PROJECT IDENTIFICATION FORM (PIF)
PROJECT TYPE: Full-size Project
TYPE OF TRUST FUND: GEF trust Fund

PART I: PROJECT IDENTIFICATION

Project Title:	**Increasing Representation of Effectively Managed Marine Ecosystems in The Protected Area System**		
Country(ies):	Azerbaijan	GEF Project ID:	4730
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4327
Other Executing Partner(s):	Ministry of Ecology and Natural Resources	Submission Date:	November 29, 2011 December 16, 2011 January 5, 2012
GEF Focal Area (s):	BIODIVERSITY	Project Duration(Months)	48 months
Name of parent program (if applicable): ▪ For SFM/REDD+ [ ]	N/A	Agency Fee ($):	129,150

A. FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives*	Expected FA Outcomes	Expected FA Outputs	Indicative Financing from the GEF	Indicative Cofinancing ($)
BD 1: Improve Sustainability of Protected Area Systems	1.1 Improved management effectiveness of existing and new protected areas	Increased coverage of threatened ecosystems and threatened species New protected areas (one) and coverage (50,000 hectares) of unprotected ecosystems	1,179,452	5,927,100
Project management cost			112,048	563,969
Total project costs			1,291,500	6,491,069

B. PROJECT FRAMEWORK

Project Objective: To improve the management effectiveness, including operational effectiveness and ecosystem representation of Azerbaijan's Coastal and Marine Protected Area (CMPA) System, with due consideration for its overall sustainability, including ecological, institutional and financial sustainability.

Project Component	Type	Expected Outcomes	Expected Outputs	Indicative Financing from GEF	Indicative Cofinancing ($)
Establishing Effective Collaborative Governance and Institutional Know-how to address threats to the coastal and marine ecosystems through PA management	TA	*Co-management framework in place involving relevant Government Departments, private sector, communities, NGOs and other relevant stakeholders resulting in (i) Expansion of Protected Areas to adequately represent the different bio-geographical regions of the Caspian Sea in Azerbaijan; (ii) Successful management of overfishing at a seascape level through the integration of CMPAs in this endeavour; (iii) Compatibility of land/sea/natural resources uses with overall biodiversity management goal.* *Protected Area operations covering an area of 2,000 km2*	▪ Multi-stakeholder joint Coastal and Marine PA Working Group established with clarity on the roles and responsibilities of State, private sector, NGOs and communities for PA management clarified in the CMPAs, conducting participatory planning and management activities. ▪ PA oversight authority strengthened with respect to CMPA management planning (gap analysis, system planning) - Systemic Conservation System Plan for CMPAs developed and implemented ▪ Protected areas established to adequately represent the bioregional habitats and biodiversity of the Coastal and Marine Region. ▪ Joint long-term ecological monitoring systems established[2] ▪ Joint natural resource management	472,450	2,525,100

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[2] Sources of verification: i) Agreed list of key indicators and frequency of assessments; ii) Guiding Methodology for assessments; iii) Assessment Reports

Project Component	Type	Expected Outcomes	Expected Outputs	Indicative Financing from GEF	Indicative Cofinancing ($)

		strengthened leading to a 35,000 hectares increase in Protected Area coverage in the Coastal and Marine Ecosystems of Azerbaijan
		
		Increased water quality and reduced hydrocarbon content in coastal waters of Qizililağac PA Complex, Shirvan PA Complex and Absheron National Park (baseline to be established during PPG)[1].
			system established.
			■ A financial strategy to reduce the financing gap for the CMPA system implemented
			  - 10-Year Business Plan developed and implemented for the expansion and effective management of the system to generate funding to address long term pressures on biodiversity.
			  - Awareness of decision-makers on the economic benefits of a well-managed CMPA system raised and increased success in financial brokering by MENR in order to increase state budget allocations to the system.
			  - Capacity of protected area system staff raised to increase revenues and reduce cost of protected areas.
			■ Pollution prevention/mitigation control investments under the baseline project successfully mitigates pollution threats to MPAs
			  - An early warning and control system to predict and deal with pollution in CMPAs		

Management effectiveness is enhanced within a sample of coastal and marine protected areas in the Qizilağac critical land/seascape	TA /INV	*Expansion of core CMPAs (IUCN Cat II) of the Qizilağac critical land/seascape through increased protection to an estimated 50,000 hectares by upgrading existing PAs (IUCN Cat Ib and IV) to more effective categories and incorporating/gazetting new areas* *Improved PA management effectiveness in target PAs (Qizilağac National Park, Qizilağac State Nature Reserve and Malyy (Lesser) Qizilağac State Nature Sanctuary), measured through 15% increase in PA Management Effectiveness Tracking Tool (METT) scores* *Direct threats to biodiversity are mitigated and essential ecosystems services are maintained in the new Qizilağac National Park, measured by:* - Increased sightings of seals, sturgeon and other fish and endangered birds (species list and baseline to be confirmed	■ Expansion of PA Core through upgrading and gazetting. (i) Zoning and boundary demarcation based on the land/sea use planning and key data on the land/seascape (ii) Reclassification and gazetting of PA (IUCN Cat II) of 50,000 hectares of coastal and marine ecosystems. ■ Improved management and enforcement system in place for the PA cluster to address existing and emerging threats in a cost effective manner – including surveillance equipment, ranger uniforms, oil spill equipment, ranger uniforms. ■ Development and effective implementation of PA Management Plan and Business Plan for the Qizilağac National Park. ■ Tourism development areas zoned and developed in the Qizilağac National Park. ■ PA management and staff employed and capacitated in the effective management of the Qizilağac CMPA cluster.	707,002	3,402,000

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[1] The sites will be added to the established pollution monitoring programme of the Caspian Complex Environmental Monitoring Administration

Project Component	Type	Expected Outcomes	Expected Outputs	Indicative Financing from GEF	Indicative Cofinancing ($)
		in PPG) - Reduction in the overharvesting of fish and illegal hunting of birds (baseline to be confirmed in PPG)			
Project management Cost:				112,048	563,969
Total project costs				1,291,500	6,491,069

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, ($)

Sources of Co-financing for baseline project	Name of Co-financier	Type of Co-financing	Amount ($)
National Government	Ministry of Ecology and Natural Resources	In-kind	200,000
National Government	Ministry of Ecology and Natural Resources	Grant	6,141,069
GEF Agency	UNDP	Grant	150,000
Total Co-financing			6,491,069

D. GEF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY[1]

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name/Global	Grant amount (a)	Agency Fee (b)[2]	Total c=a+b
UNDP	GEF	Biodiversity	Azerbaijan	1,291,500	129,150	1,420,650
Total GEF Resources				1,291,500	129,150	1,420,650

[1] In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table
[2] Please indicate fees related to this project as well as PPGs for which no Agency fee has been requested already.

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1. THE GEF FOCAL AREA STRATEGIES:

1.   The proposed project is programmed under the GEF Biodiversity Focal Area, Strategic Objective One: Improve Sustainability of Protected Area Systems. The project is designed to enhance the management effectiveness of the PA system in addressing threats to marine and coastal biodiversity. It will establish an effective collaborative governance framework and institutional know-how to address the specific threats to biodiversity in the section of the Caspian Sea that lies within Azerbaijan. The project will also strengthen protected area management within the globally important Qilizigac matrix of PAs (covering 120,000 hectares), comprising the to-be-established Qizilağac National Park, and the existing PAs: Qizilağac State Nature Reserve and Malyy (Lesser) Qizilağac State Nature Sanctuary. More specifically, the project will: (a) increase the bio-geographic representation of the country's marine PAs, and (b) strengthen the management capacities of institutions responsible for MPA management and thus improve the delivery of PA management functions. The project will support the implementation of the CBD 2011 – 2020 Strategic Plan, in particular Target 11: "By 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes".

A.2. NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS UNDER RELEVANT CONVENTIONS, IF APPLICABLE, I.E. NAPAS, NAPS, NBSAPS, NATIONAL COMMUNICATIONS, TNAS, NIPS, PRSPS, NPFE, ETC.:

2.   The project is designed to implement key elements of National Caspian Action Plan (NCAP) for the Republic of Azerbaijan. The main objective of the NCAP is to promote the protection and rational use of the natural resources of the Caspian Sea, and to put in place conducive enabling conditions to engender sustainable social and economic development in the country. Further, this project is also supportive of the Azerbaijan National Programme on Environmentally Sustainable Social-Development which highlights development of ecotourism as being key for the future of the Republic, especially through the establishment of a network of national parks. The National Biodiversity Strategy and Action Plan (NBSAP, 2006) lays out the country's vision for biodiversity conservation. The key priorities listed in the NBSAP of relevance to this project include undertaking measures to conserve rare and threatened species, expanding the protected area network, developing ecotourism to ensure sustainable livelihoods, and improving environmental education.

B.   PROJECT OVERVIEW:

B.1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:

3.   The Republic of Azerbaijan is located on the western shores of the Caspian Sea, and borders on the Russian Federation, Georgia, the Republic of Armenia, Turkey, and the Islamic Republic of Iran. The country has 955 km of coastline along the Caspian Sea. It is situated in the Alp-Himalayan mountain belt and incorporates parts of the Greater Caucasus, the Lesser Caucasus and Talysh Mountains, and the wide valley of the Kura and Araz rivers between them. The elevation ranges from 27 metres below sea level, near the Caspian Sea, to 4,466 meters above sea level at Mount Bazardyuzu. Azerbaijan is a small country, with an area of 86,600 km^2, and a population of approximately 9.1 million people. The population of Azerbaijan is not evenly distributed across the territory of the country. The greatest concentration of people is found in the coastal areas, with the capital of the country, Baku, with a population of more than 4 million people, located in this region. Baku and its surrounding area account for 40 - 45% of the total population of the country. Despite its relatively small size, Azerbaijan encapsulates several markedly different climatic zones, ranging from dry subtropical through wet subtropical and temperate, to alpine. The country declared its independence from the Soviet Union in August 1991. Since then, it has witnessed outstanding economic growth – reaching 9.3% real GDP growth in 2009. Although the rate declined in 2010, the upward growth trajectory continues. This growth is primarily a result of tapping into natural resources, namely oil reserves. Development in the oil industry stimulated growth in other sectors including engineering, mining, construction, and light industries. This economic growth has resulted in improved human development. Azerbaijan's HDI global rank was elevated from 98 in 2005 to 67 in 2010 (HDI = 0.713). Azerbaijan is very likely to achieve the UN's MDG of eradicate extreme poverty and hunger by 2015. According to the State Committee on Statistics, 49% of Azerbaijanis were living on less than a dollar a day in 2001. This number has dropped to 9.8% in 2010. Capture fishery is an economically important sector in Azerbaijan – and important source of livelihoods but catches have been declining drastically in recent years. Total fisheries production has declined from over 18,000 tonnes in 2000 to less than 3,000 tonnes in 2007. Marine and diadromous fish species account for the bulk (90%) of this production[3].

4.   **Global Biodiversity Significance.** Azerbaijan is blessed with an exceptionally rich biodiversity endowment. The country rests at the juncture of several bio-geographical areas (the Eastern Palaeartic, Turan, the Mediteranean, Asia Minor, and the Middle East). This geographic location, combined with the country's topography - which influences the climatic zones - means the country is characterized by diverse landscapes including marine, lowland plains, semi-desert, steppe, forest, alpine meadow, and subnival. The country is rich in species - 4,500 species of higher plants, 89 species of fish, 10 species of amphibians, 52 species of reptiles, and 363 species of birds have been recorded. Of these species, 400 are endemic to the country. Additionally, the Caspian Sea, due to its relative isolation from other bodies of water, supports an estimated 331 endemic species. The Caspian Sea is the largest inland water body in the world (436,000 km^2). The surface of the Caspian is 27 m below mean sea level although historically the level has fluctuated. The deepest point is 1,023 m (the Lenkoran hollow), but the average depth is just 184 m. The Caspian shoreline is shared by 5 countries, with Azerbaijan accounting for approximately ~19% of the total area. The Sea supports a considerable number of endemic species including many globally threatened bird and fish species (e.g. White Pelican – *Pelecanus pelican*; Dalmatian Pelican – *Pelecanus crispus*; Pygmy Cormorant – *Phalacrocorax pygmeus*; Red-breasted Goose – *Branta ruficollis*; Lesser White-fronted Goose – *Anser erythropus*; Marbled Teal – *Anas (Marmaronetta) angustirostris*; Ferrugionous Duck – *Aythya nyroca*; White-headed Duck – *Oxyura leucocephala*; Little bustard – *Otis tetrax*; Great bustard – *Otis tatda*; Beluga – *Huso huso*; Barbel Sturgeon – *Asipenser nudiventris*). The region lies within an important migration corridor for millions of birds moving from Africa and the Mediterranean to Central Asia and India. 446 species have heretofore been recorded in the Caspian, of which 120 species breed there, 62 species over-winter, and 278 species migrate through.

5.   **Threats to Biodiversity.** Coastal and Marine Ecosystems face growing threats from land use change and over-exploitation:

Habitat/land use: Due to the recent rapid industrial development in the country, many natural habitats have been transformed or destroyed. Much of the development is concentrated in coastal areas. For example, in the Absheron Peninsula construction has reduced the area of natural habitats and therefore caused the level of biodiversity to decrease. Many wetlands have furthermore been drained and irrigation channels have being dug outside Baku in support of physical development and industrial growth in the capital spurred by an influx of people from all parts of the country. Poor quality irrigation and drainage systems have caused salinization and erosion of soil. Large-scale use of fertilizers, pesticides, and herbicides has further degraded the land. This has been mainly caused by uncontrolled imports of these chemicals into the country as well as the poorly-informed use of these chemicals. Coastal habitats are being altered resulting in habitat fragmentation. The construction of hydropower dams across rivers has negatively impacted affected riverine areas. It has moreover reduced the breeding ground for many endangered species of sturgeons. Coastal grasslands and wetlands are also being converted into agricultural land. This is especially a problem for bird species dependent on these ecosystems.

Overexploitation of biological resources: There is substantial overgrazing by domestic animals such as sheep, cattle and goats in coastal areas. The encroachment of cattle into sensitive coastal wetlands is a particular concern. This overgrazing contributes to soil erosion and loss of threatened plant and animal species, as well as nutrient over- loading. Along the Caspian Sea and adjacent rivers, overfishing is becoming a major problem. Overfishing, driven by subsistence uses, the demand of local consumers and international demand for black caviar, is widespread in the Caspian Sea and spawning rivers. Caviar from one beluga fetches as much as $30,000 on world markets. Sturgeon require nearly two decades to reach maturity, therefore overfishing has far-reaching impacts for populations of

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[3] FAO. 2009. Report of the Technical Workshop on Survey-based Abundance Estimation Methods and Application of Modern Methods of stock Assessment and Total Allowable Catch (TAC) Determination for Sturgeon Fisheries in the Caspian Sea.

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these fish[4]. It is well known that globally threatened sturgeon species continue to be caught by most if not all Caspian states. Additionally, in the last few years, catches have dropped dramatically which demonstrates the declining health of the fishery.

6.   **The PA system.** Protected areas constitute the country's principal vehicle for conserving biodiversity. The spatial coverage of Azerbaijan's protected area system has been expanded from 478,000 ha (5.5% of the land area) in 2000 to 891,699 ha in 2009, encompasssing 9.78% of the country. Azerbaijan has an existing system of strictly 43 formal protected areas (which includes the areas listed in Annex I). At present there are 8 National Parks (IUCN Category II, all of which have been established since 2003), 11 State Nature Reserves (IUCN Category Ib) and 24 State Nature Sanctuaries (IUCN Category IV). The only protected areas that are present in the coastal and marine region of Azerbaijan are i) the Absheron National Park (783 ha), ii) Shirwan National Park (54,373 ha), Shirwan State Nature Reserve (6,232 ha) and Bandovan State Natural Sanctuary (4,930 ha), iii) Qizililağac State Nature Reserve (88,360 ha), and Malyy (Lesser) Qizililağac Nature Reserve (10,700 ha).Only one of these protected areas, the Qizilağac Reserve, encompasses some of the adjacent shallow marine environment (only 62 ha), covering only an estimated 0.000775% of the total territorial marine area.

Area/Location	Description and Importance in Terms of Biodiversity Conservation[5]
Qizililağac PA Complex *Location:* Lenkoran Region	The Qizililağac State Nature Reserve was created in 1929 and has an area of 88,360 ha. Nearby is the Lesser Qizililağac State Nature Sanctuary with an area of 10,700 ha. The State Nature Reserve is included in the Ramsar List of the Convention on Wetlands of International Importance, especially as Waterfowl habitat. These sites include wetlands, semi-desert and grassland vegetation types. A large area of the gulf of Great Qizililağac is covered with seagrass meadows. Typical species include herring, Zander, kutum, bream, carp, catfish, and striped mullet. The Reserve is an habitat for nesting bird species during the Boreal Summer.. These include Black Francolin, Sultan Hen, Flamingoes, Little Bustard, and Bald Coot. Over 20 bird species (Dalmatian Pelican, White Pelican, Black Stork, White-tailed Eagle, Imperial Eagle, Golden Eagle, Francolin, Great Bustard, Bustard, Sultan Hen, Common Spoonbill, Greater Flamingo, Mute Swan, Bewick's Swan, White-tailed Plover) occuring in this area have been listed in the Red Data Book for Azerbaijan. The herpetofauna includes Caspian and Swamp Turtle, Striped Lizard, Caucasian Viper, Water Snake. Among mammals, Wolf, Jackal, Jungle Cat, Badger, Caucasian Hedgehog, Caucasian Hare and Caspian Seal occur.
Shirvan PA Complex *Location:* Kura-Araz Lowland	Shirvan National Park was established in 2003. Covering an area of 54,374 ha, it forms part of a complex of PAs covering 65,589 ha in the south-eastern Kura-Araz lowlands, including Shirwan State Nature Reserve (6,232 ha) and Bandovan State Natural Sanctuary (4,930 ha). The National Park was created with a view to conserving components of a semi-desert landscape, the protection of Goitred Gazelles (*Gazella subgutturosa*) listed in the Red Data Book of Azerbaijan and species of fauna that are typical to this territory. A major part of the park is occupied by saline semi-desert small hills and a saline semi-desert plain. The territory is surrounded by water, with the Caspian Sea to the east and a number of dams e.g. Lake Flamingo to the north. This water is of importance to the animals in the region and importantly does not freeze during winter periods. 65 species of birds inhabit the shores of Flamingo Lake and the Caspian Sea and include Black Francolin, Great Bustard, Little Bustard, Mute Swan, Graylag Goose, Greater Flamingo, Red-breasted Goose, Falcon, Gadwall, Common Coot, Great White Egret, Little Egret, Grey Heron, Squacco Heron. Mammals include Goitred Gazelle, Wild Boar, Beaver, Wildcat, the Caspian Seal, Wolf, Jackal, Red Fox and Badger.
Absheron National Park *Area:* 783 ha *Location:* South-east end of Absheron Peninsula	Absheron National Park was established in 2005 in the south-east end of the Absheron Peninsula. The park serves three purposes- the conservation of endangered flora and fauna, public environmental education (location close to the capital of Azerbaijan, Baku) and ecotourism andrecreation. Seashore sand, semi-desert and a type of dry steppe dominant the National Park. Various species of reptiles occur in the Park including Green Toad, Common Tortoise, Caspian Turtle, Transcaucasian Agama, Schneiders Gold Skink, Stepperunner, Collared Dwarf Snake and Levantine Viper. Herring Gull, Mute Swan, Tufted Duck, Mullard, Great White Egret, Coot, Marsh Harrier and Kentish Plover are samongstthe birds found in the Park. Mammals that occur in the Park include Gazelle, Wolf, the Wild Cat, Fox, Badger, Hare and Caspian Seal.

7.   The Law of Nature Conservation governs the creation of protected areas, while the Law on Protected Areas and Sites sets out tenets for the management of protected areas. Beyond biodiversity conservation, management objectives include goals relating to science, culture, education, tourism and recreation, amongst others. The Ministry of Ecology and Natural Resources is a central executive body and its work is governed by the Agrarian Policy Department in the Cabinet of Ministers. Biodiversity protection and protected areas development are the responsibility of the Department for the Protection of Biological Diversity and Special Protected Areas. Several specialised units operate under the department: Biological Diversity Protection and Rehabilitation; Rare and Endangered Flora and Fauna Protection and Wild Nature Rehabilitation, Protected Nature Areas, Hunting Activity Development and Ecotourism, Control of Legislation Implementation of Biological Diversity Protection, the Centre of Ecotourism and Hunting Activity Development, the Liaison Centre, the Epidemiological Control Laboratory on Wild Nature; National Parks; State Nature Reserves; and State Nature Sanctuaries.

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[4] Williams, L., Zazanashvili, N., Sanadiradze, G. and Kandaurov, A (Eds.). 2006. *An Ecoregional Conservation Plan for the Caucusus.* WWF Caucusus Programme Office.

[5] Mostly from Ministry of Ecology and Natural Resources. 2007. Special Protected Coastal Nature Territories of Azerbaijan. Republic of Azerbaijan.

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8.   **The baseline project.** Azerbaijan invests approximately $200 million/annum in environmental projects. More than half of this amount is capital investment, of which the water sector is the largest beneficiary. A large share (+/- $94 million annually) is allocated to water pollution mitigation. This investment is used to construct wastewater treatment plants and wastewater collectors, and rehabilitate sewage systems in many cities and towns. These projects are largely concentrated in the Absheron peninsula, where the majority of the population lives, and this area forms a major part of the coastal and marine region of Azerbaijan and direct effluent release into the rivers, wetlands and Caspian Sea. In Baku City, the Govsan wastewater treatment plant (WWTP) has been provided with aeration stations and has a water treatment capacity of a maximum 600,000 m^3/day (about 50% of the 2008 total water supplied to Baku City). Biological wastewater treatment plants were also built outside Baku on the Absheron Peninsula, in the villages of Buzovna (10,0000 m^3/day) and Mardaken-Shuvelan (20,000 m^3/day). In Samgayit, a biological water treatment plant with a capacity of 20,000 m^3/day is nearing completion. Furthermore, while the construction of a larger wastewater is ongoing, 16 modular WWTPs were built over a stretch of 86 km on the north coast of Absheron peninsula, for biological wastewater treatment of 6,140 m^3/day. The sewage systems in these areas of Absheron peninsula were also rehabilitated to feed into the wastewater treatment plant, after which the majority of swamps and former wastewater ponds were rehabilitated and the ecological balance restored. The rehabilitated swamps and wastewater ponds were situated in Bilgah, Buzovna, Mardakan, Nardaran, Novkhani, Pirshagi and the Sumgayit coastline. New technologies and cleaning devices and procedures are being used for oil and gas exploration, and polluting oil wrecks are being removed from the seabed. There are also considerable action to clean up oil-contaminated areas, in particular by the State Oil Company of Azerbaijan Republic (SOCAR), which has accepted responsibility for remediating past oil pollution and is taking concrete actions to identify and clean up polluted territories. Pilot projects are also underway by the State Oil Company of the Republic of Azerbaijan aimed at decontamination of the oil contaminated lands and the 're-greening' of the land.

9.   Surface water quality standards were established following the Rules for Protection of Surface Waters against pollution (RPSW) of 1994 and the Sanitary Rules and Norms for Protection of Coastal Sea Waters against Pollution in Water Use Areas. The Hygienic Norms and Rules contain the sanitary and hygienic norms for wastewater discharges to water bodies. MENR has overall responsibility for the conservation of water resources and the prevention of pollution. The Government, through the MENR, spends a further US$ 41 million[6] annually on recurrent costs keeping the various departments operating. Of this, approximately US$ 6.86 million[7] is allocated annually to water management, mostly focusing on pollution control, mitigation and monitoring issues in the Caspian Sea, including the mitigation of the effects of oil spills. MENR's Environmental Protection Department is responsible for verifying compliance of wastewater discharges and law enforcement. This mainly involves industry water pollution, which it administers through issuing permits defining the quantity and quality of wastewater discharge based on reporting. Discharge inventories by individual sources are compared against environmental standards, and an effluent charge system is implemented. Nearly 70 per cent of industrial complex is concentrated on the Absheron peninsula, with the two largest industrial centers located in Baku and Sumgayit. Monitoring of pollution levels in the Caspian Sea is taking place through the MENR's Caspian Complex Environmental Monitoring Administration (CCEMA). CCEMA has a staff of 180 and is equipped with vessels, a modern laboratory and regional offices at three other locations. The center monitors the 955 km- long shore of Azerbaijan, the beach area as well as offshore. Some 340 monitoring points have been established, to cover run-offs entering the Caspian Sea (310 industries, wastewater treatment plants, rivers), while 31 entities and installations (e.g. platforms) function at sea. More than 4,000 water and benthic samples are analyzed each year. In August 2011, the five countries bordering the Caspian Sea have also agreed on new commitments to strengthen regional responses to oil spills and to improve the way potential sources of pollution are monitored and managed across national borders. In August 2011, the five countries bordering the Caspian Sea have also agreed on new commitments to strengthen regional responses to oil spills and to improve the way potential sources of pollution are monitored and managed across national borders. According to CCEMA data (see Annex II) the situation on the Absheron peninsula is improving. Hydrocarbons have been decreasing in the majority of the stations sampled, and the same holds true for ammonia and suspended particles. These results are due to the improvement of rainwater sewerage and wastewater treatment plants, and the cleaning of onshore oil wells as well as better environmental procedures for oil operations. Although much still needs to be done, it is felt that water pollution is addressed through the baseline. The Fisheries Institute assesses the status of fish stocks, in particular sturgeon, annually *(at a cost of US$0.5 million/annum)* on which basis quotas are allocated and enforced. The establishment and management of protected areas require large investments on the part of Government. The investments into the protected areas in Azerbaijan have two major goals: 1) protection of rare, endangered and endemic species, and 2) the development of tourism in national parks, which will attract much needed revenues and employment. The country invests on average $13 million annually to the maintenance of reserves, national parks, wild animals, fish and forestry. Of this amount, approximately US$1 million/annum is allocated towards the management of the Coastal and Marine PA system (Absheron National Park, Shirwan PA complex and Qizililağac PA Complex). This investment covers recurrent costs, including salaries, vehicle and boat maintenance, staff training, enforcement costs and monitoring and research activities, and investment costs, e.g. housing, vehicles, tourism infrastructure, of the actual management of the specific protected areas. Further, an annual inventory of mammal and bird species considered as priority species is carried out by the MENR. Investments are also made in public environmental education, ecotourism and recreation, especially in the Absheron National Park (due to proximity to a large percentage of the country's population) in order to increase the population's awareness of biodiversity conservation. In addition, the Government support two fish hatcheries on the

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[6] United Nations. 2010. Environmental Performance Reviews. Azerbaijan. Second Review. United Nations Economic Commission for Europe.
[7] United Nations. 2010. Environmental Performance Reviews. Azerbaijan. Second Review. United Nations Economic Commission for Europe.

Caspian Sea, the Khilli sturgeon fish hatchery and Qizililağac hatchery, with a budget of approximately US$0.775 million per annum (*US$3million over the next four years)* specifically to restock the dwindling native fish stocks in the Caspian Sea.

10.   Currently only the afore-listed PAs cover coastal and/or marine ecosystems. Although these are well funded, only one of the these areas provides effective coverage of the marine habitat. Protected areas are considered as the key vehicle for effecting biodiversity conservation, and in most cases, the most effective one. In the face of emerging climate change, their prospective role in assisting the country to adapt to climate change phenomena is being increasingly recognised (with respect to enhancing ecosystem resilience). They have other benefits. Protected areas provide sanctuaries for the recruitment of fish, and thus can enhance the productivity of fisheries. Wetland areas provide important pollutant-absorption and flood control function.The latter will be particulalry critical under conditions of climate change. However, while the conservation measures that the Government and its partners plan to undertake in the next four years are important, they are not sufficient to ensure the long term security of coastal and marine biodiversity, and secure these functions. **The business-as-usual scenario** for CMPAs in the next few years is one where: (1) existing CMPAs remain under-funded paper parks for quite some time (2) the focus of the protected area approach will continue to be on the terrestrial part of the areas, with little attention to the benefits that MPAs can generate (3) areas critically important to represent the bioregional habitats and biodiversity of the Coastal and Marine Region will remain unprotected (4) key stakeholders involved in the sustainable development of the Region do not collaborate effectively (5) funding for marine and coastal biodiversity conservation remains scarce and (6) MENR staff continue to lack the capacity and know-how of international best practices in marine protected area management.

11.   **The long-term solution.** The long-term solution is to create a functional, representative and sustainable national system of coastal and marine protected areas that effectively provides protection for marine and coastal biodiversity, habitats, and exploited resources.

12.   Two main barriers hamper the achievement of this long-term solution:

Barriers	Elaboration
Lack of an overarching framework and capacity for the long-term conservation of coastal and marine ecosystems	A key conservation barrier is the lack of a systematic plan for the creation of a representative CMPA system. The existing CMPAs are neither representative of the full complement of biodiversity found in these ecoregions nor are they large enough to protect species with large ranges, such as the Caspian Seal. There is a relatively limited amount of available knowledge on the status of Azerbaijan's coastal and marine biodiversity, and no PA gaps analysis has hitherto been undertaken to identify new conservation priorities for the country. Such information and knowledge will be critical in identifying and planning the design of CMPAs. National and local level public institutions responsible for biodiversity conservation and protected area management have only recently been created or date back to the Soviet era and lack the know how to effectively manage marine and coastal PAs. PA staff have only basic theoretical knowledge, limited practical experience and know-how of protected area management. There is a lack of qualified staff to carry out PA planning and designation processes, and also insufficient funds and resources for this work. There is also uncertainty regarding the legal framework governing ownership of the land beneath the Caspian Sea and no precedent exists for establishment of marine protected areas within Azerbaijan. Further, the lack of awareness of key stakeholders (e.g. fishermen, river authorities, farmers, developers) of the negative impacts of their activities on coastal and marine biodiversity undermines the potential effectiveness of the future CMPA system.
Lack of an existing example of coastal and marine PA cluster which is effectively managed and biodiversity and functional ecosystems are sustainably conserved	None of the existing national parks, state nature reserves or wildlife sanctuaries offer any real protection to marine flora and fauna. This is of great concern as fish stocks in the Caspian Sea have for the most part been severely depleted (< 10% of the numbers under pristine conditions). The protection of nursery, feeding and breeding grounds are considered an urgent priority. However, most of the country's protected areas remain poorly managed, many protected areas (especially those in the coastal and marine ecosystems) being no more than mere 'paper parks'. With the expansion of the CMPA system, the operational management of the new PAs, as well as existing PAs, will have to be necessarily enhanced as a matter of priority. The lack of an appropriate classification system for protected areas also hampers effective management. The Nature Reserve category prohibits any economic activity, including tourism, denying the management authorities sustainable finance and surrounding communities the benefits from tourism related activities. A key barrier to realising a well managed, representative CMPA system in Azerbaijan is therefore the lack of an example of a well managed cluster of PAs in order to upscale lessons learnt to the national framework. The process must start with a realistic assessment of the baseline situation for the identified PA cluster (complex) using METT and similar tools. A comprehensive PA infrastructure and assets survey also needs to be carried out. Existing staff in the PAs have received limited training in essential PA management functions, and none in critical topics such as development of revenue-generating schemes, financial planning and management, or outreach to and collaboration with local communities. Despite the potential for eco-tourism activities, coastal and marine PAs in Azerbaijan have yet to pursue the development of such activities. PA management activities e.g. area surveillance, enforcement, fire control and ecological monitoring are carried out in an ad hoc and non-systematic manner.

B. 2. <u>INCREMENTAL /ADDITIONAL COST REASONING</u>: DESCRIBE THE INCREMENTAL (GEF TRUST FUND) OR ADDITIONAL (LDCF/SCCF) ACTIVITIES REQUESTED FOR GEF/LDCF/SCCF FINANCING AND THE ASSOCIATED <u>GLOBAL ENVIRONMENTAL BENEFITS</u> (GEF TRUST FUND) OR ASSOCIATED ADAPTATION BENEFITS (LDCF/SCCF) TO BE DELIVERED BY THE PROJECT:

13.   The Government of Azerbaijan is requesting GEF support through this project to remove, in an incremental manner, the existing barriers to promoting the conservation and sustainable use of coastal and marine biodiversity . Two components are planned:

Component 1: Establishing Effective Collaborative Governance and Institutional Know-how to address threats to the Coastal and Marine Ecosystems through PA management. This component will strengthen the capacity of the relevant authorities responsible for the development and management of Coastal and Marine Protected Areas, including the oversight authority (MENR), but also other relevant Government Departments, private sector actors, local communities and NGOs. The following capacity needs will be targeted: ecological gaps analysis, protected areas systems planning and ecological monitoring, as well as the capacity needed to effectively discharge certain generic PA management activities e.g. controlling access and cost-effective surveillance to address the threats to biodiversity. Furthermore, the project will invest: i) in the development and operationalisation of a Systemic Conservation System Plan for CMPAs aimed at incorporating a representative sample of coastal and marine habitats in the system that will improve the long-term conservation status of biodiversity, ii) the enhancement of the sustainability of the fisheries in the Caspian Sea through the creation of CMPAs in critical areas e.g. breeding areas, and iii) the measures to ensure the compatibility of other resource uses with the overall biodiversity management goal. Support will be provided for the establishment of a collaborative framework for Coastal and Marine Protected Area management among PA authorities, enforcement agencies, communities, NGOs and the private sector, including the physical development, agricultural, fishing and tourism sectors. A Marine Protected Area Working Group will be established, with the Ministry of Ecology and Natural Resources (MENR) taking the lead, to oversee the development of the System Plan. The roles and responsibilities of different sectors/partners in the management of the existing and planned protected areas will be clarified, with a view to ensuring the active involvement of different stakeholders in management. The Caspian Sea pollution monitoring system of the CCEMA will be extended to the three existing CMPAs sites in order to measure the levels of reduced pollution and increased water quality that will be achieved through the baseline project. The financial strategy at a systems level will be implemented that consists of 1) the development of a ten-year business plan in support of the CMPA system plan, 2) increased high-level awareness raising of the economic benefits of CMPAs and increased success rate in financial brokering (process of public expenditure review, budget needs assessment and budget negotiations) in order to increase the state budget allocations, and 3) capacity development in customer services (e.g. bird guiding), financial accounting, innovative thinking, strategic planning and partnership building (to increase the private sector's contribution to financing the PA system – both through investment in infrastructure and through contributions to management activities).

Component 2: Management Effectiveness is enhanced within a sample of Coastal and Marine Protected Areas in the Qizilağac critical Land/Seascape. To initiate the processes of translating this system plan into practice, the project will support the establishment of a new National Park and marine protected area in the south of the country (Qizilağac National Park), which will entail linking an existing Nature Reserve (Qizilağac Reserve), an adjacent Wildlife Sanctuary (Malyy Qizilağac Refuge) and incorporating a portion of the adajcent marine environment. The area will be zoned and the boundary demarcated in close consultation with local communities and affected institutions and ministeries, and necessary legal articles will be drafted and submitted for Presidential approval and proclamation. Protected area managers and staff will be employed, capacitated and equipped to perform PA management tasks. This includes capacity and equipment to address the current and future sustainability of the protected area. Surveillance systems will be emplaced whereby ensuring a reduction in fishing in the protected areas as well as controlling access to areas used by waterfowl, especially during the breeding season. A five-year management plan for the Qizilağac PA cluster, as well as a business plan, will be developed and implemented. The development of ecotourism products will be an integral part of the Business Plan, while developing cost-effective management practices will address the other side of the financing equation - namely the cost of addressing threats to biodiversity.

14.   **Global benefits.** The GEF funding will secure the conservation status of biodiversity in the Coastal and Marine region of Azerbaijan. It will deliver global benefits through facilitating the expansion of the PA network and improving the effectiveness of MPA management. In particular, the conservation status of the following threatened bird and fish species will be improved: White Pelican (*Pelecanus pelican*); Dalmatian Pelican (*Pelecanus crispus*); Pygmy Cormorant (*Phalacrocorax pygmeus*); Red-breasted Goose (*Branta ruficollis)*; Lesser White-fronted Goose- (*Anser erythropus*); Marbled Teal (*Anas (Marmaronetta) angustirostris*); Ferrugionous Duck (*Aythya nyroca*); White-headed Duck (*Oxyura leucocephala*); Little Bustard (*Otis tetrax*); Great Bustard (*Otis tatda*); Beluga (*Huso huso*); and Barbel Sturgeon (*Asipenser nudiventris*). Moreover, the project will protect important bird staging grounds for migrating species. Improtant habitats for a number of threatened (Red Data) animals will be secured by the expansion of the CMPA system including mammals (Common Otter (*Lutra lutra*), Caspian Seal (*Phoca caspica*)), amphibians (Eastern Spadefoot (*Pelobates syriacus*), Common Tree Frog (*Hyla arborea*), Common Toad (*Bufo bufo verrucosissimus*)) and plant species (*Nelumbo nucifera*, *Trapa hyrcana*). This project will result in ecological sustainability of Azerbaijan's CMPAs, which will result in benefits (goods and services) that will be produced ecosystem-wide. Ecosystem goods and services will include shoreline maintenance, flood and storm protection, sand production, nutrient cycling, water quality maintenance, increased resilience and self-repair of ecosystems from other stresses e.g. increase sea temperature, increased mixing and transport of organic production of food webs and increased development and transport of larvae and young in the system.

15.   The fishing industry, and in particular the export of sturgeon and their roe (caviar), is of major economic importance to the country. Meanwhile tourism is an important local income earning opportunity. The **socio-economic** benefits of the project will derive from measures to promote nature-based tourism development and sustainable utilization of natural resources. In relation to tourism, the unblocking of opportunities for the private sector to invest in the protected areas and tourism products associated with protected areas e.g. accommodation, tour guiding, will create sustainable jobs for members of the local communities. Better protected area management practices will result in increased wildlife numbers, which will lead to an increase in the flow of tourists. This increased tourist traffic will be the engine of growth for private sector investments which will lead to increased foreign exchange earnings at local level and employment opportunities for local communities. In relation to the sustainable use of natural resources, the project will engender a paradigm shift from unsustainable to sustainable use of natural resources for the long-term benefit of all stakeholders. Tourism can bring rapid economic development to remote areas and well-managed tourism to CMPAs can be a major source of income and pride to local communities. The components of coastal and marine environments that are important to tourism include clear water, clean sandy beaches and an 'exotic' natural and cultural setting. Well-managed CMPAs provide these components. The range of activities available to tourists include guided tours to areas of natural and cultural interest, nature based activities e.g. hiking, boating, cycling, and risk activities like snorkelling and fishing[8]. These activities, as well as the provision of accommodation in the vicinity of the CMPAs, will be provided by local communities and members of these communities will benefit financially. Further, in recent years large parts of the coastal environment previously used for agriculture have been prone to flooding and other natural calamities, with the result of large parts of the region not used for these purposes any longer. Tourism may help to alleviate these economic losses in agriculture.

16.   The creation of protected areas and no-fishing zones will ensure viable breeding grounds for fish to stock the fishing grounds, an economic benefit being an increase in Catch per Unit Effort in the long term. The model of multi-stakeholder co-management decision-making both at a local and national level will reduce disputes among resource users and will provide the opportunity for rural communities to participate in protected area management. Specific consideration will be given to benefit distribution, emphasizing the participation of women. The increase in socio-economic benefits to the people of the regions where protected areas are established will help to ensure that biodiversity efforts are sustainable in the long term, that the CMPAs enjoy security and are managed in a manner that protects biodiversity.

17.   The project is hosted in a strong **institutional** set-up, ensuring sustainability. The policy framework in the various economic sectors (e.g. tourism, fishing), rural development and conservation arena is relatively well elaborated, and the country has an effective governance framework, anchored in strong political will. The additional **financing** needed to sustain implementation and effective management of the CMPAs will be generated through the implementation of the financial strategy, specifically through the implementation of the Business Plans. These plans will articulate the proposed management regime and map associated costs against current and future revenue sources. The implementation of the Business Plans will be overseen by the Ministry of Ecology and Natural Resources, in close cooperation with the Ministry of Finance. Key elements of the strategy to reduce the financial gap are: 1) to increase national budget allocations to the management of the CMPAs; 2) to increase state revenue from entrance fees, through the expansion of infrastructure and training of PA staff (e.g. for guiding); and 3) to increase the private sector's contribution to financing the PA system – both through investment in infrastructure and through contributions to management activities. All of these elements will be combined to ensure financial sustainability.

B.4 INDICATE RISKS, INCLUDING CLIMATE CHANGE 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:

Risk	Rating	Management Strategy
Lack of coordination and agreement between key departments and individuals within the Ministry of Ecology and Natural Resources (MENR) and other stakeholders	Low	Establishment of a representative MPA network in Azerbaijan will require withdrawal or cancellation of fishing rights within certain areas and cooperation and buy-in from fishers and other user groups (e.g. hunters) if it is to be effective. This will require the strong support from these user groups and other government ministries and directorates. Risks of any disagreements arising will be minimised through the establishment of a inter-ministerial MPA working group with representation from all relevant directorates within the MENR as well as other ministries and stakeholder groups as may be relevant. The Working Group will ensure that all key institutions at both local and national levels are aware of and are fully involved in the design and implementation of management interventions, and are fully committed to the project objectives and activities.
The Government fails to commit sufficient financial support to protected area planning and operations, and protected areas are unable to finance the	Low	The project will review the cost-effectiveness of the current institutional arrangements for the protected area network and identify, where appropriate, restructuring options to increase cost-effectiveness. Based on the preferred institutional model/s, the project will also broadly assess the financing mechanisms and projected income streams for the protected area network, with a specific focus on attaining a level of financial autonomy for protected area institutions and limiting the dependency on an annual grant allocation or government funding. The project will also broker additional financial commitments from government to support the expanded

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[8] Kenchington, R.; Ward, T. and Hegerl, E. 2003. The Benefits of Marine Protected Areas.

Risk	Rating	Management Strategy
subsequent shortfall		protected area system.
Current institutions have inadequate capacity or resources to manage protected areas	Moderate	The project will review the efficacy of the current institutional arrangements for the protected areas system. It will specifically seek to identify the most effective institutional model, and the most appropriate institution/s, needed to strengthen the management effectiveness of the PA network. The project will then assess the anticipated human resource capacity needs (staffing, skills, competence levels, knowledge) of the institution/s and define and mobilise the requisite financing to address gaps.
Marine and terrestrial ecosystems are not sufficiently resilient and their biological and physical integrity is incrementally compromised by the effects of global and regional climate change	Low	The design of a more representative, comprehensive and adequate system of CMPAs in Azerbaijan, will seek to integrate the CMPA system into the country's evolving climate change adaptation strategy. The removal of threats, pressures and stresses that impact the biodiversity of this region, will ensure that ecosystems are more resilient to the impacts of climate change and therefore less vulnerable to its effects. The work of designing and establishing CMPAs will take ecosystem resilience and emerging threats to biodiversity into consideration, climate change being a major one. Through the establishment of new CMPAs and expansion of existing CMPAs, connectivity between marine-coastal ecosystems will be established, providing movement of species between different habitats and thereby serving as temporary refuge in the face of potential CC events. Finally, national and site-level protected area managers will be trained to better understand the impacts of CC on marine-coastal biodiversity/ecosystems and to adopt conservation and management strategies for mitigating CC effects and enhancing resilience.

B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT INCLUDING THE PRIVATE SECTOR, CIVIL SOCIETY ORGANIZATIONS, LOCAL AND INDIGENOUS COMMUNITIES, AND THEIR RESPECTIVE ROLES, AS APPLICABLE:

A number of key stakeholder groupings will be involved in carrying out the project:
- The Ministry of Ecology and Natural Resources will be the principal implementing partners and a key role-player in overseeing the expansion and improved management effectiveness and financial sustainability of the CMPA system;
- National Academy of Sciences will provide technical backstopping to the project on issues related to species inventories and applied research;
- Ministry of Culture and Tourism will lead the development of tourism opportunities in the protected areas;
- Local authorities will be project co-implementers of Component 2 of the project[9];
- Local communities and civil society will be key role-players in Components 1 and 2, undertaking joint management and planning of the CMPAs;
- Private Sector Tourism Investors will be key in moving the CMPAs towards financial sustainability.

B.6. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

18. The proposed project adds value to a number of related initiatives as set out below:
The GEF-funded *Caspian Environment Programme* is now in its third phase and focusing on the restoration of depleted fisheries and the consolidation of a Permanent Regional Environmental Governance Framework for the Caspian Sea. The main aim of the project is to establish ecosystem-based management of aquatic bioresources in the Caspian Sea and strengthen regional environmental governance. The proposed GEF project add value to this by expanding and strengthening the CMPA system, thereby providing breeding grounds for the fish.

The GIZ/MoENR project, "*Sustainable Management of Biodiversity, South Caucasus*", which addresses grazing and forest management issues as they relate to biodiversity conservation within and outside of protected areas. Some relevant areas of focus include: (i) basic legal framework for sustainable natural resource management; (ii) organizational development and human resource development within and beyond the environment ministries; (iii) environmental communication adapted to different population groups and decision makers at all administrative levels; and (iv) rehabilitation of degraded areas through reforestation and sustainable land use systems. The proposed project will enhance the capacity development as well as the environmental communications components of this project.

The UNDP/GEF "*Sustainable Land and Forest Management in the Greater Caucasus Landscape*" project will support the sustainable land and forest management in order to secure the flow of multiple ecosystem services. The project is to start in 2011.

The German Federal Ministry for Economic Cooperation and Development (BMZ) and KfW "*Ecoregional Programme for Southern Caucasus*" project aims to preserve the biodiversity in the Southern Caucasus in the long term by harmonising the objectives and

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[9] The inclusion of public and local communities in the Multi-Stakeholder CMPA Working Group is to ensure that views from all stakeholders and quarters of the society are considered in the design and implementation of the national CMPA system and that the decisions are inclusive, thereby increasing the sustainability of the plan and eventually the effective management of the system. Their participation will be ensured by raising awareness among the wider public as well as the community members of the importance of the process to the country as well as to the welfare of the local community. The services of an independent facilitator will be procured for the initial stages in the setup of the joint CMPA Working Group to reduce the possibility of one sector dominating the forum.

instruments of resource protection through cross-border cooperation among the respective national environmental actors. The project supports individual protected areas, and develops financing strategies and instruments for sustainable funding of protected areas in Armenia, Azerbaijan and Georgia.

A Technical Working Group will be established that ensembles technical experts on CMPAs and all the related projects in Azerbaijan will be represented on this group. Regular meetings will be held between the different projects to leverage synergies and ensure efficiency in implementing the projects. The studies conducted and information gathered under the other projects will be integrated into project development and implementation. In particular, the Azerbaijani part of the Caspian Coastal Sites inventory (developed under the Caspian Environment Programme), which identified areas of special biodiversity importance and/or sensitivity, will provide valuable information in the development of a Systemic Conservation System Plan for CMPAs. Likewise will information collected by this project on migrations of fish and other animals (e.g. Caspian Seal) be important in determining the critical areas to establish CMPAs and management strategies. Lessons learnt on coastal lagoon management, fisheries restocking and civil society engagement in the Caspian Sea issues will be integrated in project design, as well as lessons in protected area management in general in Azerbaijan. Appropriate lessons from the region in dealing with coastal, marine and protected area management related subjects will also be of importance.

C. **DESCRIBE THE GEF AGENCY'S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:**

19.   The present project will benefit from, as well as contribute to, UNDP's past and current work in Azerbaijan, particularly in relation to biodiversity conservation. 'Protected Areas' are one of UNDP's signature programmes and the agency has a large portfolio of PA projects across Europe and the Commonwealth of Independent States (CIS) dealing with PA institutional and management strengthening and PA network expansion, and implementing strategies attuned to the local reality. UNDP currently supportsthe development and implementation of GEF projects in 63 protected areas covering approximately 63 million hectares in 20 countries across Europe and the CIS. It has an established national office in Azerbaijan with well-developed working relationships with the key stakeholders of the project. Moreover, the project will benefit from the support of the regional UNDP Regional Service Centre in Slovakia.

C.1 **INDICATE THE CO-FINANCING AMOUNT THE GEF AGENCY IS BRINGING TO THE PROJECT:**

20.   UNDP will provide US$150,000 in direct co-financing to this project in the form of a grant. UNDP and the government will leverage the co-financing necessary for meeting the minimum targets proposed under this PIF—amounting to US$ 4.35 million.

C.2 **HOW DOES THE PROJECT FIT INTO THE GEF AGENCY'S PROGRAM (REFLECTED IN DOCUMENTS SUCH AS UNDAF, CAS, ETC.) AND STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:**

21.   The project is well aligned with the United Nations Development Assistant Framework (UNDAF) for Azerbaijan 2011-2015, in particular Outcome 1- "By 2015, non-oil development policies result in better economic status, decent work opportunities and a healthier environment in all regions and across all social groups". A key focus of this Outcome is on ensuring that current and future patterns of economic growth do not impact negatively on ecosystems, biodiversity and human health, while reducing the vulnerability of the poor to negative environmental impacts, through the improved management of natural resources. The project also fits to the UNDP Country Programme Document (CPD) 2011 – 2015—which includes as a priority: "Relevant national strategies, policies, and capacities strengthened to address environmental degradation, promote a green economy, reduce vulnerability to climate change". A target under this output is the percentage of total country area covered by Protected Area Network, with a 2008 baseline of 8% and a target of 11%. A specific programme outputs are stated as 1) Priority ecosystems/economic sectors vulnerable to climate change identified, strategies for improving their resilience developed; 2) Size of marine and other ecosystems registered and managed as Protected Areas expanded. The UNDP Country Office will assign six staff members to be responsible for the overall management and supervision of the project. The project will fall under the overall supervision of the Assistant Resident Representative and Head of the Energy and Environment unit, who has a MBA in Environmental Management and 13 years of experience in the environmental field, with the direct support from an Environment Programme Analyst with a Masters in Public Affairs and 13 years of project management experience with the World Bank and UNDP, and an Environment Programme Associate with a MBA in management and 5 years of experience in environment project management. Implementation support will be provided by three staff members – Head of Finance Unit (Masters in Finance and Credit and 8 years of experience in UNDP), Procurement Officer (12 years of experience) and HR associate (MA, 14 years of experience in HR).

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(s) with this template. For SGP, use this OFP endorsement letter).

NAME	POSITION	MINISTRY	DATE *(Month, day, year)*
Hussein Bagirov	GEF Operational Focal Point	Ministry of ecology and natural resources	November 24, 2011

B. **GEF AGENCY(IES) CERTIFICATION**

PIF 4327 Azerbaijan Marine PAs

Agency Coordinator, Agency name	Signature	Date *(Month, day, year)*	Project Contact Person	Telephone	Email Address
This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Yannick Glemarec, Executive Coordinator, UNDP/GEF		January 5, 2012	Johan Robinson, Regional Technical Advisor for Biodiversity, Europe and CIS, UNDP	+421 259337299	johan.robinson@undp.org

Annex I. The Protected Areas Estate of Azerbaijan

Designation Type *IUCN Category*	Official Name	Administrative Territory	Terrestrial Area (hectares)	Marine Area (hectares)	Total Area (hectares)
State Nature Reserve (SNR) *Cat. Ib*	GizilaghajSNR	Lankaran Region	88,298	62	88,360
	Zagatala SNR	Zagatala and Balakan Regions	47,349		47,349
	Turyanchay SNR	Aghdash, Oghuz, Yevlakh and Gabala Regions	22,349		22,349
	Shirvan SNR	Salyan and Neftchala Regions	6,323		6,323
	Basitchay SNR	Zangilan Region	6,232		6,232
	Garayazi SNR	Gazakh Region	107		107
	Ilisu SNR	Gakh Region	9,658		9,658
	Garagol SNR	Lachin Region	17,382		17,382
	Eldar shami SNR	Samukh Region	240		240
	Mud Volcanoes SNR	Baku and Absheron Peninsula	1,686		1,686
	Korchay SNR	Goranboy Region	20,000		20,000
National Park (NP) *Cat. II*	Zangazur NP	Nakhichevan Region	42,797		42,797
	Shirvan NP	Garadagh District of Baku City, Salyan and Naftchala Regions	54,373		54,373
	Aghgol NP	Aghjabadi and Beylagan Regions	17,924		17,924
	Hirkan NP	L:ankaran and Astara Regions	40,358		40,358
	Altiaghaj NP	Khizi and Siyazan Regions	11,358		11,358
	Absheron NP	Azizbayov District of Baku City	783		783
	Shahdagh NP	Guba, Gusar, Ismayilly, Gabala, Oghuz and Shamakhy Regions	130,508		130,508
	Goygol NP	Goygol, Dashkasan and Goranboy Regions	12,755		12,755
State Nature Sanctuaries (SNS) *Cat. IV*	Lachin SNS	Lachin Regions	20,000		20,000
	Korchay SNS	Goybol and Goranboy Regions	15,000		15,000
	Bandovan SNS	Salyan Region and Garadagh District	4,930		4,930
	Shaki SNS	Shaki Region	10,350		10,350
	Gusar SNS	Gusar Region	15,000		15,000
	Shamkir SNS	Shamkir Region	10,000		10,000
	Gil Island SNS	Gil Island	400		400
	Garayazy-Aghstafa SNS	Aghstafa Region	10,000		10,000
	Barda SNS	Barda and Aghdam Regions	7,500		7,500
	Zuvand SNS	Lerik and Yardimly Regions	15,000		10,000
	Orbubad SNS	Orbudbad Region	27,869		27,869
	Ismuyilli SNS	Ismayilly and gaballa Regions	23,438		23,438
	Qubadli SNS	Qubadli and Lachin Regions	20,000		20,000
	Lesser Gizilaghaj SNS	Lankaran Rehion	10,700		10,700
	Dashalti SNS	Shusha Region	450		450
	Qizilja SNS	Gedebey Region	5,135		5,135
	Arazboyu SNS	Zangilan Region	2,200		2,200
	Gabala SNS	Gabala Region	39,700		39,700
	Gakh SNS	Gakh Region	36,836		36,836
	Hirkan SNS	Lankaran and Astara Regions	1,553		1,553
	Arazboyu SNS	Nakhichevan AR, Sharur Region	9,118		9,118
	Zagatala SNS	Zagatala and Balakan Regions	6,557		6,557
	Arpachay SNS	Nakhichevan AR, Sharur Region	68,911		68,911
	Rvarud SNS	Lerik Region	510		510
		TOTALS	891,637	62	891,699

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	NH4 (mg/l)		Suspended particles (mg/l)		Synthetic surfactants (mg/l)	
	2004	**2009**	**2004**	**2009**	**2004**	**2009**
Siyazyansky water sewerage	12.3	11.5	27.7	26.0	-	-
Ltd. Davachi Broiler	2.0	0.7	11.0	9.0	-	-
Sumgait regional sewage treatment	2.9	1.3	26.0	20.0	2.5	0.8
Myardyakan Shyuvyalanskie-biological treatment facilities	12.0	10.0	10.5	8.0	2.9	0.8
Govsanskaya aeration station	3.0	1.3	25.0	8.0	2.9	1.8
Lenkaranchay River	3.5	0.4	55.0	18.0	4.6	0.6

Annex IIb: Hydrocarbon Contents of Stations in Caspian Sea[11]

	Mg/l	
	2004	**2009**
BP-Azeri field		
Seawater	0.058	0.050
Benthic sample	2.700	0.070
BP-Shah Deniz		
Seawater	0.160	0.040
Benthic sample	2.600	0.060
SOCAR-field Gyunyashli		
Seawater	0.080	0.040
Benthic sample	0.140	0.030
SOCAR-field Bahar		
Seawater	0.090	0.030
Benthic sample	0.170	0.060
SOCAR-field March 8		
Seawater	0.070	0.050
Benthic sample	0.110	0.030

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[10] United Nations. 2010. Environmental Performance Reviews. Azerbaijan. Second Review. United Nations Economic Commission for Europe

[11] United Nations. 2010. Environmental Performance Reviews. Azerbaijan. Second Review. United Nations Economic Commission for Europe