the maintenance of ecosystem goods and services'. The impact of the project will be measured in terms of the 'biodiversity conserved and habitat maintained in national protected area systems' using the indicator, 'extent of intact coastal zone habitat ... in marine protected areas...'.

127. The project is consistent with Objective 1 of the biodiversity focal area strategy, 'Improve Sustainability of Protected Area Systems'. The project will contribute to the outcome targets of Outcome 1.1 of Objective 1, 'Improved management effectiveness of existing and new protected areas' by increasing the baseline management effectiveness score of the Gizil-Agaj reserve complex.

128. The project will contribute to the achievement of GEF's outcome indicators and core outputs under Objective 1 and Outcome 1.1 as follows:

GEF-5 Biodiversity Results Framework			
Objective	Expected Outcome	Expected Indicator (and project contribution to indicator)	Core Outputs (and project contribution to outputs)
<p><b>Objective 1</b> Improve sustainability of Protected Area Systems</p>	<p><b>Outcome 1.1</b> Improved management effectiveness of existing and new protected areas</p>	<p><b>Indicator 1.1</b> Protected area management effectiveness as recorded by Management Effectiveness Tracking Tool</p> <p><u>Project contribution to indicator:</u> <i>METT scores for the Gizil-Agaj reserve complex will improve from a baseline of 25% to &gt;45% by end of project</i></p> <p><b>Indicator 1.2</b> Increased revenue for protected area systems to meet total expenditures required for management</p> <p><u>Project contribution to indicator:</u> <i>Financial sustainability scores for the protected area system will improve from a baseline of 15% to &gt;35% by end of project</i></p>	<p><b>Output 1</b> New protected areas (number) and coverage (ha) of unprotected ecosystems</p> <p><u>Project contribution to indicator:</u> <i>At least 1,000ha of unprotected wetland and marine ecosystems included into a consolidated Gizil-Agaj National Park covering a total area of &gt;100,000ha</i></p> <p><b>Output 3</b> Sustainable financing plans (number)</p> <p><u>Project contribution to indicator:</u> <i>1 Financing plan for the network of marine and coastal protected areas 2 Business plans for individual marine and coastal national parks</i></p>

## ***Rationale and summary of GEF Alternative***

The project will focus GEF funding at two levels of support:

129. At the spatial scale of a single, biologically important and sensitive marine and coastal protected area, the project will invest GEF resources on rationalising, and improving the planning and management of, the Gizil-Agaj reserve complex (see [Section 1, Part I](#) for a more detailed description of Gizil-Agaj reserve complex).

130. At the spatial scale of Azerbaijan's coastal and marine environment, the project will invest GEF resources on strengthening the capacity of the government to more effectively plan, resource, develop and manage the country's network of coastal and marine protected areas.

## **PROJECT GOAL, OBJECTIVE, OUTCOMES AND OUTPUTS/ACTIVITIES**

131. The project **goal** is: *To establish, and effectively manage, a system of protected areas to conserve representative samples of Azerbaijan's globally unique biodiversity.*

132. The project **objective** is: *To improve the management effectiveness, including operational effectiveness and ecosystem representation, of Azerbaijan's coastal and marine protected area system, with due consideration for its overall sustainability, including ecological, institutional and financial sustainability.*

133. In order to achieve the project objective, and address the barriers (see [Section 1, Part I](#)), the project's intervention has been organised into two **components** (this is in line with the components presented at the PIF stage):

**Component 1:** *Enhanced management effectiveness of the Gizil-Agaj reserve complex*

**Component 2:** *Improved collaborative governance of, and institutional expertise in, the management of marine and coastal protected areas*

### **Component 1: Enhanced management effectiveness of the Gizil-Agaj reserve complex**

134. The outcomes for this component are focused on supporting an improvement in the management capacity (i.e. planning tools, knowledge management, staffing, infrastructure, equipment and funding) of Gizil-Agaj to address the external threats to, and pressures on, the conservation values of the reserve complex, including *inter alia*: pressures from building/agricultural encroachments; environmental impacts of livestock grazing/browsing; effects of illegal bird hunting; threats from inflows of pollutants; and effects of illegal fishing activities.

135. The outputs under this component will be specifically directed towards: (i) the expansion and consolidation of the Gizil-Agaj State Nature Reserve, the Lesser Gizil-Agaj State Nature Sanctuary and other adjacent unprotected areas of high biodiversity (and/or strategic) significance into a single new national park; (ii) the preparation of an integrated management plan for the newly established national park; (iii) demarcation of the boundary of, and renovation/construction of access control infrastructure in, the national park; and (iv) the procurement of critical equipment for improving the enforcement and compliance function in the national park.

136. The individual outputs under this component are described in more detail below.

### ***Output 1.1: Establish a consolidated National Park***

Currently the designation ‘State Nature Reserve’ (SNR) in Azerbaijan is analogous to the Soviet-era ‘Zapovednik’ status, in which human use of the reserve is strictly limited to scientific research. The Government has however increasingly recognized that the exclusion of people from SNRs is often counter-productive in that it alienates society from their natural heritage, precludes opportunities for sustainable use and development and constrains the proper integration of protected areas into the local and regional economy. The government has, over recent years, thus initiated a process of establishing a network of National Parks in Azerbaijan, often using SNRs as the core area for the establishment of these new national parks.

Work under this output will thus focus on supporting the Government in establishing a new National Park in the Ghizil Agaj complex, with the existing Gizil-Agaj SNR as the core area for this national park. The National Park will also include the Lesser Gizil-Agaj SNS, and key additional areas of high biodiversity significance (e.g. important sturgeon spawning sites and the northern wetlands around Garagush). Once established, the total extent of the park will exceed 100,000ha.

It is expected that the National Park designation will then enable the park management to iteratively introduce a system of controlled access to, and sustainable development and use of, the park and its natural resources. Over the longer-term it is further envisaged that the (currently strained) relationships between the park, local communities (local surrounding villages) and resource users (e.g. fishermen, hunters and farmers) will also slowly improve with the institution of mutually beneficial partnerships around the sustainable natural resource use and tourism/recreation development within and proximate to the park.

The specific activities to be undertaken in this output will include:

- (i) Constitute a ‘Technical Working Group’ (TWG) - with representation from park management, key government ministries (e.g. MENR, SLCC, SMA), academic and research institutions (e.g. ANAS) and affected Rayons (Nefchala, Masally and Lenkaran) – to drive and provide technical and political oversight to the park establishment process.
- (ii) Define and map the optimal boundaries and use zones proposed for the national park, and prepare draft regulations for the park.
- (iii) Develop and produce information materials about Government’s intent to establish a national park in Gizil-Agaj. This may include information on: the proposed boundaries of the park; the draft regulations for the park; the institutional arrangements for the park; the consultation processes to be undertaken in park establishment; the proposed zonation of uses in the park; the potential impacts of the park on any land tenure and use rights; the opportunities and benefits of the park; the proposed timelines for implementation; and key contact details.
- (iv) Develop and implement a focused public participation program with individuals and communities with land tenure and use rights in and around the area targeted for the park in order to communicate the intent to establish the national park, to address any key issues and concerns, and to obtain structured inputs and comments on the proposed boundaries, use zonation and regulations.
- (v) Implement a focused consultation and negotiation process with affected institutional stakeholders (e.g. MA, SMA, SBS, Local Municipalities) to address any key issues and concerns, and agree on the boundaries, use zoning and regulations of the park.
- (vi) Review all the comments and inputs from all stakeholders (i.e. individuals, communities and institutions) and amend and finalize the boundaries, use zones and regulations of the national park.
- (vii) Secure letters of support from the affected/relevant institutions to proceed with the park survey and proclamation.
- (viii) Survey the boundaries, and prepare survey diagrams, for the national park.

- (ix) Submit the park boundary description (with accompanying survey diagrams), use zone map and final draft regulations to the Cabinet of Ministers for recommendation on a Presidential Decree on designation of Gizil-Agaj as a national park.

The *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas* in the MENR will constitute the TWG, and take the overall leadership role in the park establishment process. The TWG will: (a) discuss and preliminarily identify the proposed park boundaries; (b) propose the spatial distribution of use zones for the park; (c) provide technical inputs into the draft regulations for the park; (d) review stakeholder inputs and - based on these inputs - finalize the park boundaries, use zones and regulations. GEF funding will be used to finance the administrative functioning of the TWG, and the appointment of the specialist and legal services required to support the activities of the TWG. It is envisaged that the following consultants will be contracted to support the work of the TWG: (a) a communications company to design and produce the requisite communications materials; (b) a national independent mediator to develop and implement the local and institutional stakeholder consultation process; and (c) a national legal advisor to prepare and draft the park regulations. The SLCC will, with financing from the project, support the activities of the TWG by undertaking the boundary survey work, preparing the requisite maps and securing the necessary allocation of land included into the park.

### ***Output 1.2: Prepare an integrated park management plan***

Work under this output will support the preparation of a Park Management Plan for Gizil-Agaj National Park. The Park Management Plan will comprise two key complementary documents: a Strategic Plan (SP); and an Annual Plan of Work (APW)<sup>12</sup>. All of the information which is necessary to guide the management of a National Park will be included in these two documents.

- (i) Prepare a SP for the park. It will set out the ambitions for the Provincial Nature Reserve (as articulated through the vision and objectives) and then set out how these ambitions will be delivered through a range of management guidelines and actions. The SP will have the following key components:
- The purpose and structure of the Strategic Plan.
  - The key characteristics and special qualities of the Park.
  - The management issues facing the Park, and associated trends.
  - The desired state for the Park (vision and objectives and reserve zoning<sup>13</sup>).
  - The means of delivering the desired state (guiding principles and management actions).
  - The measures to evaluate if the management actions are contributing to achieving the desired state (targets and indicators).

<sup>12</sup> The SNR and SNS currently already prepare utilitarian APW's. The project will seek to: further develop the quality and value of these APWs; establish and maintain the linkages between the APW and the SP; and align the actions identified in the APW directly with the annual government budget allocation and other funding sources.

<sup>13</sup> The purpose of zoning in the National Park will be to identify the types and levels of usage that are acceptable, based on the **sensitivity and resilience** of different areas in the park. The preparation of a **sensitivity map**, using SEA-type methodology, is intended to be the main decision support tool guiding spatial planning within the park, and will inform all local and *ad-hoc* infrastructure development as well as all reserve planning and formalisation of use and access. Sensitive areas will include: areas where human access or disturbance will have a negative impact on biodiversity or heritage values; areas where physical disturbance or infrastructure development will result in higher short and long-term environmental impacts and/or higher construction and on-going maintenance costs; and areas where there is significant environmental risk to infrastructure. Park zonation will be developed by evaluating existing infrastructure and access, plus potential future infrastructure and access requirements, against the sensitivity maps to determine appropriate management and visitor-use zones. The park will then be demarcated into different functional areas (i.e. = "use zones"). A prescription of the desired resource and visitor experience conditions to be achieved for each use zone, and appropriate management activities needed to achieve those desired resource and visitor experience conditions, will then be developed

- The institutional and budget requirements for implementing the Strategic Plan (governance arrangements, staffing complement and budget projections).
- (ii) Support the drafting of the parks APWs. The APW will operationalize the objectives and activities identified in the SP. It will explicitly detail the operational actions that will be undertaken for any fiscal year. The APW will be directly linked to the park budget for that year. The APW will also provide the framework for the annual review and performance reporting of the park. The APW will have the following key components:
- The suite of operational activities for the financial year (linked to the objectives and targets identified in the SP).
  - The timeline for implementation of each operational activity.
  - The estimated operational and/or capital budget for operational activities or objectives.
  - The annual performance targets and indicators.

To help put park management planning decisions and priorities into context, work under this output will also support the following activities:

- (iii) Collate all the current park information into an appropriate database. The database will seek to host known information on the conservation and other values of the park, its current status and the particular threats, drivers, constraints and opportunities that are affecting it.
- (iv) Prepare two subsidiary plans<sup>14</sup> for the park:
- A tourism and recreational strategy and action plan (to guide the implementation of the phased development of recreational and tourism services and infrastructure);
  - A hydrological system design plan (to guide the optimal management of freshwater and marine water flows in the lagoon system)

Finally, work under this output will:

- (v) Facilitate the annual review and evaluation of park performance in implementing its APW<sup>15</sup>.

The implementation of activities under this output will be administered by the Project Manager (PM), in close collaboration with the Park Director (PD) and the *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas* in the MENR. The PM will contract specialist service providers to: (a) collate all the park information and develop a park information database; (b) prepare a hydrological systems plan for the lagoon/estuarine ecosystems; and (c) draft a tourism and recreational strategy and action plan for the park. The PM will retain the services of a protected area planning service provider to prepare the SP, and technically support the park management in the preparation and annual review of its APWs.

The contracted service providers will all need to work closely with the park management team. The MENR will adopt the Park Management Plan.

It is envisaged that the different components of the Park Management Plan (and its supporting information and subsidiary plans) will be iteratively developed over the course of the entire project - the information database and hydrological systems plan will be completed by year 2; the SP and the recreational and

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<sup>14</sup> 'Subsidiary plans' are more detailed documents that provide program-specific information about the broad objectives and activities identified in the SP. Subsidiary planning then provides a bridge between the broad strategic direction provided in the SP and the specific actions required to realize goals and objectives

<sup>15</sup> Where targets are not being met, the project will assist the park management in understanding why, and initiating appropriate responses.

tourism plan will be completed by year 3; while the preparation and annual review of the APWs will be supported from years 2 through 4.

### ***Output 1.3: Demarcate the park boundary, and renovate the access control infrastructure***

Work under this output is focused on four key areas of intervention : (a) demarcating the perimeter of the national park to contain further encroachments, regulate uncontrolled access (foot, vehicle, boat) and prevent livestock movement into the park; (b) renovating the official entry control point/s into the park to cope with the envisaged increase in park visitors and users; (c) renovating the ranger outposts within different sectors of the park to ensure an *in situ* 24-hour presence of patrolling enforcement and compliance staff; and (d) renovating the current administrative complex to incorporate an interpretive and educational facility for park visitors and local users.

The specific activities to be undertaken in this output include:

- (i) Open, contour and/or maintain the network of shallow boundary canals in order to define and secure the terrestrial extent of the park boundary.
- (ii) Procure and erect stock fencing (e.g. galvanised mesh fences) in priority hotspot area along the park boundary, where the shallow canals are considered insufficient to control illegal access into the park.
- (iii) Install and anchor a series of navigation and boundary buoys (e.g. using Manta-Ray Buoy Anchoring System) to demarcate the marine extent of the park and direct boats around dangerous, shallow waters.
- (iv) Procure and install park notice boards at key points along the park boundary (i.e. in those areas that cannot be effectively demarcated by buoys, fences or canals).
- (v) Upgrade the control entry points to the park, including *inter alia*: building repairs and renovations, landscaping, supply of bulk services, gates, basic furnishing, equipment and signage.
- (vi) Renovate and refurbish key ranger outposts in the park (including the upgrading of buildings, supply of potable water, generation of power, provision of sewage and waste treatment systems and basic furnishing and equipping of outposts).
- (vii) Refurbish and upgrade the existing administrative complex to incorporate an information, education and awareness facility for park visitors and users.
- (viii) Design and install park educational and informational materials for installation in the administrative complex.

The implementation of activities under this output will be jointly administered by the PM and the PD, in close collaboration with the *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas* in the MENR. The PD will, with the administrative support of the PM, be responsible for selecting and appointing local companies to: develop the network of park boundary canals; procure and erect the perimeter stock fencing; procure and install the marine marker buoys; design, develop and install all boundary signage for the park; and design and develop educational and informational material for the visitor centre within the park administrative complex. The PM will be responsible for contracting a local civil engineering company to: (a) upgrade the control entry points into the park; (b) renovate and refurbish the ranger outposts; and (c) upgrade the administrative complex, and develop an interpretive and educational facility within the complex. The PD will attend all site meetings with the contracted engineering firm, monitor and control the activities of the contracted engineering firm and their sub-contractors, and approve all phased payments for contractual work completed.

### ***Output 1.4: Procure critical park equipment***

Work under this output is focused on acquiring the key equipment that will be required to improve the park management's capacity to better understand, contain and reverse the detrimental effects of



building/agricultural encroachments; livestock grazing/browsing; illegal bird hunting; inflows of pollutants; and illegal fishing activities on the conservation values of the national park.

The specific activities to be undertaken in this output will include:

- (i) Acquire a ‘turnkey’ two-way radio communication system for the park, including: the design and configuration of the communication system; the installation of the base station, consoles and/or repeaters; and the procurement or leasing of mobile and vehicle/boat radios and chargers.
- (ii) Equip all park patrol staff with basic uniforms and specialised patrolling equipment (only as required), including: wading gear; binoculars; backpacks; water bottles; first aid supplies; GPS; digital cameras and torches.
- (iii) Procure at least four (three of 4.7-5.4 m long and 1.8 – 2m wide; one of 6.5 – 7m long and 2 – 2.2m wide) lightweight aluminium patrol boats with a capacity of 4-6 passengers, each equipped with: 40HP (three) or 60-80HP (one) engines; fuel tanks and complete fuel lines; lifejackets, anchor; first aid kit; waterproof map; GPS; and distress flares.
- (iv) Procure at least two 4x4 park patrol vehicles, each equipped with a winch, tow bar and spotlights.
- (v) Develop a water quality testing capability for research and monitoring staff in the park, including acquiring a portable meter kit (including a user interface, rugged case, GPS, software, USB cables, tools and batteries) and the necessary macro probes to record changes in the conductivity, salinity, dissolved oxygen, pH, temperature, nitrates, hydrocarbons, chlorinated pesticides and organochlorides.
- (vi) Procure, install and network 4 computers, and linked peripherals (e.g. printer/scanner/copier, external HDD, router) and software as required.

The implementation of activities under this output will be jointly managed by the PM and the PD. The PM and the PD will collaboratively prepare the technical specifications for the different equipment, while the PM will administer the procurement processes. The *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas* in the MENR will ensure that adequate annual budget provisions are made for funding the storage, transport and recurrent running costs and maintenance of all boats and vehicles procured under this project.

## **Component 2: Improved collaborative governance of, and institutional expertise in, the financial management of marine and coastal protected areas**

137. The outcomes of this component are focused on: (i) creating the enabling conditions for increasing, diversifying and stabilising the financial flows to coastal and marine protected areas; and (ii) developing and implementing a long term monitoring system to ensure that the integrity of ecosystems are not pushed over critical thresholds<sup>16</sup> in the commercialisation of, and natural resource use in, coastal and marine protected areas.

138. The outputs under this component will be specifically directed towards: (i) the preparation of a sustainable financing plan for the network of coastal and marine protected areas; (ii) strengthening the capacities of the *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas* to pilot priority activities identified in the financing plan; and (iii) the design and implementation of a long-term monitoring system to track the health of ecosystems in coastal and marine protected areas.

139. It is envisaged that the outputs and activities undertaken in this component will be guided by a multi-stakeholder governance structure – a ‘Marine and Coastal Protected Area Working Group (PAWG)’ - constituted by the MENR to oversee the development and phased implementation of the financing plan

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<sup>16</sup> It is anticipated that the thresholds will then set the bounds for maximising economic value (both financial and non-monetary) from coastal and marine protected areas.

and long-term monitoring programme for the coastal and marine protected areas. This PAWG may have representation from *inter alia*: government agencies; NGOs; civil society; donor agencies; and business/tourism partners. The primary objectives underpinning the establishment and functioning of the PAWG are to: (i) improve the working relationships between the MENR and other stakeholder groups; (ii) obtain constructive inputs into the means of maximising societal benefits from marine and coastal protected areas; and (iii) strengthen opportunities for information-sharing and collaborative partnerships. GEF funding will be used to finance the establishment and administrative functioning of the PAWG. In this regard, a respected and independent facilitator will be appointed to assist in establishing, chairing and recording the decisions of the PAWG.

140. The outputs necessary to achieve this outcome are described below.

### ***Output 2.1: Prepare a Financial Plan***

Work under this output will focus on the preparation of a Financial Plan for the network of marine and coastal protected areas. This business-oriented Financial Plan will be organized around three key aspects of the financial planning process: a) a detailed financial analysis that identifies realistic funding needs and gaps; b) a pre-selection and analysis of viable financial mechanisms, and an understanding of the enabling activities needed for their implementation; and c) the formulation of a Financial Plan to guide the implementation of a sustainable financing strategy.

The specific activities to be undertaken in this output will include:

- (i) Evaluate the current financial baseline for the network of marine and coastal protected areas. This will include: analyzing current expenditure patterns; reviewing current income sources; and assessing current financing mechanisms.
- (ii) Using financial planning tools (e.g. scenario logic), qualify and quantify the projected financial needs for the network of marine and coastal protected areas under different management scenarios (e.g. 'current', 'ideal' and 'most likely').
- (iii) Assess the functionality of the current financial management systems for the marine and coastal protected areas, particularly the institutional and individual capacities for: medium-term financial planning; annual budgeting; financial control; and auditing.
- (iv) Review and select the most appropriate mechanisms to improve revenue streams for the marine and coastal protected areas. This may include increasing the current income from conventional financial sources (i.e. governments grants, fines, donor funding, and entry fees) as well as developing new funding sources (e.g. user permits, tourism/recreation concessions, biodiversity offsets, trust funds).
- (v) Identify and describe the critical activities that would be required to: improve the current levels of investment in marine and coastal protected areas; mobilize additional financial resources for the network of coastal and marine protected areas; strengthen financial management systems in state protected area agencies; and improve business planning capabilities in individual marine and coastal protected areas.
- (vi) Identify and describe the opportunities and mechanisms for cost-saving to achieve economies of scale, eliminate duplication and improve service delivery in marine and coastal protected areas.
- (vii) Using a 'market-based approach', prepare a medium-term (three to five years) 'Financial Plan' (FP) that establishes lines of strategic action to mobilize financial resources and build the financial capacity to improve the management effectiveness of the network of marine and coastal protected areas.

The implementation of activities under this output will be jointly managed by the PM and the National Project Director in the MENR. The PAWG will oversee the process of developing the Financial Plan. It will, based on regional and global best practice, agree on the format and content of the Financial Plan. The technical work in developing the Financial Plan will be undertaken by a contracted financial planning

service provider. The contracted financial planning service provider will work in close collaboration with staff from the Ministries of Economic Development and Finance during the preparation of the FP. They may also be required to train, and mentor pre-selected counterparts from the relevant Ministries. The FP will be submitted to the Minister of Ecology and Natural Resources for its formal adoption.

### ***Output 2.2: Strengthen capacity of MENR to implement the Financial Plan***

Work under this output is designed to build the financial capacity of the MENR, and support the mobilization of financial resources for the network of marine and coastal protected areas (as defined in the Financial Plan prepared in Output 2.1).

It will specifically assist the MENR in improving the efficiencies of their financial and business management systems, and diversifying their sources of finance for marine and coastal protected areas.

The specific activities to be undertaken in this output will include:

- (i) Provide ongoing technical support and advice to the *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas* on the cost-effective use of financial and business planning tools in: (i) medium-term and annual budget planning; (ii) financial management systems; (iii) financial control mechanisms; and (iv) annual auditing.
- (ii) Procure and install key equipment and software to improve financial management capabilities (computers, printers, financial management software) in the *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas*.
- (iii) Facilitate financial management training and skills development (including a staff exchange/mentoring partnership with counterpart regional conservation agencies) for key responsible staff in the *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas*.
- (iv) Support the development, marketing and implementation of a system of entry and other user fees for the marine and coastal National Parks. This may include *inter alia*: determining the willingness to pay; implementing differential pricing; establishing pricing structures; developing marketing products and materials; initiating user fee collection systems; establishing controlled entry points; and designing and implementing compliance and monitoring systems.
- (v) Prepare and present a business case to advocate an incremental increase of national budget allocations for marine and coastal protected areas.
- (vi) Support donor management processes, including: targeting potential funders for projects, preparing detailed project proposals, liaising with different with different funders, and building working partnerships with funding agencies/ institutions.
- (vii) Pilot the development of a tourism/recreation concession (e.g. specialist boat-based bird-watching service) in Gizil-Agaj National Park.
- (viii) Pilot the development of business plans in individual marine and coastal National Parks.

The implementation of activities under this output will be jointly managed by the PM and the NPD in the MENR. The PAWG will fulfil an oversight role in, and provide advice and support to, the implementation of this output.

A national financial planning firm will be contracted to: provide technical financial support; develop financial protocols, policies and systems; identify financial hardware, software and infrastructure requirements; facilitate medium-term and annual budgeting; implement financial management training and skills development programmes; facilitating auditing and financial controls; preparing a business case for an increase in investment in protected areas; developing and costing projects for donor funding; and piloting business planning in National Parks.

An international (regional) nature-based tourism development specialist will be contracted to: support the determination of pricing structures for National Parks; design and support the piloting of a

tourism/recreation concession processes; provide planning and technical support in the implementation a range of entry and other user fees across the marine and coastal national parks.

The MENR and specifically the *Department of Protection of Biodiversity and Development of Specially Protected Nature Areas* will be responsible for: approval and adoption of financial policies, procedures and protocols; implementing financial controls; approval of medium-term and annual budgets; implementing entry and other user fees in National Parks; presenting the business case motivating for an increased investment in marine and coastal PAs to the MED and MF; installation and maintenance of financial equipment and software; marketing of pricing structures for national parks; building and sustaining working relationships with donor agencies; and managing tourism/recreation concessions.

### ***Output 2.3: Identify and monitor critical thresholds for ecosystem health<sup>17</sup>***

Human production and consumption activities are putting rising transformative pressure on the marine and coastal natural resources and ecosystems of Azerbaijan. The natural systems being conserved within the network of marine and coastal protected areas can however only withstand disruption from these anthropogenic activities (both within and outside the PAs) up to a certain threshold (or “tipping point”), beyond which environmentally unacceptable and possibly irreversible consequences are likely to occur.

Work under this output is thus focused on identifying the specific indicators useful for monitoring the state of marine and coastal ecosystem health in protected areas, and the thresholds for these indicators that would indicate a trend to ‘tipping-point’. It is envisaged that, under the framework of this output, the monitoring of these indicators will then be integrated into an early warning system that would enable the MENR to understand, and respond proactively to, specific threats to the integrity of marine and coastal ecosystems in PAs.

The specific activities to be undertaken in this output will include:

- (i) Identify the key ecological attributes of the marine and coastal ecosystems (i.e. the factors that characterise, limit the distribution of, and/or put stress on, biodiversity) in protected areas.
- (ii) Identify, rank and select a suite of indicators that would collectively reflect the health of, and key stressors on, the marine and coastal ecosystems in protected areas.
- (iii) Determine the minimum (or upper and lower limit, if practicable) threshold, and the confidence level for the threshold, for each indicator (i.e. the level at which the indicator gives cause for concern).
- (iv) Develop monitoring protocols for each indicator, including: methodological approach; data collection procedure; frequency of data collection; format of data; presentation of data; and maintenance of data.
- (v) For each indicator, define the different management responses to situations where the thresholds are exceeded.
- (vi) Describe the capital and recurrent operating costs of implementing the EMP, and the sources of funding to meet these costs.
- (vii) Prepare a long-term ‘Ecosystem Monitoring Programme’ (EMP) for the Marine and Coastal Protected Areas, consolidating the information from point (i)-(vi) above in the Programme.
- (viii) Host a series of training workshops for MENR staff in the implementation of the EMP
- (ix) Facilitate and support the *in situ* collection (or collation, where data is already being collected) of baseline data for each of the indicators contained in the EMP. This may include the procurement of key monitoring equipment for selected indicators (e.g. water quality testing kit).
- (x) Prepare and publish a baseline ‘State of Ecosystem Health Report’ for the network of marine and coastal protected areas.

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<sup>17</sup> A healthy ecosystem is defined here as one in which ‘key processes operate to maintain stable and sustainable ecosystems and critical habitats remain intact’.

- (xi) Design and establish a centralized electronic information management system to facilitate the storage, retrieval and analysis of monitoring data.
- (xii) Developing a simple user-driven user monitoring report interface as a practical decision-support tool for protected area managers.
- (xiii) Introduce the management effectiveness tracking tool (METT) as a means of monitoring the effectiveness of marine and coastal protected areas.

The implementation of activities under this output will be jointly managed by the PM and the NPD in the MENR. The PAWG will fulfil an oversight role in, and provide advice and support to, the implementation of this output. The MENR (notably the AFSRI), with scientific support from ANAS, will directly implement the activities under this output. An international expert in the monitoring of marine and coastal ecosystems will however be contracted to provide specialist support to the MENR in the design and development of the EMP and in the design of a monitoring database and user interface. The PM will liaise closely with CEP counterparts to, wherever practicable, ensure close alignment between the EMP and any CEP regional monitoring initiatives in and around the Caspian Sea.

## INDICATORS AND RISKS

141. The project indicators are detailed in the [Strategic Results Framework](#) which is attached in Section II of this Project Document.

142. Project risks and risk mitigation measures are described below.

IDENTIFIED RISKS AND CATEGORY	IMPACT	LIKELIHOOD	RISK ASSESSMENT	MITIGATION MEASURES
<p><u>FINANCIAL</u> The Government of Azerbaijan does not commit adequate resources and funding support to sustain the maintenance of project investments during, and beyond the term of, the project.</p>	High	Moderately likely	<b>Moderate</b>	<p>The project outputs have been identified, and project activities developed, in close collaboration with the MENR in order to incrementally build on the existing foundation of financial resources and institutional capacities, rather than impose an unwanted and unsustainable suite of activities on the government. Careful attention has thus been paid to ensuring the long-term sustainability of project investments. This includes:</p> <p><i>Under Component 1</i></p> <p>The project will facilitate the establishment of a National Park in Gizil-Agaj, which will then allow controlled access to, and sustainable development and use of, the park. This in turn will allow for the generation of additional income from user/entry fees for financing the ongoing maintenance of project investments.</p> <p>The Government has also committed to increasing the annual OPEX budget allocation to Gizil-Agaj in order to finance the running costs and regular maintenance of all equipment procured, and infrastructure developed, in the project.</p> <p>Further, the project will support the preparation of the Strategic Plan and Annual Work Program for Gizil-Agaj National Park in order to ensure that the maintenance of project investments are embedded into the Park Management Plan, and its associated budget and HR provisions.</p>

IDENTIFIED RISKS AND CATEGORY	IMPACT	LIKELIHOOD	RISK ASSESSMENT	MITIGATION MEASURES
				<p>Finally, the project will assist the MENR in sourcing funding support from other bilateral donors (e.g. Caucasus Nature Fund) to co-finance the HR and recurrent management costs in the park beyond the term of the project.</p> <p><i>Under Component 2</i></p> <p>The project will support the development of a Financial Plan for the network of marine and coastal protected areas. This financial plan will then provide the framework for increasing, diversifying and stabilising the financial flows to the network.</p> <p>The project will then develop the internal capacities of MENR to improve the efficiencies of their financial and business management systems, and diversity the sources of funding for the marine and coastal protected areas. This will include the piloting of a tourism/recreation concession in Gizil-Agaj NP.</p> <p>Finally, the Ecosystem Monitoring Plan will, wherever practicable, incorporate existing indicators and current monitoring activities already being funded and implemented by MENR.</p>
<p><u>STRATEGIC</u> Resistance from, and conflict between, affected state institutions, local communities and resource users will delay the formal proclamation of Gizil-Agaj as a National Park</p>	Moderate	Moderately likely	<b>Moderate</b>	<p>The majority of the Gizil-Agaj area proposed as a national park in the project is already under formal protection (i.e. SNR and SNS) and is also designated as a RAMSAR site. The project will thus primarily seek only to better align the protected area status of Gizil-Agaj with the changing management objectives for the wetland complex (improved public access, establishment of mutually beneficial partnerships with local communities, sustainable natural resource use, nature-based tourism and recreation use).</p> <p>The project will however also support the development and implementation of a focused participation program with individuals and communities with tenure and use rights in and around the area targeted for the park.</p> <p>Further, the project will support the development and implementation of a structured consultation and negotiation process with the affected institutional (state, rayon, municipal) stakeholders.</p> <p>Finally, the project will establish a Technical Working Group (TWG) - with representation of key government ministries, research institutions and affected rayons - to oversee the entire park establishment process. This TWG will then review and address all the comments and inputs received from individuals, communities and institutional stakeholders.</p>
<p><u>ENVIRONMENTAL</u> Illegal activities (including hunting, grazing, pollution and fishing) in marine and coastal protected areas reach unsustainable levels,</p>	High	Unlikely	<b>Low</b>	<p>For a single protected area - Gizil-Agaj NP - the project will:</p> <ul style="list-style-type: none"> <li>- Support the development of an enforcement and compliance strategy, as an integral part of the Park Management Plan</li> <li>- Improve the demarcation of the park's terrestrial and marine boundaries, and contain illegal encroachments and grazing activities</li> </ul>

IDENTIFIED RISKS AND CATEGORY	IMPACT	LIKELIHOOD	RISK ASSESSMENT	MITIGATION MEASURES
and compromise the integrity and health of ecosystems.				<ul style="list-style-type: none"> <li>- Upgrade the park entry control points to regulate and control access for park visitors and resource users</li> <li>- Renovate and refurbish ranger outposts to ensure a permanent enforcement staff presence in the park</li> <li>- Procure patrolling equipment for enforcement and compliance staff (vehicles, boats, uniforms, radio communications)</li> <li>- Strengthen the capability of park staff to monitor and record the nature, scale and impacts of illegal and/or detrimental activities affecting the integrity and health of park ecosystems.</li> <li>- Develop an improved awareness of the impacts of illegal activities on the integrity of the park through the establishment of an interpretive and information centre for park visitors, local communities and resource users.</li> </ul> <p>For the network of marine and coastal protected areas, the project will:</p> <ul style="list-style-type: none"> <li>- Support the development and initiation of an Ecosystem Monitoring Plan (EMP). The EMP will then enable MENR to routinely monitor key indicators of ecosystem health and measure these against pre-determined ‘thresholds’, above which management interventions will be required.</li> <li>- Support the mobilisation of additional financial resources to fund continuous improvements in the enforcement and compliance capacities of protected areas.</li> </ul>
<p><u>ENVIRONMENTAL</u> The effect of climate change exacerbates habitat fragmentation and degradation in the marine and coastal ecosystems of protected areas.</p>	Moderate	Moderately likely	<b>Low</b>	<p>The project will seek to identify potential buffer zones and corridors that can act as a safeguard against the undesired effects of climate change on the lagoon and wetland ecosystems (and associated species) in the Gizil-Agaj wetland complex.</p> <p>The project will also integrate climate change scenario-planning - notably in respect of sea levels of the Caspian Sea and projected freshwater inflows from surrounding catchments - into the development of the hydrological systems plan for Gizil-Agaj.</p> <p>The project will further support the development and monitoring of indicator/s for climate change (as a ‘stressor’ on the ecosystem), and define thresholds for these indicators that would indicate a trend to ‘tipping point’ for the marine and coastal ecosystems.</p> <p>Finally, the project will support the development and maintenance of a monitoring database to enable the government to analyse long-term trends in climate change effects on the marine and coastal ecosystems.</p>

## COST-EFFECTIVENESS

143. The project will seek to achieve a catalytic investment in securing the long-term financial sustainability of the national network of marine and coastal protected areas. Costs incurred in project

implementation will focus only on those additional actions required to provide key incremental assistance to the government in undertaking strategically critical reforms to improving the financial viability of the marine and coastal protected areas (e.g. liberalising the protected area status, financial planning, building financial capacities, piloting tourism concessions). To accomplish this, the project will seek to complement and build upon the extensive baseline activities already underway in the sector (e.g. expanding the system of national parks, tourism planning and investments in selected national parks). Wherever possible, the project will use the competencies and technical skills within the mandated government institutions to implement project activities. Where applicable, project resources will also be deployed to strengthen and expand existing initiatives and programmes (e.g. monitoring indicators of ecosystem health, introduction of entry fees to NPs) to avoid duplication of effort. Increased co-financing commitments will continue to be targeted by the project during the project implementation (e.g. co-financing of running costs for Gizil-Agaj from the Caucasus Nature Fund).

144. The project is considered cost-effective for the following primary reasons:

- (i) A modest expenditure in financial planning and development of institutional capacities for financial management will contribute significantly to increasing, diversifying and stabilizing the financial flows to marine and coastal protected areas in Azerbaijan. As a result of project investments, it is anticipated that by the end of project the available budget allocations for the network of marine protected areas will exceed US\$4/ha, of which at least 25% of which is generated from own income (entry fees, fines, user fees, tourism and recreation services, etc.).
- (ii) Project support to the introduction of business planning approaches and tools for protected areas is expected to improve the cost-effectiveness of the Department of Protection of Biodiversity and Development of Specially Protected Areas by: (a) strengthening internal financial controls and financial systems; (b) ensuring more efficient flows of financial information; (c) improving individual skills of financial management staff; (d) developing better user fee collection mechanisms; and (e) advocating increased investment in protected areas by donors and government.
- (iii) Project support to the processes needed to consolidate the Gizil-Agaj SNR, Lesser Gizil-Agaj SNS and other areas of high biodiversity significance into a single national park will enable the park management to significantly improve revenue from the phased introduction of controlled access to, and sustainable development of, the park.
- (iv) Project investments in the renovation of conservation infrastructure and procurement of critical equipment for Gizil-Agaj NP is expected to substantially improve the effective deployment of enforcement and compliance staff, with the concomitant improvement in the catch per unit effort of artisanal and commercial fisherman and hunters legally operating in surrounding areas.
- (v) Project funding for the piloting of a local, nature-based tourism concession in Gizil-Agaj will demonstrate the potential for alternative sources of revenue and employment for local communities surrounding the park, as well as a means of generating income to the park from concession fees (typically 12.5% of net income on a 20-year Build-Operate-Transfer arrangement). It is projected that a suite of package-based specialist nature-based tourism ventures in Gizil-Agaj could conservatively generate a net income of at least US\$15,000-20,000 per annum by end of project.
- (vi) Project support to introducing a more market-based user fee structure for national parks will ensure that the MENR can better justify the pricing of protected area goods and services, and that fees are more closely linked to the real costs of providing those goods and services.
- (vii) Project funding for developing an output-based, results-oriented management plan (comprising a strategic plan, annual work program and subsidiary plans) and organisational structure (organogram, post descriptions) for Gizil-Agaj NP will ensure the optimal deployment of limited institutional resources and capacity in the future management of the



park. An improvement in the business planning processes in the park will also provide the groundwork for improving its future long-term financial viability.

145. Alternative approaches could include financing large-scale investment in marine and coastal PA infrastructure and equipment, through loans from multilateral development agencies such as the World Bank. That scenario would presumably also achieve a similarly lasting effect in terms of financial health of the marine and coastal protected area network, but with much larger initial investment required and with the additional burden on the Government to repay loans during the uneasy times of the global financial crisis. The per-dollar value of achievements of the loan-based scenarios would therefore considerably exceed those of the proposed project.

## **COUNTRY OWNERSHIP: COUNTRY ELIGIBILITY AND COUNTRY DRIVENNESS**

146. The Government of Azerbaijan signed the United Nations Convention on Biological Diversity (CBD) on 12 June, 1992 and ratified it on the 3<sup>rd</sup> of October, 2000. As a party to the CBD, Azerbaijan is committed to implement the Programme of Work on Protected Areas (PoWPA) (COP 7, Decision VII/28). The project will specifically contribute to addressing the following critical PoWPA activities: Goal 3.2.1 (Strengthening protected area capacity); Goal 3.4.1 (Assessing and improving sustainable finance); Goal 4.1.2 (Developing long-term monitoring programs); and Goal 4.2.1 (Assessing and improving management effectiveness).

147. The Fourth National Report (Country Study on Biodiversity of Azerbaijan Republic, 2010) has been prepared by the country in conformance with COP 8 decision VIII/14 of the CBD. This report confirms the high priority placed by the government on the establishment and management of a system of protected areas as an effective mechanism for the *in situ* conservation of biodiversity (Article 8 of the CBD). The Fourth National Report confirms that illegal grazing, fishing and hunting pose significant threats to the biodiversity in protected areas. It highlights that the key institutional constraints to effectively addressing these threats include the lack of suitable equipment and transport, and the poor maintenance of infrastructure, in protected areas. The report emphasises that the low knowledge and skills levels of protected area staff (as a result of poor salaries and associated benefits) further limits the institutional capacity to address these threats. Finally the report underlines the need to better integrate protected areas into the local economy, and improve relationships with local communities, if it is to secure the long-term security of the protected area system.

## **PROJECT CONSISTENCY WITH NATIONAL PRIORITIES/PLANS**

148. The project will contribute to meeting the targets for Goal VII ('improving environmental situation and ensuring sustainable management of environment') of the *State Programme for Poverty Reduction and Sustainable Development in the Azerbaijan Republic* (2008-2015) by increasing the surface area of the protected area estate. It is directly aligned with policy measures 1.7.4 (developing alternative tourism [products]); 3.3.4. (sustainable management of biodiversity); 3.3.4.1. (ensure the sustainability of the growth of aquatic biological resources); 3.3.4.1.1 ( a complex study of the water biological resources including the Caspian Sea, condition monitoring, and preparation and implementation of an action plan to ensure the sustainable development); 3.3.4.2 (expanding the area of protected sites until 12% of all territory of the republic); and 3.3.4.2.3 (establishment of Gizil-Agaj National Park).

149. The project will assist the government in meeting the envisaged results under Objective II ('Sustainability of the environment of the Caspian, including conservation of biodiversity') of the *National Caspian Action Plan* (2002). More specifically it will contribute to the following high priority interventions/projects listed in the plan: 21- improved effectiveness of work in Gizil-Agaj; 23 - capacity

building for better monitoring of environment protection activities; and 28 – (develop the) conditions for sustainable use of the wetlands of Gizil-Agaj (State) Nature Reserve.

150. The project will contribute to addressing the following priority actions identified in the National Biodiversity Strategy and Action Plan (NBSAP 2006-2010: Activity 1.7.5 Identify indicators and develop a system to monitor the impacts on biodiversity; Activity 2.1.4 Develop state cadastre for the protected areas; Activity 7.1.2 Enhance and promote cooperation with stakeholders involved in biodiversity conservation; and the suite of activities listed under 12.1 (Encourage international investment in biodiversity conservation) and 12.2 (Encourage investment in biodiversity from entities within Azerbaijan).

151. The project will assist in meeting the medium-term targets for D1.1 ('at least 50,000ha of new protected areas are created in the Caspian Sea basin [and] management of at least 80,000ha of existing reserves [in the coastal and marine zones of the Caspian Sea] are strengthened') and C6.1 ('at least three projects are underway to restore freshwater habitats) of the *Ecoregion Conservation Plan for the Caucasus* (2012) More specifically, the project will contribute to implementing the following actions in Azerbaijan: A4.3.2 Develop management plans for all PAs; C6.1.2 Carry out wetland restoration activities during the process of creating the Gizil-Agaj National Park; and D1.1.4 Improve protection of wetlands and coastal habitats in Gizil-Agaj.

## **SUSTAINABILITY AND REPLICABILITY**

152. The project has been carefully designed to optimize prospects for improving the sustainability of the network of marine and coastal protected areas in the following areas:

153. Environmental sustainability will be promoted in the project by improving the effectiveness of conservation efforts in protecting the indigenous species, habitats and ecological processes represented in Azerbaijan's marine and coastal protected area network. At the protected area level, the project will facilitate, and evaluate the efficacy of, the steps required to establish a functional, more effective national park administration in Gizil-Agaj. To effect this the project will specifically seek to improve the capacity (i.e. planning tools, knowledge management, staffing, infrastructure, equipment and funding) of the park management to address the external threats to, and pressures on, the ecological integrity of the Gizil-Agaj wetland complex, including *inter alia*: pressures from building/agricultural encroachments; environmental impacts of livestock grazing/browsing; effects of illegal bird hunting; threats from inflows of pollutants; and effects of illegal fishing activities. At the level of the protected area network, the project will seek to strengthen the capability of protected area agencies to develop and implement a long-term monitoring system that will promote the regular monitoring of the state of marine and ecosystem health in protected areas and provide an early warning system when the ecological integrity of these marine and coastal ecosystems are threatened.

154. Financial sustainability will be achieved by building and strengthening the financial management capacity (financial planning, budgeting, financial controls, auditing, financial software, financial training/skills development and computing hardware) of the MENR to develop and implement a Financial Plan for Azerbaijan's marine and coastal protected areas. The project will specifically assist in the design and implementation of mechanisms to increase and diversify financial flows to marine and coastal protected areas, including: improving revenue from entry and other user fees; increasing state budget allocations; targeting additional focused donor funding support; and piloting tourism/recreation concessions. Finally, the project will support the introduction of business planning in the marine and coastal National Parks, and link it to the preparation of Park Management Plans.

155. **Social sustainability** will primarily be achieved by facilitating the active involvement of a range of stakeholders in the planning, management and monitoring of marine and coastal protected areas. The project will specifically support the establishment of a cooperative governance mechanism – involving affected government ministries, rayon’s, municipalities, donor agencies, tourism bodies and NGOs – in order to further develop collaborative partnerships in the financial and business planning of protected areas. The project will identify approaches to, and mechanisms for, the direct involvement of the private sector, local communities, donors and NGOs in the ongoing funding of, provision of tourism/recreation services in, and sustainable resource use from marine and coastal protected areas. At the level of Gizil-Agaj, the project will support the implementation of a suite of activities in the establishment and planning processes of the park that will enable the park management team to work with key institutional, community and other stakeholders in collaboratively seeking solutions for improving the balance between the socio-economic development needs of region and the biodiversity conservation objectives of the park. The project will further facilitate the up-skilling of MENR staff in the use of financial and business management systems in protected areas. Finally, the involvement of stakeholders in project activities – at both the level of the protected area network and individual protected areas – will be guided by robust stakeholder engagement plans. These stakeholder engagement plans will also make strong provision for conflict management with different categories of user groups.

156. **Replication** will be achieved through the direct replication of selected project elements and practices and methods, as well as the scaling up of experiences. The project will specifically use the lessons learnt from the piloting and implementation of aspects of the Financial Plan for Azerbaijan’s network of marine and coastal protected areas (Output 2.1) in the roll-out of a diversified suite of financing mechanisms across the entire national protected area system.

157. Each project output will include the documentation of lessons learnt from implementation of activities under the output, and a collation of the tools and templates (and any other materials) developed during implementation. The Project Manager will ensure the collation of all the project experiences and information. This knowledge database will then be made accessible to different stakeholder groups in order to support better future decision-making processes in protected areas.

## PART III: Management Arrangements

### PROJECT IMPLEMENTATION ARRANGEMENT

158. The project will be implemented over a period of four years.

159. The UNDP Country Office will monitor the implementation of the project, review progress in the realisation of the project outputs, and ensure the proper use of UNDP/GEF funds. Working in close cooperation with MENR, the UNDP Country Office (CO) will provide support services to the project - including procurement, contracting of service providers, human resources management and financial services - in accordance with the relevant UNDP Rules and Procedures and Results-Based Management (RBM) guidelines.

160. The project will be nationally implemented (NIM) by the Ministry of Ecology and Natural Resources (MENR), in line with the Standard Basic Assistance Agreement (SBAA of 6 January, 2001) and the UNDP's Country Programme (CP)<sup>18</sup> for Azerbaijan (2011-2015). The MENR will have the overall responsibility for achieving the project goal and objectives. The MENR will be directly responsible for creating the enabling conditions for implementation of all project activities. The MENR will designate a senior official to act as the National Project Director (NPD). The NPD will provide the strategic oversight and guidance to project implementation<sup>19</sup>.

161. The day-to-day administration of the project will be carried out by a national Project Manager (PM), with the support of a Project Administrative Assistant (PAA). The PM and the PAA will be based in Baku. The project staff will be recruited using standard UNDP recruitment procedures. The PM has the authority to administer the project on a day-to-day basis on behalf of MENR, within the constraints laid down by the Project Board (PB). The PM's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost. The PM will prepare Annual Work Plans (AWP) in advance of each successive year and submit them to the Project Board for approval. The PM will liaise and work closely with all partner institutions to link the project with complementary national programs and initiatives. The PM is accountable to the NPD for the quality, timeliness and effectiveness of the activities carried out, as well as for the use of funds. The PAA will provide project administration support to the PM, as required. The terms of reference for the PM and PAA are detailed in [Section IV, Part I](#).

162. The PM will be technically supported by contracted national and international service providers. They will also work in close collaboration with counterpart conservation agencies and institutions in the Caucasus region. Recruitment of specialist support services and procurement of any equipment and materials for the project will be done by the PM, in consultation with the NPD and in accordance with relevant recruitment and procurement rules and procedures. The terms of reference of the key national and international service providers to be contracted by the project are detailed in [Section IV, Part I](#).

163. A Project Board (PB) will be constituted to serve as the executive decision making body for the project. The Project Board will consist of the National Focal Point for Biodiversity in Azerbaijan, the Head

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<sup>18</sup> The UNDP CP is directly based on the outcomes of the United Nations Development Assistance Framework (UNDAF) for Azerbaijan (2011-2015). The UNDAF is itself aligned with the State Programme for Poverty Reduction and Sustainable Development for 2008-2015 (see above).

<sup>19</sup> The NPD will not be paid from the project funds, but will represent a Government in-kind contribution to the Project.

of the Department on Protected Areas of MENR<sup>20</sup>, the UNDP Deputy Resident Representative (DRR) and the Representative of UNDP's Sustainable Development Unit in Azerbaijan. The Project Board will ensure that the project remains on course to deliver the desired outcomes of the required quality. The PB will meet at least four times per annum (more often if required).

164. The PM will produce an Annual Work Plan (AWP) to be approved by the PB at the beginning of each year. These plans will provide the basis for allocating resources to planned project activities. Once the PB approves the AWP, this will be sent to the UNDP Regional Technical Advisor for Biodiversity at the GEF Regional Coordinating Unit (RCU) for clearance. Once the AWP is cleared by the RCU, they will be sent to the UNDP/GEF Unit in New York for final approval and release of the funding. The PM will further produce quarterly operational reports and Annual Progress Reports (APR) for review by the PB, or any other reports at the request of the PB. These reports will summarize the progress made by the project versus the expected results, explain any significant variances, detail the necessary adjustments and be the main reporting mechanism for monitoring project activities.

## **FINANCIAL AND OTHER PROCEDURES**

165. The financial arrangements and procedures for the project are governed by the UNDP rules and regulations for National Implementation Modality (NIM). All procurement and financial transactions will be governed by applicable UNDP regulations under NIM.

## **AUDIT CLAUSE**

166. The Project audits will be conducted according to UNDP Financial Regulations and Rules and applicable Audit policies.

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<sup>20</sup> The Deputy Head of the Department of Protected Areas may also be designated as the NPD. If not, the NPD will attend the PB meeting in an *ex officio* capacity.

## PART IV: Monitoring Framework and Evaluation

### MONITORING AND REPORTING

168. The project will be monitored through the following Monitoring and Evaluation (M&E) activities.

#### Project start-up:

169. A Project Inception Workshop will be held within the first 4 months of project start with those with assigned roles in the project organization structure, UNDP country office and where appropriate/feasible regional technical policy and programme advisors as well as other stakeholders. The Inception Workshop is crucial to building ownership for the project results and to plan the first year annual work plan.

The Inception Workshop should address a number of key issues including:

- a) Assist all partners to fully understand and take ownership of the project. Detail the roles, support services and complementary responsibilities of UNDP CO and the UNDP/GEF Regional Office vis-à-vis the project team. Discuss the roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff will be discussed again, as needed.
- b) Based on the project results framework and the relevant GEF Tracking Tool, if appropriate, finalize the first AWP. Review and agree on the indicators, targets and their means of verification, and recheck assumptions and risks.
- c) Provide a detailed overview of reporting, monitoring and evaluation (M&E) requirements. The Monitoring and Evaluation work plan and budget should be agreed and scheduled.
- d) Discuss financial reporting procedures and obligations, and arrangements for annual audit.
- e) Plan and schedule Project Board meetings. Roles and responsibilities of all project organization structures should be clarified and meetings planned. The first Project Board meeting should be held within the first 12 months following the inception workshop.

170. An Inception Workshop report is a key reference document and must be prepared and shared with participants to formalize various agreements and plans decided during the meeting.

#### Quarterly:

- Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform.
- Based on the initial risk analysis submitted, the risk log shall be regularly updated in ATLAS. Risks become critical when the impact and probability are high.
- Based on the information recorded in Atlas, a Project Progress Report (PPR) can be generated in the Executive Snapshot.
- Other ATLAS logs can be used to monitor issues, lessons learned etc. The use of these functions is a key indicator in the UNDP Executive Balanced Scorecard.

#### Annually:

171. Annual Project Review/Project Implementation Reports (APR/PIR): This key report is prepared to monitor progress made since project start and in particular for the previous reporting period. The APR/PIR combines both UNDP and GEF reporting requirements.

172. The APR/PIR includes, but is not limited to, reporting on the following:
- Progress made toward project objective and project outcomes - each with indicators, baseline data and end-of-project targets (cumulative)
  - Project outputs delivered per project outcome (annual).
  - Lesson learned/good practice.
  - AWP and other expenditure reports
  - Risk and adaptive management
  - ATLAS QPR
  - Portfolio level indicators (i.e. GEF focal area tracking tools) are used by most focal areas on an annual basis as well.

#### **Periodic Monitoring through site visits:**

173. UNDP CO and the UNDP RCU will conduct visits to project sites based on the agreed schedule in the project's Inception Report/Annual Work Plan to assess first hand project progress. Other members of the Project Board may also join these visits. A Field Visit Report/BTOR will be prepared by the CO and UNDP RCU and will be circulated no less than one month after the visit to the project team and Project Board members.

#### **Mid-term of project cycle:**

174. The project will undergo an independent Mid-Term Evaluation at the mid-point of project implementation. The Mid-Term Evaluation will determine progress being made toward the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF. The management response and the evaluation will be uploaded to UNDP corporate systems, in particular the [UNDP Evaluation Office Evaluation Resource Center \(ERC\)](#).

175. The relevant GEF Focal Area Tracking Tools will also be completed during the mid-term evaluation cycle.

#### **End of Project:**

176. An independent Final Evaluation will take place three months prior to the final Project Board meeting and will be undertaken in accordance with UNDP and GEF guidance. The final evaluation will focus on the delivery of the project's results as initially planned (and as corrected after the mid-term evaluation, if any such correction took place). The final evaluation will look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental benefits/goals. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF.

177. The Terminal Evaluation should also provide recommendations for follow-up activities and requires a management response which should be uploaded to PIMS and to the [UNDP Evaluation Office Evaluation Resource Center \(ERC\)](#).

178. The relevant GEF Focal Area Tracking Tools will also be completed during the final evaluation.

179. During the last three months, the project team will prepare the Project Terminal Report. This comprehensive report will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's results.

### **Learning and knowledge sharing:**

180. Results from the project will be disseminated within and beyond the project intervention zone through existing information sharing networks and forums.

181. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects.

182. Finally, there will be a two-way flow of information between this project and other projects of a similar focus.

### **Communications and visibility requirements**

183. Full compliance is required with UNDP's Branding Guidelines. These can be accessed at <http://intra.undp.org/coa/branding.shtml>, and specific guidelines on UNDP logo use can be accessed at: <http://intra.undp.org/branding/useOfLogo.html>. Amongst other things, these guidelines describe when and how the UNDP logo needs to be used, as well as how the logos of donors to UNDP projects needs to be used. For the avoidance of any doubt, when logo use is required, the UNDP logo needs to be used alongside the GEF logo. The GEF logo can be accessed at: [http://www.thegef.org/gef/GEF\\_logo](http://www.thegef.org/gef/GEF_logo). The UNDP logo can be accessed at <http://intra.undp.org/coa/branding.shtml>.

184. Full compliance is required with the GEF's Communication and Visibility Guidelines (the "GEF Guidelines"). The GEF Guidelines can be accessed at: [http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08\\_Branding\\_the\\_GEF%20final\\_0.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08_Branding_the_GEF%20final_0.pdf). Amongst other things, the GEF Guidelines describe when and how the GEF logo needs to be used in project publications, vehicles, supplies and other project equipment. The GEF Guidelines also describe other GEF promotional requirements regarding press releases, press conferences, press visits, visits by Government officials, productions and other promotional items.

### **M& E work plan and budget**

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team staff time</i>	Time frame
Inception Workshop and Report	<ul style="list-style-type: none"><li>▪ PM</li><li>▪ UNDP CO, UNDP GEF</li></ul>	Indicative cost: 4,500	Within first two months of project start up



Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team staff time</i>	Time frame
Measurement of Means of Verification of project results.	<ul style="list-style-type: none"> <li>▪ UNDP GEF RTA/PM will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members.</li> </ul>	To be finalized in Inception Phase and Workshop.	Start, mid and end of project (during evaluation cycle) and annually when required.
Measurement of Means of Verification for Project Progress on <i>output and implementation</i>	<ul style="list-style-type: none"> <li>▪ PM</li> </ul>	To be determined as part of the Annual Work Plan's preparation.	Annually prior to ARR/PIR and to the definition of annual work plans
ARR/PIR	<ul style="list-style-type: none"> <li>▪ PM</li> <li>▪ UNDP CO</li> <li>▪ UNDP RTA</li> <li>▪ UNDP EEG</li> </ul>	None	Annually
Periodic status/ progress reports	<ul style="list-style-type: none"> <li>▪ PM</li> </ul>	None	Quarterly
Mid-term Evaluation	<ul style="list-style-type: none"> <li>▪ PM</li> <li>▪ UNDP CO</li> <li>▪ UNDP RCU</li> <li>▪ External Consultants (i.e. evaluation team)</li> </ul>	Indicative cost: 25,000	At the mid-point of project implementation.
Final Evaluation	<ul style="list-style-type: none"> <li>▪ PM</li> <li>▪ UNDP CO</li> <li>▪ UNDP RCU</li> <li>▪ External Consultants (i.e. evaluation team)</li> </ul>	Indicative cost : 25,000	At least three months before the end of project implementation
Project Terminal Report	<ul style="list-style-type: none"> <li>▪ PM</li> <li>▪ UNDP CO</li> <li>▪ local consultant</li> </ul>	0	At least three months before the end of the project
Audit	<ul style="list-style-type: none"> <li>▪ UNDP CO</li> <li>▪ Project manager and team</li> </ul>	Indicative cost per year: 4,500	Yearly
Visits to field sites	<ul style="list-style-type: none"> <li>▪ UNDP CO</li> <li>▪ UNDP RCU (as appropriate)</li> <li>▪ Government representatives</li> </ul>	For GEF supported projects, paid from IA fees and operational budget	Yearly
TOTAL indicative COST <i>Excluding project staff (PM and PAA) time and UNDP staff and travel expenses</i>		US\$ 72,500	

\*Note: Costs included in this table are part and parcel of the UNDP Total Budget and Work Plan (TBW) in the PRODOC, and not additional to it.

## PART V: Legal Context

185. This document, together with the CP signed by the Government and UNDP which is incorporated by reference, constitute together a Project Document as referred to in the SBAA and all CP provisions apply to this document.

186. Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried out; and
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

187. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

188. The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

## SECTION II: STRATEGIC RESULTS FRAMEWORK (SRF)

This project will contribute to achieving the following CP Outcome: Outcome 1.3 Relevant national strategies, policies, and capacities strengthened to address environmental degradation, promote a green economy, reduce vulnerability to climate change; Output 1.3.4 Size of marine and other ecosystems registered and managed as Protected Areas expanded

Country Programme Outcome Indicators: Indicator 1.3.2 Percentage of total country area covered by Protected Area network

Primary applicable Key Result Area: Environmental sustainability

Applicable GEF Strategic Objective and Program: Objective 1 Improve sustainability of protected area systems

Applicable GEF Expected Outcomes: Outcome 1.1 Improved management of existing and new protected area; Outcome 1.2 Increased revenue for protected area systems to meet total expenditures required for management

Applicable GEF Outcome Indicators: Indicator 1.1 Protected area management effectiveness as recorded by Management Effectiveness Tracking Tool; Indicator 1.2 Funding gap for management of protected area systems as recorded by protected area financing scorecards

	Indicator	Baseline	Target/s (End of Project)	Source of verification	Risks and Assumptions
<b>Project Objective</b> To improve the management effectiveness, including operational effectiveness and ecosystem representation, of Azerbaijan's coastal and marine protected area system, with due consideration for its overall sustainability, including ecological, institutional and financial sustainability	Financial sustainability scorecard for national system of protected areas	15%	>35%	Project review of Financial Sustainability Scorecard	<b>Assumptions:</b> <ul style="list-style-type: none"> <li>Government continues to view protected areas as a key investment strategy for meeting biodiversity conservation (and selected socio-economic development) targets.</li> <li>National efforts to mitigate the effects of water and oil pollution on the Caspian Sea, and in its river catchment areas, are sustained.</li> <li>Strict controls over the commercial fishing of sturgeon, the administration of fishing permits, and illegal fishing activities, are actively enforced by Government.</li> </ul> <b>Risks:</b> <ul style="list-style-type: none"> <li>The Government does not commit adequate resources and funding support to sustain the maintenance of project investments in the PAs.</li> </ul>
	Capacity development indicator score for protected area system	Systemic: 34% Institutional: 20% Individual: 13%	Systemic: >50% Institutional: >40% Individual: >25%	Project review of Capacity Development Indicator Scorecard	
	Total annual budget (HR, OPEX and CAPEX) allocation for marine and coastal PAs (US\$/ha)	All PAs: US\$3.03/ha Gizil-Agaj: US\$ 2.53/ha	All PAs: >US\$4/ha Gizil-Agaj: >US\$4/ha	MENR Annual Financial Report	
	Management Effectiveness Tracking Tool scorecard: Gizil-Agaj	25%	>45%	Project review of METT scorecard (every two years)	

					<ul style="list-style-type: none"> <li>– Illegal activities in marine and coastal protected areas reach unsustainable levels and compromise the integrity and health of ecosystems.</li> <li>– The effects of climate change will further exacerbate habitat fragmentation and degradation in marine and coastal ecosystems.</li> </ul>
<b>Outcome 1</b> Enhanced management effectiveness of the Gizil-Agaj reserve complex	<b>Outputs:</b> 1.1 Establish a consolidated national park 1.2 Prepare a park management plan 1.3 Demarcate the park boundary, and renovate the access control infrastructure 1.4 Procure critical park equipment				
	Extent (ha) of area surveyed, and formally proclaimed and managed as the Gizil-Agaj national park	0 ha <sup>21</sup>	>100,000ha	Executive order on the creation of the National Park	<b>Assumptions:</b> <ul style="list-style-type: none"> <li>– The establishment of a National Park will allow controlled access to, and sustainable use of, the park and its resources.</li> <li>– The key stakeholders acknowledge the PA management mandate of MENR, and (over time) recognise the core values of the park.</li> <li>– The staff salary levels (and associated benefits) are incrementally improved, ensuring that the Park is able to retain a competent, skilled and committed staff complement.</li> <li>– More effective management of the Park will see an improvement in the health of its biodiversity features.</li> </ul>
	Total number of mixed breeding colonies of Pelecaniformes and Ciconiiformes <sup>22</sup> in Gizil-Agaj	70,000	>100,000	Boat-based and ground-based bird counts (see methodology in Sultanov, 2008)	
	Total number of wintering waterbirds <sup>23</sup> in Gizil-Agaj	400,000	400,000 - 500,000	Boat-based and ground-based bird counts (see methodology in Sultanov, 2008)	
	Average number (#/month during spawning season) of illegal sturgeon poaching incidents (or	Spring: >8 <sup>24</sup> Autumn: >6	Spring: <2 Autumn: <2	MENR monthly, quarterly and annual reports	
				<b>Risks:</b> <ul style="list-style-type: none"> <li>– Resistance from, and conflict</li> </ul>	

<sup>21</sup> The existing Gizil-Agaj complex comprises a total area of 99,060 ha, of which 88,360 is designated as a SNR and 10,700 is designated as a SNS.

<sup>22</sup> Including cormorants, herons, grebes, egrets, spoonbills and ibis.

<sup>23</sup> Including surface-feeding ducks, diving ducks and coots.

<sup>24</sup> The baseline record of illegal sturgeon poaching incidents in spring and autumn will be revised and updated in year 1 of project implementation (based on final 2012 enforcement records for the reserve complex).

	violation of fishing permits) occurring in Gizil-Agaj				<p>between, affected state institutions, local communities and resource users will delay the formal proclamation of the National Park.</p> <ul style="list-style-type: none"> <li>– The Government does not commit adequate resources and funding support to sustain the maintenance of project investments in the National Park.</li> <li>– Illegal activities in the Park reach unsustainable levels and compromise the integrity and health of the Park ecosystems.</li> <li>– The effects of climate change will further exacerbate habitat fragmentation and degradation in the Park ecosystems.</li> </ul>
	Average number (#/month during winter) of recorded illegal bird hunting incidents occurring in Gizil-Agaj	Winter: >25/month <sup>25</sup>	Winter: <10/month	MENR monthly, quarterly and annual reports	
	Average number (#/month/year) of cattle illegally grazing in Gizil-Agaj	>500/month	<10/month	MENR monthly, quarterly and annual reports	
<b>Outcome 2</b> Improved collaborative governance of, and institutional expertise in, the financial management of marine and coastal protected areas	<b>Outputs:</b> 2.1 Prepare a financial plan 2.2 Strengthen capacity of MENR to implement the financial plan 2.3 Identify and monitor critical thresholds for ecosystem health				
	Income/annum (US\$), by source, from marine and coastal protected areas	Government: US\$480,822 Donors: US\$277,720 Entry fees: US\$3,902\$ Tourism services: US\$0 Fines: US\$45,356 Resource use: US\$0 Concessions: US\$0 (baseline year = 2011/2012)	Government: >US\$750,000 Donors: >US\$500,000 Entry fees: >US\$15,000 Tourism services: >US\$10,000 Fines: >US\$75,000 Resource use: >US\$10,000 Concessions: >US\$10,000 (target year = 2016/17)	MENR Annual Financial Reports	<b>Assumptions:</b> – The Government continues to liberalise the management regime of protected areas by opening them up for tourism, recreation and sustainable resource use. – The MENR will initiate the process of devolving some budgeting and financial management responsibilities to the level of individual protected areas. – The government will continue to reform and improve the enabling legal and regulatory framework for PA financing. – The government is committed to
	Number of MENR staff completing in-service financial training and skills development programmes	0	>10	MENR monthly, quarterly and annual reports Project reports	

<sup>25</sup> The baseline record of illegal bird hunting incidents in spring and autumn will be revised and updated in year 1 of project implementation (based on the final 2012 enforcement records for the reserve complex).

	Number of non-state stakeholder institutions and private sector businesses investing in, and/or supporting the administration of, marine and coastal protected areas	Donor agencies: 2 NGOs: 1 Private businesses: 0	Donor agencies: 4 NGOs: 2 Private sector: 2	MENR monthly, quarterly and annual reports Project reports	<p>strengthening collaborative partnerships in the financing of PAs.</p> <ul style="list-style-type: none"> <li>ANAS and other departments of ANAS will actively participate in the development and implementation of the Ecosystem Monitoring Programme for PAs</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>The Government does not commit adequate resources and funding support to sustain the maintenance of project investments in the PAs.</li> <li>Illegal activities in marine and coastal protected areas reach unsustainable levels and compromise the integrity and health of ecosystems.</li> <li>The effects of climate change will further exacerbate habitat fragmentation and degradation in marine and coastal ecosystems.</li> </ul>
	Number of business plans operational in individual marine and coastal national parks	0	4	Project reports	
	Number of indicators of ecosystem health being regularly monitored and used to guide decision-making in marine and coastal protected areas	0	>10	State of Ecosystem Health Report (for Azerbaijan's Marine and Coastal Protected Areas)	

## SECTION III: TOTAL BUDGET AND WORKPLAN

<b>Atlas Award ID:</b>	00072166
<b>Atlas Project ID:</b>	00085349
<b>Award Title:</b>	PIMS 4327 Azerbaijan marine protected areas

<b>Business Unit:</b>	AZE10
<b>Project Title:</b>	Increasing Representation of Effectively Managed Marine Ecosystems in the Protected Area System
<b>Implementing Partner</b>	Ministry of Ecology and Natural Resources (MENR)

GEF Outcome/ Atlas Activity	Responsible Party/ Implementing Agent	Fund ID	Donor Name	ATLAS Budget Code	Atlas Budget Description	Amount YEAR 1 (USD)	Amount YEAR 2 (USD)	Amount YEAR 3 (USD)	Amount YEAR 4 (USD)	TOTAL	Budget #
<b>Component 1: Enhanced management effectiveness of Ghizil-Agaj reserve complex</b>	NIM	62000	GEF-10003	71200	International Consultants	0	15 000	0	0	15 000	1
				71300	Local Consultants	8 000	22 000	10 800	0	40 800	2
				71600	Travel	3 000	1 200	0	0	4 200	3
				72100	Contractual Services - Companies	104 000	140 000	132 000	56 000	432 000	4
				72200	Equipment and furniture	75 000	45 000	15 000	0	135 000	5
				72300	Materials and Goods	24 000	10 000	5 000	0	39 000	6
				72400	Comms and audio-visual equipmt.	35 000	50 000	0	0	85 000	7
				72800	Information Technology equipment	7 000	7 000	0	0	14 000	8
				73200	Premises alterations	20 000	42 000	32 000	7 000	101 000	9
				74200	Audio-visual & printing production	2 500	500	500	2 000	5 500	10
				75700	Conference & events	4 000	0	0	0	4 000	11
<b>Total - Component 1 (GEF)</b>						<b>282 500</b>	<b>332 700</b>	<b>195 300</b>	<b>65 000</b>	<b>875 500</b>	
<b>TOTAL COMPONENT 1</b>						<b>282 500</b>	<b>332 700</b>	<b>195 300</b>	<b>65 000</b>	<b>875 500</b>	
<b>Component 2: Improved governance of, and expertise in, the financial management of MCPAs</b>	NIM	62000	GEF-10003	71200	International Consultants	0	36 000	21 000	0	57 000	12
				71600	Travel	2 000	8 000	6 000	0	16 000	13
				72100	Contractual Services - Companies	30 000	68 000	40 000	32 000	170 000	14
				72200	Equipment and Furniture	4 000	20 500	0	0	24 500	15
				72800	Information Technology equipment	6 000	12 000	4 000	2 000	24 000	16
				75700	Conference & events	700	500	400	400	2 000	17
				<b>Total - Component 2 (GEF)</b>						<b>42 700</b>	<b>145 000</b>
<b>TOTAL COMPONENT 2</b>						<b>42 700</b>	<b>145 000</b>	<b>71 400</b>	<b>34 400</b>	<b>293 500</b>	
<b>Project</b>	<b>NIM</b>	<b>6200</b>	<b>GEF-10003</b>	<b>71400</b>	<b>Contractual Services - Individuals</b>	<b>28 800</b>	<b>28 800</b>	<b>28 800</b>	<b>28 800</b>	<b>115 200</b>	<b>18</b>

management (including M&E)	NIM	04000	UNDP- TRAC-00012	73100	Rental & maintenance - Premises	1 700	1 800	2 000	1 800	7 300	19
				<b>Total - Project Management (GEF)</b>		<b>30 500</b>	<b>30 600</b>	<b>30 800</b>	<b>30 600</b>	<b>122 500</b>	
				71200	International Consultants	0	21 000	0	21 000	42 000	20
				71400	Contractual Services - Individuals	12 000	8 000	5 000	5 000	30 000	21
				71600	Travel	6 000	5 000	4 000	4 000	19 000	22
				72200	Equipment and furniture	25 000	0	0	0	25 000	23
				72400	Comms and audio-visual equipmt.	5 000	0	0	0	5 000	24
				72500	Supplies	500	400	300	300	1 500	25
				72800	Information Technology equipment	5 000	0	0	0	5 000	26
				74100	Professional Services	9 000	4 500	4 500	4 500	22 500	27
<b>Total - Project Management (UNDP- TRAC)</b>		<b>62 500</b>	<b>38 900</b>	<b>13 800</b>	<b>34 800</b>	<b>150 000</b>					
<b>TOTAL PROJECT MANAGEMENT</b>						<b>93 000</b>	<b>69 500</b>	<b>44 600</b>	<b>65 400</b>	<b>272 500</b>	
<b>TOTAL PROJECT</b>						<b>418 200</b>	<b>547 200</b>	<b>311 300</b>	<b>164 800</b>	<b>1 441 500</b>	

Summary of Funds*:	Year 1	Year 2	Year 3	Year 4	TOTAL
GEF	355 700	508 300	297 500	130 000	1 291 500
UNDP-TRAC	62 500	38 900	13 800	34 800	150 000
<b>TOTAL</b>	<b>418 200</b>	<b>547 200</b>	<b>311 300</b>	<b>164 800</b>	<b>1 441 500</b>

Project management costs	TOTAL	% of total project budget
GEF	122 500	9.5%

Co-financing	TOTAL
Government of Azerbaijan	6 341 069

\* Refer to [Section IV, Part IV](#) for a complete view of the co-financing break-down. The above refers only to funds managed under the Full-Project's Atlas Award.

#	Budget notes
1	Contracting of a Nature-based Tourism specialist to prepare a tourism and recreational strategy and action plan for Ghizil-Agaj (5 weeks @ \$3000/wk)
2	Contracting of: (i) a Legal Adviser to draft regulations for a new national park in Ghizil-Agaj (5 wks @\$600/wk); (ii) an Independent Mediator to implement the local and institutional stakeholder consultation leading up to the establishment of Ghizil-Agaj as a national park (8 wks@\$600/wk); (iii) a Database Management specialist to establish an information database for Ghizil-Agaj (15 wks@\$600/wk); and (iv) a Hydrological Systems engineer to prepare a



	hydrological systems plan for the wetland system in Ghizil-Agaj (40 wks@\$600/wk)
3	Travel costs (vehicle, fuel and DSA) for members of Technical Working Group (Baku-Lenkoran) and the independent mediator (@ an average cost of ~\$300 pp/pd)
4	Appointment of: (i) SLCC to survey the park boundaries and register the property in the deeds office; (ii) a Protected Area planning consortium to prepare a Management Plan for Ghizil-Agaj (including stakeholder consultation); (iii) a construction firm to open, contour and maintain the park boundary canals; (iv) a fencing contractor to erect stock fencing along the park boundary; (v) a marine engineering firm to install marine marker and navigation buoys; and (vi) an advertising firm to design and develop informational and educational materials and signage for installation at key park entry points, along park boundaries and in the park administrative complex.
5	Procurement of: (i) four aluminium patrol boats, equipped with 40-60HP engines and fuel tanks (@average of \$10,000/boat); (ii) two 4x4 vehicles equipped with tow bar, winch and spotlights (@\$35,000/vehicle); (iii) a portable water meter kit (with accesory macro probes and associated software) and laboratory equipment (@\$12,000); and (v) furnishing (chairs, tables, cupboards, bedding, etc.) and equipment (pay control equipment, communication equipment, kitchen equipment, etc.) for the refurbished entry control points and ranger outposts.
6	Procurement of: (i) Staff uniforms and safety equipment (including waders, binoculars, GPS, torches, first aid supplies, backpacks, etc.) (70 staff @ \$500/staff member); and (ii) safety equipment for patrol boats (including lifejackets, anchors, first aid kits, maps, GPS and distress flares) @ \$1000/boat
7	Procurement and installation of a two-way radio communications system (including the costs of system design, base station, consoles, repeaters, radios and chargers)
8	Procurement of four laptop/desktop for Ghizil-Agaj (Park Director, Administration, Scientific Services, Enforcement), with the associated peripherals (3G, printers, HDDs, software, router, scanner/copier, etc.)
9	Upgrading and renovation (including landscaping, provision of bulk services, building repairs, alterations) of two entry control points (@\$10,000/control point) five ranger outposts (@\$7000/outpost) and the administrative complex (development of an educational and awareness centre) (@US\$46,000).
10	Design and printing of information documents for stakeholders and local advertising costs (newspaper, radio) for stakeholder meetings.
11	Hosting (rental) and catering (tea, coffee, snacks) costs of stakeholder workshops @\$400/workshop
12	Contracting of (i) a Nature-based Tourism specialist to determine pricing structures for marine and coastal NPs and provide technical support in the implementation of tourist-based activities (15 weeks @ \$3000/wk); and (ii) an expert in Ecosystem Health Monitoring to provide specialist support in the design and development of the Ecosystem Monitoring Programme for marine and coastal protected areas (3 weeks @\$3000/wk)
13	Travel costs of: (i) marine and coastal Protected Area Working Group (PAWG) @\$100-300pp/pd, inclusive of vehicle costs, fuel and DSA; (ii) international consultants, inclusive of flights, DSA and internal travel
14	Appointment of: (i) A Financial Planning firm to prepare a medium-term financial plan for marine and coastal protected areas and to provide technical support to MENR in the implementation of the plan; and (ii) ANAS to develop and implement a Ecosystem Monitoring Plan for marine and coastal protected areas
15	Procurement of requisite monitoring equipment (Portable water quality testing kits, GPSs, digital cameras, fish sonars, etc.)
16	Procurement of: (i) computers, routers, printers and financial software in the financial departments of MENR (institutional financial capacity-building) ; (ii) ArcGIS software, remote sensing, aerial photography and database software in ANAS (implementation of EMP)
17	Catering and meeting costs (venue hire, equipment, drinks and food) of marine and coastal PAWG
18	Appointment of Project Manager (PM) (@\$600/wk)
19	Rental of office space (50% of costs co-financed by MENR)
20	Contracting of a monitoring and evaluation expert for the mid-term evaluation (7 weeks @\$3000/wk) and for the final evaluation (7 weeks@\$3000/wk)
21	Appointment of Project Administrative Assistant (PAA). The cost of the PAA (@\$300-400/wk) will incrementally reduce from ~65% to ~40% of the total costs of the PAA over the four year time frame of the project. The remaining costs of the PAA will be funded from other UNDP-GEF biodiversity projects in

	Azerbaijan, notably the project, ' <i>National Biodiversity Planning to Support the implementation of the CBD 2011-2020 Strategic Plan in Republic of Azerbaijan</i> '
22	Travel costs of PM and PAA (including vehicle running costs, maintenance, fuel and DSA)
23	Procurement of: (i) a vehicle (2x4 with high clearance) for project management staff for field visits and local travel (@\$22,000); and (ii) Office equipment for PM and PAA (chairs, desks, tables, storage cupboards, etc.)
24	Costs of cellphone contracts for PM and PAA
25	Procurement of office supplies for PM and PAA (paper, ink cartridges, etc.)
26	Procurement of two laptops, software licenses, 2 x mouse, portable hard drive, router, printer, 2x 3G cards, data projector and ISP contracts for two computers.
27	Appointment of: (i) Auditing firm to prepare annual project audit report (\$4500/annum); (ii) Translation services provider to translate all documentation for the Project Inception workshop; and (iii) Workshop facilitation service to host Project Inception meeting.

## SECTION IV: ADDITIONAL INFORMATION

### PART I: Terms of Reference for key project staff

#### PROJECT MANAGER

##### Background

The Project Manager will be locally recruited, based on an open competitive process. He/She will be responsible for the overall management of the project, including the mobilization of all project inputs, supervision over project staff, consultants and sub-contractors. The Project Manager will report to the NPD for all of the project's substantive and administrative issues. From the strategic point of view of the project, the Project Manager will report on a periodic basis to the Project Board (PB). Generally he/she will be responsible for meeting government obligations under the project, under the national implementation modality (NIM). The incumbent will perform a liaison role with the Government, UNDP, implementing partners, NGOs and other stakeholders, and maintain close collaboration with any donor agencies supporting project activities.

##### Duties and Responsibilities

- Supervise and coordinate the production of project outputs, as per the project document;
- Mobilize all project inputs in accordance with procedures for nationally implemented projects;
- Supervise and coordinate the work of all project staff, consultants and sub-contractors;
- Coordinate the recruitment and selection of project personnel;
- Prepare and revise project work and financial plans;
- Liaise with UNDP, relevant government agencies, and all project partners, including donor organizations and NGOs for effective coordination of all project activities;
- Facilitate administrative backstopping to subcontractors and training activities supported by the Project;
- Oversee and ensure timely submission of the Inception Report, Combined Project Implementation Review/Annual Project Report (PIR/APR), Technical reports, quarterly financial reports, and other reports as may be required by UNDP, GEF, MENR and other oversight agencies;
- Disseminate project reports and respond to queries from concerned stakeholders;
- Report progress of project to the PB, and ensure the fulfilment of PB directives.
- Oversee the exchange and sharing of experiences and lessons learned with relevant community based integrated conservation and development projects nationally and internationally;
- Ensure the timely and effective implementation of all components of the project;
- Assist relevant government agencies and project partners - including donor organizations and NGOs - with development of essential skills through training workshops and on the job training thereby upgrading their institutional capabilities;
- Coordinate and assists scientific institutions with the initiation and implementation of any field studies and monitoring components of the project
- Carry regular, announced and unannounced inspections of all sites and the activities of any project site management units.

##### Qualifications

- A post-graduate university degree in Business and/or Environmental Management;
- At least 10 years of experience in business and/or natural resource planning and management (preferably in the context of protected area financial planning and management);
- At least 5 years of project management experience;
- Working experience with the project national stakeholder institutions and agencies is desired;
- Ability to effectively coordinate a large, multi-stakeholder project;
- Ability to administer budgets, train and work effectively with counterpart staff at all levels and with all groups involved in the project;
- Strong drafting, presentation and reporting skills;
- Strong computer skills;
- Excellent written communication skills; and
- A good working knowledge of Azeri and English is a requirement, while knowledge of Russian will be an advantage.

## PROJECT ADMINISTRATIVE ASSISTANT

### Background

The Project Administrative Assistant (PAA) will be locally recruited based on an open competitive process. He/She will be responsible, on a part-time basis, for the overall administration of the project. The Project Assistant will report to the Project Manager. Generally, the Project Administrative Assistant will be responsible for supporting the Project Manager in meeting government obligations under the project, under the national implementation modality (NIM).

### Duties and Responsibilities

- Collect, register and maintain all information on project activities;
- Contribute to the preparation and implementation of progress reports;
- Monitor project activities, budgets and financial expenditures;
- Advise all project counterparts on applicable administrative procedures and ensures their proper implementation;
- Maintain project correspondence and communication;
- Support the preparations of project work-plans and operational and financial planning processes;
- Assist in procurement and recruitment processes;
- Assist in the preparation of payments requests for operational expenses, salaries, insurance, etc. against project budgets and work plans;
- Follow-up on timely disbursements by UNDP CO;
- Receive, screen and distribute correspondence and attach necessary background information;
- Prepare routine correspondence and memoranda for Project Managers signature;
- Assist in logistical organization of meetings, training and workshops;
- Prepare agendas and arrange field visits, appointments and meetings both internal and external related to the project activities and write minutes from the meetings;
- Maintain project filing system;
- Maintain records over project equipment inventory; and
- Perform other duties as required.

### Qualifications

- A post-school qualification (diploma, or equivalent);

- At least 5 years of administrative and/or financial management experience;
- Demonstrable ability to administer project budgets, and track financial expenditure;
- Demonstrable ability to maintain effective communications with different stakeholders, and arrange stakeholder meetings and/or workshops;
- Excellent computer skills, in particular mastery of all applications of the MS Office package;
- Excellent written communication skills; and
- A good working knowledge of Azeri and English is a requirement, while knowledge of Russian will be an advantage.

## OTHER CONSULTANTS

<i>Position Titles</i>	<i>Indicative \$/person/ week</i>	<i>Estimated person weeks</i>	<i>Tasks to be performed</i>
<i>Local</i>			
Legal adviser	600	5	<u>Output 1.1</u> - Draft a set of park regulations in support of the decree designating Gizil-Agaj as a national park
Independent mediator	600	8	<u>Output 1.1</u> - Develop and implement a focused public participation program with individuals and communities with land tenure and use rights in and around the area targeted for the Gizil-Agaj National Park; Develop and implement a focused consultation and negotiation process with affected institutional stakeholders in and around the area targeted for the Gizil-Agaj National Park.
Database management specialist	600	15	<u>Output 1.2</u> - Collate all the current information about Gizil-Agaj into an appropriate database, including information on the conservation and other values of the area, its current status and the particular threats, drivers, constraints and opportunities that are affecting it
Hydrological systems engineer	600	40	<u>Output 1.2</u> - Prepare a hydrological systems plan for the lagoon/estuarine ecosystems of Gizil-Agaj to guide the optimal water flow regimes in and through the complex.
<i>International</i>			
Nature-based tourism specialist	3000	20	<u>Output 1.2</u> – Prepare a tourism and recreational strategy and action plan for Gizil-Agaj to guide the implementation of the phased development of recreational and tourism services and infrastructure <u>Output 2.2</u> – Support the determination of pricing structures for marine and coastal National Parks; design and support the piloting of a tourism/recreation concession processes in marine and coastal protected areas; and provide planning and technical support in the implementation a range of entry and other user fees across the marine and coastal national parks
Ecosystem monitoring expert	3000	4	<u>Output 2.3</u> - Provide specialist support to the MENR in the design and development of the EMP and in the design of a monitoring database and user interface
Evaluation experts for mid-term (1) and final (1) evaluation	3000	14	The standard UNDP/GEF project evaluation TOR will be used. This will include: leading the mid-term and the final evaluations; working with the local evaluation consultant in order to assess the project progress, achievement of results and impacts; developing draft evaluation report and discuss it with the project team, government and UNDP; and as necessary, participating in discussions to extract lessons for UNDP and GEF.

Complete and more thorough ToRs for these positions will be developed by the Project Manager, once recruited.

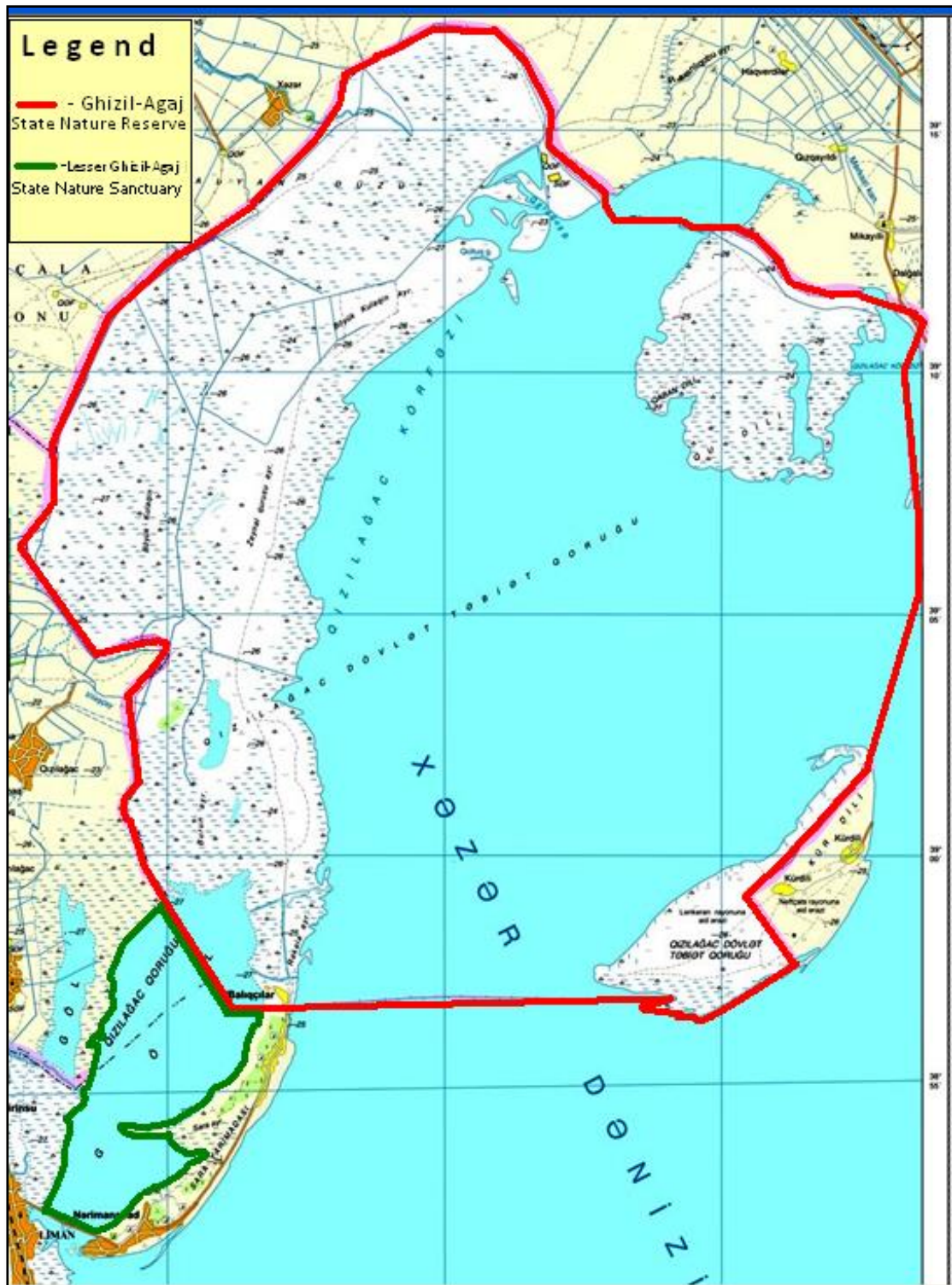
# PART II: Project maps

Map 2: Distribution, by type, of protected areas in Azerbaijan





Map 3: Contextual map of Gizil-Agaj SNR (red) and Lesser Ghizil Agaj SNS (green).



## PART III: Stakeholder Involvement Plan and Coordination with other Related Initiatives

### 1. Stakeholder identification

During the project preparation stage, a stakeholder analysis was undertaken in order to identify key stakeholders, assess their interests in the project and defines their roles and responsibilities in project implementation. The table below describes the major categories of stakeholders identified, and the level of involvement envisaged in the project.

Organisation	Mandate of the organisation	Anticipated roles and responsibilities in the project
<p><b>Ministry of Ecology and Natural Resources (MENR):</b></p> <ul style="list-style-type: none"> <li>- Department of Protection of Biodiversity and Development of Specially Protected Nature Areas</li> <li>- Department of Reproduction and Protection of Biological Resources of Water Bodies (<i>Azerbaijan Fishery Scientific Institute (AFSRI)</i>)</li> </ul>	<p>MENR is the central executive authority responsible the protection of the environment; sustainable use and management of water, air, soil and biological resources; waste management; environmental impact management; meteorological forecasting; and environmental and hydrological surveying and monitoring.</p>	<p>MENR is the GEF and CBD (Convention on Biological Diversity) focal point. MENR will thus have overall responsibility for the implementation of the project.</p> <p>The Department of Protection of Biodiversity and Development of Specially Protected Nature Areas will coordinate all project activities and will be responsible for the direct implementation of a number activities.</p> <p>AFSRI will provide scientific support on maritime information to the project.</p>
<p><b>Azerbaijan National Academy of Sciences (ANAS):</b></p> <ul style="list-style-type: none"> <li>- Institutes of Botany and Zoology (IBZ)</li> </ul>	<p>ANAS is the state institution responsible for developing basic and applied research in the social, natural, humanitarian and technical sciences.</p> <p>ANAS coordinates and manages the activities of all research institutions and higher educational establishments.</p>	<p>IBZ will prepare a scientific basis for determining the boundaries of protected area.</p> <p>Scientists will be recruited to undertake the necessary research activities in support of project activities.</p> <p>IBZ will prepare scientific justification for the government of any necessary changes in the system of protected areas.</p>
<p><b>Ministry of Agriculture (MA)</b></p>	<p>MA is the central executive body responsible for regulating and controlling the means of agricultural production and processing.</p> <p>It develops and implements state policy in land reclamation and irrigation.</p> <p>It also provides agricultural planning; veterinary; horticultural; plant protection; and quarantine support services to the agricultural industry.</p>	<p>MA will provide agriculture sector inputs into decisions about the protected area classification for any new protected areas established under the project.</p>
<p><b>State Land and Cartography Committee (SLCC)</b></p>	<p>SLCC is the central executive power body responsible for land surveying; land demarcation; registration of land ownership and rights; land mapping;</p>	<p>SLCC will survey the boundaries of any protected areas expanded or newly established under the project.</p>



Organisation	Mandate of the organisation	Anticipated roles and responsibilities in the project
	land use planning; land reform; and land use monitoring.	SLCC will prepare all documentation in support of the allocation of land for any protected areas expanded or established under the project.  SLCC will prepare maps for any protected areas expanded or established under the project.
<b>Ministry of Culture and Tourism (MCT)</b>	MCT is an executive for culture, arts, heritage monuments, publishing and cinematography.  MCT is also responsible for the planning, marketing and development of tourism.	MCT will provide assistance and support in the planning, development and marketing of tourism enterprises in marine and coastal protected areas.
<b>Ministry of Justice (MJ)</b>	MJ is central executive authority responsible for preparing and gazetting national legislation and regulations.	MJ will support the preparation of any legislation or regulations that may be required during implementation of the project.
<b>Ministry of Economic Development (MED)</b>	MED is the central executive authority responsible for socio-economic development and international cooperation, including <i>inter alia</i> : macroeconomics, trade, investment, and business development.	MED will provide technical assistance in the financial planning for the network of marine and coastal protected areas.
<b>Ministry of Finance (MF)</b>	MF is the central organ of executive power for national financial policy and the management of state finances.  The MF prepares, administers and monitors the state budget.	MF will approve funds to be allocated as co-financing for the project.  MF will approve the annual and medium-term operational and HR budget allocations for existing marine and coastal protected areas.  MF will approve a capital, operational and HR budget allocations for any new/expanded protected area established by the project.
<b>Coastal rayons (notably the Neftchala, Masally and Lenkaran rayons traversing Gizil-Agaj reserve complex)</b>	The Chief Executive of each of the rayons are responsible for local implementation of the President of Azerbaijan's executive powers.	The rayon administrations will approve the proposed extent of any new/expanded protected area, and issue orders on the allocation of any new lands to that protected area.
<b>State Maritime Administration (SMA)</b>	SMA is the administration responsible for the regulation and administration of: maritime navigation and safety; registration of ships; hydrographic services; marine port facilities; and protection of the marine environment.	SMA will prepare opinions regarding navigation routes affecting marine protected areas.  SMA will provide assistance in the prevention of ship-based pollution in and adjacent to marine and coastal protected area
<b>State Border Service (SBS):</b>  The Azerbaijan Coast	The SBS is a state law enforcement agency responsible for protecting and securing the country's borders.	SBS will advise on, and support implementation of, measures that may be required to secure the country's marine or coastal borders, and control illegal activities

Organisation	Mandate of the organisation	Anticipated roles and responsibilities in the project
Guard (ACG)		(e.g. drug or gun trafficking), in marine and coastal protected areas.
<b>Local municipalities</b>	Municipalities are responsible for resolving a range of social, economic and ecological problems within the territories of municipalities that are outside the control of the relevant State programs. These may include programs to address issues in the areas of education, health, culture, local infrastructure and roads, communication services, cultural facilities, and assistance to old, poor and sick people and children without parents.	The Municipality will participate in the organization of project-based awareness-raising programs in coastal and marine protected areas.  The Municipality will support the project in works with local groups (fishermen, hunters, students, etc.).  The Municipality will collaborate with the project in identifying and developing alternative livelihoods opportunities for local people.
<b>Donor agencies and conservation trusts</b>	The donor agencies (e.g. GIZ, BMZ, EU and BMU) and conservation trusts (e.g. CNF) financing protected area activities in Azerbaijan will be important project partners. They will share, coordinate and collaborate with the project as and where relevant.	
<b>NGOs</b>	NGOs - most notably REC-Caucasus, WWF and Azerbaijan Ornithological Society - are important project partners. They will share, coordinate and collaborate with the project as and where relevant.	

The MENR, and in particular Department of Protection of Biodiversity and Development of Specially Protected Nature Areas, will be the main institution responsible for different aspects of project implementation. It will work in close cooperation with other affected institutions.

## 2. Information dissemination, consultation, and similar activities that took place during the PPG

Throughout the project's development, very close contact was maintained with stakeholders at the national and local levels. All affected national and local government institutions were directly involved in project development, as were key donor agencies. Numerous consultations occurred with all of the above stakeholders to discuss different aspects of project design. These consultations included: bilateral and multilateral discussions; site visits to Gizil-Agaj State Nature Reserve, and adjacent areas; and electronic communications. The preliminary project activities were presented to a range of stakeholders for review and discussions and, based on comments received, a final draft of the full project brief was presented to a consolidated stakeholder workshop for in principle approval and endorsement.

## 3. Approach to stakeholder participation

The projects approach to stakeholder involvement and participation is premised on the principles outlined in the table below.

Principle	Stakeholder participation will:
Value Adding	be an essential means of adding value to the project
Inclusivity	include all relevant stakeholders
Accessibility and Access	be accessible and promote access to the process
Transparency	be based on transparency and fair access to information; main provisions of the project's plans and results will be published in local mass-media
Fairness	ensure that all stakeholders are treated in a fair and unbiased way
Accountability	be based on a commitment to accountability by all stakeholders
Constructive	Seek to manage conflict and promote the public interest

Principle	Stakeholder participation will:
Redressing	Seek to redress inequity and injustice
Capacitating	Seek to develop the capacity of all stakeholders
Needs Based	be based on the needs of all stakeholders
Flexible	be flexibly designed and implemented
Rational and Coordinated	be rationally planned and coordinated, and not be ad hoc
Excellence	be subject to ongoing reflection and improvement

#### 4. Stakeholder involvement plan

The project's design incorporates several features to ensure ongoing and effective stakeholder participation in the project's implementation. The mechanisms to facilitate involvement and active participation of different stakeholder in project implementation will comprise a number of different elements:

(i) Project inception workshop to enable stakeholder awareness of the start of project implementation

The project will be launched by a multi-stakeholder workshop. This workshop will provide an opportunity to provide all stakeholders with the most updated information on the project and the project work plan. It will also establish a basis for further consultation as the project's implementation commences.

(ii) Constitution of Project Board to ensure representation of stakeholder interests in project

A Project Board (PB) will be constituted to ensure broad representation of all key interests throughout the project's implementation. The representation, and broad terms of reference, of the PB are further described in [Section I, Part III](#) (Management Arrangements) of the Project Document.

(iii) Establishment of a Project Management team to oversee stakeholder engagement processes during project

The Project Management team - comprising a Project Manager and Project Administrative Assistant (PAA) - will take direct operational and administrative responsibility for facilitating stakeholder involvement and ensuring increased local ownership of the project and its results. The Project Manager and PAA will be located close to, or in, the MENR offices in Baku to ensure coordination among key stakeholder organizations at the national level during the project period.

(iv) Project communications to facilitate ongoing awareness of project

The project will develop, implement and maintain a communications strategy to ensure that all stakeholders are informed on an ongoing basis about: the project's objectives; the projects activities; overall project progress; and the opportunities for involvement in various aspects of the project's implementation.

(v) Direct involvement of local stakeholders in project implementation

Working groups or community-based partnership structures will be established, as required, to facilitate the active participation of affected institutions, organisations and individuals in the implementation of the respective project activities. Different stakeholder groups may take the lead in each of the working groups, depending on their respective mandates. By example, a Technical Working Group (TWG) - with representation from park management, key government ministries (e.g. MENR, SLCC, SMA), academic and research institutions (e.g. ANAS) and affected Rayons (Neftchala, Masally and Lenkaran) – will be established to drive and provide technical and political oversight to the park establishment process (Output 1.1).

A participatory approach will be adopted to facilitate the continued involvement of local stakeholders and

institutions in the proclamation, planning and management of the Gizil-Agaj reserve complex as a National Park.

(vi) Establishing cooperative governance structures to formalise stakeholder involvement in project

The project will actively seek to formalise cooperative governance structures for marine and coastal protected areas, to ensure the ongoing participation of local and institutional stakeholders in project and park activities. For example, all the outputs and activities undertaken in Component 2 will be guided by a multi-stakeholder governance structure – a ‘*Marine and Coastal Protected Area Working Group (PAWG)*’ -constituted by the MENR to oversee the development and phased implementation of the financing plan and long-term monitoring programme for the coastal and marine protected areas. The PAWG may have representation from *inter alia*: government agencies; NGOs; civil society; donor agencies; and business/tourism partners. The primary objectives underpinning the establishment and functioning of the PAWG are to: (i) improve the working relationships between the MENR and other stakeholder groups; (ii) obtain constructive inputs into the means of maximising societal benefits from marine and coastal protected areas; and (iii) strengthen opportunities for information-sharing and collaborative partnerships.

(vii) Capacity building

All project activities are strategically focused on building the capacity - at systemic, institutional and individual level - of the institutional and community stakeholder groups to ensure sustainability of initial project investments. Significant GEF resources are directed at building the capacities of MENR at the institutional level and the individual national parks at the protected area level. The project will invest in building the capacities of executive management staff, protected area planning staff and operational management staff. The project will also seek to build the capacity of local public institutions (e.g. Neftchala, Masally and Lenkaran rayons relevant Municipalities) to enable them to actively participate in project activities.

#### 4. *Coordination with other related initiatives*

The project will work closely in partnership with the MENR to ensure complementarity of its activities in support of the protected area planning, development, management and expansion processes currently underway in Azerbaijan.

The project will actively participate in, and provide technical input into, the GEF-funded review and updating of the *National Biodiversity Strategy and Action Plan (NBSAP, 2006-2010)*.

The project will collaborate closely with the German Federal Ministry for Economic Cooperation and Development (BMZ) and KfW “*Ecoregional Programme for Southern Caucasus*”. It will specifically integrate the lessons learnt in developing regional (Azerbaijan, Georgia and Armenia) protected area financing strategies and instruments for protected areas into the project.

The experiences learnt from the establishment of *Samur-Yalama National Park Project (SYNPP)* will direct and guide the national park establishment processes in Gizil-Agaj. Wherever practicable, the project will share capacity and resources with the SYNPP in the implementation of complementary project activities (e.g. financial training and capacity building).

The project will seek to harmonize its outputs and activities – notably in respect of sustainable financing - with other regional (Azerbaijan, Georgia and Armenia) initiatives, through a close collaboration and information exchange with the *Trans-boundary Joint Secretariat (TJS)*.

The project will liaise closely with the *Caucasus Nature Fund (CNF)* to explore further opportunities for increasing the top-up funding for operational expenses in marine and coastal protected areas in Azerbaijan. It

will specifically explore the prospects of sourcing financial support from the CNF to sustain the running costs of the GEF project investments in Gizil-Agaj.

The project will liaise closely with counterparts in the GEF-funded *Caspian Environment Programme* (CEP) to, wherever practicable, ensure close alignment between the ‘Ecosystem Monitoring Programme’ (EMP) for the coastal and marine protected areas and any CEP regional monitoring initiatives in and around the Caspian Sea. Best practice from the region in dealing with coastal, marine and protected area management related subjects will be sourced and embedded in project activities. The Azerbaijani part of the Caspian Coastal Sites inventory which identified areas of special biodiversity importance and/or sensitivity, will also provide valuable information for the project.

The project will maintain a working relationship with the GIZ project, “*Sustainable Management of Biodiversity, South Caucasus*” and will adopt the relevant strategies and tools developed by the project to improve environmental decision-making and natural resource management.

The project will, as required, use the capacity and resources of the *Regional Environmental Centre for the Caucasus (REC Caucasus)* to facilitate the regional sharing of lessons learnt from, and best practices developed in, project implementation.

Wherever possible, the project will also work closely with the *Azerbaijan Ornithological Society (AOS)* in the ongoing conservation and management of marine and coastal bird populations and their habitats.

## PART IV: Letters of co-financing commitment

[Refer to separate file for letters of co-financing commitment]

<i>Name of Co-financier</i>	<i>Date</i>	<i>Amounts mentioned in letters</i>	<i>Amounts considered as project co-financing (in USD)</i>
Ministry of Ecology and Natural Resources	23 January, 2013	6,341,069 USD	\$6,341,069
UNDP Azerbaijan	27 November, 2012	150,000 USD	\$150,000
<b>Total</b>			<b>\$6,491,069</b>

Notes:

## PART V: METT, Capacity Development and Financial Scorecards

[Refer to separate file for individual scorecards]

<i>Scorecard*</i>
1. Management Effectiveness Tracking Tool (METT) – Gizil-Agaj Reserve Complex
2. Financial Sustainability Scorecard for Protected Area Systems
3. Capacity Development Assessment Scorecard for Protected Area Systems **

\* 1, 2 and 3 are combined into one file, as per GEF template.

\*\* Summary scores are reproduced below.

**Summary scores table: Capacity assessment scorecard for the protected area system in Azerbaijan**

Strategic Areas of Support	Systemic			Institutional			Individual			Average %
	Project Scores	Total possible score	%	Project Scores	Total possible score	%	Project Scores	Total possible score	%	
(1) Capacity to conceptualize and develop sectoral and cross-sectoral policy and regulatory frameworks	3	6	50%	1	3	33%	N/A	NA	NA	42%
(2) Capacity to formulate, operationalise and implement sectoral and cross-sectoral programmes and projects	5	9	56%	9	27	33%	2	12	17%	35%
(3) Capacity to mobilize and manage partnerships, including with the civil society and the private sector	1	6	17%	1	6	17%	1	3	33%	22%
(4) Technical skills related specifically to the requirements of the SPs and associated Conventions	1	3	33%	0	3	0%	0	3	0%	11%
(5) Capacity to monitor, evaluate and report at the sector and project levels	1	6	17%	1	6	17%	0	3	0%	11%
<b>TOTAL Score and average for % 's</b>	<b>11</b>	<b>30</b>	<b>34%</b>	<b>12</b>	<b>45</b>	<b>20%</b>	<b>3</b>	<b>21</b>	<b>13%</b>	<b>24%</b>

## **PART VI: UNDP Environmental and Social Screening**

*[Refer to separate file for UNDP Environmental and Social Screening checklist]*



## **SIGNATURE PAGE**

**Country: Azerbaijan**

**(to be completed after GEF CEO Endorsement)**

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