



**GEF-6 REQUEST FOR CLIMATE CHANGE ENABLING ACTIVITY
PROPOSAL FOR FUNDING UNDER THE GEF TRUST FUND**

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PART I: PROJECT IDENTIFIERS

Project Title:	Development of Azerbaijan's Fourth National Communication to the UNFCCC and Second Biennial Reporting		
Country:	Republic of Azerbaijan	GEF Project ID: ¹	
GEF Agency:	UNDP	GEF Agency Project ID:	5772
Other Executing Partner:	Ministry of Ecology and Natural Resources	Submission Date:	13 January 2016
GEF Focal Area:	Climate Change	Project Duration (Months)	48
Type of Report:	NC, BUR	Expected Report Submission to Convention	Dec 2017 (SBUR) Dec 2018 (4NC)

A. PROJECT FRAMEWORK*

Project Objective: To assist Azerbaijan in the preparation of its Fourth National Communication (FNC) and Second Biennial Reporting (SBR) for the implementation of the obligations under the UNFCCC				
Project Component	Project Outcomes	Project Outputs	(in \$)	
			GEF Project Financing	Confirmed Co-financing²
National Circumstances	1. National Circumstances and institutional arrangements relevant to the preparation of the biennial update report and national communications updated	1.1. National circumstances on natural resources, geography, climate and socio-economic conditions affecting mitigation and adaptation capacity updated; 1.2. National development objectives, priorities, specific needs and concerns related to climate change analyzed; 1.3. Institutional arrangements relevant to the preparation of the biennial update reports and national communications analyzed and described; 1.4. Mechanism for stakeholder participation to	20,000	2,000

¹ Project ID number will be assigned by GEFSEC and to be entered by Agency in subsequent document submission.

² Co-financing for enabling activity is encouraged but not required.

		enable the preparation of the biennial update reports and national communications described 1.5 Gender disaggregated data collected and analyzed in relation to climate change.		
Greenhouse gas (GHG) inventory	Updated GHG inventory prepared and capacity to collect this information on an ongoing basis enhanced	<p>2.1. GHG inventories for period of 2011-2012 re-calculated using UNFCCC recommended software;</p> <p>2.2. GHG inventory for period of: SBUR 2013; FNC 2014-2016 prepared using UNFCCC recommended software; for the categories: energy, IPPU, transport, agriculture, waste and LULUCF</p> <p>2.3. National capacities allowing the country to apply improved IPCC guidelines (2006) for the inventory, calculation of emissions for GHG gases developed;</p> <p>2.4. National emissions factors for energy (mainly focusing on fugitive emissions, fuel combustion sub-sectors), IPPU (mainly focusing on cement and lime production sub-sectors), and also LULUCF (mostly focusing on forestland, grassland and cropland sub-sectors) established and used for GHG calculations;</p> <p>2.5. Establishment of National Inventory Systems with defined institutional arrangements initiated;</p> <p>2.6. Cross-sectorial collaboration among the relevant institutions for preparation of GHG</p>	187,000	200,000

		inventory strengthened		
Climate Change Mitigation	3. Report on policies and measures to mitigate the climate change prepared and capacity to collect and analyze this information on an ongoing basis for the future biennial update reports and national communications strengthened	3.1. GHG emissions projections for the period of 2016-2050 estimated; 3.2. Necessary data and relevant information for scenario development collected and analyzed; 3.3. Mitigation analysis and proposals presented in the First Biennial Update Report and Third National Communication reviewed and upgraded; 3.4. Differences/changes to the Business as Usual (BAU) scenario developed under the First Biennial Update Report and Third National Communication identified and differences explained; 3.5. Potential for greenhouse gas emission reduction paths updated, mapped out and set of policy framework and recommendations proposed; 3.6. Roadmap for INDC target submitted to the UNFCCC prepared and submitted to the government; 3.7. Stakeholder consultation workshops organized and outreach activities on policies and measures for the climate change mitigation implemented.	205,000	145,000
Vulnerability Assessment & Adaptation to the climate change	4. Climate change vulnerability assessment for priority sectors developed (with regional and local focus as applicable) and plans and programmes proposing measures to facilitate adaptation	4.1. Climate change scenarios revised using appropriate models; 4.2. Impacts of climate change on socio-economic development of Azerbaijan described and analyzed; 4.3. Vulnerability assessment for agriculture	198,000	80,000

	prepared	(with case study on mountain and pasture eco-systems closely linked to agriculture), forestry, coastal areas, water (with case study on hydro-energy closely linked to water sector), health, transport, and tourism conducted with regional/local focus where applicable; 4.4. National Programme on Adaptation to Climate Change prepared; 4.5. Policy frameworks for effective integration of adaptation measures into national strategies identified; 4.6. Stakeholder consultation workshops organized and outreach activities on policies and measures for the climate change adaptation implemented.		
Other relevant information	5. Other relevant information described (research/systematic observation, technology transfer, education, public awareness, capacity building, constraints and gaps)	5.1. Technology, financial and capacity needs for mitigation and adaptation assessed; 5.2. Information on measures aimed at integrating climate change into socio-economic and environmental policies in Azerbaijan collected; 5.3. Information on transfer of, access to environmentally sound technologies and know-how collected, updated and synthesized; 5.4. Information on financial, technical and capacity needs/constraints associated with the fulfillment of the national obligations under the UNFCCC updated; 5.6. Information relevant to	40,000	28,000

		the Article 6 activities in education and public awareness activities reflected.		
Domestic Measurement, Reporting and Verification	Establishment of domestic Measurement, Reporting and Verification system accelerated	6.1. Proposal for establishment of the domestic MRV system outlined in the First Biennial Update Report reviewed; 6.2. Policy framework for the establishment of domestic MRV system prepared	50,000	
Production of the Biennial Updated Report and National Communication	Second Biennial Update Report and Fourth National Communication consolidated and submitted	7.1. Training and regular workshops organized to discuss progress, exchange ideas and present findings of the BR/NC process 7.2. BUR and NC produced, edited, reviewed and translated, published and submitted to the UNFCCC Secretariat	50,000	0
Monitoring and Evaluation	8. Appropriate M&E Framework in place for quality assurance	8.1. Inception workshop organized 8.2. Independent professional review of the Second Biennial Update Report ensured 8.3. Independent professional review of the Fourth National Communication ensured 8.4. Lesson learned analyzed, shared and disseminated 8.5. End of Project report compiled.	25,000	0
Subtotal			775,000	455,000
Project Management Cost ³ (Including Direct Project Services Cost: 5,000)			77,000	120,000
Total Project Cost			852,000	575,000

* List the \$ by project components. Please attach a detailed project budget table that supports all the project components in this table.

³ This is the cost associated with the unit executing the project on the ground and could be financed out of trust fund or co-financing sources. For EAs within the ceiling, PMC could be up to 10% of the Subtotal GEF Project Financing.

B. SOURCE OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
National Government	Ministry of Ecology and Natural Resources	In-kind	500,000
Others	UNDP CO (Azerbaijan)	In-kind	75,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
Total Co-financing			575,000

C. GEF FINANCING RESOURCES REQUESTED BY AGENCY, COUNTRY AND PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) ^{b)}	Total (c)=a+b
UNDP	GEF TF	Azerbaijan	Climate Change		852,000	80,940	932,940
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
Total GEF Resources					852,000	80,940	932,940

a) Refer to the Fee Policy for GEF Partner Agencies

PART II: ENABLING ACTIVITY JUSTIFICATION

A.ENABLING ACTIVITY BACKGROUND AND CONTEXT (Provide brief information about projects implemented since a country became party to the convention and results achieved)	<p>Azerbaijan ratified the UN Framework Convention on Climate Change (UNFCCC) in 1995. The establishment of State Commission on Climate Change followed on 30 April 1997 according to the relevant Presidential Decree. In 2000, Azerbaijan joined the Kyoto Protocol as a non-Annex I country. In order to better coordinate environmental and climate change policy the Ministry of Ecology and Natural Resources was established on 23 May 2001 instead of the State Committee on Ecology. Also the State Committee on Hydrometeorology, which previously was an independent agency, became part of the Ministry of Ecology and Natural Resources.</p> <p>Although as a non-Annex I country to the Convention Azerbaijan has not undertaken the quantitative obligations on reduction of greenhouse gas emissions, the country has implemented a number of measures to mitigate the impact of climate change and continues its activity in this direction. The use of renewable energy sources, application of more efficient energy technologies, the use of gas instead of fuel oil in thermal power stations, restoration of forests and the establishment of new forest areas, the improvement of waste management and others may be cited as an example.</p>
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As part of its international commitments under this Convention, Government of Azerbaijan ensures regular reporting of climate change related trends and developments in the form of national communications and biennial update reports. In this regard, the government developed and submitted its First and Second National Communications in 2001 and 2010 respectively. Azerbaijan will be submitting its Third National Communication (TNC) to the UNFCCC in November 2015.

In addition to the National Communications, Azerbaijan has also submitted its First Biennial Updated Report (FBUR) on March 31, 2015 and communicated its Intended Nationally Determined Contribution (INDC) to the UNFCCC Secretariat on September 29, 2015.

Since the ratification of the UNFCCC and joining the Kyoto Protocol, Azerbaijan has adopted and implemented several national strategies and sectorial policies aimed at reducing the impacts of the climate change, mitigation and adaptation strategies and emissions reduction. These strategies and policies are reflected in long-term state programmes. The most recent relevant examples are:

- Vision 2020: National Development Concept;
- State Programme on Socio-Economic Development of the Regions (2014-2018);
- State Programme on Utilization of Renewable and Alternative Sources of Energy (2005-2013);
- State Programme for the Development of the Fuel and Energy Sector (2005–2015);
- National Programme for Restoration and Expansion of Forests in the Republic of Azerbaijan (2003-2010)
- Complex Plan of Activities for Improvement of the Environmental Situation in the Republic of Azerbaijan (2006-2010);
- State Programme for Socio-Economic Development of Baku and its Settlements (2014-2016);
- State Programme for Reliable Provision of the Population with Food Products in the Republic of Azerbaijan (2008-2015);
- State Programme for Development of Viticulture in the Republic of Azerbaijan (2012-2020) and etc.

Recent INDC submitted to the UNFCCC indicates 48% reduction in the level of GHG emissions compared to the base year (1990). **According to the same document, by 2030 the country targets 35% reduction in the level of greenhouse gas emissions compared to the base year as its contribution to the global climate change efforts.**

Based on the GHG inventory, carried out within the framework of the first Biennial Update Report, the energy sector was responsible for 75.6% of the overall national emissions in 2010. This signifies the importance of activities implemented in the energy sector, in terms of mitigating the effects of GHG emissions on climate change.

In order to decrease the emissions from the energy sector, Azerbaijan is planning to increase the technological investments and share of renewables. The Government set a target of achieving 20% and 9.7% of share of renewable energy in electricity output and total energy consumption, respectively, by 2020.

The continuation of preparation of national communications and biennial update reports to the UNFCCC aims to strengthen information base, and the analytical and technical capacity of the key national institutions to integrate climate change priorities into national development strategies and relevant sectorial policies. The process of preparation of the Fourth National Communication and Second Biennial Update Report will continue the ongoing dialogue, information exchange and partnership among relevant stakeholders, including government, civil society, academia, private sector and international development partners.

	<p>In order to fulfill the obligations arisen from Copenhagen, Durban and Lima COP decisions related to the submission of national communications and biennial update reports, support from the Global Environment Facility is needed to continue to develop and consolidate the existing technical and institutional capacity and to continue the efforts of integrating climate change into national plans, policies and programmes. This will ensure sound and informed policies are in place to achieve the targets communicated to the UNFCCC in Azerbaijan's INDC.</p> <p>Building on the previously prepared national communications and biennial update report, Azerbaijan will submit its Second Biennial Update Report and Fourth National Communication to the UNFCCC in 2017 and 2018 respectively.</p>
<p>B. ENABLING ACTIVITY GOALS, OBJECTIVES AND ACTIVITIES (The proposal should briefly justify and describe the project framework. Identify also key stakeholders involved in the project, including the private sector, civil society organizations, local and indigenous communities and their respective roles, as applicable. Describe also how the gender dimensions are considered in project design and implementation)</p>	<p>The overall goals of the project are: (1) Enabling Azerbaijan in preparing and submitting its Fourth National Communication and Second Biennial Update Report to the UNFCCC in accordance with its commitments as a non-Annex 1 Party to the Convention (as mandated by Articles 4 and 12); in doing so (2) support mainstreaming and integration of climate change into national and sectorial development policies through ensuring continuity of the institutional and technical capacity building, partly initiated and consequently sustained by reporting instruments under the UNFCCC; (3) institutionalize data collection, processing, interpretation and dissemination of GHG inventory and continue building on appropriate and well-informed basis for climate change mitigation, adaptation, education and awareness-raising strategies at local and national levels.</p> <p>While the immediate objective of the project is to assist the country to fulfill its obligations under UNFCCC, consistent with the COP Decision 1/CP.16 (paragraph 60) and Decision 2/CP.17 (paragraph 41), in the long term the project will allow the country to lay the foundations to strengthen the existing institutional arrangements and support the long term targets aimed at reversing the impacts of climate change. Building on the previous NC/BR process, the project comes in a timely manner to generate the basis and advice on strategic policy decisions to achieve 35% reduction in the level of greenhouse gas emissions compared to the base year by 2030.</p> <p>This echoes the GEF 6 Focal Area Objective “CCM-3: Foster Enabling Conditions to Mainstream Mitigation Concerns into Sustainable Development Strategies, Programme 5: Integrate findings of Convention obligations and enabling activities into national planning processes and mitigation targets.” The project is also aligned with UNAPF Outcome 3.1.: By 2020, sustainable development policies are in place and such policies and relevant legislation are better implemented and coordinated, including the addressing of issues of environment, energy, climate change and resilience to natural and human-induced disasters.</p> <p>The project goals and objectives will be achieved through below identified strategic directions:</p> <ul style="list-style-type: none"> A. Update and improve GHG inventory methods by filling out the gaps and reducing the uncertainties encountered in the previous inventories; B. Build national capacities allowing the country to apply improved IPCC guidelines (2006) for the inventory, calculation of emissions for new gases (HFCs, PFCs, SF₆), and establishment of national emissions factors; C. Prepare Terms of Reference for the creation of the National Inventory Systems with defined institutional arrangements to support it; D. Update existing and develop new programmes that include mitigation measures to abate GHG emissions; E. Strengthen the policy framework ensuring adequate adaptation to climate change in the traditionally vulnerable sectors in the country (agriculture, forestry, coastal areas, water, health, transport and tourism) with in-depth regional focus using GIS technology, new socio-economic, climate and crop models;

- F. Collect and analyze gender disaggregated data in relation to the climate change;
- G. Prepare a road map for the achievement of the INDC submitted to the UNFCCC;
- H. Update the constraints, gaps and related financial, technical and capacity needs, as well as publish findings and promote biennial update report and national communication

This enabling activity project will significantly help Azerbaijan to fulfill its commitment under the UNFCCC and prepare and submit its Second Biennial Update Report and Fourth National Communication to the UNFCCC. The proposed project will further strengthen the capacity of national institutions in related research and analysis eventually contributing to Azerbaijan's inputs to reducing the impacts of the global environmental threat of climate change. Reports, findings, and analysis produced during the NC/BR process will be used by the decision-makers for preparing and implementing environmentally sound programming to achieve the government's national and international commitments (INDC).

Stakeholder involvement during the project implementation envisages an effective stakeholder's participation, including line ministries, and agencies, local communities, local authorities and NGOs, mass-media, research institutions, private sector and international organizations. Their involvement in the planning, monitoring, evaluation of the project is essential. The project proposal intends to strengthen stakeholder's participation to collectively participate in addressing climate change issues and challenges in Azerbaijan. The stakeholders of the project are expected to come from a range of backgrounds, with particular emphasis on related sectors.

Their list will include, but is not limited to the Ministry of Ecology and Natural Resources (including the department on hydro-meteorology, with its Climate Change and Ozone Centers, Forest Development Department, etc.), Ministry of Agriculture, State Committee on Statistics, , State Oil Company of Azerbaijan, Ministry of Economy and Industry, Ministry of Emergency Situations (including the State Agency on Water Reserves), Ministry of Education, Ministry of Health, State Agency on Alternative and Renewable Energy Sources, Ministry of Transport, Parliament, NGO Council at the Ministry of Ecology and Natural Resources, international organizations, business community, women and youth groups, mass-media.

Gender dimension: The project will ensure data disaggregated by gender and wherever applicable by age is consistently included in both SBUR and FNC. Engagement strategy for women and young girls, as well as indigenous communities will be designed during the inception phase of the project to ensure gender and vulnerable community dimensions are adequately addressed.

As one of the cross-cutting issues, the Project will take into account **gender mainstreaming** as well. Azerbaijan has strong historical background in bringing gender equality to society. Azerbaijan has adopted suffrage rights for women back in 1918, earlier than the US and many other European Countries. Though, gender inequality still exists, it is under government's close attention. Formally Azerbaijan has introduced neither quotas, nor affirmative types of actions legally; however, the country leadership uses different occasions to deliver the respective messages to the state structures, legislative bodies and to entire society. The State Committee on Family, Women and Children Affairs, established in 2006 is very active and is one of the primary driving forces in progress towards gender equality. Gender equality has been emphasized in the main strategic document of the country, "Azerbaijan 2020: Vision for the Future".

UN Country team supports the Government of Azerbaijan in its respective efforts through its both direct projects targeting women, and also incorporates respective gender-related activities into the project design when preparing, and then, implementing projects. The gender dimension is taken into account when preparing the program for further UN cooperation with the Government of Azerbaijan in UN-Azerbaijan Partnership Framework Agreement (UNAPF)

Women of Azerbaijan are heavily engaged in agriculture, the sector that employs more than third of population, but produces only 5% of GDP. Thus, this is a hard work without significant

	<p>returns, mainly subsistence agriculture. Women are also heavily involved in household works, in fetching water, collection of firewood, cooking and cleaning. Thus, in addition to heavy work in agriculture and in offices, they work extra at home.</p> <p>Some of these activities, like using wood for heating and cooking, have an impact on the GHG emissions due to lack of access to clean and efficient energy sources. The previous NCs and the First BUR had not dealt with gender mainstreaming issues, leaving room for improvement in the FNC and SBUR. Mitigation actions have largely focused on reduction of industrial greenhouse gas emissions, but also include the practice of energy efficiency and the application of renewable energy in commercial and residential sectors. The role of women in such climate change mitigation strategies has received little attention in previous NCs, as actions have been perceived to be either technical or scientific in nature. However, as climate change is partly the result of human behavior and affects all people, mitigation strategies in the FNC/SBUR will consider the gendered patterns of energy use in order to be effective.</p> <p>In this sense, the project will incorporate a gender perspective in the identification, description and preparation of mitigation actions when relevant. Also, the gender dimension in the FNC/SBUR will be meaningfully involved, not only considering women as beneficiaries but also in the decision-making process of climate change related activities. Moreover, understanding how the different social roles and economic status of men and women affect, and are affected differently by climate change will be considered for appropriate adaptation and mitigation actions. In this sense, the update of the national circumstances chapter of the FNC and SBUR will consider the gender dimension in order to better understand how the different roles of men and women in Azerbaijan may affect the country's ability to deal with mitigating and adapting to climate change.</p> <p>Additionally, the project coordination will ensure that gender considerations become a part and parcel of the NC. During the project inception the mandatory UNDP gender marker will be applied. This requires that each project in UNDP's ATLAS system be rated for gender relevance. This will for example include a brief analysis of how the project plans to achieve its environmental objective by addressing the differences in the roles and needs of women and men. The project will give special attention to gender as one of the key stakeholders and beneficiaries from climate change adaptation and mitigation.</p> <p>In addition, gender balance will be sought for workshops under the project. With regard to the technical team to be hired to implement the enabling activity, gender balance will be also considered. The project will intend to engage appropriate female local consultants when possible and appropriate.</p>
<p>C. DESCRIBE THE ENABLING ACTIVITY AND INSTITUTIONAL FRAMEWORK FOR PROJECT IMPLEMENTATION (discuss the work intended to be undertake and the output expected from each activity as outlined in Table A)</p>	<p>Institutional framework: The goals and objectives of the Project will be achieved with in-kind contribution from the Government of Azerbaijan and UNDP CO through the use of office space and provision of office equipment and premises for conferences and meetings.</p> <p>UNDP Azerbaijan will act as GEF Implementing Agency for the development of the FNC+SBUR Project. Merging these two activities will enable a rational use of funds and avoid duplication.</p> <ul style="list-style-type: none"> • UNDP CO will assist Azerbaijan during the entire project period to implement the activities set forth and will monitor and supervise the project. • The Ministry of Ecology and Natural Resources (MENR) of Azerbaijan, in its capacity of hosting UNFCCC National Focal Point and GEF Operational Focal point for Azerbaijan will act as the Executing Agency to coordinate and implement project activities on behalf of the Government. • A Project Team will consist of a Project Manager (PM) and Project Assistant along with the team of technical experts responsible for the deliverables as specified in the project proposal. • The UNDP Country Office will monitor and support implementation of the project in line

with standard procedures.

The overall responsibility for the project implementation by MENR implies the timely and verifiable attainment of project objectives and outcomes. MENR will provide support to, and inputs for the implementation of all project activities. The MENR will nominate a high level ministry official who will serve as the National Project Director (NPD) for the project implementation. The NPD will chair the Project Steering Committee (PSC) and other relevant stakeholder, sectoral and working groups under the project, and be responsible for providing government support, oversight and guidance to the project implementation. The NPD will not be paid from the project funds, but will represent a Government's in-kind contribution to the Project.

The project will follow the same institutional arrangements that have been established for the implementation of the SNC, TNC, and FBUR.

Activities for project implementation:

National Circumstances and Institutional Arrangements:

Information on the national circumstances of Azerbaijan on natural resources, geography, climate and socio-economic conditions affecting mitigation and adaptation capacity of the country will be updated. While doing this, the national development objectives, specific needs and concerns related to the climate change will be analyzed and taken into account. The national priorities, strategy and legislation relevant to the climate change will be analyzed, taking into account their current status and tendencies. Also, institutional arrangements relevant to the preparation of the FNC and SBUR will be analyzed and described. Similarly, the mechanism for stakeholder participation to enable the preparation of the FNC and SBUR will be described. The list of stakeholders, along with the relevant government institutions, will include the private sector, NGOs and international organizations having programs and projects in Azerbaijan related to the climate change. The relevant projects implemented and being implemented by the stakeholders will be analyzed and their findings and recommendations will be analyzed and taken into account. The largest emitting sectors and those that are most vulnerable to climate change will be identified. In addition to the seven vulnerable sectors, previously identified in TNC - Agriculture, Forestry, Coastal areas, Water, Health, Transport, Tourism, - two new sectors, Hydro energy and Mountain and Pasture Ecosystems will be added. During the data collection the most updated information will be actively sought and taken into account.

Special attention will be given to the collection and analysis of gender data in relation to the climate change. Gender disaggregated data will be collected and reported with especial attention given to measures undertaken in the past to ease the impact of the climate change on women and helping them to adapt to it, especially in sectors into which women are especially involved, like agriculture and health.

Summarizing, all the thematic and sectoral components that define the National Circumstances will be updated and revised for their inclusion in the FNC and SBUR.

GHG Inventory:

Under the previous Biennial Update Reporting and National Communications, GHG inventories of emissions by sources and removals by sinks were updated for the years 1990-2010 and 1990-2012 respectively for agriculture, forestry, coastal areas, water, health, transport and tourism sectors. In the FNC and SBUR, GHG inventories for the years 2011-2012 will be recalculated using UNFCCC recommended software. In turn, GHG inventory for the period 2013-2016 (SBUR-2013, FNC 2014-16) will be prepared also by using UNFCCC recommended software. In the process, two new sectors, hydro energy and mountain and pasture ecosystems will be added.

During this work, the National Climate Change Center will be actively involved. Therefore, close cooperation among the experts attracted to the project, the National Climate Change and Ozone Centers and MENR's relevant departments will be necessary.

The process of GHG inventory preparation will comprise of the following:

- Analyze and review improved IPCC guidelines (2006) for their applicability to the FNC+SBUR project;
- Conduct training on the usage of improved IPCC guidelines (2006) for the experts involved into the inventory preparation and relevant stakeholders;
- Make sure that the national capacities allowing Azerbaijan to apply improved IPCC guidelines (2006) for the inventory and calculation of emissions of all gases are in place;
- Collect data necessary for GHG inventory recalculation and preparation;
- Recalculate GHG inventories for 2011-2012 by using UNFCCC recommended software;
- Prepare GHG inventory for 2011-2015 by using UNFCCC recommended software;
- Establish and use national emissions factors for GHG calculations for energy (mainly focusing on fugitive emissions, fuel combustion sub-sectors), IPPU (mainly focusing on cement and lime production sub-sectors), and also LULUCF (mostly focusing on forestland, grassland and cropland sub-sectors);
- Initiate the establishment of the National Inventory Systems (NIS) with defined institutional arrangements;
- Make sure that each involved stakeholder clearly understands his/her role in the National Inventory System;
- Ensure that the NIS establishment process facilitates the integration, coordination and implementation of the human, technical, technological and financial resources (coming from the synergy of different programs and projects) needed to assist and develop the regular preparation of the national inventory;
- Strengthen cross-sectoral exchange and collaboration for preparation of the GHG inventory
- Subsequent to the GHG inventory preparation, ensure the quality assurance verification processes. It will be done with the involvement of relevant stakeholders including but not limited to the ministries, academia, experts' networks, NGOs, etc. This will ensure technical skills consolidation, and also reinforce the participation and involvement of stakeholders.
- Report on progress achieved on each of its components: reached agreements, promoted institutional arrangements, engaged stakeholders, built capacity, shared knowledge, applied methods and used technology tools;
- Institutionalize the GHG Inventory generation process by preparation and application of the Procedure Manuals, which will be part of the National Inventory System.

During the preparation of the FNC and SBUR, input data from the previous GHG inventory will be revised and recalculated to better reflect any changes. GHG emissions by sources and removals by sinks for the year 2018 will be completed and the uncertainties encountered in the previous inventory will be reduced.

The following **methodological materials** will be used: improved IPCC 2006 Guidelines; the IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories; IPCC Good Practice Guidance on Land Use, Land-Use Change and Forestry. The Handbook developed by UNDP on "Managing the National Greenhouse Gas Inventory" will be followed while conducting the national inventory in order to identify recommendations for the design of an inventory management system. Finally, the software and GHG reporting tables developed by the UNFCCC Secretariat (Decision 17/CP.8) for archiving data and data reporting of inventory results will be used. Appropriate approaches to ensure the quality of the estimates will be adopted. The taskforce will also be responsible for developing data recording and archiving system to facilitate the inventory process, especially in the respective sectors.

To sustain the inventory working groups, training opportunities for them will be created. Also, exchange in knowledge and expertise with other researchers in the region will be encouraged. The experiences from this project will be used to institutionalize the inventory process into the regular works of the relevant agencies and ministries.

It is envisaged that this approach will promote ownership and participation among relevant agencies and will sustain the inventory process for Azerbaijan.

Climate Change Mitigation

TNC included the analysis of GHG emission reduction trends for the period of 1990-2012 and implemented measures on mitigation of GHG emissions. The basis for implemented measures in this period were the international support, national activities on policy and institutional development and sectoral activities, including improvement of energy efficiency and development of alternative energy sources.

Mitigation analysis was conducted for each sector. Along with this, GHG emissions scenarios (BAU and stabilization) were developed using LEAP program, including energy and transport sectors for the period up to 2050. Stabilization scenarios included the implemented or planned mitigation measures in energy and transport sectors for the period up to 2012.

Through the proposed project, the capacity to collect and analyze information on the climate change on an ongoing basis for future biennial update reports and national communications will be strengthened and the report on policies and measures to mitigate the climate change will be updated. For this end, first of all, analysis and results presented in the TNC and First BUR will be revised. Then, GHG emissions projections for the period 2016-2050 will be made. This will be done on the basis of relevant data and information collection and analysis with the subsequent scenario development and estimation. With this goal, mitigation actions undertaken by different stakeholders and projects will be analyzed. Advances in implementing mitigation measures undertaken in prioritized sectors, especially in oil and energy sector, agriculture, forestry, transport and waste management will be taken into account.

This will allow explaining the differences or changes to the Business as Usual (BAU) scenario developed under the First Biennial Report and Third National Communication. Further to this, the country's potential to reduce greenhouse gas emissions will be assessed and updated, major GHG emission reduction opportunities will be identified and the policy framework and recommendations to enhance it will be proposed. Intended Nationally Determined Contributions (INDC) were prepared and presented to the UNFCCC on September 29 2015. Further to this work, the roadmap to achieve INDC targets will be elaborated and presented to the Government.

All works will be conducted in close communication among all stakeholders. Consultative workshops and seminars will be organized on policies and measures to mitigate the Climate Change.

Vulnerability Assessment & Adaptation to the Climate Change

Vulnerability assessment and adaption chapter under the TNC covered agriculture, forestry, coastal zones, water, health, transport, and tourism sectors. According to assessment results, agricultural and water sectors have been selected as most vulnerable sectors with the need for implementation of adaptation measures. Due to impact of climate change on agricultural sector, 15-20% decrease in productivity of crops is predicted. Impacts on water sector projects reduction of water flow in major rivers. The most sensitive areas in the future will be agriculture, hydropower and domestic water supply. In forest sector, major negative impact will be deforestation due to decrease in precipitation during the summer, strong flooding and mudslides causing the destruction of forest cover in near coastal areas. Along with this, temperature increase during the summer may lead to forest fires. With regards to the impact on coastal zones, increase

in the sea level is probable.

Along with vulnerability assessment, analysis for the identification of prior adaptation measures has also been conducted. Those adaptation measures include cultivation of drought-resistant and salt-resistant agricultural crops, implementation of modern irrigation techniques for agriculture sector, the construction of hydroelectric power plants on the mountain rivers and the establishment of new water reservoirs, construction of small hydroelectric power plants on existing irrigation channels, waste water reuse in water sector, reforestation activities in regions with high risk to flood preventive measures should be taken to avoid forest fires, prevention of the spread of pests and diseases in forest sector, identification of special mode boundaries of economic activities for the flooded areas for coastal zones etc.

In the FNC, more detailed analysis of climate change impact on vulnerable sectors is needed. Vulnerability Assessment and Adaptation to the Climate Change will be conducted on the basis of seven sectors, previously identified and reported in the TNC, plus, two new sectors. When applicable, regional and local particularities will be taken into account. The work will include preparation of plans and programs proposing measures to facilitate adaptation.

Regarding the detailed actions to conduct vulnerability assessment and enhance the country's adaptation to the climate change, they will be as follows.

First of all, the impact of climate change on socio-economic development of Azerbaijan will be reviewed and analyzed. The previously analyzed seven vulnerable sectors - Agriculture, Forestry, Coastal areas, Water, Health, Transport, Tourism, - plus, two new sectors, Hydro energy and Mountain and Pasture Ecosystems will be analyzed. Special attention will be paid to the case studies, at least one for mountain and pasture ecosystems and one for hydro energy. Where applicable, regional and/or local focus will be applied. National Program on Adaptation to Climate Change, envisioned, however, not implemented in the Third National Communication, will be prepared. To ensure the implementation of the National Program on Adaptation, the policy framework for effective integration of adaptation measures into the national strategies will be mapped out and to the extent possible, implemented.

Regarding the more precise steps to respond to the vulnerability and adaptation study needs, they will be as follows:

- Improving climate monitoring system. The work will start with the analysis of the progress made lately by the Hydromet with its Climate Change and Ozone Centers, Forest Development Department, etc. of MENR, specifically on the advances related to the quantity and quality of climate information generated and reported.
- Updating used climate models and testing of new ones. This will be based on the achievements on compiling information and updating climate models used in TNC. Future climate changes will be investigated using more parameters based on increased availability of data. In addition, it will include the usage of improved IPCC models that complement the findings.
- Interpreting the results of climate models, making comparisons between results, establishing patterns and/or trends, strengthening the understanding of the climate of Azerbaijan, formulating conclusions and consensus. Capacity building for selected experts and employees should be included among the outputs envisaged for this activity to further enhance their technical skills.
- Elaborating and/or revising vulnerability studies. As a first step a compilation of information related to vulnerability assessment, already realized for a wide range of stakeholders since the TNC/First BUR will be undertaken. Then, any relevant implementation or research project should be analyzed in similar manner by compiling the information, selecting the methodology, conducting the study and formulating conclusions on vulnerability.
- Describing adaptation results. The work will include the collection of information on executed and ongoing adaptation projects and evaluating their impacts. Then, the progress or

	<p>specific impacts related to prioritized areas and cross components will be described.</p> <ul style="list-style-type: none"> - Reviewing adaptation policies. This will be based on the review of the existing policies to promote and reinforce the adaptation measures and plans both at national and local levels. Additionally, based on the vulnerability studies elaborated by the project, the National Adaptation Plan consisting of specific actions to promote adaptation will be prepared. <p>Similarly with the climate change mitigation measures, vulnerability assessment and adaptation measures will be conducted in interactive way, with the participation of all relevant stakeholders, including but not limited to the government agencies, academia, private sector, central and local authorities, international organizations, media, civil society.</p> <p>The FNC+SBUR project will pay special attention to extreme weather events. Also, more direct links between the climate change scenarios and their socio-economic impacts will be analyzed. Since the agriculture sector is exceptionally vulnerable to extreme weather, special attention will be devoted to expected changes in extreme weather events frequency, intensity and distribution and their impact on agro-climatic conditions. One of the new sectors to analyze will be mountain and pasture ecosystems. The other new sector will be hydro power. Since all these three sectors are closely linked to water sector and all of them are especially vulnerable to the climate change, the synergetic potential of their better adaptation to the climate change and its socio-economic consequences and benefits will be assessed. Finally, analysis related to food security will be addressed.</p> <p><u>Other Information</u></p> <p>Regarding the Other information relevant to the achievement of the objectives of the UNFCCC, the insufficiency of financial, technological resources and absence of systematic approach are considered as the main barriers to strengthen capacity and ensure sustainability of implementation of various programs related to climate change. Therefore, in line with the Doha Work Program, activities related to provisions under Article 6 of the UNFCCC, as well as needs assessment for systematic observation and climate change research and technology needs assessment for various sectors in relation to mitigation and adaptation are among priority areas. The detailed assessments related to these priorities will be launched during the FNC+SBUR inception workshop.</p> <p>When coming to the detailed steps on other information relevant, a series of activities have been planned, including but not limited to the following:</p> <ul style="list-style-type: none"> - Assessment of technology, financial and capacity needs for mitigation and adaptation; - Collection of information on measures aimed at integrating climate change into socio-economic and environmental policies in Azerbaijan; - Collection of information on access to environmentally sound technologies and know-how, for example, renewable energy or energy efficiency; - Analysis, synthesis and update of existing information on climate change as compared to the TNC and First BUR; individual interviews, group discussions, round tables, site visits, etc. will be used to collect and update available information. - Analysis of national and regional institutional frameworks, projects, programs and documents related to climate change; - Collection of relevant information through close cooperation with different governmental institutions, agencies, academia, NGOs and individual researchers. <p>National institutional arrangements for initiation and coordination of activities for implementation of the UNFCCC, coordinated by Azerbaijan's MENR/UNFCCC National Focal Point, are generally functioning. Still, the capacity needs and gaps for fulfilling the Convention will be updated. The results of this project will be used as well as the results of other relevant projects that have been implemented by different stakeholders.</p> <p>The FNC will assess and identify cost-effective technologies to implement priority mitigation</p>
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options which was lacking in the TNC/First BUR. Furthermore, plans for addressing technical and institutional gaps, and needs for enhancing GHG inventory data collection, processing, archiving, and adoption of mitigation action in Azerbaijan will be prepared. Promoting of introducing renewable energy and energy efficiency will be carried out in consultations with stakeholders and partners. In addition, socio-economic consequences of different mitigation options in Azerbaijan will be assessed, and proper measures will be identified. Economic analysis including cost-benefit analysis of the various mitigation options will be carried out. NGO Council established at the MENR will promote exchange and information sharing on climate change and raise awareness by using mass-media and civil society. Climate change information sharing will be overall enhanced.

Domestic Monitoring, Reporting and Verification (MRV) system

Under the FBUR, initial analysis for the creation of the Domestic MRV system was undertaken. The main purpose of analysis on Domestic MRV was to identify current situation, find out existing elements of MRV, current gaps and barriers, capacity needs, any initiatives on project level related to MRV, and based on these findings, to develop “roadmap” and plan on how to establish domestic MRV system in the country in future years. Analysis under MRV chapter in First BUR covered comparison of different MRV frameworks, including its elements such as scope, set-up, appeal, standards, monitoring & reporting, verification and penalty. Another important finding of MRV analysis was that there is a need to develop a robust institutional framework that encompasses the relevant institutional entities as well as the necessary staff, systems and processes, for an effective and nationally appropriate MRV system.

As conclusion of MRV analysis, characteristics of future domestic MRV system of Azerbaijan were outlined. Along with this, recommendations listed particular short-term and long-term actions to be taken to establish the foundations of future domestic MRV. Start of this process was envisaged by “the Action Plan on Improvement of Environmental Conditions and the Efficient Use of Natural Resources in the Republic of Azerbaijan” (2015-2020) that is currently under consideration and that imply the development of MRVs in the NAMAs.

FBUR/TNC will continue building on the findings of this evaluation. It is worth mentioning that the Fourth National Communication will address the general issues about MRV, including on its organization at the national level. In turn, biennial reporting will be dealing with the specific information on technical and methodological details.

The review of the MRV system outlined in the First Biennial Report will be undertaken. An assessment will be made of the different options and possibilities for the national MRV system according to the guidelines to be prepared, taking into account national circumstances and capacities and the different nature of the mitigation measures. The gaps and needs to establish such a system will be identified and the policy framework for the establishment of domestic MRV system prepared. The necessary capacity needs assessment and institutional arrangements will be analyzed and respective capacity raising activities will be promoted. In addition to this, the technical requirements will be identified for the development of national institutional mechanisms for national MRV, depending on what is proposed in the Third National Communication. Similarly, relevant projects having MRV-related components, like the project on the “Nationally Appropriate Mitigation Actions” jointly implemented by the State Oil Company of Azerbaijan and UNDP with the support of the Ministry of Ecology and Natural Resources, will be reviewed. Any other project having MRV component will be reviewed and analyzed as well.

Production of the Second Biennial Reporting (SBUR) and the Fourth National Communication (FNC).

The SBUR and FNC will be prepared and presented to the UNFCCC Secretariat according to the requirements at the end of 2017 and 2018 respectively. The documents will be prepared in the

	<p>national language and disseminated in national and international workshops and seminars, and among stakeholders.</p> <p>The process of the SBUR and FNC preparation will be interactive with the stakeholders' participation. Regular workshops will be organized to discuss the progress, to share information, exchange ideas and present findings. Both reports in addition to being presented to the UNFCCC Secretariat will be published.</p> <p>To monitor and evaluate the progress during implementation, the accurate mechanism with the necessary milestones will be presented. The work will start with the inception workshop, on which tentative plan of actions and roadmap will be prepared. The work will be conducted with the strong cooperation of both local and international experts. There will be biannual reporting under the project. Independent experts will be attracted to review both the SBUR and FNC before they are finalized. Challenges encountered, lessons learned and feedback received will be analyzed, shared and disseminated.</p>
<p>D. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:</p>	<p>The FNC/SBUR project contributes to Azerbaijan's commitments under the UNFCCC to enable the country to address climate change considerations (reductions of GHG emission, energy efficiency and reduction of vulnerability to climate change). By increasing Azerbaijan's capacity to measure, forecast and evaluate its GHG emissions and identify the most vulnerable sectors, the requested funding will be applied in a cost-effective way. On one hand, the preparation of work programmes on capacity building and awareness raising for climate change is an essential step for strengthening national capacity to implement measures for climate protection, sustainable use of resources and climate resilience. The preparation of work programs on capacity building ensures the cost-efficiency of the GEF Funds. On the other, - the design of the FNC draws on the experiences and results of the previous NCs and bi-annual reporting; in particular, activities are focused on areas and sectors that have been identified as most relevant for the GHG balance in Azerbaijan. A central element of the strategy is to enhance the cost effectiveness of the FNC/SBUR Project through the capitalization of work relations built during the project implementation, and on existing experience with climate change within national institutions, donor agencies, and other related UNDP projects.</p> <p>The total project enabling cost is estimated to be about US\$ 1,677,000. When all components of the project are implemented, Azerbaijan's capacity to meet its obligations under the UNFCCC will be strengthened significantly and on a sustainable level. In addition, the FNC and SBUR Reports will be produced, the vulnerability and adaptation measures will be updated, the GHG emission estimates over a longer period will be modeled, and appropriate mitigation measures will be offered. The project will also ensure socio-economic benefits through integrating gender, social and health considerations into biodiversity interventions. The project will liaise with UNAPF and other UNDP projects on biodiversity conservation, land degradation, gender equality, civil society, climate risk and water resources management.</p> <p>Additionally, stocktaking exercise and national multi-sectoral stakeholder's consultations involving civil society, national counterparts, local authorities, local communities, and other related partners will be further strengthened given the good relations built up and enhanced through the TNC/BUR project, which in turns creates broader national ownership of the enabling activities on the climate change project's results. Although, the TNC/BUR projects have implemented some initial climate change vulnerability assessment for agriculture, forestry, coastal areas, water, health, transport, tourism, there are still a lot to be assessed under the FNC/SBUR project, for example fishery sector, which once played important role in Azerbaijan's economy. The vulnerability studies have yet identified the most viable adaptation strategies to cope with potential risks in future yields for agricultural sector in Azerbaijan, one of the largest and most vulnerable sectors of economy. The project will also carry out vulnerability and adaptation studies on new sectors including eco-tourism, which have not been yet assessed by the previous national communications. Communication and consultations with UNICEF, UNFPA,</p>

	WHO, and other agencies including UNDP related projects will be carried out to explore opportunities for synergy with respect to climate-induced risks under changing climate.
E. DESCRIBE THE BUDGETED M&E PLAN:	<p>The project will be monitored through the following Monitoring and Evaluation (M&E) activities.</p> <p>Project start-up: A Project Inception Workshop will be held <u>within the first 3 months</u> 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.</p> <p>The Inception Workshop should address a number of key issues including:</p> <ol style="list-style-type: none"> 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. 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. 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. Discuss financial reporting procedures and obligations, and arrangements for annual audit. 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 <u>within the first 12 months</u> following the inception workshop. <p>An <u>Inception Workshop</u> report is a key reference document and must be prepared and shared with participants to formalize various agreements and plans decided during the meeting.</p> <p>Quarterly:</p> <ul style="list-style-type: none"> 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. <p>Bi-annual progress:</p> <ul style="list-style-type: none"> Status Survey Questionnaires to indicate progress and identify bottlenecks as well as technical support needs will be carried out twice a year (presumably, in March and in September). <p>Periodic Monitoring: A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. This schedule will include: (i) tentative time frames for Steering Committee Meetings, (or relevant advisory and/or coordination mechanisms) and (ii) </p>

	<p>project related Monitoring and Evaluation activities. When necessary and useful, respective Monitoring and Evaluation reports will be prepared to take corrective actions.</p> <p><i>Day to day monitoring of implementation progress</i> will be the responsibility of the Project Coordination Expert based on the project's Annual Work plan and its indicators. The Project Team will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion.</p> <p><i>Periodic monitoring of implementation progress</i> will be undertaken by the UNDP-CO through quarterly meetings with the project proponent, or more frequently as deemed necessary. This will allow parties to take stock and to resolve any problems or issues pertaining to the project in a timely fashion to ensure smooth implementation of project activities.</p>
F. EXPLAIN THE DEVIATIONS FROM TYPICAL COST RANGES (WHERE APPLICABLE):	N/A

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

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


NAME	POSITION	MINISTRY	DATE (Month, day, year)
Hussein Bagirov	Minister, GEF Operational Focal Point	MINISTRY OF ECOLOGY AND	DECEMBER, 25, 2015

B. CONVENTION PARTICIPATION

CONVENTION	DATE OF RATIFICATION/ ACCESSION (mm/dd/yyyy)	NATIONAL FOCAL POINT	
UNCBD	08/03/2000	MR. HIKMAT ALIZADE	
UNFCCC	05/06/1995	MR. ISSA ALIYEV	
UNCCD	08/10/1998	MR. OGTAY JAFAROV	
STOCKHOLM CONVENTION	01/13/2004	MR. GULMALI SULEYMANOV	
	DATE SIGNED (MM/DD/YYYY)	NATIONAL FOCAL POINT	DATE OF NOTIFICATION UNDER ARTICLE 7 TO THE MINAMATA CONVENTION SECRETARIAT
MINAMATA CONVENTION			

C. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies⁴ and procedures and meets the standards of the GEF Project Review Criteria for Climate Change Enabling Activity approval in GEF 6.

Agency Coordinator, Agency name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	E-mail Address
Ms. Adriana Dinu, UNDP-GEF Executive Coordinator		January, 8, 2016	Mr. Yamil Bonduki, Sr. Program Manager, UNDP-GEF (Green-LECRDs)		yamil.bonduki@undp.org

⁴ GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, and SCCF