



# REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

## PART I: PROJECT INFORMATION

Project Title: <i>Increasing representation of effectively managed marine ecosystems in the protected area system</i>			
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 (MENR)	Submission Date:	May 22, 2013
GEF Focal Area (s):	Biodiversity	Project Duration(Months)	48 months
Name of Parent Program (if applicable):	NA	Agency Fee (\$):	129,150
	<ul style="list-style-type: none"> <li>➤ For SFM/REDD+ <input type="checkbox"/></li> <li>➤ For SGP <input type="checkbox"/></li> </ul>		

### A. FOCAL AREA STRATEGY FRAMEWORK

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
BD-1	Improved management effectiveness of existing and new protected areas	New protected areas (1) and coverage (>100,000ha) of unprotected ecosystems  Sustainable financing plans (3)	GEF TF	1,291,500	6,491,069
<b>Total project costs</b>				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 system, with due consideration for its overall sustainability, including ecological, institutional and financial sustainability.*

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
1. Enhanced management effectiveness of the Gizil-Agaj reserve complex	TA	The consolidation of the Gizil-Agaj reserve complex into a national park of >100,000 ha, and a significant improvement in its management capacity, contributes to mitigating the threats to, and pressures on, the biodiversity of the park. - The METT score increases from a baseline of 25% to >45% by end of project (EOP)	(i) A consolidated national park - encompassing Gizil-Agaj SNR, Lesser Gizil-Agaj SNS and additional marine and coastal areas of high biodiversity significance - is surveyed and formally proclaimed  (ii) An integrated park management plan - comprising a strategic plan, annual plan of work and two subsidiary plans (tourism and	GEF TF	875,500	3,402,000

		<ul style="list-style-type: none"> <li>- The total number of breeding colonies of Pelecaniformes and Ciconiiformes in Gizil-Agaj increase from a baseline of 70,000 to &gt;100,000, while the total number of wintering waterbirds increases from a baseline of 400,000/annum to an annual average of 450,000 by EOP</li> <li>- The average number of recorded illegal incidents decrease from 6-8 per season (sturgeon fishing), &gt;25 per month (bird hunting) and &gt;2 per month (cattle grazing) to &lt;2 (sturgeon fishing), &lt;10 (bird hunting) and 0 (cattle grazing) by EOP</li> <li>- The total annual budget allocation (HR, CAPEX and OPEX) for Gizil-Agaj increases from a baseline of US\$2.53/ha to &gt;US\$4/ha by EOP</li> </ul>	<p>recreation strategy and hydrological system design plan) - is prepared and used to guide the management of the national park</p> <p>(iii) The boundary demarcation (fencing, canals, signage) and access control (entry gates, ranger outposts and information facilities) infrastructure of the national park are renovated and/or upgraded</p> <p>(iv) Critical equipment (radio communications, ranger uniforms and equipment, patrol boats, patrol vehicles, computer network and water quality testing kit) required to improve the enforcement and compliance capabilities of the national park are procured</p> <p>- The capacity of the park management to better understand, contain and reverse the detrimental impacts of building encroachments; livestock grazing and browsing; illegal bird hunting; inflows of pollutants; and illegal fishing activities, on the conservation values of the national park is improved.</p>			
2. Improved collaborative governance of, and institutional expertise in, the management of coastal and marine protected areas (CMPAs)	TA	<p>Functional and effective PA institutions are better able to administer and utilize scarce funds and human resources in the planning, management, and/or oversight of 2,000 km<sup>2</sup> of CMPAs:</p> <ul style="list-style-type: none"> <li>- Financial sustainability of the system of coastal</li> </ul>	<p>(i) A business-oriented financial plan is prepared for the network of CMPAs</p> <p>(ii) The financial capacity (technical support, procurement of financial hardware and software, training and skills development, user</p>	GEF TF	293,500	2,525,100

		<p>protected areas shows significant improvement from a baseline of 15% to &gt;35% at EOP</p> <ul style="list-style-type: none"> <li>- Capacity development indicator scores for the protected area system shows an improvement from a baseline of 34% (systemic), 20% (institutional) and 13% (individual) to 50%, 40% and 25% respectively</li> <li>- The total budget allocation (HR, CAPEX and OPEX) for CMPAs increases from a baseline of US\$3.03/ ha to &gt;US\$4/ ha.</li> <li>- Business planning processes are integrated into at least four CMPA management plans by EOP (from a baseline of 0) by EOP</li> </ul> <p>A long-term monitoring system is established and functional in all CMPAs</p> <ul style="list-style-type: none"> <li>- Number of indicators of ecosystem health being monitored, reported and used to guide management decisions, in CMPAs increased from a baseline of 0 to at least 10 by EOP.</li> </ul> <p>State PA institutions strengthen the collaborative relationships with non-state stakeholder institutions and private sector businesses in the development and administration of CMPAs</p> <ul style="list-style-type: none"> <li>- The number of donor agencies, NGOs and private businesses directly supporting, or investing in, CMPAs</li> </ul>	<p>fee system for national parks, park-based business plans, donor management processes, outsourcing/ concessioning processes) of the MENR to implement the financial plan is strengthened</p> <p>(iii) Indicators for monitoring the state of ecosystem health, and their critical thresholds, are identified and monitored within the framework of a structured long-term ecosystem monitoring programme for the network of CMPAs.</p> <ul style="list-style-type: none"> <li>- A multi-stakeholder CMPA working group is constituted, and oversees the development and phased implementation of the financial plan and long-term ecosystem monitoring programme.</li> </ul>			
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		increases from a baseline of 2 (donors), 1 (NGOs) and 0 (businesses) to at least 4, 2 and 2 respectively by EOP.			
			Subtotal		1,169,000
			Project management Cost (PMC)	GEF TF	122,500
			<b>Total project costs</b>		<b>1,291,500</b>
					<b>5,927,100</b>
					<b>563,969</b>
					<b>6,491,069</b>

### C. SOURCES OF CONFIRMED CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing 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
<b>Total Co-financing</b>			<b>6,491,069</b>

### D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
				Grant Amount (a)	Agency Fee (b) <sup>2</sup>	Total c=a+b
UNDP	GEF TF	Biodiversity	Azerbaijan	1,291,500	129,150	1,420,650
<b>Total Grant Resources</b>				<b>1,291,500</b>	<b>129,150</b>	<b>1,420,650</b>

### F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants	72,000	0	72,000
National/Local Consultants	40,800	0	40,800

### G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

## PART II: PROJECT JUSTIFICATION

### A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF

A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.:

The Government of Azerbaijan signed the United Nations Convention on Biological Diversity (CBD) on 12 June, 1992 and ratified it on the 3<sup>rd</sup> of October, 2000. As a party to the CBD, Azerbaijan is committed to implement the Programme of Work on Protected Areas (PoWPA) (COP 7, Decision VII/28). The project will specifically contribute

to addressing the following critical PoWPA activities: Goal 3.2.1 (Strengthening protected area capacity); Goal 3.4.1 (Assessing and improving sustainable finance); Goal 4.1.2 (Developing long-term monitoring programs); and Goal 4.2.1 (Assessing and improving management effectiveness).

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

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

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

The *National Biodiversity Strategy and Action Plan* (NBSAP, 2006-2010)<sup>1</sup> provides for a suite of activities linked to the expansion of the protected area system in Azerbaijan, focusing on the creation of: coastal protection zones around rivers; improving the representation of priority ecoregions in the protected area system; and establishing National Parks in Samur-Yalama, Shahdag, Goygol, and Kurdil. The NBSAP however makes no explicit mention of any activities required to improve the management of the current protected area estate.

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

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

While not binding on the Government of Azerbaijan, the *Ecoregion Conservation Plan for the Caucasus* (2012) establishes medium-term targets for the coastal and marine habitats (see D 1.1) of: ‘At least 50,000ha of new protected areas are created in the Caspian Sea basin.’ and ‘Management of at least 80,000ha of existing reserves are strengthened’. This includes activities linked to five marine and coastal protected areas in Azerbaijan – establishment of Samur-Yalama NP (see D1.1.1); establishment of protected areas in the Kura river delta and islands in the Baku estuary and Absheron archipelagos (see D1.1.2); establishment of protected areas in the Aghzibir lake and on Yashma island (see D1.1.3); improving the management of Gizil-Agaj complex (see D1.1.4); and improve the

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<sup>1</sup> Azerbaijan is currently in the process of reviewing and updating the NBSAP.

management of Absheron NP (see D1.1.5). The plan also has a medium term target for restoring ‘three degraded freshwater habitats’ (see C6.1), of which one is in the marine and coastal region of Azerbaijan: restoration of wetlands during the process of establishing the Gizil-Agaj NP (see C6.1.2).

A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities:

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

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

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

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

A.3 The GEF Agency’s comparative advantage:

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 supports the 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.

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#### A.4. The baseline project and the problem that it seeks to address:

The establishment, and effective management, of a representative system of protected areas is an integral part of the country's overall strategy to address the threats and root causes of biodiversity loss. The long-term solution sought by the Government of Azerbaijan is characterised by: (i) securing and improving the boundaries and conservation tenure of existing protected areas, with an emphasis on the establishment of more National Parks; (ii) the adequate resourcing and rehabilitation of protected areas to ensure that they achieve their management objectives; (iii) the improvement of the skills, knowledge and capacity of protected area management staff; (iv) the implementation of management strategies in protected areas that harmonises conservation, sustainable use and tourism with the interests of local communities; and (v) the creation of new protected areas to ensure that priority ecosystems, ecological corridors, habitats and species are more effectively conserved (NCAP, 2002; NBSAP, 2006-2010).

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

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

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

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

*Reserve budget:* The actual human resource, operational and capital budget needs for the reserve have, to date, not yet been objectively estimated. Funding for annual operational expenditure is typically determined by the previous year's budget allocation, and consistently has little reference to the actual operational needs of the reserve complex. In recent years no funds have been allocated by the government for any capital expenditure in the reserve, leaving the management unable to replace ageing infrastructure and large equipment/vehicles. Annual funding allocations for the operational budget are currently inadequate to meet even basic levels of reserve management, or to adequately maintain the reserve's rundown infrastructure and equipment. The salaries of reserve staff are presently all paid from

the state budget, with salary scales based on a very low public service rate of remuneration (average of 120-140 manats/month). Currently the only mechanism to generate revenue for the reserve complex is the income accrued from fines. Of this income, ~60% is returned to the reserve, subject to the approval of the Ministry of Finance, to fund priority management activities. Because state nature reserves in Azerbaijan are closed to all visitors - except for scientists with a personal letter of permission from the Minister of the MENR - there are very few other options to improve revenue generation from the sustainable use of the reserve complex and its natural resources. Also, because of the severely restricted access control, no tourism or recreation activities are permitted in the reserve.

*Enforcement and compliance:* During the Soviet era, the reserve was demarcated by shallow canals along most of its inland boundaries. However, during the last 20 years many of these canals have now filled up, due to a lack of adequate maintenance (this is particularly problematic along the reserve perimeter between Ag-Gusha and Khazar), resulting in the uncontrolled movement of sheep and cattle into and through the reserve complex. A network of ranger outposts was also established during the Soviet era to improve the enforcement and compliance coverage of the reserve. However, limited resources to man and equip these outposts, and the poor maintenance of the physical infrastructure at the outposts, have incrementally reduced their coverage and efficacy. While the intention of reserve management is to establish a comprehensive system of lookout towers covering the entire surface area of the park, there are currently insufficient funds to construct and maintain a sufficient number of these towers. There is presently only one manned entry point to the reserve, but even at this entry point the buildings (and attendant equipment) are in dire need of renovation and upgrading to make them more habitable. This situation is further exacerbated by the poor local coverage of mobile phone communications, and the absence of an internal park radio communications system for enforcement and compliance staff.

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

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

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

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

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



*Staffing and resourcing:* The current staffing complement in the MENR is currently still inadequate to meet the optimal *in situ* operational requirements of the marine and coastal protected areas. Almost 90% of the recurrent expenditure in these protected areas comprise human resource costs, with insufficient financing allocated to operational and maintenance costs. Capital expenditures constitutes a very low (0-3%) proportion of total expenditure, implying an ongoing severe under-capitalization of these protected areas. Key high level management, technical and professional skills are not well represented in the staff complement of the marine and coastal protected areas. Competent and skilled staff are often difficult to retain in these protected areas, as salaries are low and benefits negligible. The staff are also not yet properly resourced to effectively administer the marine and coastal protected areas. Enforcement capability is still weak as a result of inadequate numbers, training and equipment, with illegal activities in and around a number of marine and coastal protected areas consequently poorly regulated. The scientific expertise to support the planning and management of marine and coastal protected areas is limited to a very small number of staff within the supporting units of the MENR and in ANAS, many of whom are approaching retirement age. The use of external expertise and capacity to assist in the development of the marine and coastal protected areas has not yet been optimally developed.

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

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

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

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

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

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

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

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

With seed funding from the German Federal Ministry for Economic Cooperation and Development (BMZ) through KfW Development Bank, the Critical Ecosystem Partnership Fund (CEPF) and the MacArthur Foundation, WWF have coordinated a series of assessments of the biological significance and state of biodiversity of the Caucasus Ecoregion, and developed long-term goals for the conservation of its biodiversity (*An Ecoregional Conservation Plan for the Caucasus*, 2006). In 2010, the Caucasus Biodiversity Council<sup>2</sup> requested the revision of the 2006 Ecoregion Conservation Plan to take account of recent progress made in the Caucasus countries. The revised and updated edition, *Ecoregion Conservation Plan for the Caucasus*, was subsequently completed in 2012. The Plan seeks to assist conservation actors working in the region to plan and better coordinate their activities. While not legally binding, the Plan provides a supporting tools for the respective governments to implement their obligations under multilateral environmental agreements.

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

The Caucasus Nature Fund (CNF) was established as a conservation trust fund on the initiative of the German Government, KfW Entwicklungsbank, WWF and Conservation International (CI). The CNF has attracted additional funding from the GEF and private corporations. The fund provides financing to help pay the running costs (e.g. buying vehicles and equipment, maintaining facilities and infrastructure, implementing species introduction programmes, paying staff salaries) of protected areas in the Caucasus Ecoregion. It provides matching grants,

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<sup>2</sup> The Caucasus Biodiversity Council, consisting of members of governmental and private institutions of all Caucasus range states, is the steering committee for the implementation of the Caucasus Ecoregion Conservation Plan.

management assistance and local capacity building to targeted national parks and reserves. Initially focused in the first phase on protected areas in the southern Caucasus (Georgia and Armenia), the CNF will now expand its funding support in the second phase to include protected areas in Azerbaijan, focusing initially on assisting Shirvan NP (~AZN100,000 for bulk services infrastructure, visitor infrastructure and fencing).

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

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

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

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

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

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

Description of costs		Budget (AZN Manat)		
		2010	2011	2012 (provisional)
<i>Human resource expenditure</i>	Salaries	103 164	115 584	128 796
	Payments to the State Social Protection Fund	26 479	29 667	32 585
	Sickness Benefits	400	500	500
	Other Benefits	-	-	300
<i>Operational expenditure (recurrent costs)</i>	Operating costs	17 194	19 264	19 319
	Office costs	1 000	1 000	1 000
	Local travel	2 000	2 000	4 000
	Fuel and lubricants	2 000	2 200	1 500
	Other transport services	1 000	1 200	1 200
	Electricity	650	1 000	1 000
	Water	600	-	-
	Heating (fuel)	1 400	1 500	1 500
	Sewage utilization	-	-	100
	Additional expenses	350	700	200
	Local telephone calls	450	500	500

<sup>3</sup> Based on an exchange rate of 1 Azerbaijani Manat = US\$1.28

	Mail services	30	40	35
	Internet services	150	-	-
	Food purchase	4 000	3 650	3 500
	Bank charges	450	500	500
	<i>Capital expenditure</i>	0	0	0
	<b>Total</b>	<b>161 317</b>	<b>179 305</b>	<b>196 535</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Caspian Sea fish stocks***

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

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

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

- A. 5. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

### **Summary of Incremental Nature of the Project**

The project seeks to improve the management effectiveness of the network of coastal and marine PAs in Azerbaijan, in order to significantly reduce threats to biodiversity.

The incremental approach of the proposed project is summarised as follows: The coastal region of Azerbaijan is the most intensely used and most densely populated area of the country, and is under severe pressure due to the current construction boom in the country. The Government of Azerbaijan is thus giving high priority and attention to the conservation of the coastal and adjacent marine habitats. One of the national strategies adopted to better secure the conservation of the biodiversity of the coastal and marine habitats is the establishment and management of a representative network of protected areas. The Government has, to date, established a network of seven protected areas (3 National Parks, 2 State Nature Reserves and 2 State Nature Sanctuaries) located within the coastal zone of the Caspian Sea, covering an area of 175,575 ha. A significant barrier to the effective management of these coastal and marine protected areas is the limited institutional capacity to source adequate funding for their basic planning, development, operational management and maintenance needs. This barrier is further exacerbated by the generally inadequate skills and competency levels of the existing protected area staff complement. While modest resources, capacity and financing have been committed by the Government of Azerbaijan (with the support of donor agencies) to address some of these barriers, this is still inadequate. The transformative pressure on the marine and coastal ecosystems, habitats and species is rising as a result of the effects of human production and consumption activities. Urgent action is required to prevent further degradation of critical marine, coastal and wetland ecosystems and the loss of critically endangered species.

Without the GEF investment in the proposed project, the approach to the planning and management of marine and coastal protected areas will remain focused on short-term utilitarian priorities, with a predominantly reactive management response to threats and pressures. An understanding of, and ability and capacity to respond proactively to, specific threats to the integrity of marine and coastal ecosystems will be limited. The resourcing and financing of the marine and coastal protected areas will at best remain constant, from a modest expenditure base. While there may be some improvements in the resourcing and funding of marine and coastal National Parks, this may be counteracted by an incremental neglect in the funding of the remaining State Nature Reserves and State Nature Sanctuaries. A limited investment in improving and adequately maintaining the facilities, infrastructure and equipment of the marine coastal protected areas will continue to undermine the efforts of protected area staff. Poor salaries, inadequate safety equipment and poor living conditions will result in many of the remaining experienced and well trained staff in marine and coastal protected areas leaving the service. The professional and technical skills and capacities of protected area staff to plan and manage marine and coastal protected areas will continue to be limited, with staff capacities focused on more practical and functional skills and knowledge. Populations of the targeted species for poaching and fishing will come under increasing pressure as a result of the weak enforcement capabilities, while pressure from illegal browsing and grazing by livestock will continue as a result of poor boundary and access control mechanisms. Nature-based tourism developments will be developed in an *ad hoc* manner and the eco-tourism potential of the protected areas will not always be fully realised. The establishment of new, and expansion of existing, marine and coastal protected areas will be constrained by lack of public support for these protected areas, limited funding for expansion in the marine and coastal domain and resistance from other economic production sectors (forestry, fisheries, oil, tourism, etc.). Public and business support for protected areas will remain static, and coastal protected areas may increasingly come under pressure from other more productive land uses.

*Alternative scenario enabled by the GEF:* The project has been designed to incrementally build on the existing foundation of financial resources and institutional capacities, rather than impose an unwanted and unsustainable suite of activities on the government. The project is organised into *two components* and will be implemented over a period of four years. The first component of the project is focused on improving the management capacity of the Gizil-Agaj reserve complex to address the external threats to, and pressures on, the conservation values of the reserve complex, including *inter alia*: pressures from building/agricultural encroachments; environmental impacts of livestock grazing/browsing; effects of illegal bird hunting; threats from inflows of pollutants; and effects of illegal fishing activities. The project will facilitate the establishment of a new National Park in Gizil-Agaj, which will then allow controlled access to, and sustainable development and use of, the park. This in turn will allow for the generation of additional income from user/entry fees for financing the ongoing maintenance of project investments. The Government has committed to increasing the annual OPEX budget allocation to Gizil-Agaj in order to finance the running costs and regular maintenance of all equipment procured, and infrastructure developed, in the project. A Strategic Plan and Annual Work Program will be developed for Gizil-Agaj National Park to ensure that the maintenance of project investments are embedded into the Park Management Plan, and its associated budget and HR provisions. The second component of the project is focused on: (i) improving the efficiencies of the financial and business management systems of, and diversifying the sources of funding for, the marine and coastal protected areas in order to fund their conservation management capacities; and (ii) developing and supporting the implementation of a long term monitoring system to ensure that the integrity of marine, coastal and wetland ecosystems are not pushed over critical thresholds in the commercialisation of, and natural resource use in, marine and coastal protected areas. The total costs of investment in the project is estimated at US\$7,782,569, of which US\$1,291,500 constitutes grant funding from GEF and US\$6,491,069 comprises co-financing (MENR and UNDP).

*Global Environmental Benefits:* By implementing the above-mentioned components, the GEF investment will contribute to reducing the external pressures on, strengthening the management effectiveness of, and improving the sustainable financing for, Azerbaijan's marine and coastal protected areas. The project will result in a significant improvement in the ecological and financial sustainability of Azerbaijan's marine and coastal PA network. Critical coastal ecosystem goods and services– including shoreline maintenance, flood and storm protection, sand production, nutrient cycling, water quality maintenance, and increased resilience and self-repair of ecosystems – will be monitored and integrated into an early warning system to enable the government to better understand, and respond proactively to, specific threats to the integrity of marine and coastal PAs. At the site level, the project will facilitate the rationalisation and expansion of the Gizil-Agaj reserve complex, a Ramsar Wetland of International Importance, and significantly improve its management effectiveness. 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*); Ferruginous Duck (*Aythya nyroca*); White-headed Duck (*Oxyura leucocephala*); Little Bustard (*Otis tetrax*); Great Bustard (*Otis tatarica*); Beluga (*Huso huso*); and Barbel Sturgeon (*Asipenser nudiiventris*). Important bird staging grounds for migrating species will be protected. Important habitats for a number of threatened (Red Data) animals will also be secured, 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 key plant species (*Nelumbo nucifera*, *Trapa hyrcana*).

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

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

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

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

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

The specific details of each component are summarized as follows:

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

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

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

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

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

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

Work under this output will thus focus on supporting the Government in establishing a new National Park in the Ghizil Agaj complex, with the existing Gizil-Agaj SNR as the core area for this national park. The National Park will also include the Lesser Gizil-Agaj SNS, and key additional areas of high biodiversity significance (e.g. important



sturgeon spawning sites and the northern wetlands around Garagush). Once established, the total extent of the park will exceed 100,000ha.

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

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

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

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

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

Work under this output will support the preparation of a Park Management Plan for Gizil-Agaj National Park. The Park Management Plan will comprise two key complementary documents: a Strategic Plan (SP); and an Annual Plan of Work (APW)<sup>4</sup>. All of the information which is necessary to guide the management of a National Park will be included in these two documents.

- (i) Prepare a SP for the park. It will set out the ambitions for the Provincial Nature Reserve (as articulated through the vision and objectives) and then set out how these ambitions will be delivered through a range of management guidelines and actions. The SP will have the following key components:
  - The purpose and structure of the Strategic Plan.
  - The key characteristics and special qualities of the Park.
  - The management issues facing the Park, and associated trends.
  - The desired state for the Park (vision and objectives and reserve zoning<sup>5</sup>).
  - The means of delivering the desired state (guiding principles and management actions).
  - The measures to evaluate if the management actions are contributing to achieving the desired state (targets and indicators).
  - The institutional and budget requirements for implementing the Strategic Plan (governance arrangements, staffing complement and budget projections).
- (ii) Support the drafting of the parks APWs. The APW will operationalize the objectives and activities identified in the SP. It will explicitly detail the operational actions that will be undertaken for any fiscal year. The APW will be directly linked to the park budget for that year. The APW will also provide the framework for the annual review and performance reporting of the park. The APW will have the following key components:
  - The suite of operational activities for the financial year (linked to the objectives and targets identified in the SP).
  - The timeline for implementation of each operational activity.
  - The estimated operational and/or capital budget for operational activities or objectives.
  - The annual performance targets and indicators.

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

- (iii) Collate all the current park information into an appropriate database. The database will seek to host known information on the conservation and other values of the park, its current status and the particular threats, drivers, constraints and opportunities that are affecting it.
- (iv) Prepare two subsidiary plans<sup>6</sup> for the park:

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<sup>4</sup> The SNR and SNS currently already prepare utilitarian APW's. The project will seek to: further develop the quality and value of these APWs; establish and maintain the linkages between the APW and the SP; and align the actions identified in the APW directly with the annual government budget allocation and other funding sources.

<sup>5</sup> The purpose of zoning in the National Park will be to identify the types and levels of usage that are acceptable, based on the **sensitivity** and **resilience** of different areas in the park. The preparation of a **sensitivity map**, using SEA-type methodology, is intended to be the main decision support tool guiding spatial planning within the park, and will inform all local and *ad-hoc* infrastructure development as well as all reserve planning and formalisation of use and access. Sensitive areas will include: areas where human access or disturbance will have a negative impact on biodiversity or heritage values; areas where physical disturbance or infrastructure development will result in higher short and long-term environmental impacts and/or higher construction and on-going maintenance costs; and areas where there is significant environmental risk to infrastructure. Park zonation will be developed by evaluating existing infrastructure and access, plus potential future infrastructure and access requirements, against the sensitivity maps to determine appropriate management and visitor-use zones. The park will then be demarcated into different functional areas (i.e. = "use zones"). A prescription of the desired resource and visitor experience conditions to be achieved for each use zone, and appropriate management activities needed to achieve those desired resource and visitor experience conditions, will then be developed.

<sup>6</sup> 'Subsidiary plans' are more detailed documents that provide program-specific information about the broad objectives and activities identified in the SP. Subsidiary planning then provides a bridge between the broad strategic direction provided in the SP and the specific actions required to realize goals and objectives

- A tourism and recreational strategy and action plan (to guide the implementation of the phased development of recreational and tourism services and infrastructure);
- A hydrological system design plan (to guide the optimal management of freshwater and marine water flows in the lagoon system)

Finally, work under this output will:

- (v) Facilitate the annual review and evaluation of park performance in implementing its APW<sup>7</sup>.

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

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

It is envisaged that the different components of the Park Management Plan (and its supporting information and subsidiary plans) will be iteratively developed over the course of the entire project - the information database and hydrological systems plan will be completed by year 2; the SP and the recreational and tourism plan will be completed by year 3; while the preparation and annual review of the APWs will be supported from years 2 through 4.

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

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

The specific activities to be undertaken in this output include:

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

<sup>7</sup> Where targets are not being met, the project will assist the park management in understanding why, and initiating appropriate responses.

- (vii) Refurbish and upgrade the existing administrative complex to incorporate an information, education and awareness facility for park visitors and users.
- (viii) Design and install park educational and informational materials for installation in the administrative complex.

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

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

Work under this output is focused on acquiring the key equipment that will be required to improve the park management's capacity to better understand, contain and reverse the detrimental effects of building/agricultural encroachments; livestock grazing/browsing; illegal bird hunting; inflows of pollutants; and illegal fishing activities on the conservation values of the national park.

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

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

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

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

1. The outcomes of this component are focused on: (i) creating the enabling conditions for increasing, diversifying and stabilising the financial flows to coastal and marine protected areas; and (ii) developing and

implementing a long term monitoring system to ensure that the integrity of ecosystems are not pushed over critical thresholds<sup>8</sup> in the commercialisation of, and natural resource use in, coastal and marine protected areas.

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

3. It is envisaged that the outputs and activities undertaken in this component will be guided by a multi-stakeholder governance structure – a ‘Marine and Coastal Protected Area Working Group (PAWG)’ - constituted by the MENR to oversee the development and phased implementation of the financing plan and long-term monitoring programme for the coastal and marine protected areas. This PAWG may have representation from *inter alia*: government agencies; NGOs; civil society; donor agencies; and business/tourism partners. The primary objectives underpinning the establishment and functioning of the PAWG are to: (i) improve the working relationships between the MENR and other stakeholder groups; (ii) obtain constructive inputs into the means of maximising societal benefits from marine and coastal protected areas; and (iii) strengthen opportunities for information-sharing and collaborative partnerships. GEF funding will be used to finance the establishment and administrative functioning of the PAWG. In this regard, a respected and independent facilitator will be appointed to assist in establishing, chairing and recording the decisions of the PAWG.

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

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

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

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

- (i) Evaluate the current financial baseline for the network of marine and coastal protected areas. This will include: analyzing current expenditure patterns; reviewing current income sources; and assessing current financing mechanisms.
- (ii) Using financial planning tools (e.g. scenario logic), qualify and quantify the projected financial needs for the network of marine and coastal protected areas under different management scenarios (e.g. ‘current’, ‘ideal’ and ‘most likely’).
- (iii) Assess the functionality of the current financial management systems for the marine and coastal protected areas, particularly the institutional and individual capacities for: medium-term financial planning; annual budgeting; financial control; and auditing.
- (iv) Review and select the most appropriate mechanisms to improve revenue streams for the marine and coastal protected areas. This may include increasing the current income from conventional financial sources (i.e. government grants, fines, donor funding, and entry fees) as well as developing new funding sources (e.g. user permits, tourism/recreation concessions, biodiversity offsets, trust funds).
- (v) Identify and describe the critical activities that would be required to: improve the current levels of investment in marine and coastal protected areas; mobilize additional financial resources for the network of coastal and marine protected areas; strengthen financial management systems in state protected area agencies; and improve business planning capabilities in individual marine and coastal protected areas.

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<sup>8</sup> It is anticipated that the thresholds will then set the bounds for maximising economic value (both financial and non-monetary) from coastal and marine protected areas.

- (vi) Identify and describe the opportunities and mechanisms for cost-saving to achieve economies of scale, eliminate duplication and improve service delivery in marine and coastal protected areas.
- (vii) Using a 'market-based approach', prepare a medium-term (three to five years) 'Financial Plan' (FP) that establishes lines of strategic action to mobilize financial resources and build the financial capacity to improve the management effectiveness of the network of marine and coastal protected areas.

The implementation of activities under this output will be jointly managed by the PM and the National Project Director in the MENR. The PAWG will oversee the process of developing the Financial Plan. It will, based on regional and global best practice, agree on the format and content of the Financial Plan. The technical work in developing the Financial Plan will be undertaken by a contracted financial planning service provider. The contracted financial planning service provider will work in close collaboration with staff from the Ministries of Economic Development and Finance during the preparation of the FP. They may also be required to train, and mentor pre-selected counterparts from the relevant Ministries. The FP will be submitted to the Minister of Ecology and Natural Resources for its formal adoption.

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

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

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

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

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

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

A national financial planning firm will be contracted to: provide technical financial support; develop financial protocols, policies and systems; identify financial hardware, software and infrastructure requirements; facilitate

medium-term and annual budgeting; implement financial management training and skills development programmes; facilitating auditing and financial controls; preparing a business case for an increase in investment in protected areas; developing and costing projects for donor funding; and piloting business planning in National Parks.

An international (regional) nature-based tourism development specialist will be contracted to: support the determination of pricing structures for National Parks; design and support the piloting of a tourism/recreation concession processes; provide planning and technical support in the implementation a range of entry and other user fees across the marine and coastal national parks.

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

### ***Output 2.3: Identify and monitor critical thresholds for ecosystem health<sup>9</sup>***

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

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

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

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

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<sup>9</sup> A healthy ecosystem is defined here as one in which ‘key processes operate to maintain stable and sustainable ecosystems and critical habitats remain intact’.

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

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

A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved and measures that address these risks:

Project risks and risk mitigation measures are described below.

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



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

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

A.7. Coordination with other relevant GEF financed initiatives:

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

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

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

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

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

The project will liaise closely with the *Caucasus Nature Fund* (CNF) to explore further opportunities for increasing the top-up funding for operational expenses in marine and coastal protected areas in Azerbaijan. It will specifically explore the prospects of sourcing financial support from the CNF to sustain the running costs of the GEF project investments in Gizil-Agaj.

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

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

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

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

## **B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:**

B.1 Describe how the stakeholders will be engaged in project implementation:

### *1. Stakeholder identification*

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

<b>Organisation</b>	<b>Mandate of the organisation</b>	<b>Anticipated roles and responsibilities in the project</b>
<b>Ministry of Ecology and Natural Resources (MENR):</b>  - Department of Protection of Biodiversity and Development of Specially Protected Nature Areas	MENR is the central executive authority responsible the protection of the environment; sustainable use and management of water, air, soil and biological resources; waste management; environmental impact management; meteorological forecasting; and environmental and hydrological surveying and monitoring.	MENR is the GEF and CBD (Convention on Biological Diversity) focal point. MENR will thus have overall responsibility for the implementation of the project.  The Department of Protection of Biodiversity and Development of Specially Protected Nature Areas will coordinate all project activities and will be responsible for

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

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

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

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

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

## 3. Approach to stakeholder participation

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

Principle	Stakeholder participation will:
Value Adding	be an essential means of adding value to the project
Inclusivity	include all relevant stakeholders
Accessibility and Access	be accessible and promote access to the process
Transparency	be based on transparency and fair access to information; main provisions of the project's plans and results will be published in local mass-media
Fairness	ensure that all stakeholders are treated in a fair and unbiased way
Accountability	be based on a commitment to accountability by all stakeholders
Constructive	Seek to manage conflict and promote the public interest
Redressing	Seek to redress inequity and injustice
Capacitating	Seek to develop the capacity of all stakeholders
Needs Based	be based on the needs of all stakeholders
Flexible	be flexibly designed and implemented
Rational and Coordinated	be rationally planned and coordinated, and not be ad hoc
Excellence	be subject to ongoing reflection and improvement

## 4. Stakeholder involvement plan

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

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

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

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

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

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

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

(iv) Project communications to facilitate ongoing awareness of project

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

(v) Direct involvement of local stakeholders in project implementation

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

A participatory approach will be adopted to facilitate the continued involvement of local stakeholders and institutions in the proclamation, planning and management of the Gizil-Agaj reserve complex as a National Park.

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

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

(vii) Capacity building

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

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B.2 Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):

Socio-economic sustainability will primarily be achieved by facilitating the active involvement of a range of stakeholders in the planning, management and monitoring of marine and coastal protected areas. The project will specifically support the establishment of a cooperative governance mechanism – involving affected government

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

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### B.3. Explain how cost-effectiveness is reflected in the project design:

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

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

- (i) A modest expenditure in financial planning and development of institutional capacities for financial management will contribute significantly to increasing, diversifying and stabilizing the financial flows to marine and coastal protected areas in Azerbaijan. As a result of project investments, it is anticipated that by the end of project the available budget allocations for the network of marine protected areas will exceed US\$4/ha, of which at least 25% of which is generated from own income (entry fees, fines, user fees, tourism and recreation services, etc.).
- (ii) Project support to the introduction of business planning approaches and tools for protected areas is expected to improve the cost-effectiveness of the Department of Protection of Biodiversity and Development of Specially Protected Areas by: (a) strengthening internal financial controls and financial systems; (b) ensuring more efficient flows of financial information; (c) improving individual skills of financial management staff; (d) developing better user fee collection mechanisms; and (e) advocating increased investment in protected areas by donors and government.
- (iii) Project support to the processes needed to consolidate the Gizil-Agaj SNR, Lesser Gizil-Agaj SNS and other areas of high biodiversity significance into a single national park will enable the park management to significantly improve revenue from the phased introduction of controlled access to, and sustainable development of, the park.
- (iv) Project investments in the renovation of conservation infrastructure and procurement of critical equipment for Gizil-Agaj NP is expected to substantially improve the effective deployment of enforcement and compliance staff, with the concomitant improvement in the catch per unit effort of artisanal and commercial fisherman and hunters legally operating in surrounding areas.
- (v) Project funding for the piloting of a local, nature-based tourism concession in Gizil-Agaj will demonstrate the potential for alternative sources of revenue and employment for local communities



surrounding the park, as well as a means of generating income to the park from concession fees (typically 12.5% of net income on a 20-year Build-Operate-Transfer arrangement). It is projected that a suite of package-based specialist nature-based tourism ventures in Gizil-Agaj could conservatively generate a net income of at least US\$15,000-20,000 per annum by end of project.

- (vi) Project support to introducing a more market-based user fee structure for national parks will ensure that the MENR can better justify the pricing of protected area goods and services, and that fees are more closely linked to the real costs of providing those goods and services.
- (vii) Project funding for developing an output-based, results-oriented management plan (comprising a strategic plan, annual work program and subsidiary plans) and organisational structure (organogram, post descriptions) for Gizil-Agaj NP will ensure the optimal deployment of limited institutional resources and capacity in the future management of the park. An improvement in the business planning processes in the park will also provide the groundwork for improving its future long-term financial viability.

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

### **C. DESCRIBE THE BUDGETED M & E PLAN:**

#### **MONITORING AND REPORTING**

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

##### **Project start-up:**

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

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

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

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

**Quarterly:**

Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform.

Based on the initial risk analysis submitted, the risk log shall be regularly updated in ATLAS. Risks become critical when the impact and probability are high.

Based on the information recorded in Atlas, a Project Progress Report (PPR) can be generated in the Executive Snapshot.

Other ATLAS logs can be used to monitor issues, lessons learned etc. The use of these functions is a key indicator in the UNDP Executive Balanced Scorecard.

**Annually:**

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

The APR/PIR includes, but is not limited to, reporting on the following:

- Progress made toward project objective and project outcomes - each with indicators, baseline data and end-of-project targets (cumulative)
- Project outputs delivered per project outcome (annual).
- Lesson learned/good practice.
- AWP and other expenditure reports
- Risk and adaptive management
- ATLAS QPR
- Portfolio level indicators (i.e. GEF focal area tracking tools) are used by most focal areas on an annual basis as well.

**Periodic Monitoring through site visits:**

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

**Mid-term of project cycle:**

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

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

**End of Project:**

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

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

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

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

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

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

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

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

### **Communications and visibility requirements**

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

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

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

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

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


**PART 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):**

<b>NAME</b>	<b>POSITION</b>	<b>MINISTRY</b>	<b>DATE (MM/dd/yyyy)</b>
Hussein Bagirov	Minister, GEF OFP	Ministry of Ecology and Natural resources	24 November 2011

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

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

<b>Agency Coordinator, Agency Name</b>	<b>Signature</b>	<b>Date (Month, day, year)</b>	<b>Project Contact Person</b>	<b>Telephone</b>	<b>Email Address</b>
Adrian Dinu, Officer-in-Charge and Deputy Executive Coordinator, UNDP - GEF		May 22, 2013	Johan Robinson, Regional Technical Advisor, UNDP-GEF	+421 2 59 337 299	johan.robinson@undp.org

## ANNEX A: TOTAL BUDGET AND WORK PLAN AND PROJECT RESULTS FRAMEWORK

### (i) Total Budget and Work Plan

GEF Outcome/ Atlas Activity	Responsible Party/ Implementing Agent	Fund ID	Donor Name	ATLAS Budget Code	Atlas Budget Description	Amount YEAR 1 (USD)	Amount YEAR 2 (USD)	Amount YEAR 3 (USD)	Amount YEAR 4 (USD)	TOTAL	Budget #	
Component 1: Enhanced management effectiveness of Ghizil-Agaj reserve complex	NIM	62000	GEF-10003	71200	International Consultants	0	15 000	0	0	15 000	1	
				71300	Local Consultants	8 000	22 000	10 800	0	40 800	2	
				71600	Travel	3 000	1 200	0	0	4 200	3	
				72100	Contractual Services - Companies	104 000	140 000	132 000	56 000	432 000	4	
				72200	Equipment and furniture	75 000	45 000	15 000	0	135 000	5	
				72300	Materials and Goods	24 000	10 000	5 000	0	39 000	6	
				72400	Comms and audio-visual equipmt.	35 000	50 000	0	0	85 000	7	
				72800	Information Technology equipment	7 000	7 000	0	0	14 000	8	
				73200	Premises alterations	20 000	42 000	32 000	7 000	101 000	9	
				74200	Audio-visual & printing production	2 500	500	500	2 000	5 500	10	
				75700	Conference & events	4 000	0	0	0	4 000	11	
<b>Total - Component 1 (GEF)</b>						<b>282 500</b>	<b>332 700</b>	<b>195 300</b>	<b>65 000</b>	<b>875 500</b>		
<b>TOTAL COMPONENT 1</b>						<b>282 500</b>	<b>332 700</b>	<b>195 300</b>	<b>65 000</b>	<b>875 500</b>		
Component 2: Improved governance of, and expertise in, the financial management of MCPAs	NIM	62000	GEF-10003	71200	International Consultants	0	36 000	21 000	0	57 000	12	
				71600	Travel	2 000	8 000	6 000	0	16 000	13	
				72100	Contractual Services - Companies	30 000	68 000	40 000	32 000	170 000	14	
				72200	Equipment and Furniture	4 000	20 500	0	0	24 500	15	
				72800	Information Technology equipment	6 000	12 000	4 000	2 000	24 000	16	
				75700	Conference & events	700	500	400	400	2 000	17	
				<b>Total - Component 2 (GEF)</b>						<b>42 700</b>	<b>145 000</b>	<b>71 400</b>
<b>TOTAL COMPONENT 2</b>						<b>42 700</b>	<b>145 000</b>	<b>71 400</b>	<b>34 400</b>	<b>293 500</b>		
Project management (including M&E)	NIM	6200	GEF-10003	71400	Contractual Services - Individuals	28 800	28 800	28 800	28 800	115 200	18	
				73100	Rental & maintenance - Premises	1 700	1 800	2 000	1 800	7 300	19	
				<b>Total - Project Management (GEF)</b>						<b>30 500</b>	<b>30 600</b>	<b>30 800</b>
	NIM	04000	UNDP- TRAC-00012	71200	International Consultants	0	21 000	0	21 000	42 000	20	
				71400	Contractual Services - Individuals	12 000	8 000	5 000	5 000	30 000	21	
				71600	Travel	6 000	5 000	4 000	4 000	19 000	22	
				72200	Equipment and furniture	25 000	0	0	0	25 000	23	
				72400	Comms and audio-visual equipmt.	5 000	0	0	0	5 000	24	
72500	Supplies	500	400	300	300	1 500	25					

			72800	Information Technology equipment	5 000	0	0	0	5 000	26
			74100	Professional Services	9 000	4 500	4 500	4 500	22 500	27
			<b>Total - Project Management (UNDP-TRAC)</b>		<b>62 500</b>	<b>38 900</b>	<b>13 800</b>	<b>34 800</b>	<b>150 000</b>	
			<b>TOTAL PROJECT MANAGEMENT</b>		<b>93 000</b>	<b>69 500</b>	<b>44 600</b>	<b>65 400</b>	<b>272 500</b>	
			<b>TOTAL PROJECT</b>		<b>418 200</b>	<b>547 200</b>	<b>311 300</b>	<b>164 800</b>	<b>1 441 500</b>	

Summary of Funds\* :

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

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

Co-financing	TOTAL
Government of Azerbaijan	6 341 069

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

#	Budget notes
1	Contracting of a Nature-based Tourism specialist to prepare a tourism and recreational strategy and action plan for Ghizil-Agaj (5 weeks @ \$3000/wk)
2	Contracting of: (i) a Legal Adviser to draft regulations for a new national park in Ghizil-Agaj (5 wks @\$600/wk); (ii) an Independent Mediator to implement the local and institutional stakeholder consultation leading up to the establishment of Ghizil-Agaj as a national park (8 wks @\$600/wk); (iii) a Database Management specialist to establish an information database for Ghizil-Agaj (15 wks @\$600/wk); and (iv) a Hydrological Systems engineer to prepare a hydrological systems plan for the wetland system in Ghizil-Agaj (40 wks @\$600/wk)
3	Travel costs (vehicle, fuel and DSA) for members of Technical Working Group (Baku-Lenkoran) and the independent mediator (@ an average cost of ~\$300 pp/pd)
4	Appointment of: (i) SLCC to survey the park boundaries and register the property in the deeds office; (ii) a Protected Area planning consortium to prepare a Management Plan for Ghizil-Agaj (including stakeholder consultation); (iii) a construction firm to open, contour and maintain the park boundary canals; (iv) a fencing contractor to erect stock fencing along the park boundary; (v) a marine engineering firm to install marine marker and navigation buoys; and (vi) an advertising firm to design and develop informational and educational materials and signage for installation at key park entry points, along park boundaries and in the park administrative complex.
5	Procurement of: (i) four aluminium patrol boats, equipped with 40-60HP engines and fuel tanks (@average of \$10,000/boat); (ii) two 4x4 vehicles equipped with tow bar, winch and spotlights (@\$35,000/vehicle); (iii) a portable water meter kit (with accessory macro probes and associated software) and laboratory equipment (@\$12,000); and (v) furnishing (chairs, tables, cupboards, bedding, etc.) and equipment (pay control equipment, communication equipment, kitchen equipment, etc.) for the refurbished entry control points and ranger outposts.
6	Procurement of: (i) Staff uniforms and safety equipment (including waders, binoculars, GPS, torches, first aid supplies, backpacks, etc.) (70 staff @ \$500/staff

	member); and (ii) safety equipment for patrol boats (including lifejackets, anchors, first aid kits, maps, GPS and distress flares) @ \$1000/boat
7	Procurement and installation of a two-way radio communications system (including the costs of system design, base station, consoles, repeaters, radios and chargers)
8	Procurement of four laptop/desktop for Ghizil-Agaj (Park Director, Administration, Scientific Services, Enforcement), with the associated peripherals (3G, printers, HDDs, software, router, scanner/copier, etc.)
9	Upgrading and renovation (including landscaping, provision of bulk services, building repairs, alterations) of two entry control points (@\$10,000/control point) five ranger outposts (@\$7000/outpost) and the administrative complex (development of an educational and awareness centre) (@US\$46,000).
10	Design and printing of information documents for stakeholders and local advertising costs (newspaper, radio) for stakeholder meetings.
11	Hosting (rental) and catering (tea, coffee, snacks) costs of stakeholder workshops @\$400/workshop
12	Contracting of (i) a Nature-based Tourism specialist to determine pricing structures for marine and coastal NPs and provide technical support in the implementation of tourist-based activities (15 weeks @ \$3000/wk); and (ii) an expert in Ecosystem Health Monitoring to provide specialist support in the design and development of the Ecosystem Monitoring Programme for marine and coastal protected areas (3 weeks @\$3000/wk)
13	Travel costs of: (i) marine and coastal Protected Area Working Group (PAWG) @\$100-300pp/pd, inclusive of vehicle costs, fuel and DSA; (ii) international consultants, inclusive of flights, DSA and internal travel
14	Appointment of: (i) A Financial Planning firm to prepare a medium-term financial plan for marine and coastal protected areas and to provide technical support to MENR in the implementation of the plan; and (ii) ANAS to develop and implement a Ecosystem Monitoring Plan for marine and coastal protected areas
15	Procurement of requisite monitoring equipment (Portable water quality testing kits, GPSs, digital cameras, fish sonars, etc.)
16	Procurement of: (i) computers, routers, printers and financial software in the financial departments of MENR (institutional financial capacity-building) ; (ii) ArcGIS software, remote sensing, aerial photography and database software in ANAS (implementation of EMP)
17	Catering and meeting costs (venue hire, equipment, drinks and food) of marine and coastal PAWG
18	Appointment of Project Manager (PM) (@\$600/wk)
19	Rental of office space (50% of costs co-financed by MENR)
20	Contracting of a monitoring and evaluation expert for the mid-term evaluation (7 weeks @\$3000/wk) and for the final evaluation (7 weeks @\$3000/wk)
21	Appointment of Project Administrative Assistant (PAA). The cost of the PAA (@\$300-400/wk) will incrementally reduce from ~65% to ~40% of the total costs of the PAA over the four year time frame of the project. The remaining costs of the PAA will be funded from other UNDP-GEF biodiversity projects in Azerbaijan, notably the project, ' <i>National Biodiversity Planning to Support the implementation of the CBD 2011-2020 Strategic Plan in Republic of Azerbaijan</i> '
22	Travel costs of PM and PAA (including vehicle running costs, maintenance, fuel and DSA)
23	Procurement of: (i) a vehicle (2x4 with high clearance) for project management staff for field visits and local travel (@\$22,000); and (ii) Office equipment for PM and PAA (chairs, desks, tables, storage cupboards, etc.)
24	Costs of cellphone contracts for PM and PAA
25	Procurement of office supplies for PM and PAA (paper, ink cartridges, etc.)
26	Procurement of two laptops, software licenses, 2 x mouse, portable hard drive, router, printer, 2x 3G cards, data projector and ISP contracts for two computers.
27	Appointment of: (i) Auditing firm to prepare annual project audit report (\$4500/annum); (ii) Translation services provider to translate all documentation for the Project Inception workshop; and (iii) Workshop facilitation service to host Project Inception meeting.



## (ii) Strategic Results Framework

	Indicator	Baseline	Target/s (End of Project)	Source of verification	Risks and Assumptions
<b>Project Objective</b> To improve the management effectiveness, including operational effectiveness and ecosystem representation, of Azerbaijan's coastal and marine protected area system, with due consideration for its overall sustainability, including ecological, institutional and financial sustainability	Financial sustainability scorecard for national system of protected areas	15%	>35%	Project review of Financial Sustainability Scorecard	<b>Assumptions:</b> <ul style="list-style-type: none"> <li>Government continues to view protected areas as a key investment strategy for meeting biodiversity conservation (and selected socio-economic development) targets.</li> <li>National efforts to mitigate the effects of water and oil pollution on the Caspian Sea, and in its river catchment areas, are sustained.</li> <li>Strict controls over the commercial fishing of sturgeon, the administration of fishing permits, and illegal fishing activities, are actively enforced by Government.</li> </ul> <b>Risks:</b> <ul style="list-style-type: none"> <li>The Government does not commit adequate resources and funding support to sustain the maintenance of project investments in the PAs.</li> <li>Illegal activities in marine and coastal protected areas reach unsustainable levels and compromise the integrity and health of ecosystems.</li> <li>The effects of climate change will further exacerbate habitat fragmentation and degradation in marine and coastal ecosystems.</li> </ul>
	Capacity development indicator score for protected area system	Systemic: 34% Institutional: 20% Individual: 13%	Systemic: >50% Institutional: >40% Individual: >25%	Project review of Capacity Development Indicator Scorecard	
	Total annual budget (HR, OPEX and CAPEX) allocation for marine and coastal PAs (US\$/ha)	All PAs: US\$3.03/ha Gizil-Agaj: US\$ 2.53/ha	All PAs: >US\$4/ha Gizil-Agaj: >US\$4/ha	MENR Annual Financial Report	
	Management Effectiveness Tracking Tool scorecard: Gizil-Agaj	25%	>45%	Project review of METT scorecard (every two years)	
<b>Outcome 1</b> Enhanced management effectiveness of the Gizil-Agaj reserve complex	<b>Outputs:</b> <ol style="list-style-type: none"> <li>Establish a consolidated national park</li> <li>Prepare a park management plan</li> <li>Demarcate the park boundary, and renovate the access control infrastructure</li> <li>Procure critical park equipment</li> </ol>				
		0 ha <sup>10</sup>	>100,000ha		<b>Assumptions:</b>

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

	Extent (ha) of area surveyed, and formally proclaimed and managed as the Gizil-Agaj national park			Executive order on the creation of the National Park	<ul style="list-style-type: none"> <li>- The establishment of a National Park will allow controlled access to, and sustainable use of, the park and its resources.</li> <li>- The key stakeholders acknowledge the PA management mandate of MENR, and (over time) recognise the core values of the park.</li> <li>- The staff salary levels (and associated benefits) are incrementally improved, ensuring that the Park is able to retain a competent, skilled and committed staff complement.</li> <li>- More effective management of the Park will see an improvement in the health of its biodiversity features.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>- Resistance from, and conflict between, affected state institutions, local communities and resource users will delay the formal proclamation of the National Park.</li> <li>- The Government does not commit adequate resources and funding support to sustain the maintenance of project investments in the National Park.</li> <li>- Illegal activities in the Park reach unsustainable levels and compromise the integrity and health of the Park ecosystems.</li> <li>- The effects of climate change will further exacerbate habitat fragmentation and degradation in the Park ecosystems.</li> </ul>
	Total number of mixed breeding colonies of Pelecaniformes and Ciconiiformes <sup>11</sup> in Gizil-Agaj	70,000	>100,000	Boat-based and ground-based bird counts (see methodology in Sultanov, 2008)	
	Total number of wintering waterbirds <sup>12</sup> in Gizil-Agaj	400,000	400,000 - 500,000	Boat-based and ground-based bird counts (see methodology in Sultanov, 2008)	
	Average number (#/month during spawning season) of illegal sturgeon poaching incidents (or violation of fishing permits) occurring in Gizil-Agaj	Spring: >8 <sup>13</sup> Autumn: >6	Spring: <2 Autumn: <2	MENR monthly, quarterly and annual reports	
	Average number (#/month during winter) of recorded illegal bird hunting incidents occurring in Gizil-Agaj	Winter: >25/month <sup>14</sup>	Winter: <10/month	MENR monthly, quarterly and annual reports	
	Average number (#/month/year) of cattle illegally grazing in Gizil-Agaj	>500/month	<10/month	MENR monthly, quarterly and annual reports	

<sup>11</sup> Including cormorants, herons, grebes, egrets, spoonbills and ibis.

<sup>12</sup> Including surface-feeding ducks, diving ducks and coots.

<sup>13</sup> The baseline record of illegal sturgeon poaching incidents in spring and autumn will be revised and updated in year 1 of project implementation (based on final 2012 enforcement records for the reserve complex).

<sup>14</sup> The baseline record of illegal bird hunting incidents in spring and autumn will be revised and updated in year 1 of project implementation (based on the final 2012 enforcement records for the reserve complex).

<b>Outcome 2</b> Improved collaborative governance of, and institutional expertise in, the financial management of marine and coastal protected areas	<b>Outputs:</b> 2.1 Prepare a financial plan 2.2 Strengthen capacity of MENR to implement the financial plan 2.3 Identify and monitor critical thresholds for ecosystem health				
	Income/annum (US\$), by source, from marine and coastal protected areas	Government: US480,822 Donors: US\$277,720 Entry fees: US3,902\$ Tourism services: US\$0 Fines: US\$45,356 Resource use: US\$0 Concessions: US\$0 <i>(baseline year = 2011/2012)</i>	Government: >US\$750,000 Donors: >US\$500,000 Entry fees: >US\$15,000 Tourism services: >US\$10,000 Fines: >US\$75,000 Resource use: >US\$10,000 Concessions: >US\$10,000 <i>(target year = 2016/17)</i>	MENR Annual Financial Reports	<b>Assumptions:</b> <ul style="list-style-type: none"> <li>– The Government continues to liberalise the management regime of protected areas by opening them up for tourism, recreation and sustainable resource use.</li> <li>– The MENR will initiate the process of devolving some budgeting and financial management responsibilities to the level of individual protected areas.</li> <li>– The government will continue to reform and improve the enabling legal and regulatory framework for PA financing.</li> <li>– The government is committed to strengthening collaborative partnerships in the financing of PAs.</li> <li>– ANAS and other departments of ANAS will actively participate in the development and implementation of the Ecosystem Monitoring Programme for PAs</li> </ul> <b>Risks:</b> <ul style="list-style-type: none"> <li>– The Government does not commit adequate resources and funding support to sustain the maintenance of project investments in the PAs.</li> <li>– Illegal activities in marine and coastal protected areas reach unsustainable levels and compromise the integrity and health of ecosystems.</li> <li>– The effects of climate change will further exacerbate habitat fragmentation and degradation in marine and coastal ecosystems.</li> </ul>
	Number of MENR staff completing in-service financial training and skills development programmes	0	>10	MENR monthly, quarterly and annual reports Project reports	
	Number of non-state stakeholder institutions and private sector businesses investing in, and/or supporting the administration of, marine and coastal protected areas	Donor agencies: 2 NGOs: 1 Private businesses: 0	Donor agencies: 4 NGOs: 2 Private sector: 2	MENR monthly, quarterly and annual reports Project reports	
	Number of business plans operational in individual marine and coastal national parks	0	4	Project reports	
	Number of indicators of ecosystem health being regularly monitored and used to guide decision-making in marine and coastal protected areas	0	>10	State of Ecosystem Health Report (for Azerbaijan's Marine and Coastal Protected Areas)	

**ANNEX B: RESPONSES TO PROJECT REVIEWS** (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Comments	Responses	Changes made in full project
<b>STAP Scientific and Technical Screening of the PIF</b> <i>Minor revision required</i>		
<p>‘Aside from overfishing and direct marine pollution, the major negative impacts on the coastal and marine environment originate on land through habitat loss, fragmentation and degradation associated with construction, overgrazing, agricultural pollution, and encroachment into sensitive coastal areas. Investment into coastal and marine conservation without addressing these threats will prove futile in the long term. More information on how the project will specifically address this should be provided. The emphasis on the CCEMA in this regard is questionable from the perspective of this project’s objective and expected outcomes.’</p> <p>‘In effect, what is being proposed is the start of marine conservation efforts in the country and thus the baseline is practically non-existent. Establishing the baseline and controls should be a priority during the preparation of the full project.’</p>	<p>‘The Caspian Sea State of Environment’ (2011) report provides an excellent overview of the detrimental impacts on the coastal and marine environment, and the current state of response (both in terms of coordinated responses by, and individual responses of, each of the 5 littoral states) to mitigating these impacts.</p> <p>What is overwhelmingly evident from this report is that the scale and diverse nature of the impact, and the broad array of resources and capacities required to address the plethora of conservation challenges in the Caspian Sea, are far beyond the scope of this small, short term GEF-funded project, that is focused specifically on the network of marine and coastal protected areas, and in only one of the littoral states.</p> <p>During the project development phase it was thus considered prudent and more cost-effective to rather contain the activities subsumed under the project to improving the capacities of the Department of Protection of Biodiversity and Development of Specially Protected Nature Areas in the MENR to:</p> <ol style="list-style-type: none"> <li>1. Develop and implement a long term monitoring system to track the health of ecosystems in coastal and marine protected areas, and identify critical management responses required to ensure that the integrity of ecosystems are not pushed over critical thresholds.</li> <li>2. Strengthen the enforcement and compliance capacity in individual protected areas to more effectively address the direct threats to, and pressures on, the conservation values of individual protected areas, including <i>inter alia</i>: pressures from building/agricultural encroachments; environmental impacts of livestock grazing/browsing; effects of illegal bird hunting; threats from inflows of pollutants; and effects of illegal fishing activities.</li> <li>3. Improve the efficiencies of the financial and business management systems, and increase and diversify the sources of financing, to ensure that the GEF investments in improving institutional capacities in the MENR can be sustained beyond the life of the project.</li> </ol> <p>A description of the current national baseline activities and investments by the Government of Azerbaijan in mitigating land-based impacts on the Caspian Sea are described in more detail on the MENR home page</p>	<p>The project outcomes and outputs/activities originally identified in the PIF have now been more explicitly defined in the UNDP PRODOC.</p> <p>A fundamental activity described in Output 2.3 (‘Identify and monitor critical thresholds for ecosystem health’) is to prepare and publish a baseline ‘State of Ecosystem Health Report’ for the network of CMPAs.</p> <p>SECTION 1, ‘Elaboration of the narrative’, PART 1, ‘Situation analysis’ (Baseline analysis) of the UNDP PRODOC also provides a further elaboration of current baseline efforts by the Government of Azerbaijan to conserve the marine and coastal environment of the Caspian Sea, with specific reference to its investments in CMPAs.</p> <p>A brief report (attached) was prepared by the</p>

Comments	Responses	Changes made in full project
	<p>(<a href="http://www.eco.gov.az/en/">http://www.eco.gov.az/en/</a> - refer to Caspian Sea). These baseline activities are also summarized in the appended UNDP PRODOC.</p>	<p>UNDP CO to further describe the national baseline activities and investments.</p>
<p>‘Some inconsistencies should also be addressed. Whereas the focus of the first component is on establishing an effective and appropriate governance framework, it is also mentioned that the existing governance framework is effective (par. 17). Likewise, whereas one aspect of the proposal targets the development of additional revenue streams for the protected areas so as to ensure their improved management and sustainability, it is also mentioned that protected areas are well funded (par. 10).’</p>	<p>1. Governance            (i) Capacity of MENR - the staffing complement in the MENR is currently inadequate to meet the optimal <i>in situ</i> operational requirements of the marine and coastal protected areas. Almost 90% of the recurrent expenditure in these protected areas comprises human resource costs, with insufficient financing allocated to operational and maintenance costs. Capital expenditures constitute a very low (0-3%) proportion of total expenditure, implying an ongoing severe under-capitalization of these protected areas. Key high level management, technical and professional skills are not well represented in the staff complement of the marine and coastal protected areas. Competent and skilled staff are often difficult to retain in these protected areas, as salaries are low and benefits negligible. The staff are also not yet properly resourced to effectively administer the marine and coastal protected areas. Enforcement capability is still weak as a result of inadequate numbers, training and equipment, with illegal activities in and around a number of marine and coastal protected areas consequently poorly regulated. The scientific expertise to support the planning and management of marine and coastal protected areas is limited to a very small number of staff within the supporting units of the MENR and in ANAS, many of whom are approaching retirement age. The use of external expertise and capacity to assist in the development of the marine and coastal protected areas has not yet been optimally developed.            (ii) Involvement of NGOs and donors - the extent of the involvement of NGOs and donor agencies in supporting the planning and management of coastal and marine protected areas is currently limited to the efforts of only a handful of NGOs (i.e. WWF, REC-Caucasus and Azerbaijan Ornithological Society) and donor agencies (e.g. German Government and EU). This is, in part, due to the low levels of cooperation between NGOs/donors and the MENR, the strict restrictions on access to protected areas, and a general lack of an institutional culture in MENR of actively involving NGOs and donors in the planning and management of protected areas. A number of donor-funded protected area projects have not always been fully or successfully implemented due to ongoing difficulties in sustaining functional working relationships with the MENR. The slow decision-making procedures and processes in MENR sometimes result in delaying the implementation of projects, leading to a loss of momentum, with the accompanying frustrations for all project partners. There is hence a need for better cooperation between</p>	<p>SECTION 1, ‘Elaboration of the narrative’, PART 1, ‘Situation analysis’ of the UNDP PRODOC explicitly clarifies these inconsistencies.</p>

Comments	Responses	Changes made in full project
	<p>the MENR, donors and NGOs in developing and implementing collaborative partner initiatives in marine and coastal protected areas.</p> <p>(iii) Involvement of other stakeholders - the conservation challenges for the administration of the network of coastal and marine protected areas is further compounded by the fact that the levels of public awareness of the values of these protected areas is generally low. A perception still exists that protected areas are not readily accessible to the public for recreation and natural resource use and that their existence typically precludes all other options for economic development. This attitude is perpetuated by the current approach to the management of all SNRs in Azerbaijan, which prohibit any economic activity from taking place within the reserve. There is seemingly no ‘sense of ownership’ in local communities of the marine and coastal protected areas, leading to the ongoing exploitation of the natural resources (illegal fishing, illegal hunting, etc.) in these areas with little inherent sense of responsibility for the well-being of these protected areas. While there have been some communication, education and awareness campaigns implemented by the MENR and some NGOs (notably WWF) in the coastal region of Azerbaijan, the extent and reach of these programs is still limited. There are many opportunities for ‘experiential learning’ by school and university learners within the marine and coastal protected area network that remain undeveloped. There are also few structural mechanisms for integrating the wider public interests into the management of the marine and coastal protected areas.</p> <p>2. Funding Protected areas in Azerbaijan are not particularly well funded. The government of Azerbaijan allocates a moderate level of financial support for administration of the protected area system. For the 2012 financial year, it has provisionally allocated a total annual budget (operational, capital and human resource) of US\$3,056,572 for the management of the national system of protected areas (880,774 ha). This equates to approximately US\$3.47/ha, somewhat below the global average of ~US\$5/ha. Of this allocation, a very high proportion (89.5%) is apportioned to the cost-to-company expenses of protected area staff (i.e. 858 staff) and 10.5% for the recurrent operating costs (compared to an optimal ratio of 60% for HR: 40% for operating costs). Project activities seek to improve the financial sustainability of the PA system by improving the cost-effectiveness of PA operations, diversifying revenue streams and increasing income.</p>	
The assessment of socio-economic benefits is expressed more at an industry level than at the level of people and	It is anticipated that the direct socio-economic and gender equity benefits of the project will be small to insignificant.	The limited socio-economic benefits arising

Comments	Responses	Changes made in full project
<p>communities. No gender analysis is indicated in the preparation of the PIF</p>	<p>Although the project will identify approaches to, and mechanisms for, the direct involvement of the private sector, local communities and women in the ongoing provision of tourism/recreation services in, and sustainable resource use from, marine and coastal protected areas, it is not able to quantify the extent and nature of the likely beneficiation to be derived from these efforts. At the level of Gizil-Agaj, the project will also support the implementation of a suite of activities in the establishment and planning processes of the park that will enable the park management team to work with key institutional, community and other stakeholders in collaboratively seeking solutions for improving the balance between the socio-economic development needs of region and the biodiversity conservation objectives of the park. Again, it is hard to quantify the explicit outcome of these collaborative processes.</p>	<p>from the project activities are noted in SECTION 1, 'Elaboration of the narrative', PART 2, 'Strategy' (Sustainability and Replicability) of the UNDP PRODOC.</p>
<p>The definition of risks is accurate enough but the management actions could be more specific in some instances. For example, the loss of fishing rights within proposed marine areas will certainly be a contentious issue. Could compensation options or other mechanisms be considered in this regard? Considerable faith is placed on the development of alternative sources of funding, with reliance on ecotourism. Before following this path much further it would be advisable to include a feasibility study in the project's development.</p>	<p>1. Specificity of management actions: The project outputs and activities (i.e. the 'management actions') have been more explicitly defined during project preparation.</p> <p>2. Loss of rights It is not envisaged that the areas identified for expansion of Gizil-Agaj will include any areas that are encumbered with legitimate natural resource use (e.g. fishing, grazing, hunting, etc.) or usufruct rights.</p> <p>3. Reliance of ecotourism It is agreed that the Government places considerable faith on 'ecotourism' as a potential source of funding for protected areas. The enabling environment (legal, policy, institutional culture, marketing, infrastructure, destinations, etc.) for ecotourism are however only in their early stages of development in Azerbaijan, and this faith may be somewhat misplaced. The project recognizes this, and focuses GEF resources on: (i) developing a tourism and recreational strategy for Gizil-Agaj; (ii) developing, marketing and implementing a system of entry and other fees for CMPAs; and (iii) piloting a small concession or outsourced specialist tourism/recreation service in Gizil-Agaj. It is envisaged that this suite of activities may collectively assess the feasibility of scaling up or expanding ecotourism products in the CMPAs.</p>	<p>The project outcomes and outputs/activities originally identified in the PIF have now been more explicitly defined in the UNDP PRODOC (SECTION 1, 'Elaboration of the narrative', PART 2, 'Strategy').</p>
<p>Project monitoring and evaluation activities are not described in the PIF and must be developed in the full project proposal.</p>	<p>The project monitoring and evaluation activities are described more fully in the UNDP PRODOC.</p>	<p>SECTION 1, 'Elaboration of the narrative', PART 4, 'Monitoring framework and evaluation' of the UNDP PRODOC describes the project</p>

Comments	Responses	Changes made in full project
<p>While the potential impact of climate change is mentioned in a very general manner, its specific nature and threats to the marine biodiversity and the project's outcomes and objective are unclear. More attention should be devoted to the nature and severity of the risk in further project development.</p>	<p>The project will seek to identify potential buffer zones and corridors that can act as a safeguard against the undesired effects of climate change on the lagoon and wetland ecosystems (and associated species) in the Gizil-Agaj wetland complex.</p> <p>The project will also integrate climate change scenario-planning - notably in respect of sea levels of the Caspian Sea and projected freshwater inflows from surrounding catchments - into the development of the hydrological systems plan for Gizil-Agaj.</p> <p>The project will further support the development and monitoring of indicator/s for climate change (as a 'stressor' on the ecosystem), and define thresholds for these indicators that would indicate a trend to 'tipping point' for the marine and coastal ecosystems.</p> <p>Finally, the project will support the development and maintenance of a monitoring database to enable the government to analyse long-term trends in climate change effects on the marine and coastal ecosystems.</p>	<p>monitoring and evaluation activities, and associated budget.</p> <p>The threat of, and mitigating measures to address, climate change impacts are described in SECTION 1, 'Elaboration of the narrative', PART 2, 'Strategy' ('Indicators and risks') of the UNDP PRODOC.</p>
<b>Comments by Germany on Work Program (dated 28 June, 2012)</b>		
<p>Component 2 of the project includes the establishment of tourism development zones in and around the Qizilagac National Park during the process of elaboration or update of the management plan. We consider it necessary to include an independent Environmental Impact Assessment (EIA) before the finalization of the zoning process. Furthermore, it is recommended to identify and determine the need of potential additional EIAs in particular for tourism projects to be implemented within the tourism development zone.</p>	<p>It is not entirely clear what the 'zoning process' is that is being referred to in this comment.</p> <p>However it is assumed that, for the purpose of this response, it refers to the spatial representation of the desired state of the National Park in the form of the <u>zonation plan</u> that will be contained in the Park Strategic Plan.</p> <p>The purpose of zoning in the National Park will be to identify types and levels of usage that are acceptable, based on the <b>sensitivity</b> and <b>resilience</b> of different areas in the park.</p> <p>The preparation of a sensitivity map is thus intended to be the main decision support tool guiding spatial planning within the park, and will inform all local and <i>ad-hoc</i> infrastructure development e.g. location of firebreaks, trails etc., as well as all reserve planning and formalisation of use and access. Sensitive areas will include: areas where human access or disturbance will have a negative impact on biodiversity or heritage values; areas where physical disturbance or infrastructure development will result in higher short and long-term environmental impacts and/or higher construction and on-going maintenance costs; and areas where there is significant environmental risk to infrastructure.</p> <p>Park zonation will be developed by evaluating existing infrastructure and</p>	<p>The approach to the preparation of the park zoning has been briefly described in a footnote in SECTION 1, 'Elaboration of the narrative', PART 2, 'Project goals, objectives, outcomes and outputs/activities' (Output 1.2)</p>



Comments	Responses	Changes made in full project
	<p>access, plus potential future infrastructure and access requirements, against the sensitivity maps to determine appropriate management and visitor-use zones.</p> <p>The park will then be demarcated into different functional areas (i.e. = “use zones”). A prescription of the desired resource and visitor experience conditions to be achieved for each use zone, and appropriate management activities needed to achieve those desired resource and visitor experience conditions, will be developed.</p> <p>An EIA is not considered an appropriate or suitable tool or mechanism for defining use zones in protected areas, and will thus not be adopted in this project. The project will rather adopt a modified SEA approach to the use zoning processes, as is increasingly becoming common practice in many protected areas across the world.</p> <p>The project will actively promote the use of rigorous EIA processes in the development of all new infrastructural projects to be undertaken in the park, regardless of whether they are related to tourism, recreation or park management activities. The project itself will not finance any new tourism recreational infrastructure developments in the park.</p>	
<p>It is also noted that high quality trainings in effective management of protected areas are currently being implemented and offered in neighbouring Georgia through a partnership with the US Department of Interior. The USDoI is co-financing on-site training sessions. It is recommended to investigate possibilities of extending the existing cooperation with Georgia to Azerbaijan and the Qizilagac National Park. Currently, the Shirvan National Park has been already benefitting from the USDoI training offer supported by the GIZ Programme “Sustainable Management of Biodiversity in the South Caucasus”.</p>	<p>During the baseline assessments, it was evident that there is a plethora of donor-supported training and skills development courses available in the region for protected area staff (including, but not limited to the GIZ programme) under the coordinating umbrella of the Caucasus Trans-boundary Joint Secretariat .</p> <p>The project design has, with the support of the MENR, thus avoided including any activities linked to generic training and skills development for protected area staff, as was originally envisaged in the PIF.</p> <p>The project has initiated linkages between the Gizil-Agaj reserve complex and the Caucasus Nature Fund to consider extending funding support during the second phase of the fund implementation to the new Gizil-Agaj National Park.</p>	<p>All generic PA staff training and skills development activities removed from project design.</p>

**ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS**

**A. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:**

During the period between the preparation of the PIF and the development of the full project, a number of initiatives linked to protected area expansion in the marine and coastal zone of Azerbaijan have been recently concluded, including *inter alia*: (i) the revision and updating of the Ecoregion Conservation Plan for the Caucasus (2012), which includes the entire marine and coastal zone of Azerbaijan; (ii) the completion of a protected area gap analysis by the Michael Succow Foundation that identifies priority areas for expansion of the protected area system in Azerbaijan; (iii) the formal proclamation in 2012 of a new 11,772 ha marine and coastal National Park – Samur-Yalama National Park - in the north-eastern Khachmaz District of Azerbaijan, bordering Russia; (iv) the submission of a report by CASPECO titled, 'Towards a Kura River Delta Protected Area and its Management Plan (2012)' which suggests that, due to the complex land tenure and resource use patterns in the area, it is not likely that a protected area can be established in the Kura River Delta in the immediate future; and (v) a decision by the Government of Azerbaijan - through the MENR - not to pursue any further expansion of its protected area system for the immediate future, rather directing its limited resources and capacity to improving the management effectiveness of its existing network of protected areas.

Collectively, these developments demonstrated that the preparation and implementation of a ‘systemic conservation system plan’ (to guide the ongoing expansion of CMPAs) - as initially proposed in the PIF – is not considered an immediate priority intervention by the Government for the network of CMPAs in Azerbaijan, and was thus removed from the full project.

**B. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:**

<b>PPG Grant Approved at PIF: US\$72,136</b>			
<b><i>Project Preparation Activities Implemented</i></b>	<b><i>GEF Amount (US\$)</i></b>		
	<b><i>Budgeted Amount</i></b>	<b><i>Amount Spent To Date</i></b>	<b><i>Amount Committed</i></b>
1. Establish baseline project investments	15,000	15,000	0
2. Site-level survey	15,000	15,000	0
3. Other baseline assessments	0	0	0
4. Feasibility and risk analysis, strategy development and budget	42,136	34,983	7,153
<b>Total</b>	<b>72,136</b>	<b>64,983</b>	<b>7,153</b>

**ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)**

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

NA

## **ANNEX E: CMPAs UNDP CO report on mitigation measures.**

In order to solve the ecological problems of the region in a planned way, “Complex Action Plan for the years 2006-2010 aimed at improving the ecological situation in the Republic of Azerbaijan” was approved by the President of the Republic of Azerbaijan on September 28<sup>th</sup> 2006. The Complex Action Plan outlines all major activities directed to the rehabilitation of the current environmental situation in Azerbaijan.

The Complex Action Plan envisages improvement of the ecological situation of Baku Bay, BibiHeybat zone, the areas surrounding International Airport named after H. Aliyev, the lakes in the Apsheron peninsula, oil contaminated lands, the areas inundated by waste waters and the areas contaminated with industrial wastes, modernization of facilities and enhanced management of domestic wastes in Baku and Sumgayit cities in accordance with the solid waste management plan. Relevant authorities take necessary measures aimed at building of sewerage systems in the residential areas of Baku city and Apsheron peninsula, reconstruction of existing and installing of new treatment facilities.

In order to improve the ecological situation of the Caspian Sea, local waste water treatment facilities meeting international standards and aimed at the solution of the problems identified in the Decree No 2244 (June 20, 2007) on “Some measures concerning protection of the Caspian Sea from contamination” signed by the President of the Republic of Azerbaijan were installed. Those facilities contain modern equipment produced in Italy, USA, Germany, Taiwan, France and assembled in Turkey.

For this purpose, 4.5 mln USD were allocated from the Reserve Fund of the Azerbaijan Republic and 10 treatment stations (Bilgah, Mardakan 1, Mardakan 2, Buzovna 1, Buzovna 2, Pirshaghi 1, Pirshaghi 2, Nardaran, Bilgah-Amburan, Novkhani) with the total capacity to treat 3340 m<sup>3</sup> waste water daily were installed. In addition, to resolve the problem of waste water not connected to the sewerage system, 16 stations with the total capacity to treat 6140 m<sup>3</sup> waste water daily were installed along Caspian coastline in 2006-2010. According to Decree No 2867 (June 13, 2008), signed by the President of the Republic of Azerbaijan, 2.5 mln USD were allocated for improving the ecological situation related to waste waters. Then, in 2010, 1.7 mln USD were assigned for purchasing and installation of additional treatment facilities.

According to Decrees “On Certain Measures for Improving Provision of the Population with Ecologically Clean Potable Water”, activities were aimed at providing remote settlements lacking centralized clean water with safe and potable water. In the result of these measures autonomous water treatment facilities were created on the coastline to the North from Baku in the direction of Nardaran-Sumgayit and to the South to Gurgan-Sangachal settlements, 80% of the swampy areas and contaminated ponds along 86 km of the coastal line were dried, thus restoring ecologic balance.

In 2007-2010, 80 thousand m<sup>3</sup> of earth contaminated with toxic mercury causing serious health problems to the surrounding areas of Sumgayit city were transported to the Hazardous Waste Disposal Site. In addition, waste water residuals containing dangerous enterovirus bacterias and organic contaminants exceeding the norm by hundred times were cleaned and discharged into the Caspian Sea to the safe depth exceeding 250-300 meters. The consequent monitoring conducted in the Caspian revealed that the level of contamination in its waters has gone down.

In addition to the identified above actions, certain measures were taken by the Ministry of Ecology and Natural Resources (MENR) itself. To improve the ecological situation in the Apsheron peninsula, MENR prepared “Necessary Actions Plan on the improvement of the ecological situation in the Apsheron peninsula” and “Necessary Actions Plan on the improvement of the ecological situation in Bibiheybat zone” and has taken necessary steps to implement the planned activities.

Pilot projects were implemented also by the State Oil Company of the Republic of Azerbaijan (SOCAR). SOCAR decontaminated oil polluted lands in Apsheron peninsula and Bibiheybat areas.. Lands were decontaminated and recultivation and greening works were carried out.

Consequently, based on allocation of funds for state agencies planned as “Substantial State Investment” in the State Budget for 2010, 7 mln USD were allocated for construction of autonomous water treatment systems, for enhancing the infrastructure of the National Centre for Management of Hazardous Waste in Baku city, for Construction of water reservoirs and irrigation systems, for transportation and treatment of waste materials with mercury content, for

implementing the activities for complex hydro-meteorological and ecological studies, and for protection of the environment in rural regions.

Caspian Complex Environmental Monitoring Administration of MENR has carried out 1427 ecological monitoring in 2010 in open sea sector of Caspian belonging to Azerbaijan, on the shore-strip of 955 kilometers (from the north to the south), on the beach areas, as well as in the institutions and objects functioning on the sea and on the vessels.

During monitoring in total 4045 water, 178 earth, 6 drilling mud and 8 sludge samples have been taken and analyzed. As it was mentioned above, according to Decree "On Certain Measures for Improving Provision of the Population with Ecologically Clean Potable Water" signed by the President of the Republic of Azerbaijan," nearly 40 remote settlements along Kura and Araz rivers lacking centralized clean water were provided with autonomous water treatment facilities. Caspian Complex Environmental Monitoring Administration of MENR conducted regular monitoring of water already treated by facilities and as a result, in total 570 analytical, 186 ecotoxicological, 2385 microbiological analysis were made in 2010.

In addition, secondary and high school students and representatives of local government agencies, communal services, construction unions and business organizations participated in unpaid voluntary labor day in the coastline settlements of Buzovna, Bilgah in honor of "International Maritime Day 2010".

As enforcement measures to prevent contamination of water resources there were 71 penalties levied on individual violators for the total amount of 221 515 USD, and out of that amount 28 704 USD were collected. In turn, a penalty in the amount of 860 120 USD were levied on 1021 companies and enterprises and 237 522 USD were collected.

Air contamination is still one of the primary ecological problems of Baku city. The major sources of air contamination, causing harm to both the environment and human health, are emissions of vehicles, especially, by old cars with malfunctioning engines, and hazardous substances released into atmosphere by burning mainly domestic wastes at waste disposal sites.

In total 923 thousand tons of hazardous particle substances from stationary and non-stationary sources were released into the atmosphere of the country in 2010; out of that, 281 thousand tons were released by industries and 642 thousand tons from vehicles. The hazardous substances released into the atmosphere in Baku city are as follows: 504.6 thousand tons of particles from vehicles and 194.5 thousand tons of contaminants by industries. In addition, due to the increase in the number of vehicles over the last years, the total emission of CO<sub>2</sub> into atmosphere of Azerbaijan Republic has increased to over 50.6 million tons, and, out of that, one third can be attributed to cars in Baku area (more than 700 000 vehicles in Baku).

The Environmental Monitoring Department of MENR conducts permanent monitoring on atmosphere, rainfalls, soil, surface waters, as well as radioactive contamination of environment; carries out assessment and gives its prognosis on anthropogenic impacts on environment. In addition, MENR has established a data base on environmental situation. Also, the Environmental Monitoring Department had been taking air samples 3 times per day in 2010 in big cities; then, these data are used to prepare a data-base on the content of air contaminants. The monitoring revealed that the major air contaminants are the following:

**In Baku and Sumgayit cities:** Dust, SO<sub>2</sub>, CO, Nitrogen dioxide (NO<sub>2</sub>), Nitrogen oxide (NO), Hydrogen sulphide, Smack, Stiff fluid, Hydrogen fluoride, Choler, Mercury, Ammoniac, Sulfate hydrogen oxide (H<sub>2</sub>SO<sub>4</sub>), Formaldehyde, Furfural, Solved sulfates- dust, Sulfide Gas, Sulfates.

As enforcement measures to prevent contamination of atmosphere in total 47 cases against individuals for law violations were levied for the amount 143 401 USD, out of which 69 570 USD were paid by the violators. In turn, a penalty in the amount of 399 401 USD were levied on 2457 companies and enterprises and 364 778 USD were collected.