

## Biodiversity conservation, sustainable land management and sustainable tourism development in North Macedonia

### Part I: Project Information

**GEF ID**  
10676

**Project Type**  
FSP

**Type of Trust Fund**  
GET

**CBIT/NGI**  
CBIT No  
NGI No

**Project Title**  
Biodiversity conservation, sustainable land management and sustainable tourism development in North Macedonia

**Countries**  
North Macedonia

**Agency(ies)**  
UNEP

**Other Executing Partner(s)**  
Ministry of Environment and Physical Planning

**Executing Partner Type**  
Government

**GEF Focal Area**

Multi Focal Area

**Taxonomy**

Private Sector, Stakeholders, SMEs, Individuals/Entrepreneurs, Food Systems, Land Use and Restoration, Integrated Programs, Focal Areas, Biodiversity, Mainstreaming, Tourism, Forestry - Including HCVF and REDD+, Agriculture and agrobiodiversity, Protected Areas and Landscapes, Terrestrial Protected Areas, Productive Landscapes, Community Based Natural Resource Mngt, Financial and Accounting, Natural Capital Assessment and Accounting, Supplementary Protocol to the CBD, Access to Genetic Resources Benefit Sharing, Land Degradation, Sustainable Land Management, Sustainable Forest, Community-Based Natural Resource Management, Income Generating Activities, Improved Soil and Water Management Techniques, Restoration and Rehabilitation of Degraded Lands, Sustainable Pasture Management, Ecosystem Approach, Sustainable Livelihoods, Sustainable Agriculture, Land Degradation Neutrality, Land Cover and Land cover change, Carbon stocks above or below ground, Land Productivity, Influencing models, Transform policy and regulatory environments, Demonstrate innovative approaches, Convene multi-stakeholder alliances, Strengthen institutional capacity and decision-making, Deploy innovative financial instruments, Type of Engagement, Consultation, Partnership, Information Dissemination, Participation, Civil Society, Academia, Community Based Organization, Non-Governmental Organization, Beneficiaries, Communications, Education, Awareness Raising, Behavior change, Public Campaigns, Local Communities, Gender Equality, Gender Mainstreaming, Gender-sensitive indicators, Sex-disaggregated indicators, Women groups, Gender results areas, Participation and leadership, Capacity Development, Knowledge Generation and Exchange, Access and control over natural resources, Capacity, Knowledge and Research, Learning, Adaptive management, Indicators to measure change, Targeted Research, Knowledge Generation, Knowledge Exchange, Innovation, Comprehensive Land Use Planning, Integrated Landscapes, Smallholder Farming, Landscape Restoration

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 1

**Climate Change Adaptation**

Climate Change Adaptation 1

**Duration**

54 In Months

**Agency Fee(\$)**

344,474.00

**Submission Date**

4/19/2021

A. Indicative Focal/Non-Focal Area Elements

Programming Directions	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
BD-1-1	GET	1,734,833.00	3,000,000.00
BD-1-3	GET	200,000.00	1,234,000.00
LD-1-1	GET	550,000.00	3,182,000.00
LD-1-4	GET	865,000.00	4,744,000.00
LD-2-5	GET	363,589.00	1,940,000.00
	<b>Total Project Cost (\$)</b>	<b>3,713,422.00</b>	<b>14,100,000.00</b>

## B. Indicative Project description summary

### Project Objective

Supporting national and local efforts for achieving LDN and Biodiversity Targets in North Macedonia through the application of an integrated landscape approach in the Shar Mountains.

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
Component 1: Practical application of integrated landscape approach to achieving LDN (Land Degradation Neutrality) and BD (Biological Diversity) targets in the pilot area of the Shar Mountains and dependent ecosystems service area (peripheral productive landscape) - TA: 25% INV: 75%	Investment	<p><u>Outcome 1.1:</u> An Integrated Landscape Management (ILM) plan for the Shar Mountains target area agreed by all key national and local stakeholders, and the enabling environment for its development and implementation established</p> <p><u>Outcome 1.2:</u> Improved models and approaches for achieving sustainable forestry, pasture and water resources planning and management in the Shar Mountains that integrate sustainable use, maintenance of ES (ecosystem services) and BD, and reversal of land degradation trends are developed and applied</p>	<p><u>Output 1.1.1</u> MOEPP and key stakeholder institutions provided with technical assistance, training and tools needed to undertake a systematic NCA (Natural Capital Accounting) process in Shar Mountains providing usable data to justify and guide forest, pasture, tourism, HPPs (hydropower plants) and other key land use management planning and reforms</p> <p><u>Output 1.1.2:</u> An Integrated landscape Management plan for the Shar Mountains developed and agreed with all key local and national stakeholders and provides a consensual framework for implementing subsequent forest, pasture</p>	GET	2,806,000.00	10,000,000.00

Outcome 1.3: Reduced pressure on biodiversity, reversed LD trends, and ecosystem integrity in Shar Mountains through diversification of sustainable local community livelihoods and strengthened community capacity to participate in natural resources management

and other related land use management actions and pilot for national upscaling

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Output 1.1.3: Integrated LDN and BD monitoring indicators and framework designed for Shar Mountains, and M&R (monitoring and reporting) system functionally established as basis for evaluating future management effectiveness and as pilot for national upscaling

Output 1.2.1: Comprehensive reform of forestry management approaches and operational modalities developed and applied, which ensure the sustainable meeting of local community needs while reversing deforestation trends, LD (land degradation), and conserving biodiversity

Output 1.2.2: Existing pasture management system adapted in collaboration with local pasture users resulting in improved maintenance of BD and sustainability of incomes

Output 1.2.3: Operational guidelines and monitoring systems in place to minimize negative impacts of existing HPPs on biodiversity and water availability for irrigation.

Output 1.3.1: Sustainable tourism development strategy and plan for the Shar Mountains prepared and initiated in collaboration with all key stakeholders (local authorities and communities, NP authority, private sector, NGOs) resulting in improved sustainably livelihoods and generation of financial resources for BD conservation (Shar NP-national park)

Output 1.3.2

: Sustainable livelihoods of local communities improved through on and off farm diversification, value adding, marketing, and skill development support

Output 1.3.3: Targeted awareness building, and support to local community mobilization, planning capacity and self-governance (including strengthening women participation) enhances community role and commitment to local sustainable development

Component 2. Support to national level adoption and upscaling of ILM and related LD and BD best practices	Technical Assistance	Outcome 2.1: LDN, BD and sustainable rural livelihood of ILM approach benefits recognized by national stakeholders and incorporated into development planning and upscaled nationally	<p><u>Output 2.1.1:</u> Key benefits and lessons learned from pilot landscape ILM captured through holistic evaluation of the practical effectiveness and impact of innovative approaches developed and tested by the project</p> <p><u>Output 2.1.2:</u> Support and technical assistance provided to MOEPP (Ministry of Environment and Physical Planning) and key stakeholder institutions to develop guidelines and policy recommendations for upscaling of LD/BD efforts and application of</p>	GET	730,593.00	3,000,000.00
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integrated landscape management in other areas of the country

Output 2.1.3: Set of national and regional workshops and awareness events for key stakeholders [designed, conducted and results documented and made available, with particular consideration of gender balance]

Output 2.1.4: Capacity of MOEPP to upscale the piloted Integrated LDN and BD indicator and monitoring system at national level built through its replication in 2 additional pilot sites.

Output 2.1.5: Assessment and recommendations on the wider adoption of Natural Capital Accounting approaches within the national economic monitoring and planning system

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<b>Sub Total (\$)</b>	<b>3,536,593.00</b>	<b>13,000,000.00</b>
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**Project Management Cost (PMC)**

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GET	176,829.00	1,100,000.00
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<b>Sub Total(\$)</b>	<b>176,829.00</b>	<b>1,100,000.00</b>
<b>Total Project Cost(\$)</b>	<b>3,713,422.00</b>	<b>14,100,000.00</b>

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**C. Indicative sources of Co-financing for the Project by name and by type**

<b>Sources of Co-financing</b>	<b>Name of Co-financier</b>	<b>Type of Co-financing</b>	<b>Investment Mobilized</b>	<b>Amount(\$)</b>
Recipient Country Government	Ministry of Environment and Physical Planning	In-kind	Recurrent expenditures	3,000,000.00
Recipient Country Government	Ministry of Environment and Physical Planning	Grant	Investment mobilized	2,200,000.00
Recipient Country Government	Ministry of Agriculture, Forestry and Water Economy	In-kind	Recurrent expenditures	1,800,000.00
Recipient Country Government	Tetovo Municipality	In-kind	Recurrent expenditures	500,000.00
Recipient Country Government	UKIM, Skopje University, Faculty of Agricultural Sciences and Food	In-kind	Recurrent expenditures	500,000.00
Recipient Country Government	Tetovo University	In-kind	Recurrent expenditures	500,000.00
Donor Agency	Swiss Agency for Development and Cooperation (SDC)	In-kind	Recurrent expenditures	2,000,000.00
Donor Agency	UN FAO	In-kind	Recurrent expenditures	2,500,000.00
GEF Agency	UNEP	In-kind	Recurrent expenditures	500,000.00
Civil Society Organization	Macedonian Ecological Society	In-kind	Recurrent expenditures	300,000.00
Civil Society Organization	Balkan Foundation for Sustainable Development	In-kind	Recurrent expenditures	300,000.00
			<b>Total Project Cost(\$)</b>	<b>14,100,000.00</b>

**Describe how any "Investment Mobilized" was identified**

Investments mobilized were identified following close consultations with the Ministry of Environment and Physical Planning. Government co-financing will come from the Ministry of Environment and Physical Planning and other Government agencies in the form of both cash and in-kind contributions. The grant investment mobilized will be mobilized through EU's Instrument for Pre-accession assistance (IPA) financial assistance for North Macedonia. Co-finance will be confirmed during full project preparation.

D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
UNEP	GET	North Macedonia	Land Degradation	LD STAR Allocation	1,934,833	179,484	2,114,317.00
UNEP	GET	North Macedonia	Biodiversity	BD STAR Allocation	1,778,589	164,990	1,943,579.00
<b>Total GEF Resources(\$)</b>					<b>3,713,422.00</b>	<b>344,474.00</b>	<b>4,057,896.00</b>

E. Project Preparation Grant (PPG)

PPG Required **true**

PPG Amount (\$)

100,000

PPG Agency Fee (\$)

9,499

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
UNEP	GET	North Macedonia	Land Degradation	LD STAR Allocation	52,104	4,949	<b>57,053.00</b>
UNEP	GET	North Macedonia	Biodiversity	BD STAR Allocation	47,896	4,550	<b>52,446.00</b>
<b>Total Project Costs(\$)</b>					<b>100,000.00</b>	<b>9,499.00</b>	<b>109,499.00</b>

## Core Indicators

Indicator 1 Terrestrial protected areas created or under improved management for conservation and sustainable use

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
62,705.00	0.00	0.00	0.00

Indicator 1.1 Terrestrial Protected Areas Newly created

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
0.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
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Indicator 1.2 Terrestrial Protected Areas Under improved Management effectiveness

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
62,705.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
Shar Mountains			62,705.00						

**Indicator 3 Area of land restored**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
11500.00	0.00	0.00	0.00

**Indicator 3.1 Area of degraded agricultural land restored**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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700.00

**Indicator 3.2 Area of Forest and Forest Land restored**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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2,500.00

**Indicator 3.3 Area of natural grass and shrublands restored**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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8,300.00

**Indicator 3.4 Area of wetlands (incl. estuaries, mangroves) restored**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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**Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
7075.00	0.00	0.00	0.00

**Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

**Indicator 4.2 Area of landscapes that meets national or international third party certification that incorporates biodiversity considerations (hectares)**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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7,075.00
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Indicator 4.4 Area of High Conservation Value Forest (HCVF) loss avoided

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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Documents (Please upload document(s) that justifies the HCVF)

Title

Submitted

**Indicator 6 Greenhouse Gas Emissions Mitigated**

<b>Total Target Benefit</b>	<b>(At PIF)</b>	<b>(At CEO Endorsement)</b>	<b>(Achieved at MTR)</b>	<b>(Achieved at TE)</b>
Expected metric tons of CO <sub>2</sub> e (direct)	177000	0	0	0
Expected metric tons of CO <sub>2</sub> e (indirect)	0	0	0	0

**Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector**

<b>Total Target Benefit</b>	<b>(At PIF)</b>	<b>(At CEO Endorsement)</b>	<b>(Achieved at MTR)</b>	<b>(Achieved at TE)</b>
Expected metric tons of CO <sub>2</sub> e (direct)	177,000			
Expected metric tons of CO <sub>2</sub> e (indirect)				
Anticipated start year of accounting	2025			
Duration of accounting	10			

**Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector**

<b>Total Target Benefit</b>	<b>(At PIF)</b>	<b>(At CEO Endorsement)</b>	<b>(Achieved at MTR)</b>	<b>(Achieved at TE)</b>

Expected metric tons of CO <sub>2</sub> e (direct)
Expected metric tons of CO <sub>2</sub> e (indirect)
Anticipated start year of accounting
Duration of accounting

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)

<b>Female</b>	9,400			
<b>Male</b>	9,000			
<b>Total</b>	18400	0	0	0

## Part II. Project Justification

### 1a. Project Description

#### 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)

Country development context: The Republic of North Macedonia (hereinunder: North Macedonia) is located in the [Balkan Peninsula](#) in [Southeast Europe](#), as one of the [successor states](#) of the former [Yugoslavia](#), from which it declared independence in 1991. A [landlocked country](#), that occupies a territory of 25,713 km<sup>2</sup>, it borders with [Kosovo](#) (under UNSCR 1244/99) to the northwest, [Serbia](#) to the northeast, [Bulgaria](#) to the east, [Greece](#) to the south, and [Albania](#) to the west. The country's geography is defined primarily by mountains, valleys, and rivers. The population of the country is approximately 2.1 million inhabitants[1] (Census 2002) with around 630,000 or 30% concentrated in the region of North Macedonia's capital Skopje. Approximately 41% of the population occupies rural areas (average density 78.7 inhabitants per km<sup>2</sup>). Rural women are unfortunately still considered a vulnerable group in North Macedonia.

Poverty[2] and Rural decline[3]: North Macedonia has some of the highest levels of poverty in Europe, even in the pre-independence period. The highest poverty rate in the country is identified in the North-eastern and Polog regions. There has been a decline in the level of investments and support to rural areas generally, and many villages have fallen into decay. The consequences of this are particularly severe for the vulnerable groups living in the hill and mountain areas. Research in such areas indicates that 43% of respondents stated that they do not have enough money for food, while 47% stated that they have enough for food but not for clothing and footwear.

Role of Agriculture in the Economy: Extensive structural reforms have been realized in agriculture, some rationalization of institutions has also begun, and the private sector is becoming increasingly influential. But the potential benefits to the rural sector from these changes have been slow to materialize, due to political and economic shocks, incomplete reforms and the continued use of inappropriate policy. Rural land users, particularly small private farmers, face numerous legal, institutional, infrastructural, land tenure/distribution, inputs/marketing and financial barriers. A decline in agriculture, forestry and fishery and associated industries could have significant adverse consequences in rural areas and to the overall economic and social stability of the country.

Biodiversity[4]: North Macedonia has a great floristic and faunal diversity[5] which is the result of its central geographical position in the Balkan Peninsula and the various influences to which its territory has been exposed. The global IUCN Red List contains 969 species that occur in North Macedonia, of which 110 are either Critically Endangered, Endangered or Vulnerable. Despite its small size, the country is home to a large number of species that do not occur anywhere else in the world[6]. Twenty-eight (28) most important (key) ecosystem types/groups (according to European Nature Information system/EUNIS classification) have been identified, out of which some have anthropogenic origin but are important for biodiversity. This equals 177 habitat types of level 3 (according to the same classification), indicating high diversity of ecosystems in the Republic of North Macedonia.[7]

Main threats to biodiversity: The current threats to biodiversity are mainly rooted in weak institutional capacity to manage or protect forests and other ecosystems, unsustainable land use practices that impact hydrology, micro-climates, erosion and agrochemical pollution, and high levels of rural poverty that incentivize short term unsustainable survival strategies. Key direct threats include:

- Deforestation resulting from illegal logging and increased forest fires
- Water pollution and quality changes (agro-chemicals, salinization, urban waste, soil erosion and sedimentation) mostly derived from land degradation
- Direct disturbance to biodiversity and habitat loss from infrastructure and unplanned construction

Agro-biodiversity: Due to its landscape and historical land use, North Macedonia has a very high level of diversity of landraces within local crops, particularly beans, peppers, and grains. Furthermore, there are numerous variety of local domestic animal breeds. Many landraces and local breeds have already been lost and many will face the danger of extinction in near future.

North Macedonia is a party to the Convention on Biological Diversity (CBD) since 1998, and has ratified the Cartagena Protocol in 2005, but is still not a party to the Nagoya Protocol. The country sets its biodiversity conservation goals through the National Biodiversity Strategy and Action Plan and provides reports to the CBD.

**Table 1:** Land use distribution (Source: SSO environmental statistics (2019))

Land use	ha	%
Cultivated lands	519,000	20
Pasture	745,000	29
Forestry	1,007,000	39
Other (urban, water bodies, reserves, artificial, etc.)	300,300	12
Total area country	2,571,300	100

Bio-Geographical Context and consequences: The country's topography is mountainous with limited valley and plain areas. This influences potential land use. Due to the above landscape and topography, the area of cultivated lands in North Macedonia only constitutes a small percentage of the overall territory (approx. 20%), while between them forestry and pasture territories cover about 68% of the country (39 and 29% respectively). Because of the limited availability of cultivated land, it is a highly valuable resource as it contributes the largest proportion of the agricultural sector to the economy and rural livelihoods. The pastures and forestry areas are economically less important at a national scale, but still, have a very important local socio-economic role as most rural communities depend to a large extent on them for fuel and subsistence activities. Furthermore, given this landscape, and land use potential, North Macedonia is extremely dependent on the ecosystem services provided by functioning mountain ecosystems (particularly regulating and provisioning services). Valuable cultivated and urban areas depend on quality water supply, timber and fuel, recreation, etc. derived from the mountain areas for example. Conversely, degradation of these areas in recent decades, and loss of regulating services, has greatly increased the incidence and severity of natural disasters including flooding, landslides and debris flow with large economic and human security ramifications.

Land degradation issues and impacts: Land degradation has accelerated since the collapse of the Former Yugoslav Republic. This, in part, has been due to the strenuous transition process the newly independent North Macedonia has had to go through, and the difficult economic, institutional and social adjustments necessary during this process. Significant regional and local outbreaks of conflict have also impacted both economics and movements of population. A significant impact of this process has been the disruption and reduction of state support to rural areas, and rural land users facing new challenges created by the introduction of free-market conditions, refugees, etc. The results of these factors, combined with North Macedonia's natural land degradation vulnerability, are evidenced by a wide set of land degradation problems, including:

- the widespread and accelerating deforestation of the country (with some consequences detailed below),
- the widespread and accelerating erosion issues, including loss of topsoil and gullying of arable, pasture and forest areas,
- the increased frequency and extent of flash floods, mud flows and land slide events,
- the declining land productivity due to loss of soil humus (organic) matter, soil structure and soil organisms, and soil salination in irrigated areas,
- reduced water quality due to increased sedimentation and agro-chemical (and other chemicals) pollution.

### **Profile of project pilot landscape (Shar Mountains and adjacent productive areas)**

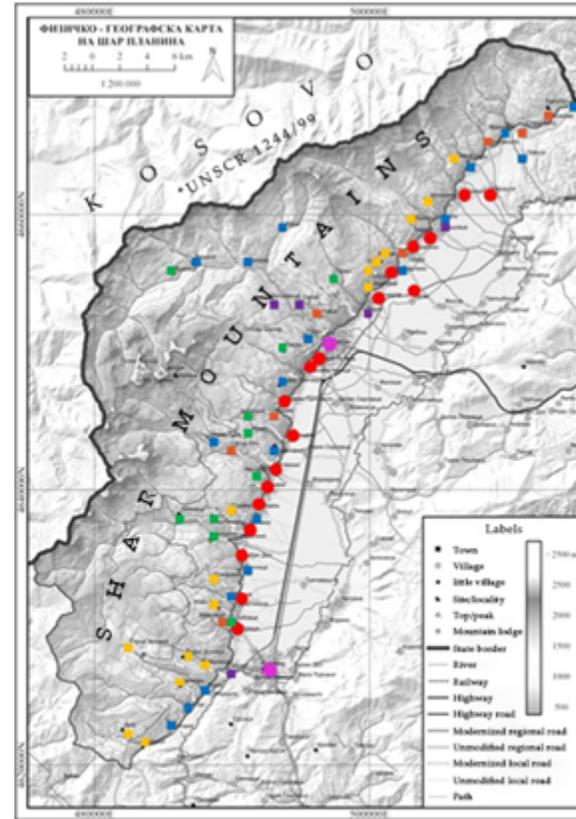
**Geographic and Regional Planning Context of Project target site:** The project target area is the Shar Mountains in northwestern part of North Macedonia on Kosovo (under UNSCR 1244/99) and Albanian border. The mountains lie within the Polog planning region. This region is mainly composed of the Polog valley orientated approximately east / west which is surrounded by mountain massifs. The Shar Mountains form the northern wall of the valley. The valley features a wide plain with an altitude of between about 400 to 500 meters, while the surrounding mountains reach over 2,700 meters above sea level. The total area of the Polog planning region is 2,416 km<sup>2</sup> or 9.7 per cent of the territory of North Macedonia and contains 9 municipalities, 182 villages and 2 towns (Tetovo and Gostivar). The [administrative](#) center of the region is Tetovo with 53,000 inhabitants. The whole Polog planning region has a total of about 304,125 inhabitants.

The Vardar river, the longest river in the Republic of North Macedonia, has its source in the Shar Mountains and flows roughly east through the Polog valley before entering other areas of North Macedonia. The capital of North Macedonia, Skopje, is located on its banks, downstream of the Polog valley. The plain area in the Polog valley, where irrigated arable agriculture is possible due to abundant water and suitable growing conditions, is a highly valuable economic area in the country and supports a significant number of people directly or indirectly. The Vardar River is also a significant resource for drinking water for the capital Skopje, where around 30 % (unofficially probably more) of the country's population live, as well as irrigation and drinking water for other important downstream towns and agricultural areas in the country, and in Greece.

Specific Target Area of Project: The specific target area for the project is approximately 697.8 km<sup>2</sup>. This area includes all the typical habitats, land use and environmental issues facing the mountains, as well as its highest biodiversity values. The majority of territory (627.05 km<sup>2</sup> or 89% of project target area) is in the process of being designated a national park. This planned NP will cover all the high and middle mountain areas (high pastures, conifer forests, and lower deciduous forest, plus some areas of mixed arable and orchards), and all mid/high mountain villages with their surroundings. The remaining area, which is not planned within the NP, includes the foothills of the mountains where the majority of the population of the mountains are settled (see settlement map below).

The total population of the target area is approx. 22,000 in 40 villages. As mentioned above, the majority (approx. 18,000 or 82%) live in the remaining 28 larger villages within the 70.75 km<sup>2</sup> (11%) that form the foothills (see map below). However, much of the livelihoods and critical natural resource needs of the foothill population derive from land inside the NP (pasture, fuelwood, NTFPs, tourism and recreation, etc.). The population in the municipalities which share part of the target area have increased by 88% since 1994. The population is almost equally divided among man and women.

***Map 2: Specific project target area and showing the population distribution in the Shar Mountains***



Very small	Small village	Medium to small	Medium sized	Big village	Giant village	City
0-100 people.	100-500 people.	500-1000 people.	1000-2000 people.	2000-3000 people.	> 3000 people.	

Socio-economic and land use profile: The people in the rural areas in the Shar Mountains still live traditionally, with large multi-generational households and strong cultural and religious beliefs. Traditional and religious leaders retain high importance and influence. In the smaller villages in the higher part of the slopes, the population's incomes are mainly from pension, agriculture (mainly livestock breeding), or ad hoc employment. Larger villages in the foothills have more diversified sources of income and livelihoods. However, all the population has some dependence on agriculture of some kind.

There is in total 165,467 ha of agricultural land in all 7 municipalities, out of which 131,288 ha are pastures and the remaining are other types of agricultural land (23,416 ha arable lands and gardens, 824 ha orchards, 9,905 ha meadows, and 33 ha vineyards). Small scale household-based livestock breeding (1-5 cows or 100-300 sheep/goats) is a significant component with half of all interviewees in the above-mentioned socio-economic study, earning part of incomes from this. Dairy products (milk and cheese) are either for subsistence or local sale. Other agricultural products are also produced on small farms, for personal use or sell on the bazaars, including maize, wheat, barley, potatoes, fruit and vegetables. Beekeeping is also practised widely. Household farms around

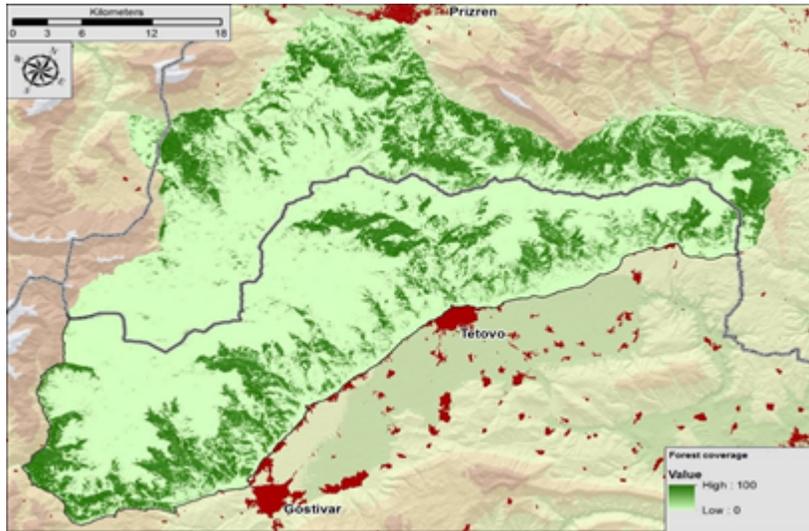
settlements form a mosaic of mixed arable, orchard and vineyards around villages formed by small household plots (approx. 0.5-1.5 ha). Local households and communities hold direct legal tenure for only the small arable/orchard areas – almost all other lands (forests and pastures) are under state agency ownership. In a survey of 50 livestock owners, 34% of the respondents also indicated a collection of wild aromatic and medicinal herbs, as well as other wild fruits directly on the pastures, but without a permit and mostly for personal / home use.

Another very important component of local incomes comes in the form of remittances sent by family members abroad. Remittances form one of the few forms of a cash injection to the local economy and potentially important for local households to invest in improving lives.

Levels of poverty are very high, even compared to the overall high levels of poverty in the country. As described above, most livelihoods are basically subsistence and from the local informal sale of produce, and there are few sources of cash income apart from pensions and remittances. There is reduced demand for their local products in larger urban markets due to imports and outside competition. State investments in rural institutions, services and infrastructure have declined significantly. The level of actual state control and leverage on the population has declined consequently as it has become increasingly less relevant to local lives. Official unemployment in the area is very high (according to the latest data, Tetovo is ranked as a city with the highest unemployment rate in the country. Many people previously working in the big factories in Tetovo (Jugohrom, Teteks, etc.), and in the state hotels in Popova Shapka, have lost their jobs due to the closure of these factories and hotels. The ski center that is managed by ELEM TURS (state company AD ESM) is not functioning properly and is planned for sale or new management. In the above-mentioned survey of livestock owners, only 7 out of 50 reported having a family member involved in a non-agricultural activity. In more recent years, tourism has provided a means for some locally based diversification of incomes. However, there is limited or no planning framework for this and a low level of knowledge and experience. As a result, much of the tourism developments have been inappropriate and not sustainable in the long term. It also threatens to undermine the aesthetic values that tourism is based on through inappropriate construction, roads, waste and disturbance.

**Forest management and issues:** In Shar Mountains, the majority of forests are directly managed by PE National Forests, through two Forestry units (Tetovo and Gostivar), and protected by local units of Forest Police. The southern forests which are part of NP Mavrovo (i.e. not part of project target area) are managed through the Public Institution NP Mavrovo. In total there is an area of approx. 20,090.71 ha. (200.9 km<sup>2</sup> or 29% of the project target landscape) of forests under state management in the project target area.

Map 3: Distribution of forests on the Shar Mountains (image taken from the main Shar Mountains Valorization Study, 2020 – red areas are large urban area)



The ongoing GEF funded Project “Achieving Biodiversity Conservation through Creation and Effective Management of Protected Areas and Mainstreaming Biodiversity into Land Use Planning” will support, inter alia, the development of a draft plan for the management of Shar Mountains (future) National Park. The management plan will further determine the specific measures and activities for the protection of the natural values (including management of forests), as well as planning and management of the space within the national park territory.

The pressures on forests of increased population and increased poverty have greatly worsened. As a result, the Shar Mountains forests, like most in the country, are experiencing serious levels of deforestation, principally for fuelwood. Fuelwood is an essential commodity to local communities but there appears to be a clear fuelwood supply deficit in the area from legal sources, and a lack of viable alternatives. Consequently, a high level of illegal extraction that cannot be controlled effectively is taking place. Available data suggest that illegal logging in the Gostivar area alone totalled 114 thousand cubic meters of trees cut annually<sup>[8]</sup> (approx. equivalent to 28,000 trees if it assumes an average of around 4m<sup>3</sup> per tree). According to the data of the Gostivar forest police, this was mostly for firewood, amounting to about 192 thousand cubic meters per year. Only 46 thousand cubic meters are legally cut in the Gostivar area (Dnevnik, 29.10.2005). Much of the illegal cutting is carried out by organized illegal groups. Often the perpetrators of these acts are violent towards the police and the local population, and usually, the forest police and forest rangers are not sufficiently equipped and cannot respond to these threats. Additionally, many of the PE National Forests subcontractors (private commercial agencies) are recruited to undertake as much as 75% of actual field extraction, falsify amounts extracted and exceed the tender agreements. Often illegally sourced fuelwood is cheaper than official sources which incentivize purchase and continued illegal operations.

Additional legal clear-cut felling is being carried out by the PE National Forests in order to generate income, but sometimes without consultation with local communities and without considering their priorities or needs. For example, there have been cases in Shar Mountains and on Jablanica, where legal/planned cutting is being performed on areas that are considered important by the local population (such as “old forests” or forests near springs that are being used for water, or forests that protect from erosion, etc.). Finally, reforestation activities, which also fall under the responsibility of PE National Forests are inadequate to replace lost forests, mainly due to limited funding. Due to a lack of capacity within PA National Forests on SFM approaches such reforestation is often mono-cultural in nature and do not meet ecosystem and biodiversity objectives.

Pasture Management and Issues: Pastures cover a large portion of Shar Mountains within the planned NP pastures cover about 43.5% with most being classified as Grasslands and mountain pastures (38.6%). On Shar Mt., the primary natural pastures are located at higher altitudes, above the forest vegetation or above 1,800 m above sea level. The highest areas are covered with high mountain pastures, whose area is declining, because of their reduced use (being replaced by low productivity, low diversity scrub). Historically, the higher pastures were grazed under a traditional semi-nomadic system that saw the altitudinal movement of livestock, mainly sheep, through the year (wintering in low pastures or stall kept, mid pastures in spring and autumn, high pastures in summer). Though the semi-nomadic system has also declined in Shar Mountains it is still practised to a significant extent and has the potential to be redeveloped. The rapid growth of communities in the mountain foothills has been accompanied by a growth in the number of livestock in these areas[9].

The majority of pastures are state-owned and managed by Public Enterprise for Pasture Management, who give pastureland concessions for use on a one-year period based on public announcements. PE for Pastures management have the mandate to preserve the area under pastures and increase their value, to ensure the highest growth of grass according to natural conditions. There are some private pastures belonging to local households on Shar Mt., but these are limited and are managed by their owners (either directly if they have livestock or by concession to others who do in return for various forms of compensation. Many state pastures around settlements are in effect used as “common property” and without any rational application of stocking levels or rotational grazing.

The on-ground evidence from the NP Valorization study and other sources, including interviews with the PE Pastures themselves, suggests the current pasture management system is out of date and not functioning effectively, and neither meets the needs to preserve pasture productivity and usability, or the interests of local communities for sustainable pasture resources. It is also resulting in land degradation and loss of biodiversity (species loss and productivity decline). A key issue identified during the above-mentioned survey is the current short period (one year) of pasture lease, as well as the deteriorating facilities (water, corrals, roads, etc.), and declining condition of pasture. These factors, combined with other wider socio-economic factors (difficult marketing and credit, the emigration of young people, etc.) are creating negative conditions for long term sustainable use and biodiversity conservation.

Mix arable and orchard farming: An important feature of the agricultural land of Shar Mountains is a large number of mosaic arranged fields and meadows, represented by small plots of different crops and a number of extensively managed meadows in the surrounding areas of the villages. Although mountain areas, there is a common practice of irrigating the crops, through different systems. Traditional mixed arable, orchard and vineyard household plots near villages are important sources of subsistence food and some limited income. However, they are also important refuges for the ancient agrobiodiversity of traditional crop and fruit varieties/landraces. Unfortunately, many of these varieties are now being lost due a) to conversion to new imported and high yielding varieties, b) a reduced interest and demand in markets (as a result of competition from imported products).

HPPs development: Shar Mountains is rich with water resources and the local population has been accustomed to using the water without limit. However, in the last decade, a major issue is the capture of water for small hydropower plants (HPPs). This represents a threat for the water ecosystems, but also to the surrounding ecosystem stability and biodiversity because of the opening of new roads and construction. Changes brought by the HPPs construction impact water availability for downstream settlements and impact the livelihood of the local population. The small hydropower plants are promoted as “green energy”, and are supported financially by the Government, although their energy production as a share in the total production of energy is insignificant. With the establishment of the NP it is unlikely new HPPs development will occur, but the operation of the 11 existing HPPs will continue.

## **Proposed Shar Mountains National Park**

The area of Shar Mountains proposed for protection is 627.05 km<sup>2</sup>, divided into 4 zones: zone for strict protection 166.51 km<sup>2</sup> (26.55%); active management zone 307.63 km<sup>2</sup> (49.06%), sustainable use zone 138.05 km<sup>2</sup> (22.02%) and buffer zone 14.84 km<sup>2</sup> (2.37%). The latest proposal covers the area of around 30 settlements/populated areas. The planned National park will be contiguous with the already established Sharri NP in Kosovo (under UNSCR 1244/99), established in 2013 and covering a total area of approx. 535 km<sup>2</sup>. Thus, in total a transboundary area of approx. 1,162 km<sup>2</sup> of the Shar Mountains landscape will come under NP status.

Table 4: Summary of Shar NP Zonation (latest proposal – January 2021)

Zone	Coverage (ha)	km <sup>2</sup>	(%)
Strict protection zone	16,651	166.51	27
Active management zone	30,763	307.63	49
Sustainable use zone	13,805	138.05	22
Buffer zone	1,484	14.84	2
Total	62,705	627.05	100

The basis for the designation of the National park is the areas with biodiversity and recreational, cultural values. Recent research has identified 5,502 species on Shar Mountains, out of which 220 are endemic. There are 1,260 vascular plant species, 264 mosses and 324 diatoms, out of which 94 species of diatoms are potentially new for science and 32 vascular plants are endemic. In terms of animal species, one of the major points is that Shar is the home of [Balkan lynx](#), a subspecies of the largest European cat, and critically endangered species according to the IUCN Red List, with no more than 50 specimens left on the Balkans (estimation from Melovski et al. 2018). There are 128 bird species confirmed for Shar Mountains, and the species with the highest conservation status is the Egyptian vulture (endangered). In addition, there have been identified 11 species of amphibians, 17 species of reptiles, about 50 Orthoptera species, 176 species of butterflies and 787 species of moths, and from the 60 Coleoptera species, 10 are locally endemic. In total, 517 fungi species are known for Shar Mountains, out of which, about 80 are used for human consumption and 160 lichens, out of which 61 known only on Shara. Due to the exceptional abundance of plant, animal and fungus species Shar Mountains are included in the National Emerald Network of Areas of special conservation interest (ASCI), Important Plant Areas (IPAs), Important Bird Areas (IBAs), Important Butterflies Areas. Certain plants, fungi and animals found on Shar have international protection status (conventions, agreements, EU directives and regulations) and are included in the Global IUCN Red List of threatened species. Finally, the Shar Mountains is one of the sites proposed for inclusion in the future Natura 2000 network in the country. In the preliminary National Ecological Network MAK-NEN, it is recognized as a core area for large carnivores. It is a cross border area and as part of the Green Belt, it is recognized as a priority core area. Due to its wealthy biodiversity and diverse cultural and natural heritage, the Shar Mountains shows great potentials for the development of eco-tourism and other forms of alternative tourism.

The part of the Shar Mountains that lies in Kosovo (under UNSCR 1244/99) and Albania has already been placed under protection. Once the proclamation is completed on the Macedonian side, it will become the largest contiguous protected area in South-East Europe.

## Threats, Root causes and Barriers

The key environmental threats currently faced in the Shar Mountains are:

- Significant deforestation, and unsustainable collection of non-timber forest products (NTFPs),
  - Under grazing<sup>[10]</sup> of high pastures, and overgrazing of pastures near settlements
  - Disturbance, destabilization, fragmentation and waste pollution of habitats by the construction of new buildings and roads, and excessive unregulated tourism facilities development and operation,
  - Destruction and disturbance of rivers and aquatic ecosystems through excessive HPPs construction and operation –with the establishment of the NP new such development are less likely within the project target area but the threat from the poor operation of existing HHP's remains.
- The main impacts of these threats are as follows:

Loss of biodiversity of national and global importance: the above threats impact all the Shar Mountains natural habitats (forest, grasslands and rivers) either through their destruction, disturbance, or change. Deforestation has the greatest direct impact in terms of habitat loss, followed by the excessive development of HPPs and other unregulated construction (tourism facilities, personal dwellings, roads, etc.). Reduced traditional grazing in the high pastures is causing changes in species and diversity. Unsustainable hunting, NTFPs (non-timber forest products) collection and the disturbance caused by new developments (HPPs, buildings, roads, tourism structures, etc.) are reducing populations of key fauna and flora. Changes in agriculture and livestock are resulting in the loss of ancient local traditional varieties of crops and livestock. The net result of these pressures is the decline of nationally and globally important biodiversity in the Shar Mountains, and the threat of local extinction of species.

Land degradation, loss of potential production, critical natural resources and livelihoods: The above threats also have a significant impact on the condition and productivity of land and important natural resources in the target area, with long term negative implications for the livelihoods and energy security of the local communities.

In particular, the main traditional land use in the mountains, livestock production, is being impacted through the under grazing of highland pastures and overgrazing around settlements. Other impacts include knock-on effects of degradation above main settlements, such as erosion and changes in water quality/availability that affect the productivity of village arable/orchard areas. Of most immediate and pressing concern for local communities is the impact on fuelwood availability for heating and cooking as this is a critical energy need.

Loss of important ecosystem services, increased natural disaster risks, water insecurity, and reduced climate change resilience: As described previously, the Shar Mountains are an important source of water, not just for local populations, but for the densely populated and economically important irrigated agricultural plain areas of the Polog valley, and downstream urban and agricultural areas along the Vardar River.

Loss of critical ecosystem provisioning and regulating services in the Shar Mountains due to deforestation, unsustainable resource use, and inappropriate development, will over time result in significant changes to the seasonal variation in quantity and sediment load of water derived from the mountains. This puts at risk the large previous investments in irrigation infrastructure in the plains areas – larger variations in water flow will either flood and damage the system or cause insufficient quantity to be available at high demand periods. Increased sediment loads will reduce effectiveness.

### Root causes of threats to biodiversity, land productivity and livelihoods:

Analysis of the situation in the Shar Mountains project target area suggests three broad root causes are responsible for the threats and impacts described above, namely:

- High levels of rural poverty, combined with rapid population growth in the foothills, and population decline in higher areas of the mountains,
- The decline of the relevance and functionality of state forestry and pasture management systems under the new post-socialist socio-economic conditions, and their inability to either meet populations needs or effectively conserve and manage natural resources (forests and pastures), and
- Inadequate recognition at all levels (national, regional and local) of the true values of the ecosystem services provided by the Shar Mountains or the wider economic and human security impacts of their loss.

The following paragraphs review in more detail how the above broad root causes create the threats and impacts previously described.

Deforestation: The Shar Mountains, like most areas in North Macedonia, has suffered significant and accelerating deforestation in the last decades. This has primarily been driven by widespread illegal logging, principally for fuelwood, carried out by both individual households, organized criminal groups, and even commercial entities employed by the PE National Forests acting illegally. In short, there is a large fuelwood supply and demand crisis in the Shar Mountains, and this is forcing/incentivizing local populations and entities to undertake unsustainable and unregulated forest cutting. The current state forestry management system and approach are not adapted to new conditions, and not capable to address these circumstances or meet its mandates to conserve and sustainably use the forestry resources.

An additional contributing factor is the current weak local governance situation, with state institutions losing capacity and influence on local communities' lives, but robust community level structures that could fill the vacuum still emerging and still without strong direction or authority. Given the lack of ownership over local resources and weak governance, there is little incentive or capacity to self-regulate the collection of fuelwood or other forest resources despite the long-term problems it will create.

Under and overgrazing of pastures: Historically, a semi-nomadic pasture system existed in the Shar Mountains with livestock being moved on a seasonal cycle from lower winter pastures to higher spring and summer pastures before the return in autumn to lower pastures and post-harvest agricultural fields. This system has somewhat declined due partly to the incapacity of the state pasture enterprise to maintain high pasture infrastructure and productivity, but mainly due to out-migration of the population from villages in the higher areas of the mountain and the immigration to and expansion of villages in the foothills. This trend is likely to continue resulting in the continued decline of high mountain pastures.

The rapid growth of communities in the mountain foothills has been accompanied by a growing amount of livestock in these areas and the threat of overgrazing. Current data on the condition of pastures around foothill settlements are limited and this issue needs to be assessed in more detail to quantify the extent and impact of current livestock grazing and means to address any issues.

Disturbance, destabilization and waste pollution by the construction of new buildings and roads, and excessive unregulated tourism facilities: The immigration and resulting increase of population in the foothills during the last decades, combined with the decline in capacity and investments of the state and local authority, has led to an explosion of unregulated residential construction in and around these expanding settlements. This construction takes into little consideration either the impacts (environmental or aesthetic) or the risks from natural disasters (steep slopes, river flood plains, etc.). Local households and entrepreneurs also construct a new building and roads higher in the mountains to facilitate natural resource access (fuelwood, NTFPs, pasture, etc.) and for personal summer houses. Tourism has also in recent years become a major driver of such construction as it is one of the few alternative livelihood options for local people. This inappropriate development of tourism is also threatening to undermine this potential local income opportunity by reducing the tourism interest of the area, and thus damaging one of the options for sustainable reduction of poverty.

## **Barriers**

In order to address the threats and their root causes as described above the project will be required to overcome the following barriers:

### Barrier 1: limited experience, know-how and models for the practical application of an integrated landscape approach and reform to current natural resources management systems

A critical barrier to the effective application and upscaling of more integrated approaches to natural resource management, which fully incorporate sustainable livelihoods and recognition of realistic ecosystems values, is the limited practical experience, know-how and models for achieving this in the country. Historically, sectoral planning and management have been top-down and with poor inter-sector horizontal linkages. The lack of capacity and experience to undertake meaningful ecosystem service valuation, and thence its systematic application within an NCA framework<sup>[11]</sup> to guide decision making, is an important underlying cause of failure to focus adequate attention and investment in the management of forests, pastures and sustainable livelihoods in the Shar Mountains, and in rural landscapes generally in the country. Lack of a clear economic justification, and a recognition that the preservation of ecosystem services is critical not just for populations living in specific localities but also the country (and economy) as a whole, directly impacts on decision making and allocating of resources. As highlighted previously, current approaches and related institutional and legal frameworks for managing key natural resources, specifically forests and pastures, are outdated under current socio-economic and political conditions. In fact, the system has become even further centralized and “top-down” since independence, while at the same time has been expected to become financially self-sustaining. Above all, there will be a need to conceptualize new management approaches, based on international (and ideally regional) practical experience, which can provide a framework for such a transition. Realistically, these specific challenges are too formidable to apply immediately at a national scale and are better addressed at a pilot landscape-scale initially, and the practical experience, know-how and models developed then upscaled into national-level policy, legal and institutional reform and operational practice. Similarly, a new experience in sustainable tourism, livelihood diversification and community natural resources governance, etc. are best tried and tested at a pilot landscape scale, and lessons learned, before efforts to upscale nationally.

### Barrier 2: National system inertia and limited capacity to adapt and upscale ILM and related BD and LD practices at a national scale

One of the most difficult challenges facing any development process aimed to introduce and upscale new approaches, methodologies and concepts is the need to overcome the inertia of long-entrenched existing systems, approaches and mindsets. As a result, many successful pilot projects and demonstration activities tend to remain isolated examples and do not successfully transition to national level application and impact. To overcome these barriers to national uptake and application requires numerous steps, beginning with a process of awareness building based on factual evidence and relevant examples. Most powerful of all in most cases is the presentation of strong evidence on evidence of the economic and socio-economic implications of new approaches. Secondly, support to the adaption of pilot level experience to other areas of the country by national stakeholder institutions builds practical capacity to replicate and upscale. Likewise, support to the translation of pilot level experience and lessons into national policy, institutional and legal reform recommendations enhances the extent that the experiences are transitioned into national-level development planning processes.

### **2) the baseline scenario and any associated baseline projects;**

North Macedonia has been committed to achieving changes and addressing growing environmental threats that nationally affect sustainability and productivity of agricultural systems, increase natural disaster risks and impact rural livelihoods/national economy, and have global significance in terms of biodiversity loss, land degradation and climate change. The baseline scenario for this project consists of two parts: projects and initiatives that have built the broad policy, legal and institutional framework; and those that have contributed to the specific target area or to specific natural resource management approaches and practices relevant to this project.

### Relevant Policy, legal, institutional baseline

The National Action Plan for Land Degradation Neutrality (LDN): Currently, North Macedonia is in the phase of adoption of the National Action Plan for LDN, while in parallel it has finalized and submitted its first technical report on the LDN target setting process. The NAP has identified certain gaps regarding land management. This document confirms a high per cent of the forest in the region of The Shar Mountains, northwest of Tetovo was subject to unregulated/illegal cutting, which caused the appearance of several landslides in that region. The country has developed specific corrective measures based on the defined negative trend on various land use type. Some measures are defined for a target area, while some measures are for the entire country. The target period for implementation of those measures is up to 2030.

With support received through EU IPA II, the country has recently finalized the Development of Environmental Monitoring and Information System project. The project aims to address all environmental sectors following the environmental topics in the European Environment Information and Observation Network (EIONET) i.e. air pollution, biodiversity change and nature, chemicals, climate change, natural resources, ozone depletion, soil, noise, waste and water. This project enables overall strengthening of the environmental monitoring framework, providing a solid base for the proposed project to build on, its broad focus means that there will remain gaps in the baseline, specifically on LD aspects and the interconnectedness of LD and BD threats not adequately reflected in monitoring indicators.

Significant gaps still remaining include the lack of strong monitoring and reporting system to follow the LDN developments under-identified targets and indicators; poor institutional capacities to understand practically the concept of LDN and the best practices for addressing LD, with support and involvement of the most affected areas and stakeholders; weak national legislation and policy to support changes and reforms of existing natural resources management in order to support the application and replication of SLM.

National Biodiversity Strategy and Action Plan: The first National Biological Diversity Strategy and Action Plan (NBSAP) was developed in 2004, followed by an updated/Second National Biodiversity Strategy adopted by the national government in 2018, to renew and reinforce those efforts. The newly-developed 19 national targets are fully in compliance with the Aichi Targets, as well as with the Biodiversity Strategy of the European Union. The proclamation of The Shar Mountains as a national park will contribute to achieving the “National target 11: Increase the protected areas network to reach 15%, to enable their functional connectivity as an ecological network, as well as efficient management of protected areas in cooperation with the local communities”. However, major gaps in the baseline still remain including efforts to achieve “National Target 4 (Increase the level of investment and financing for biodiversity conservation from the state, local budget and other sources); actions related to National Target 1 (Raising public awareness on the biodiversity levels, ecosystem services and steps to achieve protection and sustainable use of biodiversity).

EU funded Mainstreaming of the National Land Consolidation Programme (2017 – ongoing): This project is implemented by FAO in cooperation with the Ministry of Agriculture, Forestry and Water Economy (MAFWE), building the capacities to implement a National Land Consolidation Programme. The project enables the Ministry to gain practical experience with different approaches to land consolidation, allowing farmers to consolidate the fragmented parcels of their land, which is considered as a barrier to applying modern practices of soil and water conservation one of the factors of unsustainable and inefficient land use [Project budget: 3,000,000 USD].

Relevant LDN and BD and sustainable rural livelihoods baseline: The baseline related to biodiversity consists mainly of the 2 projects described in more detail below which are / will contribute an important basis to build on, elevate and integrate into a wider LD and landscape-scale during the proposed project:

Achieving Biodiversity Conservation through Creation and Effective Management of Protected Areas and Mainstreaming Biodiversity into Land Use Planning” (UNEP/GEF/MOEP (ongoing - [Project budget: 3,360,731 USD]): the overall objective of this project was to conserve biodiversity through the expansion of national protected areas system and enabling capacity conditions for effective management and mainstreaming of biodiversity into production landscape.

One of the major outputs of the project is the development of The Shar Mountains Valorisation Study and the initiative for the proclamation of the national park The Shar Mountains. The project, which is planned for finalization at the end of 2021, is supporting the development of a draft management plan for the future national park. As a newly established institution, the managing authority of the park will need technical support in the proper implementation of the MP actions, which in turn can be supported through the envisaged activities under this PIF.

The importance of The Shar Mountains has been recognized for, inter alia, tourism opportunities, with the Tourism Development Strategy of Municipality of Tetovo (2017). This document identified the need to create tourism products with educational, recreational and herbal tourism activities and the need to invest in arranging the recreational zones, hiking paths and in parallel work on increasing the level of environmental awareness for the locals and the visitors. Another related document is the "Study for the development of tourism in the Shar Mountains Region" (EPICENTAR, 2010). Unfortunately, to date, none of these tourism planning initiatives has led practical actions on the ground. Additionally, the strategic aspects in terms of what are the priority objectives, what types of tourism best achieve those objectives, and how it could be best achieved etc. have not been explicitly defined. The opportunity for this project is to build on this existing substantial baseline and commitment to better define the strategic vision and test and demonstrate in practice actual tourism development that contributes to the sustainable generation of livelihoods and management funding while simultaneously meeting education and recreational needs. A newly emerged risk and factor for tourism development is the impact COVID 19 is (and is likely to continue having to some degree) on travel in particular, but also in terms of people movement and sanitation safeguards (all factors affecting costs). Tourism still has the potential to contribute significantly to the opportunities to generate financing and increase livelihood benefits of high-value landscapes but there needs to be a clear recognition of a). its vulnerabilities and risks associated with too high a dependence on its benefits, b). the strategic implications that the COVID19 pandemic highlights (for example higher risks from largely international tourists due to travel restrictions, benefits from low number/high-value tourism models rather than more mass tourism approaches, etc). There is a need to build on the baseline therefore to ensure the proper consideration of these new emerging issues and to also tap into and take advantage of the new opportunities and willingness to innovate that the potential "Green Recovery" post-COVID situation may bring.

The 'Nature Conservation Programme' (phase III about to start) is financed by the Swiss Agency for Development and Cooperation (SDC) [Project budget: 2,000,000 USD] and will be supporting the managing authority in activities for sustainable management of Osogovo Mts. (protected landscape), promotion activities of Maleshevo region, further investigation necessary for the future establishment of Natura 2000 site, as well as testing of measures for the protection of riparian vegetation and other similar activities. The proposed GEF7 project will work in direct coordination with this and other related projects/programmes being implemented in the country for the purposes of replicating good practices based on lessons learned and enabling shared use of produced results, data, and documentation.

The baseline for land degradation issues mainly relates to 3 ongoing or recently completed projects that provide important institutional/enabling environment contributions or specific experiences and lessons learned that can be taken on board and integrated into the more holistic approach being demonstrated by this proposed project. Though none is taking place directly within the project target area they are relevant either because they are/have been active in similar conditions/circumstances or address central level enabling environment issues. These are as follows:

"Promoting Sustainable Land Management (SLM) Through Strengthening Legal and Institutional Framework, Capacity Building and Restoration of Most Vulnerable Mountain Landscapes" (UNEP/GEF) (Implementation period: 2020-2024). [Project budget: 3,662,545 USD] This single focal area LD project has the main goal "to reduce the effects of land degradation and land use pressures on natural resources in the mountain landscapes". To do this it first aims to strengthen the legal and institutional framework for mainstreaming land degradation issues and to build national capacity in this regard, plus localization of LDN targets, secondly to carry out pilot activities in the forest and, to a lesser extent, agriculture lands to demonstrate specific SFM and SLM practices (in Jegunovce, Saraj, Arachinovo, Lipkovo and Zhelino - and benefit 120,000 people). Finally, based on the experience it will undertake a number of awareness-raising and knowledge management activities. This project will provide important baseline legal, institutional, capacity and awareness building at the central

level for issues related to LD specifically, and practical experience and lessons learned from the field of some forestry and arable land SLM practices. The proposed Shar Mt. multifocal project, will use and build on the experience through the introduction of the more holistic integrated landscape approach that seeks to maximize benefits from synergies between LDN, BD and sustainable rural development efforts.

Capacity Building for Ecosystem Based Disaster Risk Reduction through Sustainable Forest Management in North Macedonia (2018 – 2022),[12] funded by Japan International Cooperation Agency (JICA) and implemented by the Crisis Management Centre, Public Enterprise National Forests and MAFWE. In recent years, natural disasters such as soil erosion, landslides, and floods have occurred more frequently in North Macedonia due to torrential rain, causing serious damage to residential areas, transportation infrastructure, and agricultural land. In response, this project on 'Ecosystem-based Disaster Risk Reduction (Eco-DRR)' to alleviate damages from soil erosion, landslides, floods and others by utilizing various benefits of forest ecosystems as well as fire countermeasures, was initiated by JICA at government request. This project will provide valuable baseline experience for the proposed GEF7 project in regard to eco-system based disaster risk reduction (Eco-DRR) measures and activities in synergy with sustainable forest management, disaster risk of floods, reduction of landslides, soil erosion and forest fire on a long-term basis in North Macedonia.

Promotion of sustainable agricultural practices, energy efficiency and utilization of renewable energy sources in rural communities of the Republic of North Macedonia (dates of implementation: 2008-2013): This project was funded by SIDA, EU, GIZ and implemented by FAO and a number of local NGOs and contains a component on promoting sustainable agricultural practices – institutional and legal framework development, capacity building, public awareness-raising. The objective of this Agroenergy project was to promote sustainable practices[13] for using renewable energy sources and improve energy efficiency on farms and other entities in rural areas in the Republic of North Macedonia. Three pilot demonstration units – farms were selected for utilization of renewable energy sources and energy efficiency improvement. These serve as small training[14] centres where farmers have the opportunity to get acquainted with the technology and processes for the best use of renewable energy sources and the benefits of improved energy efficiency on farms in rural areas. In addition, networking was an activity to strengthen the already established network of entities active in this sector, including farmers, consultants, suppliers of equipment, institutions and other organizations active in this area. This valuable baseline experience and capacity will be utilized by the proposed GEF7 project, specifically in terms of addressing fuelwood energy supply and demand issues.

Various past and ongoing initiatives, such as the Upgrade of institutional and administrative capacities in line with EU's Common Agricultural Policy (CAP) requirements project, GEF financed STAR5 Biodiversity Protected Areas Project and the recent GEF6 Land degradation project, have highlighted during implementation the significance of the poor coordination and integration of SLM, SFM and biodiversity, and the negative impacts this has in holistically addressing landscape-scale sustainable development that builds on the synergies and inter-dependencies between the thematic/sectoral aspects of such landscapes function, and the productivity and prospects for rural communities in them.

Despite the number of implemented activities, the effectiveness of efforts to date has suffered through numerous significant gaps and barriers, such as: heavy emphasis on policy/planning level activities, without follow-through to onground application; also in this context, a mainly top-down approach which inadequately incorporates the on-ground realities, lessons learned, and limitations/opportunities, and to build on them to derive functionally viable policy, legislation and institutions; poor recognition both of the economic significance of BD, LD, ecosystem maintenance and rural livelihoods, and of the interconnectedness of these issues, resulting in inadequate political commitment, or integration and coordination between institutions and stakeholders (horizontally or vertically); lack of effective integration of effort and synergistic planning at all levels, national, regional and local. This is observable even within the departments and agencies of the two key national institutions (i.e. within the Ministry of Environment and within the Ministry of Agriculture).

### **3) the proposed alternative scenario with a brief description of expected outcomes and components of the project;**

The proposed alternative scenario of this project is to support national and local stakeholders in the Shar Mountains of North Macedonia to develop and apply an integrated landscape management (ILM) approach and thereby demonstrate in a pilot landscape the achievement of land degradation neutrality and biodiversity objectives in synergy with more secure and sustainable local livelihoods i.e. demonstrate the benefits of achieving synergies between biodiversity, SLM/SFM and rural development efforts, preserving the land resource base by ensuring no net loss of healthy and productive land, and learn the lessons crucial for scaling up such approaches nationally. In doing so the project will support a paradigm shift from the baseline scenario by demonstrating the greater impact such integrated and synergistic approaches can achieve compared to the current more sectorial approaches used and how in practice the application of the LDN concept requires such an integrated approach. The introduction and practical application of ecosystem service valuation and natural capital accounting will further the economic rationale for such approaches.

The project will build on and strengthen, the existing thematic initiatives within the national land degradation and biodiversity focal areas, in particular the existing baseline efforts in the almost completed GEF5 BD and ongoing GEF6 SLM projects (UNEP), and the Development of Environmental Monitoring and Information System project (EU project – just recently finalized), but adding to the extent and sustainability of impacts through their better integration and synergistic at a landscape scale.

The project's theory of change is based on the premise that the most effective path to achieving real uptake and adoption of these new approaches to issues of natural resources management and rural development is bottom-up rather than top-down i.e. that meaningful adoption and upscaling of the ILM and other innovative approaches will be best achieved through learning what works at a pilot landscape level, and then leveraging this experience to bring about national-level change and uptake. The theory of change of the Project can be found in Annex D of this PIF document, which is also a publicly accessible separate document under the GEF Portal.

The overall project objective of the project is therefore to 'Supporting national and local efforts for achieving LDN and Biodiversity Targets in North Macedonia through the application of an integrated landscape approach in the Shar Mountains.

In order to achieve this overall objective, the project has two components: the first is aimed at systematically supporting national and local stakeholders to plan and implement an interlinking set of actions, related to forestry, pasture, water resources, agriculture, sustainable livelihoods, community awareness and capacity in the Shar Mountains, within the framework of an integrated plan. These actions will be aimed at avoiding, reducing or reversing land degradation, loss of biodiversity and ecosystem functions. Within this component, the project will also support the capacity for natural capital accounting, and a functional integrated LDN/BD monitoring and reporting system) and, based on this, participatory ILM planning for the Shar Mountains target area. In the process, the project will build the national capacity and practical know-how for applying NCA and integrated LDN/BD monitoring in other parts of the country. The second component of the project focuses on capturing the experience and lessons learned from the Shar Mountains demonstration site and ensuring that this is effectively packaged and disseminated in a way that ensures the maximum internalization of the findings within the key national institutions, and enables national replication and upscaling. It will further support the initial steps needed to bring about the upscale of key innovative mechanisms/tools developed (LDN/BD monitoring and reporting system, natural capital accounting, adapted forest and pasture management systems, diversified rural incomes and energy options, etc.) through targeted policy recommendations and followup to replication.

**Component 1:** Practical application of integrated landscape approach to achieving LDN and BD targets in the pilot area of the Shar Mountains and dependent ecosystems service area (peripheral productive landscape)

Component 1 has three outcomes aimed collectively to enable, plan and support the initial implementation of an Integrated Landscape Management (ILM) approach in the Shar Mountains target area. The overall ILM plan timeframe for Shar Mountains should be not less than 10 years, and thus the project role is to support the development and initiation of the ILM plan in the first 4 years through capacity building and support to the development of the innovative tools

and mechanisms for achieving its goals. The three outcomes under Component 1 are designed to systematically achieve this aim and ensure the national and local stakeholders have a sound basis for ongoing ILM in the target area. In doing so the project will help bring about a significant shift in the approach to natural resources management and rural sustainable development in the Shar Mountains, and a capacity and knowledge basis for its wider replication.

Outcome 1.1: An Integrated Landscape Management (ILM) plan for the Shar Mountains target area is agreed by all key national and local stakeholders, and the enabling environment for its development and implementation established.

Three outputs will be carried out in order to produce the expected outcome of a consensually developed multi-stakeholder ILM plan for the Shar Mountains target area. Output 1.1.1 will provide an improved economic understanding and justification for applying an integrated landscape approach and help guide decision making on the need to undertake significant reforms in the objectives and mandates for local resource management systems, particularly the need to better link forest, pasture and water management with rural livelihoods and sustainable economic development, and the need to ensure net maintenance or enhancement of land-based natural capital. The “learning by doing” approach will additionally build long term capacity to apply ecosystem services valuation (ESV) and national capital accounting (NCA) and embed the approach in the conceptual understanding of the key national institutions involved. Actions to achieve this output will include the establishment of a multi-sector working group that brings stakeholders from economic, as well as environmental institutions (government and academic); training of an ecosystem service valuation (ESV) and NCA expert team with members from different stakeholders; technical guidance and support to the practical application of this training in the Shar Mountains project target area; technical guidance on the preparation of an ESV report and development of NCA document that provides an economic context and rationale for a 10 year ILM plan.

Output 1.1.2 will involve the development of an overall 10-year plan of action for implementing, in a coordinated and synergistic manner, the key thematic and cross-cutting components of the ILM i.e. sustainable forestry and pasture management system, sustainable and locally beneficial tourism, sustainable local livelihoods, community mobilization and effective resource governance, coordination and collaboration mechanisms. Key principles of the ILM will include recognition of the need to maintain or enhance natural (land) capital and the need to better recognize and protect the rights of land and natural resource users (LDN Module A). In the process of developing the overall target area ILM plan, the currently being drafted Shar Mountains management plan will be used as the basis but will be refined and expanded in order to cover the full project target areas outside of the NP boundaries (foothill communities).

Each of these thematic areas and cross-cutting aspects will be clarified during the PPG stage of the project, based on the initial analysis carried out for this PIF, plus follow up research in the field, review of relevant regional and international experience (particularly lessons learned from GEF projects in similar environmental/socio-economic and cultural contexts), the existing program’s developed within the NP management plan, in-depth consultation with relevant national, local and community stakeholders. Thus, there will already be at project document/project commencement a worked-out vision of the new approaches to be applied to the forest, pasture, etc. and how they will be coordinated and synergized. The main task under this output therefore to elaborate the ILM into practical planning steps and ensuring consensus with the main actors (including local communities and private sector actors).

The plan must also address two crucial issues for sustainability and effective coordination a) the implementation modality (who will do what and how it will be coordinated and managed), b) how it will be financed in the long term. Financial planning, particularly ensuring sustainable financing mechanisms are an integral part of new approaches to resource management, will also be a crucial component of the ILM planning process. In this context, the earlier in-depth evaluation of ESV and the application of the NCA approach to the Shar Mountains will be important in identifying realistic fund generation options and opportunities. Regional and international experience in developing realistic financial planning and developing mechanisms for capturing sustainable financing will be used to guide efforts in this respect.

Output 1.1.3 addresses the need to develop an evaluation and monitoring system that can effectively measure the impact over time of the ILM approach, particularly LD and BD status, but also related socio-economic changes that are linked to natural resources health and status. This holistic monitoring of the interrelated aspects of land and resources degradation (land productivity, ecosystem functionality, socio-economic and livelihood changes, etc) are critical for

applying the LD neutrality concept in practice. The integrated LDN/BD M&R will build on and contribute to the overall National Environmental M&R system under development with EU support and support the better functionality of the existing BD M&R system.

Under Outcome 1.2, Outputs 1.2.1 and 1.2.2, the project will support addressing a key root cause of the unsustainable use of natural resources in the project target area and a barrier to change i.e. the incompatibility of the existing forest and pasture management systems to effectively meet local community natural resource needs (in particular fuelwood) under current demographic and socio-economic conditions. This outcome seeks, amongst other things, to reverse past negative trends inland (resource) governance and the resulting LD, insecurity and conflict seen. As mentioned above, during the PPG phase of the project the options for reforming the forestry and pasture management in the Shar Mountains will be identified based on a recognition of the on-ground current conditions, identification of relevant regional/international experience of different approaches and mechanisms, and the participatory review with local and national stakeholders of the most viable options for change. A major potential barrier to meaningfully reforming the methodology and approach to forest/pasture management generally in the country is the fact that the existing system is enshrined in law and the existing institutional setup. However, within the context of the Shar Mountains NP the “testing” and use of more innovative approaches to the management of these critical resources is possible, and allows for building experience that can then inform and guide wider reforms throughout the country

Output 1.2.3 is targeted at reducing the impact of existing HPPs on aquatic biodiversity, downstream water quality and availability for drinking/irrigation, and related disturbance (construction, waste, etc.). In this context, the project will support the development of appropriate HPPs operational guidelines to mitigate impacts and monitoring mechanisms to ensure their application can be enforced. This will provide a valuable test case for addressing such development in other areas of the country.

Outcome 1.3: Reduced pressure on biodiversity, reversed LD trends, and ecosystem integrity in the Shar Mountains through diversification of sustainable local community livelihoods and strengthened community capacity to participate in natural resources management

As described in previous sections, a key root cause of the existing threats to sustainable landscape management in the Shar Mountains (and to the related ecosystem services they provide for the local population and wider productive area, as well as nationally and globally significant biodiversity) is the high level of poverty. Poverty is both a driver and a consequence of environmental degradation, and solutions to this vicious circle require supporting local communities to recognize this reality, to be given a greater self-interested role in the management of resources critical for their livelihoods, and building their capacity to mobilize, organize and fulfil this role. Reforms to the forestry and pasture management systems will ensure greater consideration of local community needs and also provide greater opportunities for local communities to play a key role. However, without simultaneously building their interest, commitment and capacity to take over these increased responsibilities there is a significant risk innovative approaches will fail. Thus, under Outcome 1.3, there are 3 outputs targeted to addressing the above issues that are based on the principles outlined in the LDN concept (Module D):

Output 1.3.1 seeks to leverage the potential of sustainable tourism in the Shar Mountains as a vehicle for improving sustainable local socio-economic conditions and sustainable financing for the NP (as well as meeting NP objectives for providing recreation and education). Apart from the socio-economic and sustainable financing benefits that can be derived, experience from other similar projects has shown that a collaborative effort by NP authorities with local communities and private sector actors to develop sustainable tourism, can play a crucial role in changing the “them and us” dynamic, and in forging a mutually beneficial basis for collaborative action that has a wider knock-on benefits for other management aspects that require collaboration and trust (forestry, pasture, water resources, building control, etc.). The Shar Mountains already has a history of tourism development, but this has become increasingly inappropriate and chaotic and turned into a threat to both future sustainable livelihood opportunities and the environment. The project will support the re-alignment of this negative trend through support to a) development of a sustainable tourism strategy that identifies the key strategic directions for future tourism development which will best meet preservation of the tourism and ecological value, provision of sustainable local livelihoods, generation of management financing and meeting of local/national recreational needs, etc. b) a sustainable tourism plan of Action that concretely details the methods and

mechanisms of realizing the strategic vision, and the roles and responsibilities of all actors/beneficiaries (NP entity, local government and local units of relevant national agencies, local communities, private sector), c) targeted support to key stakeholders (NP, local government and local communities, private sector, etc.) to initiate the implementation of the Shar Mountains (training and skills development, study tours, support to marketing and private sector investment, finance planning, coordination and regulatory framework, etc.).

As the current COVID19 pandemic demonstrated, tourism is subject to fluctuations that make a dependence (for either livelihoods or management financing) a high-risk strategy. Furthermore, tourism will not be a benefit to all members of local communities. Nor will tourism remove disincentives for other unsustainable practices. For these reasons actions to reduce poverty, and tie this to more sustainable livelihoods, need to also focus on the improvement and diversification of other sustainable economic opportunities available to local populations, both on and off-farm (i.e. both in relation to agriculture and non-agriculture activities). Activities under Output 1.2.3 will therefore focus on supporting local communities to:

- improved sustainable agricultural methods and techniques (biological pest control, drip irrigation, erosion avoidance/control and land restoration, etc.),
- identify the opportunities for value-adding to existing sustainable agricultural products (post-harvest processing, value chain improvement and marketing, etc,
- appropriate diversification of new sustainable agricultural activities and products (more market-orientated products such as honey, medicinal plants, marketing of traditional / locally unique landraces and varieties, etc.),
- identify non-agricultural opportunities and support their development through skills and business training,
- support to technologies and opportunities for reduced dependence on fuelwood for energy supplies (increase energy efficiency/ provision of alternatives)

It will be essential during the PPG stage to assess and identify more specifically the most viable interventions under this Output both in terms of on-farm and off-farm opportunities.

The third and final output under Outcome 1.3 addresses the need discussed under Outcome 1.2 of local communities to gain an increased awareness and understanding of the sustainable development opportunities and challenges facing them in the future under the current conditions, and the opportunities for changing this trajectory; build on any existing traditional / *de facto* community self-governing structures to enhance the concrete role communities can play in regulating and protecting key natural resources essential for their wellbeing and livelihoods; to mobilize to address shared issues and concerns within the community. The purpose of this is twofold: firstly, it builds community coherence and capacity to work collectively towards achieving mutually beneficial ends, and in the process to increase capacity to address other tasks (such as natural resources management), secondly, it increases trust and willingness to collaborate with the project, and thence state actors such as the NP agency. This is a critical factor given the existing levels of distrust and misunderstandings.

## **Component 2. Capture and dissemination of ILM experience and lessons learned as basis for national level adoption and upscaling.**

Outcome 2.1: LDN, BD and sustainable rural livelihood benefits of ILM approach recognized by national stakeholders and incorporated into development planning and upscaled nationally.

Component 2 will ensure that the overall experience and lessons learned from the project are captured, disseminated internalized within relevant national institutions, and can be applied systematically at national scale. Outcome 2.1 of the project will be based on a pragmatic impact evaluation (Output 2.1.1), provide clear and factual validation of the benefits of the ILM approach for achieving synergistic impacts for both rural sustainable livelihoods, directly linked ecosystem services, and meeting LDN and biodiversity targets. This will include the relevant experience and lessons learned of the key role local land users must play, and in particular women, and the lessons learned in terms of practically incorporating gender actions into sustainable natural resource management activities and LDN models.

It will also ensure the overall lessons learned (both positive and negative) can be fed back into adaptive management of the Shar Mountains, and incorporated into replication and upscaling of ILM approaches and the LDN concept and principles elsewhere in the country. This will include gathering factual evidence to support the benefits of the overall ILM approach, and the specific thematic innovative approaches to resource management in order to provide solid evidence for their adoption into wider national planning and development frameworks.

The project will then leverage this evidence to ensure national-level recognition, acceptance thence adoption of more integrated approaches into national and regional planning and development process through concrete planning/policy recommendations (Output 2.1.2) and a set of events (workshops) and publications/media events to build understanding and commitment of stakeholders (Output 2.1.3) ensuring adequate representation of all stakeholders (including typically underrepresented groups and gender balance). In addition, a set of practical “how-to” manuals will be developed to facilitate replication of the most successful aspects of the project and support practical upscaling in the future.

Finally, Outputs 2.1.4 and 2.1.5 will go further by a). Supporting the further “roll out” of a refined / streamlined version of the integrated LDN and BD Monitoring and reporting system developed and applied in Shar Mountains through support to its replication in other areas of the country and targeted capacity building as required to ensure is an ongoing sustained function (output 2.1.4). The utilization of the information being generated will also be followed through in order to ensure it can directly support and enable improved decision making on application of the LDN concept and need for integrated approaches at landscape scales, and; b). developing concrete recommendations on how the application of natural capital accounting can be meaningfully incorporated into existing national economic planning and management (output 2.1.5). The process of developing these recommendations will necessitate in-depth consultations and awareness building within national economic and financial institutions on the LDN concept (and the relationship between LD, BD, rural livelihoods, social stability, natural disaster vulnerability, and long term national sustainable green economic development), as well as the traditional natural resources sectors. This will culminate in a significant adjustment in the practical application of currently little known or purely “theoretical” concepts.

#### **4) alignment with GEF focal area and/or Impact Program strategies;**

An Integrated Landscape Management (ILM) approach is new to North Macedonia but is recognized both within recent GEF strategic policy, the LDN Guidelines and TPP Checklist, etc, as the most effective means by which to achieve maximum synergies of effort, the biggest on-ground impact in terms of LDN, biodiversity and ecosystem service preservation, and thereby the greatest impact on long term sustainable livelihoods and food security. Overall, the project is expected to develop and demonstrate a landscape-scale approach and mechanism for the sustainable management of natural resources and thereby maintain important ecosystem services, improve sustainable livelihoods and achieve LDN and biodiversity targets in the pilot landscape. This will provide a practical example, build capacity and know-how, and generate factual evidence that will support the mainstreaming of LDN and biodiversity into North Macedonia policy, planning and development. Specifically, the project will support the following program objectives:

Land degradation: The project design is fully in line with the LDN Guidelines concept objectives and principles as described in the STAP publication (April 2020), specifically: to maintain or improve the sustainable delivery of ecosystem services, to maintain or improve productivity to enhance food security, increasing resilience of the land and populations dependent on the land, seeking synergies with other social, economic and environmental objectives, and reinforcing responsible and inclusive governance of land. In supporting the GEF 7 objective 1 (LD-1-1), the project will promote sustainable land management (SLM) practices aiming at an improved flow of agro-ecosystem services, specifically pasture, forestry and improved agricultural practices. The project assists the national and local authorities, and local communities to maintain and improve the flow of ecosystem services through SLM, principally through improvements in management mechanisms for pastures and forests, and HPP operation. These objectives will be achieved in the framework of an integrated landscape management approach that allows long term robust and resilient sustainable land management and livelihoods in the project target area. This is in line with LD-1-4 (reduce pressures on natural resources from competing for land uses and increase resilience in the wider landscape). Using the experience gained in the target landscape the project will support the upscaling of these objectives nationally (LD-2-5). Specific outcomes to support this include:

- An enabling environment for better land use management and practices and synergistic coordination/collaboration of local authorities and land users in a pilot landscape;
- Degraded forest, grasslands and agricultural land restored and under integrated landscape management approach within a pilot landscape;
- On-the-ground implementation of sustainable land management, diversification and value-adding of crop and livestock systems, and greater inclusiveness of local communities in resource management;
- Awareness, capacity and existing models for replicating sustainable LDN landscape management exist at the national level.

**Biodiversity:** In line with GEF 7 biodiversity objective 1 (BD-1-1), the project will mainstream biodiversity across sectors in Shar Mountains and build the conceptual understanding and tools for upscaling the mainstreaming of BD nationally (as part of integrated approaches). The Project will also enable decision-makers to use Natural Capital Accounting (BD-1-3) to justify the necessary mainstreaming of biodiversity (and integrated BD/LDN) across sectors. These objectives will be achieved by supporting:

- Piloting of NCA in the Shar Mountains landscape and on this basis build national-level awareness and capacity to initiate the wider application of NCA in national economic planning and decision making;
- Development and initial implementation of participatory ILM-AP for Shar Mountains NP and adjacent territory;
- Piloting of integrated BD and LDN Monitoring and Reporting Framework, and support to its subsequent upscaling.

#### **5) incremental/additional cost reasoning and expected contributions from baseline, GEFTF and co-financing;**

**Scenario without the GEF investment:** North Macedonia has taken significant strides to achieve changes and addressing growing environmental threats that nationally affect sustainability and productivity of agricultural systems, increase natural disaster risks and impact rural livelihoods/national economy, and have global significance in terms of biodiversity loss, land degradation and climate change. Under the “business as usual” scenario the country would continue such efforts. However, the effectiveness and impact of these efforts would be constrained by the previously noted lack of effective integration of effort and synergistic planning at all levels, national, regional and local. The continued existence of critical barriers to better recognition of the economic values of functional natural and agroecosystems, and lack of capacity and know-how to apply more integrated and synergistic approaches, will limit and curtail the overall impact and benefits (including global environmental benefits) of the efforts made by the country to achieve LDN targets and address environmental and rural development priorities. Additionally, alternative models and mechanisms for adapting existing forestry and pasture management system would be absent and present a barrier to any much needed effective reforms to these sectors.

**Scenario with the GEF investment:** The proposed project aims to leverage the existing baseline efforts, and by addressing the root causes of threats identified, removing the specific barriers identified, and building capacity and practical “know-how”, to apply more integrated and synergistic approaches at a landscape scale, will elevate the level of sustained impact and achieve positive multiplier effects in SLM, biodiversity focal areas and sustainable rural development, with knock-on sustainable national development benefits (and global environmental benefits). Under the scenario with GEF investment a dedicated component will allow the capacity, experience and lessons learned within the pilot landscape (by both local and involved national stakeholders), to be meaningfully transitioned from the pilot landscape scale to the national scale (upwards to key decision-making level, embedded into planning and management systems, and wider applicability through adjustment and replicated in other landscapes). This will be achieved through a strategic mix of evidence-based awareness-raising, pilot replication in different landscapes, support to relevant policy adjustment, and targeted capacity building.

The projects incremental investment of 3,717,352 USD from the GEFTF will thus support a paradigm shift in North Macedonia from the baseline scenario in terms of the conceptual approach to achieving land degradation neutrality, conserving biodiversity, maintaining ecosystem services, sustainable livelihoods and economic planning. Under the baseline scenario, these will be destined to continue being addressed in a narrow sectorial manner and without accurate recognition of the rural development and national economic costs involved. The increment of the project will build on the existing baseline efforts and the identified co-financing of a total of 14,100,000 USD (Recipient government 1.7 million USD grant and 4 million USD in-kind, other donors a total of 8.4 million USD in-kind) to increase impact and sustainability of the overall development efforts to achieve national and global environmental benefits through the demonstration of ILM in a pilot landscape and support to national-level adoption / upscaling.

#### **6) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF);**

The proposed project aims to achieve global environmental benefits (GEB's) in line with the GE7 strategy for achieving greater results for the global environment by seizing opportunities for higher impact through integration to harness synergies across the GEF's focal areas, and in line with the STAP endorsed conceptual approach for achieving LDN. Using this approach, the project will contribute to achieving Global Environmental Benefits through improving the integrated sustainable management on a landscape scale of 69,780 ha of productive landscape in the Shar Mountains (within and in the periphery of the newly establish Shar NP). This is estimated to impact the security of livelihoods of approximately 18,400 (9,400 women and 9,000 men) within the project target area.

LDN Related impacts: Within the context of more synergistic ILM in the project pilot area, the project will improve the sustainable management of over 28,718.9 ha forestry, 27,276.7 ha pasture and 6,396.9 ha of arable land and result in zero net loss (and potentially significant gain) in healthy productive land. This will impact the security of livelihoods, and access to sustainable energy supply, of an estimated 18,400 (9,400 women and 9,000 men) of the local population. In support of building practical capacity and know-how to implement improved management the project will directly impact 11,500 ha of forestry, pasture and agricultural land through demonstrating:

- the restoration of approx. 2,500 ha forestry through reforestation and improved utilization / sustainable management techniques. (more sustainable and BD sensitive fuelwood and timber extraction techniques, fire management techniques, and erosion control, etc.);
- the restoration of approx. 8,300 ha of pasture (grazing plan implementation, key supporting infrastructure repairs, livestock route and erosion control, invasive shrub clearance, etc.)
- improved arable and orchard best practices on approx. 700 ha (biological pest control, improved irrigation practices, agroforestry/ perennial crops and revival of traditional crop varieties, erosion avoidance and prevention/restoration, etc.);
- fuelwood demand (reduced consumption of fuelwood by approx. 10% within 4.5 years);
- improve management of 11 HPPs and ensuring mitigation of impacts to water availability and quantity;

Improved planning and control of inappropriate local construction.

Activities within the project target area will additionally impact the long term sustainability of approximately 20,000 ha of high productivity irrigated cultivated land (in the lowland area of Polog region) by ensuring the critical water provisioning ecosystem services of the Shar Mountains are maintained. The project will additionally reduce flood and debris flow natural disaster risks for Tetavo city and over 40 villages in the Shar Mountains and foothills.

The exact extent of demonstration sites and actions, and the impact (in area and number of beneficiaries) will be determined during the project preparatory (PPG) phase.

Biodiversity related Impacts: The Shar Mountains is recognized as an area of national, regionally and global biodiversity value (see site description) and, apart from the planned establishment of the NP, this has been recognized through inclusion in the National Emerald Network of Areas of special conservation interest (ASCI), Important Plant Areas (IPAs), Important Bird Areas (IBAs), and Important Butterflies Areas. In the National Ecological Network MAK-NEN, it is recognized as a core area for large carnivores. It is a refuge area for the [Balkan lynx](#), a critically endangered species according to the IUCN Red List, with no more than 50 specimens left on the Balkans (estimation from Melovski et al. 2018). As a result of the synergistic ILM approach of the project, the above described LDN impacts will also improve the conservation and sustainable use of biodiversity in the project area through the overall improved sustainable management of pasture, forestry and agricultural / orchards in the NP (62,705 ha), and the restoration of habitats, and introduction of biodiversity sensitive management techniques in 10,500 ha (2,000 forests, 8,000 pasture, 500 arable/orchard). The latter includes efforts to incentivize the use and preservation of local crop and domestic animal varieties/races. The development of sustainable nature-based tourism is estimated to improve the biodiversity linked income of at least 8,000 of the local population and contribute to sustainable financing of the NP future management, as well as an increase in the positive investment of the private sector. In addition, it will ensure 11 HPPs are operated with biodiversity impacts considered, and inappropriate construction and waste disposal are better managed.

National GEB's impact: Above and beyond the site level GEB's project aims to leverage the ILM and innovative natural resources, socio-economic and natural capital experiences gained to achieve a national level impact which cannot at this stage be quantified.

## **7) innovation, sustainability and potential for scaling up**

**Innovation:** The project will support the practical application, testing and local adaption of a wide range of innovative natural resources management approach new to North Macedonia, most crucially the concept and practice of integrated landscape approaches that seek to coordinate and synergize rural socio-economic, sustainable land management, biodiversity conservation and ecosystem service maintenance issues previously approached in a sectorial manner. In order to create the "tools" for achieving this, the project will introduce, test and locally adopt innovative approaches to the valuation of functional landscapes and management of specific natural resources (forestry, pasture, arable land, etc) that respond to the practical political, socio-economic, demographic and climate change conditions that now exist in the country. At the site level, the project will introduce and demonstrate a range of innovative good practices and approaches based on the regional and international experience of what works in practice. Furthermore, the value at a national scale of integrated landscape-scale approaches to land use, biodiversity conservation and sustainable rural livelihoods will be demonstrated, economic justification proven, and the capacity and experience to monitor and replicate them put in place.

**Sustainability:** Central to the project concept and approach is the need to adapt the current management systems and approaches in order to meet the existing socio-economic and political context. A key aspect of this relates to strengthening the relevance of the system to the livelihoods of rural populations and ensuring the conditions and incentives for them to pursue sustainable use are in place. This is the best means to ensure long terms sustainability. The project also addresses the need to ensure better recognition of the wider values of functional ecosystems and the adoption of NCA approaches into economic and long term development decision making and planning. The project strategy aims at first testing and evaluating the innovative approaches at a pilot scale, and before supporting upscaling and replication, thus ensuring the lessons learned are captured and transition to realistic policy and practice. In this way, project efforts to impact at a national scale will be based on practical experience and an existing core level of awareness and capacity, which should enhance the sustainability of impact.

**Scalability:** The Shar Mountains situation is very typical of such landscapes in North Macedonia and thus the lessons and experience from the pilot site will have direct applicability and potential for upscalable in approx. 50-60% of the country. The project will support the testing of new innovative collaborative approaches to forest and pasture management at a pilot scale in the context of the Shar Mountains NP, based on regional and international best practices and

experience – the principles and methodology from this experience can be applied widely. Furthermore, the basic conceptual approach and application of ILM and other innovative aspects of the project such as NCA and the integrated LD/BD monitoring system are applicable anywhere in the country. Furthermore, the project is devoting considerable resources and effort to ensuring the experience and lessons learned from the pilot site are meaningfully captured and transitioned into national-level awareness, capacity, policy and planning. This provides a sound basis for real adoption and upscaling and a knock-on national scale impact.

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[1] 2,076,255 according the State Statistical Office (2019) [http://www.stat.gov.mk/KlucniIndikator\\_i\\_en.aspx](http://www.stat.gov.mk/KlucniIndikator_i_en.aspx)

[2] <https://knoema.com/atlas/Macedonia/Poverty-rate-at-dollar32-a-day>

[3] <https://www.eapn.eu/wp-content/uploads/2011/10/EAPN-Multidimensional-poverty-analysis-Macedonia-2017-1243.pdf>

[4] Country Study for Biodiversity of the Republic of Macedonia (First National Report) - Skopje, July, 2003

[5] Country Study for Biodiversity of the Republic of Macedonia (First National Report) - Skopje, July, 2003

[6] <https://www.iucn.org/news/eastern-europe-and-central-asia/201711/national-red-listing-kicks-macedonia>

[7] Sixth National Report to CBD-pending for adoption

[8] Mališ Sazdovska M. (2008): Forest devastation in the Republic of Macedonia. Proceedings of the III Congress of Ecologists of the Republic of Macedonia with International Participation, 06-09.10.2007, Struga. Special issues of Macedonian Ecological Society, Vol. 8, Skopje.

[9] Although there is significant data on livestock and grazing issues in higher pastures from Shar NP Valorisation study 2020, there is limited data currently on livestock numbers and pasture conditions around foothill villages. This will need to be assessed better in the PPG stage

[10] Please see the following literature on environmental problems of undergrazing. Rosales M. et.al, Grazing and Land Degradation in CIS Countries and Mongolia. FAO; El Aich, A., and A. Waterhouse. "Small ruminants in environmental conservation." Small Ruminant Research 34.3 (1999): 271-287; Zellei, Anett. Challenges for agri-environmental policies in CEE countries. No. 3. CEESA discussion paper, 2001.

[11] Ecosystem valuation is the measurement and valuation – in monetary and non-monetary terms – of ecosystem services. These assessments can include non-monetary assessments of ecosystem integrity, health, or resilience as well as valuation of specific ecosystem goods/services in monetary terms. The information provided by these assessments are often valuable to decision-making. Natural Capital Accounting (NCA) is commonly defined as the measurement of stocks of natural resources (both renewable and non-renewable) and the flows of benefits they provide. The differentiation between NCA and ecosystem valuation is that NCA is often a repeated, regular effort following accounting standards. NCA seeks to capture and integrate the contribution of nature into the systems that the private and public sectors use to make decisions. (Gabarone Declaration 2012)

[12] [https://www.jica.go.jp/project/english/north\\_macedonia/001/outline/index.html](https://www.jica.go.jp/project/english/north_macedonia/001/outline/index.html)

[13] [https://unece.org/fileadmin/DAM/energy/se/pp/gee21/Worshop\\_Bangkok\\_April\\_14/Session\\_3g\\_Macedonia\\_Dejan\\_Filiposki.pdf](https://unece.org/fileadmin/DAM/energy/se/pp/gee21/Worshop_Bangkok_April_14/Session_3g_Macedonia_Dejan_Filiposki.pdf)

[14] <http://ruralnet.mk/wp-content/uploads/2019/02/E-BILTEN2ang.pdf>

**1b. Project Map and Coordinates**

**Please provide geo-referenced information and map where the project interventions will take place.**

Please refer to the project maps in Annex A.

## 2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Indigenous Peoples and Local Communities

Civil Society Organizations Yes

Private Sector Entities Yes

If none of the above, please explain why:

In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement

Due to COVID19 restrictions, all stakeholder consultations for the concept development were conducted online. The Shar Mts. proclamation process provided the opportunity to engage with local NGOs, different experts and local partners on the new Project concept. These stakeholders' suggestions were taken into consideration during the problem analysis, identification of the baseline scenario and the design of the alternative scenario. The proposed PIF underwent several consultation meetings with the experts of the Ministry of Environment and Physical Planning of North Macedonia.

Stakeholder	Current Mandate / Responsibilities	Expected Role in Project Preparation
Ministry of Environment and Physical Planning	As the highest government entity responsible for environmental protection and physical planning,	With UNEP support, MOEPP will be the main executing entity of the proposed project. Its executing services are expected to include: Political and institutional supervision; (ii) Substantive review and backstopping, with a focus on coordination of efforts and effective project delivery; Hosting of the Project Steering Committee and coordinate the participation of other Ministries, state agencies and other stakeholders; Responsible/owner of the integrated LDN/BD monitoring and reporting system
Ministry of Agriculture, Forestry and Water Management (MAFWE)	The Ministry of Agriculture, Forestry and Water Economy is in charge of overall legislative and management matters on agriculture, forestry and water resources at the state level	Will support and assist in mainstreaming LDN approaches into land use policies.
Ministry for Economy	The Ministry of Economy is a national entity responsible for economic strategy, policy, planning and promotion (including tourism)	The Ministry for Economy, Sector for Tourism is one of the most important stakeholders in this project, as well as the Agency for promotion of tourism.
Ministry of Labor and Social Policy	The Ministry of Labor and Social Policy is responsible, amongst other things, for protection of the vulnerable groups	The Ministry will be involved in the implementation through the identification of the most vulnerable groups in the targeted region, and the identification of necessary actions for equal involvement in the implementation of the planned actions.
The National Council	The National Council for Sustainable Development	The Council's role in coordinating a more unified approach to mainstreaming LD issues needs to be strengthened under the project

<p>Development</p>	<p>opment should coordinate the inclusion of I and management in planning and implementation within different sectors.</p>	<p>needs to be strengthened under the project. The NCS D will be a key focus for the project in disseminating the experience and lessons learned of the project and for raising to inter-government policy level the recommendations derived by the project</p>
<p>Municipalities of Shar Mountains region</p>	<p>The future national park will spread over the territory of seven municipalities in the Polog Planning Region i.e. Bogovinje, Vrapchiste, Gostivar, Jegunovce, Tearce, Tetovo and Mavrovo-Rostushe (in part).</p>	<p>Targeted municipalities of the Shar Mountains region are of crucial importance. They will play a key role in the planning and implementation of the activities and interventions as per the anticipated work plan. The local communities are the primary project partners and main beneficiaries of the project. Local communities will be extensively consulted as one of the most important stakeholders to support the establishment of the new managing and planning systems.</p>
<p>National Hydro-meteorological Service (NHMS)</p>	<p>Provides meteorological, climatological, hydrological, agro-meteorological information data and is responsible for the monitoring of air, water and soil quality.</p>	<p>NHMS will support monitoring and evaluation of land degradation processes in the scope of the proposed project, as well as take part in the training on SLM and LDN approaches.</p>
<p>Shar National Park Management Authority</p>	<p>The authority in charge of the overall management of the entire territory will be the newly established Public institution National Park Shar Mountains</p>	<p>The Shar NP Management authority will be the most important site level actor and stakeholder of the project and will take on the leadership of coordinating the overall ILM plan (as chair of the ILM plan coordination committee), as well as playing the central role in the development and oversight of thematic activities on forestry, pasture, hunting, tourism and HPPs.</p>
<p>Public Enterprise National Forests</p>	<p>The national entity responsible for state forest areas (about 90% of the forests in North Macedonia are in state property), excluding private and those in PA's</p>	<p>The PE National Forests will be a key actor, particularly the local units who will play a central role in the process of establishing new approaches and improved SFM .</p>
<p>Public Enterprise Pastures Management</p>	<p>The majority of pastures in North Macedonia is currently under the responsibility of the PE national Pastures.</p>	<p>The PE Pastures' Management will also be a key actor who will play a central role in the process of establishing new approaches to sustainable pasture management .</p>
<p>Different scientific organization</p>	<p>The National Academy of Sciences and Arts has the highest academic position. Other scientific and educational institutions include (not limited to): Institute of Biology (UKIM, Skopje), Faculty of Forestry (UKIM, Skopje), Faculty of Agricultural Sciences and Food (UKIM, Skopje), Tetovo State University and others.</p>	<p>Building on existing experience, academic and research institutions are considered as a very important source of local expertise to be brought in on the various expert components. The Institute for Ecology and Technology at the University of Tetovo is an important institution that is seated in Shar Mts. region. The Faculty of Agricultural Sciences and Food will contribute and be fully involved in its relevant scientific staff during the development and implementation of the project.</p>
<p>Civil society organizations (CSOs)</p>	<p>There are many active environmental Civil society organizations in North Macedonia. Those NGOs already are cooperating in the planning and implementation of BD/LD related campaigns and projects.</p>	<p>Potential partners for different project activities, organize and facilitate local meetings, assist with training of local communities and help to mobilize monitoring. Some of the CSOs have been consulted during the preparation of the PIF. Additional national CSOs and locally based in the pilot site will be identified and consulted during the PPG phase and involved as a potential partner in the implementation of the project activities.</p>

Private Sector	<p>The most significant private sector actors include relevant tourism services entities (local, national and abroad), the hydropower developers and operators, entities involved in agricultural services, product processing and marketing, renewable energy/energy efficiency companies, etc.</p>	<p>Tourism companies will be involved in multiple ways (a bridge between local service providers and national/international tourists, tourism planning, tourism product development, tourism capacity building). Agricultural supply chain and food marketing entities will play a role in both advisories and in implementation. Energy efficiency and renewable alternative experts and technology suppliers likewise. HHP operators will need to be engaged in process of developing operational guidelines</p> <p>Private sector opportunities and priorities will be assessed in more detail during the PP G phase</p>
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### 3. Gender Equality and Women's Empowerment

**Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).**

Gender Issues<sup>[1]</sup>: The patriarchal structures and traditional social norms are still prevalent in the country, evident in the low employment rate of women (33.7%), the low proportion of women property owners, especially in rural areas, and the low role of women in decision making. The level of awareness of gender discrimination is relatively low in rural areas, where this impedes the realization of other activities related to gender equality, such as equal representation in politics, economy and equitable distribution in society and at home.

Gender equality and women's empowerment will be mainstreamed into project activities, ensuring that women have an equal voice in project implementation, as well as governance and an active role during the entire project. Women will participate equally with men in any dialogue or decision-making initiated by the project and will influence decisions that will determine the success of the project and ultimately the future of their families. The proposed project will adopt UNEP's commitment to gender equality and women's empowerment and taking into account the differences, needs, roles and priorities of men and women. The project is consistent with the GEF Policy on Gender Equality (GEF/C.53/04, October 2017) and is also in line with the UNCCD "Decisions 21/COP.9, 11/COP.8, 15/COP.5, 15/COP.4, 15/COP.3 and 13/COP.2.

In addition to ensuring gender-sensitive communication throughout project implementation, practical activities will also be developed to highlight the role of women in conservation and sustainable land management, where specific communications materials and knowledge management tools will tackle the gender-specific targeted matter. Furthermore, to overall mainstreaming of gender equality measures and the fostering of women's participation in the general conduct of the project, a Gender Impact Assessment will be conducted during the PPG to identify more specifically the gender-sensitive areas, avoid adverse impacts and maximise positive effects on gender at the outcome level.

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[1] <https://www.eapn.eu/wp-content/uploads/2011/10/EAPN-Multidimensional-poverty-analysis-Macedonia-2017-1243.pdf>

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes**

**closing gender gaps in access to and control over natural resources; Yes**

**improving women's participation and decision-making; and/or Yes**

**generating socio-economic benefits or services for women. Yes**

**Will the project's results framework or logical framework include gender-sensitive indicators?**

Yes

#### 4. Private sector engagement

**Will there be private sector engagement in the project?**

Yes

**Please briefly explain the rationale behind your answer.**

The Private sector entities will be key stakeholders within the development of any integrated sustainable management of the project area, and of other areas nationally where the approach is replicated in the future – they, together with local communities, in fact, represent the most powerful actors for change. The most significant private sector actors include relevant tourism services entities (local, national and abroad), the hydropower developers and operators, entities involved in agricultural services, product processing and marketing, renewable energy/energy efficiency companies, etc. Additionally, the project will through a case study on the value and potential utilization of valuable genetic resources, will potentially need to develop contacts and coordination with relevant commercial user entities.

Private sector engagement will aim to diversify and strengthen sustainable community resource use and livelihood improvements to enhance local incomes. The private sector will be involved in project implementation through direct communication and representation in key planning processes. In addition, their direct involvement in the implementation of activities furthering the objectives of the project, particularly support to replication and upscaling of successfully demonstrative new technologies or management approaches.

## 5. Risks to Achieving Project Objectives

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

Risks	Risk Level	Mitigation Measures
Lack of political will and commitment by the national governmental institutions, due to other priorities	Medium	<p>The current political situation in the country is stable. State and local government are fully supporting the initiative of proclamation and sustainable management of the future national park.</p> <p>The project team will provide continuous monitoring of the security and political situation in the country and update the Steering Committee on a regular basis, so there is enough lead time for adequate response actions and adjustment in project strategy.</p>
Unclear roles in the execution of the project may result in a lack of commitment/buy-in from local communities and therefore may result in failure of collaborative activities	Medium	A stakeholder engagement plan will be developed, and community stakeholders will be engaged during the PPG phase, to ensure their buy-in into the project. The project is devoting significant attention (Outcome 1.3.3) to awareness and community mobilization/capacity development. During the initial implementation, the project will actively engage communities (provide equal possibilities to both men and women) in order to clarify the implications of the project and build awareness of their expected role and benefits
Limited cooperation among governmental agencies with competencies in SLM limits the delivery of results	Low/Medium	The project will actively involve governmental agencies beginning in the design phase to ensure their support and participation in the project. Representatives of the relevant institutions will be invited to join the Project Steering Committee to facilitate cooperation, decision making and project follow up.
The outbreak of diseases (Covid-19)	Medium	To achieve the proposed objectives, the project team will continue applying corresponding measures to adjust to COVID19 restrictions during the PPG stage. Following the past year experience, in order to protect human health and also for cost-saving reasons, most of the stakeholders' meetings will be conducted virtually using different online tools. In case of inevitable face-to-face/in-person meetings, the project will adhere to the standardized measures of protection to reduce infections risks (social distancing, masks, disinfectants).

		<p>Analytic work, capacity development and production of knowledge management materials will be conducted (as much as possible) as desk-work, in virtually connected teams or in small groups of people/participants to reduce COVID-19 infection risks. As the project is in its initial development stage, and its technical implementation start is expected in late 2022, all the risks that the project may face by COVID-19 protection measures will be elaborated/redesigned in details during the PPG phase. The project design also incorporates a recognition that resilience is linked to the diversity of land uses and livelihoods and that over-dependence on any one option brings risks (as demonstrated currently in terms of tourism during the pandemic). The Covid19 pandemic brings opportunities as well as risks that the project needs to grasp – see below on opportunities presented by the situation and “green recovery” planning.</p>
<p>Climate change impacts (e.g. increased flooding; more severe droughts; forest fires) may affect some project activities</p>	<p>Medium</p>	<p>North Macedonia is one of the most vulnerable and most exposed to climate change in the region. Based<sup>[1]</sup> on 18 models' results of the 6 climate scenarios for the periods 2020-2100, all changes in air temperature are positive, meaning an increase in mean monthly temperatures. The temperature increase will be more intensive and significant in summers. It is probable that there will be a continuous increase in temperature in the period 2025- 2100. There will be a continual decrease in precipitation. Relatively, a higher percentage of reductions in precipitation will be observed in the summer seasons. North Macedonia is and will be affected by climate change in different sectors as: water resources, agriculture, forestry (especially with boreal forests that could be with dramatic impacts), human health, etc. Some of the identified problems include lack of good intersectoral cooperation, insufficient capacities (human and knowledge), lack of financial mechanisms, and lack of awareness about climate change impacts on different sectors and so on.</p> <p>The project activities have been designed to address (directly or indirectly) vulnerabilities to climate hazards. The project will provide diversified livelihood alternatives to enhance adaptation and resilience. Project support to the sustainable use of natural resources will further improve the management and conservation of these resources, create income opportunities that enhance adaptation and resilience, and strengthen food security.</p>
<p>Poor monitoring of environmental, social and economic impacts after the project implementation</p>	<p>Low</p>	<p>The Project will strengthen the capacities of major stakeholders for environmentally sound practices in sectors competing for land area and natural resources. The establishment of a strong LDN and BD monitoring system will enable the country to respond to its obligations stemming from the national legislation and from international treaties as a signatory.</p>

Project implementation in a gender-responsive way may be challenging	Medium	Although on the national level, and in national institutions, women participation is increasing, this is still not the case with the pilot region. In the Shar Mt. region, the communities consist of mainly patriarchal families.[2] Actions envisaged under the project will provide an enabling environment for equal involvement of both women and men.
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Risks and Opportunities within the context post COVID “Green Recovery initiatives: COVID-19 is having a serious and long-term impact on the economy, society and vulnerable groups, for North Macedonia and its regional Western Balkans neighbours. Most affected sectors include travel, tourism, hospitality, trade and small manufacturing. All this will significantly impact the development trajectory of the country towards the 2030 Agenda and threatens to undo the recent SDG gains at the time when the Government’s fiscal capacity to provide economic stimulus has been shrinking.

However, at the same time, the current COVID crisis has stimulated a recognition that fundamental changes in approaches to natural resource use, economy, and sustainability are increasingly urgent and that the situation presents a unique opportunity to initiate such changes i.e. the Green Recovery opportunity. Though North Macedonia has no specific Green Recovery plans in place it is a party to the EU Green Deal initiative for the Western Balkans. The summit in Sofia in November 2020 was an important step taken to advance the regional cooperation and boost socio-economic recovery and convergence with the EU, where the leaders have also committed to the Green Agenda for the Western Balkans. Being part of the region, North Macedonia will receive support for biodiversity conservation and sustainable land management, seen as a stimulus to be used as a green recovery post-COVID-19. This project has the potential to be a valuable contributor to this process and should benefit from the greater willingness to consider transformative change and the opportunities this provides in terms of meaningful uptake and absorption of new conceptual approaches to future sustainable development.

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[1] the Third National Communication on Climate Change to UNFCCC

[2] Data from the Socioeconomic study on Shar Mt, supporting the main Study for valorization of Shar Mt

## 6. Coordination

**Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.**

The Ministry for Environment and Physical Planning of North Macedonia (MOEPP) of North Macedonia is the governmental institution to provide political and institutional supervision and act as the National Executing Entity/Responsible Partner. The overall responsibility for the project execution and implementation by MOEPP implies the timely and verifiable attainment of project objectives and outcomes. The project will identify key stakeholders and partners on the ground that can help and support the implementation of the agreed and approved work plan. The key institutions will be consulted during the PPG phase, and all stakeholders that are important for the implementation of this project, will be involved through a project steering committee, that will be informed and consulted through the project duration.

The project will seek to collaborate closely with current and upcoming projects in biodiversity protection, agriculture, forestry and land use planning knowledge and information management, including at the local level for project implementation and for receiving stakeholders' inputs and feedback. Exact partner organizations will be identified for each project component during the PPG and at the initial stages of the project implementation. In particular close coordination and synergistic collaboration will be needed with the ongoing "Promoting Sustainable Land Management (SLM) Through Strengthening Legal and Institutional Framework, Capacity Building and Restoration of Most Vulnerable Mountain Landscapes (2020-2024) project (GEF/UNEP) and the EU financed "Development of Environmental Monitoring and Information System" Project.

## 7. Consistency with National Priorities

Is the Project consistent with the National Strategies and plans or reports and assessments under relevant conventions?

Yes

If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc

- National Action Plan for Adaptation (NAPA) under LDCF/UNFCCC yes
- National Action Program (NAP) under UNCCD yes
- National Biodiversity Strategies and Action Plan (NBSAP) under UNCBD yes
- Poverty Reduction Strategy Paper (PRSP) and National Development Plan (NDP) yes
- Others:

The Project is directly in line with North Macedonia's BSAP 2018-2023 (NBSAP) objectives, which identifies soil erosion, deforestation and unsustainable rural land use practices as causes of habitat fragmentation and biodiversity loss which need immediate interventions, and ecotourism as a means to increase valuation and funding. The proposed GEF project is aligned with the National Agriculture and Rural Development Strategy (NARDS) 2014-2020, specific goals on sustainable management and use of natural resources, land degradation, overgrazing and overuse of forest resources. The project has recently entered into the adoption procedure. The project will directly contribute to realizing the following specific National Land Degradation Neutrality Program (NAP) strategic objectives: To mitigate the risk of natural hazards in a changing climate aggravated by unsustainable agricultural and forest practices and ineffective risk governance; To establish wise use of nation's natural resources to satisfy socio-economic needs without compromising the quality of land resources; To improve the knowledge about the use of land resources aligned with sustainable land management; To develop economic mechanisms for ensuring more sustainable use of natural resources. Additionally, the country has completed the LDN Leveraging Plan and LDN assessment and has established and mapped a baseline to define the LDN frame of reference. This GEF project will support the continuation of LDN mainstreaming, by establishing an operational LDN and strengthened BD monitoring and reporting system. The National Strategy for Sustainable Development identified "Seven Strategic Thrusts" for achieving sustainable development in North Macedonia including raising awareness with the public; introduction of e-government as a key tool; and more integrated and participatory approaches within government bodies. Finally, This project is in line with strategic target 3 (Building equal opportunities and promoting equal treatment and non-discrimination based on gender under the Gender Equality Strategy 2013-2020 of the Ministry of Labor and Social Policy.

## 8. Knowledge Management

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

The two project components are interconnected and generate knowledge and capacity building on both the national and local level. Based on pragmatic impact evaluation, the project will provide clear and factual validation of the benefits of the ILM approach to rural development and planning and clearly demonstrate that ensuring the mainstreaming of BD and SLM/SFM is critical for achieving the sustained development and prosperity of the country, as well as meeting international environmental global benefits objectives.

Component 1 will be focused on strengthening the capacities for integrated land management, by means of Natural Capital Accounting (NCA) and valuation of ecosystem services through training, country-specific methodological definition, and the practical test application in the Shar Mountains landscape. This component is expected to support the establishment of an integrated and functional LDN and BD monitoring and reporting system. It will also seek to apply the ILM approach in practice within a pilot landscape, building on existing biodiversity and SLM/SFM initiatives (STAR5 and LD projects), but adding value and sustainability of impacts through their better integration and the addition of critical landscape components not focused on currently. The project will then leverage the experience and evidence generated by component 1 to ensure national level recognition and adoption more integrated approaches into national and regional planning and development process through concrete planning/policy recommendations and a set of events (workshops) and publications/media events to build understanding and commitment of stakeholders. Results from the project will be disseminated within and beyond the project intervention area through a number of existing information sharing networks and forums.

## 9. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

**Overall Project/Program Risk Classification\***

PIF

CEO Endorsement/Approval MTR

TE

Medium/Moderate

**Measures to address identified risks and impacts**

Provide preliminary information on the types and levels of risk classifications/ratings of any identified environmental and social risks and potential impacts associated with the project (considering the GEF ESS Minimum Standards) and describe measures to address these risks during the project design.

**Supporting Documents**

Upload available ESS supporting documents.

**Title**

**Submitted**

SRIF NMacedonia24092020

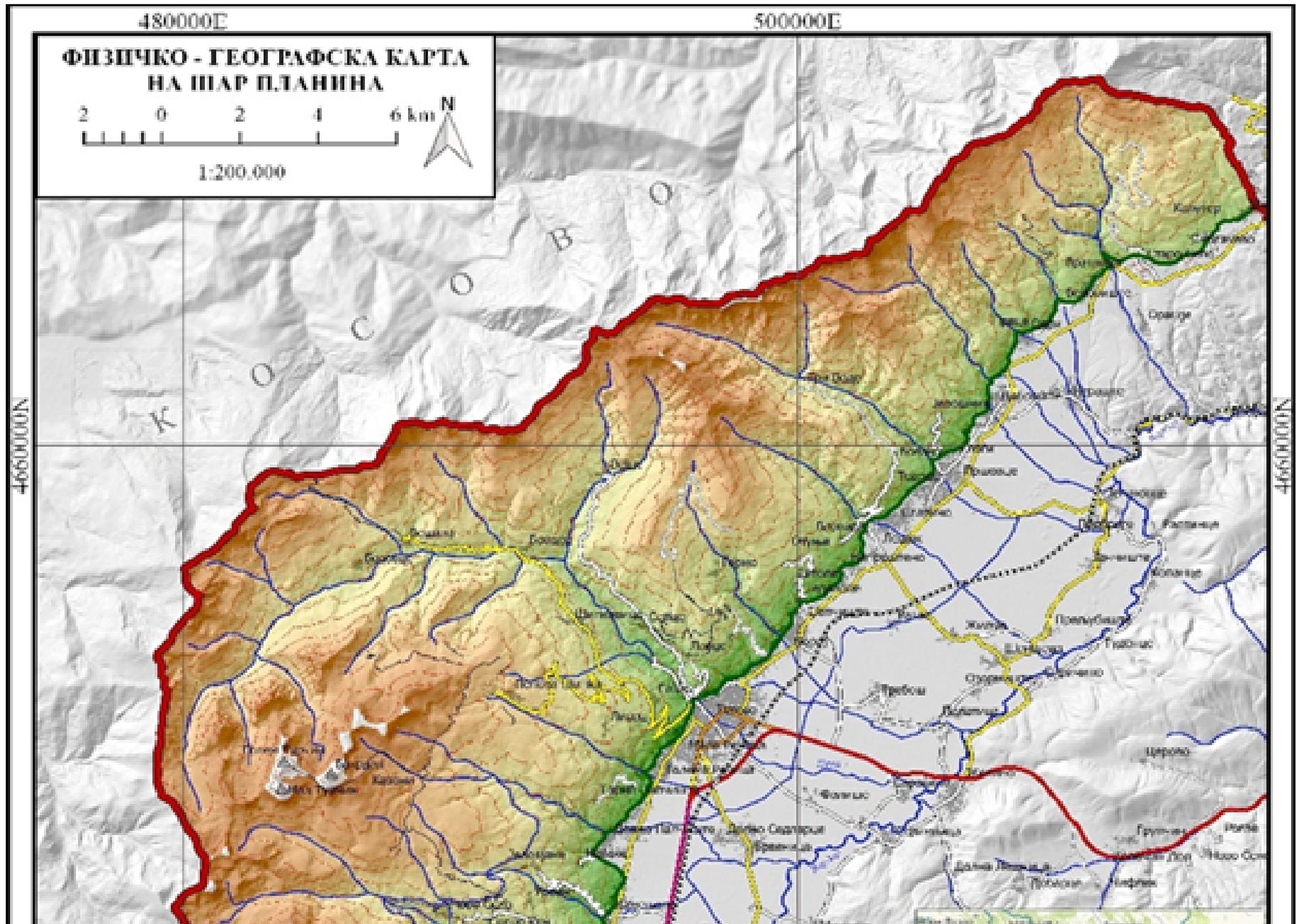
**Part III: Approval/Endorsement By GEF Operational Focal Point(S) And GEF Agency(ies)**

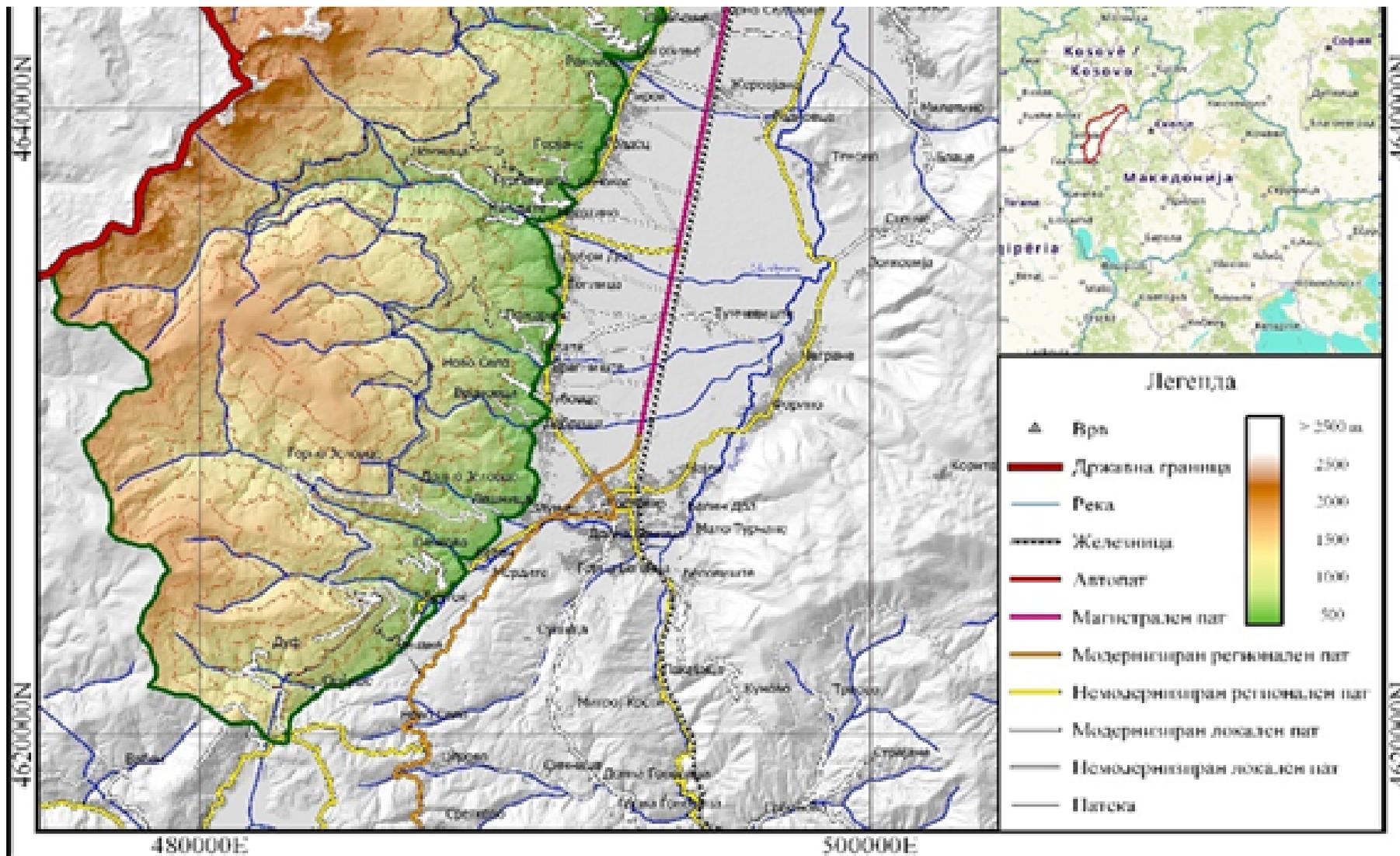
**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).**

<b>Name</b>	<b>Position</b>	<b>Ministry</b>	<b>Date</b>
Ms. Vesna INDOVA	Operational Focal Point Head of Unit for Coordination and Technical Implementation of IPA	MINISTRY OF ENVIRONMENT AND PHYSICAL PLANNING	7/13/2020

ANNEX A: Project Map and Geographic Coordinates

Please provide geo-referenced information and map where the project intervention takes place





Location of Shar Mountain Region in North Macedonia

